

# FINDING COMMON GROUND

BEST PRACTICES FOR STATE POLICIES  
SUPPORTING TRANSIT-ORIENTED  
DEVELOPMENT

**WCRER**  
WASHINGTON CENTER FOR REAL ESTATE RESEARCH



MOBILITY  
INNOVATION  
CENTER  
at the  
UNIVERSITY of WASHINGTON



## Authors

### **Mason A. Virant, MSRE**

Associate Director, Washington Center for Real Estate Research

### **Christian Phillips, MSRE**

Urban Design and Planning PhD Program, University of Washington

### **Steven C. Bourassa, PhD**

Director, Washington Center for Real Estate Research

### **Arthur Acolin, PhD**

Associate Professor, Runstad Department of Real Estate, University of Washington

## Citation

Virant, M., Phillips, C., Bourassa, S., Acolin, A, (2024). Finding Common Ground: Best Practices for State Policies Supporting Transit-Oriented Development. Seattle, WA: Mobility Innovation Center, University of Washington.

## Copyright Information

© The University of Washington, Mobility Innovation Center, 2024

# TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY .....</b>	<b>4</b>
<b>INTRODUCTION.....</b>	<b>5</b>
<b>FACTORS CONTRIBUTING TO THE SUCCESS OF TOD POLICIES .....</b>	<b>7</b>
<b>POTENTIAL FOR TOD IN WASHINGTON .....</b>	<b>9</b>
<b>WASHINGTON'S EXPERIENCE WITH TOD .....</b>	<b>12</b>
Existing TOD Legislation .....	12
Local TOD .....	12
Seattle .....	13
Shoreline.....	13
Redmond .....	13
Bellevue.....	13
Spokane .....	14
Vancouver .....	14
Proposed TOD Legislation.....	14
Summary of Senate Bill 5466.....	14
Summary of House Bill 1517 .....	17
Comparing SB 5466 and HB 1517 .....	17
<b>STATEWIDE AND LOCAL TOD POLICIES IN OTHER STATES .....</b>	<b>19</b>
California .....	19
Massachusetts .....	20
Oregon.....	21
British Columbia .....	22
<b>EQUITY AND AFFORDABILITY CONSIDERATIONS .....</b>	<b>24</b>
<b>FACTORS LIMITING THE SUCCESS OF TOD POLICIES .....</b>	<b>27</b>
<b>GUIDELINES FOR TOD POLICY IN WASHINGTON.....</b>	<b>29</b>
<b>ACKNOWLEDGEMENTS.....</b>	<b>31</b>
<b>.....</b>	<b>33</b>

## EXECUTIVE SUMMARY

---

Where people live and how they get around are closely related. In Washington state, it is estimated that 1.1 million homes are needed in the next 20 years to address the existing shortfall and accommodate future growth. Transit-oriented development (TOD) can address both housing and transportation needs with dense, mixed-use vibrant neighborhoods that have travel options to reduce car dependency and related greenhouse gas emissions, while providing a high-quality of life for residents and preserving natural resources.

There is general agreement among policy makers, practitioners, and researchers that building around transit can create more sustainable and equitable forms of development with important economic, social, and environmental benefits. Transit adjacent sites are by nature locations that have already been identified for development and are benefiting from substantial public investments whose benefits are maximized when development takes place around that infrastructure. There is more disagreement on how to support such development and what the role of states might be in creating a framework for equitable and sustainable transit-oriented development.

State legislation to support housing production, including adjacent to transit, is emerging across the country. Washington has an opportunity to be a leader in that area given the considerable investment in transit that is underway and continuing over the coming decades, combined with the state's acute need for affordable housing.

This report evaluated policies in California, Oregon, Massachusetts, and British Columbia, and also interviewed policy experts, developers, and legislators to identify key themes and elements for transit-oriented development from a state-level perspective to promote private investment.

### These recommendations include:

- **Increase densities:** Consider state legislation to mandate average minimum floor-area ratio requirements but allow local jurisdictions to implement specific height limits, setbacks, and other regulations at the parcel level based on local context.
- **Incorporate TOD policies in zoning reforms:** Upzone as much area as possible near the transit station to enable TOD including a mix of uses (residential, office, and retail) in communities across the state.
- **Reduce or remove parking minimums:** Given the high cost of providing parking, reduce and remove parking requirements near transit to enable more development projects and support the essence of TOD in reducing car travel. California and Oregon have seen positive results.
- **Reduce development permitting times and uncertainty:** Any legislation that expedites the development entitlement process reduces cost and therefore makes more types of projects feasible. Creating streamlined review and approval processes for developments within TOD, particularly if they include affordable housing units, is a means to support the financial viability of that development without using only cash subsidies.
- **Align definitions and requirements:** These include the definition of transit-oriented development, including distances from stations and methods of calculating those distances, and types of transit included. Affordable housing requirements, thresholds, methods for determining area median incomes, percentage of affordable units required, and requirements for on-site production could also be aligned.
- **Technical assistance and data:** Provide technical assistance, planning grants, and training programs, develop model ordinances or handbooks, and supply relevant data to support local jurisdictions in their efforts to incorporate provisions from TOD legislation into their comprehensive plans, zoning codes, and building permitting processes.
- **Provide financial subsidies:** Tools like tax exemptions and tax credits, land transfers and reduced fees are essential to ensure projects are financially viable for transit-oriented development with affordability requirements.

## INTRODUCTION

---

Transit-oriented development (TOD) aims to maximize the amount of housing, commercial, and recreational spaces within a short walk or bike ride from transit, such as bus stops or light rail, making public transportation a convenient and appealing modal choice for residents. Typically, in the United States, TOD is focused on areas within walking distance from a transit station between one-quarter and one-half mile with greater preference given to rail and bus rapid transit (BRT) stations. The main goal of this sustainable urban development approach is to create livable and inclusive communities that reduce traffic congestion and environmental impacts.

The voter-approved measure to support significant taxpayer-funded transit investments in Central Puget Sound, which includes \$54 billion between 2023 and 2044 for light rail and BRT expansion, promises to enhance mobility for residents across various communities.<sup>1</sup> Move Ahead Washington adopted in 2022, includes \$3 billion for public transportation investments in urban centers throughout the state by 2038.<sup>2</sup> New light rail and BRT stations will provide new transit options for daily commutes and non-work-related trips. These transit options are designed to be affordable and environmentally sustainable, reinforcing the state's commitment to accessible, eco-friendly transportation alternatives. Ensuring the areas around these new stations and stops accommodate development is important to support an urban structure that maximizes the social and environmental benefits of these investments.

TOD can promote social equity by offering affordable housing options near transit, making it easier for lower-income individuals to access job opportunities and essential services. It can stimulate economic growth by attracting businesses and housing development in transit-oriented areas and expanding the labor pool. However, Urban Institute researchers showed that currently, nearly one third of land adjacent to stations in the Puget Sound region is exclusively zoned for single-family homes, and nearly 50% mandates at least one parking spot per housing unit.<sup>3</sup> These zoning restrictions contribute to increased housing costs by making new construction infeasible and are a barrier to realizing the full potential of the major transit investments underway in Washington.

The Washington state legislature is trying to better plan for and provide future housing supply by encouraging private development to meet the needs of its growing population. The state has the authority to govern land use with implementation delegated to local jurisdiction and it is within the state's purview to insert requirements regarding land use. With the passage of RCW 81.112.350 in 2015, the state specified that any regional transit authority that serves a county with a population exceeding 1.5 million (which includes only King County) is required to develop and gain voter approval for a system plan that aligns with transportation equity goals. The goal is to promote diverse, vibrant, mixed-use, and mixed-income communities in the context of TOD. Further initiatives to support TOD have also been considered by the legislature, including Senate Bill 5466 and House Bill 1517 in the 2023 session, but have not passed.

In recent years, state level initiatives to promote TOD have been adopted in California, Oregon, and Massachusetts. These states have encouraged TOD by requiring local jurisdictions to implement regulatory changes: reducing or eliminating parking minimums, upzoning TOD areas, increasing density allowances, and implementing direct subsidies, or some combination of these approaches. These state level policies show the potential for states to take a proactive stance in setting land use requirements to support TOD. However, these policies are still in the implementation stages and little or no evidence exists about their effectiveness.

Additional initiatives to support TOD have been implemented at the local level. Portland's top-down governance structure afforded to them under Oregon's Urban Growth Boundary policy allows the regional government to direct

---

<sup>1</sup> Urbi, J., Seattle's Sound Transit 3 is a \$54BN bet on public transit, *The B1M*, 9 February 2022, <https://www.theb1m.com/video/seattle-sound-transit-3-light-rail-public-transit-expansion>.

<sup>2</sup> Washington State Department of Transportation, *Move Ahead Washington Public Transportation Grant Programs*, <https://wsdot.wa.gov/business-wsdot/grants/public-transportation-grants/grant-programs-and-awards/move-ahead-washington-public-transportation-grant-programs>.

<sup>3</sup> Freemark, Y., et al., *Making Room for Housing Near Transit: Zoning's Promise and Barriers—An Examination of Policy and Outcomes in the Puget Sound*, Washington, DC: Urban Institute, 2023, <https://www.urban.org/research/publication/making-room-housing-near-transit>.



growth toward station communities located within a half mile of transit stations. In addition, Oregon Metro has a TOD incentive program that distributed \$8.4 million to over 29 TOD projects between 2000 and 2014.<sup>4</sup> In 2017, Los Angeles implemented its Transit Oriented Communities (TOC) program that gave developers the right to build more densely near transit stations if they set aside a percentage of their units for households making below a specific income threshold. This program speeds up the entitlement process. Within one year of adoption, nearly 30% of the housing entitlements in Los Angeles used the TOC program.<sup>5</sup>

Other cities like Chicago and San Jose also have TOD programs but they have not had a measurable effect on housing production. In the case of San Jose, the TOD program existed in the comprehensive plan but was not implemented in the zoning code. While developers could in theory apply for a variance to increase the allowed density to match the comprehensive plan, there is little to no evidence that this is occurring, likely because this extends the entitlement timeline thereby adding risk and increased costs to any project.

Increasing housing production near transit in Washington requires a multifaceted approach. Based on a review of existing and proposed TOD initiatives and interviews with developers, legislators, and policy experts, this report identifies the following potential elements that could be considered at the state level to support TOD, including zoning reform (increasing density near transit stations, expanding the types of dwellings permitted, and reducing or eliminating parking minimums), reducing the development timeline, and providing subsidies to support the inclusion of affordable housing in TOD.



Image courtesy of TriMet

---

<sup>4</sup> Dong, H., If you build rail transit in suburbs, will development come? *Journal of the American Planning Association*, 82(4), 2016, 316–326, <https://doi.org/10.1080/01944363.2016.1215258>.

<sup>5</sup> Stein, J. E., Los Angeles's Transit-Oriented Communities program: challenges and opportunities, *Pritzker Environmental Law and Policy Briefs*, Policy Brief No. 13, University of California Los Angeles, Emmett Institute on Climate Change & the Environment, 2019.

## FACTORS CONTRIBUTING TO THE SUCCESS OF TOD POLICIES

---

There is general agreement among policy makers, practitioners, and researchers that building around transit can create more sustainable and equitable forms of development with important economic, social, and environmental benefits. There is more disagreement on how to support such development and what the role of states might be in creating a framework for equitable and sustainable development.

Transit agencies can play an important part in orchestrating housing development throughout a region. However, they often lack the power to control the zoning on their own land and on surrounding parcels. Portland is an exception because its local, regional, and state department of transportation (Oregon Metro, TriMet, and Oregon Department of Transportation) funded the preparation and adoption of station area plans that support TOD within a half-mile mile radius.<sup>6</sup> Other regional transit agencies, like Washington's Sound Transit, support TOD on land that they own and have affordability mandates built in into these developments. Washington's State Statute RCW 81.112.350 requires Sound Transit to ensure that at least 80% of its surplus property is offered to develop affordable housing at a maximum of 80% AMI. Often, this land is transferred to an affordable housing developer at no cost.<sup>7</sup> While the efforts of transit agencies to promote TOD are positive for housing development, they contribute only a small portion of what is needed to address the need for affordable housing.

