



DRAFT FINDINGS PENDING MUNICIPAL REVIEW

December 20, 2024

Transit-Oriented Development Policies in Washington State: Reviewing Local Comprehensive Plans and Recommendations for State Action



**PERKINS —
EASTMAN**

Yonah Freemark

with Kate Howe, Lydia Lo, Andrew Trueblood, Teddy Maginn, and Dan Kennedy

Key Project Goals

- Provide **easy-to-understand, meaningful comparisons** between Washington state cities in terms of the capacity of the comprehensive plans and zoning to accommodate additional affordable and workforce housing near transit without provoking displacement.
- Identify **best practices** from other states and countries that have proven successful in meeting these goals.
- **Recommend state-level policies** for Washington state that can be implemented.
- Build on recent state changes to help legislators steer Washington state toward becoming a national model for growing affordably near transit.

Our Analysis Approach

- Examine existing laws and policies by jurisdiction (zoning, tax, fees, affordable housing) that support inclusive, mixed-income, mixed-use housing around transit, including by reaching out directly to municipalities.
- Collect comparative data on comprehensive plans (acknowledging that many cities are updating their comprehensive plans currently).
- Conduct interviews with developers and local policymakers to understand impediments to TOD.
- Explore best practices from other locations.
- Analyze Census and other data to evaluate trends in construction over time.

Our Project Plans

2024 ————— 2025
Sep. Oct. Nov. Dec. Jan. Feb. Mar. Apr. May Jun.

Comprehensive plan evaluation

Best practices

City-by-city comparisons

Recommendations

Draft and final report

★ Kick-off meeting
Virtual

★ We are here
*Presentation to JTC
in Olympia, WA*

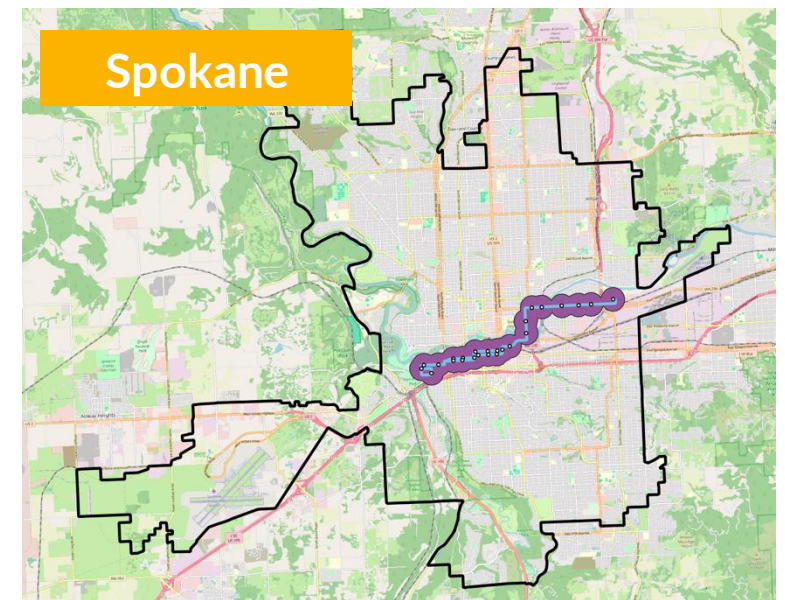
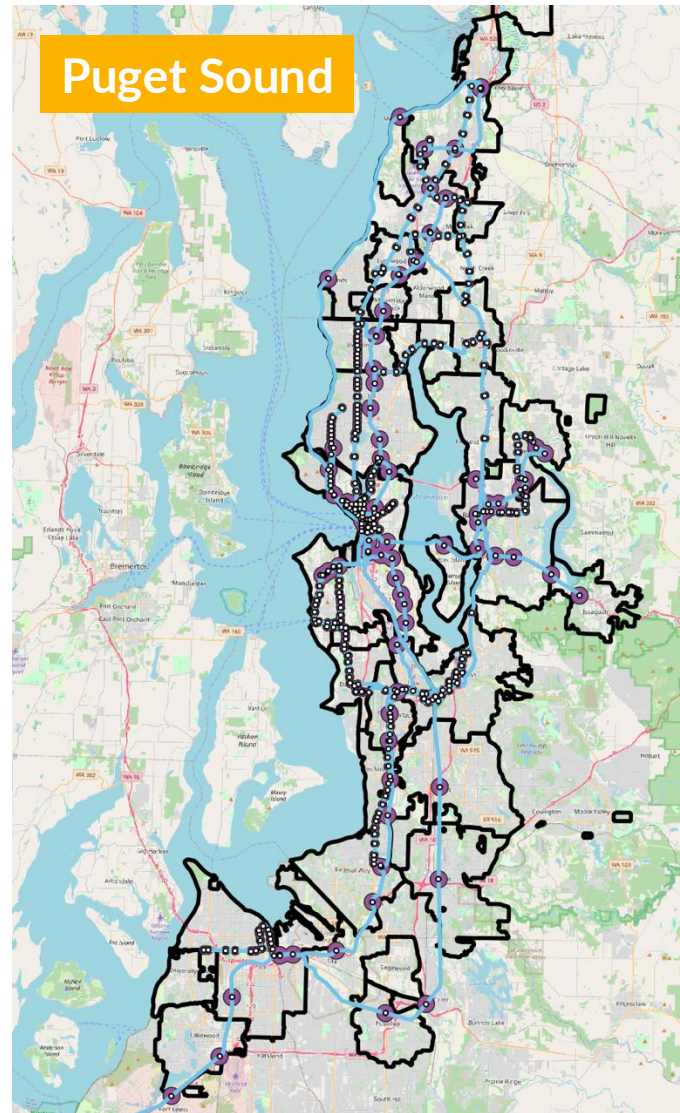
★ Final presentations
*Kennewick,
WA*

