

Multiple Agency Fiscal Note Summary

Bill Number: 1752 HB	Title: Affordable urban housing
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Estimated Cash Receipts

Agency Name	2017-19		2019-21		2021-23	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Commerce	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Department of Transportation	Non-zero but indeterminate cost and/or savings. Please see discussion.					
State Parks and Recreation Commission	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Department of Natural Resources	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Total \$	0	0	0	0	0	0

Estimated Expenditures

Agency Name	2017-19			2019-21			2021-23		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Enterprise Services	.0	0	0	.0	0	0	.0	0	0
Department of Social and Health Services	.0	0	0	.0	0	0	.0	0	0
Department of Corrections	.0	0	0	.0	0	0	.0	0	0
Department of Transportation	Non-zero but indeterminate cost and/or savings. Please see discussion.								
State Parks and Recreation Commission	.0	0	0	.0	0	0	.0	0	0
Department of Natural Resources	.0	0	0	.0	0	0	.0	0	0
Total	0.0	\$0	\$0	0.0	\$0	\$0	0.0	\$0	\$0

Local Gov. Courts *									
Loc School dist-SPI	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Other **	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Impact

NONE

* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 47141

FNS029 Multi Agency rollup

Prepared by: Shane Hamlin, OFM	Phone: (360) 902-0547	Date Published: Final 2/10/2017
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note
FNPID: 47141

Individual State Agency Fiscal Note

Bill Number: 1752 HB	Title: Affordable urban housing	Agency: 090-Office of State Treasurer
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Part I: Estimates

☒ No Fiscal Impact

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Sean Flynn	Phone: 360-786-7124	Date: 02/02/2017
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 02/03/2017
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 02/03/2017
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 02/03/2017

Part II: Narrative Explanation

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

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

HB 1752 requires any governmental entity that sells real property at fair market value within an urban development area to remit an amount equal to twenty percent of the sale price to the state treasurer for deposit in the Washington housing trust fund. The administering agency of the account, department of commerce, records the revenue. Therefore, there is no fiscal impact to the office.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1752 HB	Title: Affordable urban housing	Agency: 103-Department of Commerce
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Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

☒

If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐

If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Sean Flynn	Phone: 360-786-7124	Date: 02/02/2017
Agency Preparation: Connie Shumate	Phone: 725-2911	Date: 02/09/2017
Agency Approval: Martin McMurry	Phone: 360-725-2710	Date: 02/09/2017
OFM Review: Shane Hamlin	Phone: (360) 902-0547	Date: 02/09/2017

Part II: Narrative Explanation

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

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

Sections 1, 2, and 3 require the Department of Commerce (department) to collect an annual inventory of all publicly owned real property within any urban development area owned by the departments of natural resources, transportation, social and health services, corrections, and enterprise services, the state parks and recreation commission, counties, cities, towns, port districts, school districts, and regional transit authorities. The inventory must be provided to the department by November 1st of each year.

Section 3 (2) and (3) requires sellers of property identified above to remit a percentage of proceeds to the housing trust account. Money deposited into the account must be allocated for affordable housing within the urban development area where the real property was sold or a city/county may request disbursement directly for its own affordable housing program, fund, or local housing authority.

Section 3 (4) and (5) requires the department to determine eligible exemptions due to parcel transfers to a land bank, lease agreements, and determination of suitability of parcels transferred for development of affordable housing.

Section 3 (6) requires the department to establish urban development areas, be notified as urban development areas are established by cities, and publish the boundaries of each urban development area on its web site. The department must re-establish urban development areas every five years and provide notice to each applicable governmental entity at that time.

Sections 4 and 5 establishes the affordable housing land bank, requiring the department to own, manage, and lease any publicly owned real property transferred to the land bank for affordable housing purposes.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Section 3- INDETERMINATE REVENUE

Governmental entities that sell real property at fair market value in an urban development area must remit twenty percent of the sale price to the State Treasurer, to be deposited in the Housing Trust Fund.

The potential revenue from the sale of such properties is indeterminate, because the size of the urban development areas cannot be determined until governmental entities have submitted their initial inventories of real properties, the type of properties that might be sold cannot be estimated, nor can the sales price or timing of any sale be predicted.

