

Multiple Agency Fiscal Note Summary

Bill Number: 1167 2S HB	Title: Residential housing
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Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Fiscal note not available					
Local Gov. Total						

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
Office of the Governor	.0	225,000	225,000	225,000	.0	0	0	0	.0	0	0	0
Department of Commerce	1.6	476,165	476,165	476,165	1.2	324,436	324,436	324,436	1.2	324,436	324,436	324,436
Department of Commerce	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Department of Enterprise Services	Fiscal note not available											
Total \$	1.6	701,165	701,165	701,165	1.2	324,436	324,436	324,436	1.2	324,436	324,436	324,436

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	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of the Governor	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Department of Enterprise Services	Fiscal note not available								
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	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Breakout

NONE

Prepared by: Gwen Stamey, OFM	Phone: (360) 790-1166	Date Published: Preliminary 3/ 3/2023
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Individual State Agency Fiscal Note

Bill Number: 1167 2S HB	Title: Residential housing	Agency: 075-Office of the Governor
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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
Account					
General Fund-State 001-1	225,000	0	225,000	0	0
Total \$	225,000	0	225,000	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: Jackie Wheeler	Phone: 360-786-7125	Date: 02/28/2023
Agency Preparation: Tracy Sayre	Phone: 360-890-5279	Date: 03/01/2023
Agency Approval: Jamie Langford	Phone: (360) 870-7766	Date: 03/01/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 03/02/2023

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.

Changes made in the second substitute bill did not impact sections pertaining to the Office of Regulatory and Innovation Assistance and therefore does not change the Office's previous fiscal note assumptions.

SHB 1167 requires the Office of Regulatory and Innovation Assistance (ORIA) to contract with an external consultant or entity to develop an optional standard plan set that demonstrates a prescriptive compliance pathway that meets or exceeds all energy code regulations for residential housing, subject to the International Residential Code

The standard plan set must be completed by December 31, 2023.

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.

ORIA will need to run a procurement and execute a contract with the successful consultant or entity to carry out the required work. After conferring with industry experts and reviewing similar contracts we estimate the work will could require up to 900 hours @ \$250 per hour. Funding for the consultant or firm is estimated to cost up to \$225,000.

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	225,000	0	225,000	0	0
Total \$			225,000	0	225,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts	225,000		225,000		
E-Goods and Other Services					
G-Travel					
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 \$	225,000	0	225,000	0	0

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: 1167 2S HB	Title: Residential housing	Agency: 103-Department of Commerce
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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	1.6	1.6	1.6	1.2	1.2
Account					
General Fund-State 001-1	237,452	238,713	476,165	324,436	324,436
Total \$	237,452	238,713	476,165	324,436	324,436

In addition to the estimates above, there are additional indeterminate costs 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: Jackie Wheeler	Phone: 360-786-7125	Date: 02/28/2023
Agency Preparation: Buck Lucas	Phone: 360-725-3180	Date: 03/03/2023
Agency Approval: Jason Davidson	Phone: 360-725-5080	Date: 03/03/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 03/03/2023

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.

Differences between the second substitute bill and the substitute bill:

The second substitute does not change the fiscal impact to the Department of Commerce (department) .

- The department's grant program is amended from concerning pre-approved middle housing plans to pre-approved accessory dwelling unit (ADU) plans.
- The scope of work required by work groups convened by the state Building Code Council (council) with respect to middle housing standards is changed.
- Local governments' authority to adopt development regulations regarding single exit residential buildings is removed and replaced with a council workgroup convened for making recommendations on single exit residential buildings.
- The development regulations required by jurisdictions to adopt regarding middle housing standards is changed along with the implementation date.
- The SEPA categorical exemption for infill development is re-instated from the original version of the bill.
- The deadline for completion of an optional standard plan or pathway for residential housing to meet or exceed energy code requirements is changed.
- A null and void clause is added.

Summary of the second substitute:

Section 1 adds a new section to RCW 36.70A requiring the department to develop and administer a new grant program to provide direct financial assistance to counties and cities for the adoption of preapproved ADU plans.

