

Multiple Agency Fiscal Note Summary

Bill Number: 2160 HB	Title: Housing development
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Estimated Cash Receipts

NONE

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

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Commerce	2.9	1,549,372	1,549,372	1,549,372	5.0	1,588,578	1,588,578	1,588,578	5.0	1,595,778	1,595,778	1,595,778
Housing Finance Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
University of Washington	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Transportation	.0	0	0	0	.0	0	0	0	.0	0	0	0
Environmental and Land Use Hearings Office	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	2.9	1,549,372	1,549,372	1,549,372	5.0	1,588,578	1,588,578	1,588,578	5.0	1,595,778	1,595,778	1,595,778

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			95,125			285,375			3,548,175
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			95,125			285,375			3,548,175

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
Housing Finance Commission	.0	0	0	.0	0	0	.0	0	0
University of Washington	.0	0	0	.0	0	0	.0	0	0
Department of Transportation	.0	0	0	.0	0	0	.0	0	0
Environmental and Land Use Hearings Office	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

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

Estimated Capital Budget Breakout

Prepared by: Cheri Keller, OFM	Phone: (360) 584-2207	Date Published: Revised 2/21/2024
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Individual State Agency Fiscal Note

Bill Number: 2160 HB	Title: Housing development	Agency: 103-Department of Commerce
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.2	5.6	2.9	5.0	5.0
Account					
General Fund-State 001-1	93,272	1,456,100	1,549,372	1,588,578	1,595,778
Total \$	93,272	1,456,100	1,549,372	1,588,578	1,595,778

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: 01/06/2024
Agency Preparation: Buck Lucas	Phone: 360-725-3180	Date: 01/18/2024
Agency Approval: Pouth Ing	Phone: 360-725-2715	Date: 01/18/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/19/2024

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 3 amends RCW 36.70A.030, adding new definitions to the growth management act (GMA), including definitions for “floor area ratio” and “station area”.

Section 4 adds a new section to RCW 36.70A, prohibiting fully planning cities from enacting or enforcing and development regulations within a station area that would prohibit siting multi-family residential housing on lots where any other residential use is permitted. Additional provisions require the Department of Commerce (department) implementation and outline criteria for local governments.

Section 4 (4) required the department must develop guidance to convert different types of planning measurements to the transit-oriented development density requirements and applicable floor area ratios.

Section 4 (14) requires deadlines for cities to comply with this section 4 as follows: (1) a city that must complete its comprehensive plan update by December 31, 2024, must comply with the requirements of this section no later than its first implementation progress report due after December 31, 2024, and thereafter at each comprehensive plan update or implementation progress report following the completion or funding of any transit stop that would create a new station area within the jurisdiction. (2) Any city that is required to review its comprehensive plan after December 31, 2024, must comply with the requirements of this section no later than six months after its first comprehensive plan update due after December 31, 2024, and thereafter at each comprehensive plan update or implementation progress report following the completion or funding of any transit stop that would create a new station area within the jurisdiction.

Section 4 (15) requires the governor to convene a work group to develop a report on antidisplacement strategies and costs and to provide this report to the department by September 30, 2024. The department, by October 15, 2024, must develop, and make available to cities, antidisplacement guiding principles and a list of potential strategies.

Section 4 (16) requires the department to certify an extension requested by a city, from the transit-oriented development density requirements of this section 4. This section further outlines the details of this requested extension, department certification, and agreement between the city and department on the city plan to mitigate impacts of displacement and implementation plan that include specific antidisplacement policies.

Section 4 (17) outlines that the department may approve actions under this subsection for cities that have adopted, by January 1, 2024, a plan and implementing development regulations for a specific station area that is substantially similar to the requirement of Section 4 of this legislation. The subsection further outlines the criteria for the department to determine substantially similar regulations. And the department must adopt standards or procedures by rule to implement this subsection.

