

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2071 HB	<b>Title:</b> Residential 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
Office of the Governor	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Department of Enterprise Services	.7	180,000	180,000	180,000	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>0.7</b>	<b>180,000</b>	<b>180,000</b>	<b>180,000</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>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			4,670,000			2,990,000			
Local Gov. Total			4,670,000			2,990,000			

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of the Governor	.0	0	0	.0	0	0	.0	0	0
Department of Enterprise Services	.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>

## Estimated Capital Budget Breakout

NONE

<b>Prepared by:</b> Val Terre, OFM	<b>Phone:</b> (360) 280-3973	<b>Date Published:</b> Final 2/ 1/2024
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2071 HB	<b>Title:</b> Residential housing	<b>Agency:</b> 075-Office of the Governor
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

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

### 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: 01/09/2024
Agency Preparation: Kathy Cody	Phone: (360) 480-7237	Date: 01/17/2024
Agency Approval: Jamie Langford	Phone: (360) 870-7766	Date: 01/17/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 01/17/2024

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.

HB 2071 requires the Office of Regulatory and Innovation Assistance (ORIA) to contract with an external consultant or entity to develop a standard plan set that demonstrates a prescriptive compliance pathway that meets or exceeds all energy code regulations for residential housing, subject to the international residential code.

The standard plan set must be completed by June 30, 2025.

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.

ORIA will need to run a procurement and execute a contract with the successful consultant or entity to carry out the required work. After conferring with industry experts and reviewing similar contracts we estimate the work could require up to 900 hours @ \$250 per hour. Funding for the consultant or firm is estimated to cost up to \$225,000.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

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

III. B - Expenditures by Object Or Purpose

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

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

<b>Bill Number:</b> 2071 HB	<b>Title:</b> Residential housing	<b>Agency:</b> 179-Department of Enterprise Services
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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	0.3	1.0	0.7	0.0	0.0
<b>Account</b>					
General Fund-State 001-1	44,000	136,000	180,000	0	0
<b>Total \$</b>	44,000	136,000	180,000	0	0

### 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: 01/09/2024
Agency Preparation: Michael Diaz	Phone: (360) 407-8131	Date: 01/17/2024
Agency Approval: Jessica Goodwin	Phone: (360) 819-3719	Date: 01/17/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 01/17/2024

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 to RCW 19.27 requiring the state building code council (SBCC) to create a technical advisory group whose purpose is to recommend additions or amendments to rules or codes necessary for the council to apply the international residential code to multiplex housing and exempt multiplex housing from the international building code. The technical advisory group must provide its recommendations to the council in time for the SBCC to adopt or amend rules or codes as necessary for implementation in the 2024 international building code. The SBCC shall take action to adopt additions and amendments to the rules or codes as necessary by July 1, 2026.

Section 2 adds a new section to RCW 19.27 requiring the SBCC to create a technical advisory group whose purpose is to recommend amendments to the international building code that would allow for a minimum dwelling unit size. The technical advisory group must provide its recommendations to the council in time for the SBCC to adopt or amend rules or code as necessary for implementation in the 2024 international building code. The SBCC shall take action to adopt additions and amendments to rules or codes as necessary by July 1, 2026.

In order to be implemented by July 1, 2026, adoptions of, or amendments to, rules must be approved by December 1, 2025. The adoption of these rules can be done within the normal code cycle for rulemaking. However, there is additional administrative costs related to this work.

This has fiscal impact to the Department of Enterprise Services (DES).

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 1 and 2 require the State Building Code Council (SBCC) to develop a workgroup and make recommendations to change rules or codes related to multiplex housing codes and minimum dwelling size. The current implementation date identified in HB 2071 could be done within the normal cycle of code adoption by SBCC. The Department of Enterprise Services currently assumes that this would not require additional Council and Technical Advisory Group (TAG) meetings, public hearings, or testimony.

For purposes of this analysis, it is assumed that 1.0 Management Analyst 5 would be required for 15 months to complete the administrative work associated with this proposed legislation. The position would start April 1, 2024.

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	44,000	136,000	180,000	0	0
Total \$			44,000	136,000	180,000	0	0

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.3	1.0	0.7		
A-Salaries and Wages	30,000	96,000	126,000		
B-Employee Benefits	13,000	34,000	47,000		
C-Professional Service Contracts					
E-Goods and Other Services	1,000	6,000	7,000		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	44,000	136,000	180,000	0	0

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Management Analyst 5	95,184	0.3	1.0	0.7		
<b>Total FTEs</b>		0.3	1.0	0.7		0.0

### 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.*

# LOCAL GOVERNMENT FISCAL NOTE

Revised

Department of Commerce

<b>Bill Number:</b> 2071 HB	<b>Title:</b> Residential housing
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**Part I: Jurisdiction**-Location, type or status of political subdivision defines range of fiscal impacts.

