

Multiple Agency Fiscal Note Summary

| | |
|---------------------------------|---|
| Bill Number: 1042 E S HB | Title: Use of existing buildings |
|---------------------------------|---|

Estimated Cash Receipts

NONE

Estimated Operating Expenditures

| Agency Name | 2023-25 | | | | 2025-27 | | | | 2027-29 | | | |
|-----------------------------------|--|----------------|----------------|----------------|------------|----------|-------------|----------|------------|----------|-------------|----------|
| | FTEs | GF-State | NGF-Outlook | Total | FTEs | GF-State | NGF-Outlook | Total | FTEs | GF-State | NGF-Outlook | Total |
| Department of Commerce | .0 | 0 | 0 | 0 | .0 | 0 | 0 | 0 | .0 | 0 | 0 | 0 |
| Department of Enterprise Services | .5 | 163,600 | 163,600 | 163,600 | .0 | 0 | 0 | 0 | .0 | 0 | 0 | 0 |
| Washington State University | Non-zero but indeterminate cost and/or savings. Please see discussion. | | | | | | | | | | | |
| Total \$ | 0.5 | 163,600 | 163,600 | 163,600 | 0.0 | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 |

| Agency Name | 2023-25 | | | 2025-27 | | | 2027-29 | | |
|---------------------|--|----------|-----------|---------|----------|-------|---------|----------|-------|
| | FTEs | GF-State | Total | FTEs | GF-State | Total | FTEs | GF-State | Total |
| Local Gov. Courts | | | | | | | | | |
| Loc School dist-SPI | | | | | | | | | |
| Local Gov. Other | | | 2,035,200 | | | | | | |
| Local Gov. Other | In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note. | | | | | | | | |
| Local Gov. Total | | | 2,035,200 | | | | | | |

Estimated Capital Budget Expenditures

| Agency Name | 2023-25 | | | 2025-27 | | | 2027-29 | | |
|-----------------------------------|------------|----------|----------|------------|----------|----------|------------|----------|----------|
| | FTEs | Bonds | Total | FTEs | Bonds | Total | FTEs | Bonds | Total |
| Department of Commerce | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Department of Enterprise Services | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Washington State University | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Total \$ | 0.0 | 0 | 0 | 0.0 | 0 | 0 | 0.0 | 0 | 0 |

| Agency Name | 2023-25 | | | 2025-27 | | | 2027-29 | | |
|---------------------|--|----------|-------|---------|----------|-------|---------|----------|-------|
| | 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

| | | |
|---------------------------------------|---------------------------------|---|
| Prepared by: Cheri Keller, OFM | Phone: (360) 584-2207 | Date Published: Final 2/21/2023 |
|---------------------------------------|---------------------------------|---|

Individual State Agency Fiscal Note

| | | |
|---------------------------------|---|---|
| Bill Number: 1042 E S HB | Title: Use of existing buildings | Agency: 103-Department of Commerce |
|---------------------------------|---|---|

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: Melissa Van Gorkom | Phone: 360-786-7491 | Date: 02/13/2023 |
| Agency Preparation: Buck Lucas | Phone: 360-725-3180 | Date: 02/16/2023 |
| Agency Approval: Jason Davidson | Phone: 360-725-5080 | Date: 02/16/2023 |
| OFM Review: Gwen Stamey | Phone: (360) 790-1166 | Date: 02/16/2023 |

Part II: Narrative Explanation

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

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

This bill seeks to remove both financial and development regulation barriers to the creation of new housing units within existing buildings. It appears to ease the path to allow new residential units in buildings previously used for any use type.

The Department of Commerce (department) anticipates a minor administrative impact that would require updates to our guidance, and possibly small, technical adjustments to Chapter 365-196 WAC. The department can absorb the administrative impacts of the proposed bill with current staffing. The department will initiate a broader rulemaking effort to address GMA-related housing issues in 2023, and can incorporate any necessary updates in that project.

Section 1 and Section 2 amend RCW 35A.21 the rules for cities as follows:

- A city cannot restrict density if all new residential units are inside the existing building envelope in a zone that permit multifamily housing— except as needed for fire and life safety standards.
- A city cannot impose parking requirements for additional dwelling and living units within an existing building.
- A city cannot add permitting requirements or impose design standard requirements, setbacks, lot coverage, and floor area ratio requirements on the residential use of an existing building unless they are requirements generally applicable to all residential development within the zone.
- Exterior design or architectural requirements cannot be applied to the existing building unless necessary for health and safety standards for the interior use of the building.
- A city cannot prohibit a residential unit being added in any specific part of an existing building.
- A building cannot be required to meet the current energy code solely because of the addition of new dwelling units within the building.
- A city cannot deny a building permit application because of nonconformity with parking standards, height, setbacks, elevators, and modulations unless the city council makes a written finding that the nonconformity causes a significant detriment to the surround area or require a transportation concurrency study under the GMA or environmental review under SEPA.