Section 5 creates a new section under RCW 44.28, requiring joint legislative audit and review committee (JLARC) to review jurisdictions' experiences with provisions of this bill and provisions outlined in this section. JLARC must consult with department representatives.

Section 6 amends RCW 36.70A.500, creating new provisions for the department to award grants, subject to available amounts appropriated amounts to the growth management planning and environmental review fund (PERF), to facilitate transit-oriented development consistent with provisions of this section. Section 6 further outlines how cities may use this grant funding. The department may provide technical assistance and award planning grants to cities to implement the requirements of Section 4 of this legislation; and provide compliance review of transit-oriented development regulations adopted under Section 4 of this legislation. Additional restrictions of the grant funding in this section are outlined. The department will also consult with Department of Transportation to prioritize grant applications for transit-oriented

development based on additional criteria outlined in this section.

Section 7(1) amends RCW 36.70A.620, to prohibit fully planning cities under the growth management act (GMA) from requiring off-street automobile parking as a condition of permitting residential or mixed-use housing within a station area, within certain exceptions.

Section 7(2) requires that the absence of such parking in a project permit application within a station area may not be a basis for a determination of significance.

Section 7(3) also includes new provisions outlining that the parking provisions of this section do not apply: (1) If a local government provides an empirical study that clearly demonstrate safety issues; and the department must find and certify that parking limitations will be considerably less safe. The department must provide guidance to assist cities and counties on items to include in the study; or (2) to portions of cities within one-mile radius of a commercial airport in the state with at least 9 million annual enplanements.

Section 7(4) requires if a residential or mixed-use development provides parking for residential use in excess what is required in subsection (1) of this section, fully planning cities may enact or enforce development regulations to: (a) Require a share of any provided residential parking to be distributed between units designated as affordable housing and units offered at market rate; and (b) Include all or a portion of the cost of unbundled parking charges into the monthly cost for rental units designated as affordable housing.

Section 8 amends RCW 43.21C.229, to categorically exempt from the state environmental protection act (SEPA), all project actions that propose to develop residential or mixed-use development within any station area up to the transit-oriented development density required under section 4.

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:

(A) Sections 3-5, 7-8 - Program Development and Administration - Local Government Division:

- Sections 3-5 and 6-8: Overall the department rulemaking in FY25 and FY26, with amendments to the growth management act (GMA), and new sections added to the GMA creating new certification programs. Rulemaking is necessary to implement the review and certification procedures for transit-oriented development (TOD) extensions based on displacement risk and exceptions for parking. This guidance and rulemaking development will require AAG consultation each year.
- Section 4(15): The department assumes it will staff the work group and contract a facilitator at an estimate cost of \$25,000 for FY25. NOTE: The department estimates work group costs based on the current timeline provided for the work group (August 1, 2024, to September 30, 2024), with a report to be submitted to the department and development of antidiplacement guiding principles by October 15, 2024. For purposes of this fiscal note, the department estimates costs for work within this FY25 timeline. However, the timeline may require at least six months of work to complete the work group report and implementation outlined in Section 4(15).
- Sections 4(16): The department assumes a review and certification requirement under the growth management act

(GMA), including development of guidance and procedures by rule under specified timelines in fiscal year 2024. This includes development and management with expertise in specific land use planning and transit-oriented development topics

- Section 5: The department assumes the joint legislative audit and review committee (JLARC) consultation will require new staff time already incorporated in the cost's assumption for implementation of Section 3-5 and 7-8.

- Section 7 requires the department to develop assistance and guidance for cities that will develop studies to submit for certification, requiring additional staff expertise, rulemaking, and program development.

1.0 FTE Commerce Specialist 5 (2,088 hours) in FY25-FY29, to immediately establish a technical assistance transit-oriented development (TOD) program supervision, development of guidance and ongoing coordination of the antidisplacement and parking exceptions programs (Sections 4 and 7).

