

Multiple Agency Fiscal Note Summary

Bill Number: 1250 S HB	Title: Low-income home rehab. prg.
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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
Department of Commerce	.7	0	0	187,813	.0	0	0	0	.0	0	0	0
Total \$	0.7	0	0	187,813	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 Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Commerce	.0	(6,000,000)	(6,000,000)	.0	0	0	.0	0	0
Department of Commerce	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Total \$	0.0	(6,000,000)	(6,000,000)	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

Agency Name	2023-25	2025-27	2027-29
	Total	Total	Total
Department of Commerce			
Grants/Loans	(6,000,000)	0	0
In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.			
Total \$	(6,000,000)	0	0

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Individual State Agency Fiscal Note

Bill Number: 1250 S HB	Title: Low-income home rehab. prg.	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	1.4	0.0	0.7	0.0	0.0
Account					
Low-Income Home Rehabilitation Revolving Loan Program Account-State 21L-1	187,813	0	187,813	0	0
Total \$	187,813	0	187,813	0	0

Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Pre-design/Design	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	(6,000,000)	0	0	0	0	0
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	(6,000,000)	0	0	0	0	0

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

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: Dan Nguyen	Phone: (206) 454-2207	Date: 03/06/2023
Agency Approval: Jason Davidson	Phone: 360-725-5080	Date: 03/06/2023
OFM Review: Myra Baldini	Phone: (360) 688-8208	Date: 03/07/2023

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.

The difference between SHB 1250 and the original bill:

Section 1(4) amends income eligibility for the program to re-include homeowners with incomes at or below 200% of the federal poverty level.

Section 3(2)(c)(i) provides the option for the cost of the home rehabilitation to be based on 80% of the property's appraised value after rehabilitation rather than only the assessed value.

Section 3(2)(c)(ii) increases the maximum grant award from \$40,000 to \$50,000.

There are no differences between the house bill and the substitute house bill 1250 that affect the fiscal impact to the Department of Commerce (department).

Summary of SHB 1250:

The bill relates to modifying the low-income home rehabilitation program; amends RCW 43.330.480, 43.330.482, and 43.330.488; adds new sections to chapter 43.330 RCW; repeals RCW 43.330.482 and 43.330.486; provides an effective date; provides a contingent effective date; and declares an emergency.

Section 1 amends RCW 43.330.480 to change and define "Low-income" to mean persons or households with income at or below 200 percent of the federal poverty level, 80 percent of area median income for the county in which the home receiving rehabilitation is located or 60 percent of the state median income, whichever is greater, and adjusted for household size.

Section 2(1) amends RCW 43.330.482 that stating that on July 1, 2023, the low-income home rehabilitation revolving loan program is terminated except for purposes of addressing outstanding loans as provided in this section, and the department and partnering rehabilitation agencies must immediately cease issuing new loans under the program.

Section 2(3) is amended to state that the balance of any loan previously issued under this section that is outstanding as of the effective date of this section is forgiven. The forgiveness applies to all remaining amounts owed, including loan principal, interest, and fees. Loan forgiveness is not retroactive and does not apply to any loans issued under this section paid in full before the effective date of this section.

Section 3 is a new section added to RCW 43.330 and, subject to availability of amounts appropriated, creates the low-income home rehabilitation grant program within the department. The program must include the following:

- (a) Eligible homeowners must be low-income and live in rural areas.
- (b) Homeowners who are senior citizens, persons with disabilities, families with children five years old and younger, and veterans must receive priority for grants.
- (c) The cost of the home rehabilitation must be the lesser of 80 percent of the assessed value of the property post rehabilitation or \$50,000.
- (d) The maximum amount that may be granted under this program may not exceed the cost of the home rehabilitation as provided in (c) of this subsection.

Section 4 is a new section added to chapter 43.330 RCW that requires the department to contract with rehabilitation agencies to provide home rehabilitation to participating homeowners, giving preference to local agencies delivering programs

and services with similar eligibility criteria. Any rehabilitation agencies receiving funding under this section must report to the department quarterly or in alignment with federal reporting project costs and the number of homes repaired or rehabilitated. The department is required to review the accuracy of these reports.

Section 5 amends RCW 43.330.488 to include the low-income home rehabilitation grant program created in section 3 of this act. The bill states the director may expend moneys in the account after July 1, 2023, and stipulates monies in the account can only be used for wind-down costs of the loan program in RCW 43.330.482 until the loan program terminates pursuant to this act, and for the grant program created in section 3 of this act.

Section 6 repeals the low-income home rehabilitation revolving loan program under RCW 43.330.482 in section 2 and repeals the low-income home rehabilitation revolving loan program under RCW 43.330.486.

Section 7 is new and states that section 6 of this act takes effect on July 1st of the year following the closure of the last loan issued under the low-income home rehabilitation revolving loan program, and that the department must provide written notice of the effective date of section 6 of this act to affected parties, the chief clerk of the house of representatives, the secretary of the senate, the office of the code reviser, and others as deemed appropriate by the department.

Section 8 is new and provides an effective date of July 1, 2023, and states that sections 1 through 5 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions.

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

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.

