



DRAFT FINDINGS PENDING LEGISLATIVE REVIEW

June 24, 2025

Generating Affordable and Abundant Transit-Oriented Development in Washington State

Current Practice and Recommendations for the Future



**PERKINS —
EASTMAN**

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Project Overview

Why we're here

- Our goal is to examine current state and local transit-oriented development (TOD) policy in Washington state, identify best practices, and steer the state forward, building on the state legislature's passage of H.B. 1491 and other laws.

What we've found

- Washington's housing is expensive! Cities have the potential for additional TOD, but conditions vary, and financing, cost, and regulatory barriers get in the way.

What we recommend

- The state should fund TOD infrastructure grants and affordable housing, increase densities near light rail, and ensure that policies are right-scaled for local needs.

Why Does This Work Matter?

Getting the housing–transit connection right is essential to ensure the state remains competitive and continues to offer residents a high quality of life.

Housing costs are increasing in Washington state.

- Median housing costs are now 4th highest in the country.
- Rents increased more than all but 2 states between 1990–2021.
- Almost half of the state's renters are housing cost burdened.

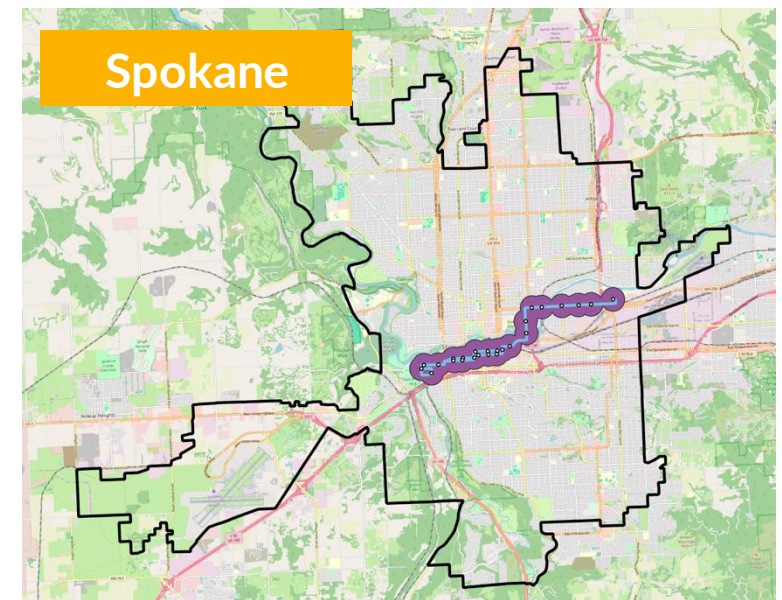
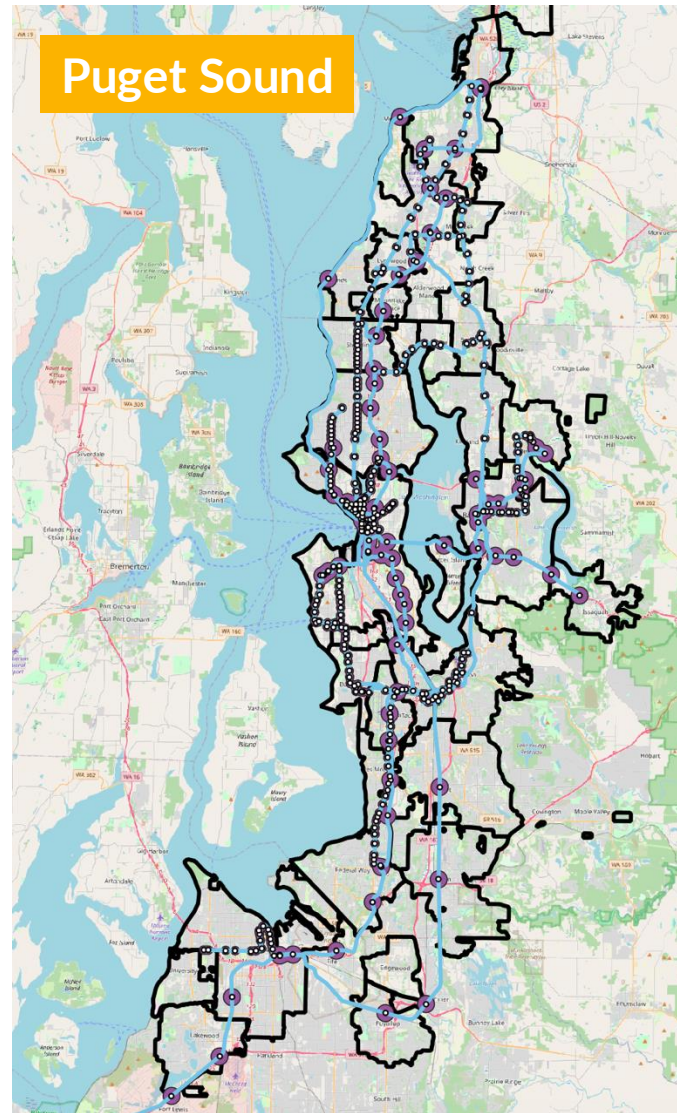
Washington is investing a lot in transit.

- New lines are recently completed or planned in the Puget Sound, Spokane, and Vancouver regions.
- That can help move people sustainably—but only if people can afford to live nearby.

