

Multiple Agency Fiscal Note Summary

Bill Number: 6152 SB	Title: Housing needs gap
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Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	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
Department of Commerce	1.2	658,254	658,254	658,254	1.9	876,094	876,094	876,094	1.6	733,574	733,574	733,574
Total \$	1.2	658,254	658,254	658,254	1.9	876,094	876,094	876,094	1.6	733,574	733,574	733,574

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						689,500			777,000
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						689,500			777,000

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
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: (360) 584-2207	Date Published: Final 1/24/2024
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Individual State Agency Fiscal Note

Bill Number: 6152 SB	Title: Housing needs gap	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	0.0	2.4	1.2	1.9	1.6
Account					
General Fund-State 001-1	0	658,254	658,254	876,094	733,574
Total \$	0	658,254	658,254	876,094	733,574

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: 01/11/2024
Agency Preparation: Buck Lucas	Phone: 360-725-3180	Date: 01/24/2024
Agency Approval: Pouth Ing	Phone: 360-725-2715	Date: 01/24/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/24/2024

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 adds a new section is added to RCW 36.70A, the Growth Management Act (GMA).

Section 1(1) requires counties subject to the review and evaluation requirements of RCW 36.70A.215, the Buildable Lands program, in consultation with cities, to provide for the annual collection of data detailing the progress they have achieved in closing the gap between established existing housing units within the county and existing housing needs. The data must include estimated housing units and existing housing needs within the county by income bracket and the county's progress in meeting emergency housing, emergency shelter, and permanent supportive housing needs within the district. For the 2024 periodic update jurisdictions (King, Snohomish, Kitsap and Pierce Counties), the data must be reported to the Department of Commerce (department) annually starting in June 2026. For the 2025 periodic update jurisdictions, annual data must be provided to the department no later than one calendar year after their periodic update, or December 31, 2026, and every year thereafter.

If a county finds that the gap between estimated existing housing units and existing housing needs has not decreased from the preceding year, the county, in consultation with the cities, must limit housing units built for 750% of the area median income (AMI).

Section 1(2) the department must publish an annual report of the data collected in subsection 1 by July 1, 2027. This data must include the estimated housing units and existing housing needs at each income level and the progress in meeting emergency housing, emergency shelters and permanent supportive housing needs within the district.

Section 1(3) counties and cities subject to the requirements of this new section are eligible to receive funds from RCW 43.155 (public works board) to defray infrastructure and clean water costs related to infill development and any other increase in affordable housing units.

Section 2 amends RCW 43.155.070 to add prioritization criteria for the public works boards regarding infill development and projects that lead to the development of affordable housing to consider during grant and loan review of public works projects submitted by local governments. Only Buildable Lands jurisdictions (lark, King, Kitsap, Pierce, Snohomish, Thurston and Whatcom counties and the cities within them would be eligible).

Section 3 this section titles this act the "affordable housing action act."

II. B - Cash receipts Impact

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

II. C - Expenditures

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

Agency Assumptions:

Section 1 - Local Government Division Impacts:

- There is no impact to the Public Works Board under Section 2 to consider infrastructure projects that lead to new infill development and affordable housing. All qualifying cities and counties are already eligible for funding within existing

authority.

- The department assumes that this would require newly developed guidance on how to collect the data required and staff time to collect and publish the data provided by the counties, as well as technical assistance. Annual tracking of submitted by the seven counties required to participate in the Buildable Lands program (RCW 36.70A.215) will be required. The state's Buildable Lands program has designated the counties of Clark, King, Kitsap, Pierce, Snohomish, Thurston, and Whatcom.
- For purposes of this fiscal note, the department notes that the data requested in this bill does not readily exist in any easy-to-use format and that aside from a very extensive data collection development process, there are limitations to the data that can be gleaned with existing sources.
- To develop the guidance for counties to collect the data, the department estimates a consultant would be required to determine the best data sources, the methodology for analyzing and collating the data, and a tool to support jurisdictions in doing this work. After initial data collection, it would also be beneficial to retain a consultant on-call annually to provide technical support to jurisdictions collecting this data, as this requires very technical data analysis skills to perform this data collection with existing data sources. This on-call support would be \$100,000 annually.
- To oversee this guidance development, the department assumes the need for additional housing and land use planners with expertise in guidance is development, technical assistance to jurisdictions, conducting nonresponse follow-up; and data tabulation and annual reporting.
- Some minor rulemaking may be helpful once guidance is developed to determine the methodology to perform the data collection and analysis. The department will revise local technical guidance for counties to be consistent with the changes under this legislation, which is part of the Local Government Division's existing responsibilities and can be accomplished with minimal additional staff time.

