

Multiple Agency Fiscal Note Summary

Bill Number: 1797 HB	Title: Accessory dwelling units
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Estimated Cash Receipts

NONE

Estimated Operating Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Enterprise Services	.0	0	12,000	.0	0	0	.0	0	0
Total \$	0.0	0	12,000	0.0	0	0	0.0	0	0

Local Gov. Courts *									
Loc School dist-SPI									
Local Gov. Other **			920,000						
Local Gov. Total			920,000						

Estimated Capital Budget Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Enterprise Services	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

NONE

Prepared by: Bryan Way, OFM	Phone: (360) 902-0650	Date Published: Final 2/19/2019
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 56114

Individual State Agency Fiscal Note

Bill Number: 1797 HB	Title: Accessory dwelling units	Agency: 179-Department of Enterprise Services
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
Account					
Building Code Council Account-State 084-1	12,000	0	12,000	0	0
Total \$	12,000	0	12,000	0	0

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: Robbi Kesler	Phone: 360-786-7153	Date: 02/15/2019
Agency Preparation: Michael Diaz	Phone: (360) 407-8131	Date: 02/19/2019
Agency Approval: Ashley Howard	Phone: (360) 407-8159	Date: 02/19/2019
OFM Review: Bryan Way	Phone: (360) 902-0650	Date: 02/19/2019

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 6 adds a new chapter to RCW 19.27 which requires the State Building Code Council (SBCC) to adopt rules pertaining to accessory dwelling units consistent with the new chapter to RCW 36. This has fiscal impact to the Department of Enterprise Services (DES).

Section 14 clarifies that sections 1 through 5 of this act constitute a new chapter in Title 36 RCW. This has no fiscal impact to DES.

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.

It is estimated that the SBCC would need two additional council meetings to implement the rules in Section 6 by April 1, 2020. Each additional council meeting is estimated to cost \$6,000 so the total cost of this section is \$12,000.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
084-1	Building Code Council Account	State	12,000	0	12,000	0	0
Total \$			12,000	0	12,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services	2,000		2,000		
G-Travel	10,000		10,000		
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	12,000	0	12,000	0	0

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.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1797 HB	Title: Accessory dwelling units
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities: Cities with 2,500 or more residents
- Counties: Counties with 15,000 or more residents
- Special Districts:
- Specific jurisdictions only: 152 cities and 32 counties
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs: Costs to amend regulations
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time: Current impact fees; difference between existing codes and new requirements; number of new accessory dwelling units

Estimated revenue impacts to:

Indeterminate Impact

Estimated expenditure impacts to:

Jurisdiction	FY 2020	FY 2021	2019-21	2021-23	2023-25
City	760,000		760,000		
County	160,000		160,000		
TOTAL \$	920,000		920,000		
GRAND TOTAL \$					920,000

Part III: Preparation and Approval

Fiscal Note Analyst: Allan Johnson	Phone: 360-725-5033	Date: 02/19/2019
Leg. Committee Contact: Robbi Kesler	Phone: 360-786-7153	Date: 02/15/2019
Agency Approval: Renee Martine-Tebow	Phone: 360-725-5045	Date: 02/19/2019
OFM Review: Bryan Way	Phone: (360) 902-0650	Date: 02/19/2019

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 legislation would require select cities and counties to allow two accessory dwelling units (ADUs) on all lots on which there is a single-family housing unit, duplex, triplex or townhome, regardless of zoning district. Cities and counties would be required to allow two accessory units on lots in a single family residential zones unless the lot is located in a jurisdiction where cluster zoning or lot size averaging has been adopted and the lot is under 3,000 square feet in size.

This legislation would establish new requirements and limitations for ADU provisions to which local codes must conform and which govern factors including:

- utility connections;
- sale of condominium units;
- limits on the number of unrelated residents on a single family lot;
- off-street parking requirements;
- owner occupancy requirements;
- gross floor area requirements;
- roof and wall height limits;
- setback requirements;
- rear yard coverage limits;
- entry door locations;
- tree retention requirements; and
- design requirements.