Existing Conditions

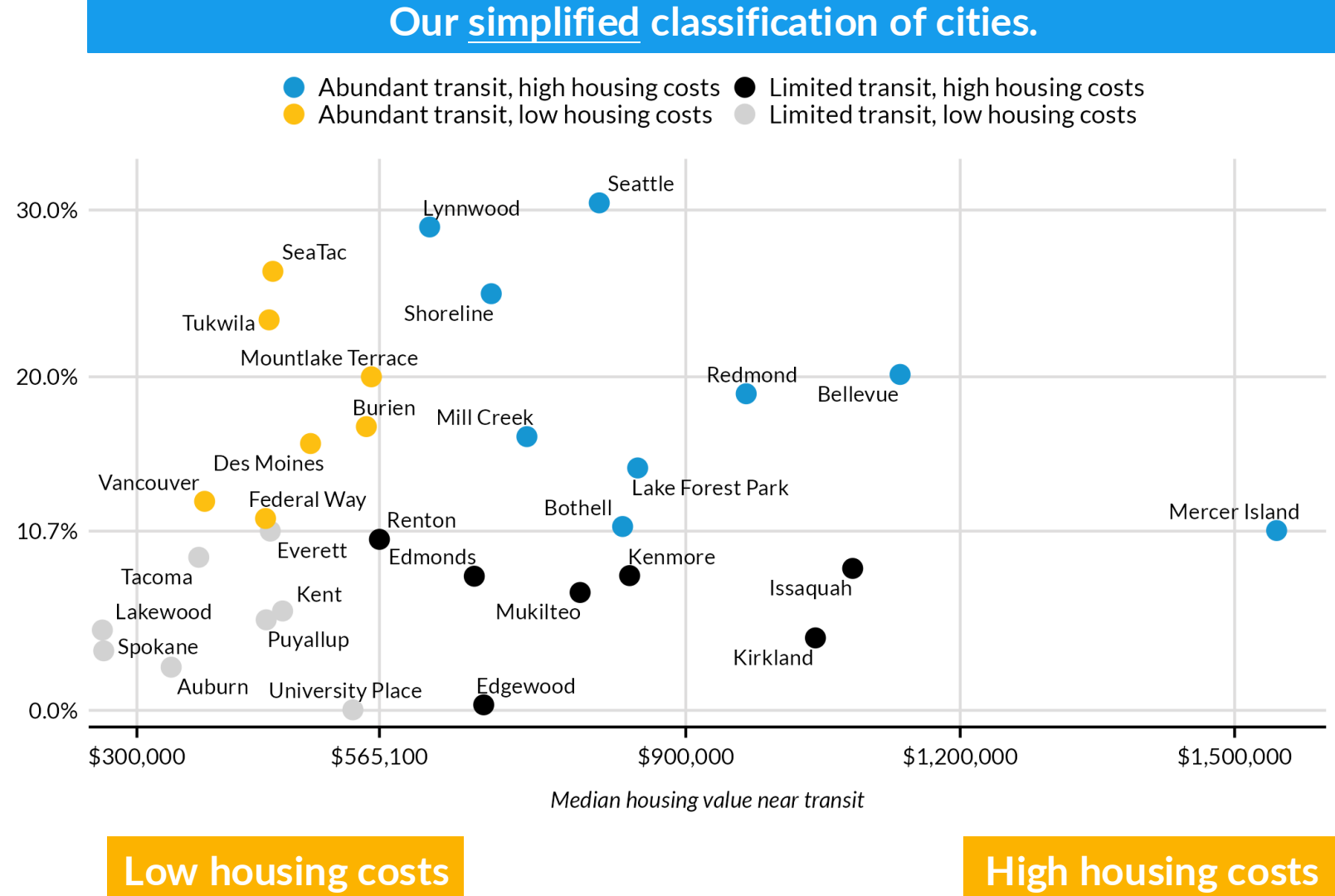
We Evaluate Conditions in Three Regions

- Studying 33 municipalities
- Examining citywide policies, plus plans for transit areas, defined as:
 - ½ mile of existing, under construction, and planned light rail, commuter rail, monorail
 - ¼ mile of existing and under construction bus rapid transit (BRT)



Communities Vary in Terms of Their Conditions

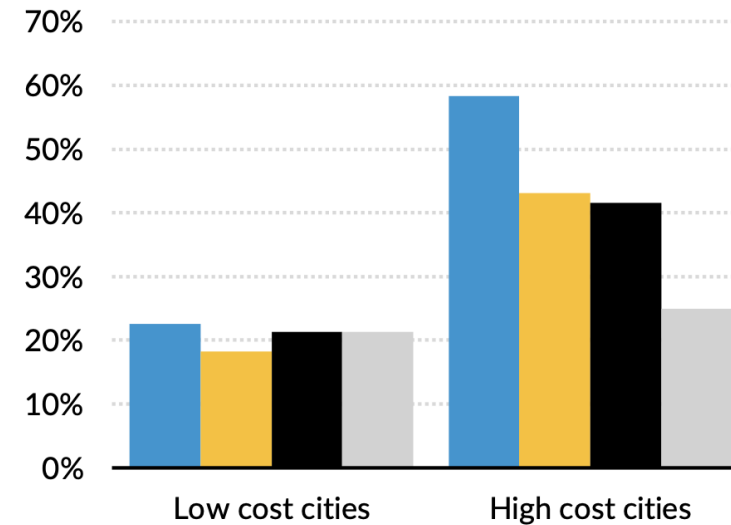
- Some cities, like Bellevue, have good access to transit and high housing costs. That makes them ripe for development.
- Other cities, like Everett or Kent, have less demand.



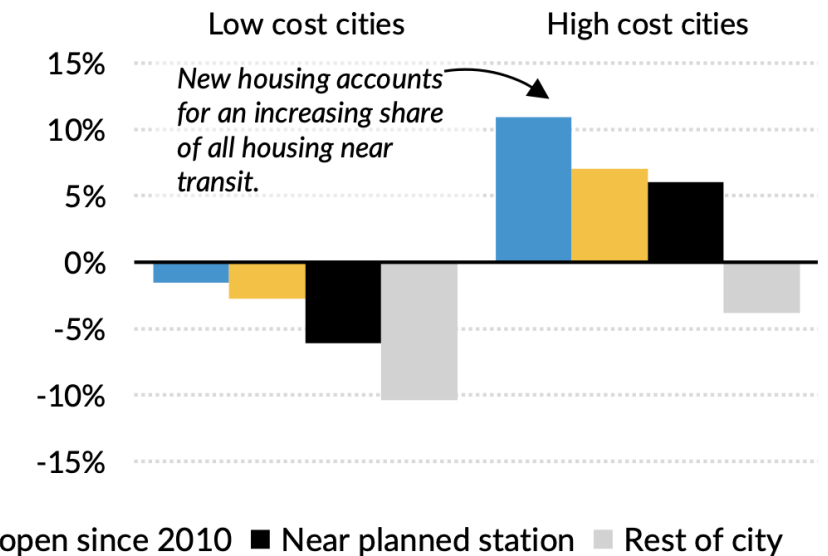
People and Development Are Concentrating Near Transit

- Population is growing—particularly near transit, in cities with high housing costs.
- Those areas concentrate construction.
- Low-cost cities are not attracting more projects near transit.

Percent change in population, 2000–2020



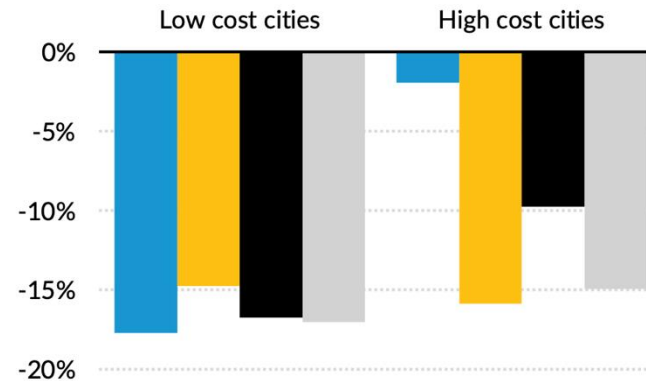
Percentage point change in share of housing units built in the last decade, 2020 versus 2000



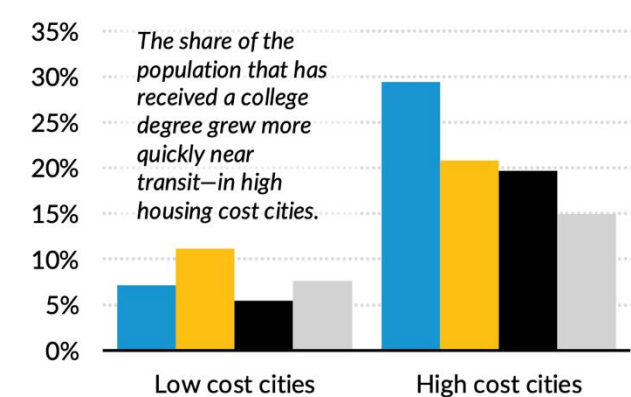
Some Transit Areas May Be Gentrifying

- Areas near transit in high housing cost cities exhibit signs of gentrification:
 - Residents with higher incomes, higher educational levels.
 - More white residents.
 - Higher rent levels.