0.3 FTE Commerce Specialist 3 (626 hours) in FY25, to review to provide initial technical assistance and guidance updates to counties in the Buildable Lands programs for data collection and submittal, and contract consultant and program development.

0.3 FTE Management Analyst 4 (626 hours) in FY25-FY29, each fiscal year, to provide ongoing data collection and tabulation, preparation of annual reports, rulemaking and guidance updates, non-response outreach and engagement, as needed.

Salaries and Benefits:

FY25: \$70,864

FY26-FY29: \$36,197 per fiscal year

Professional Services Contract:

The department assumes an initial contract consultant with housing data expertise will be needed to help the program develop and provide technical assistance in FY25 for 1,000 hours at \$200 per hour, and for additional consultation at approximately 500 hours and on an on-call basis each fiscal year thereafter.

FY25: \$200,000

FY26-FY29: \$100,000 per fiscal year

Goods and Services:

FY25: \$5,755

FY26-FY29: \$2,880 per fiscal year

Travel Costs:

Includes outreach to communities across the state to provide technical assistance for the Buildable Lands program counties. Annual travel will consist of 10 days of outreach and engagement, with half of them requiring lodging due to outreach and engagement to Eastern Washington, which includes additional travel in support of community consultation, and ongoing outreach annually at conferences and workshops.

FY25-FY29: \$2,487 per fiscal year

Intra-agency Reimbursements:

FY25: \$23,314

FY26-FY29: \$11,909 per fiscal year

Note: Standard goods and services costs include supplies and materials, employee development and training, Attorney General costs, central services charges and agency administration. Intra-agency-administration costs (e.g. payroll, HR, IT) are funded under a federally approved cost allocation plan.

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Total Local Government Division Costs:

FY25: \$302,420

FY26-FY29: \$153,473 per fiscal year

Section 1 - Information Services (IS) Impacts

• Additional significant department IS work will be required to initially upgrade its internal planning data system for tracking submitted materials, FY25-FY26, and ongoing maintenance. The department assumes \$50,000 a year for the first two years for immediate IS upgrades for tracking and new workflow for receiving local amendments, department approval processes, certification and tracking of timeline extensions, and the legal appeals of department decisions, and 0.3 FTE for three IT staff to upgrade and maintain the planning data system to implement new requirements.

0.5 FTE IT Business Analyst Expert (1,044 hours) in FY25-FY26, each fiscal year, and 0.3 FTE (626 hours) in FY27-FY29, each fiscal year, for significant system maintenance and upgrades to the plan review data and program tracking system, including major data system upgrades for new programs and ongoing maintenance and periodic upgrades thereafter.

0.5 FTE IT Application Developer (1,044 hours) FY25-FY26 and 0.3 FTE IT Application Developer (626 hours) in FY27-FY29, each fiscal year for system maintenance for upgrades to the data and program tracking database.

0.3 FTE IT Customer Support Journey (ITCS-2) (626 hours) in FY25-FY29, each fiscal year, for security, user management, data backups, system/server configuration and management.

0.1 FTE IT Data Management – Journey (ITDM-3) (208 hours) in FY25–FY29, each fiscal year, for overall system and data coordination and management. Oversee and establish data security and access protocols and work closely with BA and App Development staff for system design efforts.

Salaries and Benefits:

FY25-FY26: \$219,933 per fiscal year
 FY27-FY29: \$153,235 per fiscal year

Professional Services Contract:
 IS consultant contract of \$50,000 in FY25 and FY26, each fiscal year for contractor support.

FY25: \$50,000
 FY26: \$50,000

Goods and Services:

FY25-FY26: \$13,543 per fiscal year
 FY27-FY29: \$9,665 per fiscal year

Intra-agency reimbursements:

FY25-FY26: \$72,358 per fiscal year
 FY27-FY29: \$50,414 per fiscal year

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 Total Information Services Costs:

FY25-FY26: \$355,834 per fiscal year
 FY27-FY29: \$213,314 per fiscal year

Note: Standard goods and services costs include supplies and materials, employee development and training, Attorney General costs, central services charges and agency administration. Agency administration costs (e.g., payroll, HR, IT) are funded under a federally approved cost allocation plan.