1.0 FTE Commerce Specialist 3 (2,088 hours) in FY25-FY29, to review, certify and confirm plans for extensions of areas at risk of displacement.

0.2 FTE Administrative Assistant 3 (418 hours) in FY25-FY29, to provide necessary administrative support, including communication and publication support, records management for the certifications, and program correspondence.

Salaries and Benefits:

FY25-FY29: \$263,120 per fiscal year

Professional Services Contracts:

The department assumes the need for resources in FY25 to contract for program facilitation, and consultant work on guidance, outreach and engagement for rulemaking and translation to meet covered agencies responsibilities for this significant agency action:

- (1) Section 4 will require a consultant in FY25 to provide professional expertise to assist cities with guidance measurements, and switching to "floor area ratios" at 50 hours with a billable rate of \$200 per hour, \$25,000 in total cost in FY25; (2) Facilitation services for the antidisplacement work group, at 375 hours with a billable rate of \$200 per hour, \$75,000 in total costs for FY25; and (3) Consultant for department guidance development for the TOD and certification programs generally, at 1,000 hours with a billable rate of \$200 per hour, \$200,000 in total cost in FY25.

- The department would require contracted support to translate program materials to meet covered agency responsibilities in the development of significant agency actions, rulemaking. We would translate materials in the community outreach and engagement process to ensure community access and awareness of this work. The cost to make up to 8 program documents available in the nine most common English language alternatives in the state at an expected average cost of \$1,725 per document is \$124,200 ($\$1,725 \times 8 \times 9$) in FY25.

FY25: \$424,200

Goods and Services:

Attorney General Costs: \$5,250 for 25 hours at \$210 per hour of AAG time in FY24, and \$10,500 of AAG time in FY25, for 50 hours, to assist with rulemaking and establishment of new competitive grant program and required processes and documentation, which includes guidelines and contract boilerplate.

FY24: \$5,250

FY25: \$34,947

FY26-FY29: \$24,447 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: \$10,000

FY29: \$4,800

Intra-agency Reimbursements:

FY25-FY29: \$86,566 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 Program Development and Administration - Local Government Division Costs:

FY24: \$5,250

FY25: \$823,926

FY26-FY28: \$376,608 per fiscal year

FY29: \$381,408

(B) Section 6: Grant Program Administration - Local Government Division:

Agency assumptions

- The appropriation to the PERF account and the level of corresponding grants awarded by the department is indeterminate, but for purposes of this fiscal note, the department assumes 80 contracts and the staff support to manage them.
- The department assumes ongoing community consultation and outreach costs to increase awareness of the proposed program and its impact on the communities where they live.

1.0 FTE Commerce Specialist 3 (2,088 hours) in FY25-FY29, each fiscal year, to establish a new competitive grant program to help cities and counties pay for environmental analysis and integration into planning and policy. Including the related management, procedures, criteria, selection, technical assistance, etc. Assuming somewhere from 20-80 grants depending on process and funding. Additional ongoing technical assistance and consultation with other agencies.

0.5 Management Analyst 4 (1,044 hours) in FY25, to support update and development of the new technical guidance and grant program, consult with other departments, assist in the establishment of new grant program, and provide technical assistance. Duties including development of policies and procedures to implement the criteria and compliance systems and

set up system to provide ongoing management.

0.1 FTE Administrative Assistant 3 (418 hours) FY25-FY29, each fiscal year. to provide ongoing administrative assistance for the new grant program.

Salaries and Benefits:

FY25: \$183,828

FY26-FY29: \$123,500 per fiscal year

Professional Services Contracts:

The department would require contracted support to translate program materials to meet covered agency responsibilities in the development of significant agency actions, new grant program formation. We would translate materials in the community outreach and engagement process to ensure community access and awareness of this work. The cost to make up to 8 program documents available in the nine most common English language alternatives in the state at an expected average cost of \$1,725 per document is \$124,200 ($\$1,725 \times 8 \times 9$) in FY25. This includes annual equity in program communications considerations thereafter at 40% of FY25 levels.

