

Multiple Agency Fiscal Note Summary

Bill Number: 1491 3S HB PL	Title: Transit-oriented housing dev
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Estimated Cash Receipts

NONE

Agency Name	2025-27		2027-29		2029-31	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Commerce	2.8	1,356,476	1,356,476	1,356,476	1.8	602,516	602,516	602,516	1.6	530,708	530,708	530,708
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Transportation	.5	0	0	160,800	.0	0	0	0	.0	0	0	0
Total \$	3.3	1,356,476	1,356,476	1,517,276	1.8	602,516	602,516	602,516	1.6	530,708	530,708	530,708

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other			564,000						7,560,000
Local Gov. Other	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Local Gov. Total			564,000						7,560,000

Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Commerce	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Transportation	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Breakout

Department of Commerce	Non-zero but indeterminate cost and/or savings. Please see discussion.
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Prepared by: Marie Davis, OFM	Phone: (360) 890-1163	Date Published: Final 6/16/2025
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Individual State Agency Fiscal Note

Bill Number: 1491 3S HB PL	Title: Transit-oriented housing dev	Agency: 103-Department of Commerce
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	2.6	3.0	2.8	1.8	1.6
Account					
General Fund-State 001-1	566,209	790,267	1,356,476	602,516	530,708
Total \$	566,209	790,267	1,356,476	602,516	530,708

Estimated Capital Budget Impact:

Non-zero but indeterminate cost and/or savings. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 04/30/2025
Agency Preparation: Jodi Barnes	Phone: (564) 669-0071	Date: 05/21/2025
Agency Approval: Jodi Barnes	Phone: (564) 669-0071	Date: 05/21/2025
OFM Review: Marie Davis	Phone: (360) 890-1163	Date: 06/16/2025

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Differences between 3SHB 1491 as passed the Legislature and 3SHB 1491 as it left appropriations:

Section 2 clarifies major transit stop to remove some bus service stops. The definition for workforce housing is removed and moved to Section 3.

Section 3 is amended to required increases building height and increased density to be allowed in all bus station areas when a development is built with all mass timber products. The definition for workforce housing is moved to Section 3(3). Section 3(7) is amended for clarity and to require family sized units and workforce housing. Section 3(9) is amended to require local incentive programs to provide similar public benefit and development capacity consistent with the bills.

Section 6 adds a section to Chapter 47.12 RCW and requires actions by WSDOT to conduct a pilot program to encourage transit-oriented development (TOD).

Section 7 is amended to add a definition for mixed-use development.

Section 13 is amended to increase the consistent between existing multi-family tax exemption program (MFTE) requirements and the newly created station area MFTE program.

Section 14 is amended to clarify that projects outside of the station areas can't be designated under the station area MFTE.

Section 20 is added and amends RCW 82.02.060 impact fees. This requires a 50% reduction of the impact fees for projects within a station area.

Section 21 is added and amends RCW 82.02.090 impact fees definitions to add a reference to the station area definition in the Growth Management Act.

Section 22 is added to clarify that the changes to the MFTE programs is not retroactive to taxes already paid.

Bill Summary:

Section 3 adds a new section to RCW 36.70A, the Growth Management Act (GMA), and makes new requirements for station areas and residential development within those areas. Modifications to these standards are allowed, but only after review and approval by the Department of Commerce (Department).

Section 3 creates mandatory inclusionary zoning for 10% of affordable housing (60% AMI rental, 80% AMI ownership), 10% of all units as workforce is at least 10% of units have 2 or more bedrooms or 20% at workforce (80% AMI rental) housing for at least 50 years with some exceptions. These exceptions must be listed in the comprehensive plan; this is a new comprehensive planning requirement.

Section 3 requires a city to approve an MFTE exemption for projects that meet the mandatory affordable housing 10% at affordable housing (60% AMI rental, 80% AMI ownership) or 20% at workforce (80% AMI rental) housing for 50 years under RCW 84.14.(1)(a)(ii)(D).

Section 3(16) requires the Department to publish a model TOD ordinance by June 30, 2027.

Section 3(17) allows cities to seek a 5-year extension to address displacement, process and determination assigned to the

Department.

Section 3(18) provides that the Department may approve substantially similar actions if adopted by June 2026. The Department must develop procedures and rules for the approval.

Section 4 adds a new section to RCW 36.70A and requires the Department, subject to appropriation, to administer a grant program for the infrastructure water, sewer, stormwater, transportation, parks and recreation needed to implement TOD requirements. Grants may also cover station area planning or other pre-development costs necessary for the implementation of station area plans and the staffing necessary to implement TOD plans.

Section 5 adds a new section to RCW 36.70A and requires the Department to accept empirical parking studies and determine if, for safety reasons, a city can deviate from the parking limitations in the bill.

Sections 12 through 19 create a new MFTE specific to station areas. The Department is responsible for technical assistance, reporting and auditing of the MFTE program.

Section 12 amends RCW 84.14.010 and definitions for MFTE.

Section 12(3) clarifies that the MFTE is authorized for cities or towns with a station area.

Section 12(17) defines station area as the same as RCW 36.70A.030.

Section 13 amends RCW 84.14.020 and adds a new "station area MFTE" in part D, which provides a property tax exemption for 20 years if the property is located fully or partially with a station area and meets the affordability requirements in section 3(8)(a) of this act.

Section 14 amends RCW 84.14.030 to clarify that an MFTE project may be located in a residential targeted area or in a station area.

Section 15 amends RCW 84.15.060 to clarify applicability for affordability under MFTE or mandatory station area affordability requirements.

Section 16 amends RCW 84.15.090 to add the mandatory station area affordability requirements to the rules for issuing MFTE certificates.

Section 17 amends RCW 84.15.0100 to add TOD MFTE projects to those that must be submitted to the Department and subject to an audit.

Section 18 amends RCW 84.15.110 to add the mandatory station area affordability requirements to the rules for monitoring MFTE projects and assessing penalties.

Section 19 adds a new section to RCW 84.14 which requires a city with a station area to adopt standards and guidelines for and MFTE program within station areas. This will amend the MFTE programs of 31 cities and require adoption by seven cities.

Section 20 requires that local governments adopt by ordinance a reduction of 50% to impact fees on residential projects in station areas and claiming MFTE.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Section 3 requires the Department to review and make a determination on local government alternatives to station area designations; publish a model TOD ordinance by June 30, 2027; review and make a determination on local government requests for extension related to anti-displacement considerations; and review and make a determination on local government actions adopted before June 30, 2026, for substantially similar

Section 5 requires the Department to review and make a determination on parking regulations based on an empirical parking study.

