

Multiple Agency Fiscal Note Summary

Bill Number: 5901 SB	Title: Co-living housing
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Estimated Cash Receipts

NONE

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Commerce	.0	0	0	0	.0	0	0	0	.0	0	0	0
Environmental and Land Use Hearings Office	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Environmental and Land Use Hearings Office	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Breakout

Prepared by: Cheri Keller, OFM

Phone:
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Date Published:
Final 1/ 8/2024

Individual State Agency Fiscal Note

Bill Number: 5901 SB	Title: Co-living housing	Agency: 103-Department of Commerce
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

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: Maggie Douglas	Phone: 3607867279	Date: 01/02/2024
Agency Preparation: Chad Johnson	Phone: 360-725-5028	Date: 01/03/2024
Agency Approval: Gwen Stamey	Phone: (360) 790-1166	Date: 01/03/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/04/2024

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.

Section 2 requires local governments to allow for co-living, otherwise known as rooming houses, congregate living facilities or residential suites, and address this requirement with their comprehensive plan updates.

II. B - Cash receipts Impact

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

II. C - Expenditures

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

Section 2 will require the Department to add co-living to its comprehensive plan and development regulation checklists and guidance. Similar guidance update work is already underway making this additional change possible to complete within existing resources.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number: 5901 SB	Title: Co-living housing	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:

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: Maggie Douglas	Phone: 3607867279	Date: 01/02/2024
Agency Preparation: Dominga Soliz	Phone: 3606649173	Date: 01/04/2024
Agency Approval: Dominga Soliz	Phone: 3606649173	Date: 01/04/2024
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 01/06/2024

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.

Section 1 (8) Amends RCW 36.70A and mandates cities and counties planning under the Growth Management Act (GMA) allow co-living housing as a permitted use in any urban zoning which includes multi-family residential uses and prohibits certain restrictive zoning or standards which are more restrictive than other types of residential uses in the same zone.

Co-living housing means a residential development with sleeping units that are independently rented, lockable, and provide living and sleeping space, but residents share kitchen facilities.

Conflicts over whether the city or county failed to properly regulate or were properly/improperly placed will be likely before the Growth Management Hearings Board (GMHB) and may increase petitions before the GMHB.

However, at this point, it is estimated that any impacts to the GMHB are minimal and absorbed by the GMHB and existing ELUHO personnel.

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.

None

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

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: 5901 SB

Title: Co-living housing

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

Legislation Impacts:

- Cities: Potentially significant but indeterminate for 216 cities
- Counties: Potentially significant but indeterminate for 28 counties
- Special Districts:
- Specific jurisdictions only: Only jurisdictions fully planning under the Growth Management Act (216 cities and 28 counties)
- Variance occurs due to: Extent of local code amendment changes for each jurisdiction

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs: 216 cities and 28 counties could experience one-time costs to amend their local code to allow co-living housing
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time: Number of fully planning jurisdictions that will amend their local code and the cost for each jurisdiction to make those amendments

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

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

Part III: Preparation and Approval

Fiscal Note Analyst: Kate Fernald	Phone: 564-200-3519	Date: 01/08/2024
Leg. Committee Contact: Maggie Douglas	Phone: 3607867279	Date: 01/02/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/08/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/08/2024

Part IV: Analysis

A. SUMMARY OF BILL

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

The proposed legislation would establish a definition for co-living housing and require a city or county planning under the Growth Management Act to allow co-living housing in any residential zone within an urban growth area that allows multifamily housing.

Sec. 2 would add a new section to chapter 36.70A.

Sec. 2 (1) would require a city or county planning under the Growth Management Act to allow co-living housing in any residential zone within an urban growth area that allows multifamily housing.

Sec. 2 (2) In addition, a city or county would not be allowed to require co-living housing to:

- (a) contain room dimensional standards larger than that required by the State Building Code, including dwelling unit size, sleeping unit size, room area, and habitable space;
- (b) provide a mix of unit sizes or number of bedrooms; or
- (c) include other uses.

Sec. 2 (3) A city or county subject to the provisions of this section also would not be allowed to require co-living housing to:

- (a) provide off-street parking within one-half mile walking distance of a major transit stop; or
- (b) provide more than 0.25 off-street parking spaces per sleeping unit.

Sec. 2 (4) A city or county would not be allowed to use development regulations to require any standards that are more restrictive than those that are required for other types of residential uses in the same zone.

