

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2113 S HB	<b>Title:</b> GMA housing element
-------------------------------	-----------------------------------

## 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	4.7	1,523,459	1,523,459	1,523,459	8.5	2,520,818	2,520,818	2,520,818	8.5	2,485,218	2,485,218	2,485,218
Environmental and Land Use Hearings Office	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>4.7</b>	<b>1,523,459</b>	<b>1,523,459</b>	<b>1,523,459</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			1,350,000			510,000			
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			1,350,000			510,000			

## 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
Environmental and Land Use Hearings Office	.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

**Prepared by:** Cheri Keller, OFM

**Phone:**  
(360) 584-2207

**Date Published:**  
Final 2/ 2/2024

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2113 S HB	<b>Title:</b> GMA housing element	<b>Agency:</b> 103-Department of Commerce
-------------------------------	-----------------------------------	---

## 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	0.1	9.2	4.7	8.5	8.5
<b>Account</b>					
General Fund-State 001-1	40,073	1,483,386	1,523,459	2,520,818	2,485,218
<b>Total \$</b>	40,073	1,483,386	1,523,459	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: Jackie Kauble	Phone: 360-786-7125	Date: 01/26/2024
Agency Preparation: Buck Lucas	Phone: 360-725-3180	Date: 02/01/2024
Agency Approval: Pouth Ing	Phone: 360-725-2715	Date: 02/01/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/02/2024

## 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.*

Differences between SHB 2113 and the original bill:

- There is a minor reduction in the overall fiscal impact for the Department of Commerce (department) under the substitute bill compared to the original bill.
- Section 1 requires the department to certify compliance of housing development regulations instead of both housing elements and associated regulations. The bill further defines which housing development regulations must be certified by the department in this section. The empirical study provisions under Section 1(8) are also removed.
- Under Section 2, local submittal of the housing element for department approval is optional instead of required. Details for the optional housing element approval process are outlined in this section.

Summary of SHB 2113:

Sections 1 creates a new section under RCW 36.70A, the Growth Management Act (GMA), requiring that counties and cities planning under the GMA must submit, within six months of completing the periodic update under RCW 36.70A.130, any housing development regulations to the department for determination of compliance. The section defines "housing development regulation". The department must issue a final decision determining compliance with Section 6 of this bill, and the adopted housing development regulation may not take effect until the department issues this compliance determination. Section 1 further outlines in detail the application and compliance review process to be administered by the department. The department is authorized to adopt rules to implement Section 1.

Section 2 adds a new section to RCW 36.70A, to provide an optional process for fully planning jurisdictions to submit their housing elements to the department for approval. The section outlines the process and timelines; minimum requirements for submittals by local jurisdictions; appeal's process; and the department's roles in reviewing, issuing and tracking compliance. The department must publish a defined set of minimum objective standards, within six months of the effective date of this bill, that jurisdictions must meet in order to comply with this section for optional housing element approval.

Section 6 amends RCW 36.70A.130, to permit the adoption or amendment of a housing element and any related development regulation more than once per year, under the procedures outlined in Sections 1 and 2 of this bill. Section 6 also amends the language determining county and city eligibility for specific state grants and loans, by demonstrating substantial progress toward compliance with deadlines for completing the housing element and any related development regulations, subject to Sections 1 and 2 of this bill. In addition, the demonstration of substantial progress toward compliance is further defined in this section, related to based on a county or city satisfying the notice or applications requirements under Sections 1 or 2. Section 6 further outlines that a city or county is in compliance with the periodic update deadlines if it received housing element and related development regulations approval (under Sections 1 and 2 of this legislation), within six month after the next compliance deadline under RCW 36.70A.130(5).

### 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:

Sections 1, 2 and 6 - Local Government Division

- Section 1 will create a significantly new compliance review and approval program for the department, related to mandatory review of statewide county and city housing development regulations under the Growth Management Act (GMA). The department assumes immediate administrative work in FY25 to hire staff, begin legal review, develop guidance and adopt rules for the review of housing elements and associated development regulations.
- Section 2 will create a significant new review and approval program for the department, related to a local county and city option to submit housing elements for review and approval under the GMA.
- Section 6 will require significant new compliance tracking and coordination with other state agencies to monitor county and city compliance status and substantial progress for eligibility of state grants and loans.
- For purposes of this fiscal note, and due to the coordination required between GMA comprehensive plans and regulations, the department will combine its assumptions in this fiscal note together for the new housing development regulation program (Section 1) and housing element program (Section 2).