Sections 3 and 12 through 19 expand the MFTE program to include all station areas. The Department is required to support expansion of the MFTE program.

The Department assumes a professional services contract would be necessary to develop the model ordinance and the alternative action materials, the extension materials, and the parking study materials.

The Department assumes formation of the TOD capital grant program proposed in Section 4 will be contingent on a legislative appropriation in the operating budget.

The Department assumes the TOD capital grant program would be a covered agency action and require an environmental justice assessment.

0.4 FTE Management Analyst 4 (835 hours) FY27-FY28. This staff will manage the rulemaking process. This staff will also complete coordination with other state agency partners including the Washington State Department of Transportation.

0.4 Management Analyst 4 (835 hours) FY26-FY31. This staff member will provide technical assistance, monitoring and administer the auditing program for the new Station Area MFTE as required by Chapter 84.14 RCW. Seven of the 38 jurisdictions do not currently have MFTE and all will need to amend their programs to comply with the TOD regulations.

0.2 FTE Commerce Specialist 5 (416 hours) FY26-31. This staff will hire and provide day-to-day supervision of program staff.

2.0 FTE Commerce Specialist 3 (2,088 hours) FY26-FY27, then 1.0 FTE Commerce Specialist 3 (2,088 hours) FY28-FY31 to provide capacity around solicitation, origination, management, and the monitoring of project contracts. To assist senior management with drafting legislation, representing the agency, developing policy positions, and coordinating the state's role with respect to the implementation of new local government requirements to meet the TOD standards under this act. These positions will also review submittal of alternative actions, extensions for areas at high risk of displacement, and deviations from parking requirements.

Salaries and Benefits:

FY26: \$300,305

FY27: \$347,715

FY28: \$234,205

FY29-31: \$186,795 each fiscal year

Professional Services Contracts: The Department assumes it will require two professional services contracts. The Department assumes an experienced contractor with expertise in TOD will be required to develop the model ordinance by

June 30, 2027 (FY26: \$90,000 and FY27: \$200,000), including a contractor with expertise in parking deviations to develop the processes and criteria for alternative actions, extensions and parking deviations (FY26: \$50,000 and FY27: \$100,000), which are both highly technical skillsets.

FY26: \$140,000

FY27: \$300,000

Goods and Services: In addition to the standard Goods and Services associated with additional FTEs, the Department assumes that review of the model ordinance and rulemaking materials by the Assistant Attorney General will be necessary. The Department estimates 50 hours of AAG time in FY28 at a rate of \$165/hour. The Department assumes the need for two Geographic Information System software licenses to map station areas and evaluate extension and alternative action requests. Each professional license is estimated at \$2,233 per year. The Department assumes an annual Zoom Grants license for grant applications will be required for \$3,438 per fiscal year.

FY26: \$16,504

FY27: \$25,154

FY28: \$15,904

FY29-31: \$15,504 each fiscal year

Travel: In addition to Department standard assumptions, the Department assumes that staff will need to travel to complete outreach to develop and implement the pre-emptive model ordinance and attend conferences to develop and educate on TOD best practices. The Department assumes two staff will need to complete two trips annually, which include per diem, lodging, and a rental vehicle for three nights each.

FY26: \$2,600

FY27: \$3,000

FY28: \$2,000

FY29-31: \$1,600 each fiscal year

Equipment:

FY26: \$8,000

FY29: \$8,000

Intra-Agency Reimbursements:

FY26: \$98,800

FY27: \$114,398

FY28: \$77,053

FY29-31: \$61,455 each fiscal year

Total Costs:

FY26: \$566,209

FY27: \$790,267

FY28: \$329,162

FY29: \$273,354

FY30-31: \$265,354 each fiscal year

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
001-1	General Fund	State	566,209	790,267	1,356,476	602,516	530,708
Total \$			566,209	790,267	1,356,476	602,516	530,708

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	2.6	3.0	2.8	1.8	1.6
A-Salaries and Wages	224,162	259,679	483,841	314,805	279,288
B-Employee Benefits	76,143	88,036	164,179	106,195	94,302
C-Professional Service Contracts	140,000	300,000	440,000		
E-Goods and Other Services	16,504	25,154	41,658	31,408	31,008
G-Travel	2,600	3,000	5,600	3,600	3,200
J-Capital Outlays	8,000		8,000	8,000	
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	98,800	114,398	213,198	138,508	122,910
9-					
Total \$	566,209	790,267	1,356,476	602,516	530,708

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
Commerce Specialist 3	84,518	2.0	2.0	2.0	1.0	1.0
Commerce Specialist 5	98,040	0.2	0.2	0.2	0.2	0.2
Management Analyst 4	88,794	0.4	0.8	0.6	0.6	0.4
Total FTEs		2.6	3.0	2.8	1.8	1.6

III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Local Government Division (600)	566,209	790,267	1,356,476	602,516	530,708
Total \$	566,209	790,267	1,356,476	602,516	530,708

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

IV. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

Non-zero but indeterminate cost and/or savings. Please see discussion.

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Section 4 is subject to capital appropriation and requires the Department to create and administer a new TOD grant program. That appropriation is indeterminate and grant awards under this act are dependent on the appropriation level. The Department assumes 3% administrative costs and the staffing levels assumed below. The following costs and assumptions are for illustrative purposes only.

The Department assumes the program would be operational by January 1, 2026, and would begin its first grant cycle after that date, pending legislative appropriation. The Department has previously provided TOD planning grants and currently

operates an infrastructure capital grant program. The Department assumes one full-time staff member is able to carry a capital contract caseload of up to 30 contracts per year.

The Department assumes program formation activities, including the environmental justice assessment and community outreach and engagement, would be covered by an operating appropriation. Program implementation and grants management activities would begin within the allowable administrative deduction.

0.5 FTE Commerce Specialist 4 (1,044 hours) FY26 and 1.0 FTE (2,088 hours) FY27-FY31. This staff will assign contracts and provide contract negotiation and execution support, lead project site monitoring and site visits, and provide oversight of contract management activities.

0.5 FTE Commerce Specialist 2 (1,044 hours) FY26 and 1.0 FTE (2,088 hours) FY27-FY31. This staff will provide contract management and program technical assistance in support of capital contracts and invoice verification, provide or build capacity around solicitation, origination, management, and the monitoring of project contracts.

