

Federal and State Budget & Policy Updates

Transit Oriented Development Committee

March 21, 2025

Updated
as of
3/19/2025



Puget Sound Regional Council



We are leaders in the region to realize equity for all. Diversity, racial equity and inclusion are integrated into how we carry out all our work.

psrc.org/equity

Federal Updates



- Continuing resolution through Sept 30
- Budget Reconciliation – Tax Cuts and Jobs Act
- HUD 50% staff reductions
- Section 4 grants terminated
- Green and Resilient Retrofit Program paused
- Fair Housing grants terminated

[Seattle housing, homelessness crisis would grow if Trump cuts HUD](#)
(Cascade PBS)



Federal Resources

- [Federal Funding Issues Reporting Form](#)
- [Executive Order Summaries from Holland & Knight](#)
- [PSRC Federal News Post](#)
- PSRC federal consultant @ 3/27 Executive Board



2025 State Legislative Session



- 2,187 bills introduced
- Chambers considering opposite house bills
- April 2 Opposite House Policy Committee Cut-off
- Budget Monday, March 24



2025 Legislative Session Budget Outlook

- Operating budget deficit of \$12–\$15 billion
- Transportation budget deficit of \$8 billion, \$1–\$1.8 billion in FY 25–27

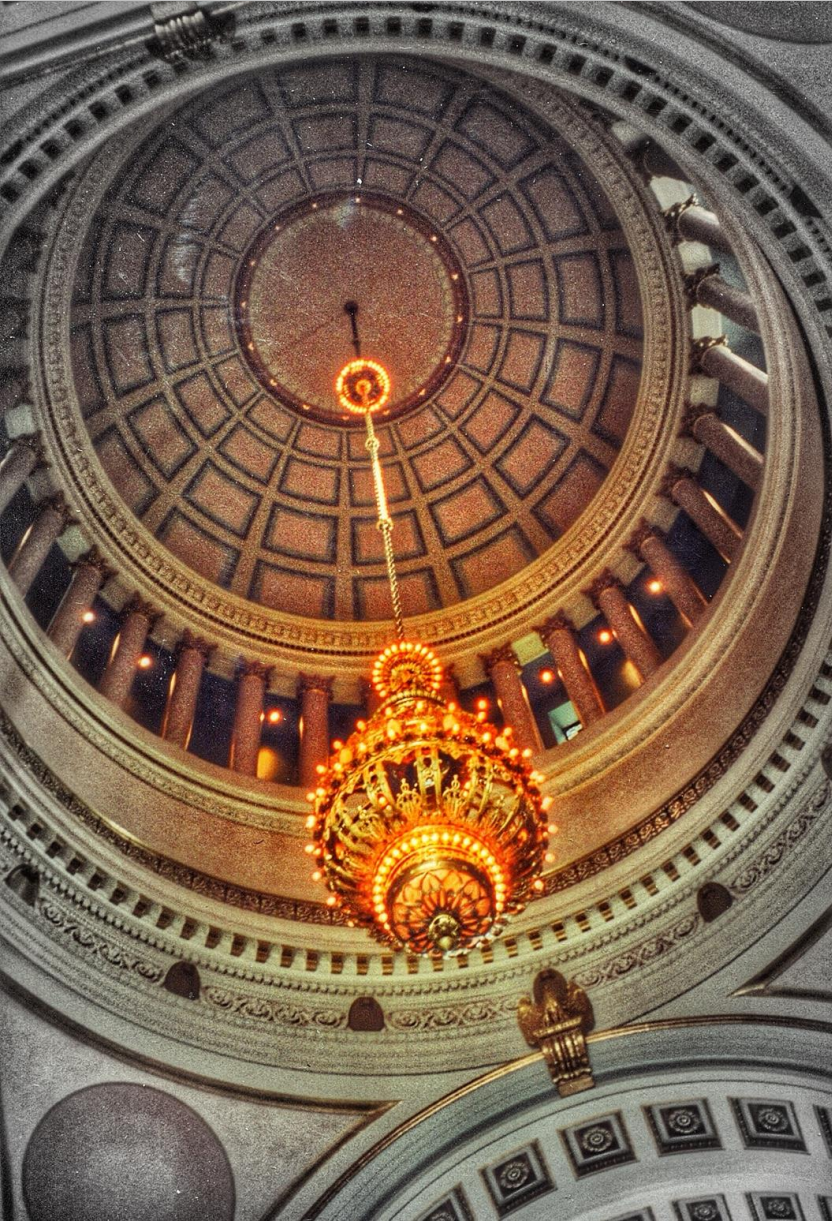
Budget Pressures:

