

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1220 S HB	<b>Title:</b> Emergency shelters & housing
-------------------------------	--

## Estimated Cash Receipts

NONE

## Estimated Operating Expenditures

Agency Name	2021-23				2023-25				2025-27			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Commerce	1.1	325,076	325,076	325,076	1.1	321,076	321,076	321,076	1.1	321,076	321,076	321,076
Environmental and Land Use Hearings Office	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>1.1</b>	<b>325,076</b>	<b>325,076</b>	<b>325,076</b>	<b>1.1</b>	<b>321,076</b>	<b>321,076</b>	<b>321,076</b>	<b>1.1</b>	<b>321,076</b>	<b>321,076</b>	<b>321,076</b>

Agency Name	2021-23			2023-25			2025-27		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

## Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Environmental and Land Use Hearings Office	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

Agency Name	2021-23			2023-25			2025-27		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

## Estimated Capital Budget Breakout

NONE

<b>Prepared by:</b> Gwen Stamey, OFM	<b>Phone:</b> (360) 902-9810	<b>Date Published:</b> Final 2/17/2021
--------------------------------------	---------------------------------	---

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1220 S HB	<b>Title:</b> Emergency shelters & housing	<b>Agency:</b> 103-Department of Commerce
-------------------------------	--	---

## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	1.1	1.1	1.1	1.1	1.1
<b>Account</b>					
General Fund-State 001-1	164,538	160,538	325,076	321,076	321,076
<b>Total \$</b>	164,538	160,538	325,076	321,076	321,076

### 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: Jessica Van Horne	Phone: 360-786-7288	Date: 02/11/2021
Agency Preparation: Matthew Ojennus	Phone: 360-725-4047	Date: 02/16/2021
Agency Approval: Joyce Miller	Phone: 360-725-2710	Date: 02/16/2021
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 02/16/2021

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 2 amends RCW 37.70A.070 requiring the Department of Commerce to provide each local government planning under the Growth Management Act with the number of housing units necessary to manage projected growth. Under current law, the housing inventory and housing needs analysis this is derived locally. The housing needs analysis must also identify needs for moderate, low, very low, and extremely low-income households and emergency housing and shelters and permanent supportive housing. The department is required to identify these needs and provide data on these needs to each jurisdiction for use in the next update to their plans.

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.

Section 2

In order for to fulfill the requirements of this legislation the department would need:

1.0 FTE Management Analyst 4 (2,088 hours) in FY22-FY27 to address this work. There are 246 cities and counties that this requirement applies to. Each will receive its projected growth for the next 20 years to be incorporated into their comprehensive plans beginning in 2022. This position will research the housing stock for each local government. This position will then look at project populations and socio-economic sectors to identify deficiencies in projected housing stock by income level. This work is continuous through the review and update requirements found in RCW 36.70A.130.

Salaries and Benefits:  
FY22-FY27: \$109,305 per fiscal year

Goods and Services, Travel and Equipment:  
FY22: \$18,069  
FY23-FY27: \$14,069 per fiscal year

Intra-agency Reimbursements:  
FY22-FY27: \$37,164 per fiscal year

Note: Standard goods and services costs include supplies and materials, employee development and training, Attorney General costs, central services charges and agency administration. Intra-agency-agency administration costs (e.g., payroll, HR, IT) are funded under a federally approved cost allocation plan.