Section 3 adds a new section to RCW 19.27A directing the state building code council to adopt an exemption to the energy code. The exemption would apply when the only reason for bringing a building up to meet the energy code is the addition of a residential unit within the building. The exemption needs to be adopted into Chapter 19.27A RCW Energy Related Building Standards by January 1, 2024.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

There is no impact to the department. The department would provide updated guidance as a part of planned rulemaking and guidance updates from Growth Management Act-related housing issues and can incorporate these activities within the Local Government Division.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals 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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

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

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

| | | |
|---------------------------------|---|--|
| Bill Number: 1042 E S HB | Title: Use of existing buildings | Agency: 179-Department of Enterprise Services |
|---------------------------------|---|--|

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

| | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|--------------------------|---------|---------|---------|---------|---------|
| FTE Staff Years | 1.0 | 0.0 | 0.5 | 0.0 | 0.0 |
| Account | | | | | |
| General Fund-State 001-1 | 163,600 | 0 | 163,600 | 0 | 0 |
| Total \$ | 163,600 | 0 | 163,600 | 0 | 0 |

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: Melissa Van Gorkom | Phone: 360-786-7491 | Date: 02/13/2023 |
| Agency Preparation: Michael Diaz | Phone: (360) 407-8131 | Date: 02/16/2023 |
| Agency Approval: Ashley Howard | Phone: (360) 407-8159 | Date: 02/16/2023 |
| OFM Review: Cheri Keller | Phone: (360) 584-2207 | Date: 02/16/2023 |

Part II: Narrative Explanation

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

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

Sections 1 adds a new section to RCW 35A.21 that requires cities to adopt requirements by July 1, 2024, for multifamily housing without imposing any additional design, parking, or setback requirements, and shall not require a building used for residential purposes to meet the current energy code solely because of the addition of new units within the building. This has no fiscal impact to the Department of Enterprise Services (DES).

Section 2 adds a new section to RCW 35.21 that requires cities to adopt requirements by July 1, 2024, for multifamily housing without imposing any additional design, parking, or setback requirements, and shall not require a building used for residential purposes to meet the current energy code solely because of the addition of new units within the building. This has no fiscal impact to DES.

Section 3 adds a new section to RCW 19.27A that requires the State Building Code Council (SBCC) to adopt rules by January 1, 2024, waiving the current energy code requirements for existing buildings used for residential purposes solely because of the addition of new dwelling units within the building. This has fiscal impact to DES.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Section 3 requires the State Building Code Council (SBCC) to adopt rules to waive current energy code requirements for residential purposes solely because of the addition of new dwelling units within the building. The current implementation date identified in HB 1042 would require off-cycle code adoption by SBCC. Off-cycle rulemaking requires additional Council and Technical Advisory Group (TAG) meetings, public hearings, and testimony.

The SBCC would need to meet for an additional four council meetings with eight council members, twenty-two advisory meetings with one member, two public hearings with one member, and four building, fire and plumbing committee meetings with seven members to establish these codes. Travel costs for an SBCC member to attend a meeting are as follows:

- Round-trip air travel \$527
- Per Diem \$311
- Rental car \$50
- Parking \$12
- Total \$900/day

Two Council Meetings multiplied by eight council members equals \$14,400. Three Advisory Meetings multiplied by one council member equals \$2,700. Two public hearings meetings multiplied by two council member equals \$3,600. One Committee Meeting multiplied by seven council members equals \$6,300. The total fiscal impact for travel costs for DES is estimated to be \$27,000.

Off-cycle rulemaking also impacts the administrative staff that supports the SBCC.

For purposes of this analysis, DES assumes that 1.0 Management Analyst 5 would be required for up to 12 months and the

position would start July 1, 2023.