Cities often choose to begin the path of TOD by researching best practices. However, only once TOD policies have been entered into the city's comprehensive plan and into zoning code is there a chance that the policy could be successful at generating housing. San Jose pursued changes in its comprehensive plan through its urban villages strategy, but made limited zoning changes and there is no evidence that it was successful at generating housing development.<sup>8</sup> Incorporating TOD into its zoning code would have improved the policy's likelihood of success. Even then the results are mixed. Chicago pursued this strategy without producing much additional housing, while Los Angeles more effectively allowed increased densities to developers by-right in exchange for affordable units. This reflects differences in the initial binding constraints on development depending on local situations and the business cycle. Maximum density, minimum parking requirements, impact fees, and affordable housing requirements all affect the feasibility of new construction, but addressing these challenges is not necessarily sufficient to generate new development due to external factors such as interest rates, construction costs, and perceptions of future market conditions.

Any new real estate development or infill project will alter urban form for decades. Therefore, the density allowed to be built today will have a major influence on what our cities look like and how well they address population and economic growth decades from now. Transit stations are in areas that have been identified as being suitable for development from an environmental and economic perspective and having sufficient current or planned demand to justify the public investment in transit infrastructure. Building at densities too low relative to the current or expected demand for development around transit stations ties up valuable land and makes it difficult to reallocate that land later to a better use. Increases in allowed density, such as higher FAR maximums, can make more types of development feasible.

Historically, parking minimums have over-allocated parking and pushed the design and layout of buildings to center around parking rather than their primary use.<sup>9</sup> A study of Seattle's 2012 parking policy reform that reduced or eliminated parking requirements in most central and transit-oriented neighborhoods found that the average building in their sample had 0.68 spaces per unit while areas in zones with reduced or no parking requirements had 0.57 spaces

---

<sup>6</sup> Dong, H., op. cit.

<sup>7</sup> Sound Transit, *Transit-Oriented Development Quarterly Status Report*, Quarter 2, 2023, <https://www.soundtransit.org/sites/default/files/documents/sound-transit-tod-quarterly-report-q2-2023.pdf>.

<sup>8</sup> Gabbe, C. J., Kevane, M., and Sundstrom, W. A., The effects of an "urban village" planning and zoning strategy in San Jose, California, *Regional Science and Urban Economics*, 88, 2021, 103648, <https://doi.org/10.1016/j.regsciurbeco.2021.103648>.

<sup>9</sup> Shoup, D. C., The high cost of free parking, *Journal of Planning Education and Research*, 17(1), 1997, 3–20, <https://doi.org/10.1177/0739456X9701700102>.

per unit.<sup>10</sup> In areas with no required parking, 30% of buildings contained no parking, while 70% had some parking. Given that, once parking minimums are reduced or eliminated, developers chose to provide fewer spaces, parking requirements are clearly creating an unnecessary constraint on housing supply. At the same time, developers still provide some parking spots in the absence of requirements based on the demand from their tenants, which is driven by local market conditions and requirements from their lenders. Eliminating parking minimums will lower overall development costs in areas where transit is available and numbers of cars per household are lower, which makes it a valuable provision to support TOD.

Streamlining the permitting process and reducing requirements and fees can decrease development costs.<sup>11</sup> Such initiatives can include maximum approval periods in issuing intermediate and final decisions on permit applications as outlined in SB 5290 approved in 2023 with the potential for further reducing delays in TOD zones for projects with certain characteristics.<sup>12</sup> They can also include administrative review and as-of-right permitting (not requiring discretionary approval from staff or elected officials) as a way to provide developers with greater certainty that their proposed development will be approved. Other provisions that can reduce costs include reducing impact fees as TOD creates lower infrastructure costs overall and streamlining or eliminating environmental impact reviews as transit infrastructure development already require comprehensive environmental review to ensure these locations are suitable for development. Such provisions can be applied specifically to projects with certain characteristics depending on policy priorities (number of units, affordability level).

Soft costs are determined by local government regulations, including impact fees charged to developers to pay for infrastructure, consultant studies such as environmental impact reviews, and various exactions negotiated between the developer and local government. States can set standards that limit these soft costs and accelerate the development process.

Ultimately, any constraint with respect to the rent that can be charged, services that need to be provided, or the review process contribute to a gap in financing that needs to be bridged through financial and non-financial incentives. Providing direct incentives such as through revolving funds or land transfer programs is one way to generate development interest. Non-financial incentives such as removing risk from the development process by allowing TOD development by-right and shortening the review process can also be effective in decreasing the cost of development and therefore makes it more viable.



Image courtesy of Sound Transit

---

<sup>10</sup> Gabbe, C. J., Pierce, G., and Clowers, G., Parking policy: the effects of residential minimum parking requirements in Seattle, *Land Use Policy*, 91, 2020, 104053.

<sup>11</sup> Hoyt, H. and Schuetz, J., *Flexible Zoning and Streamlined Procedures Can Make Housing More Affordable*, Washington, DC: Brookings Institution, 19 May 2020, <https://www.brookings.edu/articles/flexible-zoning-and-streamlined-procedures-can-make-housing-more-affordable/>.

<sup>12</sup> Washington State Legislature, SB 5290, <https://app.leg.wa.gov/billsummary/?billNumber=5290&year=2023&initiative=False>.



## POTENTIAL FOR TOD IN WASHINGTON

---

Washington state is poised for successful TOD with a massive expenditure on expanding transit. Major taxpayer-supported transit investments, totaling \$54 billion between 2023 and 2044, will introduce dozens of new light rail and BRT stations.<sup>13</sup> Washington's 2022 transportation revenue package "Move Ahead Washington" provisioned an additional \$17 billion dollars to be allocated through 2038 with over \$3 billion directly allocated to public transit in the state.<sup>14</sup> According to Urban Institute researchers, currently, about one third of station-adjacent land (one-quarter mile from BRT or one-half mile from light rail) is zoned exclusively for single-family homes, and 50% requires at least one parking spot per unit in the Puget Sound region.<sup>15</sup> These zoning restrictions significantly contribute to housing costs, making new construction financially infeasible and new homes more expensive.

New zoning policies coordinated with transit access in the Puget Sound region and throughout Washington state could have a profound impact on the development of additional housing. The Urban Institute estimates that a combination of land use reforms allowing a broader range of residential development has the potential to boost housing production by nearly 70% over the next decade.<sup>16</sup> To promote housing near transit, diverse reforms tailored to community needs are essential.

There are three key types of housing policy reform that have been identified by the Urban Institute for their effectiveness in increasing the supply of housing near transit. The first is to allow high-density housing near transit stations, increasing current density by several multiples, what Urban Institute refers to as the "multiply" strategy. The second is to provide "missing middle" housing by permitting small-scale apartment buildings on compact lots to bridge the gap between single-family homes and larger apartment complexes. Finally, the third is to "plexify" or enable two- to four-unit buildings on parcels currently zoned for single-family homes, which could be most impactful in high-wealth suburban areas.

To unlock the full potential of TOD, it is crucial to reevaluate and adapt zoning regulations to match real estate demand. In the Puget Sound region, more than 40% of station-adjacent land allows for the development of properties with less than five units.<sup>17</sup> By revising zoning allowances to encourage higher-density housing near transit stations, Washington state can harness the transformative power of TOD. This strategic approach would not only create more affordable housing options but also reduce transportation costs through improved access to public transportation and reduced car dependency. Through both effects on housing and transportation availability TOD can foster more sustainable and interconnected communities.

Washington state is estimated to need 1.1 million additional housing units by 2044.<sup>18</sup> There is a pressing need to make better use of the state's buildable lands in tandem with stronger, more impactful approaches to urban infill development. Of the 1.1 million additional housing units needed, roughly 640,000 of these units will be needed in the Puget Sound region alone by 2044 (337,000 in King County, 24,000 in Kitsap County, 136,000 in Pierce County and 143,000 in Snohomish County) and another 71,000 in Spokane County and 103,000 in Clark County.<sup>19</sup> That means that roughly 74% of the 1.1 million units needed would be in counties where TOD is feasible.

---

<sup>13</sup> Freemark, Y., et al., op. cit.

<sup>14</sup> Washington State Department of Transportation, Public Transportation Division, *2022 Public Transportation Mobility Report, 2022*, <https://wsdot.wa.gov/sites/default/files/2022-11/2022-Public-Transportation-Mobility-Report.pdf>.

<sup>15</sup> Freemark, Y., et al., op. cit.

<sup>16</sup> Freemark, Y., et al., op. cit.

<sup>17</sup> Freemark, Y., et al., op. cit.

<sup>18</sup> Washington State Department of Commerce, Growth Management Services, *Planning for Housing in Washington*, March 2023, <https://deptofcommerce.app.box.com/s/6z6bjbnbat83wikpp23yiuktutm0z4zv>.

<sup>19</sup> Washington State Department of Commerce, op. cit.

