

Multiple Agency Fiscal Note Summary

Bill Number: 5466 E S SB 5466-S.E AMH HOUS H1738.2	Title: Transit-oriented development
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	0	0	0	0	0	0	0

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	Non-zero but indeterminate cost and/or savings. Please see discussion.					
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 State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Commerce	6.4	2,177,148	2,177,148	2,177,148	5.2	1,596,066	1,596,066	1,596,066	5.2	1,603,266	1,603,266	1,603,266
Department of Transportation	1.0	0	0	306,000	1.0	0	0	302,000	1.0	0	0	306,000
Environmental and Land Use Hearings Office	.1	40,848	40,848	40,848	.3	70,342	70,342	70,342	.3	70,342	70,342	70,342
Total \$	7.5	2,217,996	2,217,996	2,523,996	6.5	1,666,408	1,666,408	1,968,408	6.5	1,673,608	1,673,608	1,979,608

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			8,118,475			1,143,875			
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			8,118,475			1,143,875			

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	2.8	815,206	815,206	2.8	817,292	817,292	2.8	822,092	822,092
Department of Commerce	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Department of Transportation	.0	0	0	.0	0	0	.0	0	0
Environmental and Land Use Hearings Office	.0	0	0	.0	0	0	.0	0	0
Total \$	2.8	815,206	815,206	2.8	817,292	817,292	2.8	822,092	822,092

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

Agency Name	2023-25		2025-27		2027-29	
	Total		Total		Total	
Department of Commerce						
Grants/Loans	815,206		817,292		822,092	
	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.					
Total \$	815,206		817,292		822,092	

Prepared by: Gwen Stamey, OFM	Phone: (360) 790-1166	Date Published: Final 4/ 6/2023
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Individual State Agency Fiscal Note

Bill Number: 5466 E S SB 5466-S.E AMH HOUS H1738.2	Title: Transit-oriented development	Agency: 090-Office of State Treasurer
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

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

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: Serena Dolly	Phone: 360-786-7150	Date: 03/29/2023
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 03/30/2023
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 03/30/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 03/31/2023

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.

ESSB 5466 AMH HOUS H1738.2 creates the transit-oriented development housing partnership account, coupled with the general fund as the recipient of the earnings from investments under RCW 43.79A.040(4).

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.

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable.

There may be an impact on the debt service limitation calculation. Changes to the earnings credited to the general fund impacts, by an equal amount, general state revenues.

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.

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

Revised

Bill Number: 5466 E S SB 5466-S.E AMH HOUS H1738.2	Title: Transit-oriented development	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	6.7	6.1	6.4	5.2	5.2
Account					
General Fund-State 001-1	1,212,463	964,685	2,177,148	1,596,066	1,603,266
Total \$	1,212,463	964,685	2,177,148	1,596,066	1,603,266

Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	406,560	408,646	408,646	408,646	413,446	408,646
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	406,560	408,646	408,646	408,646	413,446	408,646

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.

Legislative Contact: Serena Dolly	Phone: 360-786-7150	Date: 03/29/2023
Agency Preparation: Buck Lucas	Phone: 360-725-3180	Date: 04/05/2023
Agency Approval: Jason Davidson	Phone: 360-725-5080	Date: 04/05/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 04/06/2023

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 ESSB 5466 and the striker ESSB 5466-S.E AMH HOUS H1738.2:

The substitute bill would change the fiscal impact of the bill on the Department of Commerce (department):

- Sections 3 and 4 transfers the competitive grant program to assist in the financing of housing projects within rapid transit corridors from the Department of Transportation (WSDOT) to the department and makes changes to the program criteria.
- Section 5 changes several of the Transportation Oriented Development (TOD) related definitions being added to the Growth Management Act (GMA), RCW 36.70A.030.
- Section 6 changes several of the TOD related development regulation requirements being added to the GMA.
- A new section 7 requires the department to establish by rule a procedure and criteria in which it may approve alternative actions taken by cities by January 1, 2023 that are substantially similar to the requirements of the bill. The department's final decision to approve or deny alternative actions are appealable to the Growth Management Hearings Board (GMHB).
- A new section 8(1) requires the department to, by October 1, 2023, develop or contract to develop, a statewide displacement risk map that identifies areas where residents and businesses are at a greater risk of displacement. Section 8(2) requires the department to certify an extension from the bill's requirements for areas at risk of displacement based on the anti-displacement analysis that cities are required to complete under RCW 36.70A.070(2) or by the department or a regional planning authority. The extension may be granted until the city and the department agree on an implementation plan for specific anti-displacement policies.
- Section 9 makes changes to the TOD grant criteria awarded by the department to cities from the Planning and Environmental Review Fund.
- Section 10(3) establishes a procedure in which the department may exempt cities from the parking requirements of the bill based on an empirical study prepared by a credentialed transportation or land use planning expert or for portions of cities within a one-mile radius of a commercial airport in Washington with at least nine million annual enplanements.

Summary of ESSB 5466 striker (5466-S.E AMH HOUS H1738.2):

Sections 3 and 4 adds a new section to RCW 43.330 creating a competitive grant program within the department to assist in the financing of housing projects within rapid transit corridors.

Sections 5 and 6 amend the GMA by outlining new TOD definitions and adding new local government planning requirements for TOD areas.

Section 7 adds a new section to RCW 30.70A requiring the department to establish by rule a procedure and criteria in which it may approve alternative local actions taken by January 1, 2023 adopted a subarea plan and implementing development regulations that are substantially similar to the requirements of the bill. The department is required to develop criteria regarding what constitutes substantially similar plans and regulations. Any local actions approved by the department are exempt from appeals to the GMHB and from the State Environmental Policy Act (SEPA). The department's final decision to approve or reject actions may be appealed to the GMHB.

Section 8(1) requires the department to, by October 1, 2023, develop or contract to develop, a statewide displacement risk

map that identifies areas where residents and businesses are at a greater risk of displacement. Subsection 2 requires the department to certify an extension from the bill's requirements for areas at risk of displacement based on the anti-displacement analysis that cities are required to complete under RCW 36.70A.070(2) or by the department or a regional planning authority. The extension may be granted until the city and the department agree on an implementation plan for specific anti-displacement policies.

Section 9 amends RCW 36.70A.500 requiring the department to establish a new competitive grant program, subject to appropriation to PERF, to fund local environmental analysis and integration into planning and policy. This section further outlines in detail the administration of the grant related to development of applications, procedures, criteria, selection, and technical assistance.

Section 10 amends RCW 36.70A.620 establishing new parking regulations related to TOD areas and subsection (3) establishes a procedure in which the department may exempt cities from the parking requirements of the bill based on an empirical study prepared by a credentialed transportation or land use planning expert or for portions of cities within a one-mile radius of a commercial airport in Washington with at least nine million annual enplanements.

Section 11 amends RCW 43.21C.229 establishing a new SEPA categorical exemption related to the bill.

Section 12 through 15 related to common interest communities' ability to regulate development within TOD areas covered by the bill.