The impact to the administrative staff supporting the SBCC will be reevaluated at the end of the legislative session to determine the combined impact of legislation passed. A supplemental budget request to right-size the staffing levels might be needed for the 2024 session.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

| Account | Account Title | Type | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|-----------------|---------------|-------|---------|---------|---------|---------|---------|
| 001-1 | General Fund | State | 163,600 | 0 | 163,600 | 0 | 0 |
| Total \$ | | | 163,600 | 0 | 163,600 | 0 | 0 |

III. B - Expenditures by Object Or Purpose

| | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|--------------------------------------|---------|---------|---------|---------|---------|
| FTE Staff Years | 1.0 | | 0.5 | | |
| A-Salaries and Wages | 91,500 | | 91,500 | | |
| B-Employee Benefits | 31,100 | | 31,100 | | |
| C-Professional Service Contracts | | | | | |
| E-Goods and Other Services | 14,000 | | 14,000 | | |
| G-Travel | 27,000 | | 27,000 | | |
| 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 \$ | 163,600 | 0 | 163,600 | 0 | 0 |

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 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|----------------------|--------|---------|---------|---------|---------|---------|
| Management Analyst 5 | 91,524 | 1.0 | | 0.5 | | |
| Total FTEs | | 1.0 | | 0.5 | | 0.0 |

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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

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

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

| | | |
|---------------------------------|---|--|
| Bill Number: 1042 E S HB | Title: Use of existing buildings | Agency: 365-Washington State University |
|---------------------------------|---|--|

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. 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: Melissa Van Gorkom | Phone: 360-786-7491 | Date: 02/13/2023 |
| Agency Preparation: Anne-Lise Brooks | Phone: 509-335-8815 | Date: 02/17/2023 |
| Agency Approval: Chris Jones | Phone: 509-335-9682 | Date: 02/17/2023 |
| OFM Review: Ramona Nabors | Phone: (360) 742-8948 | Date: 02/21/2023 |

Part II: Narrative Explanation

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

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

ES HB 1042 prohibits cities from imposing certain restrictions or requirements on new housing units constructed within an existing building that is in a zone that permits multifamily housing.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

It is unknown at this time if and how code cities adjacent to Washington State University's (WSU) campuses may change their ordinances, regulations, or permitting as a result of the bill, and what effect this may have on WSU. For purposes of the fiscal note, WSU assumes the impact will be indeterminate and under \$50,000 to address any required changes to its capital planning or facilities operations.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

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

III. B - Expenditures by Object Or Purpose

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

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals 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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

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

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1042 E S HB

Title: Use of existing buildings

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

Legislation Impacts:

Cities: Code cities and cities would be required to pass new ordinances for increased residential density within existing buildings.

Counties:

Special Districts:

Specific jurisdictions only: Code cities and cities.

Variance occurs due to:

Part II: Estimates

No fiscal impacts.

Expenditures represent one-time costs: Ordinance adoption costs.

Legislation provides local option:

Key variables cannot be estimated with certainty at this time: Number of code cities and cities that would not pass the ordinance by required deadline.

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

| Jurisdiction | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|-----------------------|-----------|---------|-----------|---------|-----------|
| City | 2,035,200 | | 2,035,200 | | |
| TOTAL \$ | 2,035,200 | | 2,035,200 | | |
| GRAND TOTAL \$ | | | | | 2,035,200 |

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

Part III: Preparation and Approval

| | | |
|--|-----------------------|------------------|
| Fiscal Note Analyst: Jordan Laramie | Phone: 360-725-5044 | Date: 02/20/2023 |
| Leg. Committee Contact: Melissa Van Gorkom | Phone: 360-786-7491 | Date: 02/13/2023 |
| Agency Approval: Alice Zillah | Phone: 360-725-5035 | Date: 02/20/2023 |
| OFM Review: Cheri Keller | Phone: (360) 584-2207 | Date: 02/20/2023 |

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

This engrossed substitute house bill would authorize cities and code cities to allow existing buildings to have additional units in the building, if the building is located within a zone that permits multifamily housing, and so long as generally applicable health and safety standards can be met. Cities and code cities would be required to adopt these increased residential density provisions into their local code through ordinances, development and zoning regulations, or other official controls by July 1, 2024.

Sec. 1 would be a new section added to chapter 35A.21 RCW

Beginning July 1, 2024, a code city may not impose any of the following on an existing building through ordinances, development and zoning regulations, or other official controls: restrictions on housing unit density that prevent additional units in the building located within a zone that permits multifamily housing, so long as generally applicable health and safety standards can be met;

Parking requirements on the addition of dwelling or living units added within an existing building;

Permitting requirements beyond those requirements generally applicable to all residential development within the building's zone;

Design standard requirements, including setbacks, lot coverage, and floor area ratio requirements beyond those requirements generally applicable to all residential development within the building's zone;

Exterior design or architectural requirements beyond those necessary for health and safety of the use of the interior of the building, unless the building is listed on a local, state, or national historic register;

Prohibitions on the addition of housing units in any specific part of a building, unless the units would violate applicable building codes or health and safety standards;

Current energy code requirements solely due to the addition of new dwelling units; or a transportation concurrency or State Environmental Policy Act study based on the addition of residential units.