Sec. 2 (5) A city or county would only be allowed to require a review, notice, or public meeting for co-living housing that is required for other types of residential uses in the same location, unless otherwise required by state law.

Sec. 2 (6) A city or county would not be able to exclude co-living housing from participating in affordable housing incentive programs.

Sec. 2 (7) A city or county may not treat a sleeping unit in co-living housing as more than one quarter of a dwelling unit for purposes of calculating dwelling unit density or fees for permitting and utility connections.

Sec. 2 (8) (a) Within six months of its next comprehensive plan update, a fully planning city or county would be required to adopt development regulations allowing co-living housing in any zone within an Urban Growth Area (UGA) that allows multifamily residential uses, including mixed-use development.

Sec. 2 (8) (b) The requirements of this section would supersede, preempt, and invalidate any conflicting local development regulations in any fully planning city or county that did not adopt or amend ordinances, regulations, or other official controls that would require amendments under this section.

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.

The local government expenditure impact of SB 5901 is indeterminate but potentially significant for the 216 cities and 28 counties fully planning under the Growth Management Act (GMA).

The proposed legislation would require a total of 244 jurisdictions fully planning under the GMA to amend their local code

to allow co-living housing. According to the Association of Washington Cities (AWC), there are 216 fully planning cities. According to the Local Government Fiscal Note (LGFN) Program, there are 28 fully planning counties. However, the number of jurisdictions that will undertake these amendments is not known and cannot be predicted in advance.

EXTENT OF REQUIRED CODE CHANGES:

According to the Association of Washington Cities (AWC), many cities already allow co-living in their multifamily and mixed-use zones; however, the exact number is unknown at this time. Cities and counties that already allow co-living housing would still need to make changes to ensure they align with the proposed legislation, according to AWC. Thus, the extent of changes needed will vary by city and county, and cannot be predicted in advance.

COST OF CODE AMENDMENTS:

Because the proposed legislation would require all fully planning cities and counties to make these amendments to be in conformance with the provision of this bill, it is likely that one or more cities and counties would adjust their local code. For that reason, illustrative costs are offered below; however, the exact number of jurisdictions that will make amendments, and the total cost to make those amendments is unknown and cannot be predicted at this time.

FOR ILLUSTRATIVE PUPOSES ONLY:

CITIES:

The proposed legislation's expenditure impact on cities could total \$4,104,000, if 216 cities amended their local code at a total cost of \$19,000 per jurisdiction. The Local Government Fiscal Note (LGFN) Program estimates the typical cost of staff time required to amend a city code plus costs to adopt a new ordinance through a city council public hearing and action is approximately \$19,000. According to AWC, cities would not need to update their zoning documents or planning maps. If each jurisdiction spent \$19,000 updating their code, then fully planning cities could experience costs totaling approximately \$4,104,000 ($\$19,000 \times 216$ fully planning cities = \$4,104,000).

COUNTIES:

The proposed legislation's total expenditure impact on counties could range from \$560,000 to \$840,000, if 28 counties amended their local code at a cost of \$20,000 to \$30,000 per jurisdiction. The Local Government Fiscal Note (LGFN) Program estimates the average county cost to amend a code ranges from \$20,000 to \$30,000. (For this fiscal note, the LGFN Program assumes that counties would not need to update their zoning documents or planning maps, as AWC clarified that cities would not need to update their zoning documents or planning maps.) If each jurisdiction spent \$20,000 to \$30,000 updating their code, then fully planning counties could experience total costs ranging from \$560,000 ($\$20,000 \times 28$ fully planning counties) to \$840,000 ($\$30,000 \times 28$ fully planning counties).

Although the proposed legislation would require code amendments for all cities and counties fully planning under the GMA, some jurisdictions may not elect to bring their codes into conformance with the requirements of SB 5901 prior to the applicable deadline. In these jurisdictions, the proposed legislation's provisions would automatically apply and take effect. It is unclear if these jurisdictions would incur any legal costs based upon codes that do not conform to the required code measures. Such costs cannot be anticipated in advance and are indeterminate.

Therefore, the local government fiscal impact of SB 5901 is potentially significant but indeterminate.

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.

The proposed legislation would not impact local governments' revenue.

SOURCES:

Association of Washington Cities
ESHB 1660 (2022) Local Government Fiscal Note Program's Fiscal Note
Washington State Association of Counties