Section 1(1) and Section 2 - Program Development and Operation - Housing Development Regulation and Housing Element Review:

- The department assumes that it will require staff with housing and land use planning expertise to review and issue final decisions on compliance housing development regulations, and requests for housing element approval, for fully planning counties and cities, estimated to be 246 fully planning counties and cities and towns within those counties, beginning FY25 and ongoing.
- The number of counties and cities that may request housing element review and approval by the department, under Section 2, is indeterminate. But for purposes of this fiscal note, the department assumes a majority of local fully planning counties and cities will submit requests for housing element approval prior to, or coinciding with, submittal for the mandatory housing development regulation compliance review under Section 1.
- In addition, the department assumes some counties and cities may have more than one housing development regulation submittal, based on the definitions under Section 1, and multiple reviews of housing elements with housing development regulations submitted separately under Sections 1 and 2 will be required. Additional review time may be required by staff for draft reviews and final reviews of elements and regulations submitted under RCW 36.70A.106.

Section 1(2) and Section 2 – Notices Tracking and Management:

- The department assumes it will need IS support to update its plan review tracking database and establish a new publication system to promptly publish county and city 120-day notifications of intent to apply for a determination of housing element compliance. The department further assumes additional data and records management for relevant state agency consultation, correspondence and advising with counties and cities.
- The department assumes if every fully planning county and city (246 total) were to submit their comprehensive plan housing element and regulations together, it would receive on average 62 plans/regulations per year to review. However, with the requirement for jurisdictions to comply with HB 1337 and HB 1110 (2023) six months after the periodic update, some housing development regulations will come in separately from comprehensive plan housing elements, with the potential for more than one housing regulation submittal from a single jurisdiction as well.
- The department assumes approximately 80 submittals per year, understanding that some regulations will not be submitted

with housing elements and that submittals are optional. The department assumes one planner would be able to review and track approximately 2 new plans/ regulations per month and track past ones, assuming each review submittal will come in again for final approval. One planner could review up to 24 plans per year. Therefore, approximately four housing planners are needed for this work.

#### Section 1(3)-(4) and Section 2 – Compliance/Approval Decisions and Publications:

- The department assumes it will require additional administrative staff for records management of applications submitted for determination of housing element compliance, management of the application packets outlined in Section 1(3). For purposes of this fiscal note, the department assumes under Section 1(4) that it will strive for and meet the 180 day period from receipt of an application to issue a final decision determining compliance for the housing element and related development regulations. The department further assumes recordkeeping and tracking development for the written final decisions and publication of final decisions in the Washington State Register (Section 1(4)).

#### Section 1(5) and Section 2(5) – Developing Objective Standards and Defined Minimum Standards:

- The department assumes in FY24-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 and minimum standards that jurisdictions must meet for compliance and approval of the housing regulations and housing element, respectively. Additional guidance for internal review and compliance work will also need to be developed.

#### Section 1(7) – Publication of Compliance List:

- The department assume additional tracking and records management will be required, it assumes these publication costs and database upgrades will be included in the additional staff and development costs outlines in Sections 1(3)-(4) above.

#### Section 1(6) and Section 2(6) - Appeals Costs:

- The department assumes it will require additional AAG costs for potential appeals of final decisions on housing regulation compliance, and approval of housing elements, to the growth management hearings board, this will increasing administrative and staff review time and tracking cases. The number of potential department final decisions is unknown. For purposes of this fiscal note, the department will assume 10% of final decisions may be appealed annually, or 6 appeals annually.

#### Section 1(9) – Rulemaking:

- The department assume significant rulemaking will be required as outlined above including staff and AAG costs for implementation of Sections 1 and 2, for both development regulations and housing element compliance/approval program development, procedures for notice, application and final decisions issues by the department, and appeals procedures, as outlined above.

#### Section 6:

- The department assumes additional rulemaking will be required to update it's guidance for the periodic update and additional compliance progress added to RCW 36.70A.130. It's assumed this additional rulemaking will be a component of the new rulemaking identified in Section 1(9) above.