Salaries and Benefits:

FY26: \$109,217

FY27-FY31: \$218,435 each fiscal year

Goods and Services: The Department assumes review from an Assistant Attorney General of the grant program materials will be necessary. We estimate the need for 20 hours of AAG hours at a cost of \$165 per hour each year the grant program makes awards.

FY26: \$8,300

FY27-FY31: \$9,300 each fiscal year

Travel:

FY26: \$1,000

FY27-FY31: \$2,000 each fiscal year

Equipment:

FY26: \$8,000

FY29: \$8,000

Intra-Agency Reimbursements:

FY26: \$35,933

FY27-FY31: \$71,865 each fiscal year

Total Costs:

FY26: \$162,450

FY27-FY31: \$301,600 each fiscal year

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

The Department will require rulemaking to update WAC 365-196 and 365-199 for the requirements for approval of alternative actions, extensions and parking studies under this act.

Department of Revenue Fiscal Note

Bill Number: 1491 3S HB PL	Title: Transit-oriented housing dev	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 04/30/2025
Agency Preparation: Kari Kenall	Phone: (360) 534-1508	Date: 05/05/2025
Agency Approval: Marianne McIntosh	Phone: (360) 534-1505	Date: 05/05/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 05/06/2025

Request # 1491-4-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Note: This fiscal note reflects language in 3SHB 1491 as passed in the 2025 Legislative Session.

This fiscal note only addresses sections 2 and 12 through 19, which impact the Department of Revenue (department).

COMPARISON OF THE BILL AS PASSED THE LEGISLATURE TO THE THIRD SUBSTITUTE BILL:

As it relates to the department, the bill as passed the legislature:

- Allows a county to approve an exemption under the new 20-year Multi-Family Housing Property Tax Exemption (MFTE) if the property otherwise qualifies and meets certain density and affordability requirements.
- Requires an applicant of the new 20-year MFTE to record a covenant or deed restriction for units qualifying for the MFTE.
- Adds a third way property can meet the affordability requirement for the new 20-year MFTE.
- Makes technical corrections.

CURRENT LAW:

The MFTE program provides a property tax exemption in exchange for the development of multifamily and affordable housing in designated “residential targeted areas” (RTA).

It authorizes eight-year exemptions to encourage the development of multifamily housing and 12 and 20-year exemptions to encourage affordable housing development. All cities, many towns, and some counties are eligible to offer an MFTE program.

PROPOSAL:

This bill expands the MFTE program by creating a new 20-year exemption for the value of qualified new or rehabilitated housing. The exemption excludes land and non-qualifying improvements.

A property qualifies for this new exemption if it is located fully or partially within a station area of a city or county and meets the affordability requirements for 50 years. That is, 10% of all residential units must be affordable housing, or 10% of residential units must be workforce housing, if 10% of those units have more than two bedrooms, or 20% of all residential units must be workforce housing and must require applicants to file a covenant or deed restriction ensuring the continuing rental or ownership as affordable housing for 50 years. In addition, a property using an exemption offered by a county must meet density requirements. That is, at least 3.5 floor area ratio within a rail station area, and at least 2.5 floor area ratio, or at least 3.0 floor area ratio within a bus station area.

A city with a station area must adopt regulations and offer this exemption.

This bill adds the following definition:

“Station area” means an area in an urban growth area that is either:

- A rail station area, defined as within a half-mile walking distance of a light rail, commuter rail, or trolley station with a population greater than 15,000 in Western Washington or a quarter-mile walking distance of light rail or commuter rail stop in a city with a population no greater than 15,000.
- A bus station area, defined as within a quarter-mile walking distance of a rapid transit bus stop as outlined in a transit development plan with the Department of Commerce, which has an environmental determination consistent with state environmental policy laws, and features fixed transit assets that indicate permanent high-capacity service, like elevated platforms, enhanced stations, off-board fare collection, dedicated lanes, busways, or signal priority.

The bill expands the definition of “city” for the purpose of the new 20-year MFTE to also include cities or towns with a station area.

EFFECTIVE DATE:

This bill takes effect beginning with property taxes due for calendar year 2026.

However, if specific funding for the purpose of this bill is not provided by June 30, 2025, the bill is null and void.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS:

- Local governments administer the MFTE program.
- As of 2023, the estimated exempt value of properties participating in a city, town, or county MFTE program was \$15.5 billion.
- This bill may increase the number of jurisdictions participating in the MFTE program, which we expect would increase the estimated exempt value of properties participating.

DATA SOURCES:

- Economic and Revenue Forecast Council, November 2024 forecast
- County assessor, Property data

REVENUE ESTIMATE:

The Economic and Revenue Forecast Council predicts that the state property tax levy will remain below the \$3.60 limit throughout the 2027-29 biennium.

This bill expands the number of jurisdictions eligible to or required to participate in the MFTE program. However, the additional jurisdictions participating in the MFTE program are unknown.

The number of taxpayers using the exemption in eligible jurisdictions, the size of the projects receiving the exemption, the total exempted new construction value, and what additional qualifying restrictions local governments require of the exempted properties are also unknown.

This exemption results in no loss in revenues for the state levy.

PROPERTY TAX SHIFTS:

Because the degree to which taxpayers will use the exemption in newly eligible jurisdictions is unknown, this proposal results in an indeterminate shift of the state levy to other taxpayers.

Local districts will also experience an indeterminate shift of taxes to other taxpayers, and the local shift may result in a local revenue loss due to levy limits.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

The department will have minimal costs of approximately \$3,000 for 40 hours of work by a property acquisition specialist to revise property tax manuals, update training materials, and work with county assessor's offices to implement this legislation.