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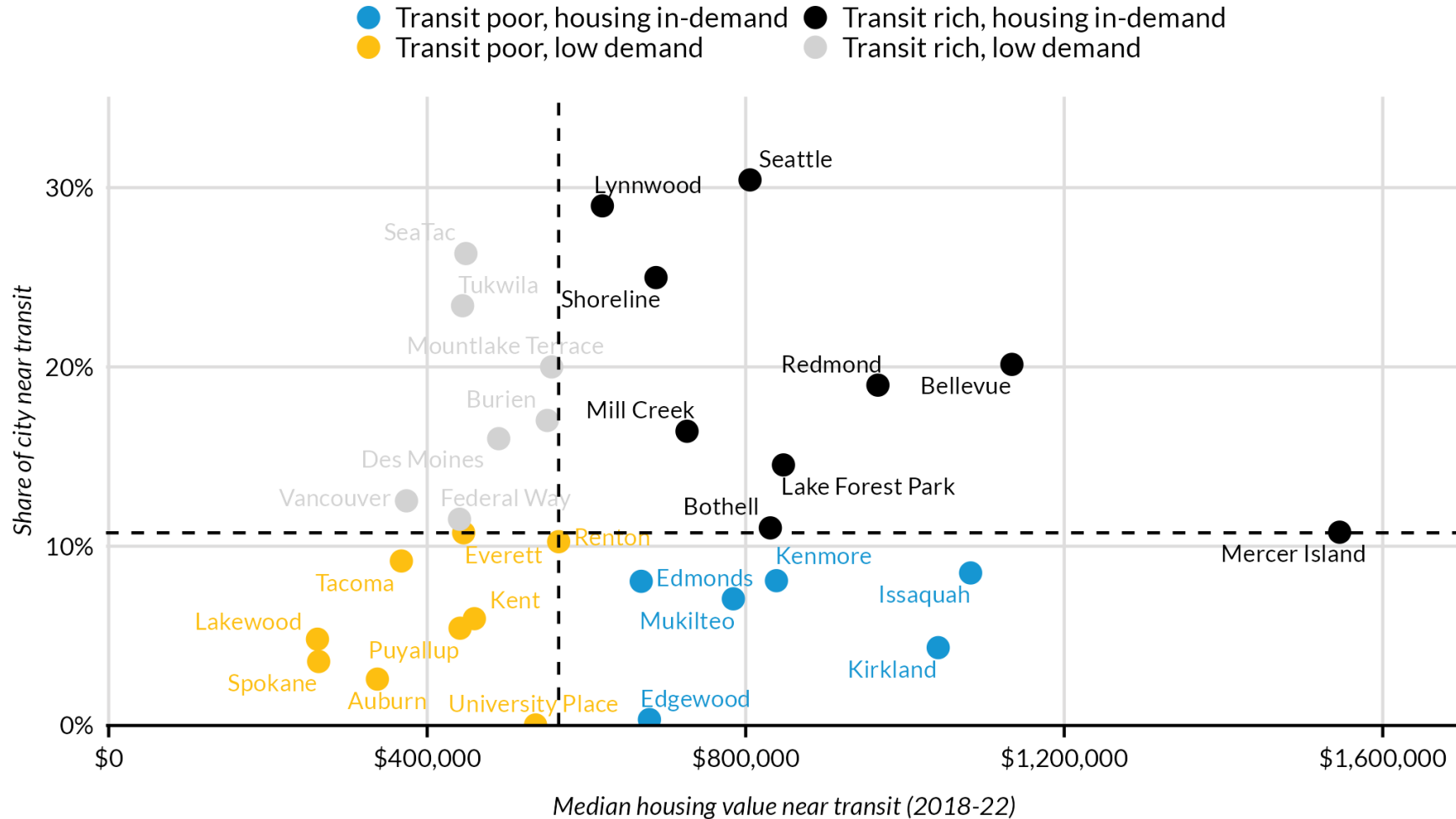
A General Review of Current Conditions

We Evaluate Conditions in Three Regions

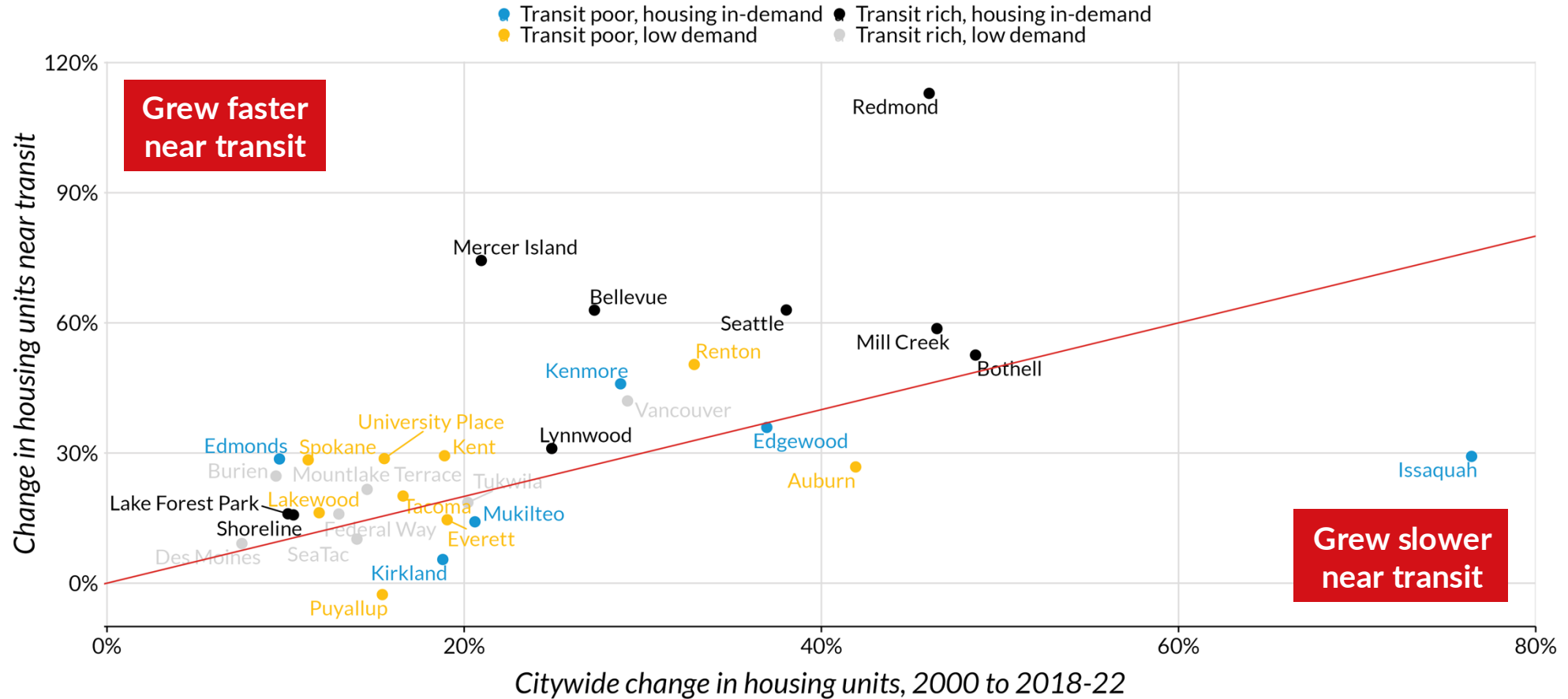
- Studying conditions and policies in 33 municipalities
- Examining both citywide policies and plans within transit areas, defined as:
 - ½ mile of existing, under construction, and planned light rail, commuter rail, monorail
 - ¼ mile of existing and under construction BRT