Cities and counties must adopt these provisions by April 1, 2020. They may not establish impact fees for accessory dwelling units that are greater than 50 percent of the amount set for a single family residence.

Existing accessory unit requirements established under RCW 43.63A.215 would be repealed.

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.

For the purposes of this analysis, it is assumed that 152 cities and 32 counties would need to amend their codes. The Local Government Fiscal Note (LGFN) Program estimates the typical costs of a complicated ordinance and hearing at \$5,000 per jurisdiction. The LGFN Program estimates that it will cost jurisdictions at least \$920,000 (152 cities + 32 counties x \$5,000/jurisdiction = \$920,000) to comply with the provisions of this legislation. However costs to amend codes may be higher depending upon the extent of public meetings and hearings through the amendment process.

Some communities may also experience costs associated with amendments to comprehensive plans and capital facility elements. In addition, this legislation may result in costs to revise buildable land analysis. These costs cannot be predicted and are indeterminate.

DISCUSSION:

This legislation would result in a variety of requirements and limitations governing accessory units. While many jurisdictions currently allow ADUs, it is assumed that all local governments with existing provisions would need to amend their codes to conform with this bill. In addition, a number of cities that do not have ADU provisions would be required to incorporate them in their code.

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.

Jurisdictions may experience an increase in permit revenue from new ADU construction in areas where it was not previously allowed. It is assumed that this legislation will not result in a reduction in ADU construction in any jurisdiction as these provisions do not appear more restrictive than any existing ADU codes. The magnitude of increase in ADU construction resulting from implementation of these provisions is not known. The impact on local government revenue is indeterminate.

Jurisdictions may incur a reduction of impact fee revenue if their current rate exceeds 50 percent of that charged for a single family unit. Jurisdictions expanding the capacity for ADU development, and which have enacted impact fee provisions, may experience and increase

in revenue from these fees. The number of jurisdictions where these impacts would occur is not known. The magnitude of change in impact fee revenue these locations is also not known.

BACKGROUND:

It is likely that ADUs would increase permit activity by a fraction of current development rates. In locations with high demand, such as portions of unincorporated San Juan County within urban growth areas, recent experience indicates a demand for up to one percent of new units created as ADUs. This legislation would establish more permissive ADU requirements both in terms of where these units must be allowed and how they may be constructed. These new standards may result in the creation of more ADUs, although the amount of increase from existing rates cannot be predicted, however, analysis by the Sightline Institute indicates rates of ADU construction of 35 percent of all single-family homes in Vancouver, BC. This compares with rates of one percent in Seattle.

The number of new accessory units will depend upon a number of factors such as: the local real estate climate; existing density; and existing lot sizes. These factors were identified as important determinates of ADU development in 2013 by Cynthia Krass in her thesis for the Master of Urban Planning degree at the University of Washington. In the four jurisdictions she surveyed, the number of new ADUs developed over a ten year period ranged from 0.15 percent to 1.02 percent of all single family parcels. Recent permit requests in San Juan County indicated demand for 15 units per year in unincorporated urban growth areas. San Juan County currently has 14,465 homes in unincorporated areas, although not all of these are located within urban growth areas. As a result, the ten year rate of 1.04 percent may be somewhat overstated ($15 \text{ unit per year} \times 10 \text{ years} / 14,465 \text{ existing homes} = 1.04 \text{ percent}$).

SOURCES:

Association of Washington Cities

Department of Commerce

"Factors Associated with Accessory Dwelling Unit Density", Cynthia Krass, UW Master of Urban Planning Thesis, 2013

Local Government Fiscal Note Program "Unit Cost" Data (2019)

Municipal Research Services Center

Office of Financial Management Population Estimates (2018)

San Juan County

Sightline Institute

Washington State Association of Counties