

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2474 HB	<b>Title:</b> Housing siting requirements
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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	4.6	1,483,386	1,483,386	1,483,386	8.5	2,520,818	2,520,818	2,520,818	8.5	2,485,218	2,485,218	2,485,218
<b>Total \$</b>	<b>4.6</b>	<b>1,483,386</b>	<b>1,483,386</b>	<b>1,483,386</b>	<b>8.5</b>	<b>2,520,818</b>	<b>2,520,818</b>	<b>2,520,818</b>	<b>8.5</b>	<b>2,485,218</b>	<b>2,485,218</b>	<b>2,485,218</b>

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
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

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

NONE

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**Date Published:**  
Final 1/29/2024

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2474 HB	<b>Title:</b> Housing siting requirements	<b>Agency:</b> 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	9.2	4.6	8.5	8.5
<b>Account</b>					
General Fund-State 001-1	0	1,483,386	1,483,386	2,520,818	2,485,218
<b>Total \$</b>	0	1,483,386	1,483,386	2,520,818	2,485,218

### 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: 01/25/2024
Agency Preparation: Buck Lucas	Phone: 360-725-3180	Date: 01/29/2024
Agency Approval: Pouth Ing	Phone: 360-725-2715	Date: 01/29/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/29/2024

## 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 amends RCW 35.21.683, to require a city, before denying or rescinding a project permit application for certain projects, including transient housing, permanent supportive housing, indoor emergency housing or indoor emergency shelters, to submit to the Department of Commerce (department) certain zoning ordinances and related development regulations. The department must undertake review and approval of these submittals, based on the new criteria outlined in this section. If the department finds that these city ordinances, denials or rescissions violate this section, then the department will be responsible for developing the zoning regulations within the city, for zones of hotels or residential dwelling units, until the city ordinance is amended to comply with this section.

Section 2 amends RCW 35A.21.430, creating and applying the same program for a code city, and the department, as is outlined in Section 1.

### 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.*

Assumptions – Local Government Division:

- Section 1 will create a significantly new review and approval program for the department, related to review of statewide city zoning ordinances, development regulations and project permit applications under Sections 1-2. The department assumes new development and administrative work in FY25 to hire staff, begin legal review, develop guidance and adopt rules for the review submitted measures.
- There is no timeline provided for implementation of the local submittal requirements and department review and approval program under Sections 1-2 of this bill. But for purposes of this fiscal note, the department assumes it will develop this program immediately beginning in FY25.
- The department assume that is will require additional professional staff with both local housing and land use planning expertise to review and issue final decisions on zoning ordinances, related development regulations, and project permit applications submitted by cities statewide, per fiscal year, beginning in FY25.
- The number of city submitted zoning ordinances, development regulations and project permit applications submitted to the department for review and approval, based on the criteria outlines in Sections 1-2, is indeterminate. For purposes of this fiscal note, the department will estimate approximately 25-50 city actions and submittals annually.
- The department assume it will need to develop new guidance and procedures for the new review and approval program under Sections 1-2, including development of model zoning regulations, to apply until a city amends it regulations for compliance. Additional program timelines for the review process and issuing of department findings are not outlined in this bill. But for purposes of this fiscal note, the department will base it's prior, similar assumptions on proposals for new review and approval programs, and development and ongoing administrative costs.
- There is no appeal process outlined in this bill for cities, following department review and findings in Sections 1-2. But for

purposes of this fiscal note, the department assumes Assistant Attorney General legal support with developing the new review and approve program by the department in FY25, and it is assumed this will include ongoing legal support for potential city appeals, zoning regulation implementation until city corrective action is taken. This may include internal department legal consultation and representation.