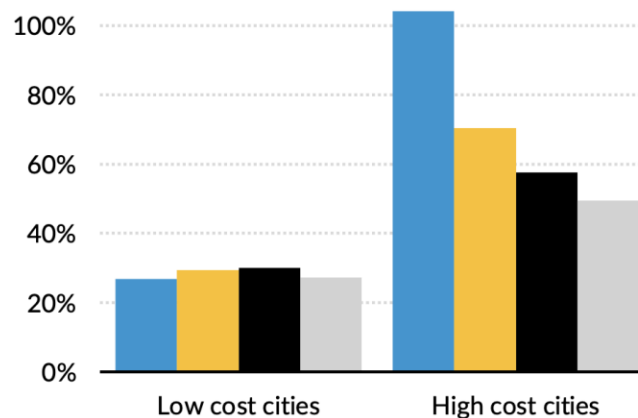
Percentage point change in share population non-Hispanic white, 2000–2020



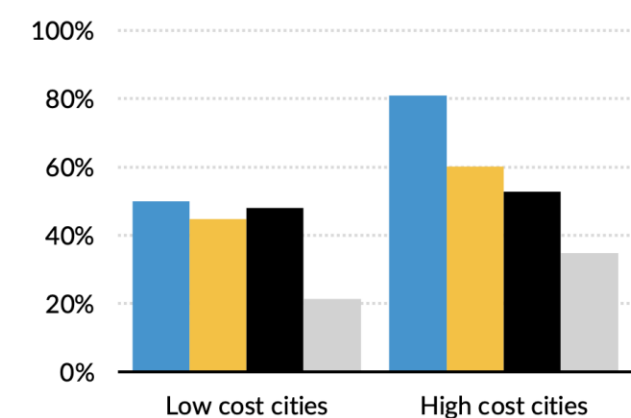
Percentage point change in share adults with a BA or higher, 2000–2020



Percent change in per capita income, 2000–2020



Percent change in median rent, 2000–2020

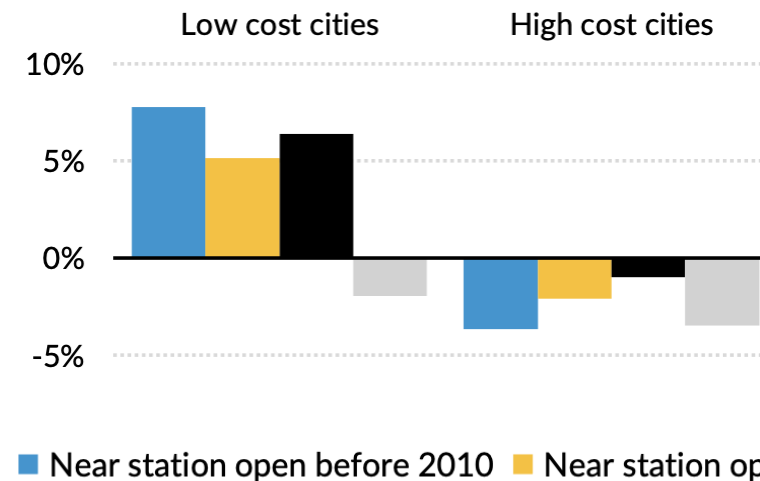


■ Near station open before 2010 ■ Near station open since 2010 ■ Near planned station ■ Rest of city

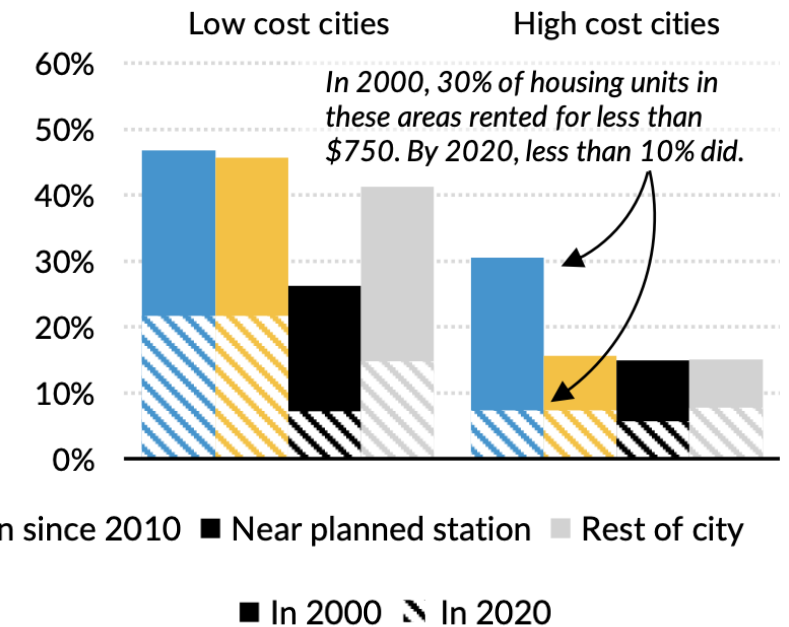
In General, Housing Affordability is Declining

- Low housing cost cities concentrate low-income people. For them, rent increased faster than income.
- Affordable housing units—once relatively common near transit—have disappeared.

Percent change in median rent as a share of per-capita income, 2000–2020



Share of 1-bedroom units renting for less than \$750, 2000 and 2020



What Do These Trends Tell Us?

Overall, Washington must develop strategies to address housing affordability near transit—but those strategies need to acknowledge differences in housing markets.

A. High housing cost cities

- Construction focuses near transit.
- Gentrification may be occurring near transit, increasing rent and eliminating access to affordable housing for low- and moderate-income families.