The department will absorb these costs within current funding.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

III. B - Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 1491 3S HB PL	Title: Transit-oriented housing dev	Agency: 405-Department of Transportation
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	1.0	0.0	0.5	0.0	0.0
Account					
Motor Vehicle Account-State 108 -1	160,800	0	160,800	0	0
Total \$	160,800	0	160,800	0	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 04/30/2025
Agency Preparation: Jeanett Mallett	Phone: 360-705-7919	Date: 05/14/2025
Agency Approval: Molly Hughes	Phone: 360-742-8458	Date: 05/14/2025
OFM Review: Erik Hansen	Phone: (360) 810-0883	Date: 06/16/2025

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

See attached fiscal note.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
108-1	Motor Vehicle Account	State	160,800	0	160,800	0	0
Total \$			160,800	0	160,800	0	0

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	1.0		0.5		
A-Salaries and Wages	104,700		104,700		
B-Employee Benefits	38,100		38,100		
C-Professional Service Contracts					
E-Goods and Other Services	11,000		11,000		
G-Travel	1,000		1,000		
J-Capital Outlays	6,000		6,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	160,800	0	160,800	0	0

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
Transportation Planning Specialist 4	931,044	0.5		0.3		
Transportation Planning Specialist 5	102,816	0.5		0.3		
Total FTEs		1.0		0.5		0.0

III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Transportation Planning, Data and Research Program (T)	160,800		160,800		
Total \$	160,800		160,800		

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1491 3S HB

Title: Transit Oriented Housing Dev

Agency: 405-Department of Transportation

Part I: Estimates

- No Fiscal Impact (Explain required in section II. A)
- Indeterminate Cash Receipts Impact (Explain in section II. B)
- Partially Indeterminate Cash Receipts Impact (Explain in section II. B)
- Indeterminate Expenditure Impact (Explain in section II. C)
- Partially Indeterminate Expenditure Impact (Explain in section II. C)

- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, **complete entire fiscal note form Parts I-V**
- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, **complete entire fiscal note form Parts I-V**
- Capital budget impact, **complete Part IV**
- Requires new rule making, **complete Part V**
- Revised

Fiscal Detail

		2025-27 Biennium		2027-29 Biennium		2029-31 Biennium	
Expenditures		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
108-1-MOTOR VEHICLE		\$160,800					
Total Expenditures		\$160,800	\$0	\$0	\$0	\$0	\$0
Biennial Totals		\$160,800		\$0		\$0	
FTEs	Salary	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Transportation Planning Specialist 4	\$93,144	0.5					
Transportation Planning Specialist 5	\$102,816	0.5					
Annual Average		0.5		0.0		0.0	
Objects of Expenditure		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
A - SALARIES AND WAGES		\$104,700					
B - EMPLOYEE BENEFITS		\$38,100					
E - GOODS AND SERVICES		\$11,000					
G - TRAVEL		\$1,000					
J - CAPITAL OUTLAYS		\$6,000					
Total Expenditures by Object		\$160,800	\$0	\$0	\$0	\$0	\$0
Biennial Totals by Object		\$160,800		\$0		\$0	
Expenditures by Program		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
PROGRAM T		\$160,800					
Total Expenditures by Program		\$160,800	\$0	\$0	\$0	\$0	\$0
Biennial Totals by Program		\$160,800		\$0		\$0	

Agency Assumptions

Individual State Agency Fiscal Note

N/A

Agency Contacts:

Preparer: Jeanett Mallett, Business Analyst	Phone: 360-705-7925	Date: 5/2/2025
Approval: Molly Hughes, Interim PTD Director	Phone: 360-705-7878	Date: 5/2/2025
Budget Manager: Robert Sirghie, Budget Manager	Phone: 360-705-7546	Date: 5/2/2025

Part II: Narrative Explanation

II. A - Brief description of what the measure does that has fiscal impact

This bill has a fiscal impact on the Transportation Planning, Data, and Research Program (Program T) in the Washington State Department of Transportation. This impacts cities, towns, transit agencies, Metropolitan Planning Organizations/Regional Transportation Planning Organizations, land use and community-based non-profits, affordable housing and other developers required to engage in new planning efforts in order to implement the law changes.

The requirements of earlier versions of this bill did not add additional responsibilities for Multimodal Planning & Data Division (MPDD) and had no fiscal impact. However, Section 6 of the bill now requires WSDOT to partner with a county agency to carry out a pilot program focused on redeveloping surplus state-owned properties into transit-oriented development (TOD). The section states the intent to identify and execute up to three projects that demonstrate how surplus state land can be repurposed for TOD.

While the bill's language does not mandate the delivery of a completed redevelopment project, it does require WSDOT to engage in a collaborative pilot process. WSDOT interprets this to mean conducting policy and statutory analysis, coordinating with a county partner, and identifying the regulatory, procedural, and statutory barriers that currently inhibit TOD on surplus state land. This foundational work is necessary to support the pilot's broader intent and to inform any future legislative or administrative reforms.

The fiscal impact is primarily related to staff time required for interagency coordination, analysis of legal and procedural obstacles, documentation of findings, and potential support for legislative recommendations. WSDOT estimates this will require 0.5 FTE from headquarters staff and 0.5 FTE from regional staff in the area where the pilot is conducted.

Section 1 of the bill details the intent of the legislature to allow new housing development to keep up with infrastructure development while making housing affordable, walkable, and accessible.

Section 2 of the bill defines vocabulary associated with the bill.

Section 3 proposes legislation that requires cities planning under GMA to plan for high density development around station areas and prohibits parking minimums in these locations. It defines station areas and minimum floor area ratios for development. This section of the bill provides additional guidance to cities on regulations that must be implemented, regulations not allowed, the length of time required for the station area to be maintained, and guidance on housing affordability requirements. Additional vocabulary is also provided in this section of the bill. This section also provides guidance to cities that have enacted incentive programs prior to January 1, 2025, that require public benefits and directs cities to modify or repeal any existing development regulations in applicable station areas that are inconsistent with this section of the bill. Section 3 provides guidance on lots that can be excluded from requirements in this section. Section 3 allows federally recognized Indian tribes to voluntarily choose to participate in the planning process to implement requirements in accordance with RCW 36.70A.040(8) and directs the Department of Commerce to develop and publish a model transit-oriented development ordinance that must be published by June 30, 2027.

Individual State Agency Fiscal Note

Sections 4 of the bill directs the Department of Commerce to develop and administer a grant program to assist cities in providing the necessary infrastructure to accommodate development at station areas, assist with planning activities and other predevelopment costs and capital projects in addition to assisting in providing the staffing necessary to implement transit-oriented development requirements.

Section 5 provides guidance on permitting off-street automobile parking as well as specifications on providing permanent off-street automobile parking for individuals with disabilities and short-term exclusive parking for delivery vehicles. Additional guidance is provided for project permit application parking requirements as well as specific exceptions to the proposed parking provisions in this section. Specific guidance is provided on designating affordable housing residential parking versus parking for units offered at market rate in the event parking for residential use is in excess of what is required.

Section 6 directs the Department of Commerce to review surplus property in a county with a population over 2,000,000 that operates a municipal transit system to conduct a pilot program to encourage transit-oriented development. This section also grants authority to the department to release any prior covenant imposed for highway purposes and replace it with a covenant for affordable housing.