- The department assumes it will require additional administrative staff for records management of the city submitted ordinance, regulations and permit materials for review. For purposes of this fiscal note, the department assumes that it will strive for and meet a 180-day period from receipt of an application to issue a final decision determining approval or disapproval of submitted zoning ordinances, development regulations and project permit applications. The department further assumes recordkeeping and tracking development for the written final decisions and publication of final approval decisions in the Washington State Register.
- The department assumes in FY25, within six months of the effective date of this legislation, it will require rulemaking and assistant attorney general (AAG) involvement to develop and publish a defined set of minimum objective standards that jurisdictions must meet for compliance. Additional guidance for internal review and compliance work will also need to be developed. The department assumes it will require additional AAG costs for potential appeals of final decisions to the growth management hearings board, this will increasing administrative and staff review time and tracking cases. The number of potential department final approval and disapproval decisions is unknown. For purposes of this fiscal note, the department will assume 10% of final decisions may be appealed annually, or 5 appeals annually.
- The department assume significant rulemaking will be required as outlined above including staff and AAG costs for approval program development, procedures for notice, application and final decisions issues by the department, and potential appeals procedures.
- The department assumes approximately 25-50 zoning ordinances, development regulations and project permit applications submitted per year. Commerce assumes one planner would be able to review and track approximately 2 new submittals per month and track past ones, assuming each review submittal will come in again for final approval. One planner could review up to 6-10 submittals per year. Therefore, approximately four housing planners are needed for this work with associated IS updates to assist.

1.0 FTE Commerce Specialist 5 (2,088 hours) in FY25-FY29, to lead communication about the review and approval program; develop submission checklists to support clear expectations of department review; supervise and assign submittals, review the items quickly, and assign them to housing section planners for review; train housing section planners in the review zoning regulations and project permit applications; develop guidance to assist cities with developing a model zoning regulations for applicable cities; and oversee rulemaking and technical assistance requests with the new statute. This position would also be the lead staff responsible for supporting any appeals.

4.0 FTE Commerce Specialist 3 (8,352 hours) in FY25-FY29, to review zoning regulations, draft comments, and work with regional planners and transmit comments, and issue approvals or disapprovals, writing findings and a decision, in coordination with regional planners; provide technical assistance to cities submitting to the department for review; support development of rulemaking; support development of a module to track submitted city materials and final decisions on compliance of plans and regulations; and help develop presentation and communication materials and present to jurisdictions about requirements as needed.

1.0 FTE Commerce Specialist 2 (2,088 hours) in FY25-FY29, to track as regulations are submitted, track submissions dates and notify jurisdictions; track where we are with providing comments and complying with review windows required by the statute; and support presentations, materials, workshops, and administrative rulemaking.

0.30 FTE Administrative Assistant 3 (626 hours) in FY25-FY29, to provide necessary administrative support, including communication and publication support, records management, and support appeals and program correspondence.

0.20 FTE Management Analyst 4 (420 hours) in FY25, to assist rulemaking development, administrative and legal support and coordination, outreach and engagement, and leadership for signification agency actions.

Salaries and Benefits:

FY25 \$743,604

FY26-FY29: \$719,473 per fiscal year

Professional Services Contract:

The department will contract, in FY25 for facilitation of outreach and engagement with the new review, approval and zoning regulation program, including guidance and rulemaking and to meet covered agencies responsibilities for this significant agency action. This includes approximately 60 hours at \$200 per billable hour in FY25, with additional contracts for translation support, as needed in FY25, estimated to be \$1,725 per document per English alternative language and for an estimated two documents ( $\$1,725 \times 9 \times 2$ ).

FY25: \$43,050

Goods and Services:

The department assumes Assistant Attorney General consultation for guidance and rulemaking development for the new program of \$10,500 in FY25 based on an estimate of 50 hours at \$210 per hour, will be required to complete development guidance and procedures for the review and approval program, including rulemaking, based on an estimate of 50 hours at \$210 per hour. Ongoing legal services in FY26-FY29, based on AAG estimates, for department representation, legal advice related to department final decisions and representation of appeals to the Growth Management Hearings Board are estimated to be 70 hours AAG consultation at \$14,700 each fiscal year in FY26-FY29.

FY25: \$82,812

FY26-FY29: \$85,092 per fiscal year

Travel Costs:

Includes outreach to communities across the state to provide technical assistance for the new city zoning regulation review program. 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 FY25 to support community consultation during the rulemaking and program development process.