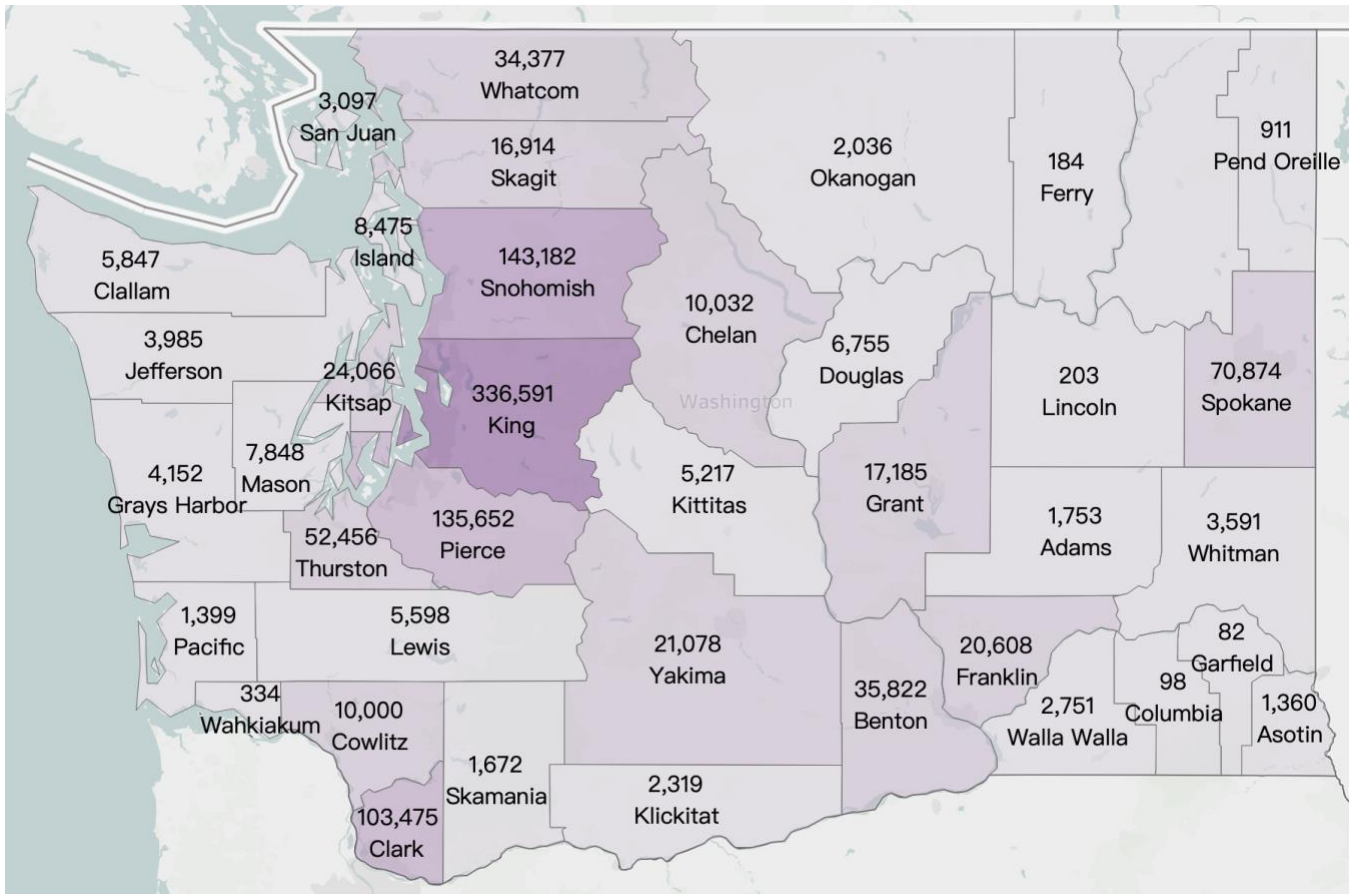


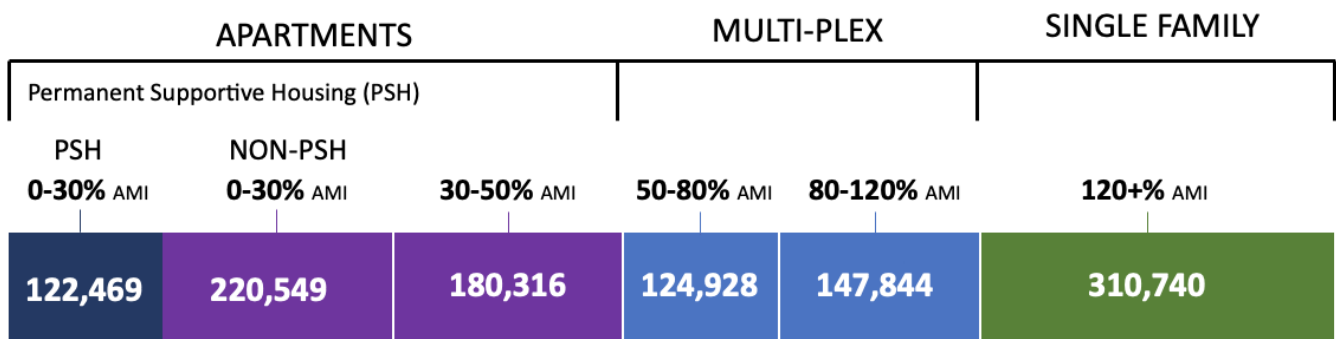
Figure 1. County Level Housing Need in Washington by 2044

Source: Map produced by the authors based on Washington State Department of Commerce, Growth Management Services, *Planning for Housing in Washington*, March 2023, <https://deptofcommerce.app.box.com/s/6z6bjnbat83wikpp23yiuktutm0z4zv>.

There is also a need to ensure that the units built around transit stations include a substantial portion of units that are affordable to households with a range of incomes including lower income. Of the additional units needed in the Puget Sound region, the following are the percentages of the additional units that will need to be at or below 80% AMI: 61% in King County, 66% in Kitsap County, 59% in Pierce County, and 53% in Snohomish County.<sup>20</sup> TOD can improve the state's ability to provide the needed increase in housing supply over the next two decades while also addressing affordability concerns.

Figure 2 below depicts the estimated need for additional housing supply across Washington over the next 20 years. The graphic also specifies which AMI brackets the additional housing supply will be required for. This demonstrates the need for robust planning to serve the varying levels of income that exist within the state's population.

<sup>20</sup> Washington State Department of Commerce, op. cit.



## 1.1 Million new homes will be needed in the next 20 years

*In addition to*

## 91,257 Emergency housing beds (temporary housing) will be needed

Figure 2. Additional Housing Need by AMI in Washington by 2044

Source: Washington State Department of Commerce, Updating GMA Housing Elements, <https://www.commerce.wa.gov/serving-communities/growth-management/growth-management-topics/planning-for-housing/updating-gma-housing-elements/>.

Figure 3 highlights two existing corridors in the Puget Sound region (one in the north and one in the south) that offer strong potential for TOD along State Route 99 (also known as Aurora Avenue in Seattle and Shoreline). The north corridor stretches from Northgate to Everett (approximately 16 miles) and has existing BRT with Community Transit’s Swift and King County Metro’s express bus service RapidRide that connect the entire stretch. On the farthest north end is Everett’s Paine Field airport, which is planned to be connected to the Link light rail system as early as 2037.<sup>21</sup> The south corridor goes from Tukwila to Federal Way (approximately 14 miles), and also has an express bus line serviced by King County Metro’s RapidRide, access to Seattle-Tacoma International Airport, and future light rail stations planned to be constructed over the next decade. However, the potential for TOD is not limited to these two corridors. The expansion of the light rail system and BRT lines throughout the Puget Sound region, Vancouver, and Spokane provides a wide range of opportunities for different types of TOD at varying scales across the state.

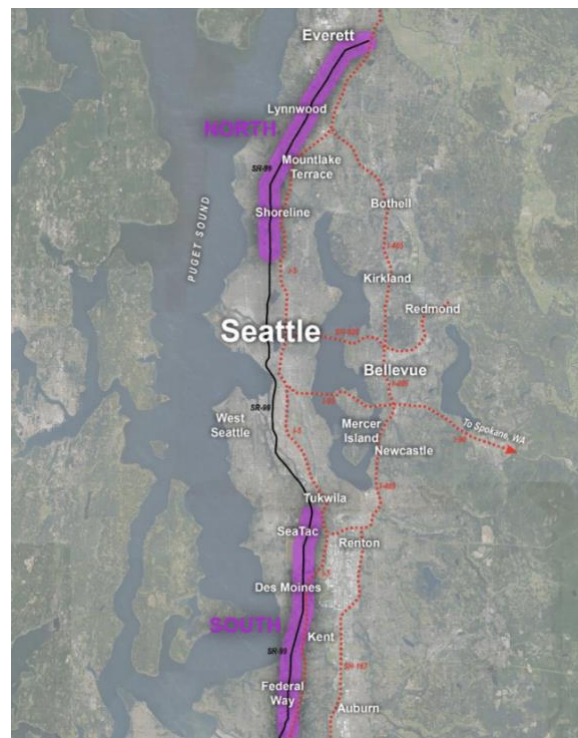


Figure 3. Puget Sound BRT and Express Bus Service TOD Corridors  
Source: Courtesy of Peter Calthorpe, HDR Inc

<sup>21</sup> The timeline for completing the extension is not yet finalized; see Sound Transit, *Everett Link Extension*, <https://www.soundtransit.org/system-expansion/everett-link-extension/timeline-milestones>.

## WASHINGTON'S EXPERIENCE WITH TOD

### Existing TOD Legislation

The primary legislation in Washington State addressing TOD is RCW 81.112.350, enacted in 2015. This legislation states that a regional transit authority, specifically one that includes a county with a population exceeding 1.5 million, is required to develop and gain voter approval for a system plan that aligns with transportation equity goals. For transit authorities that operate in multiple municipalities, the legislation applies only to the land owned in counties with populations greater than 1.5 million. The goal of these plans is to promote diverse, vibrant, mixed-use, and mixed-income communities. The legislation aims to promote development that harmonizes with TOD guidelines through collaborative community involvement alongside regional transportation planning organizations within the transit authority's boundaries. By law, any new voter proposition to approve transit funding submitted after July 15, 2015, must include a "system" plan as a necessary component and must include the following elements:

- The regional transit authority must allocate a minimum of \$4 million annually for five consecutive years, starting within three years of voter approval, to a revolving loan fund. This fund supports the creation of affordable housing linked to equitable transit-oriented development within the transit authority's jurisdiction.<sup>22</sup>
- When the regional transit authority disposes of surplus properties, at least 80% of suitable properties for housing development must be offered initially to qualified entities by sale or long-term lease (an optional provision allows sale at "no-cost" if transit authority elects to do so).<sup>23</sup> These qualified entities should commit to developing affordable housing in compliance with local land use and zoning regulations. If a qualified entity acquires such property, at least 80% of housing units built on it must be designated as affordable housing. Furthermore, if the qualified entity sells the property or development rights obtained through this process, the proceeds must be used to construct affordable housing within a half-mile of a light rail or other transit station.

**RCW 81.112.350** has clearly defined, prescriptive and actionable development guidelines but it applies only to land owned by regional transit authorities and effectively only those operating in King County, the only county in Washington with more than 1.5 million residents. This legislation ensures development that includes affordable housing occurs when a transit authority sells, donates, or leases land it owns, but it is not broad enough to dramatically increase or encourage statewide TOD development.

### Local TOD

Some local governments in Washington, particularly in the Puget Sound region, are either in the process of developing TOD policies or have already implemented them.<sup>24</sup> These include Seattle, Shoreline, Redmond, Bellevue, Spokane, and Vancouver.

---

<sup>22</sup> Washington State Legislature, *RCW 81.112.350: Transit-Oriented Development Strategy System Plan—Requirements—Definitions—Quarterly Reports*, <https://app.leg.wa.gov/rcw/default.aspx?cite=81.112.350>. *Affordable housing* refers to long-term housing for individuals or families with adjusted incomes at or below 80% of the median income for the county in which the housing is situated.

<sup>23</sup> *Qualified entities* include local governments, housing authorities, and nonprofit developers.

<sup>24</sup> Municipal Research and Services Center of Washington, *Transit-Oriented Development*, 2023, <https://mrsc.org/explore-topics/planning/development-types-and-land-uses/transit-oriented-development>.



## Seattle

Seattle has demonstrated the ability to upzone and create new housing near Sound Transit's Link light rail stations, but there is still room for improvement. Seattle pursued an urban village strategy in its 2035 comprehensive plan that selectively upzoned certain neighborhoods and commercial corridors, including the areas around transit stations. Initially, the proposed upzoning near the Roosevelt station in north Seattle was 21 stories, like that of stations located in the University District and downtown with a FAR of 10.<sup>25</sup> It is worth noting here that cities can and do define density using multiple metrics. FAR is a convenient measure used throughout this paper, but it realistically interacts with other restrictions such as height, lot coverage, and setback requirements. Understanding which of these constraints is limiting greater density is important. For example, on smaller lots, increasing FAR will typically increase the building height, unless there is a height restriction. The high density proposed in Roosevelt would allow for tall high-rise buildings, which makes sense given its proximity to the downtown core and high land value from the light rail station. Ultimately, however, neighborhood pressure capped development at around 6 to 7 stories via a height restriction of 95 feet with an allowed FAR of 6.<sup>26</sup>

Further north, Seattle upzoned the area surrounding the Northgate light rail station to a maximum FAR of 6 and even 6.25 for certain parcels. However, the Northgate station directly abuts the Interstate 5 freeway which makes the most valuable land right next to the station unable to be redeveloped. This limits the continuity and scope of the TOD area and makes the area to the west of the station a less desirable location for pedestrians due to the need to traverse the expressway. Yet even though the location of Northgate station is not situated optimally for TOD, higher FAR values for the surrounding area should still induce housing production. Overall, Seattle is taking steps to implement TOD, but some stations areas may benefit from even higher densities. Lastly, it is worth noting that Seattle's Office of Planning & Community Development is working on creating a community advisory group to advance equitable TOD.<sup>27</sup>

## Shoreline

Shoreline has created station subarea plans for two new Link light rail stations at 185th Street and 145th Street. Currently, much of the land surrounding these stations is zoned for single-family homes. The new subarea plans would increase the height limit near the stations to 85 feet, approximately seven stories.<sup>28</sup>

## Redmond

Redmond is in the process of defining its TOD objectives in areas that are within a 10-minute walk from the four new planned Link light rail stations. One interesting component of the city's approach is to make use of exemptions to the State Environmental Policy Act (SEPA) to accomplish environmental review efficiently. Additionally, its policy guide includes goals to provide affordable housing to households earning up to 60% AMI.<sup>29</sup>

## Bellevue

Bellevue will see six new light rail stations open soon as part of the East Link extension.<sup>30</sup> There are currently no zoning changes planned for the single-family area surrounding the new South Bellevue station. The city created a new 60-acre

---

<sup>25</sup> City of Seattle, *Seattle 2035 Comprehensive Plan: Managing Growth to Become an Equitable and Sustainable City 2015-2035*, 2020, <https://www.seattle.gov/Documents/Departments/OPCD/OngoingInitiatives/SeattlesComprehensivePlan/CouncilAdopted2020.pdf>. *Floor area ratio* (FAR) measures a building's floor area in relation to the size of its lot. FAR is derived by dividing the total area of the building by the total area of the parcel.