Section 7 directs cities or counties to establish and adopt categorical exemption requirements to accommodate infill and housing development in urban growth areas. The city or county is directed to prepare an environmental impact statement that analyzes multimodal transportation impacts, including impacts to neighboring jurisdictions, transit facilities, and the state transportation system in the area proposed for an exemption under this section. Prior to finalizing the environmental analysis, the city or county is directed to provide 60 days' notice to affected tribes, relevant state agencies, impacted jurisdictions, and the public. If mitigation measures are deemed necessary to address adverse impacts, cities or counties must address them. This section also provides exemption criteria for residential housing or middle housing units within cities west of the crest of the Cascade mountains with populations greater than 700,000 prior to and post September 30, 2025.

Sections 8 through 11 proposes that new governing documents and/or declarations created after the effective date of this section of the bill may not prohibit the construction or development of multifamily housing or transit-oriented development under section 3 of the bill or require off-street parking inconsistent or in conflict with section 5 of this bill.

Section 12 defines additional vocabulary.

Section 13 outlines tax exemptions available, the criteria for exemption as well as the length of time for exemption for the new housing construction, conversion, and rehabilitation improvements. This section provides additional requirements for documenting covenants and deed restrictions that maintain the affordability requirements outlined in section 3 of the bill. This section designates property requirements for owners of the new or rehabilitated multi-unit housing as well as guidelines the housing must meet to qualify for an exemption.

Section 14 provides application requirements for property owners. This section also establishes guidelines multiple-unit housing units must meet, occupancy requirements, and a deadline for completing construction and rehabilitation of housing once the application has been approved.

Section 15 outlines criteria that allows for approval of a new housing development application by the authorized administrative official or committee of the city or county.

Section 16 lists the required documentation to be submitted upon completion of rehabilitation or new construction for an application for a limited tax exemption. The owner must submit two statements: 1) the project meets affordable housing requirements as described in this chapter; 2) the work was completed within three years of the issuance of the conditional certificate of tax exemption.

Section 17 outlines the yearly reporting requirements of the owner or qualified nonprofit or local government to certify and assure permanent affordable homeownership for at least 25% of the units receiving an exemption under RCW

Individual State Agency Fiscal Note

84.14.021. Section 17 directs the department of commerce to adopt and implement a program to effectively audit or review that the owner or operator of each property receiving an exemption are operating under the guidelines set in this chapter and that tenants are being properly screened. Non-profits are subject to an independent audit under the same requirements. Specific guidance on what the audit should include is provided in this section of the bill. The department of commerce is also given the authority to impose and collect audit fees.

Section 18 details extensively the information that should be submitted by owners desiring to convert the multifamily development to another use or owners wanting to discontinue compliance with the affordable housing requirements as described in RCW 84.14.020 or section 3(7) (a) of the bill and the real property tax, additional penalties and interest associated with it.

Section 19 mandates the governing authority of a city to adopt and implement standards and guidelines to be used in considering applications as well as specific criteria to be included.

Section 20 amends RCW 82.02.060 and 2023 c 337 s 10 to include language and regulations on impact fees, how they are calculated, exemptions allowed for early learning centers and low-income housing, and fees required for conversion of the property post the exemption.

Section 21 amends RCW 82.02.090 to include additional vocabulary.

Section 22 states that sections 12 through 19 of bill applies to property taxes levied for collection in 2026 and beyond.

Section 23 states that if funding for this bill is not provided by June 30, 2025, in the omnibus appropriations act, the bill is null and void.

II. B – Cash Receipts Impact

N/A

II. C - Expenditures

Section 6 of HB.PL 1491 results in expenditures related to WSDOT's participation in a pilot program to explore the redevelopment of surplus state-owned properties into transit-oriented development (TOD). While the bill does not require WSDOT to directly execute a redevelopment project, it does require meaningful engagement in partnership with a county agency, including the identification of statutory and procedural barriers to TOD on state land.

To implement this section, WSDOT assumes the following workload:

- Headquarters staff (0.5 FTE) will coordinate the pilot, manage the interagency partnership, conduct legal and policy analysis, identify barriers to redevelopment, and document recommended statutory or process changes.
- Regional staff (0.5 FTE) in the geographic area of the pilot will support site-specific research, engage in local coordination, and provide real estate and operations context for surplus property reuse.

These estimates are based on anticipated participation in a year-long pilot effort, with consistent staff involvement throughout. Tasks include attending regular interagency meetings, preparing memos or briefings, conducting internal and external stakeholder coordination, and developing recommendations or implementation frameworks.

The costs are expected to be ongoing for the duration of the pilot period, assumed to be one year unless clarified by subsequent guidance. No one-time capital costs or permanent staffing changes are anticipated. The work is assumed to be limited to policy development and analysis; if the scope shifts toward active redevelopment or project delivery, additional resources would be required.

Part III: Expenditure Detail

III. A - Expenditures by Object or Purpose

Individual State Agency Fiscal Note

Program T expects hiring a half time TPS 4 and a half time TPS 5 position (starting July 1, 2025) to aid with the pilot. The estimated costs for the FTEs:

- Salaries and Benefits (Object A and B) for FY 2026 equates to \$142,800
- Goods and Services (Object E), Capital Outlays (Object J), and Travel (Object G) for fiscal year 2026 are based on standard costs and equal to \$18,000
- Total estimated cost for FY 2026 is \$160,800

Part IV: Capital Budget Impact

N/A

Part V: New Rule Making Required

N/A

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1491 3S HB PL	Title: Transit-oriented housing dev
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities: Approximately \$8,124,000 plus additional indeterminate costs
- Counties:
- Special Districts:
- Specific jurisdictions only: 36 cities fully planning under the Growth Management Act with station areas.
- Variance occurs due to: Most fully planning cities do not have station areas as defined in the bill.

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs: Zoning and development regulation ordinance adoption and analysis costs. Environmental review to support significant impacts as well as the categorical exemption for residential inf development in station areas.
- Legislation provides local option: Applying for grants specified in this act, continuation of existing affordability requirements in new development if they exceed the standards in this act, and extensions in areas identified as being at a high risk of displacement.
- Key variables cannot be estimated with certainty at this time: Scope and scale of comprehensive plan amendment; number of cities that would file for extensions under this act; multifamily property tax exemption program policies would vary by jurisdiction; seven of the 36 impacted cities would need to start exemption programs with long-term administrative, legal, and programmatic costs.