FY25: \$124,200

FY26-FY29: \$49,680

Goods and Services:

FY25: \$17,005

FY26-FY29: \$12,207 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: \$5,000

FY29: \$2,400

Intra-agency reimbursements:

FY25: \$60,479

FY26-FY29: \$40,632 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 Grant Program Administration - Local Government Division Costs:

FY25: \$390,512

FY26-FY28: \$226,019 per fiscal year

FY25: \$228,419
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Total Local Government Division Costs:

FY24: \$5,250

FY25: \$1,214,438

FY26-FY28: \$602,627 per fiscal year

FY29: \$609,827

Sections 2-5, and 6-8, Information Systems (IS) Costs:

• Sections 3-5 and 6-8: Additional significant department IS work will be required to initially upgrade its internal planning data system for tracking submitted materials, FY24-FY25, and ongoing maintenance FY26-FY29, each fiscal year. The department assumes \$50,000 a year for the first two years for immediate IS upgrades for tracking and new workflow for receiving local amendments, department approval processes, certification and tracking of timeline extensions, and the legal appeals of department decisions, and for IS to upgrade and maintain the planning data system to implement new requirements in FY26-FY29.

0.06 FTE IT Business Analyst Expert 3 (1,044 hours) in FY24, and 0.3 FTE (626 hours) in FY25-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.

0.06 FTE IT Application Developer 5 (1,044 hours) in FY24, and 0.3 FTE (626 hours) in FY25-FY29, for system maintenance for upgrades to the data and program tracking database.

0.06 FTE IT Customer Support Journey (ITCS-2) (626 hours) in FY24-FY29, for security, user management, data backups, system/server configuration and management.

Salaries and Benefits:

FY24: \$27,300

FY25-FY29: \$137,670, per fiscal year

Professional Services Contract:

IS consultant contract for data system upgrades in FY24-FY25, each fiscal year:

FY24: \$50,000

FY25: \$50,000

Goods and Services:

FY24: \$1,740

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

Intra-agency reimbursements:

FY24: \$8,982

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

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Total Information Services Costs:

FY24: \$88,022
 FY25: \$241,662
 FY26-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. Intra-agency-administration costs (e.g. payroll, HR, IT) are funded under a federally approved cost allocation plan.

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 Total Costs:

FY24: \$93,272
 FY25: \$1,456,100
 FY26-FY28: \$794,289
 FY29: \$801,489

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	93,272	1,456,100	1,549,372	1,588,578	1,595,778
Total \$			93,272	1,456,100	1,549,372	1,588,578	1,595,778

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.2	5.6	2.9	5.0	5.0
A-Salaries and Wages	20,861	432,039	452,900	775,284	775,284
B-Employee Benefits	6,439	152,579	159,018	273,296	273,296
C-Professional Service Contracts	50,000	598,400	648,400	99,360	99,360
E-Goods and Other Services	6,990	60,651	67,641	90,706	90,706
G-Travel		5,093	5,093	4,950	4,950
J-Capital Outlays		15,000	15,000		7,200
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	8,982	192,338	201,320	344,982	344,982
9-					
Total \$	93,272	1,456,100	1,549,372	1,588,578	1,595,778

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	0.9	0.5	0.8	0.8
Commerce Specialist 3	84,518		2.0	1.0	2.0	2.0
Commerce Specialist 5	98,040		1.0	0.5	1.0	1.0
IT APP Development - Manager	136,751	0.1	0.3	0.2	0.3	0.3
IT Business Analyst - Senior/Specialist	118,149	0.1	0.3	0.2	0.3	0.3
IT Customer Support - Journey	92,787	0.1	0.3	0.2	0.3	0.3
Management Analyst 4	88,794		0.5	0.3		
Total FTEs		0.2	5.6	2.9	5.0	5.0

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.