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.

Sections 5-10

Agency assumptions:

- The department assumes ongoing monitoring of local comprehensive plan updates and implementation development regulations, including related technical assistance for TOD regulation updates in sections 3 and 4 and training statewide with development of new certification processes in sections 7 (approval of substantially similar plans), 8 (anti-displacement extension), and 10 (parking exemption). The department assumes each of these programs will require rulemaking and guidance not included in the previous fiscal note.
- The department assumes that the anti-displacement extension certification process will require 0.1 FTE of a Commerce Specialist 3 (FY24-FY29), Commerce Specialist 4 (FY24-FY29), and Management Analyst 4 (FY24-FY25), based on a similar program in other legislation.
- The department assumes that cities will develop their anti-displacement policies by or before their next periodic update deadline and that approximately 50% of jurisdictions will request extensions based on those policies, and is based on data from the Puget Sound Regional Council's displacement risk GIS mapping tool.
- The department assumes that the statewide displacement risk map required in section 8 will require a \$75,000 professional services contract for consultant services in FY24 to develop the mapping tool and 0.3 FTE of an IT Applications Developer Sr./Spec. to maintain it, update data layers, and modify the models periodically.

- The department assumes that the provision in section 10(3), requiring the department to develop guidance to assist cities on items to include in a parking study, will require a \$100,000 professional services contract for consultant services in FY24. The work associated with the certification program will require 0.2 FTE of a Commerce Specialist 3 (FY24-FY29), Commerce Specialist 4 (FY24-FY29), and Management Analyst 4 (FY24-FY25)

- The department assumes that the work associated with the substantially similar approval program will require 1.0 FTE of Commerce Specialist 3, 0.5 FTE of Commerce Specialist 4, and 0.3 of Management Analyst 4 (FY24-FY25).

- The department assumes additional IT work will be required to make initial upgrades to its internal planning data system for tracking submitted materials, FY24-FY25, and ongoing maintenance including 0.3 FTE for two IT staff to upgrade and maintain the planning data system to implement new requirements (sections 4, 5, 7, 8, and 10).

- Section 9 is subject to appropriation and the level of funds available and grant agreements with local jurisdictions is indeterminate. For illustrative purposes, the department assumes 80 contracts to facilitate TOD and the local costs for SEPA analysis, planned action ordinances subarea plans and other costs.

2.3 FTE Commerce Specialist 3 (4,802 hours) in FY24-FY29, to establish a new competitive grant programs to help cities and counties pay for environmental analysis and integration into planning and policy. Including the related contract and project management, development and implementation of program procedures, criteria and selection, and technical assistance. Assuming approximately 20-80 grants for PERF program depending on process and funding. Additional ongoing technical assistance and consultation with other agencies.

0.8 FTE Commerce Specialist 4 (1,670 hours) in FY24-FY29, to serve as a statewide expert in TOD and oversee implementation and management of the new certification and extension programs.

1.1 FTE Management Analyst 4 (2,230 hours) in FY24 and 0.6 FTE (1,253 hours) in FY25, to support update and development of new technical guidance and grant programs, consult with other departments, assist in the establishment of new grant programs, and provide technical assistance. Provide professional and technical advice to management for rulemaking administration and technical support for certification and timeline extension programs.

0.5 FTE Administrative Assistant 3 (1,044 hours) in FY24-FY29, to provide ongoing administrative assistance for the new grant programs and certification processes, review documents, records, and applications for completeness, accuracy, and compliance with rules. Compose office correspondence.

0.2 FTE IT Planning and Policy Manager (ITPP-4) (418 hours) in FY24-FY29, to provide ongoing information services assistance.

0.3 FTE IT Application Developer Senior/Specialist (ITAD-5) (626 hours) in FY24-FY29, to maintain the displacement risk map, keep the layers updated, and modify the models periodically.

0.5 FTE IT Business Analyst Expert (ITBA-3) (1,044 hours) in FY24 and FY25 and 0.3 FTE (262 hours) in FY26-FY29, for significant system maintenance and upgrades to the plan review data and program tracking system, including major data system upgrades for new programs and maintenance and periodic upgrades thereafter.

Salaries and Benefits:

FY24: \$676,883

FY25: \$639,845

FY26-FY29: \$534,093 each fiscal year

Professional Services Contracts:

The statewide displacement risk map required in section 8 will require a \$75,000 professional services contract for consultant services in FY24. Section 10 requires a contract in FY24 to provide professional expertise and guidance to assist cities, including the parking study, at 500 hours with a billable rate of \$200 per hour, totaling \$100,000.

FY24: \$175,000

Goods and Services:

Includes \$17,010 in FY24-FY25 (81 hours at \$210 per hour each fiscal year) for AAG and legal review of draft guidelines and rulemaking work, including for the parking exemption study, substantially similar alternative plan approvals, and displacement risk extensions. This includes \$10,080 in FY26-FY29 (48 hours at \$210 per hour each fiscal year) for legal services and ongoing appeals of department decisions under section 7.

FY24: \$117,476

FY25: \$108,922

FY26-FY29: \$88,223 each fiscal year

Travel:

Statewide local technical assistance, 30 days annually, for training and outreach with local governments and half with overnight lodging.

FY24-FY25: \$5,409 each fiscal year

Equipment:

Standard workstations for new team members and a replacement computer on the agency's five-year lifecycle replacement schedule.

FY24: \$15,000

FY28: \$7,200

Intra-Agency Reimbursements:

FY24: \$222,695

FY25: \$210,509

FY26-FY29: \$175,717 each 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.

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Total Costs:

FY24: \$1,212,463

FY25: \$964,685

FY26-FY27: \$798,033 each fiscal year

FY28: \$805,233

FY29: \$798,033

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	1,212,463	964,685	2,177,148	1,596,066	1,603,266
Total \$			1,212,463	964,685	2,177,148	1,596,066	1,603,266

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29		
FTE Staff Years	6.7	6.1	6.4	5.2	5.2		
A-Salaries and Wages	504,772	475,516	980,288	792,362	792,362		
B-Employee Benefits	172,111	164,329	336,440	275,824	275,824		
C-Professional Service Contracts	175,000		175,000				
E-Goods and Other Services	117,476	108,922	226,398	176,446	176,446		
G-Travel	5,409	5,409	10,818				
J-Capital Outlays	15,000		15,000		7,200		
M-Inter Agency/Fund Transfers							
N-Grants, Benefits & Client Services							
P-Debt Service							
S-Interagency Reimbursements							
T-Intra-Agency Reimbursements	222,695	210,509	433,204	351,434	351,434		
9-							
Total \$			1,212,463	964,685	2,177,148	1,596,066	1,603,266