- Lawsuits and tort claims
- Federal Funds ~ 30% of state budget
- Revenue Forecast March 18

[WA State Standard Article](#)



Governor and Legislative Proposals and Responses



- \$4 billion new Governor Ferguson [budget reduction plan](#)
- House Democrats: [WA Budget Cuts](#)
- Senate Republicans: [Save WA](#)
- Budgets release Monday March 24
- [House Democrats revenue proposal](#)

Senate Democrats Revenue Proposal

- **Financial Intangibles Tax** – \$10 on every \$1,000 of assessed value of certain financial assets (stocks, bonds, exchange-traded funds, and mutual funds) for individuals with more than \$50 million of such assets
- **Remove Cap on Employer Payroll Taxes** – 5% employer paid payroll tax for employees earning over 176k (includes exemption for those paying Seattle tax)
- **Property tax growth limit**– Remove 1% cap, allowing growth by combined rate of population and inflation
- **Repeal tax preferences**
- **Cut Sales tax from 6.5% to 6%**

[Senate Democrats Revenue Proposal](#)



Housing/Homelessness Funding



- \$536m Housing Trust Fund
- \$75m affordable and supportive housing infrastructure tough utility connections and reducing impact fees
- \$253m shortfall in document recording fees



Housing Research Center



- [Organizational Sign on Letter](#)
- Budget ask: \$250,000 FY 2025 and \$750,000 FY 2026 and each subsequent year
- [One-pager](#)



Housing Supply: Transit-Oriented Development

Promoting Transit Oriented Housing Development

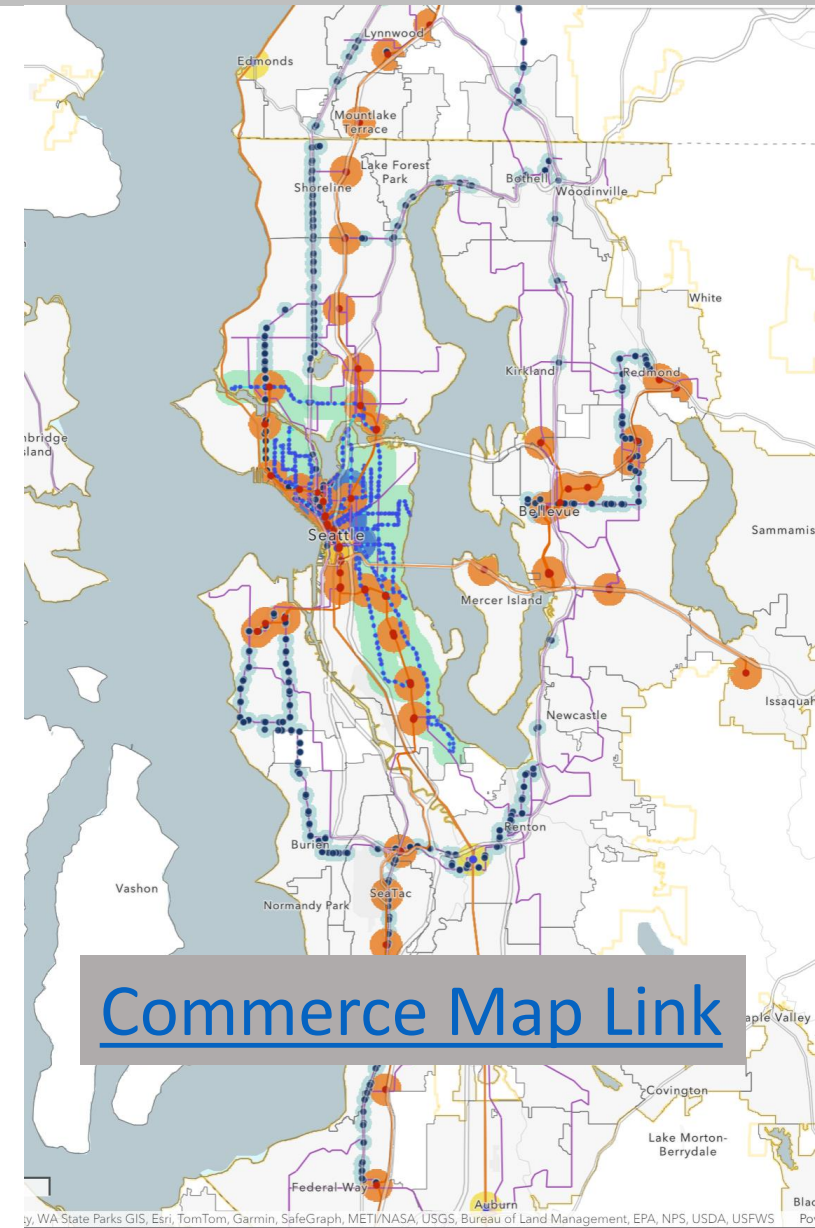
[HB 1491](#) (Reed)