1.0 FTE Commerce Specialist 5 (2,088 hours) in FY25-FY29, to lead communication about the housing accountability actions; develop submission checklists to support clear expectations of department review; supervise and assign submissions, review the items quickly, and assign them to housing section planners for review; train housing section planners in the review of housing elements and regulations; 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 draft housing elements and zoning regulations, draft comments, and work with regional planners and transmit comments; review adopted housing elements and zoning regulations, and issue approval of housing element and regulations, writing findings and a decision, in coordination with regional planners; provide technical assistance to jurisdictions as they update housing elements and regulations; support development of rulemaking; support development of a module to track applications 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 housing elements and regulations are submitted, post them on a commerce web site, and complete the notice on the Washington State Register; publish local government housing element compliance list; 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.

0.10 FTE Management Analyst 4 (209 hours) in FY24 and 0.3 FTE (418 hours) in FY25, to assist rulemaking development, AAG coordination, outreach and engagement, and leadership for signification agency actions.

Salaries and Benefits:

FY24: \$11,936

FY25: \$743,604

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

Professional Services Contract:

The department resources in FY24 and FY25 to contract for facilitation of outreach and engagement for rulemaking and to meet covered agencies responsibilities for this significant agency action. This includes approximately 90 hours at \$200 per billable hour in FY24 and 60 hours in FY25, with additional contracts for translation support, as needed in FY25, estimated to be \$1,725 per document per English alternative language.

FY24: \$18,000

FY25: \$43,050

Goods and Services:

The department assumes Assistant Attorney General consultation for guidance and rulemaking development for the new program of \$5,250 in FY24 based on an estimate of 25 hours at \$210 per hour, and \$10,500 in FY25, will be required to complete 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 and \$14,700 annually.

FY24: \$6,210

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 housing element compliance 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 support of 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:

FY24: \$3,927

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-administration costs (e.g. payroll, HR, IT) are funded under a federally approved cost allocation plan.

=====

Total Local Government Division Costs:

FY24: \$40,073

FY25: \$1,149,205

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

FY29: \$1,058,147

Sections 1, 2, and 6 – Notices Tracking and Management - Information Services Impacts

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

There are 246 fully planning jurisdictions in Washington state (counties and cities). The department assume if every jurisdiction were to submit their comprehensive plan and regulations together, it would receive on average 62 plans/regulations per year to review. However, with the requirement for jurisdictions to comply with HB 1337 and HB 1110 (2023) six months after the periodic update, there is a high likelihood that some development regulations will come in separately from comprehensive plans. In addition, each plan/regulation will be reviewed twice – one for draft review and one for final approval.

Additionally, the department assumes approximately 80 plans / regulations per year, understanding that some regulations will not be submitted with comprehensive plans. We expect that a planner would be able to review and track approximately 2 new plans/ regulations per month and track past ones, with the understanding that each of those plans will come in again for final approval. So one planner could review up to 24 plans per year. Therefore, approximately four housing planners are needed for this work.



Additional significant department IT work will be required to initially upgrade its internal planning data system for tracking submitted materials, FY24-FY25, 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

=====  
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.

Total Costs:

FY24: \$40,073

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	40,073	1,483,386	1,523,459	2,520,818	2,485,218
<b>Total \$</b>			40,073	1,483,386	1,523,459	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	0.1	9.2	4.7	8.5	8.5
A-Salaries and Wages	8,879	698,342	707,221	1,259,204	1,259,204
B-Employee Benefits	3,057	249,630	252,687	455,082	455,082
C-Professional Service Contracts	18,000	93,050	111,050	50,000	
E-Goods and Other Services	6,210	95,388	101,598	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	3,927	311,883	315,810	564,000	564,000
9-					
<b>Total \$</b>	40,073	1,483,386	1,523,459	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	0.0	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	0.1	0.2	0.2		
<b>Total FTEs</b>		0.1	9.2	4.7	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 legislation.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2113 S HB	<b>Title:</b> GMA housing element	<b>Agency:</b> 468-Environmental and Land Use Hearings Office
-------------------------------	-----------------------------------	---

## 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: Jackie Kauble	Phone: 360-786-7125	Date: 01/26/2024
Agency Preparation: Dominga Soliz	Phone: 3606649173	Date: 01/31/2024
Agency Approval: Dominga Soliz	Phone: 3606649173	Date: 01/31/2024
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 02/01/2024

## 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. (1)(a) Within 6 months after its comp plan update due, counties or cities planning under the Growth Management Act (GMA) are required to submit their housing development regulations to the department for a determination of compliance with Sec. 5 of this act. Housing development regulations are defined. The department would determine compliance based on housing planning goals and requirements, and rules adopted by the department. Appeals would be to the Growth Management Hearings Board (GMHB).