=====

Total Costs

FY22: \$164,538  
 FY23-FY27: \$160,538 per fiscal year

### Part III: Expenditure Detail

#### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	164,538	160,538	325,076	321,076	321,076
Total \$			164,538	160,538	325,076	321,076	321,076

#### III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	1.1	1.1	1.1	1.1	1.1
A-Salaries and Wages	80,292	80,292	160,584	160,584	160,584
B-Employee Benefits	29,013	29,013	58,026	58,026	58,026
C-Professional Service Contracts					
E-Goods and Other Services	12,533	12,533	25,066	25,066	25,066
G-Travel	1,536	1,536	3,072	3,072	3,072
J-Capital Outlays	4,000		4,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	37,164	37,164	74,328	74,328	74,328
9-					
Total \$	164,538	160,538	325,076	321,076	321,076

#### III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2022	FY 2023	2021-23	2023-25	2025-27
Administrative Services - Indirect	69,552	0.1	0.1	0.1	0.1	0.1
Management Analyst 4	80,292	1.0	1.0	1.0	1.0	1.0
Total FTEs		1.1	1.1	1.1	1.1	1.1

#### III. D - Expenditures By Program (optional)

NONE

### Part IV: Capital Budget Impact

#### IV. A - Capital Budget Expenditures

NONE

#### IV. B - Expenditures by Object Or Purpose

NONE

#### IV. C - Capital Budget Breakout

*Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods*

NONE

**IV. D - Capital FTE Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

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.*

Section 2 will require rule making to address the new housing element requirements. These changes will be incorporated into the periodic rule making activities of the department.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1220 S HB	<b>Title:</b> Emergency shelters & housing	<b>Agency:</b> 468-Environmental and Land Use Hearings Office
-------------------------------	--	---

## Part I: Estimates

☒ **No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating 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: Jessica Van Horne	Phone: 360-786-7288	Date: 02/11/2021
Agency Preparation: Nina Carter	Phone: 360 664-9171	Date: 02/11/2021
Agency Approval: Nina Carter	Phone: 360 664-9171	Date: 02/11/2021
OFM Review: Lisa Borkowski	Phone: (360) 902-0573	Date: 02/11/2021

## 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.*

S HB 1220 is a substitute bill amending local planning and development regulations to support emergency shelters and housing.

#### Summary of Substitute Bill

Sec. 1 Updates the housing goals of the Growth Management Act to include planning for and accommodating affordable housing.

Sec. 2 Requires jurisdictions to address moderate, low, very low, and extremely low-income housing in the housing element of the comprehensive plan.

Sec. 3 and Sec. 4 Cities may not prohibit emergency housing and shelters plus form-based zones.

Sec. 5 Add new definition to GMA for emergency shelter and housing and moderate-income housing.

Sec. 6 Adds a new section to GMA a city or county should consider policies to encourage the construction of accessory dwelling units as a way to meet affordable housing goals.

No fiscal impact to the Growth Management Board because affordable housing is an issue now addressed by the Board. Workload generated by this bill will be absorbed by the current Board.

### 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

### III. A - Operating Budget Expenditures

NONE

### III. B - Expenditures by Object Or Purpose

NONE

**III. C - Operating FTE Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

NONE

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures



NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods*

NONE

**IV. D - Capital FTE Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

**Part V: New Rule Making Required**

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

<b>Bill Number:</b> 1220 S HB	<b>Title:</b> Emergency shelters & housing
-------------------------------	--

## Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

### Legislation Impacts:

- ☒ **Cities:** Cities that plan under the Growth Management Act (GMA) would have to update the Housing Element of their comprehensive plans, with the purpose of planning for and accommodating affordable housing for all income levels. Cities may not prohibit emergency housing, permanent supportive housing, or emergency shelters in zoning designations where short-term rentals are allowed.
- ☒ **Counties:** Counties that plan under the GMA would have to update the Housing Element of their comprehensive plans, in order to plan for and accommodate affordable housing for all income levels.
- ☐ **Special Districts:**
- ☒ **Specific jurisdictions only:** Amendments to municipal code would vary based on existing regulations.
- ☐ **Variance occurs due to:**

## Part II: Estimates

- ☐ No fiscal impacts.
- ☒ **Expenditures represent one-time costs:** Municipal ordinances to amend existing code are one-time costs for applicable jurisdictions.
- ☒ **Legislation provides local option:** There are accessory dwelling unit development regulation considerations that planning jurisdictions could adopt as a local option.
- ☒ **Key variables cannot be estimated with certainty at this time:** Cost for the Housing Element would vary based on scope of planning and implementation, the use of consultants and existing in-house planning staff, and accompanying public hearings. The number of municipalities that would need to amend their code is unknown; the complexity and number of hearings to implement an ordinance change is unknown and would vary by jurisdiction.