Chapter 365-196 WAC, will require new rulemaking by the department for multiple sections.

Individual State Agency Fiscal Note

Bill Number: 2160 HB	Title: Housing development	Agency: 148-Housing Finance Commission
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Serena Dolly	Phone: 360-786-7150	Date: 01/06/2024
Agency Preparation: Daniel Page	Phone: 206-287-4476	Date: 01/10/2024
Agency Approval: Lucas Loranger	Phone: 206-254-5368	Date: 01/10/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/10/2024

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.

No Fiscal Impact: Because the Commission is a non-appropriated, non-allocated agency, all the costs associated with the contemplated legislation connected to the Commission will flow through the Commission's operating funds, therefore the Commission believes it has no fiscal impact on the state's budget.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number: 2160 HB	Title: Housing development	Agency: 360-University of Washington
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Serena Dolly	Phone: 360-786-7150	Date: 01/06/2024
Agency Preparation: Alexis Rinck	Phone: 2066858868	Date: 01/10/2024
Agency Approval: Michael Lantz	Phone: 2065437466	Date: 01/10/2024
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 01/10/2024

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.

House Bill 2160 focuses on enhancing community and transit-oriented housing development through creating a new division within the Department of Transportation to serve as a resource for jurisdictions and project proponents related to land use and processing development permit applications. While the bill primarily concerns planning and land use for cities, Section 5 creates a joint committee to review transit-oriented development and housing efforts. The bill requires that this joint committee consult with a variety of entities including representatives of the University of Washington's Runstad Department of Real Estate. Any costs associated with this consultation are likely to be minimal and can be absorbed using existing resources.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number: 2160 HB	Title: Housing development	Agency: 405-Department of Transportation
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Serena Dolly	Phone: 360-786-7150	Date: 01/06/2024
Agency Preparation: Alon Bassok	Phone: 206-464-1271	Date: 02/20/2024
Agency Approval: Karena Houser	Phone: 360-705-7876	Date: 02/20/2024
OFM Review: Maria Thomas	Phone: (360) 229-4717	Date: 02/21/2024

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.

See attached WSDOT fiscal note.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number: E2SHB 2160 **Title:** Promoting community and transit-oriented housing development **Agency:** 405-Department of Transportation

Part I: Estimates

- No Fiscal Impact (Explain in section II. A)
- Indeterminate Cash Receipts Impact (Explain in section II. B)
- Partially Indeterminate Cash Receipts Impact (Explain in section II. B)
- Indeterminate Expenditure Impact (Explain in section II. C)
- Partially Indeterminate Expenditure Impact (Explain in section II. C)

-
- If fiscal impact is less 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 greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, **complete entire fiscal note form Parts I-V**
 - Capital budget impact, **complete Part IV**
 - Requires new rule making, **complete Part V**
 - Revised

Agency Assumptions

N/A

Agency Contacts:

Preparer: Alon Bassok	Phone: 206.356.1331	Date: 2/16/2024
Approval: Karena Houser	Phone: 360.705.7876	Date: 2/16/2024
Budget Manager: Stacey Halverstadt	Phone: 360.705.7544	Date: 2/16/2024

Part II: Narrative Explanation

II. A - Brief description of what the measure does that has fiscal impact

Compared to the HB 2160 on which the department's last fiscal note was written, the differences in E2SHB 2160 are described below:

- Adds affordable housing definition.
- Removes requirement to have a liaison. (Makes sense since we are already hiring that position).
- Further clarifies station area definition with respect to bus rapid transit to make it clear that it has to be similar service to rail.
- Additional clarification on multifamily regulations--e.g., tree canopy, affordability, etc.
- Defines deadlines for Commerce to publish TOD model ordinance by June 2026.
- Removes Commerce requirements for Environmental Review Fund.