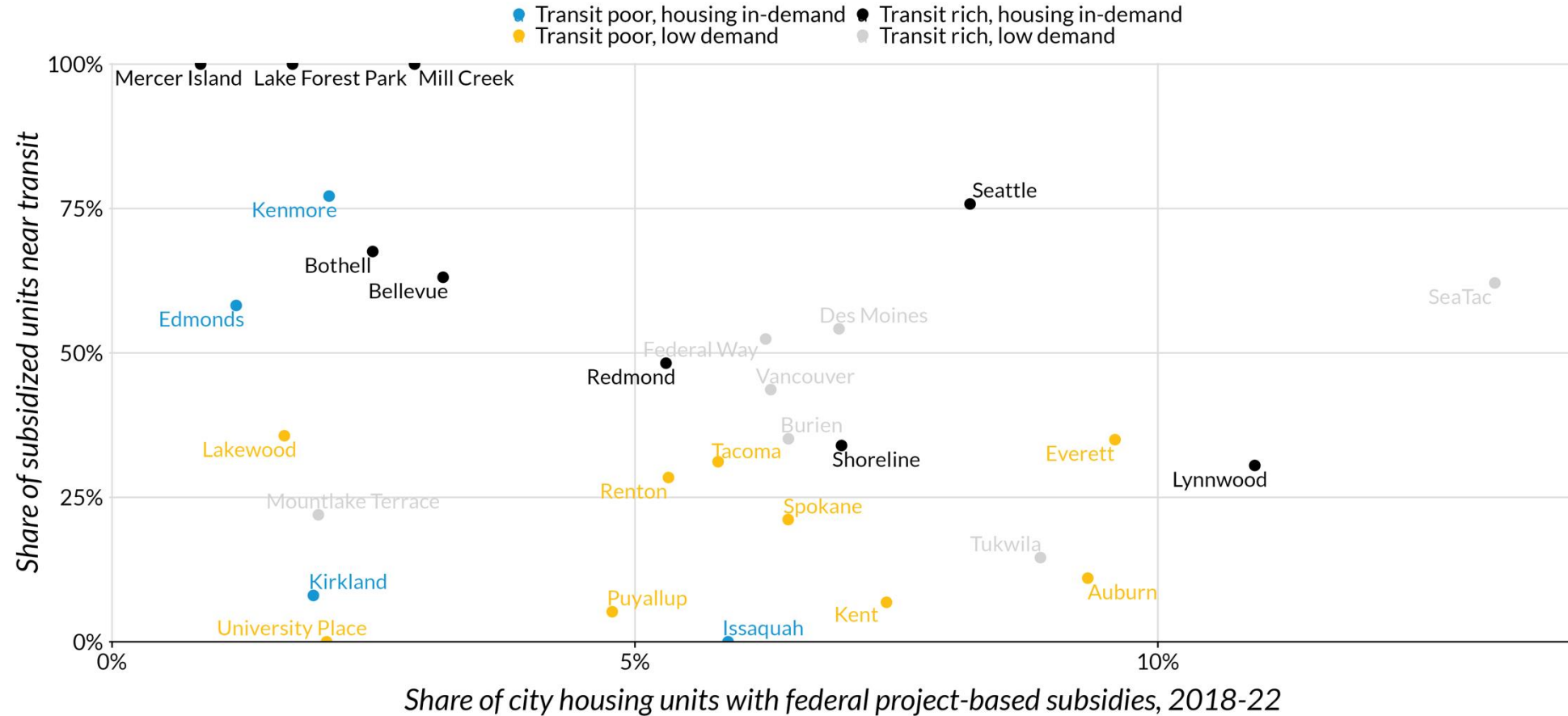
The Municipalities With Transit Vary in Terms of Access to Transit and Demand for New Development