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 Total Costs:

FY25: \$658,254
 FY26: \$509,307
 FY27-FY29: \$366,787 per fiscal year

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	0	658,254	658,254	876,094	733,574
Total \$			0	658,254	658,254	876,094	733,574

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		2.4	1.2	1.9	1.6
A-Salaries and Wages		219,095	219,095	336,499	285,518
B-Employee Benefits		71,702	71,702	109,063	93,346
C-Professional Service Contracts		250,000	250,000	250,000	200,000
E-Goods and Other Services		19,298	19,298	28,968	25,090
G-Travel		2,487	2,487	4,974	4,974
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		95,672	95,672	146,590	124,646
9-					
Total \$	0	658,254	658,254	876,094	733,574

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Administrative Services - Indirect	111,168		0.4	0.2	0.4	0.3
Commerce Specialist 3	84,518		0.3	0.2		
IT APP Development - Manager	136,751		0.5	0.3	0.4	0.3
IT Business Analyst - Senior/Specialist	118,149		0.5	0.3	0.4	0.3
IT Customer Support - Journey	92,787		0.3	0.2	0.3	0.3
IT Data Management - Senior/Specialist	118,149		0.1	0.1	0.1	0.1
Management Analyst 4	88,794		0.3	0.2	0.3	0.3
Total FTEs			2.4	1.2	1.9	1.6

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

There is no impact on the capital budget. All qualifying jurisdictions under the proposed legislation are already eligible for funding consideration by the Public Works Board. Infrastructure projects that lead to infill development and affordable

housing would be an additional prioritization criteria that the Public Works Board may consider in their awards determination process within existing or future capital appropriations.

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: 6152 SB	Title: Housing needs gap
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities:** Annual reporting costs for cities starting June 30, 2026, and every year thereafter. There are 104 cities impacted cities with \$3,500 in estimated annual reporting costs, or approximately \$1,379,000 in four fiscal years.
- Counties:** Annual reporting costs for counties starting June 30, 2026, and every year thereafter. There are seven impacted with \$3,500 in estimated annual reporting costs, or approximately \$87,500 in four fiscal years.
- Special Districts:**
- Specific jurisdictions only:** This act only affects counties, and the cities within them, that are subject to the requirements of the Buildable Lands Program.
- Variance occurs due to:**

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:** Ordinance adoption costs for the very high income housing unit restriction.
- Legislation provides local option:** Applying for infill development construction loans from the Public Works Board.
- Key variables cannot be estimated with certainty at this time:** Number of counties and cities that may be required to amend local code to prohibit very high income housing units; Number of applications and financial awards of infill development construction loans.

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				651,000	728,000
County				38,500	49,000
TOTAL \$				689,500	777,000
GRAND TOTAL \$					1,466,500

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: 01/18/2024
Leg. Committee Contact: Maggie Douglas	Phone: 3607867279	Date: 01/11/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/18/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/19/2024

Part IV: Analysis

A. SUMMARY OF BILL

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

The affordable housing action act would establish new requirements for the state's fastest growing counties, and the cities within them, that plan under the Growth Management Act.

Sec. 1 would be a new chapter added to RCW 36.70A which would require jurisdictions in the Buildable Lands Program to annually collect data about housing needs, analyze housing unit availability at various income levels, report these statistics to the Department of Commerce, and take local action to limit the construction of units available to those above 750% of median income if affordable housing gaps are not being closed.

For counties and cities that comply with these requirements, this act would create financing eligibility from the Public Works Board for projects that support residential infill development for affordable housing.

Sec. 2 would amend public works project statute so that the types of projects that are eligible for financial assistance from the Public Works Board (PWB) now include those that encourage infill development. Other infrastructure or clean water projects that would increase the availability of affordable housing at various income levels within a county would also be eligible for financial assistance from the PWB.

This act would take effect 90 days after the adjournment of the session in which it is passed.

B. SUMMARY OF EXPENDITURE IMPACTS

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

This proposed legislation would have indeterminate impacts on local government expenditures of cities and counties in the Buildable Lands Program (BLP). For costs that can be estimated at this time, the local government expenditure impact may be approximately \$1,466,500 over four fiscal years, starting in FY2026. The estimated annual reporting costs, for each of the counties and cities within these counties in the BLP, would be \$3,500 per year. Costs may be lower depending on how this work may fold into existing annual reporting processes of the BLP, which was expanded under Chapter 338, Laws of 2023 (PL.2SSB 5290 (2023)).