<sup>26</sup> DiRaimo, R., It's time for Seattle's transit oriented development to grow up, *The Urbanist*, 19 October 2021, <https://www.theurbanist.org/2021/10/19/its-time-for-seattles-transit-oriented-development-to-grow-up/>.

<sup>27</sup> Office of Planning and Community Development, *Equitable Transit Oriented Development*, <https://www.seattle.gov/opcd/ongoing-initiatives/equitable-transit-oriented-development>.

<sup>28</sup> City of Shoreline, *185th Street Station Subarea Planned Action Final Environmental Impact Statement*, Chapter 3, Section 3.1, 2014, <https://www.shorelinewa.gov/home/showpublisheddocument/18953/635564136119200000>.

City of Shoreline, *145th Street Station Subarea Planned Action Final Environmental Impact Statement*, Chapter 3, 2016, <https://www.shorelinewa.gov/home/showpublisheddocument/26371/636041879628230000>.

<sup>29</sup> City of Redmond, *Redmond 2050*, Urban Centers Element Policies Draft 3.0, 20 June 2023, <https://www.redmond.gov/DocumentCenter/View/28623/Centers---Policy-Guide-for-Draft-v3>.

<sup>30</sup> Sound Transit, *East Link Extension Project Map and Summary*, 2023, <https://www.soundtransit.org/system-expansion/east-link-extension>.

TOD district next to the East Main station. The Spring District station area is being redeveloped primarily for office, with an anticipated 900 residential units. The BelRed station is currently located within a primarily industrial area that will be upzoned to a maximum building height of 150 feet with a mix of uses including housing. Overall, while the upzoning occurring near some of the new stations is positive, the area upzoned may not be as large as it should be, thereby missing out on opportunities for housing development. The lack of zoning changes near the South Bellevue station precludes significant housing production that would otherwise take place in the area in advance of the station's opening.<sup>31</sup>

## Spokane

In 2023, Spokane completed its first BRT line called City Line spanning six miles connecting Gonzaga University, downtown Spokane, Browne's Addition, and Spokane Community College, with 15-minute frequencies six days a week. Spokane issued a TOD framework study in May of 2022 that defines TOD as a walkable and bikeable mix of residential and commercial land uses within one-quarter of a mile from transit. The report notes that Spokane has initiated a subarea planning process for certain station areas and a "SEPA planned action aligned with a Washington Department of Commerce Transit-Oriented Development Implementation grant."<sup>32</sup> The city is also in the final stages of creating a subarea plan for the South Logan station, adjacent to Gonzaga University, with suggestions to upzone the area and allow for mixed use.<sup>33</sup> Given the investment in creating the City Line BRT route, Spokane has an opportunity to create large amounts of new housing with a greater focus on TOD and increased allowed densities. In late 2023, Spokane approved more middle housing options with density bonuses across the city for residential areas that are located within one-half mile of a major transit stop, are major centers, or provide affordable housing (defined as either receiving the 20-year MFTE or 25% of the units being restricted to households making less than 80% of AMI).<sup>34</sup>

## Vancouver

Vancouver has a Transit Overlay District that establishes minimum and maximum parking and residential density requirements relative to the base zoning (75% and 125% increases, respectively). It also establishes a minimum residential density of 65% of the maximum in the base zone. This overlay applies to urban centers that are commonly known as Downtown Vancouver, Vancouver Mall, and Washington State University, as well as transit nodes (defined as where fixed route transit lines intersect) with a one-quarter mile radius around these points and high-capacity transit with a radius of one-half mile.<sup>35</sup>

## Proposed TOD Legislation

In the 2023 session, Washington legislators introduced two bills focused on TOD: Senate Bill 5466 and House Bill 1517.<sup>36</sup> Both bills attempted to define TOD and outline realistic steps and guidelines for how TOD should be defined and implemented. Additionally, each bill aimed to specify the target entities to be involved in TOD and the subsequent rules and requirements for those entities.

### Summary of Senate Bill 5466

**Minimum Density:** The bill proposed minimum average FAR of at least 4 in station areas and 6 in station hubs (defined as one-quarter mile from BRT and one-half mile from light rail, respectively) and an increased density bonus of 50% for

---

<sup>31</sup> City of Bellevue, *Station Area Planning*, <https://bellevuewa.gov/city-government/departments/transportation/projects/east-link-light-rail/station-area-planning>.

<sup>32</sup> City of Spokane, *Transit-Oriented Development Framework Study*, May 2022, <https://static.spokanecity.org/documents/projects/transit-oriented-development-study/tod-framework-study-final-2022-05-06.pdf>.

<sup>33</sup> City of Spokane, *South Logan TOD Plan*, November 2023, <https://static.spokanecity.org/documents/projects/south-logan-tod/final-draft-south-logan-tod-plan-2023-11-30.pdf>.

<sup>34</sup> Gill, A., Spokane's permanent middle housing rules should set a statewide standard, *The Urbanist*, 30 November 2023, <https://www.theurbanist.org/2023/11/30/spokanes-permanent-middle-housing-rules-should-set-a-statewide-standard/>.

<sup>35</sup> City of Vancouver, *Chapter 20.550 Transit Overlay District*, <https://vancouver.municipal.codes/VMC/20.550>.

<sup>36</sup> Washington State Legislature, *Senate Bill 5466*, 68th Legislature, 2023, <https://lawfilesexet.leg.wa.gov/biennium/2023-24/Pdf/Bills/Senate%20Bills/5466.pdf?q=20231116023322>.

affordable housing for households with incomes at or below 60% of area median income.<sup>37</sup> In addition, no part could be subject to a maximum FAR that is less than 0.5 in station areas and less than 1 in station hubs.

**Minimum Parking Requirements:** Minimum parking requirements would have been reduced for certain housing types near transit stops. To encourage TOD, including greater transit use and resulting environmental benefits, counties and cities would not be allowed to require off-street parking as a condition of permitting development within a station area, except for off-street parking that is permanently marked for the exclusive use of individuals with disabilities. If a project permit application within a station area does not provide parking in compliance with this section, the proposed absence of parking may not be treated as a basis for denial or approval of the permit.

**TOD Office Creation:** The legislation would have mandated the creation of a new division within the relevant department or the expansion of an existing division. The department would be the Department of Commerce or the Department of Transportation.

**Technical Assistance and Compliance Review:** The new TOD office would be responsible for providing technical assistance and awarding planning grants to cities to implement the requirements. The TOD office may develop model ordinances and training in coordination with regional planning organizations. It would also handle compliance reviews of TOD regulations adopted in accordance with the legislation and mediate or assist in resolving disputes between the department, local governments, and project proponents regarding land use decisions and development permit applications.

**Grant Program Creation:** The TOD division would have been tasked with establishing a grant program for housing projects within rapid transit corridors. This competitive grant program aims to provide financial assistance for housing projects in these areas. The grant funds could have been used for various purposes, including project capital costs, infrastructure costs, and addressing financing gaps that could hinder project construction.

**Project Eligibility Requirements:** To qualify for the grant program, housing projects would have been required to meet specific criteria, including proximity to transit corridors and affordability standards. Eligible projects should be within one-quarter mile of a rapid transit corridor, comply with FAR or net density minimums, produce a minimum of 100 housing units, and include a covenant ensuring at least 20% of units remain affordable for households with incomes at or below 80% of the AMI for at least 99 years.

**Management and Allocation of Funds:** A dedicated fund, the Transit-Oriented Development Housing Partnership Account, would be created and managed by the state treasurer. This fund would receive revenues from legislative appropriations, gifts, grants, donations, or private contributions. The funds may be used for the administration of the competitive grant program and for various technical assistance, planning grants, compliance reviews, and resolution services provided by the department. While the account is subject to allotment procedures, legislative approval is not required for expenditures.

**Project Prioritization:** The department in charge of implementation would be tasked with prioritizing eligible projects based on their occupancy date, aiming for a target occupancy date of December 31, 2025. Several criteria were to be considered when prioritizing projects, such as the percentage of affordable units, high concentrations of units affordable to lower-income households, land acquisition costs, anti-displacement measures, community-based housing developer involvement, units designed for families, and having obtained all necessary permits.

---

<sup>37</sup> *Station area* refers to all parcels that are (a) fully within an urban growth area and (b) fully or partially within a one-half mile radius of a major transit stop, except that the station area excludes any parcels without possible or practicable pedestrian access to the applicable major transit stop other than by travel outside of the station area. Examples include situations where a river or Interstate highway prevents direct pedestrian access between the parcel in question and the applicable major transit stop. *Station hub* refers to all parcels that are (a) fully within an urban growth area and (b) fully or partially within a one-quarter mile radius of a major transit station, except that the station hub excludes any parcels without possible or practicable pedestrian access to the applicable major transit station other than by travel outside of the station hub.

Figure 4 below visualizes the areas within the Puget Sound region that would be impacted by Senate Bill 5466 based on existing and proposed station areas and station hubs. This map, developed by the Puget Sound Regional Council, reflects definitions per the Engrossed Substitute Senate Bill 5466 as amended by the House Committee on Housing.

The map visualizes major transit system routes and stops, including existing stations as well as additional stations funded for development through 2050. These include stations for Sound Transit light rail, Stride BRT, commuter rail services, fixed guideway transit systems including streetcar and trolleybus services, other (non-Sound Transit) BRT routes and stops—existing stops as well as routes anticipated to go into service by December 2030. The map shows the station areas using linear distance rather than walking distance.

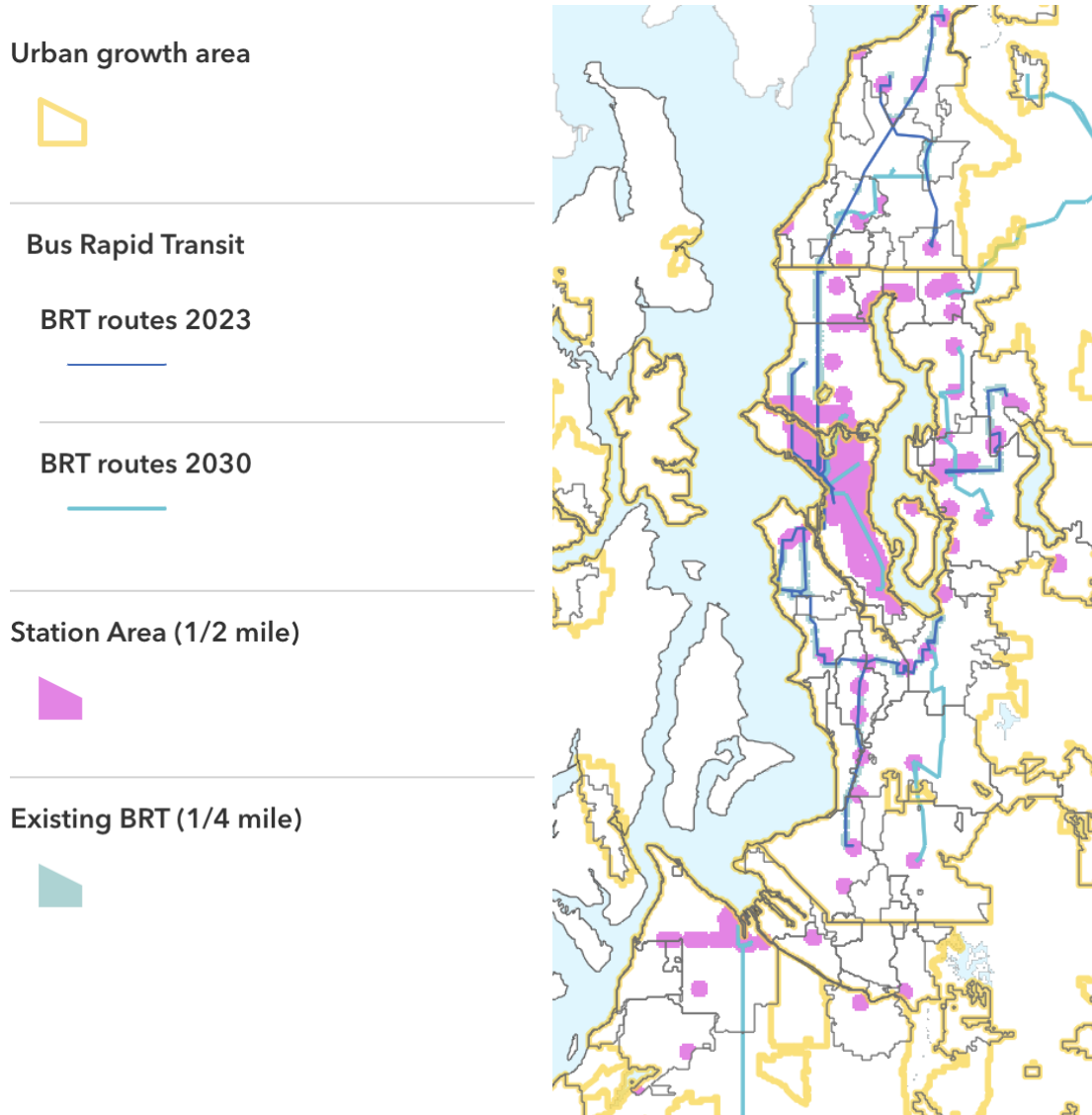


Figure 4. Puget Sound Station Hubs and Areas per SB 5466  
Source: Puget Sound Regional Council, *Mapping SB 5466*, 2023, <https://psregcncl.maps.arcgis.com/apps/instant/sidebar/index.html?appid=79f6708d234d4435aa578906e9d88243>.