(b) Housing development regulations subject to this section would not take effect until the department issues a final decision that the proposed regulations comply with subsection (5).

(c) Appeals of housing development regulations subject to this section may not be filed until the department's final decision on compliance. Appeals must be in compliance with subsection (6).

(5)(a) The department shall issue a determination of compliance unless it determines that the housing development regulations are not consistent with several requirements.

(6)(a) Appeals of the departments final decision would be to the GMHB. (b) The GMHB must only consider whether the housing development regulations comply with the laws and regulations identified in subsection (5) of this section.

(8)(a) A city or county subject to this section may not deny or approve an affordable or moderate-income housing development unless at least one of several conditions are met.

Section 2. Sets standards for the housing element submittal by counties and cities. (6) The department's final decision may be appealed to the GMHB; the GMHB's decision must be based solely on whether or not the housing element complies with subsection (5) of this section.

Section 3. (h) The GMHB may only hear petitions of the department's final decision on housing development regulations or housing elements if the petition alleges the final decision is clearly erroneous.

Section 6. (7) Provides standards for eligibility for grants, loans, pledges or financial guarantees, including whether the county or city's housing development regulations are in compliance with this act and whether the housing element is in demonstrated substantial compliance.

The Environmental and Land Use Hearings Office (ELUHO) anticipates no significant increases in petitions to the GMHB as a result of this bill and assumes that any additional petitions could be absorbed by the GMHB.

### 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: 2113 S HB

Title: GMA housing element

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

### Legislation Impacts:

Cities: Cities that fully plan under the Growth Management Act would have additional requirements to seek approval of its housing development regulations of their housing element of their comprehensive plan from the Department of Commerce. Costs may start at \$5,000 per city, or approximately \$1.09 million over three fiscal years.

Counties: Costs may start at \$5,000 per county, or approximately \$140,000 over three fiscal years.

Special Districts:

Specific jurisdictions only: Jurisdictions that fully plan under the Growth Management Act.

Variance occurs due to:

## Part II: Estimates

No fiscal impacts.

Expenditures represent one-time costs: Costs to prepare the housing development regulation application.

Legislation provides local option: Preparing an application and applying for review of a jurisdiction's housing element.

Key variables cannot be estimated with certainty at this time: Number of jurisdictions that would prepare applications for housing elements that would be review by the Department of Commerce, number of appeals, the number of fully planning jurisdictions that would need to revise their housing element or supporting development regulations.

### Estimated revenue impacts to:

None

### Estimated expenditure impacts to:

Jurisdiction	FY 2024	FY 2025	2023-25	2025-27	2027-29
City		650,000	650,000	440,000	
County		700,000	700,000	70,000	
<b>TOTAL \$</b>		1,350,000	1,350,000	510,000	
<b>GRAND TOTAL \$</b>					<b>1,860,000</b>

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: 02/01/2024
Leg. Committee Contact: Jackie Kauble	Phone: 360-786-7125	Date: 01/26/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/01/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	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 fiscal note reflects language in the S HB 2113, 2024 legislative session, version of this bill. The amendments made to this proposed legislation would result in changes to the expenditure impact made in the fiscal note for the previous version of the bill.

#### **CHANGES BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:**

The proposed substitute house bill would amend the prior bill by extending the deadline required.

This act would require fully planning jurisdictions to submit only their housing development regulations to the Department of Commerce (Commerce) for approval of compliance obligations. The prior act required both the housing element and its associated housing development regulations to be reviewed for compliance. These development regulations would not take effect until they are approved by Commerce and cannot be appealed until a final decision is made.

#### **SUMMARY OF CURRENT BILL:**

The Housing Accountability Act would require local governments that fully plan under the Growth Management Act to undergo a more rigorous process to ensure that housing development regulation comply with state laws and regulations.