In the existing program, the department, through Community Action Agencies, provides the funding for loans. In absence of this bill, the department would see inflows of cash whenever the loan is paid off. However, with this bill, the department may see negative cash flows from over the next few years—the department will no longer receive the cash since the loans will be forgiven, but instead, this bill directs the agency to use the reserved funds for the program to forgive outstanding loans and grant the remainder through this program.

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.

General Assumptions

Closing out the Home Rehabilitation Loan Program:

The bill does the following:

- Ends any new loans under the department Home Rehabilitation Loan Program (HRLP)
- Forgives the balance of any existing outstanding loans

0.70 FTE Commerce Specialist 3 (1,460 hours) in FY24 to manage the forgiveness of loans, preparation and processing of real estate instruments on existing loans.

0.50 FTE Fiscal Analyst 4 (1,044 hours) in FY24 to provide financial technical assistance in accounting for the close out of the existing loans and transitioning the remaining funds to a grant program.

Salaries and Benefits:

FY24: \$128,725

Goods and Services:

Goods and services include 25 hours in FY24 at \$210 per hour for attorney general costs.

FY24: \$16,737

Intra-agency Reimbursement:

FY24: \$42,351

Total Costs:

FY24: \$187,813

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
21L-1	Low-Income Home Rehabilitation Revolving Loan Program Account	State	187,813	0	187,813	0	0
Total \$			187,813	0	187,813	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.4		0.7		
A-Salaries and Wages	94,630		94,630		
B-Employee Benefits	34,095		34,095		
C-Professional Service Contracts					
E-Goods and Other Services	16,737		16,737		
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	42,351		42,351		
9-					
Total \$	187,813	0	187,813	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
Administrative Services - Indirect	111,168	0.2		0.1		
Commerce Specialist 3	82,056	0.7		0.4		
Fiscal Analyst 4	74,381	0.5		0.3		
Total FTEs		1.4		0.7		0.0

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
355-1	State Taxable Building Construction Account	State	(6,000,000)	0	(6,000,000)	0	0
Total \$			(6,000,000)	0	(6,000,000)	0	0

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

IV. 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					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	(6,000,000)		(6,000,000)		
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	(6,000,000)	0	(6,000,000)	0	0

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

IV. C - Capital Budget Breakout

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

Construction Estimate	FY 2024	FY 2025	2023-25	2025-27	2027-29
Pre-design/Design					
Construction					
Grants/Loans	(6,000,000)		(6,000,000)		
Staff					
Other					
Total \$	(6,000,000)		(6,000,000)		

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

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Indeterminate						
Total FTEs						0.0

General Assumptions

Establishing and running the new Low-Income Home Rehab Grant Program:

The bill does the following:

Low-income home rehab. prg.
Form FN (Rev 1/00) 185,671.00
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- Establishes a new low-income home rehab grant program
- Changes low income from 200 percent, federal poverty level to 80 percent or area median income or 60 percent state median income for this program

The department is required, subject to availability of amounts appropriated, to create the low-income home rehabilitation grant program within the department.

The department assumes no impact to ECOS weatherization database.

Fiscal impact is indeterminate since this legislation is subject to an appropriation stated in Section 3 and does not state an amount. The department assumes \$5,000,000 for the Low-Income Home Rehab Grant Program based on existing grant programs within the department with 3% of a potential appropriation for administrative costs, each fiscal year, in order to provide estimated staffing for this program but without a clearly identified funding level, the costs outlined for the department to implement the proposed legislation are illustrative only.

To accomplish this work the department estimates:

0.10 FTE Commerce Specialist 5 (208 hours) in FY24-FY29 to oversee and support the grant program.

0.50 FTE Commerce Specialist 3 (1,044 hours) in FY24-FY29 to build capacity around origination, management, and the monitoring of the grant program, in addition to communicating with the network. Compliance may include site visits and corresponding compliance reports. Assist senior management with drafting legislation, representing the agency, developing policy positions, and coordinating the state's role with respect to the implementation of the program.

0.20 FTE Administration Assistant 3 (416 hours) in FY24-FY29 for support of grant program by preparation and tracking of all the required real estate recording documents and provide ongoing administrative support.

0.10 Budget Analyst 4 (208 hours) in FY24-FY29 provide or develop the capacity to eventually monitor budget and expenditures, conduct detailed analysis, and provide consultative planning for all programs established in this bill.

Salaries and Benefits:

FY24: \$95,288

FY25-FY29: \$98,559 per fiscal year

Goods and Services:

The department assumes \$10,500 in FY26, for AAG consultation on guidance development and rulemaking. The department assumes 50 hours at \$210 per hour for attorney general costs.

FY24: \$19,113

FY25-FY29: \$8,618 per fiscal year

Travel:

The department assumes travel for monitoring.

FY24: \$4,354

FY25-FY29: \$9,548 per fiscal year

Grants are Indeterminate.

Intra-agency Reimbursement:

FY24: \$31,350

FY25-FY29: \$32,426 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. Agency administration costs (e.g., payroll, HR, IT) are funded under a federally approved cost allocation plan.

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Total Costs:
FY24: \$150,105
FY25-FY29: \$149,151 per fiscal year

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 need to develop rulemaking required by RCW 34.05.328.