Estimated revenue impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated expenditure impacts to:

Jurisdiction	FY 2026	FY 2027	2025-27	2027-29	2029-31
City	282,000	282,000	564,000		7,560,000
TOTAL \$	282,000	282,000	564,000		7,560,000
GRAND TOTAL \$					8,124,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

Part III: Preparation and Approval

Fiscal Note Analyst: Angie Hong	Phone: 360-725-5041	Date: 05/08/2025
Leg. Committee Contact:	Phone:	Date: 04/30/2025
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 05/08/2025
OFM Review: Marie Davis	Phone: (360) 890-1163	Date: 06/16/2025

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

This fiscal note reflects language 1491 3S HB.PL. The prior version of this bill is 1491 S2337.5/25 5th draft.

CHANGES FROM PRIOR BILL VERSION:

Adds a new section (section 6) to require the Dept of Transportation to review surplus property and to conduct a pilot program with park and ride facilities. This altered the numbering of sections following section 6.

SUMMARY OF CURRENT BILL VERSION:

This version of the legislation would establish new standards for transit-oriented development by updating planning definitions and zoning requirements for cities with specifically prescribed rail and bus station areas, while also introducing a mandatory property tax exemption to incentivize affordable and workforce multifamily housing development in these areas.

Sec. 2 adds the following definition:

“Station area” means an area in an urban growth area that is either:

- A rail station area, defined as within a half-mile walking distance of a light rail, commuter rail, or trolley station with a population greater than 15,000 in Western Washington or a quarter-mile walking distance of light rail or commuter rail stop in a city with a population no greater than 15,000.
- A bus station area, defined as within a quarter-mile walking distance of a rapid transit bus stop as outlined in a transit development plan with the Department of Commerce, which has an environmental determination consistent with state environmental policy laws, and features fixed transit assets that indicate permanent high-capacity service, like elevated platforms, enhanced stations, off-board fare collection, dedicated lanes, busways, or signal priority.

Section 3 adds a new section to RCW 36.70A, the Growth Management Act (GMA), and makes new requirements for station areas and residential development within those areas. Modifications to these standards are allowed, but only after review and approval by the Department.

Section 3 creates mandatory inclusionary zoning for 10% at affordable housing (60% AMI rental, 80% AMI ownership) or 20% at workforce (80% AMI rental) housing for at least 50 years with some exceptions. These exceptions must be listed in the comprehensive plan, this is a new comprehensive planning requirement.

Section 3 requires a city to approve an MFTE exemption for projects that meet the mandatory affordable housing 10% at affordable housing (60% AMI rental, 80% AMI ownership) or 20% at workforce (80% AMI rental) housing for 50 years under RCW 84.14.(1)(a)(ii)(D). A covenant or deed restriction must be recorded to ensure these affordability requirements are met for 50 years.

Section 3(16) requires the Department to publish a model transit-oriented development ordinance by June 30, 2027.

Section 3(17) allows cities to seek a 5-year extension to address displacement, process, and determination assigned to the Department.

Section 3(18) provides that the Department may approve substantially similar actions if adopted by June 2026. Commerce must develop procedures and rules for the approval.

Section 4 adds a new section to RCW 36.70A and requires the Department, subject to appropriation, to administer a grant program for the infrastructure water, sewer, stormwater, transportation, parks and recreation needed to implement transit-oriented development requirements. Grants may also cover station area planning or other pre-development costs necessary for the implementation of station area plans and the staffing necessary to implement transit-oriented development plans.

Section 5 adds a new section to RCW 36.70A and requires the Department to accept empirical parking studies and determine if, for safety reasons, a city can deviate from the parking limitations in the bill.

Sections 12 through 19 create a new multifamily property tax exemption specific to station areas. The Department is responsible for technical assistance, reporting, and auditing of the MFTE program.

Section 12 amends RCW 84.14.010 and definitions for MFTE.

Section 13(3) clarifies that the MFTE is authorized for cities or towns with a station area.

Section 12(17) defines station area as the same as RCW 36.70A.030.

Section 13 amends RCW 84.14.020 and adds a new "station area MFTE" in part D, which provides a property tax exemption for 20 years if the property is located fully or partially within a station area and meets the affordability requirements in section 3(8)(a) of this act. A covenant or deed restriction must be recorded to ensure the property maintains affordability requirements for 20 years.

Section 14 amends RCW 84.14.030 to clarify that an MFTE project may be located in a residential targeted area or in a station area.

Section 15 amends RCW 84.15.060 to clarify applicability for affordability under MFTE or mandatory station area affordability requirements.

Section 16 amends RCW 84.15.090 to add the mandatory station area affordability requirements to the rules for issuing MFTE certificates.

Section 17 amends RCW 84.15.0100 to add TOD MFTE projects to those that must be submitted to the Department and subject to an audit.

Section 18 amends RCW 84.15.110 to add the mandatory station area affordability requirements to the rules for monitoring MFTE projects and assessing penalties.

Section 19 adds a new section to RCW 84.14 which requires a city with a station area to adopt standards and guidelines for an MFTE program within station areas.

Section 20 amends RCW 82.02.060 and impact fee requirements are amended to require a 50% reduction in impact fees for system improvements within a station area which qualifies for MFTE.

Section 21 amends RCW 82.02.090 to add a station area definition by reference.

Section 22 clarifies that the tax exemption defined in sections 12 through 19 only apply to taxes collected in 2026 and into the future.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

EXPENDITURE CHANGES FROM PRIOR BILL VERSION:

Changes to this passed legislation do not alter the previous analysis of expenditure impacts.

EXPENDITURE IMPACT OF CURRENT BILL:

The proposed legislation would have both determinate and indeterminate impacts on cities planning under the Growth

Management Act (GMA) with station areas. The Local Government Fiscal Note Program assumes that 36 cities would be impacted by this legislation. This third substitute act has an estimated starting cost of \$8.12 million over five state fiscal years.

This \$8.12 million total includes \$6,920,000 to adopt new zoning and development regulations plus \$1,520,000 to amend comprehensive plans. Additional indeterminate expenditures will be incurred to adopt and/or amend MFTE provisions and apply for grants.

It is important to note that these costs will not be evenly experienced by all impacted jurisdictions. Cities with a large number of station areas would likely have higher costs due to more considerations.

Impact of Section 3

Adopting new zoning ordinances and development regulation around station areas:

\$6,920,000 – Costs that can be estimated at this time, based on review of Commerce Transit-Oriented Development Implement Grants (TODI) (2022) would exceed \$6.92 million for 36 cities to amend local code through a variety of new development regulations including land use, zoning, permitting, as well as extensive environmental review under the State Environmental Policy Act (SEPA) for actions consistent with a Planned Action Environmental Impact Statement (EIS).