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 Assistant 3	52,616	0.5	0.5	0.5	0.5	0.5
Administrative Services - Indirect	111,168	1.0	0.9	1.0	0.8	0.8
Commerce Specialist 3	82,056	2.3	2.3	2.3	2.3	2.3
Commerce Specialist 4	86,212	0.8	0.8	0.8	0.8	0.8
IT APP Development - Senior/Specialist	120,457	0.3	0.3	0.3	0.3	0.3
IT Business Analyst - Expert	126,485	0.5	0.5	0.5	0.3	0.3
IT Policy & Planning - Manager	132,762	0.2	0.2	0.2	0.2	0.2
Management Analyst 4	86,212	1.1	0.6	0.9		
Total FTEs		6.7	6.1	6.4	5.2	5.2

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
057-1	State Building Construction Account	State	406,560	408,646	815,206	817,292	822,092
Total \$			406,560	408,646	815,206	817,292	822,092

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	2.8	2.8	2.8	2.8	2.8
A-Salaries and Wages	196,588	202,485	399,073	404,970	404,970
B-Employee Benefits	69,537	72,723	142,260	145,446	145,446
C-Professional Service Contracts					
E-Goods and Other Services	42,880	42,895	85,775	85,790	85,790
G-Travel					
J-Capital Outlays	10,000		10,000		4,800
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	87,555	90,543	178,098	181,086	181,086
9-					
Total \$	406,560	408,646	815,206	817,292	822,092

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
Predesign/Design					
Construction					
Grants/Loans	406,560	408,646	815,206	817,292	822,092
Staff					
Other					
Total \$	406,560	408,646	815,206	817,292	822,092

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
Administrative - Indirect	111,168	0.4	0.4	0.4	0.4	0.4
Commerce Specialist 2	70,799	0.4	0.4	0.4	0.4	0.4
Commerce Specialist 3	82,056	1.0	1.0	1.0	1.0	1.0
Commerce Specialist 4	86,212	1.0	1.0	1.0	1.0	1.0
Total FTEs		2.8	2.8	2.8	2.8	2.8

Section 3-4

Agency assumptions:

The department assumes an indeterminate level of grants to finance housing projects within rapid transit corridors, with funding that is subject to appropriation. The department assumes the capital appropriation to implement section 3 would be up to a \$50 million grant program, \$25 million in FY24 and \$25 million in FY25, based on current 2023-2-25 state capital budget proposals. The department assumes this program will require the following staffing levels in the Housing Division:

0.4 FTE Commerce Specialist 2 (835 hours) in FY24-FY29, to support staff and local governments in the competitive grant program created in section 3.

1.0 FTE Commerce Specialist 3 (2,088 hours) in FY24-FY 29 to establish and help administer a new competitive grant

programs to help jurisdictions finance housing projects in rapid transit corridors.

1.0 FTE Commerce Specialist 4 (2,088 hours) in FY24-FY29 to manage the competitive grant program established in section 3.

Salaries and Benefits:

FY24: \$266,125

FY25-FY29: \$275,208 each fiscal year

Goods and Services:

FY24: \$42,880

FY25-FY29: \$42,895

Equipment:

Standard workstations for new team members and a replacement computer on the agency's five-year lifecycle replacement schedule.

FY24: \$10,000

FY28: \$4,800

Intra-Agency Reimbursements:

FY24: \$87,555

FY25-FY29: \$90,543

Note: Standard goods and services costs include supplies and materials, employee development and training, Attorney General costs, central services charges and agency administration.

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Total Costs:

FY24: \$406,560

FY25-FY27: \$408,646 each fiscal year

FY28: \$413,446

FY29: \$408,646

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 bill requires rulemaking amending chapter 365-196 WAC:

- Sections 5, 6, and 8 contain revisions to the GMA that would require updated guidance for cities through rulemaking.
- Section 7 requires the department to establish by rule a procedure for approving alternative local actions that are substantially similar to the bill's requirements.
- Section 8 requires the department to establish an extension process based on displacement risk.

- Section 9 requires the department to establish a new competitive grant program in the PERF.
- Section 10 requires the department to establish guidance for cities to include in their parking study required for the parking regulation exemption certification process.

Individual State Agency Fiscal Note

Bill Number: 5466 E S SB 5466-S.E AMH HOUS H1738.2	Title: Transit-oriented development	Agency: 405-Department of Transportation
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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	1.0	1.0	1.0	1.0	1.0
Account					
All Other Funds-State NEW-1	155,000	151,000	306,000	302,000	306,000
Total \$	155,000	151,000	306,000	302,000	306,000

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: Serena Dolly	Phone: 360-786-7150	Date: 03/29/2023
Agency Preparation: Cheryl Steben	Phone: 360-705-7919	Date: 03/29/2023
Agency Approval: Brian Lagerberg	Phone: 360-705-7878	Date: 03/29/2023
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 04/01/2023

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.

See attached WSDOT fiscal note.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
NEW-1	All Other Funds	State	155,000	151,000	306,000	302,000	306,000
Total \$			155,000	151,000	306,000	302,000	306,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.0	1.0	1.0	1.0	1.0
A-Salaries and Wages	106,000	106,000	212,000	212,000	212,000
B-Employee Benefits	38,000	38,000	76,000	76,000	76,000
C-Professional Service Contracts					
E-Goods and Other Services	10,000	6,000	16,000	12,000	16,000
G-Travel	1,000	1,000	2,000	2,000	2,000
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 \$	155,000	151,000	306,000	302,000	306,000

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
Transportation Planning Specialist 5	106,000	1.0	1.0	1.0	1.0	1.0
Total FTEs		1.0	1.0	1.0	1.0	1.0

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Program T - Multi-modal Transportation (T)	155,000	151,000	306,000	302,000	306,000
Total \$	155,000	151,000	306,000	302,000	306,000

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: 5466 SE AMH HOUS H1738.2 ESSB	Title: Transit Oriented Development	Agency: 405-Department of Transportation
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Part I: Estimates

Check applicable boxes and follow corresponding instructions, use the fiscal template table provided to show fiscal impact by account, object, and program (if necessary), **add rows if needed**. If no fiscal impact, check the box below, skip fiscal template table, and go to Part II to explain briefly, why the program believes there will be no fiscal impact to the department.