The act authorizes the Department of Commerce with new obligations to determine that all development regulations that support a jurisdiction's housing element is in compliance with the goals and policies of the GMA as well as the State Environmental Policy Act, and other guidelines.

As a local option, a jurisdiction's housing element can undergo a similar compliance review by Commerce. Additionally, this substitute act prohibits a city or county planning under the GMA from denying an affordable housing development unless the city or county has received a final determination of housing element compliance from Commerce, or certain other conditions are met.

Cities and counties would be able to receive grants, loans, pledges, or financial guarantees from the Public Works Board or the Water Pollution Control Facilities grant and loan program, until a finding of the development regulation's noncompliance was determined by Commerce, the Growth Management Hearings Board, or a court of competent jurisdiction.

Sec. 1 would be a new section added to 36.70A. It requires counties and cities planning under 36.70A.040 to submit their housing regulations to Commerce for compliance determination. Section 1 details the application process and failure criteria of the compliance determination.

Sec. 2 would be a new section added to 36.70A. It would authorize jurisdictions to submit their housing element to Commerce for approval. The housing element would be effective when it is approved by Commerce. Section 2 also details the application process and failure criteria of the compliance determination.

Sec. 3 would expand the scope of issues that the Growth Management Hearings Board can hear and decide upon, which now includes final decisions on housing development regulations and housing element compliance, in Sec. 1 and Sec. 2 to this act.

Sec. 4 would amend 36.70A.290 to establish specific timelines for local governments regarding appeals and decisions on housing elements, which impacts how and when local governments can challenge or proceed with housing plans.

Sec. 5 specifies that housing elements and their associated development regulations take effect only through the process established in Sec. 2(1) and Sec. 1(1) respectively.



Sec. 6 amends RCW 36.70A.130 so that a jurisdiction's housing element and related development regulations may be amended more frequently than once per year. Cities and counties that are in compliance or that demonstrate substantial progress towards the compliance schedules in this section are the only counties that qualify to receive grants, loans, pledges, or financial guarantees under chapter 43.155 or 70A.135 RCW. Housing elements may be approved six months after the deadline of a jurisdiction's next periodic comprehensive plan update and still remain in compliance with the deadlines established by subsection 5.

Sec. 7 amends RCW 43.21C.495 to limit the scope of appeals against local government that would be necessary to implement a jurisdiction's housing element. .

Sec. 8 is the bill's title - "Housing Accountability Act."

The bill takes 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.*

### **CHANGES IN EXPENDITURE IMPACTS BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:**

This proposed substitute legislation would amend the requirement for a jurisdiction's housing element to be submitted to the Department of Commerce (Commerce) for compliance review and approval. Instead, only the jurisdiction's development regulations would be required to be submitted to the department for approval and the housing element would be a local option. This may have the potential to reduce costs of this legislation by 50% due to half of the prior bill's requirements being option. Accordingly, the Local Government Fiscal Note program would reduce the estimate from HB 1181 (2023) by half to reflect this change.

However, the full effect of this bill is indeterminate, because it is not known how many jurisdictions would submit their housing element to Commerce for review.

### **SUMMARY OF CURRENT BILL VERSION:**

This substitute legislation would require all jurisdictions that fully plan under the Growth Management Act to submit the housing development regulations that support their housing element to Commerce for compliance review. For expenses that can be estimated at this time, there would be costs greater than \$1.23 million (see calculations below) over three state fiscal years (FY), starting in FY25. These costs include preparation of the housing element, adopting ordinance, legislative action, and documenting the meeting actions of the element and supporting development regulations.

#### **Discussion:**

The application process found in Sec. 1 and the local option in Sec. 2 would be substantially similar to the voluntary review process found in HB 1181 (2023) for the greenhouse gas emissions reduction subelement. This process involves preparation of the proposed comprehensive plan subelement, a copy of the legislative authority's public record where action was taken on the proposed element, cover letter requesting determination from Commerce, and a statement from the legislative authority explaining how the element and the development regulations comply with all applicable regulations.