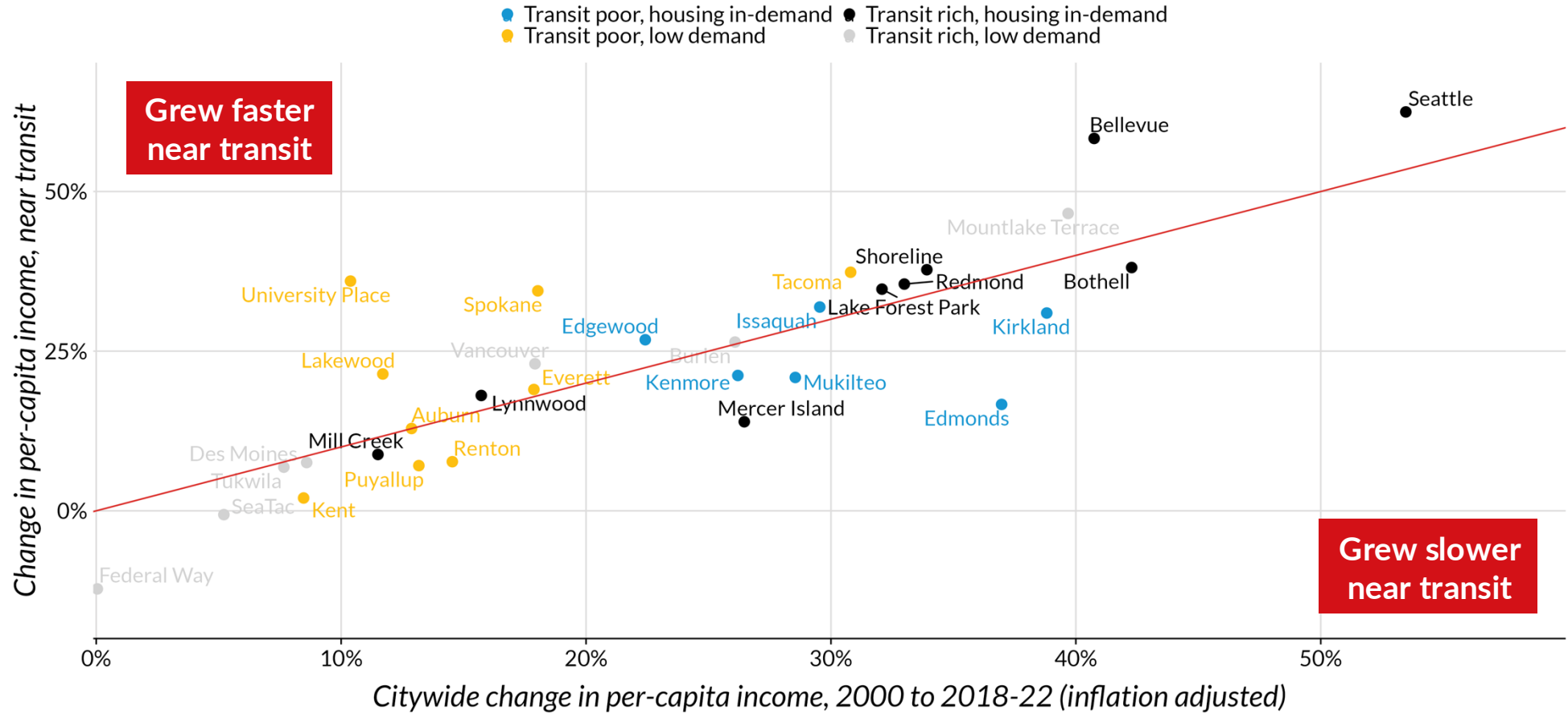
Most Cities Have Added Housing at a Faster Rate in Areas Near Transit, Though Rates of Growth Vary Dramatically



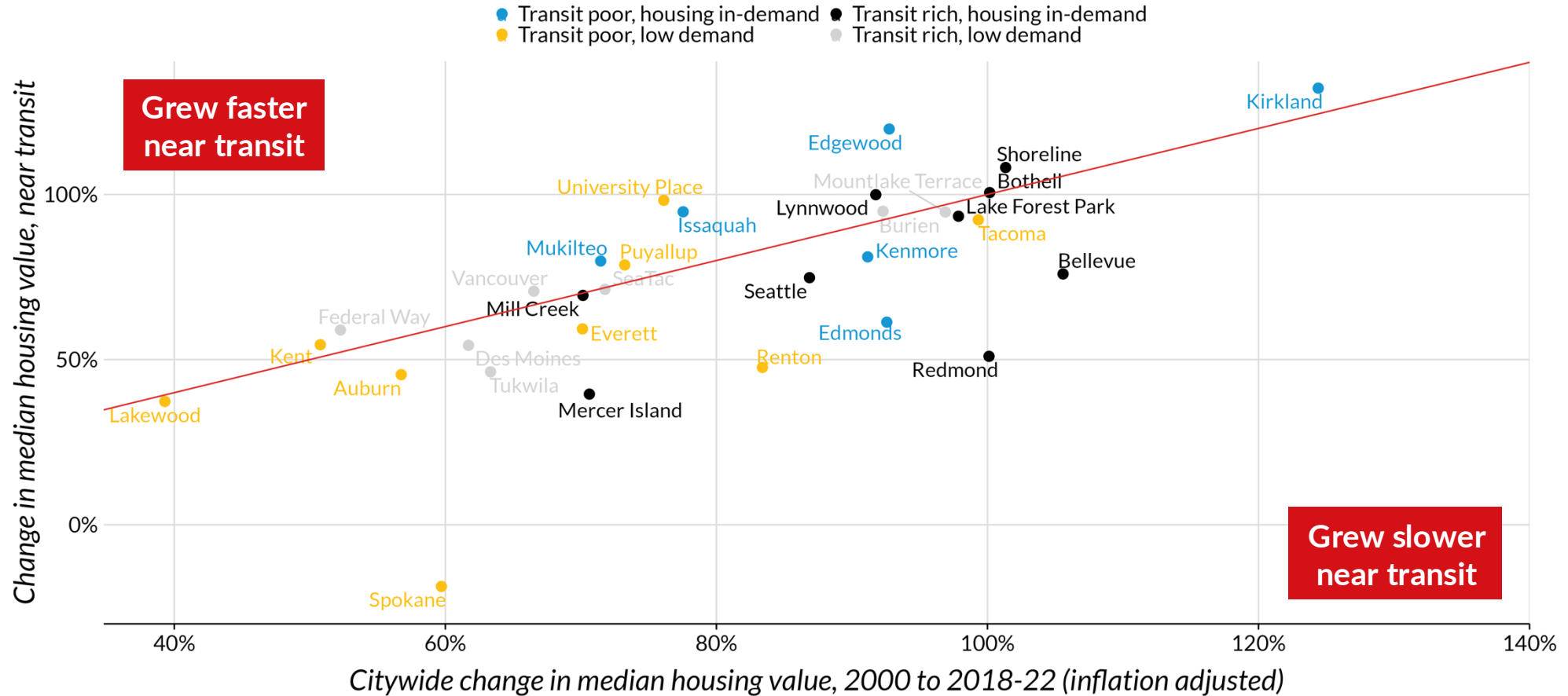
On Average, Only About 5 Percent of Housing Units Are Federally Subsidized, with No Particular Transit Focus



Most Cities Experienced Higher Rates of Income Growth in Areas Near Transit



But Some Cities Experienced Faster Housing Cost Growth Further from Transit



Current Municipal Approaches to Regulating TOD

Goal of Our Review of Local Housing Tools

- Our goal is for this task is to highlight policies and practices that are effective at:
 - Increasing mixed-use transit-oriented housing development
 - Increasing availability of affordable and workforce housing in mixed-income developments
 - Minimizing displacement of existing communities

Most cities retain parking minimum requirements

- On average, cities with the best transit access require more parking than those with worse access
- Spokane has 0 requirements
- Redmond and Seattle exempt affordable and transit-adjacent housing from requirements