Discussion:

Starting in March 2025, many jurisdictions that are required to conduct Urban Growth Capacity Reports under the BLP would have new permit tracking and annual reporting requirements for certain types of permits associated with housing starts under Chapter 338, Laws of 2023 (PL.2SSB 5290 (2023)). These jurisdictions must publish annual performance reports to their city or county website and report to the Department of Commerce. The requirements of this act and of PL.2SSB 5290 (2023) use similar data and similar reporting timelines. The Local Government Fiscal Note for PL.2S SB 5290 (2023) indicated that annual reporting costs to detail permitting volume and permitting timeline would be approximately \$3,500 per jurisdiction in the BLP. Unlike PL.2S SB 5290 (2023) this act would affect all cities that are in the BLP not just those with more than 20,000 residents.

Estimated Annual Analysis and Reporting Costs:

If the costs to comply with this legislation (annual data collection, analyzing housing units and housing available at different income levels, and annual reporting requirements) were similar in scope and scale to those annual reporting requirements in PL.2S SB 5290 (2023) there would be annual costs of \$3,500 per jurisdiction in the BLP.

There would be 4 counties and 82 cities that would begin reporting in FY2026 (86 jurisdictions x \$3,500 = \$301,000), and annually then afterwards. There would be 3 counties and 22 cities that would begin reporting in FY2027 (25 jurisdictions x \$3,500 = \$87,500), and annually then afterwards.

Through FY2029, cities would incur \$1,379,000, and counties would incur \$87,500 in expenses, for a total of \$1,466,500 in

analysis and reporting costs.

Combined

FY2024: \$0
FY2025: \$0
FY2026: \$301,000
FY2027: \$388,500
FY2028: \$388,500
FY2029: \$388,500
Total: \$1,466,500

City

FY2024: \$0
FY2025: \$0
FY2026: \$287,000
FY2027: \$364,000
FY2028: \$364,000
FY2029: \$364,000
Total: \$1,379,000

County

FY2024: \$0
FY2025: \$0
FY2026: \$14,000
FY2027: \$24,500
FY2028: \$24,500
FY2029: \$24,500
Total: \$87,500

Limiting Units if the Affordable Housing Gaps are not closed:

If a county finds that the gap between estimated housing units and needs has not decreased from the previous year, they would be required to consult with any affected cities and establish legislative action to limit the number of units built for 750% of area median income. The number of counties and cities that would be impacted by the requirement in Sec. 1(1)(d) would not be known until at least June 30, 2027.

Applying for Financial Assistance from the Public Works Assistance Account

For counties and cities that comply with these requirements of Sec. 1, this act would create financing eligibility from the Public Works Board for projects that support residential infill development for affordable housing goals. Cities and counties could apply for grants or loans from the Public Works Board as a local option.

Local government's staff time commitment and other potential costs are unknown. However, based on similar grant programs through the Public Works Board at the Department of Commerce, the application process generally takes 1-2 hours to complete. Most local governments have a person on staff that completes financing applications as part of their normal duties, so expenditures of this type are likely minimal. There may be de minimis to more substantive costs associated with filing an application depending on the jurisdiction's familiarity with the Public Works Assistance Account application process.

C. SUMMARY OF REVENUE IMPACTS

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

This proposed legislation would have indeterminate impacts on local government revenue of cities and counties in the Buildable Lands Program (BLP). The act would open up new financing opportunities to cities and counties who are

attempting to receive infrastructure grant or loans to support infill development and affordable housing goals for their residents of various economic segments of the population.

Cities and counties could apply to the Public Works Board (PWB) for grants or loans as a local option. The number of successful applications and the amount of financial assistance awarded would differ each year.

Example of PWB Construction Award Funding Level:

For the 2023-2025 biennium, the Washington State Legislature appropriated \$400 million to the Public Works Board. Approximately \$370 million of the biennial funding was appropriated to the Construction program, “with 60% of the funding available in FY24 and 40% available in FY25.”

Additionally, the PWB state that, “84 applications ultimately met the eligibility threshold. After rating and ranking, the PWB conditionally awarded funds at their September 8, 2023 meeting to 61 projects in 51 communities for a total of \$221,469,551.”

SOURCES:

Department of Commerce, Public Works Board

Local Government Fiscal Note Program, FN HB 1263 (2021)

Local Government Fiscal Note Program, FN PL.2SSB 5290 (2023)

Municipal Research and Services Center, Buildable Lands Program