**Legislation Impacts:**

- ☒ Cities: All cities would be required to review and update residential building codes.
- ☒ Counties: Same as above.
- ☐ Special Districts:
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

**Part II: Estimates**

- ☐ No fiscal impacts.
- ☒ Expenditures represent one-time costs: Ordinance adoption and accompanying analysis.
- ☐ Legislation provides local option:
- ☐ Key variables cannot be estimated with certainty at this time:

**Estimated revenue impacts to:**

None

**Estimated expenditure impacts to:**

Jurisdiction	FY 2024	FY 2025	2023-25	2025-27	2027-29
City		4,110,000	4,110,000	2,430,000	
County		560,000	560,000	560,000	
<b>TOTAL \$</b>		4,670,000	4,670,000	2,990,000	
<b>GRAND TOTAL \$</b>	<b>7,660,000</b>				

**Part III: Preparation and Approval**

Fiscal Note Analyst: Jordan Laramie	Phone: 360-725-5044	Date: 01/31/2024
Leg. Committee Contact: Serena Dolly	Phone: 360-786-7150	Date: 01/09/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/31/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 02/01/2024



## Part IV: Analysis

### A. SUMMARY OF BILL

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

This legislation would require local governments to update their residential building codes to allow for certain retrofits and construction standards, remove certain requirements for off-street parking, and add new construction standards for passive house requirements.

Sections 1 and 2 add new sections to chapter 19.27 RCW which requires the State Building Code Council to convene two technical advisory groups to convene for the purpose of 1) recommending additions or amendments to the rules or codes for multiplex housing and to exempt this housing from the international building code, and 2) for the purpose of recommending amendments to the international building code that would allow for a minimum dwelling unit size less than 190 square feet but greater than or equal to 70 square feet of habitable space. These recommendations shall be provided to the council for implementation in the 2024 international building code and adoption by July 1, 2026. A definition of "multiplex housing" is also provided.

Section 3 adds a new section which states that the office of regulatory innovation and assistance shall develop a compliance pathway plan that will meet all regulations for residential housing subject to the international residential code in consultation with cities, counties, building industries, and building officials. The plan must be completed by June 30, 2025. This plan may be used by local governments but is not required.

Section 4 adds a new section to chapter 36.70A RCW which requires cities and counties to allow certain standards for retrofits of existing buildings and existing nonconforming buildings used for residential housing.

Section 5 adds a new section to chapter 36.70A RCW which sets certain new construction standards that cities and counties must allow for passive house requirements. A definition of "passive house requirements" is provided to mean the energy modeling requirements of the passive house institute United States.

Section 6 adds a new section to chapter 36.70A RCW which prohibits cities and counties from requiring off-street parking for residential projects due to tree retention or protection requirements.

This legislation would take effect 90 days after adjournment of the session in which the bill 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.*

Note: This local government fiscal note has been revised to align with the assumptions found in the Department of Enterprise Services fiscal note for HB 2071.

This legislation would have moderate impacts for every jurisdiction that fully plan under the Growth Management Act (GMA). Each county, and the cities within them, with development regulations for residential buildings would need to adopt or amend such development regulations in their local code to comply with this act. There are 28 counties and 218 cities and towns that fully plan under the GMA that this legislation would impact. The estimated costs of this act would be \$7.66 million, incurred over three state fiscal years (FY), which would coincide with the submission deadline of these jurisdiction's periodic update of their comprehensive plans.

The fiscal note for HB 2071 prepared by the Department of Enterprise Services indicates that local governments would adopt any amendments to the state building code made by the state building code council (SBCC) as required by state law and as part of the regular update cycle. Therefore, all counties, cities, and towns would presumably update their local codes as part of the amendment cycle for the 2024 SBC, by July 1, 2026. The Association of Washington Cities (AWC) indicated that the city impact for HB 2071 Sec. 1 as well as Sec. 2 would have no impact.

The local government fiscal note program, using assumptions from AWC, the Washington State Association of Counties, and the Department of Commerce’s Evaluation of Planning Costs Study (2023), estimates that the planning work in Sec. 4, 5, and 6 may start at \$30,000 per city, and \$40,000 per county.

These sections would add new chapters to 36.70A without specific effective dates for their adoption. Therefore, it is assumed by the local government fiscal note program that fully planning counties, and the cities within them, would be required to adopt these development regulations by the submission deadline of their comprehensive plan periodic update. The combined local government expenditure impact of this act would be \$7.66 million. These costs would be incurred from FY2025 through FY2027, as illustrated below.

Combined	
FY2024:	\$0
FY2025:	\$4,670,000
FY2026:	\$1,760,000
FY2027:	\$1,230,000
FY2028:	\$0
FY2029:	\$0
Total:	\$7,660,000

City	
FY2024:	\$0
FY2025:	\$4,110,000
FY2026:	\$1,440,000
FY2027:	\$990,000
FY2028:	\$0
FY2029:	\$0
Total:	\$6,540,000

County	
FY2024:	\$0
FY2025:	\$560,000
FY2026:	\$320,000
FY2027:	\$240,000
FY2028:	\$0
FY2029:	\$0
Total:	\$1,120,000

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 legislation would not impact local government revenue.

SOURCES:  
Association of Washington Cities  
Department of Enterprise Services, FN HB 2071 (2024)  
Department of Commerce, Evaluation of Planning Costs Report (2023)  
Municipal Research and Services Center, Building Code & Permit Administration  
Washington State Association of Counties