### Estimated revenue impacts to:

None

### Estimated expenditure impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

## Part III: Preparation and Approval

Fiscal Note Analyst: Jordan Laramie	Phone: 360-725-5044	Date: 02/17/2021
Leg. Committee Contact: Jessica Van Horne	Phone: 360-786-7288	Date: 02/11/2021
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/17/2021
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 02/17/2021

## Part IV: Analysis

### A. SUMMARY OF BILL

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

#### CHANGES FROM PRIOR BILL:

Sec. 2 amends RCW 36.70A.070 (Growth Management Act, Mandatory Elements)

Changes three new provisions to (2)(d)

--(ii) Changes the provision to include documenting programs and actions needed to achieve housing availability regardless of a planning jurisdiction's ability to achieve adequate housing for low, very low, extremely low-income households.

--(iii) Considers the role of housing location in relation to employment location

--(iv) Considers the role of accessory dwelling units to meet housing needs

Changes (2)(e) to include identifying local policies and regulations that result in racially disparate impacts.

Changes (2)(f) to include identifying local policies and regulations that begin to undo racially disparate impacts.

Changes (2)(h) to include identifying areas "that may be at higher risk" of displacement from market forces.

Changes (2)(g) to "establishing" anti-displacement policies with special consideration given to low, very low, extremely low-income households.

Sec. 5 amends RCW 36.70A.030 (Growth Management Act, Definitions)

(18) Modifies the definition of "moderate-income household" to at or below 120% of the median household income adjusted for household size.

Sec. 6 is a new section adding a chapter to RCW 36.70A (Growth Management Act)

In addition to ordinances, development regulations, and other official controls adopted or amended, cities and counties should consider policies to encourage the construction of accessory dwelling units (ADU), as a way to meet affordable housing goals.

The city or county:

(1) May not required the owner of the lot with an ADU to reside in the ADU or another dwelling unit on the same lot.

(2) May require the owner not use the ADU for short-term rental.

(3) May not count residents of the ADUs against existing limits on the number of unrelated residents on the same lot.

(4) May not establish a minimum gross floor area for ADUs that exceeds the state building code.

(5) Must make the same allowances for ADU's roofs, decks, balconies, and porches to encroach on setbacks, as are allowed for the principal unit.

(6) Must apply abutting lot set to ADUs on lots abutting zones with lower setback requirements.

(7) Must establish an amnesty program to help owners of unpermitted ADUs to obtain a permit.

(8) Must permit ADUs where: they are detached structures from the principal unit, on any lot that meets the minimum lot size requirements for the principal unit, and on any lot that is non-conforming because the lot is smaller than the minimum size, as long as the ADU would not increase the non-conformity of residential use.

(9) May not establish a maximum gross floor area requirement for ADUs that is less than 1,000 square feet, or 60% of the principal unit, whichever is greater, or that exceeds 1,200 square feet.

(10) Must allow ADUs to be converted from existing structures, even if they violate current code requirements for setbacks and lot coverages.

(11) May not require public street improvements as a condition of permitting ADUs.

(12) May not require installation of a new or separate utility connection between the ADU and a utility unless site conditions make it unavoidable. If necessary, utility connection charges must be consistent with established policies adopted by the water or sewer utility provider.

#### SUMMARY OF CURRENT BILL:

This legislation would amend the housing goal and create new Housing Element requirements within the Growth Management Act.