In 23 cities affected by this bill the expenses for this work would likely exceed \$250,000 per city to conduct the full scope of environmental review and minimum residential density in station areas ordinances. In some cities, the costs would be much higher, such as the cities of Seattle, Everett, and Bellevue, due to the large number of rail and bus station areas. Costs may also be higher in mid-sized cities with a large number of bus station areas not currently associated with the SR522 and I-405 BRT expansion projects under Sound Transit, such as Federal Way, Des Moines, and SeaTac.

Some cities may have fewer costs, such as those with only one rail station area or bus station area, these include the cities of Kent, Auburn, Sumner, and Puyallup as well as Fife, and Mukilteo. These nine cities may have starting costs of roughly \$90,000 to adopt the minimum density zoning regulations and associated environmental review as prescribed by this act. Similar costs are anticipated in four jurisdictions located near an individual station located in an adjacent jurisdiction.

Costs for provisions in Sec. 3 include: analyzing comprehensive plan policies and municipal code to determine extent of amendments required; drafting informational materials on reasons for, and approach to, allowing high-density residential developments using floor area ratios (e.g. design regulations to ensure compatibility) for public review; conducting outreach to inform and solicit feedback from residential neighborhoods and developers. Amending the land use near station areas may also cause potential significant environmental impacts could require either an expanded environmental checklist or Planned Action EIS. This document would provide information to understand the comparative environmental impact implications of the comprehensive plan and land use code changes reflected in the alternatives analyzed as well as form the basis for the SEPA categorical exemption for infill development in station areas authorized by Sec. 6.

One of the key factors about the complexity of this zoning regulation is the environmental analysis that would consider alternatives for infill development that will replace many single-family with multi-family or mixed-use development, in every station area in the impacted city. Review of TODI grants issued by Commerce, indicate a high-level of environmental planning, and commensurate costs for station area Planned Action EIS and Planned Action ordinances (PAOs) for any station area previously designated by grantees under RCW 43.21C.440 RCW. This environmental analysis must address required elements of environmental review consistent with any existing city environmental policies and procedures as well as SEPA rules. Each of the environmental analysis review topics would be included: soils/geology, air quality & greenhouse gases, water, plants and animals, noise, light and glare, land use, housing, open space and recreation, historic, archaeological, and cultural resources, transportation, public services and utilities. The development and zoning regulations amendments would require changes to the comprehensive plan and the land use code, both

non-project actions.

TODI grants were dispersed through 1080 S HB (2021) with average grant amounts of \$250,000 per jurisdiction and ranged from \$90,000 to \$280,000 (in 2024 dollars) depending on the number station areas with proposed rezones, adoption of the rezones with the grant funds, creating new subarea plans with community visioning, and whether an expanded environmental checklist or a new EIS was completed for this work. Cities impacted by this legislation would have considerable variance in the amount of work for TOD implementation including how many station areas are within the city and therefore the number of rezones, analysis of parcels that must be included in the station area walkshed and those that must be excluded, and other factors.

Additionally, a city may seek an extension for any station area, which would require anti-displacement risk analysis to determine if vulnerable residents are affected by the rezone. Whether the anti-displacement risk analysis requirement by updated Housing elements is sufficiently precise for each station area, would vary by jurisdiction. The analysis must consider the risk of displacement and potential mitigation actions for areas of cities that may have a higher level of disadvantage and priority when compared to other parts of the city. In a prior version of this bill from 2023 the Association of Washington Cities estimated that anti-displacement risk analysis could start at approximately \$40,000 per impacted city. However, the number of cities where existing analysis was not sufficient is not currently known.

23 fully planning cities x \$250,000 = \$5,750,000
9 fully planning cities with one station area x \$90,000 = \$810,000
4 fully planning cities near one station area x \$90,000 = \$360,000
Estimated cost: \$5,750,000 + \$810,000 + \$360,000 = \$6,920,000

Some jurisdictions may elect not to bring their codes into conformity with the requirements of this legislation prior to the applicable deadline. In these jurisdictions, the model code developed by the Department of Commerce in Sec. 3(16) would automatically apply and take effect starting June 30, 2027, until local code is adopted.

If a jurisdiction were unable to update their code by the effective date and their code were superseded by state statute, there would be increased workload for city staff to parse their code and differentiate which portions were still enforceable and which were superseded. According to the American Planning Association, Washington Chapter, this would increase the staff time needed to administer their code by an unknown amount, and impact cities that did not implement the ordinance established by this act by the applicable deadline.

Amended Comprehensive Plan Elements

\$1,152,000 –At minimum, each jurisdiction would be required to amend their Housing and Land Use elements to incorporate the changes in affordable and workforce housing residential density in station areas and updated zoning designations that incorporate the transit-oriented densities for FAR in station areas, as well as allowable population densities, building intensities, and estimates of future population growth into their comprehensive plans. Amending comprehensive plan elements would have starting costs of at least \$32,000 for each of the 36 fully planning cities impacted by this bill (\$16,000 per element amendment). There may be further costs to update additional elements that would depend on the specific circumstances of city's infrastructure and capital facilities planning.

36 fully planning cities x \$32,000 = \$1,152,000.

These costs assume that the comprehensive plan element amendments are moderately complex, and take into account housing growth estimates in each station area, location and land use characteristics of the station area walkshed, existing Housing element details about relevant subareas, or subarea plans, any anti-displacement risk analysis, and affordable and workforce housing requirements and inventories that already exist in the proposed station area. However, these costs depend on the complexity of the amendment, the population size of the jurisdiction, the number of station areas, the internal

capacity to perform the element amendments within the planning department, and other factors. Expenditures for this work could exceed \$100,000 in some jurisdictions based on findings from a Commerce cost study on amendments to Growth Management Act elements (2023), and consultation with the Association of Washington Cities.

There may be costs in addition to updated Housing and Land Use elements in cities with station areas, as the assessed density required to accommodate growth over the next 20-year period within the UGA has increased and considerations for affordable and workforce housing in station areas must be addressed (Housing element), updated zoning designations that incorporate the transit-oriented densities for FAR in station areas, as well as allowable population densities, building intensities, and estimates of future population growth (Land Use element). There may be additional impacted elements if infrastructure demand may be affected depending on the scale of the residential density compared to baseline (Utilities element) and capital projects may need to accommodate increased residential density (Capital Facilities element). Costs may be higher in jurisdictions with greater number of rail and bus station areas.