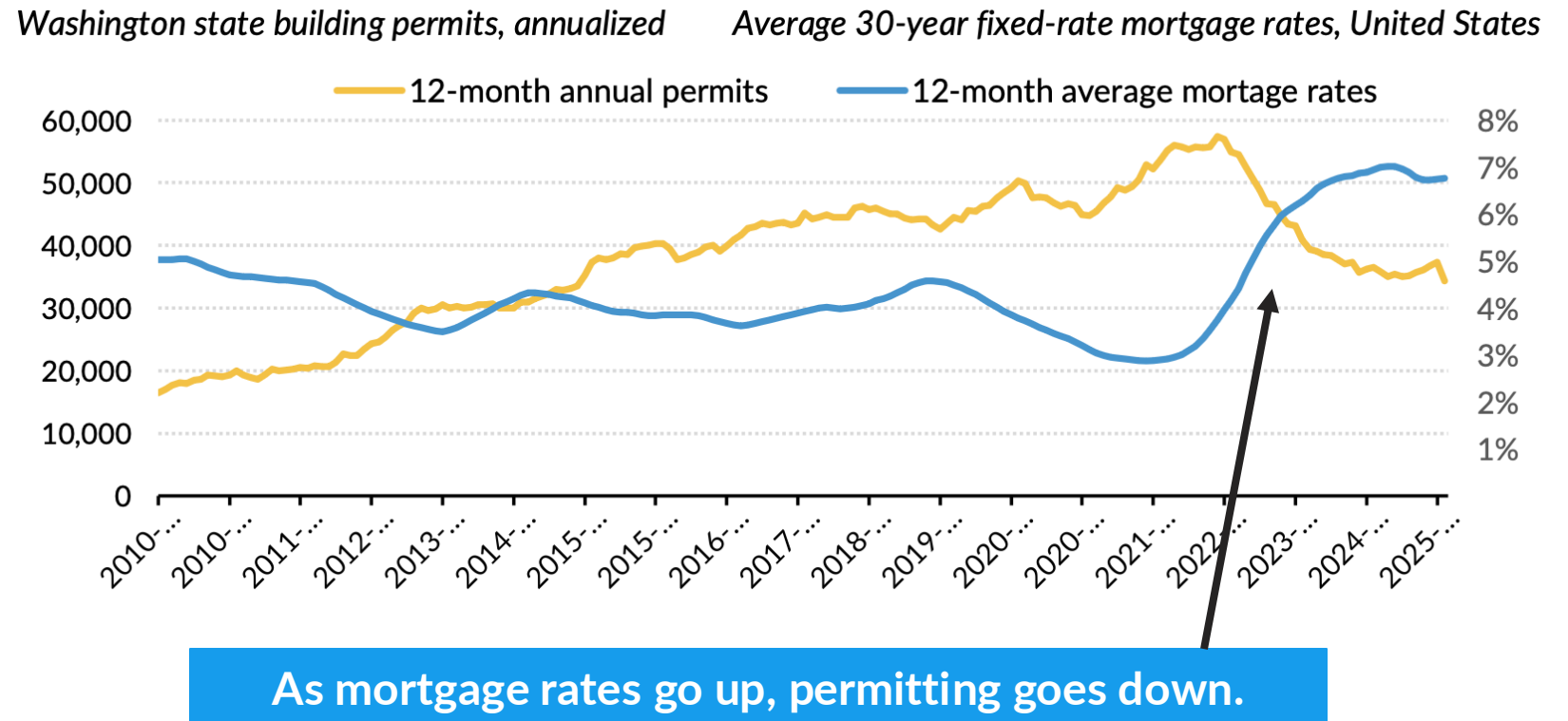
B. Low housing cost cities

- Attracting development, especially retail, is hard because of limited market demand.
- Rents are increasing more quickly than incomes, putting families at risk.
- Many people living near transit do not take advantage of the system.

Barriers to TOD

The Real Estate Market is Being Challenged

- The economy's fundamentals—the cost of debt, materials, and labor—have limited construction.
- This is despite the continued need for additional housing.



Financing Barriers Increase Project Risk

- Developers feel they are taking on substantial risk in the current economic environment—and are thus limiting their investment.
- Developers sometimes take on the costs of infrastructure serving a community, especially in low housing cost communities, which struggle to fund infrastructure.
- Access to affordable housing funds is extremely competitive.

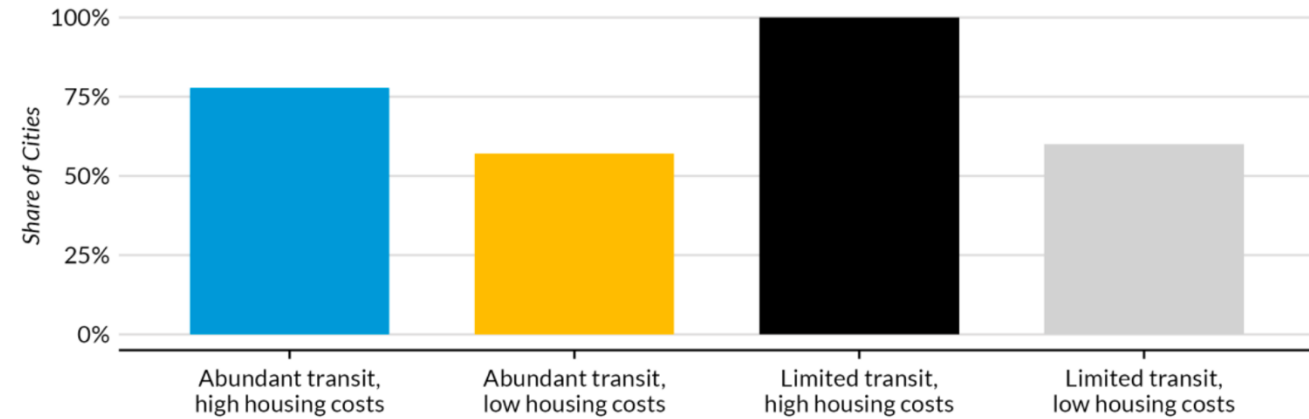
Cost Barriers Make Projects Hard to Undertake

- High land costs near transit—which sometimes increase in the context of zoning changes— make it more difficult to assemble project financing.
- Ground-floor retail is sometimes required by localities—but developers often take a loss on these uses, as they have difficulty assembling profitable, long-term leases. Affordable housing developers often have a lot of trouble managing retail space.
- Requirements for affordable housing increase costs. Inclusionary zoning mandates sometimes cost more than developers can make up through the Multifamily Tax Exemption program (MFTE).

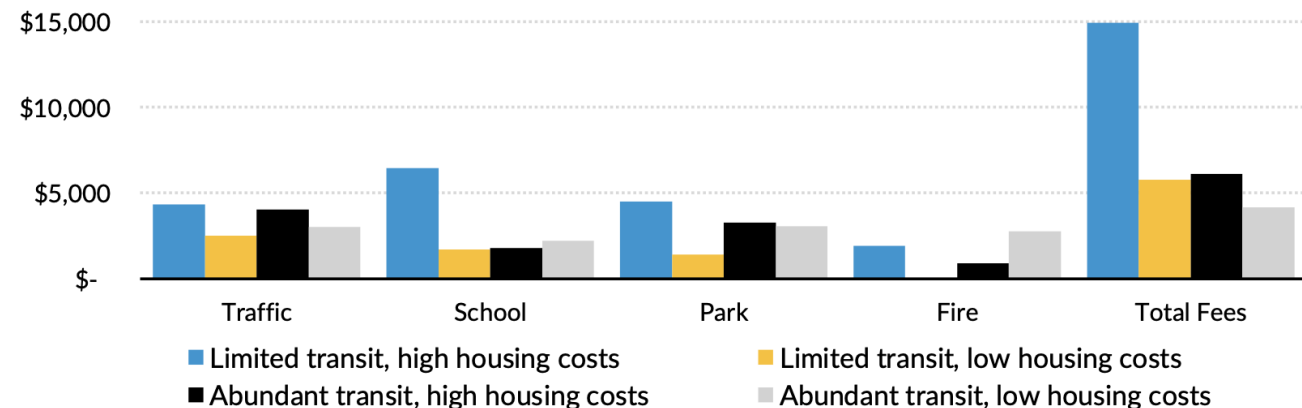
Regulatory Barriers Prevent Denser Development

- Some cities require parking and impose high impact fees, including in areas near transit.
- Changes brought on by H.B. 1491 and other laws will reduce these issues, but also may raise other problems.