Cash receipts may be required to be distributed by the Housing Trust Fund. Cities with affordable housing programs may request that the remittance received by the Housing Trust Fund be distributed to them within 90 days of the sale of the property in their urban development areas.

If not requested by a city, the county has the next 90 days to request the remittance under the same terms.

Exemptions to the remittance through land banking or a government entity in an urban development area leasing

out a parcel of land for affordable housing increase the uncertainty around cash receipts.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 3 – INDETERMINATE COST

Neither the type of real properties that might be sold nor the possible sales price and the timing of any sales can be predicted at this time.

ASSUMPTIONS: The department assumes urban development areas would first be established in Seattle and Spokane in FY18, then revised in FY23. At the beginning of FY18, all of Seattle and all of Spokane respectively would be designated as a single urban development area. The department may refine the definitions of urban development areas within those cities after the initial inventories are available in November of 2017. In FY21, after the 2020 federal census, it is likely that urban development areas will have to be established for the city of Tacoma and perhaps other large cities.

It is anticipated that the tracking of funds by urban development area for proceeds and expenditures would be required. The department does not how many transactions will occur.

PROGRAM ADMINISTRATION - ranges between \$180,000 to \$242,000, all costs. The following illustrations demonstrate what startup costs could be:

The department estimates 1.0 – 1.5 FTE Commerce Specialist 3 in FY18 to establish the following. Estimates beyond FY18 are unknown at this time:

- 1,044 hours to track real property sales and eligible transfers for all urban development areas;
- 522 hours determine the urban development areas and establish policies and reporting process, including were appropriate the Department of Revenue, housing finance commission, counties auditors, cities, port districts, school districts and regional transit authorities;
- 1,044 hours to review all exceptions including lease agreements to ensure 40 year compliance.
- 522 hours to maintain and post inventories of all real property submitted annually by governmental entities and develop technical assistance materials.

Standard goods and services would apply. For both Sections 3 and 4, the department assumes either an internal information technology (IT) work effort and/or a contract may be needed for a reporting system to be scoped, built, and maintained on an ongoing basis. Storage of general properties sold data, purchased price, and project data would need to be stored. This could range from \$25,000 to \$65,000

Total costs for startup (estimate for illustration only) may range between \$180,000 and \$242,000 in FY18.

Section 4 – INDETERMINATE

ASSUMPTION: If any property is transferred into the land bank, there will be costs associated with the ownership and maintenance of that property until it is leased for affordable housing. However, because neither

the timing nor scope of any transfers into the land bank can be predicted, the costs of these functions are indeterminate.

Section 5 – INDETERMINATE

ASSUMPTION: If any property is transferred into the land bank, there will be costs associated with contracting to lease that property for affordable housing purposes. Monitoring the performance under the contract would also be required. However, because neither the timing nor scope of any transfers into the land bank can be predicted, the costs of these functions are indeterminate.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None.

Department of Revenue Fiscal Note

Bill Number: 1752 HB	Title: Affordable urban housing	Agency: 140-Department of Revenue
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Part I: Estimates

☒ No Fiscal Impact

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Sean Flynn	Phone: 360-786-7124	Date: 02/02/2017
Agency Preparation: Diana Tibbetts	Phone: 360-534-1520	Date: 02/07/2017
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 02/07/2017
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 02/07/2017

Request # 1752-1-1

Part II: Narrative Explanation

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

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

AN ACT Relating to supporting the development of affordable housing in urban areas.

This legislation requires cities and counties that own real property within an urban development area to provide an annual inventory to the Department of Commerce. Any governmental entity that sells real property at fair market value within an urban development area must remit an amount equal to 25 percent of the sale price to the State Treasurer to be deposited in the account established for the housing trust fund.

Money deposited into the housing trust fund account must be allocated for purposes of providing funding to an eligible organization to finance in whole or in part any loans or grant projects that will provide affordable housing within the urban development area where the real property was sold.

A regional transit authority is also required to provide an annual inventory to the Department of Commerce of all real property owned within an urban development area and must comply with the same provisions as cities and counties regarding the sale or transfer of real property.

The Department of Commerce must consult, when appropriate, with the Department of Revenue, the Housing Finance Commission, county auditors, cities, port districts, school districts, and regional transit authorities to determine the location and boundaries of any urban development area.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

This legislation results in no revenue impact to taxes administered by the Department of Revenue.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The Department of Revenue will not incur any costs with the implementation of this legislation.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

No rule-making required.