A code city may not deny a building permit application for the addition of housing units to an existing building due to the nonconformity of the existing structure including parking, height, setbacks, elevator size for gurney transport, or modulation, unless the city's legislative authority makes written findings that the nonconformity is causing a significant detriment to the surrounding area.

A code city is not required to approve a building permit application for the addition of housing units within an existing building that cannot satisfy life safety standards.

By July 1, 2024, code cities must incorporate the standards into their development and zoning regulations, and other official controls, or any conflicting local development regulations are superseded, preempted, and invalidated.

Sec. 2 would be a new section added to chapter 35.21 RCW

Same language as Sec. 1 but for city statute.

Sec. 3 would be a new section added to chapter 19.27A RCW

By January 1, 2024, the SBCC must amend the State Energy Code to waive the requirement for an existing building to meet current energy code requirements solely due to the addition of new dwelling units in the building.

This bill would go into effect 90 days after adjournment of session in which bill is passed.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

This engrossed substitute house bill would have expenditure impacts for 212 cities and code cities to adopt increased residential density within existing buildings into their local code through ordinances that modify development and zoning regulations, or other official controls.

For expenses that can be estimated at this time, there would be at least \$2.0 million in ordinance adoption for the 197 code cities and 15 first- and second-class cities impacted by this bill to increased density within existing building envelopes in cities and code cities. The timing of these ordinances would occur in FY24 to comply with the July 1, 2024, deadline established in Sec. 1(1) and Sec. 2(1).

An unknown number of code cities and cities may implement the ordinances in this bill after the July 1, 2024, deadline. If code city or city did not meet the implementation deadline, it may open the jurisdiction to legal challenges. There may also be an increase in workload expenses for local planning department staff to parse through applicable portions of existing code to see what was still enforceable after the state statute supersedes local code.

Adopting the Increased Residential Density within Existing Building Ordinances:

\$2,035,200 – For expenses that can be estimated at this time, the costs for cities and code cities to adopt ordinances for the increased residential density in existing buildings may exceed \$2.0 million (see calculations below). The guidelines within the ordinance cannot impose parking, permitting, design standards, or exterior or architectural standards that are more restrictive than those found in other developments within the multifamily zone, so long as health and safety requirements can be met. These requirements may be more prescriptive than existing local code in jurisdictions that allow development within a building envelope.

The Local Government Fiscal Program Unit Cost Model estimates that the cost the typical cost to adopt a complex ordinance with a hearing of the same complexity at \$9,584 per city. According to the Association of Washington Cities, in review of similar objective design review ordinance specified by HB 1293 (2023) the steps to adopt the local ordinance would be complex and have the following processes:

This work would include a local planner drafting the code amendments by review of exist local code and example model code. These amendments would be vetted with the planning team, which would then be reviewed by the planning manager and the planning director. A planner would then write a minimum of four staff reports. The planning manager, planning director and attorney would review all four staff reports. The two staff reports prepared for the council would also be reviewed by the legislative authorities of the jurisdiction.

The planning commission clerk would prepare advertisements, post comment letters to the web, prepare meeting packets for two meetings and setup for/attend two meetings. They would also review and publish two sets of minutes following these meetings. The clerk would do the same for at a minimum two council meetings. This work would be conducted over four public meetings (one of the meetings would be the public hearing) to update the code. During this work, there would be two planning commission meetings and two council meetings (at a required minimum). All meetings would be staffed with a clerk, attorney, planner and planning director at a minimum for this item.

Costs for Amended Local Code for Increased Residential Density within Existing Building Ordinances:

212 cities x \$9,600 = \$2,035,200

Estimate Total: \$2,035,200

Some jurisdictions may elect not to bring their codes into conformance with the requirements of this legislation prior to the applicable deadline. In these jurisdictions, the provision would automatically apply and take effect. It is unclear if these jurisdictions would incur any legal costs based upon codes that do not conform to the required code measures. Such costs

cannot be anticipated in advance and are indeterminate.

If a jurisdiction were unable to update their code by the applicable deadlines, and their code were superseded by the statute authorized in this act, there would be increased workload for city staff to parse their code and differentiate which portions were still enforceable and which were superseded. This would increase the staff time needed to administer their code by an unknown amount, and only impact code cities and cities that did not implement the ordinance established by this act by the applicable deadline.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

This legislation is not anticipated to impact local government revenue.

SOURCES:

American Planning Association – Washington

Department of Commerce

Local Government Fiscal Note Program, FN HB 1337 (2023)

Local Government Fiscal Note Program, FN 1293 (2023)

Local Government Fiscal Note Program, Unit Cost Model (2023)

Municipal Research and Services Center, Cities and Town Classification