City	Spaces/3-bed	City	Spaces/3-bed	City	Spaces/3-bed
Arlington	2.5	Kenmore	1.7	Puyallup	2
Auburn	2	Kent	2	Redmond	2
Bellevue	1.8	Kirkland	1.8	Renton	1.7
Bothell	2.2	L. Forest Park	1.5	SeaTac	2
Burien	1.8	Lakewood	1.5	Seattle	1
Des Moines	2.1	Lynnwood	2	Shoreline	1.5
Edgewood	1.5	Marysville	1.8	Spokane	0
Edmonds	2	Mercer Island	2	Tacoma	1.5
Everett	2	Mill Creek	2.5	Tukwila	2
Federal Way	2	Mountlake Tc.	2	University Pl.	1.5
Issaquah	1.2	Mukilteo	2	Vancouver	1

Impact Fees for a Typical Project Can be Overwhelming

- Impact fees range broadly between cities, but can add substantially to development costs, equivalent to up to 10% of development cost
- Fee waivers or reductions available in some cities for affordable housing, marked with *

City	Fee range/unit	City	Fee/unit	City	Fee/unit
Arlington	\$0-5,288 *	Kenmore +	\$22,385-24,709	Puyallup	\$10,520-12,799
Auburn	\$2,301-12,754	Kent	\$1,247-3,351	Redmond +	\$0-11,584 *
Bellevue	\$3,514-7,448 *	Kirkland +	\$7543-7895 *	Renton	\$0-13,552*
Bothell +	\$9,126-11,578	L. Forest Park	\$0	SeaTac	\$1,020
Burien	\$332-550	Lakewood	\$0	Seattle +	\$0
Des Moines	\$5,693	Lynnwood	\$7,855-10,987	Shoreline * +	\$10,363 *
Edgewood	\$8,997-10,867	Marysville	\$4,530-10,206*	Spokane	\$95-3,957
Edmonds	\$2,654-6,432 *	Mercer Is. +	\$5,863 *	Tacoma +	\$0
Everett	\$0-12,757 *	Mill Creek	\$1,930-6,207	Tukwila	\$4,552 *
Federal Way +	\$0-5,943 *	Mountlake Tc.	\$7,762	University Pl.	\$5,853
Issaquah +	\$0-19,185 *	Mukilteo	\$4,186-15,332	Vancouver	\$0-10,764 *

Note: Data are for a typical multifamily unit, though variations by neighborhood or project specifics are common. Certain city data may need updating. + Note that mandatory IZ is used in this city.

Inclusionary zoning (IZ), density bonuses differ by city

- In some cases, density bonuses for new developments are associated with voluntary or mandatory IZ
- In others, bonuses do not require housing affordability
- In Bothell, IZ requirements are not associated with bonus policy

City	IZ/bonus	City	IZ/bonus	City	IZ/bonus
Arlington	N/A	Kenmore	Mandatory IZ, bonus	Puyallup	Bonus
Auburn	Bonus	Kent	N/A	Redmond	Mandatory IZ, bonus
Bellevue	Voluntary IZ, bonus	Kirkland	Mandatory IZ, bonus	Renton	Bonus
Bothell	Mandatory IZ	L. Forest Park	N/A	SeaTac	Bonus
Burien	N/A	Lakewood	Voluntary IZ, bonus	Seattle	Mandatory IZ, bonus
Des Moines	N/A	Lynnwood	N/A	Shoreline	Mandatory IZ, bonus
Edgewood	Bonus	Marysville	Bonus	Spokane	Bonus
Edmonds	Bonus	Mercer Island	Mandatory IZ, bonus	Tacoma	Mandatory IZ, bonus
Everett	Bonus	Mill Creek	N/A	Tukwila	Bonus
Federal Way	Mandatory IZ, bonus	Mountlake Tc.	N/A	University Pl.	Bonus
Issaquah	Mandatory IZ, bonus	Mukilteo	N/A	Vancouver	Bonus

Note: Some cities only have mandatory IZ for some parts of the city.

Development Permitting Timelines Make Slow Projects

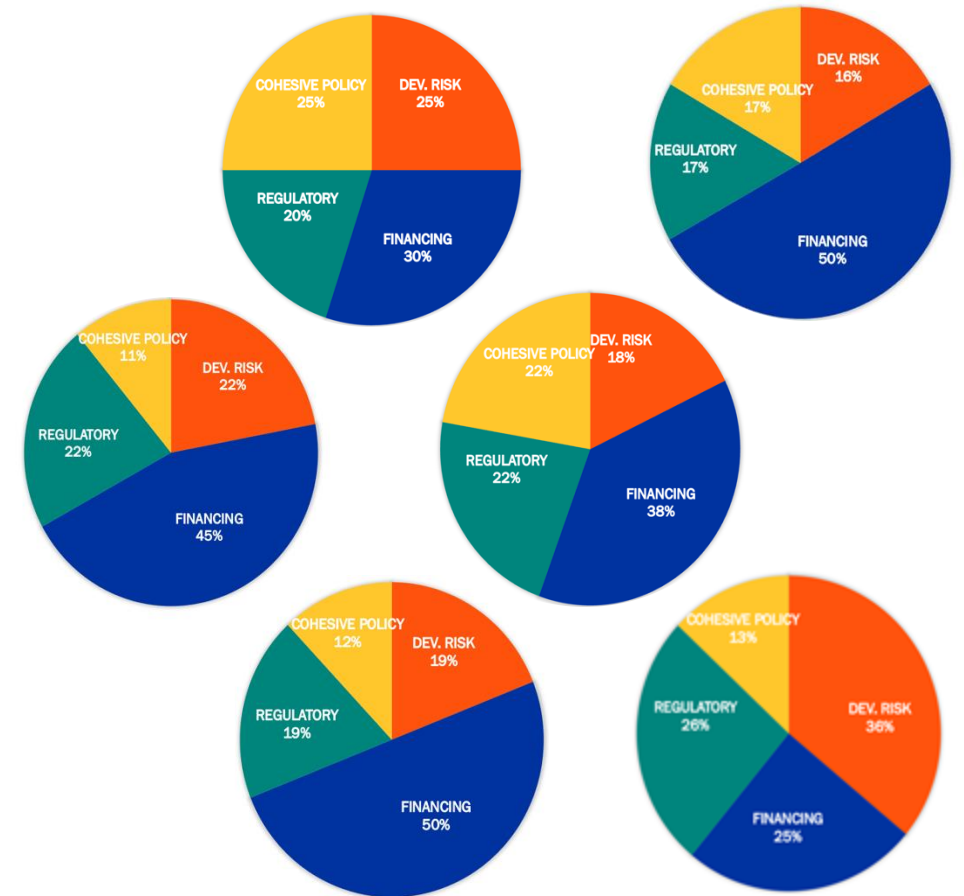
- Just three jurisdictions have permit review turnaround times that are faster than the state's shot-clock standards; many cities are revising requirements to meet SB 5290 standards. Kirkland provides publicly listed review times.
- Only five jurisdictions offer review expediting or exemptions for projects with affordable housing (Auburn, Bellevue, Kenmore, Seattle, Tacoma). Some cities are attempting to reducing permitting timelines for all projects.
- Design review processes involving board discretion typically intervenes with projects that trigger SEPA. Some of the most exclusive jurisdictions (e.g., Kirkland and Mercer Island) have required design review for all non-single-family projects. Issaquah and Renton are less likely to require review. Cities are adjusting process to meet administrative requirements from HB 1293.