Individual State Agency Fiscal Note

Bill Number: 1752 HB	Title: Affordable urban housing	Agency: 179-Department of Enterprise Services
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Part I: Estimates

☒ No Fiscal Impact

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- ☐ Requires new rule making, complete Part V.

Legislative Contact: Sean Flynn	Phone: 360-786-7124	Date: 02/02/2017
Agency Preparation: Sherrie Bowman	Phone: (360) 407-9249	Date: 02/07/2017
Agency Approval: Ashley Howard	Phone: (360) 407-8159	Date: 02/07/2017
OFM Review: Regan Hesse	Phone: (360) 902-0650	Date: 02/08/2017

Part II: Narrative Explanation

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

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

Section 3(1) of this bill requires the Department of Enterprise Services (DES) to identify and catalog all publically owned real property within any urban development area.

Subsection 3(2)(a) directs any governmental entity that sells publically owned real properties at fair market value within urban development areas to remit 20% of the sale price to the Housing Trust Fund.

Section 9 directs DES to annually report its inventory of real property within urban development areas to the Department of Commerce. These reporting requirements are similar to the reporting DES is already required to do therefore this portion of the bill does not create additional fiscal impact.

Currently, DES has no plans to sell any of its properties therefore the requirements of subsection 3(2)(a) has no fiscal impact. In the event DES properties meeting the criteria were to be sold in a qualifying urban area, this bill would require twenty percent of the sale price to be remitted to the Housing Trust Fund.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1752 HB	Title: Affordable urban housing	Agency: 300-Department of Social and Health Services
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Part I: Estimates

☒ No Fiscal Impact

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- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Sean Flynn	Phone: 360-786-7124	Date: 02/02/2017
Agency Preparation: Don Petrich	Phone: 360-902-7831	Date: 02/07/2017
Agency Approval: Judy Fitzgerald	Phone: 360-902-8174	Date: 02/07/2017
OFM Review: Bryce Andersen	Phone: (360) 902-0580	Date: 02/08/2017

Part II: Narrative Explanation

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

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

The bill directs each governmental entity to identify and catalog all of its publicly owned real property within any urban development. The government entity must provide the Department of Commerce with the inventory by November 1st of each year. Additionally, the government entity that sells real property at fair market value within an urban development are must remit an amount equal to 20 percent of the sale price to the state treasurer to be deposited in the account established for the housing trust fund. This bill does not create any additional workload to DSHS and therefore has no fiscal impact.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1752 HB	Title: Affordable urban housing	Agency: 310-Department of Corrections
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Part I: Estimates

☒ No Fiscal Impact

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- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Sean Flynn	Phone: 360-786-7124	Date: 02/02/2017
Agency Preparation: Merdan Bazarov	Phone: 360-725-8351	Date: 02/09/2017
Agency Approval: Sarian Scott	Phone: (360) 725-8270	Date: 02/09/2017
OFM Review: Trisha Newport	Phone: (360) 902-0417	Date: 02/09/2017

Part II: Narrative Explanation

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

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

Sections 1 and 2 amend RCW 43.63A.510 and adds an option for governmental entities with a population of less than 200,000 to designate urban development area and report all property owned within that area to Department of Commerce (COM) on an annual basis.

Section 3(1) amends RCW 43.63A.510 and requires each governmental entity to identify and catalog all of its publicly owned real property within any urban development area and report it to COM on an annual basis.

Section 3(3) amends RCW 43.63A.510 to require certain governmental entities to remit 20 percent of public lands sales to the Housing Trust Fund (HTF).

Section 3(4)(a) allows governmental entities that have sold real property under Section 3(2) to transfer property from an urban development area into the Affordable Housing Land Bank to obtain an exemption from the 20 percent remittance of a land sale.

Section 3(5)(a) amends RCW 43.185.060 and allows governmental entities that sell real property in an urban development area to lease another property to an eligible housing authority to construct or develop affordable housing on public property located within an urban area.

Section 3(6)(b) amends RCW 43.63A.510 to clarify that any city with a population of 200,000 or fewer may designate an urban development area that meets the criteria of Section 3(6)(a) of this subsection.

Section 4 is a new section added to chapter 43.185 and it creates the Affordable Housing Land Bank within COM to acquire and lease publically owned land for the construction and development of affordable housing within designated urban areas.