Creates density requirement in station areas

- 3.5 FAR w/in .5m of rail (.25m in cities <15,000 people)
- 2.5 FAR w/in .25m of BRT

Authorizes 20-year tax exemption for residential buildings in station area

Requires Commerce to administer grant program to assist cities to implement the TOD requirements



[Commerce Map Link](#)

Housing Supply: Parking Requirements



Minimum Parking Requirements

[HB 1299](#) (Peterson) **dead** / [SB 5184](#) (Bateman)

Prohibits cities and counties from requiring:

- More than 0.5 parking space per residential unit
- More than 1 parking space per 1000 feet of commercial space
- Eliminates minimum parking requirements for several building types including affordable & senior housing and homes < 1200 sq ft



Housing Supply: Subdivision & Lot Splitting

Lot Splitting

[HB 1096](#) (Barkis)

Establishes a process for review and approval of administrative lot split and residential building permits for new single family or middle housing.

Streamlining Subdivision Process

[SB 5559](#) (Lovelett)

Requires cities planning under GMA to adopt procedures for lot subdivision.



Housing Supply: Condominium Reform



Simplifying Condo Construction [HB 1403](#) (Taylor)

- Establishes implied warranties for existing and newly constructed condominium units
- Clarifies the definition of "workmanlike manner"
- Modifies the dispute resolution process by mandating arbitration for certain claims



Housing Supply: Multifamily Tax Exemption



MFTE Adjustments

[HB 1494](#) (Ramel)

- Allows additional cities and counties to offer MFTE
- Makes programmatic adjustments
- Allows sliding scale penalties for non-compliance (instead of cancelation)