Share of cities in each cohort requiring more than one parking space per studio apartment



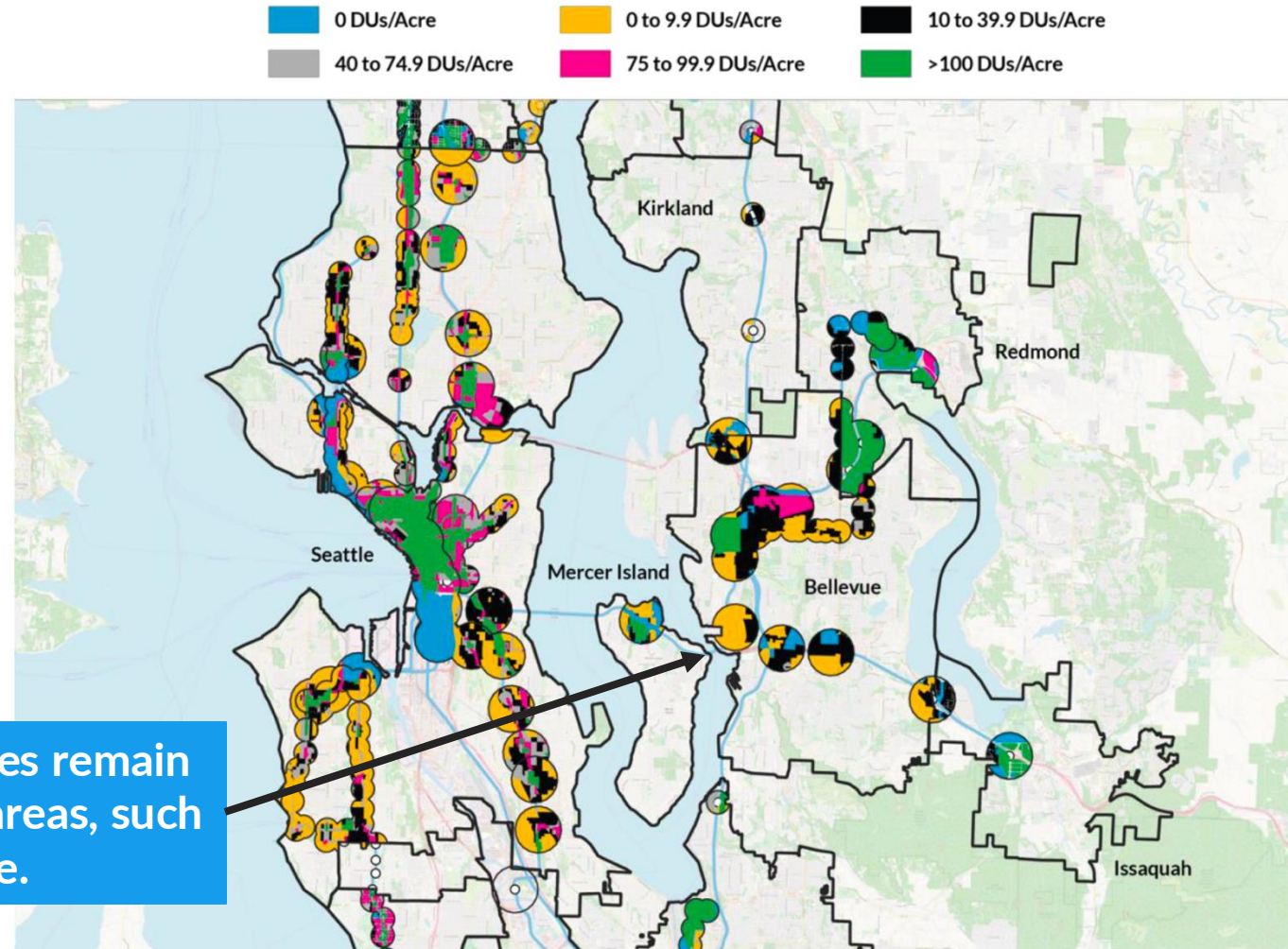
Average impact fees per dwelling unit, study cities, by city type



Development Rights Remain Limited in Some Areas

- Cities' plans mostly provide for high densities downtowns, but not everywhere.
- Very low densities remain common a few blocks from some light rail stations.

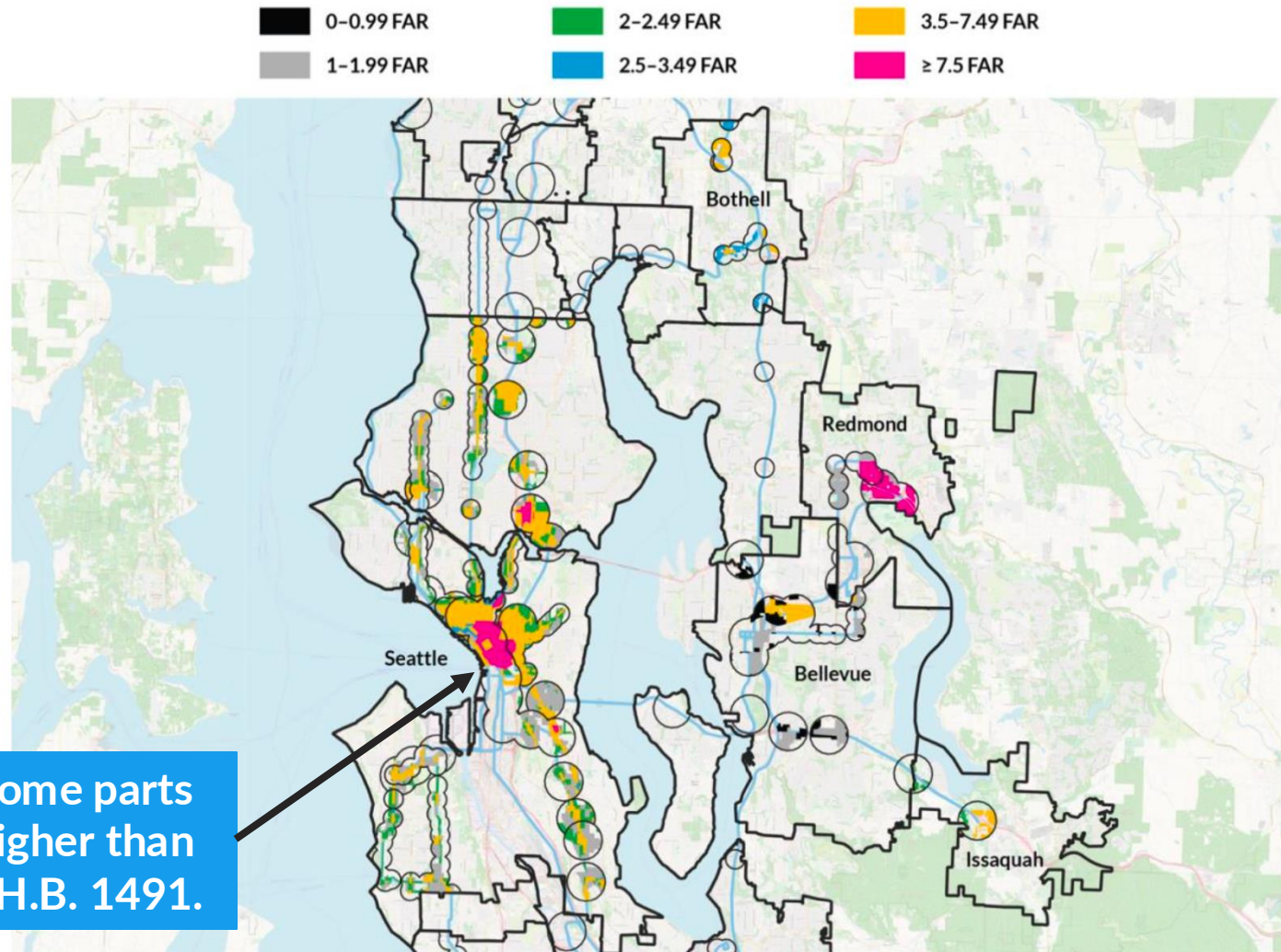
Very low allowed densities remain common in some transit areas, such as South Bellevue.