Planning jurisdiction's comprehensive plans and development regulations would be updated, such that, they plan for and accommodate the availability of affordable housing, which would occur equitably across different income thresholds and diminish racially disparate impacts. Additionally, municipalities may not prohibit emergency housing, permanent supportive housing, or emergency shelters in certain zoning designations where short-term rentals are allowed. There would also be a new chapter added to the Growth Management Act, where-in, cities and counties should consider policies to encourage the construction of accessory dwelling units (ADU), as a way to meet affordable housing goals.

#### BACKGROUND:

Short-term rental, per RCW 64.37.010, means a lodging use in which a dwelling unit, or a portion thereof, is offered or provided to a guest by a short-term rental operator for a fee for fewer than 30 consecutive days.

Of the 281 cities and 39 counties in Washington State, 214 cities and 28 counties fully plan under the GMA.

## **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.*

### **CHANGES FROM PRIOR BILL:**

Sec. 2 of this legislation would have an indeterminate expenditure impact for all planning jurisdictions, while Sec. 6 would be a local option that planning jurisdictions may or may not pursue.

Sec. 2 amends and includes new provisions for the GMA Housing element. There may be additional costs for these provisions through increased planning staff time to incorporate the displacement of low, very low, and extremely low-income residents of the jurisdiction, as well as, identifying policies and regulations to undo racially disparate impacts. These changes would require additional work, but the number of staff hours each jurisdiction would need to provide to incorporate these changes is unknown. It may be possible for jurisdictions to incorporate these changes within the budget of the Housing element update.

Sec. 6 is a new chapter to the GMA which creates housing considerations for planning jurisdictions to encourage the construction of ADUs, as a way to meet affordable housing goals. These are local options for jurisdictions that choose to adopt different ADU regulations into their city or county code. The number of jurisdictions that may adopt new provisions is unknown and would vary based on the jurisdiction's existing code related to ADU development regulations.

Costs to amend city or county code through ordinance change have different costs depending on the complexity of the ordinance and if a hearing of similar complexity is also required. The Local Government Fiscal Note Program 2021 Unit Cost Model estimates that ordinance costs for cities and counties, which includes drafting an ordinance, public notice, staff report, an advisory committee meeting and recommendation, a legislative board meeting, ordinance publication, public involvement, and costs for execute the ordinance, as follows:

Simple Ordinance Cost – Cities: \$556.07; Counties: \$553.23

Simple Ordinance Cost with Hearing of Same Complexity – Cities: \$2,159.75; Counties: \$2,118.72

Moderately Complex Ordinance Cost – Cities: \$1,862.59; Counties: \$1,856.32

Moderately Complex Ordinance Cost with Hearing of Same Complexity: Cities: \$3,727.27; Counties: \$3,687.52

Complex Ordinance Cost – Cities: \$5,465.33; Counties: \$5,450.03

Complex Ordinance Cost with Hearing of Same Complexity – Cities: \$8,243.50; Counties: \$8,211.47

Drafting and implementing an ordinance represent one-time costs to change the rules governing a municipality. However, the number of municipalities that would change their code as a result of this legislation, and the varying degree of complexity per ordinance, or if a hearing of similar complexity would be required, is not known at this time.

### **SUMMARY OF CURRENT BILL:**

The expenditure impact of this legislation would be indeterminate, but potentially significant, for jurisdictions that plan under the Growth Management Act (GMA) to enact the purposed changes to the Housing Element into their comprehensive plans. There may also be additional, but indeterminate, costs for the changes to the Housing element to address displacement of low, very low, and extremely low-income residents from market forces, as well as, addressing past discriminatory housing practices. The new code city and county provisions may require updating municipal codes where applicable. However, the number of municipalities that would be required to change their code is unknown.

The substitute also provides a local option for cities and counties planning under the GMA to incorporate new accessory dwelling unit (ADU) development provisions into their city or county code. These provisions are encouraged and not a requirement under this legislation.

## **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 legislation is would not impact local government revenues.

### **SOURCES:**

Association of Washington Cities