Section 2 adds a new section to RCW 19.27 requiring the council to convene a work group to recommend a mechanism in the International Residential Code (IRC) for adopting by reference provisions for multiplex housing contained in the International Building Code (IBC), instead of including multiplex housing in the IRC and exempting it from the IBC. The council is also required to convene a work group for the purpose of recommending modifications and limitations that would allow a single-exit stairway to serve multifamily residential structures up to six stories above grade plane, including considerations for water supply, the presence of a professional fire department, and any other provisions necessary to ensure public health, safety, and general welfare. Recommendations from these work groups must be provided to the council by July 1, 2026.

Section 3 adds a new section to RCW 36.70A changing the date by which cities and counties must adopt the required regulations for middle housing from July 1, 2025 to six months after a jurisdiction's next comprehensive plan update; clarifies that development regulations for middle housing, not multiplex housing, must not be more restrictive than that for detached single-family residences; modifies the definition of middle housing and middle housing types; and prohibits a city from requiring more than a single stairway in residential buildings of six stories or less if the conditions in the IBC are met, beginning July 1, 2026.

Section 4 amends RCW 43.21C.229 establishing a categorical exemption from SEPA for infill development within a quarter mile of a community core location.

Section 5 changes the deadline for completion of an optional standard plan or pathway for residential housing to meet or exceed energy code requirements from December 31, 2023 to June 30, 2024.

Section 6 adds a null and void clause, making the bill null and void unless funded in the omnibus appropriations act by June 30, 2023.

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.

Agency assumptions:

- The department must provide staffing for a grant program to assist cities and counties to modify codes and processes that will accommodate more ADUs.
- The grants under this act are indeterminate and subject to appropriation. It is unknown how many cities or counties would seek funding or at what level.
- The department assumes staff support will be required to monitor and provide input on the work groups that will be undertaken by the building code council (Section 2) to consider building code changes for middle housing.
- Additional rulemaking will be required to update department guidance and technical assistance to local governments related to Section 3, requiring moderate AAG review.

1.0 FTE Commerce Specialist 3, (2,088 hours) in FY 24-29, each fiscal year, for the new grant program development and ongoing management under Section 1.

0.2 FTE Commerce Specialist 3 (418 hours) in FY24-FY25, each fiscal year, to participate in the state building code council work group, providing needed technical assistance and monitoring.

0.2 FTE Management Analyst 4 (418 hours) in FY 24-25, each fiscal year, for update to technical assistance guidance and rulemaking to implement the changes under Section 3.

Salary & Benefits:

FY24: \$156,462

FY25: \$161,798

FY26-FY29: \$114,847 per fiscal year

Goods & Services:

Attorney General costs: \$5,000 in FY24-FY25 for 23.8 hours at \$210 per hour each fiscal year, for legal review of draft guidelines adopted by rule for the new Section 3 guidance through rulemaking.

FY24: \$18,414

FY25: \$18,423

FY26-FY29: \$9,586 per fiscal year

Travel:
 Travel includes stakeholder outreach to local governments.

FY24-FY25: \$5,260 per fiscal year

Equipment:
 Standard workstations in FY24 to include a computer/tablet.

FY24: \$5,840

Intra-agency Reimbursements:
 FY24: \$51,476
 FY25: \$53,232
 FY26-FY29: \$37,785 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.

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 Total Costs:
 FY24: \$237,452
 FY25: \$238,713
 FY26-FY29: \$162,218 per fiscal year

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	237,452	238,713	476,165	324,436	324,436
Total \$			237,452	238,713	476,165	324,436	324,436

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

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.6	1.6	1.6	1.2	1.2
A-Salaries and Wages	115,709	119,181	234,890	169,036	169,036
B-Employee Benefits	40,753	42,617	83,370	60,658	60,658
C-Professional Service Contracts					
E-Goods and Other Services	18,414	18,423	36,837	19,172	19,172
G-Travel	5,260	5,260	10,520		
J-Capital Outlays	5,840		5,840		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	51,476	53,232	104,708	75,570	75,570
9-					
Total \$	237,452	238,713	476,165	324,436	324,436

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

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
Administrative Services - Indirect	111,168	0.2	0.2	0.2	0.2	0.2
Commerce Specialist 3	82,056	1.2	1.2	1.2	1.0	1.0
Management Analyst 4	86,212	0.2	0.2	0.2		
Total FTEs		1.6	1.6	1.6	1.2	1.2

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.

The department will likely need to update its guidance under chapter 365-196 WAC to implement the new requirements under Sections 3.