## Summary of House Bill 1517<sup>38</sup>

**Transit-Oriented Development (TOD) Grant Program:** Washington State would introduce a TOD Grant Program, which would be developed by a new TOD Planning Department in consultation with the Department of Commerce. This competitive grant program aims to support housing projects located within transit corridors. The new program will prevent cities from enacting or enforcing development regulations that would prohibit such housing near transit stations.

**Participants/Recipients of Funds:** Eligible recipients of the funds include a diverse range of entities, comprising state agencies, local governments, and housing developers.

**Project Eligibility Requirements:** To be considered for these grants, housing projects must meet specific criteria. They should be situated within a quarter mile of a rapid transit corridor, which includes various transit modes like light rail, commuter rail, BRT, ferries, and specific high-use bus stops. These projects must also adhere to FAR or net density minimums, produce a minimum of 100 housing units, and include a covenant ensuring that at least 37% of units remain affordable for households with incomes at or below 80% of AMI for a minimum of 99 years.

**Project Prioritization:** The department will prioritize projects within the TOD Grant Program based on their occupancy date. Projects with a higher percentage of affordable units and a focus on households with incomes at or below 50% of AMI would be given preference. Additionally, projects that do not involve costs related to land acquisition, have acquired land at a reduced price or without cost, comply with anti-displacement measures where necessary, are submitted by community-based housing developers, include units with additional bedrooms suitable for families with multiple dependents, or have obtained all required permits will also receive priority.

**Management and Allocation of Funds:** The management and allocation of funds for the TOD Grant Program will be governed by specific rules. A "transit-oriented development housing partnership account" will be established to receive appropriations, gifts, grants, and private contributions. These funds will primarily cover the administration of the competitive grant program and technical assistance, with expenditures requiring authorization from the department, following established allotment procedures.

## Comparing SB 5466 and HB 1517

HB 1517 focuses on promoting TOD by encouraging the development of multifamily housing near transit stations. It prevents cities from enacting or enforcing development regulations that would prohibit such housing near transit stations. The bill emphasizes the importance of affordable housing and offers priority approval for developments with affordable units. It also promotes anti-displacement measures. Furthermore, HB 1517 includes provisions for project prioritization, based on factors such as affordability, permits, and compliance with the regulations guiding TOD development.

SB 5466, on the other hand, extends its focus beyond just housing and TOD to encompass a broader strategy for transit development. It includes the creation of a new division within a department to provide technical assistance, planning grants, compliance reviews, and dispute resolution for TOD projects. It establishes a grant program to assist in financing housing projects within rapid transit corridors. It allows a wide range of entities, including state agencies, local governments, and housing developers, to receive grant awards. Additionally, the bill emphasizes the importance of not limiting industrial uses or areas within the urban growth area. It also addresses the affordability of housing but does not significantly modify or limit existing requirements.

The two bills, HB 1517 and SB 5466, propose enacting changes that would support TOD while addressing housing challenges. Significant elements that aligns with the goals of promoting sustainable and efficient land use include substantial minimum density requirements and the reduction of parking minimums in TOD development. By significantly lowering parking requirements, these bills encourage a shift toward alternative transportation modes and reduce the burden on developers, contributing to more space-efficient and environmentally friendly urban development. However, there are missing elements in HB 1517 and SB 5466 that could enhance their effectiveness.

---

<sup>38</sup> Washington State Legislature, *House Bill 1517*, 68th Legislature, 2023, <https://lawfilesexternal.leg.wa.gov/biennium/2023-24/Pdf/Bills/House%20Bills/1517.pdf#page=1&toolbar=0&navpanes=0>.

Making all sites within station areas eligible for MFTE would provide one tool to incentivize affordable units as well as making both rental and ownership projects eligible for funding. A shortened or expedited timeline for permitting processes would streamline and accelerate the development of TOD projects, allowing for quicker implementation and response to housing demands. Additionally, the bills could benefit from reduction of SEPA (State Environmental Policy Act) requirements given that transit stations already undergo extensive review. The bills also do not consider provisions for shortening the public comment period for development in transit areas. While public input is crucial, finding a balanced approach that shortens the decision-making process without compromising transparency and inputs could be explored. Overall, these bills mark positive strides in facilitating TOD but could potentially be strengthened by addressing these missing elements to create a more efficient and responsive framework for housing development in the state.



Image courtesy of Santa Clara Valley Transportation Authority

## STATEWIDE AND LOCAL TOD POLICIES IN OTHER STATES

---

This section provides a review of state and local TOD policies that have been adopted in recent years. It is only within the last decade that most statewide legislation to incentivize TOD has been proposed and passed. States have been increasing their role in setting minimum development standards as well as providing technical and financial tools to support development in transit rich areas. This is a way for states to support affordable housing production, as well as inclusive and sustainable growth while preserving local jurisdictions' control over local land use based on community priorities. Due to the recent implementation of most of these policies, there is little evidence of their long run effects and their impact on housing production. Where possible, we highlight select jurisdictions with older policies where some data on housing production exists.

### California

The California Legislature passed a bill in 2018, mandating that cities grant permission for increased housing development on Bay Area Rapid Transit (BART) owned lands to repurpose BART's underutilized areas, including parking lots, for TOD. As a result, numerous housing units are now in the planning stages around BART stations in cities that had previously resisted such development.<sup>39</sup> Similar to Washington's RCW 81.112.350, this bill applies only to developments on BART owned real estate.

In 2019, Senate Bill (SB) 50 proposed a more expansive TOD strategy. This bill sought to compel cities throughout the state to allow apartment complexes near rail stations, frequently serviced bus routes, other transit hubs, and employment centers. However, the bill ultimately failed to pass, facing opposition from both residents of affluent suburbs who were against apartment construction and residents of lower-income urban neighborhoods who were concerned about gentrification and displacement.

In 2022, California adopted two distinct bills that support TOD. First, in late August 2022, the California State Senate passed Assembly Bill (AB) 2097 prohibiting cities from imposing minimum parking requirements for residential and commercial developments in proximity to transit stations (within one-half mile), effectively reducing the cost of TOD and promoting the use of mass transit. Second, AB 2011 encouraged multifamily development within commercial zones by permitting increased housing density near transit (also within one-half mile) by up to 3.5 times compared to areas farther from transit. This legislation mandates that local governments facilitate housing development in zones situated along commercial corridors where office, retail, or parking is a primary permitted use, without the need for environmental review. Focusing the implementation of TOD in this way has come to be known as the "Grand Boulevard" approach. Such development is subject only to a streamlined ministerial process, provided that at least 15% of the units are allocated for affordable housing and meet specific prevailing wage and labor standards. Analysis showed that implementation of AB 2011 statewide could provide up to 10 million additional units of housing (based on available land alone) or 2 million housing units (based on both land availability and market feasibility), 300,000 of which would be affordable dwellings (as required by the legislation).

---

<sup>39</sup> California YIMBY, *AB 2097-Housing for People, Not Cars*, <https://cayimby.org/legislation/ab-2097/#:~:text=AB%202097%20increases%20housing%20choice>.

**Los Angeles:** One study explored whether the zoning within one-quarter mile of transit stations in Los Angeles is conducive to TOD, defined as allowing residential and commercial uses at medium to high densities.<sup>40</sup> The authors found that most of the existing TOD zoning and TOD Specific Plans pre-2018 in Los Angeles were weak and piecemeal, which made them ineffective at generating development. In 2017, Los Angeles implemented its Transit Oriented Communities (TOC) program which superseded existing zoning in much of the city. It gave developers the right to build more densely near transit stations if they set aside a percentage of their units for households making under a specific income threshold. Los Angeles implemented a tiered system that gives developers bigger density bonuses and reduced parking requirements if they provide housing for lower income groups for at least 55 years. However, if the developer sets aside units for extremely low-income groups, then the number of units required is reduced.

Despite the recent implementation of the program, there is an emerging body of evidence that it has been successful in rather quickly generating development activity. In 2018, one year after the program was implemented, nearly 30% of the housing entitlements in Los Angeles leveraged the TOC program.<sup>41</sup> Los Angeles' development-by-right program affords developers significant time savings which helps make a given project less risky to pursue and cheaper thereby increasing development permit activity.<sup>42</sup>

One study of ten transit stations in the Los Angeles and Orange County area more broadly found that many of the areas near transit lines are still overwhelmingly zoned for single-family use. A suspiciously small allowance for dense development within one-half mile of a transit station has also been observed elsewhere in the country, such as in Minneapolis.<sup>43</sup> Los Angeles' TOC program circumvents this issue by upzoning a large radius rather than specific blocks and is likely a contributing factor to its success. Developers who participate in the TOC program choose to construct housing for the extremely low-income group because it grants developers the greatest density bonuses and requires the least number of affordable units to be set aside. In sum, developers are leveraging the TOC program in Los Angeles; combined with existing development benefits programs, it produced 4,100 units of housing in 2019.<sup>44</sup>

## Massachusetts

Since 2004, Massachusetts has operated a program that offers incentives to local governments that embrace transit-oriented development. Under this program, known as Chapter 40R, municipalities receive state subsidies when they establish specific zoning districts that permit dense development in well-connected transit areas and mandate that at least 20% of housing units are affordable for low-income households. Additionally, local governments receive small payments per housing unit when building permits are granted.

In 2021, the Massachusetts legislature passed a law requiring municipalities with commuter rail, subway, ferry, or bus stations to create zoning districts around these transit hubs where multifamily housing is allowed as a matter of right. The legislation affords communities flexibility in deciding how to implement this requirement, stipulating that they establish zoning districts near transit with specific minimum sizes, enabling at least 15 multifamily units per acre (the previous minimum was one unit per acre).<sup>45</sup> Communities can determine the precise allocation of this capacity, allowing

---

<sup>40</sup> Schuetz, J., Giuliano, G., and Shin, E. J., Does zoning help or hinder transit-oriented (re)development? *Urban Studies*, 55(8), 2018, 1672–1689, <https://doi.org/10.1177/0042098017700575>.

<sup>41</sup> Stein, J. E., op. cit.

<sup>42</sup> Zhu, L., et al., Los Angeles' housing crisis and local planning responses: an evaluation of inclusionary zoning and the Transit-Oriented Communities Plan as policy solutions in Los Angeles, *Cityscape*, 23(1), 2021, 133–160, <https://www.jstor.org/stable/26999943>.