Barriers to Affordable Housing in TOD in Washington State Communities

Officials Pointed to Several Key Barriers

Land Acquisition	Construction Cost	Financing
<p>Agencies not sufficiently empowered / mandated</p> <p>Cities not funded / mandated for this specific purpose</p> <p>High land costs as a result of TOD typically occurring in developed areas with high growth prospects</p>	<p>Energy code, stormwater management</p> <p>Permit and impact fees</p> <p>Taxes applied to construction, REIT</p>	<p>Depth / breadth of existing affordability requirements is not matched with available subsidies to meet gap</p> <p>Uncertainty re: changing regulatory landscape creates risk</p> <p>Requirements to include affordable and market rate in same parcel complicates financing</p> <p>TIF – too many carveouts for other taxing districts, diluting the mechanism</p>
	<p>Regulatory</p> <p>Parking requirements (<i>although market-driven parking requirements still an issue where transit network is not robust/frequent enough</i>)</p> <p>Zoning limits</p>	

How six interviewees assessed comparative impact on development



Key Takeaways from Interviews

1. Avoid one-size-fits-all legislation.
2. Simplification and predictability are low-cost ways to increase TOD viability.
3. State infrastructure subsidies are effective in speeding project delivery.
4. Rent-restricted units require direct subsidy or tax exemptions to pencil, and must be calibrated to local economic conditions.
5. Regulations intended to encourage sustainability (e.g., energy code and stormwater) sometimes disproportionately add costs to denser development.
6. Land value is a major obstacle to TOD site development.

Case Studies to Identify Best Practices

Identifying Best Practices for Emulation by Washington

- Our goal is for this task is to highlight policies and practices that are effective at:
 - Increasing mixed-use transit-oriented housing development
 - Increasing availability of affordable and workforce housing in mixed-income developments
 - Minimizing displacement of existing communities

Potential Case Studies for Detailed Examination

- San Francisco Bay Area Metropolitan Transportation Commission's TOC Policy, which aimed for a targeted and market-responsive density prescription.
- California's streamlining and reduction in administrative burdens, including CEQA reforms, SB 35 Builder's Remedy, SB 375 TOD Categorical Exemption, and AB 2011 Affordable Housing on Commercial Land.
- Minneapolis's 'filling the gaps' in TOD locations with infrastructure grants.
- Oregon Metro's TOD program, designed to purchase sites where there is a risk of displacement.
- British Columbia's combination of zoning reforms, a new affordable housing revolving fund, and site acquisition.

Next Steps

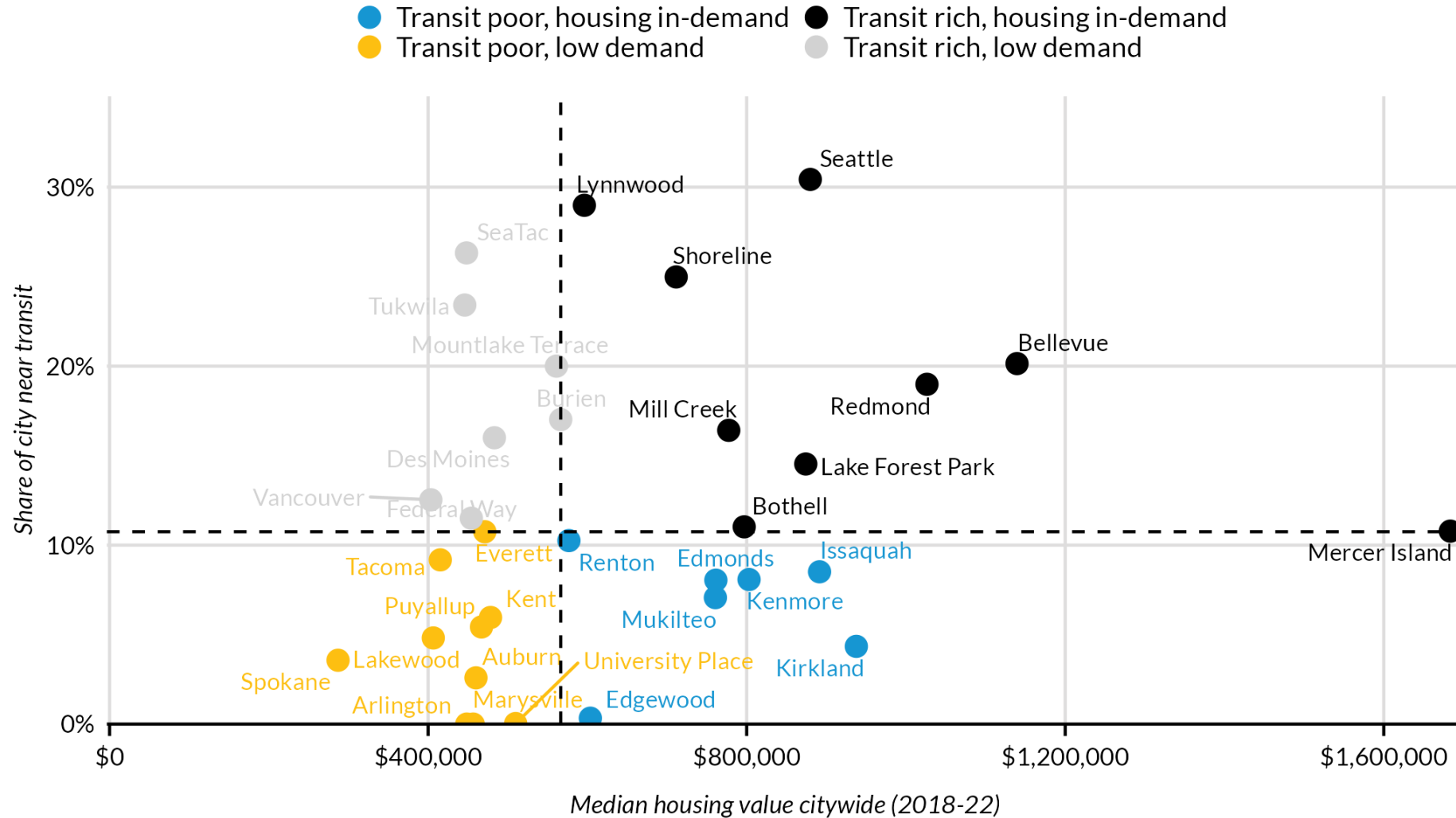
Expected Progress Over the Next Few Months