- No Fiscal Impact (Explain in section II. A)
If a fiscal note is assigned to our agency, someone believes there might be, and we need to address that, showing why there is no impact to the department.
- Indeterminate Cash Receipts Impact (Explain in section II. B)
- Indeterminate Expenditure Impact (Explain in section II. C)

- If fiscal impact is less 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 greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, **complete entire fiscal note form Parts I-V**
- Capital budget impact, **complete Part IV**
- Requires new rule making, **complete Part V**
- Revised

Dollars in Thousands

	2023-25 Biennium		2025-27 Biennium		2027-29 Biennium	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Expenditures						
000-1 NEW	\$155	\$151	\$151	\$151	\$155	\$151
Total Expenditures	\$155	\$151	\$151	\$151	\$155	\$151
Biennial Totals	\$306		\$302		\$306	
FTEs	Salary					
Transportation Planning Specialist 5	\$106	1.0	1.0	1.0	1.0	1.0
Annual Average	1.0		1.0		1.0	
Objects of Expenditure						
A - SALARIES AND WAGES	\$106	\$106	\$106	\$106	\$106	\$106
B - EMPLOYEE BENEFITS	\$38	\$38	\$38	\$38	\$38	\$38
E - GOODS AND SERVICES	\$10	\$6	\$6	\$6	\$10	\$6
G - TRAVEL	\$1	\$1	\$1	\$1	\$1	\$1
Expenditures by Program						
PROGRAM T	\$155	\$151	\$151	\$151	\$155	\$151

The cash receipts and expenditure estimates on this fiscal template represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Agency Assumptions

N/A

Agency Contacts:

Preparer: Cheryl Steben	Phone: 360-705-7919	Date: 3/29/2023
Approval: Brian Lagerberg	Phone: 360-705-7878	Date: 3/29/2023
Budget Manager: Chad Johnson	Phone: 360-259-3886	Date: 3/29/2023

Individual State Agency Fiscal Note

Part II: Narrative Explanation

II. A - Brief description of what the measure does that has fiscal impact.

Briefly describe by section number (sections that will change WSDOT costs or revenue), 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 – Substantial Change in 5466 SE AMH HOUS H1738.2 ESSB – Removes (a) and (b) requiring the Washington State Department of Transportation to provide technical assistance and award planning grants to cities to implement requirements in Section 6; provide compliance review of transit-oriented development regulations. Sec. 2(1) requires the Department to mediate disputes between the Department and local governments and project proponents. Sec. 2(2) remains the same, which is that the Department is required to adopt any rules to implement requirements in Section 2.

Section 3 – Substantial changes in 5466 SE AMH HOUS H1738.2 ESSB – Replaces adding a new section to Chapter 47.01 with adding a new section to Chapter 43.330 and requires the Department of Commerce rather than the Department of Transportation to establish and administer a competitive grant program to assist in the financing of housing projects within station areas.

Section 4 – Substantial change in 5466 SE AMH HOUS H1738.2 ESSB – Adds a new section to Chapter 43.330 rather than 47.01 and establishes the transit-oriented development housing partnership where revenues and expenditures only for administering the competitive grant program identified in Section 3.

Section 5 – Unsubstantial changes in 5466 SE AMH HOUS H1738.2 ESSB – defines terms used throughout the bill.

Section 6 – Unsubstantial changes in 5466 SE AMH HOUS H1738.2 ESSB – discusses requirements for city planning within a station area that would prohibit the siting of multifamily residential housing on parcels where any other residential use is permissible.

II. B – Cash Receipts Impact

N/A

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.

Expenditure assumptions for Department of Transportation changed in 5466 SE AMH HOUS H1738.2 ESSB.

This bill will require Department of Commerce to establish grant programs rather than the Department of Transportation. All expenditures related to the Public Transportation Division (Program V) in the previous versions of the fiscal notes related to this bill will no longer be applicable. However, the Multi-Modal Planning Division (Program T) will still incur expenditures as required by Section 2 of this bill.

Multi-modal Planning Division (Program T) estimates costs of \$288,000 for one FTE (Transportation Planning Specialist 5) in 2023-2025 to provide policy analysis, technical assistance, dispute resolution, and rulemaking described in Section 2 of the bill. Also, \$18,000 is estimated to cover standard costs for the FTE, including supplies and materials, telephone and postage, professional development, computer/IT costs, and travel.

Individual State Agency Fiscal Note

Part III: Expenditure Detail

III. A - Expenditures by Object or Purpose

See the above explanation in section II. C – Expenditures.

Part IV: Capital Budget Impact

N/A

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 (2) directs the Department of Transportation to adopt any rules necessary to implement Section 2(1).

Individual State Agency Fiscal Note

Bill Number: 5466 E S SB 5466-S.E AMH HOUS H1738.2	Title: Transit-oriented development	Agency: 468-Environmental and Land Use Hearings Office
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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	0.0	0.3	0.1	0.3	0.3
Account					
General Fund-State 001-1	0	40,848	40,848	70,342	70,342
Total \$	0	40,848	40,848	70,342	70,342

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: Serena Dolly	Phone: 360-786-7150	Date: 03/29/2023
Agency Preparation: Dominga Soliz	Phone: 3606649173	Date: 04/03/2023
Agency Approval: Dominga Soliz	Phone: 3606649173	Date: 04/03/2023
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 04/05/2023

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.

No change to anticipated impacts from previous version of the bill.

Section 5: Removes the definition of "station hub" and all requirements and provisions related to a station hub. Removes the definitions of "major transit station" and "major transit stop." (12) Modifies the definition of "floor area ratio" (FAR) by specifying it is a measure of transit-oriented development intensity and clarifying that developable property excludes lots with critical areas or their buffers and lots used for public facilities. (28) Modifies the definition of "station area" to mean all parcels within an urban growth area (UGA) that are fully or partially within: (a) One-half mile walking distance of a stop on a high capacity transportation system funded or expanded under chapter 81.104 RCW, a commuter rail stop, or a stop on rail or fixed guideway systems, including transitways; and (b) one-quarter mile walking distance of a stop on a bus rapid transit route. Defines a "stop" as any existing stop or any stop funded for development prior to the earlier of a city's deadline to complete its next periodic comprehensive plan update or its deadline to complete its implementation progress report. (29) Modifies the definition of "transit-oriented density" (TOD) to mean a FAR of: (a) At least 3.0 within one-half mile walking distance of a stop on a high-capacity transportation system funded or expanded, a commuter rail stop, or a stop on rail or fixed guideway systems, including transitways; and (b) at least 2.5 within one-quarter mile walking distance of a stop on a bus rapid transit route.

Section 6: Requires at least 20 percent of all residential units constructed within a station area to be affordable to households with an income at or below 60 percent of area median income for at least 50 years, except in zones where a development capacity greater than or equal to the applicable TOD is authorized by June 30, 2023.

Modifies provisions for an increased density bonus by: (a) Removing the 50 percent density bonus for affordable housing, permanent supportive housing, and long-term inpatient care; (b) allowing an additional 1.5 FAR in any building within a station area in which all units are affordable for households with incomes at or below 60 percent area median income for at least 50 years or for permanent supportive housing; and (c) removing provisions allowing child care facilities and small businesses to be excluded from the FAR calculation.

Specifies that if a city has enacted or expands an affordable housing incentive program in an area that must comply with the TOD regulations, that program governs to the extent it varies from the density bonus requirements.

Modifies the exemption from TOD requirements for historic places to exempt any parcel that is a designated landmark or within a historic district established under a local preservation ordinance.

Specifies that a city must comply with the new TOD requirements six months after its next periodic comprehensive plan update and, following the completion or funding of any transit stop that would create a new station area within the jurisdiction, at each five-year implementation progress report.