<sup>43</sup> Garde, A. et al., Can TODs include affordable housing? The Southern California experience, *Journal of the American Planning Association*, 2023, 1–15, <https://doi.org/10.1080/01944363.2023.2236586>; Goderstad, L., *Transit-Oriented Development and Zoning in Cities with High-Frequency Transit*, Minneapolis/St. Paul, MN: Metro Transit, TOD Office, 2023, [https://www.metrotransit.org/Data/Sites/1/media/tod/2023\\_TOD\\_and\\_Zoning\\_Goderstad.pdf](https://www.metrotransit.org/Data/Sites/1/media/tod/2023_TOD_and_Zoning_Goderstad.pdf).

<sup>44</sup> Zhu, L., et al., op. cit.

<sup>45</sup> Commonwealth of Massachusetts, *Chapter 40R*, <https://malegislature.gov/Laws/GeneralLaws/PartI/TitleVII/Chapter40R>.



for a mix of apartments, townhouses, and single-family housing in various areas. As part of the legislation, communities served by rapid transit must zone to allow for multifamily housing as of right, with a greater obligation for communities with better access to transit stations.

Local governments are obligated to present compliance plans to the state and achieve full compliance with the legislation between 2023 and 2025, with the timeline contingent on the municipality's size and transit access level. If a given municipality fails to comply with the legislation, their funding requests will be denied without other cause. Communities can regain access to funding when they ultimately submit proof of compliance.<sup>46</sup>

## Oregon

Since 2001, Oregon Metro's TOD Program has been working to implement the 2040 Growth Concept by investing in compact mixed-use projects near light rail stations, frequent bus corridors, town centers, and regional centers. During this time, TriMet (the regional transit agency) has significantly expanded its network, increasing the number of MAX light rail stations from 30 to 97 and frequent bus corridors from four to 13. Despite having a modest annual budget of only \$3 million, the TOD program focuses its investments strategically on station areas and corridors.<sup>47</sup> The program's goal is to maximize TOD, encourage transit, walking, and biking, and enhance affordability in high-cost and gentrifying neighborhoods. To achieve this, the TOD program carefully allocates its limited resources by identifying and prioritizing station areas and corridors that already have a strong transit orientation and promising market potential.

The TOD Program initiated by Oregon Metro aims to support housing development by encouraging developers to construct affordable housing on TOD sites. This approach, which began in 1998 and continued until 2001, focused on higher density development accompanying the westward expansion of Oregon's light rail. Subsidies were provided to developers, initially focusing (somewhat ironically) on subsidizing parking costs for TOD projects. As noted above, the program operates with an annual funding level of \$3 million, partnering with affordable housing developers. Legislative efforts in 2018 saw the passage of a \$650 million housing bond, with 10% specifically targeted for strategic site acquisition and gap funding. The focus is on sites within a quarter-mile radius of transit stations, aligning with community desires for development and providing community spaces as part of the programming. Oregon specifically states in its funding criteria that the TOD development sites should include the lowest reasonable parking ratio possible and leaves that decision up to developers, which can be debated with Oregon Metro's planning agency when submitting project proposals.

Notably, the state's preemption of local authority in Oregon, established since the 1970s and 1980s, requires comprehensive plans to be approved by the Metropolitan Planning Organization (such as Oregon Metro in the Portland area), which has helped with upzoning but less so with respect to reducing parking requirements, especially for affordable housing. Recent legislation, such as SB 8 in 2021, allows affordable housing as of right in commercial and industrial zones with minimum density requirements, and HB 2001 in 2019 encourages middle housing in single-family zones. Additionally, TOD funding involves the exchange of regional "federal flexible funds", with TriMet actively involved in the redevelopment of park-and-ride lots over the past five years, while Oregon Metro has the flexibility to acquire new sites independently of TriMet's holdings.

**Portland:** Oregon has an Urban Growth Boundary system that allows state and regional governments to require land use plans to be consistent with regional goals. As a result, the areas around transit stations are more likely to be zoned for transit friendly development.<sup>48</sup> In 1995, Oregon Metro, which is the Portland regional government, enacted a growth plan that directed development toward city centers and along transit corridors. The growth plan defines station communities as within a one-half mile radius of rail or other high-capacity transit

---

<sup>46</sup> Citizen's Housing and Planning Association, *The Use of Chapter 40R in Massachusetts*, 2018 Update, [https://www.chapa.org/sites/default/files/TheUseofCh40R\\_2018.pdf](https://www.chapa.org/sites/default/files/TheUseofCh40R_2018.pdf).

<sup>47</sup> Oregon Metro, *Transit Oriented Development Project Investment Criteria*, Winter 2019, <https://www.oregonmetro.gov/sites/default/files/2019/02/05/Revised-Investment-Criteria-2-5-19.pdf>.

<sup>48</sup> Dong, H., op. cit.

stations. Each city then amended its own zoning code to increase densities and encourage transit friendly uses in these areas. For example, the city of Portland encourages residential, commercial, and employment uses, restricts car-oriented businesses like car dealerships, reduces the minimum parking requirements by 50%, and sets a minimum FAR of one in these areas. In addition, Oregon Metro has a TOD incentive program that distributed \$8.4 million over 29 TOD projects between 2000 and 2014.<sup>49</sup> From 2004 to 2014, 7,000 new housing units were created within one-quarter of a mile from transit stations, which represented 7% of the new housing stock in the region.<sup>50</sup>

## British Columbia

Like Washington, the Canadian province of British Columbia is in the midst of a housing crisis. In late 2023, the BC government introduced TOD legislation that would upzone the areas near rapid transit stations in a tiered program with an FAR of five allowed within approximately one-seventh of a mile, an FAR of four within one-fourth of a mile and a FAR of three within one-half mile (see Figure 5). This legislation also applies to the area surrounding bus exchanges, but with slightly lower FARs. In addition, this legislation eliminates minimum parking requirements but allows municipalities to require parking for people living with disabilities. Under this law, local governments would still be able to set higher density requirements but must at least observe this provincial minimum. The BC government expects that this legislation would create 100 TOD areas in 30 municipalities provincewide and could create 100,000 new housing units in the next 10 years.<sup>51</sup>



Image courtesy of Perkins+Will

<sup>49</sup> Dong, H., op. cit.

<sup>50</sup> Dong, H., op. cit.

<sup>51</sup> Province of British Columbia, Legislation introduced to deliver more homes near transit hubs, *BC Gov News*, 8 November 2023, <https://news.gov.bc.ca/releases/2023HOU50063-001748>.

**TOD Policy Matrix:** To see a simplified comparison of how cities across the US have defined and implemented TOD policies, see the attached [TOD Matrix](#). Available for Arlington, VA; Austin, TX, Los Angeles, CA; Minneapolis/St. Paul, MN; Philadelphia, PA; Portland, OR; Phoenix, AZ; Raleigh, NC; Salt Lake City, UT. The variables include how 'transit' is defined, distance from transit included in the TOD zones, transit frequency, density (represented by many metrics, depending on the city), parking minimums, and affordability requirements.

TOA Type	Transit Hub Type	Prescribed Distance	Minimum Allowable Density (FAR)	Minimum Allowable Height (Storeys)	Type of Building
TOA Type 1 (Metro Vancouver)	1A) Rapid Transit	200m or less	Up to 5.0	Up to 20	Condo Tower
		201m – 400m	Up to 4.0	Up to 12	High Rise, Mid-rise
		401m – 800m	Up to 3.0	Up to 8	Mid-rise
	1B) Bus Exchange	200m or less	Up to 4.0	Up to 12	High Rise, Mid Rise
		201m – 400m	Up to 3.0	Up to 8	Low-rise, Townhouse
TOA Type 2 (Victoria/Kelowna/Other Medium-Sized Munis)	Bus Exchange	200m or less	Up to 3.5	Up to 10	Mid-rise
		201m – 400m	Up to 2.5	Up to 6	Low-rise/Townhouse
TOA Type 3 Other qualifying areas	Bus Exchange	200m or less	Up to 2.5	Up to 6	Low-rise
		201m – 400m	Up to 1.5	Up to 4	Townhouse

Figure 5. British Columbia Transit Oriented Area Policy Framework

Source: Province of British Columbia, Transit Oriented Development Areas–Policy Framework, *BC Gov News*, 8 November 2023, [https://news.gov.bc.ca/files/TOD\\_Areas\\_PolicyFramework.pdf](https://news.gov.bc.ca/files/TOD_Areas_PolicyFramework.pdf).

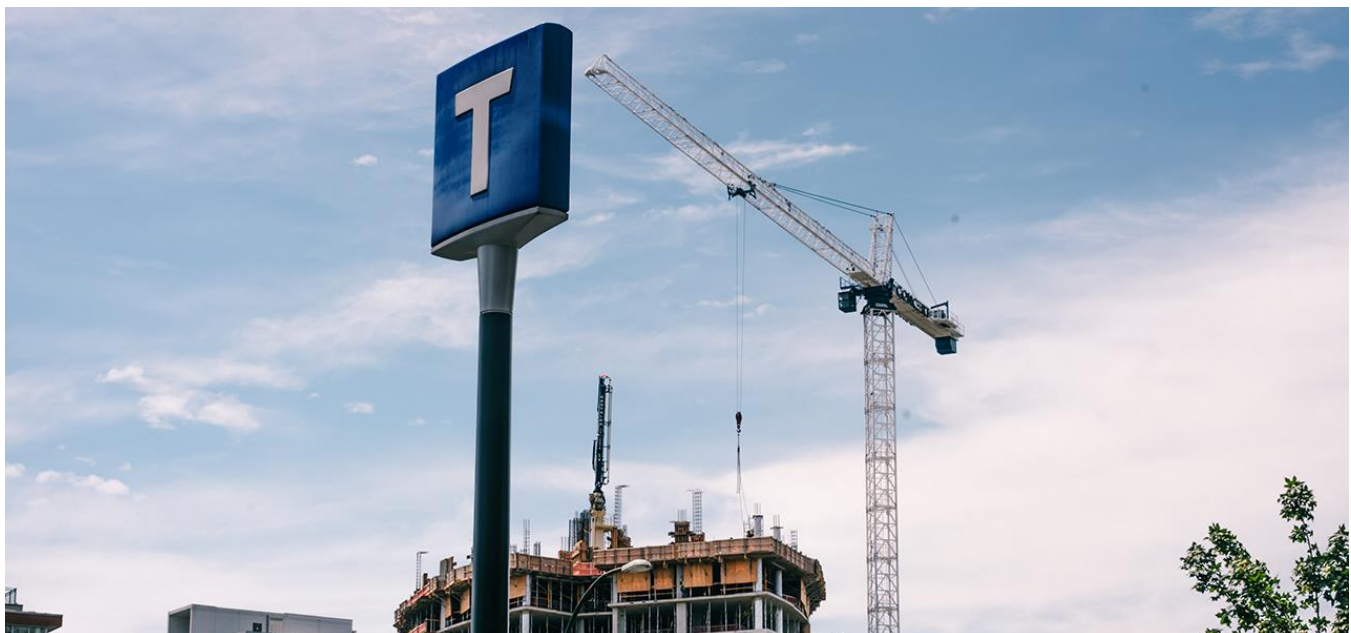


Image courtesy of TransLink

## EQUITY AND AFFORDABILITY CONSIDERATIONS

---

Supporting local jurisdictions' ability to implement TOD with substantial levels of affordable residential units while mitigating displacement risk are key policy goals of any state TOD bill. In 2021, the Washington Legislature enacted a crucial change in housing planning through House Bill 1220, amending the Growth Management Act (GMA). This amendment now mandates local governments that are subject to the GMA to "plan for and accommodate" housing that is affordable across all income levels, marking a significant enhancement from the previous objective of merely encouraging affordable housing. Effective and robust TOD policy could be key to reaching the state's goals to address housing supply shortages and affordability across all income levels.

Under the amended GMA law, the Department of Commerce is now tasked with projecting future housing needs for jurisdictions based on income brackets.<sup>52</sup> Substantial updates were made to how jurisdictions are required to plan for housing within the housing element of their comprehensive plans. These modifications include ensuring adequate land capacity for housing across various income segments, such as moderate, low, very low, and extremely low income, as well as emergency and permanent supportive housing.