- **Next spring**
 - Full review of comprehensive plans, including development of a comparison map.
 - Detailed case studies of other cities and states for potential best practices.
 - Generation of comparative database of cities, broken down in terms of market conditions.
- **Next summer**
 - Recommendations for action by the state legislature.

Q&A

Appendix

Typology of Cities, Based on Citywide Characteristics



Parking minimum requirements: ADUs

- Most cities have low parking requirements for ADUs, though this is not true for Kenmore and Mukilteo.

City	Spaces/unit	City	Spaces/unit	City	Spaces/unit
Arlington	1	Kenmore	2	Puyallup	1
Auburn	1	Kent	1	Redmond	1
Bellevue	0	Kirkland	0	Renton	1
Bothell	1	L. Forest Park	1	SeaTac	1
Burien	0	Lakewood	1	Seattle	0
Des Moines	1	Lynnwood	1	Shoreline	1
Edgewood	1	Marysville	1	Spokane	0
Edmonds	1	Mercer Island	0	Tacoma	0
Everett	1	Mill Creek	1	Tukwila	
Federal Way	1	Mountlake Tc.	1	University Pl.	1
Issaquah	0	Mukilteo	2	Vancouver	0

MFTE

- 28 of 33 cities have a multifamily tax exemption.
- 12-year exemptions are the most common type, almost always containing an affordable housing requirement.
- Depth of affordability varies widely across jurisdictions.

City	MFTE	City	MFTE	City	MFTE
Arlington	None	Kenmore	Market rate; 25% units at 60% AMI	Puyallup	Market rate; 20% units at 80% AMI
Auburn	Market rate; 20% units at 80% AMI	Kent	Market rate; 20% units at 30-120% AMI	Redmond	10-20% units at 80% AMI
Bellevue	20% units at 80% AMI	Kirkland	10% units at 80% AMI	Renton	Market rate; 25% units at 60% AMI
Bothell	10-20% units at 40-70% AMI	L. Forest Park	10-20% units at 80% AMI	SeaTac	Market rate; 20% units at 80% AMI
Burien	Market rate; 20% units at 80% AMI	Lakewood	Market rate; 20% units at 70% AMI	Seattle	20-25% units at 40-90% AMI
Des Moines	Market rate	Lynnwood	Market rate; 20% units at 80-115% AMI	Shoreline	20% units at 70-80% AMI
Edgewood	None	Marysville	Market rate; 20% units up to 115% AMI	Spokane	Market rate; 25-30% units at 80-115% AMI
Edmonds	20% units at 80-115% AMI	Mercer Island	None	Tacoma	Market rate; 20% units at 70% AMI
Everett	Market rate; 20-25% units at 60-80% AMI	Mill Creek	None	Tukwila	20% units up to 115% AMI
Federal Way	Market rate; 20% units up to 115% AMI	Mountlake Tc.	Market rate; 20% units at 80% AMI	University PI.	Market rate
Issaquah	18-20% units at 80% AMI	Mukilteo	None	Vancouver	Market rate; 20% units at 80% AMI

Transit Projects in Analysis

Monorail

- Seattle Center Monorail

Streetcar

- First Hill Streetcar
- South Lake Union Streetcar

Light Rail

- Line 1 Line (Angle Lake–Lynnwood)
- Link Line T
- Link 2 Line (South Bellevue–Redmond Technology Center)
- Federal Way Link
- East Link
- Downtown Redmond Link Extension

- Everett Link Extension
- South Kirkland-Issaquah Link
- Tacoma Dome Link
- Tacoma Link to Tacoma Community College
- West Seattle Link Extension
- Ballard Link Extension
- MAX Yellow Line Extension/Interstate Bridge Replacement Program
- 130th St Station
- Graham Street Station
- Boeing Access Road Station

Commuter Rail

- Sounder North
- Sounder South
- DuPont Sounder Extension

Bus Rapid Transit

- Swift Green Line
- Swift Orange Line
- Swift Blue Line
- RapidRide A
- RapidRide B
- RapidRide C
- RapidRide D

- RapidRide E
- RapidRide F
- RapidRide G
- RapidRide H
- City Line
- The Vine on Fourth Plain (Green Line)
- The Vine on Mill Plain (Red Line)
- RapidRide J
- Stripe S1
- Stripe S2
- Stripe S3

- Existing
- Under construction
- Planned

1. Avoiding One-size-fits-all Legislation

- The real estate market, displacement risk, and infrastructure availability vary across the state, as well as within cities and metro regions.
- Desired outcomes: density, balance of employment, retail, and housing affordability levels are subject to context and stakeholder goals.
- ‘Baseline standards’ can be balanced with local flexibility through multi-pronged combination of requirements and incentives.
- Matching funds are a helpful tool to align public stakeholders.