Section 7: Allows Commerce to approve subarea plans and implementing regulations adopted by cities prior to January 1, 2023, as substantially similar to the TOD requirements. Specifies that in evaluating plans and regulations, Commerce may consider if: (a) The regulations will result in an amount of affordable housing that is at least equivalent to the amount of affordable housing that would result if the TOD requirements were adopted; (b) the jurisdiction offers a way to exceed maximum heights to achieve buildings that exceed 100 feet; and (c) new detached single-family residences are prohibited on average within one-quarter mile of light rail stations. Directs Commerce to establish by rule any standards or procedures necessary to make a determination of substantially similar. Specifies that any local actions approved by Commerce as substantially similar are exempt from appeals under the State Environmental Protection Act (SEPA) but allows Commerce's final decision to be appealed to the Growth Management Hearings Board (GMHB).

Section 8: Directs Commerce to develop, or contract for the development of, a statewide displacement risk map that identifies areas where residents and businesses are at a greater risk of displacement, which may build on existing models. Requires Commerce to grant cities an extension from the TOD requirements for areas at greater risk of displacement and allows cities to implement alternative FARs for areas at greater risk of displacement.

Section 10: Allows cities to impose off-street parking requirements within a station area if the city provides Commerce with an empirical study prepared by a credentialed transportation or land use planning expert that clearly demonstrates, and Commerce finds and certifies, that the limits on off-street parking in a defined area will be significantly less safe for vehicle drivers or passengers, pedestrians, or bicyclists than if the jurisdiction's parking requirements were applied to the same location without increased transit-oriented development and density requirements. Directs Commerce to develop guidance to assist cities and counties on items to include in the study.

Exempts from the provisions prohibiting off-street parking any portion of a city within a one-mile radius of a commercial airport with at least 9,000,000 annual enplanements.

Removes counties from the provisions prohibiting off-street parking requirements within a station area.

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.

None

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.

No changes to anticipated impacts from previous versions.

FISCAL IMPACT: YES to GMHB

ELUHO estimates 6 GMHB petitions per year resulting from this bill. Most petitions will likely be generated from Section 7 of the bill.

ELUHO assumes ELUHO's work on these appeals begins in FY 25.

ELUHO estimates each appeal resulting from this bill will require approximately 60 hours of Hearing Examiner work to complete.

60 hours/appeal x 6 appeals = 360 Hearing Examiner hours per FY, ongoing.

Assume new Hearing Examiner FTE: The GMHB will need approximately 0.25 FTE for a Hearing Examiner with demonstrated knowledge in land use planning and law to assist with the new petitions. RCW 43.21B.005(2) authorizes the ELUHO director to appoint such Hearing Examiners to assist the GMHB. The Hearing Examiner FTE will not serve as a member of the Board, but will assist the board in its hearing function, make conclusions of law and findings of fact, and perform other legal duties to assist the Board.

A Hearing Examiner makes \$100,000 per year, plus related benefits estimated at \$32,021 per year, at current benefits rates. The agency needs a 0.25 FTE Hearing Examiner, so the salary would be \$100,000 x 0.25 FTE = \$25,000, per FY, ongoing. Related benefits would total \$8,005, per FY, ongoing.

Goods and services are estimated at \$1,817 per year, ongoing, and include communications, payroll processing, training, and

other staff costs. Estimates include some travel at the low cost per diem rates totaling \$349 per year, ongoing. Also included is one time equipment costs for furniture and computers totaling \$5,557 in fiscal year 2025 (FY25).

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	0	40,848	40,848	70,342	70,342
Total \$			0	40,848	40,848	70,342	70,342

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.3	0.1	0.3	0.3
A-Salaries and Wages		25,000	25,000	50,000	50,000
B-Employee Benefits		8,005	8,005	16,010	16,010
C-Professional Service Contracts					
E-Goods and Other Services		1,937	1,937	3,634	3,634
G-Travel		349	349	698	698
J-Capital Outlays		5,557	5,557		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	40,848	40,848	70,342	70,342

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
Hearings Examiner	100,000		0.3	0.1	0.3	0.3
Total FTEs			0.3	0.1	0.3	0.3

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

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: 5466 E S SB 5466-S.E AMH HOUS H1738.2	Title: Transit-oriented development
---	--

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

Legislation Impacts:

- Cities:** Increased costs to adopt transit-oriented zoning and development regulations, associated planning analysis, new zoning maps and outreach documents, updated comprehensive plan elements, and ordinance adoption costs for categorical exemptions from the State Environmental Policy Act for infill development in station areas.
- Counties:**
- Special Districts:**
- Specific jurisdictions only:** 43 cities fully planning under the Growth Management Act contain a station area boundary.
- Variance occurs due to:** Most fully planning cities do not contain a designated station area.

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs: Ordinance adoption and analysis costs.
- Legislation provides local option: Applying for grants specified in this act; applying for approved local action from the Department of Commerce, and conducting an empirical parking safety study.
- Key variables cannot be estimated with certainty at this time: The number of jurisdictions that would be certified for antidisplacement extensions by the Department of Commerce; number of cities that would implement complex ordinance to adopt the infill development categorical exemptions; grant allocations for the specific purposes of Sec. 3 and Sec. 9 of this act.

Estimated revenue impacts to:

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

Estimated expenditure impacts to:

Jurisdiction	FY 2024	FY 2025	2023-25	2025-27	2027-29
City	2,424,800	5,693,675	8,118,475	1,143,875	
TOTAL \$	2,424,800	5,693,675	8,118,475	1,143,875	
GRAND TOTAL \$					9,262,350

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: 04/05/2023
Leg. Committee Contact: Serena Dolly	Phone: 360-786-7150	Date: 03/29/2023
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 04/05/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 04/06/2023

Part IV: Analysis

A. SUMMARY OF BILL

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

This fiscal note reflects language in ESSB 5466 AMH HOUS H1738.2, 2023 Legislative Session.

CHANGES IN THE SUBSTITUTE VERSION OF THIS LEGISLATION

This amended engrossed substitute legislation establishes a number of changes to the definitions in the prior bill, which would affect the number of cities required to incorporate transit-oriented development (TOD) regulations, the types of affected transportation locations within these cities, the affected area of the zoning requirements, and the required minimum residential densities of the TOD regulations. The implementation timeline for applicable cities is now six months after the submission deadline of the cities' next periodic comprehensive plan update. For areas of cities that have newly constructed or funded station areas there would be on-going implementation of TOD regulations with cities' implementation progress reports.

This legislation provides for alternative compliance pathways for enacted or expanded affordable housing incentive programs, an alternative average floor area ratio (FAR) based on buildable land and average minimum FAR within the station area, and an exemption for off-street parking requirements pending results of an empirical parking safety study.

The Department of Transportation's grant funding, technical assistance, and compliance review responsibilities of the prior bill would now be administered by the Department of Commerce (Commerce) to assist cities with the implementation of TOD regulations throughout existing and future station areas.

SUMMARY OF CURRENT BILL:

For cities fully planning under the Growth Management Act (GMA) this amended engrossed substitute legislation would establish TOD development and zoning requirements that would increase residential density near high capacity transit station areas. With the exception of residential zones authorized by June 30, 2023 that have development capacity greater than or equal to the transit oriented density, at least 20% of all residential units constructed with a station area must be affordable to households with an income at or below 60% of the area median income for at least 50 years.