#### **Approval of Housing Development Regulations:**

Jurisdictions that were surveyed with respect to HB 1181 (2023) indicated that the costs may start at \$10,000 per jurisdiction to prepare an element for review to be approved by Commerce. In this proposed substitute legislation, the only requirement is for jurisdiction to submit the development regulations that support its housing element for compliance review and approval. This may have the potential to reduce costs of this legislation by 50% due to half of the prior bill's requirements being option. Accordingly, the Local Government Fiscal Note program would reduce the estimate from HB 1181 (2023) by half to reflect this change.

The work would involve the following application requirements, at minimum: drafting informational materials on reasons for, and approach to, the revised development regulations and housing element; conducting outreach to inform and solicit feedback from the community, developers, and other interested parties; drafting the resolution or ordinance for the jurisdiction's planning commission considerations; a planning commission public hearing and recommendation to the legislative authority; a presentation of the planning commission's recommendations to the city council or the board of county commissioners; and a legislative authority public hearing and action.

The public action taken at these hearings would be recorded and combined in the application. Additionally, the council staff or the planning department would draft the cover letter and statement explaining applicability and compliance with state laws.

218 cities x \$5,000 = \$1,090,000

28 counties x \$5,000 = \$140,000

Estimated starting costs: (\$1,090,000 + \$140,000) = \$1,230,000

Estimated starting costs by state fiscal year:

Combined

FY2024: \$0

FY2025: \$770,000

FY2026: \$325,000

FY2027: \$195,000

FY2028: \$0

FY2029: \$0

Total: \$1,230,000

City

FY2024: \$0

FY2025: \$650,000

FY2026: \$275,000

FY2027: \$165,000

FY2028: \$0

FY2029: \$0

Total: \$1,090,000

County

FY2024: \$0

FY2025: \$70,000

FY2026: \$40,000

FY2027: \$30,000

FY2028: \$0

FY2029: \$0

Total: \$140,000

These costs do not include additional work to support the planning council and legislative authority that would be necessary in the event of rejection of the housing element or any development regulations necessary to support the housing element. Additionally, there would be costs for approval through the legislative authority to correct any rejected items, that would

increase costs.

If the jurisdiction would require appeal to the Growth Management Hearings Board, the costs of this legislation could be significant for those jurisdictions that find a need for appeal. Those costs are indeterminate and would depend on a variety of factors that cannot be known in advance.

Local Option for Approval of Housing Element:

Jurisdictions may submit housing element to Commerce in the manner described in Sec. 2 as a local option. The number of jurisdictions that would enter into this process is not currently known but the Local Government Fiscal Note program assumes that this at least some cities and counties would take the local option. For some fully planning jurisdictions there would be benefit to have Commerce check the compliance of the element with the criteria in Sec. 2(5)(a)(i) through (vi).

These costs are assumed to be approximately half of the costs to conduct the application and approval process of the greenhouse gas emissions reduction subelement review in HB 1181 (2023), which would start at approximately \$5,000 per jurisdiction.

These costs do not include additional work to support the planning council and legislative authority that would be necessary in the event of rejection of the housing element or any development regulations necessary to support the housing element. Additionally, there would be costs for approval through the legislative authority to correct any rejected items, that would increase costs.

If the jurisdiction would require appeal to the Growth Management Hearings Board, the costs of this legislation could be significant for those jurisdictions that find a need for appeal. Those costs are indeterminate and would depend on a variety of factors that cannot be known in advance.

## 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 IN REVENUE IMPACTS BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:

The amendments made to the substitute version of this proposed legislation would not change the revenue impact of the prior bill.

### SUMMARY OF CURRENT BILL VERSION:

This legislation is not anticipated to impact revenue of jurisdictions that fully plan under the Growth Management Act.

Jurisdictions that have their housing element or supporting development regulations rejected by the Department of Commerce, may become ineligible for grants and loans from the Public Works Board and Water Pollution Control Facilities programs if they do not have them approved within six months of their comprehensive plan submission deadline. The number of cities and counties that would become ineligible for financing from these programs cannot be known in advance.

### SOURCES:

Association of Washington Cities  
Department of Commerce  
House Bill Analysis, HB 2113 (2024)

House Bill Report, S HB 2113 (2024)

Local Government Fiscal Note Program, FN E2S HB 1099 AMS WM S5164.1 (2022)

Local Government Fiscal Note Program, FN HB 1181 (2023)