2. Simplifying and Making TOD More Predictable

- Exemptions from design review and permitting can help make desired projects happen more quickly.
- More resources to expedite necessary permitting (and be compliant with shot-clocks).
- Commitment to not adjust or revisit requirements within a development cycle that could negatively impact feasibility.
- Consistency between definitions and how thresholds are calculated (e.g., what percent of units at what AMI are considered affordable, and what is including in the housing costs, e.g., utilities or not).

3. State Subsidies for Infrastructure

- Connecting housing to infrastructure (CHIP) has been successful in helping close the funding gap for affordable housing.
- Expanding, enhancing, and targeting this program can further its impact creating affordable TOD.
- Elements of the program that are successful include realistic requirements (25% units at 80% AMI) and rewarding cities that are already contributing to affordable housing and reducing system development charges (matching element).
- Overcomes a specific barrier of infrastructure costs being disproportionately higher for denser housing thresholds.

4. Additional Funding Needed for Rent-Restricted Units

- Imposing rent-restriction requirements with inadequate subsidy to fill the gap can lead to underdevelopment or no development.
- Most redevelopment projects containing rent-restricted housing have unique and often complex finance structures consisting of grants, low-interest loans, and tax exemptions from local, state, federal, and nonprofit sources. LIHTC is key in producing affordable (below 60% AMI) units.
- MFTE has been the most effective single program to subsidize workforce (80%+ AMI) housing, but it requires unique calibration to every market and cannot fill the gap at deeper levels of affordability.

5. Sustainability Requirements Can Undermine Projects

- Rents and home prices rise until they exceed the cost of complying with regulatory burdens to produce new housing.
- The energy code, particularly recent and forthcoming updates, is cited by interviewees as a major cost driver.
- With energy code changes that disproportionately burden multifamily housing types and onsite stormwater management requirements disproportionately burdening high lot coverage multifamily lots, dense and sustainable development, including TOD, is disincentivized.

6. Land Value Is a Major Obstacle to Development

- High-capacity transit service is typically implemented in areas with infrastructure, access to opportunities, and high growth potential. As such, the areas around it is often the most expensive land to acquire.
- One interviewee noted, “Although land is more expensive than ever, it’s cheaper [now] than it ever will be [in the future]”
- Public acquisition of land by transit agencies or local governments (e.g., through land banking) can be paid for by bonds serviced through long-term leases.
- Further benefits of public acquisition include better opportunities for transit integration, parcel consolidation and de-risking, and site-specific control over project outcomes.

Comprehensive Plan Elements Required by GMA

1. Future land use map, including assumed densities to accommodate housing needs
 1. Should show higher density housing near employment and transit
2. Goals and policies for the preservation and development of housing
 1. Should reflect projected housing need, including for different income brackets, subsidized housing, and emergency housing
 2. Should include provisions for moderate density housing
 3. Should accommodate ADUs
 4. Should list barriers and actions to affordable housing
 5. Should include list of policies and regulations that have racially disparate impacts, displacement, and exclusion in housing, as well as identification of displacement-prone areas
3. Public participation must prioritize engagement of vulnerable populations

Other Local Laws and Policies for Review

Zoning, tax, or housing financing policies that affect or relate to the production of inclusive, mixed-income, mixed-use, transit-oriented housing:

- Housing trust fund or housing subsidy programs
- Adequate public facilities ordinances or infrastructure requirements
- Impact fees
- Additional unit-per-lot laws (cottage courts)
- Mixed use residential densities
- Lot and home sizes (SROs, minimum lot or unit sizes, townhomes)
- Property tax laws (vacant lots, gentrification relief programs, assessment pegs)

01 – Possible Case Study

**San Francisco Bay Area Metropolitan Transportation Commission, TOC Policy
Encourages cities to flexibly plan density that appropriately matches transit investment;
compliant cities are rewarded with capital funding.**

- To qualify, cities must comply to differing levels depending on transit frequency. Density averaging allows flexibility within a transit area, and minimum density only needs to be achieved where residential uses are allowed.
- Compliance enables jurisdictions to qualify for capital funding.

02 – Possible Case Study

California – Recent efforts regulatory streamlining and reducing administrative burden

- **California Environmental Quality Act (CEQA)**, analogous to our state’s SEPA, has been identified as a burden to creating new housing. Compliance documentation preparation and review drives time and cost, while magnifying the legal power of project-by-project local objections to new housing drives time, cost, and risk.
- **SB 35 (2018) – Builder’s Remedy**: CEQA streamlining and exemption from some local land use regulation for housing in Cities not meeting their Regional Needs Housing Allocation targets.
- **SB 375 (2008) TOD Categorical Exemption** – Exempts some affordable TOD from some elements of CEQA. Limited success due to complexity, local discretion and addition of costs and burdens.
- **AB 2011 (2022) - Affordable Housing and High Road Jobs Act** – Allows redevelopment of commercially zoned land to affordable housing, sets minimum density thresholds, and allows full exemption from CEQA.

03 – Possible Case Study

California Dept of Housing and Community Development TOD Program

- Under the program, low-interest loans are available as gap financing for rental housing developments near transit that include affordable units. In addition, grants are available to Localities and transit agencies for infrastructure improvements necessary for the development of specified housing developments, or to facilitate connections between these developments and the transit station.
- The maximum Program Rental Housing Development Loan amount awarded for a single Housing Development or to a single Applicant, including any affiliates of such Applicant, is \$10 million. The maximum Program Infrastructure Project Grant awarded to a Locality or transit agency Applicant is \$5 million. The total maximum award amount for a single Project is \$15 million.

04 – Possible Case Study

Minneapolis “filling the gaps” in TOD locations infrastructure.

Metro Council LCG TOD Program

- Minnesota Livable Communities Act 473.25; model program supports TOD related infrastructure through state fund. May be used for partnerships, site acquisition, infrastructure, onsite open space, site demolition, soil remediation, and others.
- Can be applied both on parcel and/or in public ROW, depending on project need.
- Applicants are cities, typical awards are \$1m per project.
- Projects eligible within half mile or quarter mile depending on transit type.

05 – Possible Case Study

Oregon Metro TOD Program

- Metro purchases sites in region identified as at risk of displacement and in greatest need of additional affordable housing.
- Coordinates with TOD program & Urban Living Infrastructure Grants.
- Overcomes purchase barrier, opening door for small, community-based developers.
- Several recent projects completed, achieving community-requested amenities, in partnership with non-profits and affordable housing developers.