This act establishes that cities planning under the GMA may not enact or enforce any new development regulation within a station area that prohibits the siting of multifamily residential housing on parcels where a residential use is permissible. If the station area contains a stop on a high capacity transportation system, a commuter rail stop, or a stop on a rail or fixed guideway system, the FAR would be no less than 3.0, and the station area boundary would extend one-half mile walking distance from the stop. If the station area contains a stop on a rapid transit route, the FAR would be no less than 2.5, and the station area boundary would extend one-quarter mile walking distance from the stop.

This legislation also provides for alternative compliance pathways, including: a variance in the required affordable housing density bonus if a city has enacted or expands an affordable housing incentive program; alternative allowable transit-oriented density within station area if the average maximum floor area ratio (FAR) of the buildable land is no less than the transit oriented-density and no part of the area has a maximum FAR that is less than 0.5; a Commerce approved alternative local action for cities that have enacted substantially similar subarea plans and regulations; and an exemption to off-street parking requirements for cities that conduct an empirical parking safety study, which finds that safety for drivers, bicyclists, and pedestrians would be adversely effected by such requirements.

The implementation timeline for these new development regulations would be six months after the submission deadline of an applicable cities' next periodic comprehensive plan update. For areas of cities that have newly constructed or funded station areas there would be on-going implementation of TOD regulations with each implementation progress report. Commerce would be required to conduct displacement risk analysis and exempt areas of cities that have an identified risk of displacement from implementing the TOD regulations.

Additionally, the bill would authorize Commerce to provide technical assistance and establish grant programs to support

cities that implement TOD development regulations, and competitive grant programs that would support affordable housing development for low- and moderate-income households in newly established TOD zones.

To support TOD regulations and promote development, this act expands the categorical exemption for infill development to facilitate residential, mixed-use, and commercial construction in station areas specified by this legislation.

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.

CHANGES TO EXPENDITURE IMPACT FROM THE PRIOR BILL:

Changes in the amended engrossed substitute version of this bill reduce the number of impacted cities to 43 cities from 50 through the removal of the definition for “major transit stop” and “frequent transit stop,” and the amended definition of “station area.” The definition of station area also requires that a “stop” is an existing or funded stop on a high capacity transportation system, a commuter rail stop, a fixed guideway system stop, or a bus rapid transit stop. Future planned and funded stops under this definition would require a fully planning city to incorporate the transit-oriented development (TOD) provisions of this act into their local development and zoning regulations with its implementation progress report, starting in 2029.

The Department of Commerce (Commerce) may approve subarea plans and implementing development regulations that are substantially similar to the requirements of Sec. 6. When making a determination, Commerce may view the amount of affordable housing is at least equivalent to the amount of affordable housing required by Sec. 6, the city offers a way to exceed building heights of more than 100 feet; and that single-family residences are prohibited within a quarter mile of light rail stations. Commerce must certify an extension from the requirements of Sec. 6 for areas of an impacted city that are at risk of displacement, as determined by the antidisplacement analysis requirement of Sec. 8(1). This amended engrossed substitute bill authorizes cities, as a local option, to submit an empirical parking safety study to Commerce that would exempt the city from the parking requirements of Sec. 10 if the study finds that not requiring off-street parking as a condition of permitting a development within a station area would cause significant safety issues for drivers, passengers, pedestrians, or bicyclists.

EXPENDITURE IMPACT OF THE CURRENT BILL:

Summary:

The proposed amended substitute legislation would have both determinate and indeterminate impacts on 43 cities with station areas within their city boundaries that fully plan under the Growth Management Act (GMA).

There would be determinate costs of approximately \$9.26 million in new TOD zoning and development regulation ordinances, new zoning maps and outreach documents, comprehensive plan updates to account for new residential density and capital facilities demand, and ordinance adoption costs for new State Environmental Policy Act (SEPA) categorical exemption for infill development near station areas. Fully planning cities would likely incorporate these actions into the scheduled updates to their next periodic comprehensive plan, although the cities with comprehensive plans due on December 31, 2024 would have a shorter timeline to conduct updates and adopt zoning and development regulation than cities with plans due in 2025 and 2026.

Estimated costs for cities:

Cities above 100k in population - ~\$302,000, which includes \$216,500 in comprehensive plan updates and \$85,000 for zoning/development regulations, maps/outreach documents, and the SEPA categorical exemption for infill development ordinance.

Cities below 100k and above 10k in population - ~\$193,000, which includes \$108,250 in comprehensive plan updates and \$85,000 for zoning/development regulations, maps/outreach documents, and SEPA categorical exemption for infill development ordinance.

Cities below 10k in population - ~\$150,000, which includes \$65,000 in comprehensive plan updates and \$85,000 for

zoning/development regulations, maps/outreach documents, and SEPA categorical exemption for infill development ordinance.

There would be additional indeterminate costs for cities adopting SEPA categorical exemption for infill development near transit in a more substantive manner than adopting new provisions of the SEPA Washington Administrative Code by reference. For illustrative expenses that can be estimated at this time, there may be approximately \$160,000 in additional ordinance adoption costs for SEPA categorical infill development implementation.

Applying for the grants in Sec. 3 and Sec. 9 of this act would be a local option for jurisdictions that choose to pursue affordable housing and planning grants for the specific purposes of this act from the Department of Commerce (Commerce). As this is a local option, there is no impact to cities that do not take action. Cities may conduct an empirical parking safety study to obtain an exemption from Commerce to the off-street parking requirements of Sec. 10 as a local option. As a local option, there would be no expense impact for cities that do not take action.

For jurisdictions with planned high capacity transit stops there would be additional on-going costs associated with this act that are outside the scope of this fiscal note. Any jurisdiction that fund or complete a high capacity transportation stop or bus rapid transit stop after the effective date of this act would be required to amend zoning regulations around these new stops such that they comply with the TOD zoning regulations of Sec. 6 by the due date of their next implementation progress report.

Discussion:

Impact of Section 6

Adopting new zoning ordinances and development regulation within station areas:

\$3,331,000 – Costs that can be estimated at this time would exceed \$3.65 million for 43 cities with starting costs of \$77,000 per city to amend local code through a variety new ordinances including zoning, development regulations, and permitting (see calculation below). Additional indeterminate analysis costs may include work to determine the accurate walking distance from a station area through the built environment (walkshed), which would vary by impacted city, the presence, functionality, and condition of walkways, and the number of qualifying transit stops within a city's urban growth area.

Assessment from the Association of Washington Cities (AWC), the Puget Sound Regional Council, the Department of Transportation's (WSDOT) Frequent Transit Study Initial Report (2022), and public transportation agencies' five-year transit development plans, indicate there are least 43 fully planning cities with a designated station area within its UGA boundary. Five of these cities do not contain a stop within its city boundary but the station area's potential walkshed overlaps into its UGA, requiring them to adopt TOD requirements per Sec. 6.