Development Rights Remain Limited in Some Areas

- H.B. 1491 requires that cities zone for an average of 3.5 FAR, ½ mile from rail, and 2.5 FAR from BRT.
- This policy could result in concentration of density in some areas, and not others.

Density allowances in some parts of Seattle are already higher than required on average by H.B. 1491.



Recommendations for the Future

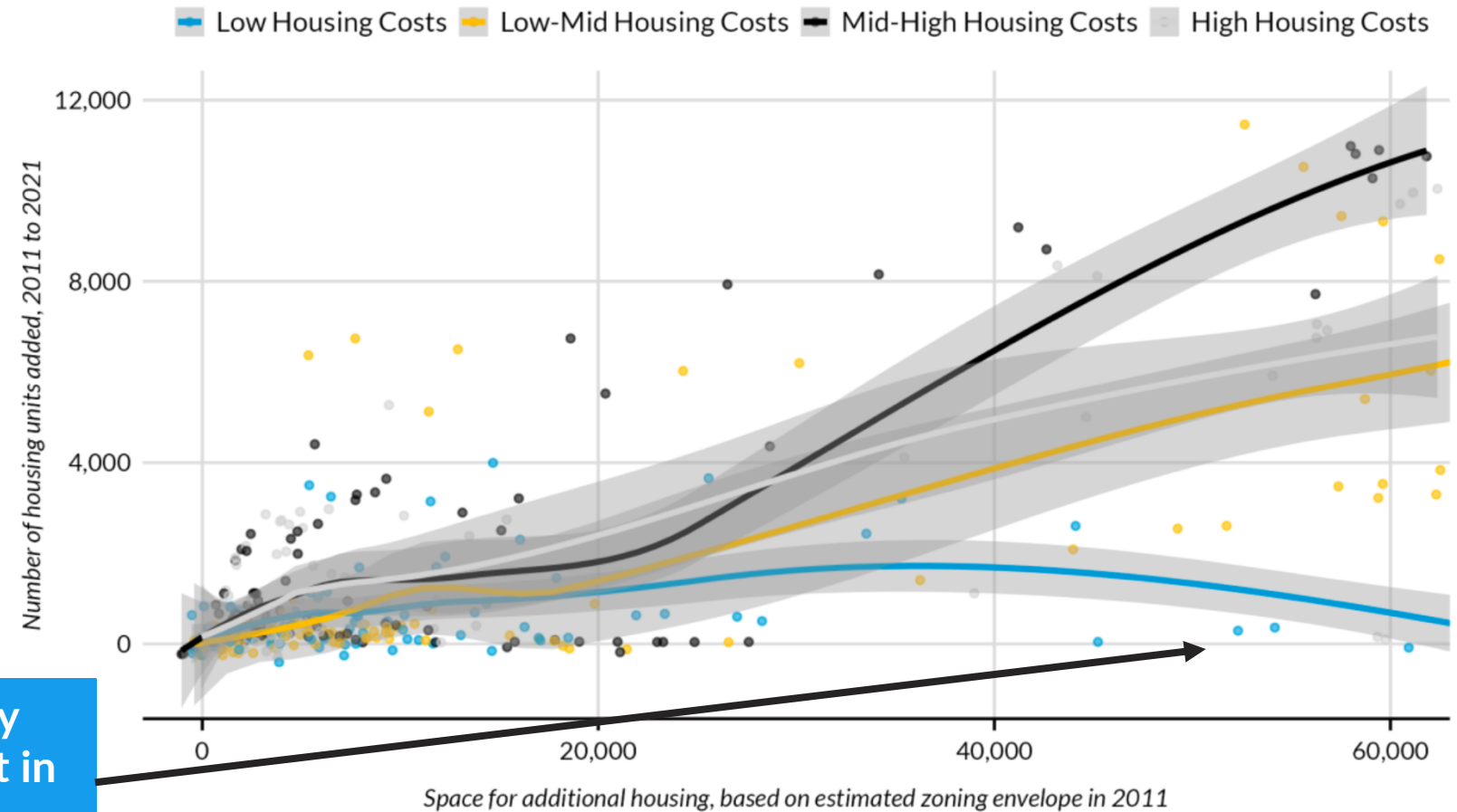
Creating Livable, Affordable TOD Should be a Priority

- Walkable, vibrant communities near transit offer environmentally sustainable, high-quality-of-life neighborhoods for people to live.
- Mixed-income communities give residents access to opportunity.
- Areas near transit give residents affordable ways to get around, especially if they include a diversity of jobs and services to which residents can walk.

Land Use Policy Matters—But It Is Context-Specific

- Increasing allowed density increases housing construction.
- But low housing cost communities struggle to attract investment, even if their zoning allows it.

Even with high-density zoning, not much is built in low housing cost cities.



Recommendation: Fund Neighborhood Infrastructure

- Cities with low housing costs need assistance improving infrastructure near transit stations.
- This is needed to transition neighborhoods into walkable, landscaped, inviting communities where people want to live and developers want to invest.
- Options include:
 - Expanding the state's existing CHIP grants;
 - Funding H.B. 1491's Section 4; and
 - Directing a portion of WSDOT's capital funds for neighborhood infrastructure.

Recommendation: Make Room for Affordable Housing

- The MFTE/inclusionary zoning programs reinforced by H.B. 1491 will not provide the funds for housing affordable for families with low and moderate incomes—but they are the people who need housing most.
- New market-rate housing will help somewhat through filtering, but not enough.
- To meet its housing needs, the state must expand funding. Options include:
 - Expanding direct investment in affordable housing;
 - Expanding public land purchasing for affordable housing, including by transit agencies;
 - Expanding public agency capacity to serve as developers and facilitate projects; and
 - Allowing affordable housing developers to preempt local zoning.