Section 11(8) adds that COM may not enter into equal value exchanges or property acquisitions for building improvements without first consulting with Office of Financial Management and the joint transportation committee.

Effective date is assumed 90 days after adjournment of the session in which this bill is passed.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

None. Our impacts are general fund state.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

This bill requires Department of Corrections (DOC) to identify and catalog all of its publicly owned real property within any urban development area. Additionally, if DOC sells real property at fair market value within an urban development area, an amount equal to 20 percent of the sale price must be remitted to the State Treasurer to be

deposited in the account established for HTF, pursuant to RCW 43.185.030. Not knowing what new workload is created by this bill, DOC assumes no impact.

ASSUMPTIONS:

The DOC will “true up” our fiscal impact in subsequent budget submittals should the legislation be enacted into session law.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None.

Individual State Agency Fiscal Note

Bill Number: 1752 HB	Title: Affordable urban housing	Agency: 405-Department of Transportation
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Sean Flynn	Phone: 360-786-7124	Date: 02/02/2017
Agency Preparation: Michelle Newlean	Phone: 360-705-6811	Date: 02/03/2017
Agency Approval: Linea Laird	Phone: 360-705-7032	Date: 02/03/2017
OFM Review: Erik Hansen	Phone: 360-902-0423	Date: 02/06/2017

Part II: Narrative Explanation

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

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

The bill creates the Affordable Housing Land Bank within the Department of Commerce to acquire and lease publically-owned land for the construction and development of affordable housing within designated urban areas.

Section 3(1) requires governmental entities, including the Washington State Department of Transportation (WSDOT), that sell real property for fair market value within an urban development area, to identify and catalog all of its publicly owned real property within an urban development area, and to submit the list annually on November 1st to the Washington State Department of Commerce.

Section 3(2) requires these governmental entities, upon sale of a property within the established boundaries of an urban development area, to remit an amount equal to 20 percent of the sale price to the State Treasurer to be deposited into the Washington Housing Trust Fund.

Section 3(4) and (5) allow governmental entities, under certain circumstances, to transfer property from an urban development area into the Affordable Housing Land Bank to obtain an exemption from the 20 percent remittance requirement. One of the circumstances to obtain an exemption is that the assessed value of transferred property must be equal to at least 15 percent of the sale price of the property.

Section 3(6) requires the Department of Commerce to establish urban development areas within each city with a population over 200,000, based on the most recent federal census data. It also authorizes cities with a population of 200,000 or fewer to designate their own urban development areas.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

The bill requires WSDOT, upon sale of surplus property to remit an amount equal to 20 percent of the sale price to the State Treasurer to be deposited into the Washington Housing Trust Fund. The impact is indeterminate because the boundaries of potential urban development areas are not known. Further, it is not known whether WSDOT property sales would be exempt from the requirement due to restrictions of the 18th Amendment of the State Constitution under Article 2 Section 40.

The bill requires urban development areas for cities with populations of 200,000 or above, based on the most recent federal census. According to the 2010 federal census data, two cities in the state meet that criterion – Seattle and Spokane. However, it is not known whether additional smaller cities will choose to designate urban development areas or, if so, how many or where.

For illustrative purposes, 20 percent of all property sales revenue projections adopted in November 2016 by the Transportation Revenue Forecast Council and reported in forecast documents, Table D.2—Other Transportation Related Revenue Forecasts follows:

2017-19 – \$1,900,000

2019-21 – \$1,300,000

According to adopted forecasts of revenue proceeds from this source, the above figures would represent the maximum possible amount that would be deposited into the Washington Housing Trust Account, rather than the Motor Vehicle Fund. However, because not every parcel of WSDOT surplus property falls within city limits, and it is highly improbable that every smaller city would opt to create an urban development area, these figures represent the top range of potential impact. The department would also need to reimburse the federal highway trust fund from the proceeds listed above.