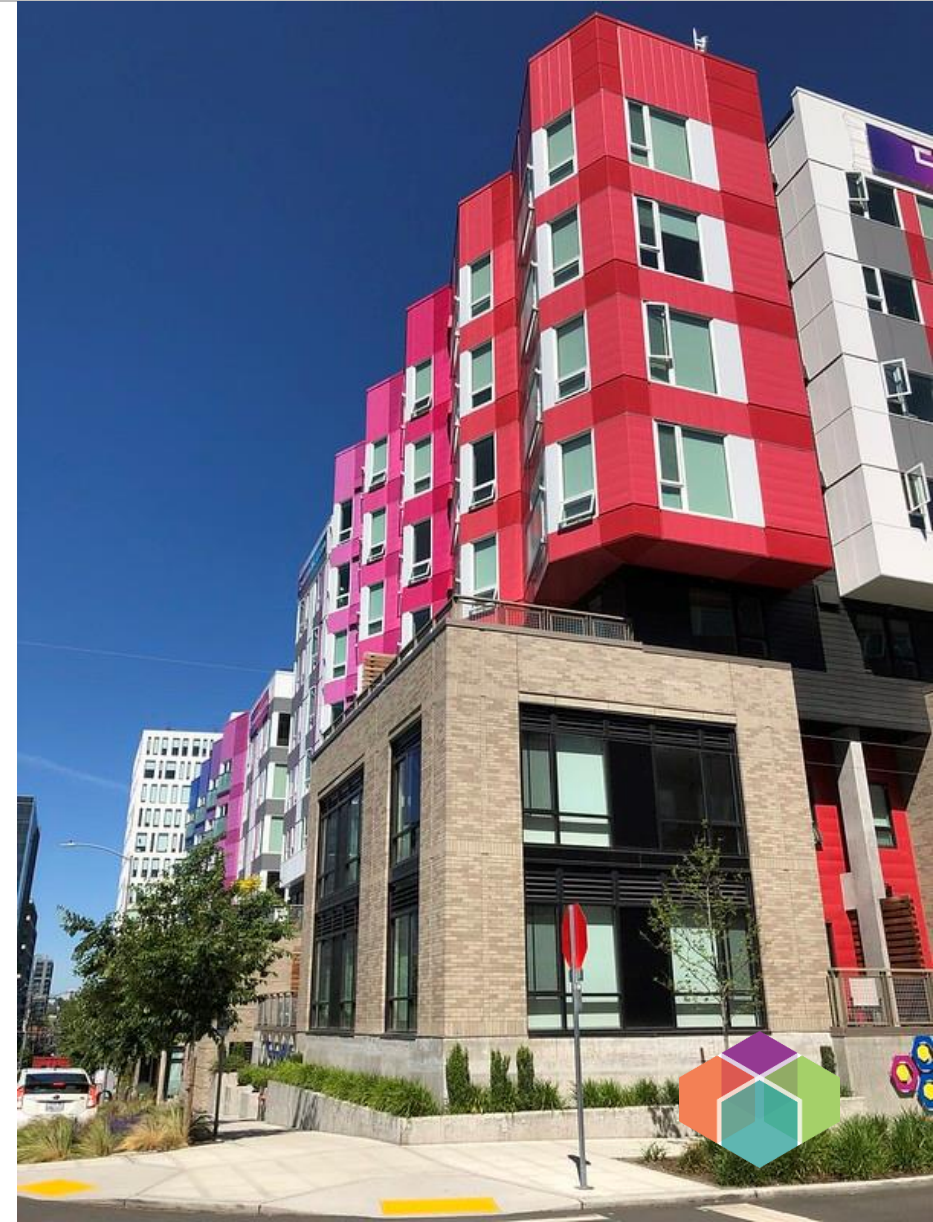


Housing Supply: Compliance

Housing Accountability Act
[HB 1235](#) (Peterson) **dead** / [SB 5148](#)
(Bateman)

Requires review of
comprehensive plans to ensure
compliance with state housing
and land use law.