Furthermore, there is a directive to incorporate moderate density housing options, including duplexes, triplexes, and townhomes, within Urban Growth Areas (UGAs). Jurisdictions are also mandated to make provisions for housing that meet existing and projected needs for all economic segments of the community. This involves documenting programs and actions necessary to achieve housing availability. Additionally, the amended law emphasizes the importance of identifying racially disparate impacts, displacement, and exclusion in housing policies and regulations. Efforts are required to address and rectify these impacts, including the identification of areas at higher risk of displacement and the establishment of anti-displacement policies. These changes reflect a proactive approach to address the housing shortage and accommodate the diverse needs of Washington's rapidly growing population.

When it comes to equity in TOD, it is possible to establish policies and grant programs to support a range of housing options in terms of both size and tenure. The current pilot grant program is limited to rental projects with more than 100 units. Given the limited resources associated with the pilot, concentrating funding on a few large-scale projects has benefits. Expanding that program to smaller projects is important to ensure equitable and inclusive developments that serve a broader range of households as featured in a discussion on an equitable framework for TOD held with Futurewise by the Black Home Initiative.<sup>53</sup>

Among the 1.1 million additional housing units needed over the next 20 years, about 30% are needed for households earning less than 30% of AMI and another 16% for households earning 30 to 50% of AMI. For these extremely low and very low-income households, specific programs with subsidies are often needed to make projects financially feasible for either nonprofit or for-profit developers.<sup>54</sup>

Taking the case of Seattle, affordable monthly housing costs (including utilities) for households earning below 30% of AMI (extremely low income or ELI) need to be roughly below \$1,000 and between \$1,000 and \$1,700 for those earning 30% to 50% of AMI (very low income or VLI) for a family of four in Seattle.<sup>55</sup> Given lower AMI, these rent numbers are lower outside of the Puget Sound. Assuming (low) 20% operating expenditures, a property owner wanting to get a 5% return would be able to pay no more than \$200,000 to \$300,000 per unit. Given costs of construction and management

---

<sup>52</sup> Washington State Department of Commerce, op. cit.

<sup>53</sup> Black Home Initiative and Housing Development Consortium, *BHI Network Policy Group Meeting-11/8/2023*, <https://www.youtube.com/watch?v=8nKf5nvjrsk>.

<sup>54</sup> Berk Consulting, *City of Seattle Market Rate Housing Needs and Supply Analysis*, April 2021, <https://www.seattle.gov/Documents/Departments/OPCD/OngoingInitiatives/HousingChoices/SeattleMarketRateHousingNeedsAndSupplyAnalysis2021.pdf>.

<sup>55</sup> City of Seattle Office of Housing, *FY 2023 Income and Rent Limits*, 15 May 2023, [https://www.seattle.gov/documents/Departments/Housing/PropertyManagers/IncomeRentLimits/2023\\_Income\\_Rent\\_Limits\\_Rental.pdf](https://www.seattle.gov/documents/Departments/Housing/PropertyManagers/IncomeRentLimits/2023_Income_Rent_Limits_Rental.pdf).



in the Seattle, apartment sale prices are above \$450 per square foot<sup>56</sup> which translates to more than \$350,000 for a modest 800 square foot two-bedroom apartment. Purchasing a unit for \$350,000 and renting it for a gross rent including utilities of \$1,000 produces net operating income (NOI) of \$800. This results in an approximate \$650 shortfall per affordable unit assuming an expected return (social return, market rate would be several percentage points above that) of 5% (5% of \$350,000 monthly is \$1,458). This means that if 10% of units must be available at that reduced rent level, the other 90% of units need to have higher rents (about \$75 more per unit per month).

The gap between housing costs and affordable rent for households earning 50% of AMI or less (ELI and VLI households) makes it difficult to produce units serving these households without utilizing federal, state, and local financing mechanisms such as project-based rent vouchers to close the funding gap. Requiring market rate developers to provide units for ELI and VLI households can work if they are able to charge higher rents on market rate units to cover the gap between the rent charged on the affordable units and their costs. The number of deeply affordable units that can be supported by the market rate units is therefore more limited than units restricted for higher income levels. Finding additional sources of grants, loans, and land for supporting the construction of units for households earning 50% of AMI or less is an important consideration that can be combined or separated from a TOD focus but is necessary to see meaningful increase in production for that segment of the population.

Potential ideas include:

- 1) Establishing Housing Benefit Districts to make land available at low or no cost for affordable housing.<sup>57</sup>
- 2) Providing state tax credits (to offset the Washington State business and occupation tax) for companies that provide capital for housing investment in TOD zones.
- 3) Creating a state levy to fund affordable housing projects in TOD zones to be administered through the Housing Trust Fund.

**Housing Benefit Districts** (HBDs), modeled after the Transit Benefit Districts, would allow local jurisdictions to use their taxing and bonding authority for the purpose of land banking around station areas.<sup>58</sup> This would allow municipalities to assemble development sites before a station is developed and provide that land to affordable housing developers at a discounted price (along with potentially additional direct subsidies) and market rate developers at market price. HBDs are designed to invest in land acquisition in advance of development of the stations. The proposed bills to implement the concept call for including a meaningful share of affordable units (about one-third of units built) for households earning less than 80% of AMI, including specific targets serving households earning 30% to 50% of AMI and less than 30% of AMI.<sup>59</sup>

For the roughly 25% of units needed for households earning 50% to 120% of AMI, an existing tool that could be expanded is the Multifamily Property Tax Exemption (MFTE) program.<sup>60</sup> Codified as RCW 84.14, this program began in 1995 and was modified and expanded in 2021 through SB 5287.<sup>61</sup> It allows certain cities and counties to provide property tax exemptions on the value of the improvements for multifamily properties with at least four units for 8, 12,

---

<sup>56</sup> Kidder Matthews, Simon | Anderson Multifamily Team, *2023 Seattle & Puget Sound Apartment Market Dynamics*, Q2 2023, [https://kidder.com/wp-content/uploads/trend\\_article/2023-Q2-Puget-Sound-Market-Report-Simon-Anderson-Team.pdf](https://kidder.com/wp-content/uploads/trend_article/2023-Q2-Puget-Sound-Market-Report-Simon-Anderson-Team.pdf).

<sup>57</sup> Sound Communities, *Housing Benefit Districts*, 2023, <https://soundcommunitiesps.org/hbd/>.

<sup>58</sup> Sound Communities, op. cit.

<sup>59</sup> In some other countries, widespread public ownership of urban land enables municipalities to subsidize the production of affordable housing; see Bourassa, S. C., and Hong, Y. H., editors, *Leasing Public Land: Policy Debates and International Experiences*, Cambridge, MA: Lincoln Institute of Land Policy, 2003.

<sup>60</sup> Washington State Department of Commerce, Growth Management Services, *What is MFTE?*, <https://deptofcommerce.box.com/shared/static/x98q2nvh2ro7o04711unuhojal6riatw.pdf>.

<sup>61</sup> Washington State Department of Commerce, *Overview of 2021 Changes to the Multifamily Housing Tax Exemption Program*, <https://deptofcommerce.box.com/shared/static/7k5p88yv41m8ot882gbtzafwzlofkf05.pdf>.

or 20 years depending on the project characteristics, including affordability restrictions (that vary in terms of share of units, income levels, and length of the restriction) and location. For households earning 50% to 80% of AMI, the provision in the revised MFTE program encouraging the production of owner-occupied units can be particularly appealing. One possible expansion would be to mandate that all TOD zones meeting the criteria for transit-oriented residential target areas be eligible for MFTE by default with some mechanisms for local jurisdictions to request an exception to exclude specific locations.

In addition, to further encourage affordable development in TOD zones, providing meaningful density bonuses can work assuming the bonuses provided are large enough to make a difference for developers (increasing FAR by at least 1 or 2 was mentioned by some affordable housing developers interviewed for this report).

In order to ensure equitable TOD, the definitions used for low, moderate, very low, and extremely low-income households can be aligned with the approach adopted in the revised MFTE criteria that allows jurisdictions to use county, city, or metropolitan area median incomes based on their local goals. The Washington Center for Real Estate Research provides city-specific median income data for municipalities participating in the MFTE program under RCW 36.70A.610.<sup>62</sup>

Given the risk of displacement associated with the redevelopment of TOD areas that disproportionately impact minority and low-income communities, it is important for implementation plans to include an evaluation of the displacement risk of people living in a given TOD area. One approach would be to follow the definition of the displacement risk index developed by the Puget Sound Regional Council.<sup>63</sup> That index is based on five neighborhood displacement risks: socio-demographics, transportation qualities, neighborhood characteristics, housing, and civic engagement. Then, "Areas of Higher Displacement Risk" are identified as the tracts in the top 10% of displacement risk scores. In areas of higher displacement risk, mitigation measures can and should be required, such as offering **the right** of first refusal for new units to at-risk households (as is done with the MFTE units). It is likely that supporting local jurisdictions in adopting a set of mitigation strategies as identified in PSRC Vision 2050 would be more beneficial than any across-the-board approaches.<sup>64</sup>



Image courtesy of Sound Transit

---

<sup>62</sup> Washington Center for Real Estate Research, University of Washington, *Income Limits for MFTE Cities*, <https://wcrer.be.uw.edu/housing-market-data-toolkit/income-limits-for-mfte-cities/>.

<sup>63</sup> Puget Sound Regional Council, *Vision 2050 Final Supplemental Environmental Impact Statement–Appendices*. March 2020, <https://www.psrc.org/sites/default/files/2022-02/v2050finalseis-appendices-march2020.pdf>.

<sup>64</sup> Puget Sound Regional Council, op. cit.

## FACTORS LIMITING THE SUCCESS OF TOD POLICIES

---

One study explored the effectiveness of two TOD policies in Chicago in 2013 and 2015 that expanded the radius of upzoning around rail stations, provided density bonuses, and eliminated parking requirements.<sup>65</sup> The study compared parcels within the upzone boundary with those just outside. There was an increase in property prices due to these policy changes, but the study did not find any change over five years with respect to construction permitting. One explanation provided is that developers may need more time to react to the zoning change. Alternatively, the author notes that a large portion of the upzoned area was in low-income districts. Given the lack of permitting activity, this implies that for upzoning to have a tangible effect on housing construction, the area that is upzoned must have the potential to generate high enough rents for developers' projects to be financially viable.

In 2011, San Jose pursued an urban village strategy to create "active, walkable, bicycle-friendly, transit-oriented, mixed-use urban settings for new housing and job growth."<sup>66</sup> Effectively, the urban villages were located near light rail, bus rapid transit, the regional transit system (BART), and Caltrain stations, in addition to areas away from transit. San Jose pursued a phased implementation, allowing only a subset of urban villages to be active near the largest transit stations first. One study found no significant effect on development outcomes by 2019.<sup>67</sup> One complaint from developers was that, even with the urban villages plan, the approval process still took a long time given that the strategy does not streamline the permitting process.<sup>68</sup> Even though San Jose created a plan to upzone certain areas through urban village designation, and property owners could apply to have this new designation apply to their property, a lack of a change in the actual zoning increased the time, risk, and ultimately cost to developers to create new development.

Policies need time to be implemented by local jurisdictions and stakeholders. In the absence of technical assistance, training programs, and model codes, local jurisdictions can struggle to implement TOD policies (due to limited staff and competing priorities).<sup>69</sup> Even in jurisdictions with more capacity that proactively implement TOD policies, given development timelines and cycles, it can take five to ten years before it becomes possible to evaluate the effectiveness of a given policy and determine the need for adjustments. At the same time, avoiding policy instability with repeated changes in rules and eligibility is helpful to avoid creating uncertainty that can prevent development from being pursued.<sup>70</sup>

The Bellevue City Council updated its zoning code in 2021 to create a TOD district near the anticipated East Main light rail station. However, as shown in Figure 6, only the eastern side of the station was upzoned. This area already contains a couple of hotels and a sports club. This leaves most of the zoned area within a half mile of the station not usable for TOD. Phoenix, San Jose, and Minneapolis-St. Paul have faced similar shortfalls when realizing their TOD aspirations in their zoning code.<sup>71</sup> Los Angeles' development-by-right approach to TOD and Portland's top-down growth governance structure allows them to upzone a larger geographic area that creates more opportunity for development.<sup>72</sup>

---

<sup>65</sup> Freemark, Y., Upzoning Chicago: impacts of a zoning reform on property values and housing construction, *Urban Affairs Review*, 56(3), 2020, 758–789, <https://doi-org.offcampus.lib.washington.edu/10.1177/1078087418824672>.