Recommendation: Expand Density Allowances

- H.B. 1491 will enable higher-density housing construction near transit, but the *average* density requirement could be abused, and the densities mandated are low.
- British Columbia has imposed zoning *minimums* of 5 FAR and 20 stories within the areas closest to Vancouver, B.C.'s SkyTrain stations.
- Washington should further upzone neighborhoods closest to light rail stations. This upzoning should focus on taller buildings, without deep floor plates.

Recommendation: Further Refine the MFTE Program

- The MFTE program has been an important tool for Washington cities to encourage increased development. H.B. 1491 will ensure that it is implemented in parallel with inclusionary zoning in all transit-served cities.
- But challenges remain. Low housing cost cities may suffer, sacrificing property tax revenues for affordable housing. Some expensive areas may use MFTE rules to limit new housing construction.
- The state should study MFTE's impacts as currently applied and consider altering its use to address the needs and economic realities of different cities.

Recommendation: Support a Mix of Uses Near Transit

- Transit areas offer potential for a mix of uses, but retail uses often go vacant and make financing project difficult.
- The state should encourage municipalities to limit retail zoning requirements—while still supporting it in high-impact locations, such as at street corners.
- The state should develop, or work with communities to develop, master leasing entities designed to lease retail over the long term—to sublease spaces for small businesses and community purposes.
- The state and localities should instruct agencies to lease TOD retail for customer-facing offices, such as by integrating libraries on the ground floor of new projects.

Next Steps

Where We're Headed Next

- Thanks to continued legislative support, we will continue this work in fall 2025.
- We will focus on these topics related to the implementation of 2025's H.B. 1491:
 - A detailed investigation of the implementation of the multifamily tax exemption (MFTE) in different submarkets in TOD areas in Washington.
 - An analysis of the density requirements around stations in H.B. 1491.
- We will present on these topics to the legislature in late fall 2025.

Thank you!

Q&A

Appendix

Transit Projects in Analysis

Monorail

- Seattle Center Monorail

Streetcar

- First Hill Streetcar
- South Lake Union Streetcar

Light Rail

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

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

Commuter Rail

- Sounder North
- Sounder South
- DuPont Sounder Extension

Bus Rapid Transit

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

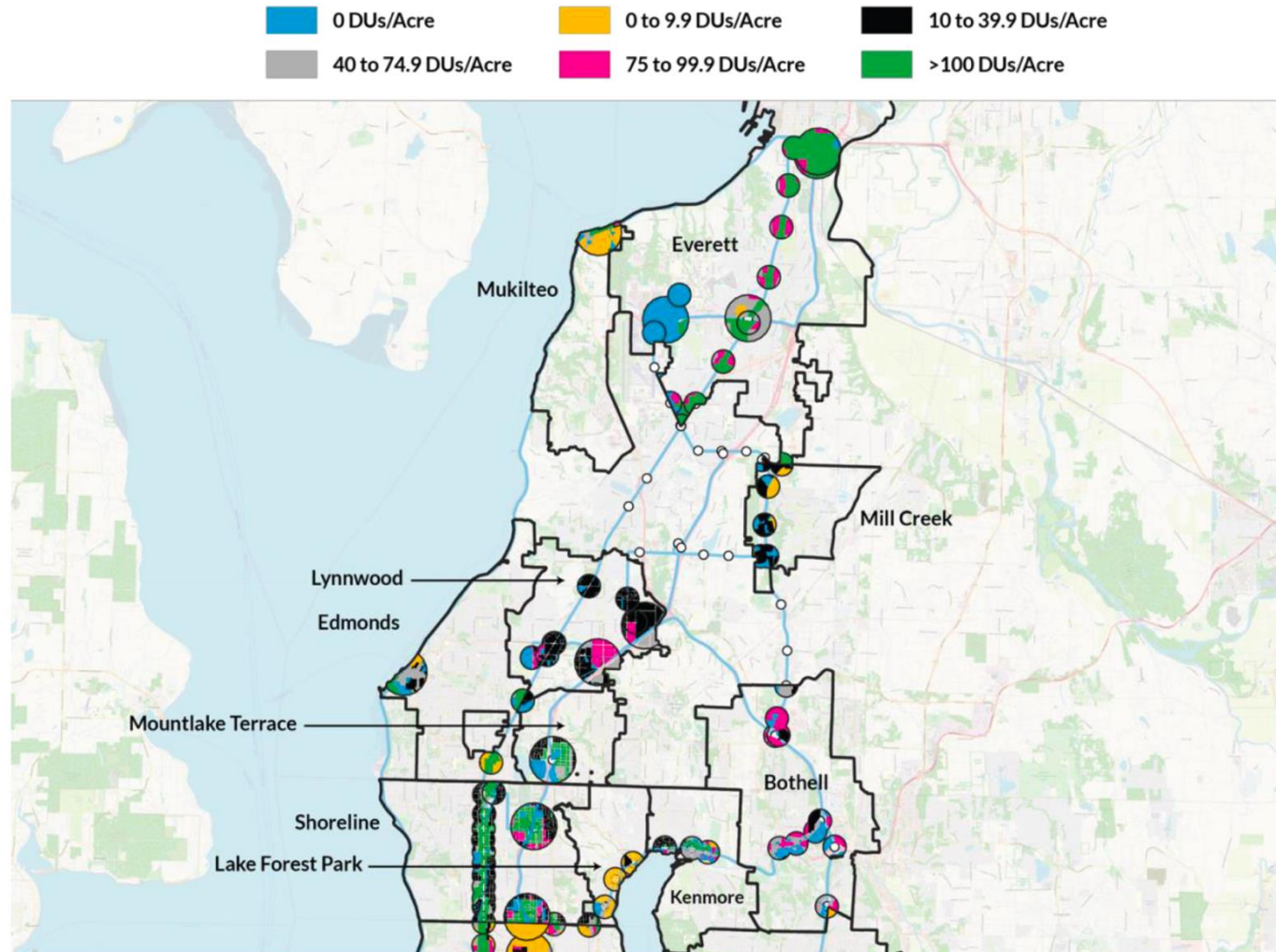
- RapidRide E
- RapidRide F
- RapidRide G
- RapidRide H
- City Line
- The Vine on Fourth Plain (Green Line)
- The Vine on Mill Plain (Red Line)
- RapidRide J
- Stripe S1
- Stripe S2
- Stripe S3