In addition, the cash receipts impact assumes the remittance is found to be consistent with the 18th Amendment of the State Constitution, which restricts the expenditure of gas tax and vehicle license fees deposited into the Motor Vehicle Fund to “highway purposes.” Because Motor Vehicle Fund proceeds were used to acquire highway properties originally, a legal assessment of permissible uses of proceeds from their subsequent sale would be required. This assessment would also need to occur as it relates to federally funded projects, and distribution of real estate proceeds as required under other statutes; which includes the mega projects.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The WSDOT, pursuant to RCW 47.12.064, currently provides an annual real property inventory to the Department of Commerce (formerly Department of Community, Trade, and Economic Development). This bill requires that the Department of Commerce establish urban development areas for cities with a population over 200,000, and authorizes cities with populations fewer than 200,000 to establish urban development areas. WSDOT would then evaluate and identify its real property ownership that falls within the newly-established urban development areas. This inventory would require a change to the WSDOT Real Estate Services database, as well as staff to research and input data regarding urban development areas as established. In addition, staff would need to continue to research and update the data as the designated urban development areas are modified.

Once the boundaries are set, the department will be able to estimate the number of parcels affected and the resources necessary to provide a list; however, the associated workload is indeterminate until the scale of the project is identified. A similar project that inventoried and validated approximately 5,500 property and property rights acquired since 2002 utilized three FTEs (two Property and Acquisition Specialist 2s, and one Property and Acquisition Specialist 1) for a duration of 24 months (start to finish), including modification to the RES database, at a total cost of approximately \$275,000 to \$300,000.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Uncertain.

Individual State Agency Fiscal Note

Bill Number: 1752 HB	Title: Affordable urban housing	Agency: 465-State Parks and Recreation Commission
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Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

☐

If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☒

If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Sean Flynn	Phone: 360-786-7124	Date: 02/02/2017
Agency Preparation: Laura Moxham	Phone: (360) 902-8649	Date: 02/07/2017
Agency Approval: Pam Barkis	Phone: (360) 902-8535	Date: 02/07/2017
OFM Review: Heather Matthews	Phone: (360) 902-0543	Date: 02/07/2017

Part II: Narrative Explanation

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

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

HB 1752 would require the Washington State Parks and Recreation Commission to provide an annual inventory of all Commission owned property within an urban development area to the Department of Commerce by November 1st of each year. In addition, State Parks would be required to pay 20% of the fair market sale price on all property sales within urban development areas to the state treasurer to be deposited into an account for the Washington housing trust fund pursuant to RCW 43.63A.510 and RCW 43.185.030.

Section 3(1) requires government entities to submit an annual inventory of all real property owned within an urban development area to the Department of Commerce by November 1st of each year.

Section 3(2)(a) requires government entities to pay 20% of the fair market sale price on all property sales within urban development areas to be deposited into an account for the Washington housing trust fund.

State Parks assumes urban development areas are the same as urban growth areas.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Section 3 (2) (a) government entities that sell real property at fair market value (FMV) within an urban development area must remit an amount equal to 20% of the sale price to the state treasurer to deposit in the account established for the housing trust fund.

The amount to be deposited into the housing trust fund is indeterminate.

Note: This legislative change would have a negative impact to the Parkland Acquisition Account (PAA). This account was created to reinvest proceeds from property sales into future state park land acquisitions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 3(1) requires State Parks to submit an annual inventory of all real property owned within an urban development area to the Department of Commerce by November 1st of each year.

State Parks currently owns approximately 5,220 acres of land within urban development areas. Expenditures for the additional workload to produce the annual report is negligible.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None.

Individual State Agency Fiscal Note

Bill Number: 1752 HB	Title: Affordable urban housing	Agency: 490-Department of Natural Resources
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Sean Flynn	Phone: 360-786-7124	Date: 02/02/2017
Agency Preparation: Nicole Dixon	Phone: (360) 902-1200	Date: 02/07/2017
Agency Approval: Angus Brodie	Phone: 360-902-1355	Date: 02/07/2017
OFM Review: Heather Matthews	Phone: (360) 902-0543	Date: 02/07/2017

Part II: Narrative Explanation

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

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

Section 3 requires government entities who sell land within urban growth boundaries to give 20% of the proceeds to the Dept of Commerce for an affordable housing account, and to provide an annual list of properties owned in the Urban Growth Areas (UGA).

Section 3(8) The Department of Natural Resources (DNR) trust lands (both federal and state forest trust) are exempted from complying with this bill, so the 20% deduction would not apply. Any non-trust assets, primarily administrative sites and possibly escheats, may be subject to the 20% deduction from the sale price.