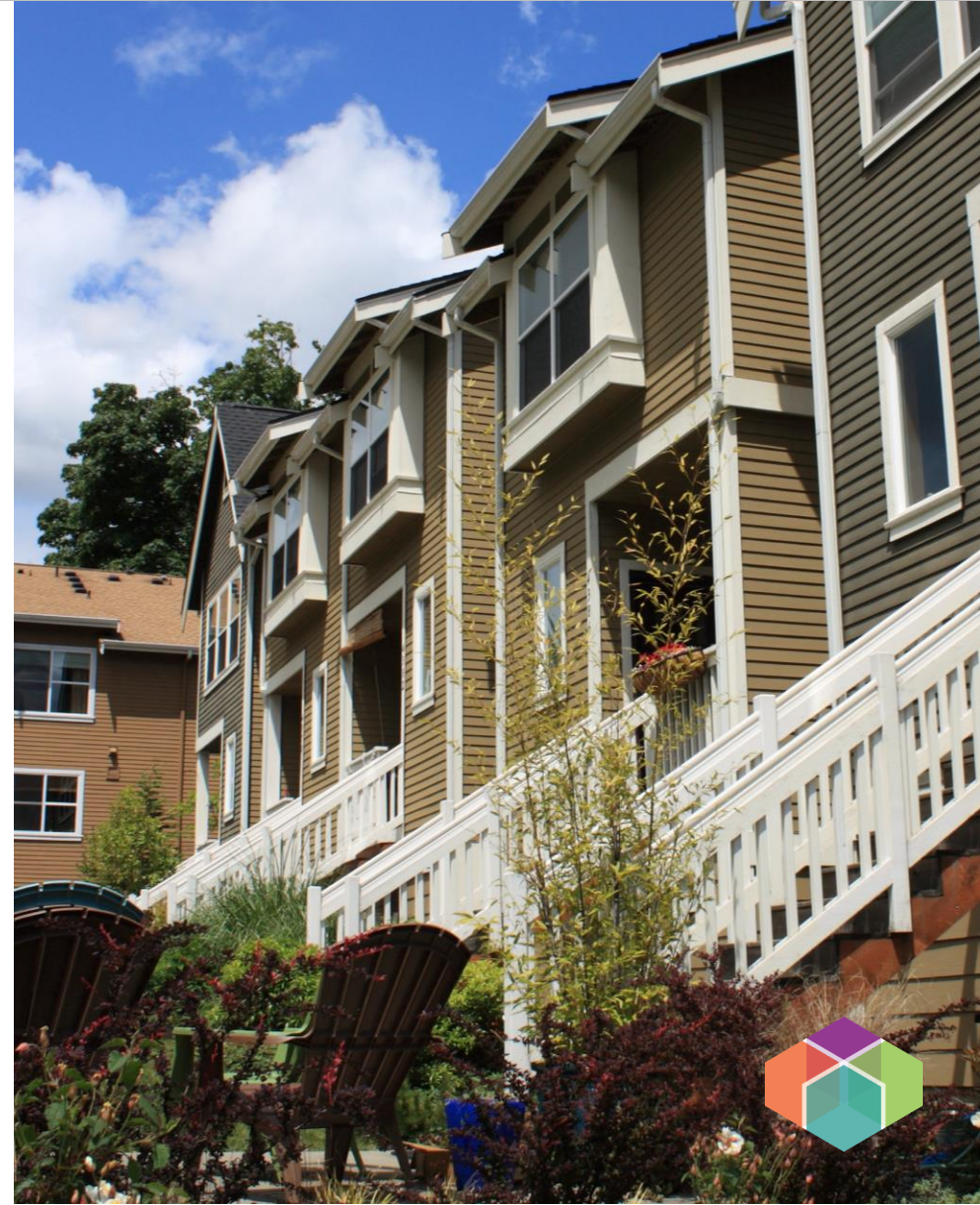
[Sen. Bateman News Release](#)



Housing Stability – Rent Stabilization

[HB 1217](#) (Alvarado)/ [SB 5222](#) **dead** (Trudeau)

- Limits rent increases to no more than 7% per year
- Requires 6 months' notice for a rent increase of 3% or more
- Establishes fees count as rent for the purposes of calculating an increase
- Limits move-in fees to the equivalent of one month's rent or less
- Limit late fees to no more than 1.5% of the monthly rent



An aerial photograph of Everett, Washington, showing the city, harbor, and surrounding mountains. The city is densely packed with buildings and houses, with a large harbor area containing many boats and a bridge crossing the water. The background features rolling hills and mountains under a clear sky.

Thank You!

Robin Koskey

Director, Government Relations and Communications

Rkoskey@psrc.org



Puget Sound Regional Council