<sup>66</sup> Gabbe, C. J., et al., 2021, op. cit.

<sup>67</sup> Gabbe, C. J., et al., 2021, op. cit.

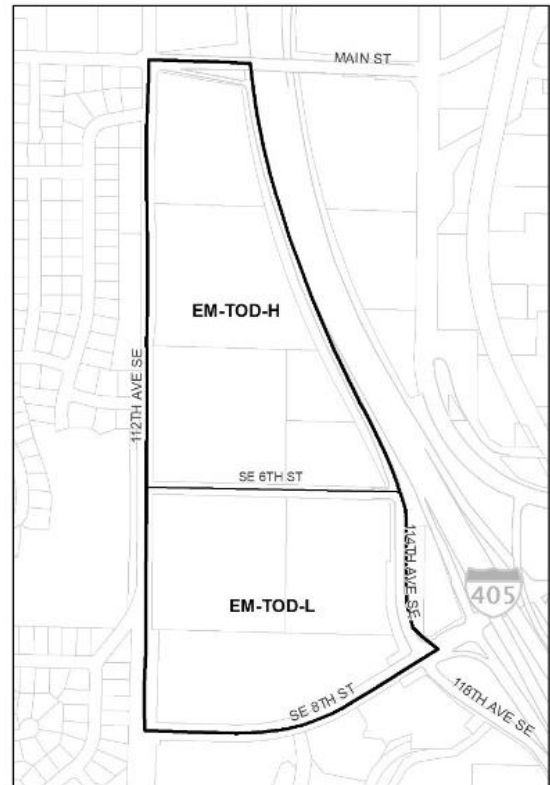
<sup>68</sup> Gabbe, C. J., et al., 2021, op. cit.

<sup>69</sup> Schuetz, J., et al., *From the House to the Ground: Insights into the Challenges of Implementing State Housing Policies*, Cambridge, MA: Lincoln Institute of Land Policy, 2023, [https://www.lincolnst.edu/sites/default/files/from-house-to-ground-pd.pdf?publicationTitle=from\\_the\\_house\\_to\\_the\\_ground-pd&publicationType=policy\\_download&publicationSubtype=main&contentLanguage=english](https://www.lincolnst.edu/sites/default/files/from-house-to-ground-pd.pdf?publicationTitle=from_the_house_to_the_ground-pd&publicationType=policy_download&publicationSubtype=main&contentLanguage=english).

<sup>70</sup> Schuetz, J., et al., 2023, op. cit.

<sup>71</sup> Atkinson-Palombo, C., and Kuby, M. J., The geography of advanced transit-oriented development in metropolitan Phoenix, Arizona, 2000–2007, *Journal of Transport Geography*, 19(2), 2011, 189–199, <https://doi.org/10.1016/j.jtrangeo.2010.03.01>; Gabbe, C. J., et al., op. cit.; Goderstad, L., op. cit.

<sup>72</sup> Zhu, L., et al., op. cit.; Dong, H., op. cit.



LAND USE DISTRICT

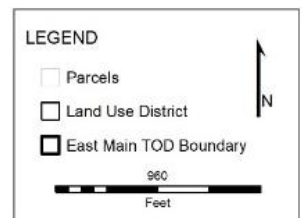


Figure 6. Bellevue East Main Potential TOD Zone (left) and Actual TOD Zone (right)  
 Source: (left) City of Bellevue, *Bellevue East Main Station Area Plan*, [https://bellevuewa.gov/sites/default/files/media/pdf\\_document/EL-EMCAC-EastMainStationAreaPlan-Approved.pdf](https://bellevuewa.gov/sites/default/files/media/pdf_document/EL-EMCAC-EastMainStationAreaPlan-Approved.pdf); (right) City of Bellevue, *Land Use Code Part 20.25Q East Main Transit Oriented Development Land Use District*, <https://bellevue.municipal.codes/LUC/20.25Q>.



## GUIDELINES FOR TOD POLICY IN WASHINGTON

---

State legislation to support housing production, including adjacent to transit, is emerging across the country. Washington has an opportunity to be a leader in that area given the considerable investment in transit that is underway and continuing over the coming decades, combined with the state's acute need for affordable housing. As pointed out in a recent report reviewing state housing policies, "statewide legislation is particularly difficult to design because housing shortages and affordability problems are not equally acute across cities and counties within states, even in expensive states."<sup>73</sup> State policies need to have clear benchmarks and measurable outcomes. They need to set clear timelines for implementation and consequences for not complying that are enforceable. Setting overarching standards that can then be implemented by local jurisdictions based on their varied local contexts and needs has the potential to create more housing and allow local jurisdictions to follow their preferred form of development. To ensure the success of TOD in Washington, several ideas should be considered when drafting the next version of Washington's TOD legislation. These ideas will help to create thriving, sustainable, and accessible communities around TOD zones throughout the state.

**Increase densities:** One of the fundamental steps is to allow high-density housing near transit stations. This would accommodate a range of housing types including high rise, midrise and townhomes for both renters and owners depending on market conditions. This approach meets the growing demand for housing while making public transportation more accessible and convenient. The minimum FAR requirements can be tiered based on the type of transit stop (such as commuter rail, light rail, or BRT) and the proximity to the stop. Washington's SB 5466 and British Columbia's TOD Areas Policy Framework propose density levels with FAR of 1.5 to 5 with the possibility for local jurisdictions to implement these based on local contexts. State legislation mandating average minimum FAR requirements but leaving it to local jurisdictions to implement specific height limits, setbacks, and other regulations at the parcel level based on local context seems appropriate.

**Incorporate TOD policies in zoning reforms:** It is important that TOD policies be incorporated not only in a jurisdiction's comprehensive plan but also in its zoning code. In addition, it is important that as much area as possible near the transit station is upzoned to enable TOD including a mix of uses (residential, office, and retail) in communities across the state.

**Reduce or remove parking minimums:** Across the US, there is a growing trend to reduce and remove parking minimums. States such as California and Oregon have seen positive impacts in their TOD efforts by eliminating or greatly reducing parking requirements in TOD developments.

Given the high cost of providing parking, reduce and remove parking requirements near transit to enable more development projects and support the essence of TOD in reducing car travel.

**Reduce development permitting times and uncertainty:** Any legislation that expedites the development entitlement process reduces cost and therefore makes more types of projects feasible. California's TOD "Grand Boulevard" approach shortened the timeline for project review to 3 to 6 months, greatly reducing the time horizon for development approval and the risk to developers (typical non-TOD project approval in California requires 1 to 4 years depending on jurisdiction).<sup>74</sup> Creating streamlined review and approval processes for developments within TOD, particularly if they include affordable housing units, is a means to support that development without using only financial subsidies.

**Align definitions and requirements:** Definitions of TOD areas should be aligned across policies to allow developers to effectively combine subsidies and other incentives. It would be helpful to standardize the definition of transit-oriented development, including distances from stations and methods of calculating those distances (based on straight line or existing road network measures), and types of transit. Aligning affordable housing requirements and restrictions would

---

<sup>73</sup> Schuetz, J., et al., op. cit.

<sup>74</sup> University of California Los Angeles, Lewis Center for Regional Policy Studies, *Approval Process (Entitlement)*, 2023, <https://www.lewis.ucla.edu/programs/housing/housing-supply/approval-process-entitlement/#:~:text=The%20approval%20timelines%20for%20housing>.



also be helpful. This includes AMI thresholds and methods of determining AMIs (based on US Department of Housing and Urban Development calculations or more local measures), percentage of affordable units required, and on-site performance requirements. Allowing local jurisdictions to use city and county AMIs rather than the metropolitan AMIs can allow for affordability requirements to best match local conditions and needs.

**Provide technical assistance and data:** Providing technical assistance, planning grants, and training programs are all needed to support local jurisdictions with the process of incorporating the provisions from TOD legislation into their comprehensive plans, zoning codes, and building permitting processes. Facilitating the transfer of knowledge and guidance across local jurisdictions is particularly useful to smaller jurisdictions with limited organizational capacity to implement the legislation effectively. The state can also support local jurisdictions by providing model codes and data related to housing affordability and supply, similar to the approach taken with the housing elements and MFTE limits.

**Provide financial subsidies:** Subsidies or other methods to reduce developer costs are essential to make significant progress in initiating development in TOD zones with affordability considerations. Private developers often require subsidies, especially for deeper affordability levels (below 80% of AMI), to make TOD projects financially viable. Policy makers should consider the role of subsidies to incentivize the development of affordable and sustainable communities within TOD areas, recognizing that it can be a crucial catalyst for achieving their policy goals. Direct financial support is particularly important to produce a meaningful number of units affordable for households earning less than 80% of AMI.

Existing tools that can be expanded to target development in TOD zones include: making all parcels within TOD zones eligible for MFTE by default, implementing the Housing Benefit District proposal, creating a program for TOD sites within the Housing Trust Fund set of programs, and establishing a tax credit for companies that provide funding for affordable housing project serving households earning less than 50% of AMI. Whenever possible, these programs should be stable over an extended period of time with dedicated sources of revenue that can allow non-profit and for-profit developers as well as local jurisdictions to become familiar with the options they provide and incorporate them into their development plans.

These recommendations, coupled with a balanced dialogue between developers, legislators, and the community, can support Transit-Oriented Development, and create more accessible and affordable housing options near transit stations while improving mobility options.



Image courtesy of TriMet

## ACKNOWLEDGEMENTS

---

This research was made possible by funding provided by Challenge Seattle. The authors would like to thank all of our experts who provided their time and expertise on the project. Their insights are immensely valued and appreciated.

**Representative Andrew Barkis** | Washington State House of Representatives–2nd Legislative District

**Tyler Barth** | Kilroy Realty Corp.

**Peter Calthorpe** | HDR, Inc.

**McKenzie Darr** | Grand Peaks

**Yonah Freemark** | Urban Institute

**Luke Gemperline** | One Trent Development

**Robin Koskey** | Puget Sound Regional Council

**Senator Marko Liias** | Washington State Senate–21st Legislative District

**Noha Mahgoub** | Senior Policy Advisor to Governor Inslee–Housing and Homelessness

**Carol Naito** | Puget Sound Regional Council

**Representative Julia Reed** | Washington State House of Representatives–36th Legislative District

**Kristin Ryan** | barrientosRYAN

**Jenny Schuetz** | Brookings Institution

**Liz Underwood Bultmann** | Puget Sound Regional Council

**Ian Warner** | Vulcan Real Estate

**Stephen Whyte** | Vitus Group

**Jonathan Williams** | Oregon Metro

Cover image: TriMet

Back Cover image: TriMet

The Washington Center for Real Estate Research (WCRER) is a key provider of real estate research and data across the state. Established by the legislature, the center is primarily funded by the state, hence its central role in the provision of quality and robust data and market reports. Among its core activities are the quarterly Washington State Housing Market Report and Apartment Market Report for the Department of Licensing. The center is active across a range of other research projects and works closely with stakeholders both across the University of Washington with the public and private sectors.



**MOBILITY  
INNOVATION  
CENTER**  
at the  
UNIVERSITY of WASHINGTON

A partnership between Challenge Seattle and the University of Washington, the Mobility Innovation Center tackles specific transportation challenges, using applied research and experimentation. Housed at CoMotion, University of Washington's collaborative innovation hub, the multi-disciplinary center brings together the region's leading expertise from the business, government, and academic sectors to use technology and innovation to find transportation solutions.

# WCRER

WASHINGTON CENTER FOR REAL ESTATE RESEARCH



MOBILITY  
INNOVATION  
CENTER

at the  
UNIVERSITY of WASHINGTON