Section 10(1) The department shall conduct an inventory of real properties. The inventory request is a modification of a report DNR already files each year under the existing law, which requires submitting a list of “surplus” lands available for sale. There would be no additional staff costs for complying with this portion of the bill.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Proceeds to DNR from sales of non-trust land would be reduced by 20% of the net price. The affected fund would depend on which account was used to acquire the sale property originally; some parcels were purchased with appropriations from the state general fund. It is difficult to quantify the impact due to uncertainty regarding how many properties would be affected and what typical sale prices may be in those areas.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

No change in expenditures to implement. A property sale would be prioritized into regular staff workload.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1752 HB	Title: Affordable urban housing
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Cities of Seattle, Spokane, and any smaller cities that designate urban development areas will have expenditure impacts.
- ☒ Counties: King and Spokane counties and any counties that own property within an urban development area will have expenditure impacts.
- ☒ Special Districts: Port districts and regional transit authorities that own properties within an urban development area will have expenditure impacts.
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☒ Expenditures represent one-time costs: Expenditures include one-time costs of preparing an initial inventory of local government-owned properties within an urban development area; also one-time costs for cities smaller than 200,000 in population to designate urban development areas.
- ☒ Legislation provides local option: Qualified jurisdictions could choose to establish a designated urban development area.
- ☒ Key variables cannot be estimated with certainty at this time: The boundaries of any urban development zones created by smaller cities, or by Commerce within the cities of Seattle and Spokane; the number of smaller cities and which cities may designate urban development zones; the extent to which the cities, counties, port districts, and regional transit authorities may have properties within designated urban development zones; whether a given real property sold by any of the governmental entities covered by the bill is suitable for affordable housing; whether local governments covered by the bill will sell any properties; the market value and sale price of any such properties; the extent to which alternative properties are available for transfer or lease.

Estimated revenue impacts to:

Indeterminate Impact

Estimated expenditure impacts to:

Indeterminate Impact

Part III: Preparation and Approval

Fiscal Note Analyst: Allan Johnson	Phone: 360-725-5033	Date: 02/09/2017
Leg. Committee Contact: Sean Flynn	Phone: 360-786-7124	Date: 02/02/2017
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 02/09/2017
OFM Review: Shane Hamlin	Phone: (360) 902-0547	Date: 02/10/2017

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

This bill would establish the Affordable Housing Land Bank within the Department of Commerce, and would require certain local governments to inventory government properties within designated urban development areas. Those same local governments would be required to remit 20 percent of the proceeds of the sale of surplus properties within the urban development area to the Housing Trust Fund, to transfer an alternative property to the land bank for affordable housing, or to lease a separate property to an eligible organization for affordable housing. Among local governments, the bill's requirements would apply to cities, counties, school districts, port districts, and regional transit authorities.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

This bill would have an indeterminate fiscal impact of local government expenditures. These impacts would be related primarily to the cost of the annual inventory of property within designated urban areas. Some jurisdictions could incur expenditures related to conveyance of surplus land and affordable housing program operations. These costs cannot be predicted in advance.

These impacts would occur in:

- The cities of Seattle and Spokane, King and Spokane counties, the Port of Seattle, and Sound Transit (there is no port district nor regional transit authority in the City of Spokane);
- Any cities with populations less than 200,000 that have a single zip code or contiguous zip codes within which the assessed valuation of taxable properties over the previous five years is higher than the assessed valuation of the city as a whole over the same period, and that designate an urban development area;
- Any other counties, port districts, and regional transit districts that own properties within an urban development area.

INVENTORY OF PUBLIC LANDS:

Costs associated with completing the required inventory may be small to moderate, depending on whether the jurisdiction already maintains an inventory of its real properties. However, those costs are indeterminate due to the difficulty in determining which and how many jurisdictions may be affected. While larger jurisdictions such as Seattle and King County already prepare an annual property inventory, smaller jurisdictions may not have developed this capacity. The number of jurisdictions needing to establish annual inventories will depend, largely, upon how many eligible cities would choose to designate urban development areas. The cost to develop a new inventory system will depend upon the jurisdiction. Information provided by the Washington Public Ports Association (WPPA) estimated that compliance with the inventory requirement would have a small expenditure impact and that most ports will be able to come up with an inventory quickly and easily. It is not known if this situation would be similar for other local governments.