FY25: \$5,093

FY26-FY29: \$2,475 per fiscal year

Equipment:

Includes new standard workstation for each new staff member, and replacement computers based on the department's standard replacement lifecycle.

FY25: \$30,000

FY29: \$14,400

Intra-agency Reimbursements:

FY25: \$244,646

FY26-FY29: \$236,707 per fiscal year

Note: Standard goods and services costs include supplies and materials, employee development and training, Attorney General costs, central services charges and agency administration. Intra-agency-agency administration costs (e.g. payroll,

HR, IT) are funded under a federally approved cost allocation plan.

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Total Local Government Division Costs:

FY25: \$1,149,205

FY26-FY28: \$1,043,747 per fiscal year

FY29: \$1,058,147

Sections 1-2 – Notices Tracking and Management - Information Services (IS) Impacts

- The department assumes it will need IS support to update its plan review tracking database and establish a new publication system to promptly publish city 120-day notifications and track submittals for review. The department further assumes additional data and records management for relevant state agency consultation, correspondence and advising with cities.

- The department assumes approximately 25-50 zoning ordinances, development regulations and project permit applications submitted per year. Commerce assumes one planner would be able to review and track approximately 2 new submittals per month and track past ones, assuming each review submittal will come in again for final approval. One planner could review up to 6-10 submittals per year. Therefore, approximately four housing planners are needed for this work with associated IS updates to assist.

- 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 IT 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 3 (1,044 hours) in FY25, and 0.3 FTE (626 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 ongoing maintenance and periodic upgrades thereafter.

0.5 FTE IT Application Developer 5 (1,044 hours) in FY25, and 0.3 FTE (626 hours) in FY26-FY29, 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, for security, user management, data backups, system/server configuration and management.

Salaries and Benefits:

FY25: \$204,368

FY26-FY29: \$137,670 per fiscal year

Professional Services Contract:

IS consultant contract for data system upgrades in FY25-FY26, each fiscal year.

FY25: \$50,000

FY26: \$50,000

Goods and Services:

FY25: \$12,576  
 FY26-FY29: \$8,699 per fiscal year

Intra-agency reimbursements:

FY25: \$67,237  
 FY26-FY29: \$45,293 per fiscal year

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 Total Information Services Costs:

FY25: \$334,181  
 FY26: \$241,662  
 FY27-FY29: \$191,662 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: \$1,483,386  
 FY26: \$1,285,409  
 FY27-FY28: \$1,235,409 per fiscal year  
 FY29: \$1,249,809

**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	1,483,386	1,483,386	2,520,818	2,485,218
<b>Total \$</b>			0	1,483,386	1,483,386	2,520,818	2,485,218

**III. B - Expenditures by Object Or Purpose**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		9.2	4.6	8.5	8.5
A-Salaries and Wages		698,342	698,342	1,259,204	1,259,204
B-Employee Benefits		249,630	249,630	455,082	455,082
C-Professional Service Contracts		93,050	93,050	50,000	
E-Goods and Other Services		95,388	95,388	187,582	187,582
G-Travel		5,093	5,093	4,950	4,950
J-Capital Outlays		30,000	30,000		14,400
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		311,883	311,883	564,000	564,000
9-					
<b>Total \$</b>	0	1,483,386	1,483,386	2,520,818	2,485,218



**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	54,199		0.3	0.2	0.3	0.3
Administrative Services - Indirect	111,168		1.4	0.7	1.3	1.3
Commerce Specialist 2	72,924		1.0	0.5	1.0	1.0
Commerce Specialist 3	84,518		4.0	2.0	4.0	4.0
Commerce Specialist 5	98,040		1.0	0.5	1.0	1.0
IT APP Development - Manager	136,751		0.5	0.3	0.3	0.3
IT Business Analyst - Senior/Specialist	118,149		0.5	0.3	0.3	0.3
IT Customer Support - Journey	92,787		0.3	0.2	0.3	0.3
Management Analyst 4	88,794		0.2	0.1		
<b>Total FTEs</b>			9.2	4.6	8.5	8.5

**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.*

Amend Chapter 365-196 WAC, modifying existing guidance and likely created a new section for implementation and guidance outlined in this bill.