Estimated Determinate Costs:

Based on the due dates established in this legislation, the number of cities that are required to adopt the requirements of this act by six months after the submission deadline of their latest comprehensive plan, or on, or before, their implementation progress report date would have the following costs. One city would have a due date by June 30, 2026, one city would have a due date by December 31, 2026, and 31 cities would have a due date by December 31, 2029, along with their implementation progress reports.

Estimated costs per state fiscal year:

FY2026: \$282,000 (1 city = \$250,000 + \$36,000 = \$282,000)

FY2027: \$282,000 (1 city = \$250,000 + \$36,000 = \$282,000)

FY2028: \$0

FY2029: \$0

FY2030: \$7,560,000

-- (21 cities = \$250,000 + \$36,000 = \$282,000 per city x 21 cities = \$5,922,000)

-- (13 cities = \$90,000 + \$36,000 = \$126,000 per city x 13 cities = \$1,638,000)

-- (\$5,922,000 + \$1,638,000 = \$7,560,000)

FY2031: \$0

Total: \$8,124,000 (\$282,000 + \$282,000 + \$7,560,000 = \$8,124,000)

INDETERMINATE COSTS:

New or modified multifamily property tax exemption programs:

This act would require all cities with a station area to approve a 20-year multifamily property tax exemption (MFTE) established under Sec. 12 in these areas. There are at least 36 cities with a qualifying station area or one that is planned for completion by the fiscal outlook of this fiscal note. Of these 36 cities, there are seven that do not have multifamily property tax exemption programs. Costs to adopt the required provisions may be lower in cities with existing MFTE programs, however, all cities would have new costs related to adopting new exemptions and the standards and guidelines in Sec. 18 with transit-oriented affordability requirements of Sec. 3(7)(a).

Costs for this work are indeterminate and would vary by jurisdiction, involving annual expenditures for administrative and legislative processes, auditing, legal, and reporting costs. Costs would be higher in cities with more residential development and buildings certified under the new exemption.

Grants application costs:

Per Sec. 4 any city subject to the requirements of this section may apply to Commerce to assist in providing the infrastructure necessary to accommodate development at transit-oriented development densities within

station areas, including water, sewer, stormwater, transportation, parks, and recreation facilities. The substitute version of this act would allow for financial assistance for station area planning and predevelopment costs, as well as staffing to implement TOD requirements.

Commerce has indicated that it expects these grants to be competitive, which carry higher costs to prepare an application compared to formula-based grants. Cities that apply would have costs to prepare these applications, which may include preparing workplans, transportation and/or rezoning background studies and case studies, rezoning and/or transportation analysis, designs and schematics, solicitation and preparation of community visioning, or other materials necessary to complete an application. Costs could range from minor to more significant depending on the scope of the application prepared, where a more complete or compelling application could be scored higher by Commerce. Costs for this work may range from a few thousand to more than \$10,000 in staff time.

Impact fee waivers:

Cities will face indeterminate costs implementing impact fee waiver requirements. These may include revisiting Capital Improvement Plans and recalibrating impact fees to ensure that revenue will be adequate to fund service and infrastructure improvements needed to serve additional growth.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

REVENUE CHANGES FROM PRIOR BILL VERSION:

Changes to this passed legislation do not alter the previous analysis of revenue impacts.

REVENUE IMPACT OF CURRENT BILL:

The funding level of the grant program authorized by Sec. 4 is currently unknown and the revenue impact for the impacted cities is indeterminate.

Illustrative Example of Revenue:

If the legislature made an appropriation commensurate with the costs estimated in the prior section, the following revenues could be assumed. However, there would be significant variability in the costs associated with this act based on jurisdiction size, number of station areas, previously planned or existing station areas and accompanying environmental assessment and other factors.

For Cities with Station Areas:

Due six months after deadline in RCW 36.70A.130(5)(b) – 1 city, \$282,000

Due six months after deadline in RCW 36.70A.130(5)(c) – 1 city, \$282,000

Due six months after deadline in RCW 36.70A.130(5)(d) – 0 cities, \$0

Deadline within RCW 36.70A.130(5)(a) and required to submit progress report RCW 36.70A.130(5)(9) – 34 cities, \$7,560,000

Total: \$282,000 + \$282,000 + \$7,560,000 = \$8,124,000

TAX REVENUE IMPACTS:

The Department of Revenue (DOR) issued a fiscal note for this bill, with findings indicating that this act would create an indeterminate tax shift related to the multifamily property tax exemption programs. This act expands the number of jurisdictions eligible to or required to participate in the MFTE program. However, DOR states that the additional jurisdictions participating in the MFTE program are unknown.

The number of taxpayers using the exemption in eligible jurisdictions, the size of the projects receiving the exemption, the total exempted new construction value, and what additional qualifying restrictions local governments require of the exempted properties are also unknown.

Property Tax Shifts:

Because the degree to which taxpayers will use the exemption in newly eligible jurisdictions is unknown, this proposal

results in an indeterminate shift of the state levy to other taxpayers.

Local districts will also experience an indeterminate shift of taxes to other taxpayers, and the local shift may result in a local revenue loss due to levy limits.

Impact Fees: Impact fee waivers will result in an indeterminate change in impact fee revenue. The waivers themselves will reduce revenue by an indeterminate amount; however, jurisdictions may elect to recalibrate Capital Facility Plans and/or fees in response to this change. The impact of such changes cannot be predicted in advance and are indeterminate.

SOURCES:

American Planning Association – Washington Chapter

Association of Washington Cities, Salary Survey (2024)

Department of Commerce

Department of Commerce, FN 1491 S HB (2025)

Department of Commerce, Planning Cost Study (2023)

Department of Commerce, Transit-Oriented Development Implementation Grants (2022)

Department of Ecology, State Environmental Policy Act Register (2014-2024)

Department of Natural Resources, Tsunami Hazard Maps (2022)

Department of Revenue, FN 1491 3S HB (2025)

House Bill Analysis, HB 1491 (2025)

House Bill Report, S HB 1491 (2025)

Local Government Fiscal Note Program, FN HB 1110 (2023)

Local Government Fiscal Note Program, Unit Cost Model (2025)

Municipal Research and Services Center, Growth Management Act

Puget Sound Regional Council

Perkins-Eastman, Transit-Oriented Development Policies in Washington State (Dec. 11, 2024)