- Existing
- Under construction
- Planned

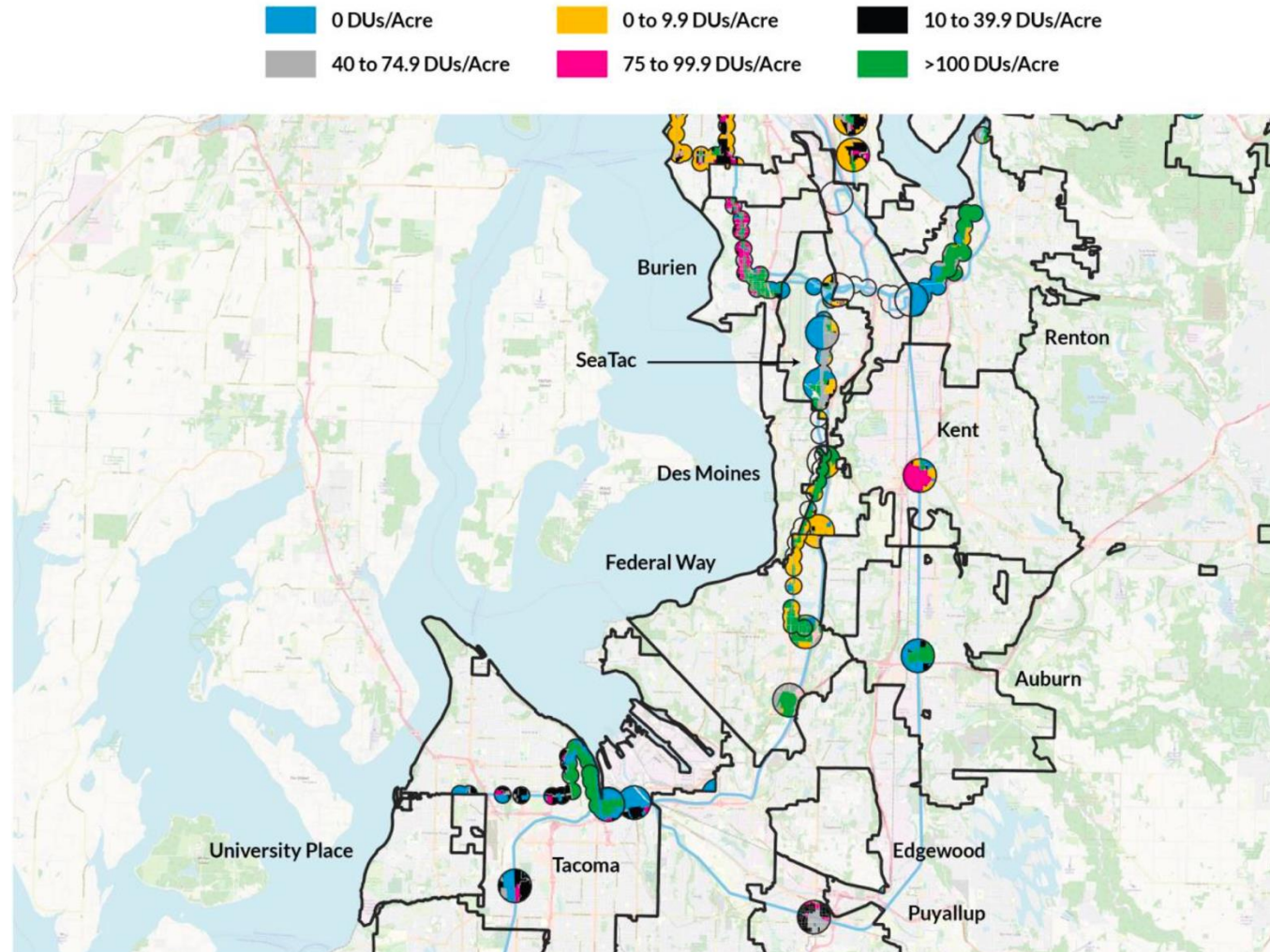
Comprehensive Plan Elements Required by GMA

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

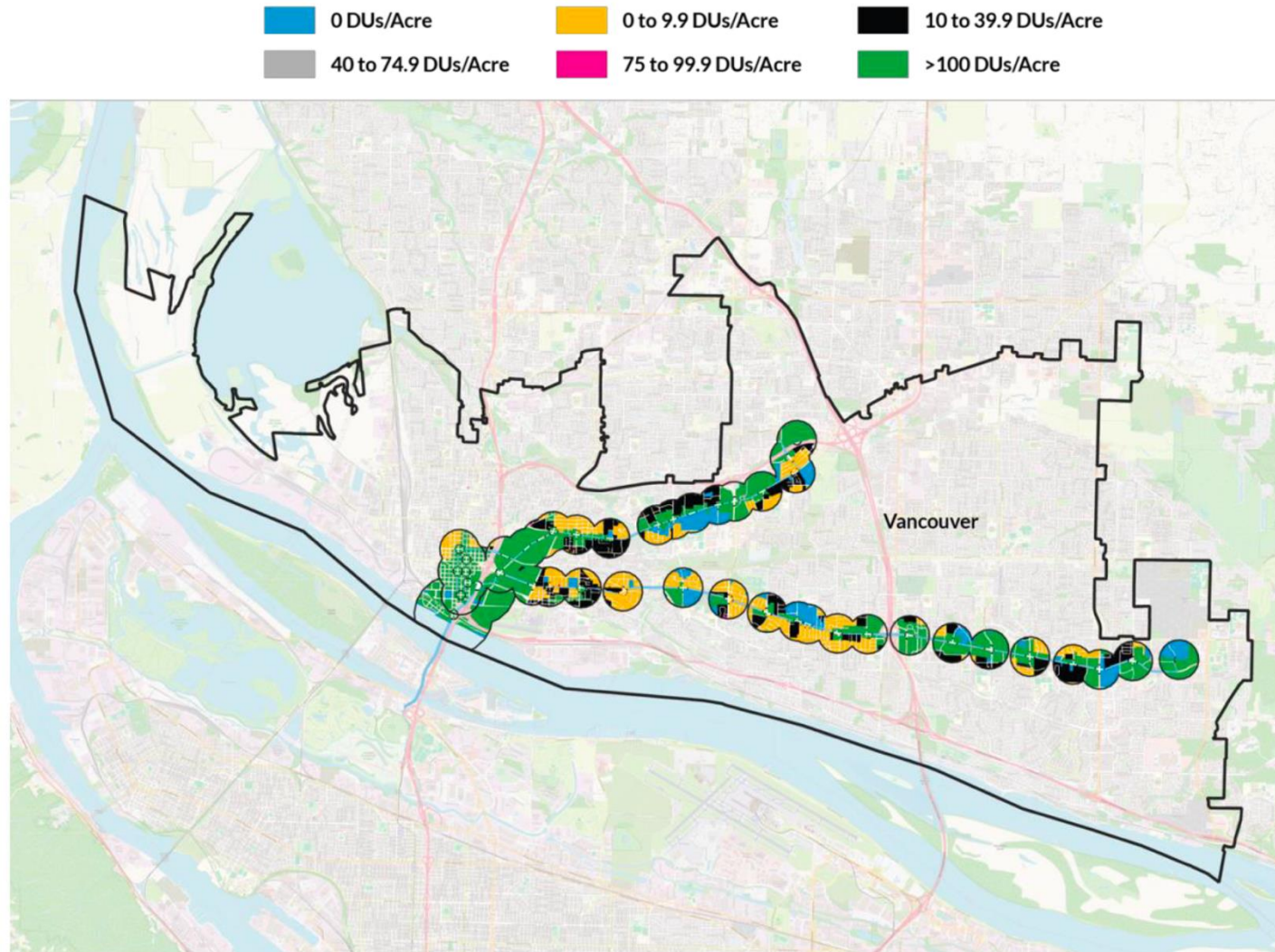
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