OTHER COSTS:

Jurisdictions could incur indeterminate costs if they chose to convey property to the new land bank or lease the property to an affordable housing provider. In these situations, costs would vary depending upon the nature of the property and its disposition. If a jurisdiction chose to lease the land, it would incur costs to ensure compliance with affordable housing requirements. These costs would be lower in jurisdictions that have an established affordable housing program. Jurisdictions that establish a new affordable housing program would face much higher expenditures; however, the magnitude of these costs cannot be predicted in advance.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

This bill would result in an indeterminate and potentially significant reduction in cash receipts for cities, counties, port districts and transit agencies located within designated urban areas.

The legislation would require remittance of 20 percent of the sales price of any surplus real property. Large jurisdictions like Seattle, King County, the Port of Seattle and Sound Transit currently engage in the sale of surplus property with cumulative annual sales often exceeding \$1 million per jurisdiction and sales prices for individual property sales sometimes exceeding \$1 million. For example, King County sold a property near Century Link field in 2013 for \$10 million and would have incurred a fiscal impact of \$2 million. The City of Seattle has sold an average of \$33.6 million in surplus property between 2014 and 2016. This would result in an annual fiscal impact of \$6.72 million per year based upon recent transaction volumes.

Total impacts on cash receipts are indeterminate due to the difficulty of determining:

- The number, type, timing, and sales price of properties the cities, counties, and special districts might sell.
- Whether the local governments when selling a property may decide to remit 20 percent of the sale price, transfer a different property in lieu of the 20 percent, or lease a property to an eligible organization in lieu of the 20 percent.
- Whether the sale price of an individual piece of property would result in sufficient proceeds to cover any security interest in the property plus the 20 percent, or if an amount equal to some or all of the 20 percent would have to come out of some other source than the sale proceeds.
- Whether other real property is available to transfer to the land bank or lease to eligible organizations in lieu of the 20 percent of the sale price.
- Whether a given parcel of real property would be determined suitable for affordable housing.
- Whether a city or county would opt to use a property that becomes available for their own affordable housing programs.

SOURCES:

City of Seattle
Department of Commerce
King County
Office of Financial Management
Port of Seattle
U.S. Postal Service
Washington Public Ports Association

Individual State Agency Fiscal Note

Bill Number: 1752 HB	Title: Affordable urban housing	Agency: SDF-School District Fiscal Note - SPI
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

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Agency Preparation: Mike Woods	Phone: (360) 725-6283	Date: 02/07/2017
Agency Approval: Mike Woods	Phone: (360) 725-6283	Date: 02/07/2017
OFM Review: Kate Davis	Phone: (360) 902-0570	Date: 02/07/2017

Part II: Narrative Explanation

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

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

The Department of Commerce must establish each urban development area with a city with a population of over two hundred thousand. There are currently 3 cities in Washington with populations over two hundred thousand (<http://mrsc.org/Home/Research-Tools/Washington-City-and-Town-Profiles.aspx?orderby=citypop&dir=up>).

Each governmental entity must identify and catalog all of its publicly owned real property within any urban development area. The inventory must be provided to the Department of Commerce by November 1 of each year. School districts are included in the definition of “governmental entity” in Section 3(9)(c).

Any governmental entity that sells real property at fair market value within an urban development area must remit an amount equal to 20% of the sale price to the state treasurer to be deposited into the account established for the Housing Trust Fund.

Section 6

Each school district that owns any real property owned within an urban development area must provide an annual inventory to the Department of Commerce, and must comply with the provisions of Section 3 regarding the sale or transfer of real property.

Sections 7 and 8 modify existing law to make them consistent with the requirements of Sections 3 and 6 of this bill.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

The impact to cash receipts is indeterminate because its unknown the number of properties owned by school districts in the newly created urban development areas and whether the districts would be sell these properties and at what value they would be sold.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

School districts will incur an annual cost of reporting to the Department of Commerce the properties owned in an urban development area. The impact to school districts is indeterminate because it's not known how many properties owned by districts are in an urban development area.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

The impact to the capital funds of school districts is indeterminate because it's not known how many properties will be located in an urban development area. Also, it's not known if school districts would sell these properties and the amount of each potential sale. Any amount transferred to the housing trust fund by a district will reduce the amount available for capital projects (school construction).

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.