Cities with station areas would be required to adopt zoning ordinances and development regulations that provide for increased density within:

- One-half mile walkshed of a high capacity transportation stop funded or expanded under chapter 81.104 RCW, a commuter rail stop, or a stop on a rail or fixed guideway system.
- One-quarter mile walkshed of a stop on a bus rapid transit route.

Adopting TOD regulations would involve modifying the existing zoning designation and residential use for any residential lot within the walkshed of a qualifying station area and creating a new designation and use. According to AWC, amending existing code generally carries higher costs than implementing new code and this work would also extend to any permitting process (site development plan review, variance, conditional use permits), environmental review, as well as any zoning overlays that currently exist within the qualifying stations areas in the city. Cities impacted by this bill would have to determine the applicable floor area ratios within the station area are consistent with the definitions of transit-oriented

density in Sec. 5(29).

Costs for provisions in Sec. 6 also include: analyzing comprehensive plan policies and municipal code to determine extent of amendments required; drafting informational materials on reasons for, and approach to, drafting middle housing regulations using floor area ratios (e.g. design regulations to ensure compatibility) for public review; conducting outreach to inform and solicit feedback from residential neighborhoods and developers; drafting proposed amendments for the city's planning commission considerations; a planning commission public hearing and recommendation to the city council; a presentation of the city planning commission's recommendations to the city council; and a city council public hearing and action.

Additionally, WSDOT's Transit Service Frequency Study (2022) determined that accurately calculating half-mile walking routes was not practical due to inadequate statewide data on the presence, functionality, and condition of walkways (i.e., sidewalks, trails, crosswalks, and other facilities primarily for people of all ages and abilities using active transportation). For the purposes of this fiscal note, analysis of which parcels within a one-half or one-quarter mile range of a station area would need to be conducted at the local level for cities that have identified any qualifying stop. Analysis costs to determine which parcels were inside of the respective watershed for each station area would add additional complexity to this bill. This would indeterminately increase costs for cities to determine the accurate walking distance, and thereby the number of affected parcels near each station area.

Costs to amend local code to conform to the requirements of this act may be similar to, but would likely exceed, the grant averages provided by the Department of Commerce in S HB 2343 (2020) where \$4 million in funding had been awarded to 52 fully planning cities with populations over 20,000 to increase residential building capacity under RCW 36.70A.600. The average grant award was \$77,000 per city.

FY25: 34 cities x \$77,000 = \$2,618,000

FY26: 4 cities x \$77,000 = \$308,000

FY27: 5 cities x \$77,000 = \$385,000

Total: 37 cities x \$77,000 = \$3,331,000

Planning the implementation of the ordinances to amend local code would begin in FY25 based on the effective date of the bill. Adopting increased density near transit into local code may vary based on the capacity of cities required to adopt such ordinances and the availability of funding to implement the ordinances through the grants detailed in Sec. 9. The Local Government Fiscal Note program assumes that all applicable cities would adopt the TOD zoning and development regulations by the deadlines specified by Sec. 6(10).

The provisions of Sec. 6(4) establish that the floor area ratios of subsection 3 supersede established residential density provisions of local code in areas designated as station areas, six months after a city's comprehensive plan submission deadline in RCW 36.70A.130. Some jurisdictions may elect not to bring their codes into conformity with the requirements of this legislation prior to the applicable deadline specified in Sec. 6(10). In these jurisdictions, the provision will 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 city did not update its code by the effective date and their code were superseded by state statute, there would be increased workload for city planning and development staff to parse through their code and differentiate which portions were still enforceable and which were superseded. This would increase the staff time needed to administer local code by an unknown amount, which cannot be anticipated in advance.

Updated zoning maps and zoning documents:

\$215,000 – For cities that are required to revise residential development patterns based on the presence of station areas

there would be a need to adopt new zoning maps and outreach documents reflecting the changes to local zoning.

AWC has estimated that the costs for cities to adopt new zoning maps and outreach documents may start at \$5,000 per city and would include changes to printed documents and digitally accessible maps. These costs would be incurred concurrently with the adoption of the updated TOD zoning and development regulation ordinances.

FY25: 34 cities x \$5,000 = \$170,000

FY26: 4 cities x \$5,000 = \$20,000

FY27: 5 cities x \$5,000 = \$25,000

Total: 43 cities x \$5,000 = \$215,000

Amended comprehensive plan elements:

\$5,607,350 – The estimated costs for jurisdictions impacted by this bill to incorporate the increased density near station areas may exceed \$5.6 million from FY24 to FY26. Incorporating TOD regulations would result in changes to the existing housing capacity and capital facilities planning city’s would conduct during their next periodic comprehensive plan update, which would require them to integrate these changes into their existing workload to meet the adoption deadline of this act. Section 6(10) specifies that a city must adopt the TOD zoning and development regulations six months after its next periodic comprehensive update, with the first cohort of cities with plans due December 31, 2024.

The Housing elements of cities’ comprehensive plans would need to be amended to account for the increased density permitted in the UGA to match projected population growth. Land capacity analysis is a requirement of Housing elements within the next periodic update cycle per HB 1220 (2021). Expanding density within defined station areas under the provisions of this act, would change the analysis planning that jurisdictions undertake when updating these elements from 2024 to 2027. Housing elements generally require complex amendments, however the scope and scale of the updates required by this act would have varying complexities depending on the station area specific transit-oriented density, that would vary based on what type of qualify stop is within the city, as well as the number of qualifying stops. These element updates may have per city costs ranging from \$32,475 to \$108,250.

The Capital facilities plan elements of cities’ comprehensive plans would need to be amended to account for the increased density permitted in the UGA to match projected population growth over the 20-year period. Capital Facilities Plan elements are a critical component in the process prescribing allowable density within a UGA because the plans must demonstrate that UGAs can be supported with adequate facilities, services, and funding to sustain urban development. Capital facilities plans, in conjunction with six-year capital improvement plans, can help jurisdictions use limited funding effectively to maximize financing opportunities to support urban services in these areas. Due to the provisions of this bill, cities would have higher density requirements within the UGA near transit, and planning jurisdictions would have to identify and plan for additional capital facilities’ needs and funding within their UGA, including operations and maintenance. Capital facilities plan elements generally require complex amendments. However the scope and scale of the updates required by this act would have varying complexities depending on potentially increased residential density within the station area walkshed, which are specific to the city. These element amendments may have per city costs ranging from \$32,475 to \$108,250.

Estimate for comprehensive plan element update:

Amending comprehensive plan elements would have costs ranging from approximately \$32,000 to 108,000 per element for the 43 fully planning cities impacted by this act. These costs assume that the comprehensive plan element amendments are complex. However, these costs depend on the complexity of the update, the population size of the jurisdiction, the number of station areas, the internal capacity to perform the element updates within the planning department, and other factors. These costs would be experienced in all cities with station areas, as the assessed density within certain portions of the city’s UGA have increased. Costs may be higher in jurisdictions with a greater number qualifying transit stops.