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 2474 HB

Title: Housing siting requirements

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

### Legislation Impacts:

- Cities: Could incur increased but indeterminate expenditure impacts if the city plans to deny or rescind a permit application for transitional housing, permanent supportive housing, indoor emergency shelters or indoor emergency housing.
- Counties:
- Special Districts:
- Specific jurisdictions only: Cities requiring complex ordinance amendments as a result of the legislation could incur approximately \$24,000 in costs per city.
- Variance occurs due to:

## Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time: The future number of: permit applications cities will receive; permits that will be rescinded or denied; ordinances that Commerce will review and approve; and cities with an ordinance found to be in violation, which would require amendment.

### 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: 01/29/2024
Leg. Committee Contact: Serena Dolly	Phone: 360-786-7150	Date: 01/25/2024
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 01/29/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/29/2024

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

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

Sec. 1 would amend RCW 35.21.683.

(2)(a): If Commerce finds that an ordinance, denial, or rescission violates requirements to allow such housing and shelters, then the legislation would prohibit a city from establishing or enforcing a zoning ordinance for transitional housing, permanent supportive housing, indoor emergency shelters, or indoor emergency housing until the ordinance is amended.

(2)(b): Prior to denying or rescinding a permit application, cities would be required to submit any zoning ordinances and development regulations addressing occupancy, spacing, or intensity of use requirements for transitional housing, permanent supportive housing, indoor emergency shelters, or indoor emergency housing to the Department of Commerce (Commerce) for review and approval.

Additionally, (2)(b) would also authorize Commerce to develop all zoning regulations for any zone within the city that allows residential housing units or hotels until a city ordinance found in violation is amended.

### **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 legislation would have an indeterminate impact on cities. It is not possible to predict the number of future permit applications cities will receive; permits that will be rescinded or denied; ordinances that Commerce will review and approve; and cities with an ordinance found to be in violation, requiring amendment.

#### **INDETERMINATE IMPACTS:**

The legislation would require a city to submit any zoning ordinance and related development regulations addressing the reasonable occupancy, spacing, or intensity of use requirements to the Department of Commerce (Commerce) for review and approval before denying or rescinding a permit application for transitional housing, permanent supportive housing, indoor emergency shelters or indoor emergency housing. However, the number of permit applications that a city will receive and the number that may be denied or rescinded cannot be predicted in advance, so the proposed legislation's impact on cities' expenditures is indeterminate.

Additionally, if Commerce finds that the city ordinance, denial, or rescission prohibits the siting of transitional housing, indoor emergency housing, indoor emergency shelters, or permanent supportive housing, the city would not be allowed to establish or enforce zoning ordinances for any zone in which residential dwelling units or hotels are allowed until the city ordinance is amended. Until the city ordinance is amended, the legislation would also authorize Commerce to develop all zoning regulations within those zones.

#### **ILLUSTRATIVE COSTS:**

The Local Government Fiscal Note Program's 2024 complex amendment costs are offered below strictly as an example of approximate costs cities could incur if they needed to amend their ordinances as a result of the legislation.

Cities requiring complex ordinance amendments as a result of the legislation could incur approximately \$24,000 in costs per city. Complex ordinance amendments start at approximately \$13,000. That includes work by planning department staff to review local code, draft the ordinances, and prepare staff reports all the way through to passing the ordinance by the city council. Cities could incur another \$6,000 for the SEPA project checklist review that would be conducted concurrently with drafting the ordinance. The SEPA project checklist review would be complete by the time the city council adopted the ordinance. Cities could incur additional costs if the amendments required a zoning change component. Cost estimates for amending zoning and land use maps, as well as creating digitally accessible and physical copies of those maps, would add another \$5,000 to cities' expenditures. This equates to roughly \$24,000 in costs per impacted city.

## **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 legislation would not impact local governments' revenue.

### **SOURCES:**

Association of Washington Cities

Association of Washington Cities, Salary Survey (2023)

Department of Commerce, Evaluation of Planning Costs Report (Jan. 2023)

Local Government Fiscal Note Program, Review of HB 1923 (2019)