These comprehensive plan element costs use estimates for complex element updates from HB 1181 (2023). Large cities are cities with greater than 100,000 in population, while medium size cities have populations between 10,000 and 100,000 in population, and small cities have less than 10,000 in population.

Two complex element amendments:

Small sized cities: $\$32,475 \times 2 = \$64,950$

Medium sized cities: $\$54,125 \times 2 = \$108,250$

Large sized cities: $\$108,250 \times 2 = \$216,500$

3 small cities:

$3 \times \$64,950 = \$194,850$

30 medium cities

$30 \times \$108,250 = \$3,247,500$

10 large cities,

$10 \times \$216,500 = \$2,165,000$

Total element update costs: $\$5,607,350$

The following per fiscal year costs estimates assume that the updates to long-range planning that cities undertake occurs during the next periodic update cycle as specified by RCW 36.70A.130. These costs also assume that expenses are incurred in the 18 months prior to the December 31, 2024 deadline for cities with comprehensive plans due on this date, and the prior 24 months before the submission deadline for cities with comprehensive plans due on June 30, 2025, and June 30, 2026.

FY24: $\$2,424,800$

FY25: $\$2,803,675$

FY26: $\$378,875$

Total: $\$5,607,350$

Impact of Sec. 7

Indeterminate - Commerce may approve subarea plans and implementing development regulations that are substantially similar to the requirements of Sec. 6. When making a determination, Commerce may view the amount of affordable housing is at least equivalent to the amount of affordable housing required by Sec. 6, the city offers a way to exceed building heights of more than 100 feet, and that single-family residences are prohibited within a quarter-mile of light rail stations. The number of cities that would have local plans and development regulations approved under this section is unknown.

Impact of Sec. 8

Indeterminate - Commerce must certify an extension from the requirements of Sec. 6 for areas of an impacted city that are at risk of displacement, as determined by the antidisplacement analysis requirement of Sec. 8(1). The number of cities that would be granted an extension under this section is unknown.

Impact of Sec. 10

Local Option – Sec. 10 authorizes cities to conduct an empirical parking safety study and submit findings to Commerce that would exempt the city from this section's parking requirements, if the study finds that not requiring off-street parking as a condition of permitting a development within a station area would cause significant safety issues for drivers,

passengers, pedestrians, or bicyclists. This would be a local option for impacted cities, which would not have a cost for cities that took no action.

Impact of Sec. 11

Costs to amend code for SEPA categorical exemption for infill development in station areas:

Costs may start at \$129,000 – The 43 cities may have costs starting at \$3,000 each to adopt new categorical infill exemptions for increased development in station areas. If these jurisdiction adopted the provisions of Sec. 11 by reference with a simple ordinance and hearing of the same complexity, the costs may be approximately \$129,000.

Sec. 11 establishes a new SEPA categorical exemption for infill development to facilitate the deployment of sustainable transit oriented development. Many cities have adopted SEPA categorical exemptions by reference and incorporating the provisions of this act for residential infill development in station areas may carry minimal costs for these municipalities. However, some cities may need to amend other development and zoning regulations to incorporate the changes to existing infill development exemptions, which would have additional costs. The number of cities that would choose one option or the other cannot be determined in advance.

The Local Government Fiscal Program Unit Cost Model estimates that the typical cost per city to adopt an ordinance with a hearing of the same complexity is approximately \$3,000 for a simple ordinance and \$9,500 for a complex ordinance. These estimates include costs for draft ordinances, advisory commission meeting and recommendation, finalized ordinance, publication of ordinance, and general public information. The Local Government Fiscal Note Program assumes that adopting the SEPA categorical exemption by reference would have costs for a simple ordinance with a hearing of the same complexity, with the following estimated costs for all impacted cities:

All cities adopting the new SEPA categorical exemption by reference: $43 \times \$3,000 = \$129,000$

Illustrative example of amended local code for SEPA categorical exemption for infill development in station areas:

If half of the 43 cities ($43/2 = 21.5$, or approximately 22 cities) with station areas would have to amend their existing code to conform to the new SEPA categorical exemptions in a more substantive manner than by reference, the illustrative estimated costs would be:

Cities adopting SEPA categorical exemption by reference: $21 \times \$3,000 = \$63,000$

Cities adopting more expense SEPA categorical exemption: $22 \times \$9,500 = \$209,000$

Illustrative estimate total: \$272,000

Grants Authorized in Sec. 3 and Sec. 9

Grants authorized by Sec. 3

Local Option - Any city with a station area may apply to Commerce for competitive grants meant to finance housing projects within these areas. Cities applying for these grants would be doing so as a local option, there would be no cost for cities that take no action. The costs to apply for the competitive grants may be de minimis to more substantive depending on the how much staff time a city would take to review and prepare the grant application, which local governments have indicated are more time consuming for competitive grants when compared to formula-based grants.

Grants authorized by Sec. 9

Local Option - Grants from appropriations to the Growth Management Planning and Environmental Review Fund may be used to facilitate GMA and SEPA objectives related to the planning, implementation, and adoption of TOD regulations specified by this act. Cities applying for these grants would be doing so as a local option, there would be no cost for cities that take no action. The costs to apply for the competitive grants may be de minimis to more substantive depending on the how much staff time a city would take to review and prepare the grant application, which local governments have indicated are more time consuming for competitive grants when compared to formula-based grants.

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.

CHANGES TO REVENUE IMPACT FROM THE PRIOR BILL:

The changes to the amended engrossed version of this bill does not change the revenue impact of the prior bill.

REVENUE IMPACT OF THE CURRENT BILL:

This legislation would impact local government revenues through the creation of newly established competitive grants with the Department of Commerce (Commerce) in Sec. 3, and the expansion of Planning and Environmental Review Fund grants in Sec. 9. The magnitude of the local government revenue increase would depend on appropriations made by the legislature for the specific purposes of this act and the number of cities that apply and are successfully awarded grant funding through these programs. The value of these grants and the number of successful grantees cannot be known in advance.

SOURCES:

Association of Washington Cities
City of Tukwila, Transit-Oriented Development Housing Strategies Plan (2021)
Department of Commerce, FN S HB 2343 (2020)
Department of Commerce, FN HB 2020 (2022)
Department of Commerce, Transit-oriented Development Implementation Grants (2021)
Department of Transportation, Frequent Transit Service Study Initial Report (2022)
Local Government Fiscal Note Program, FN HB 2020 (2022)
Local Government Fiscal Note Program, FN HB 1110 (2023)
Local Government Fiscal Note Program, FN HB 1181 (2023)
Local Government Fiscal Note Program, Unit Cost Model (2023)
Municipal Research and Services Center, Growth Management Act
Municipal Research and Services Center, Local Ordinances for Washington Cities and Counties (2015)
Puget Sound Regional Council
Puget Sound Regional Council, Transit-Oriented Development
Senate Bill Analysis, SB 5466 (2023)
Sound Transit, Link Light Rail
Sound Transit, Sounder Train Stations