Individual State Agency Fiscal Note

- Clarifies Floor Area Ratio definition.
- Clarifies station areas with respect to distance to and type of rail and bus rapid transit service type.
- Creates a new capital grant program administered by Commerce to assist cities in providing the infrastructure needed to support TOD.
- Clarifies growth management planning and environmental review funds may be used to comply with anti-displacement policies, infrastructure plans for station areas, SEPA work, and technical assistance.
- Addresses how to prioritize grant funding.
- Clarifies parking requirements.

Section 2 (page 2, line 9) requires WSDOT to add a position to serve as a liaison on land use and permitting decisions.

Section 6 (8) (page 20, line 34) WSDOT must assist Commerce in prioritizing transit-oriented development related grant applications.

II. B – Cash Receipts Impact

N/A

II. C - Expenditures

Compared to the HB 2160 on which the department’s last fiscal note was written, the differences described below in E2SHB 2160 do not change the fiscal impact to the WSDOT:

- Adds affordable housing definition.
- Removes requirement to have a liaison. (Makes sense since we are already hiring that position).
- Further clarifies station area definition with respect to bus rapid transit to make it clear that it has to be similar service to rail.
- Additional clarification on multifamily regulations--e.g., tree canopy, affordability, etc.
- Defines deadlines for Commerce to publish TOD model ordinance by June 2026.
- Removes Commerce requirements for Environmental Review Fund.
- Clarifies Floor Area Ratio definition.
- Clarifies station areas with respect to distance to and type of rail and bus rapid transit service type.
- Creates a new capital grant program administered by Commerce to assist cities in providing the infrastructure needed to support TOD.
- Clarifies growth management planning and environmental review funds may be used to comply with anti-displacement policies, infrastructure plans for station areas, SEPA work, and technical assistance.
- Addresses how to prioritize grant funding.
- Clarifies parking requirements.

Section 2 (page 2, line 9) requires WSDOT to add a position to serve as a liaison on land use and permitting decisions. WSDOT is already recruiting for this position with funding from a 2023-25 transportation budget proviso, which is ongoing. There is no need for additional funding beyond the current enacted budget.

Section 6 (8) (page 20, line 34) WSDOT must assist Commerce in prioritizing transit-oriented development related grant applications. The land use team in multimodal planning is already doing this task and will continue. No additional staff or funding is necessary to continue this work.

Individual State Agency Fiscal Note

Part III: Expenditure Detail

III. A - Expenditures by Object or Purpose

N/A

Part IV: Capital Budget Impact

N/A

Part V: New Rule Making Required

N/A

Individual State Agency Fiscal Note

Bill Number: 2160 HB	Title: Housing development	Agency: 468-Environmental and Land Use Hearings Office
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Serena Dolly	Phone: 360-786-7150	Date: 01/06/2024
Agency Preparation: Dominga Soliz	Phone: 3606649173	Date: 01/11/2024
Agency Approval: Dominga Soliz	Phone: 3606649173	Date: 01/11/2024
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 01/14/2024

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.

This bill emphasizes the need for land use policies that align with state investments in transit infrastructure. It aims to ensure housing development keeps pace with transportation progress and investments.

Section 2 Establishes a department liaison as a point of contact for the department and resource for local governments and project proponents regarding land use decisions and processing development permit applications. The liaison's priority must be to facilitate and expedite any department decisions required for project approval. The department must adopt any rules necessary to implement this section.

Section 3 adds certain definitions related to this legislation.

Section 4 establishes regulations in the urban environment focusing on transit-oriented development and transportation stations by prohibiting cities from enacting regulations that would prevent the construction of multifamily residential housing in areas where other residential uses are allowed and establishing other criteria related to promoting affordable housing.

Section 5 establishes a joint committee to review various aspects of affordable housing requirements, in-lieu payment options, and transit-oriented development density regulations. The committee will analyze the impacts on housing supply, particularly affordable housing, implementation of transit-oriented development regulations, and how these regulations interact with residential housing construction in different cities. The evaluation will involve consultation with multiple entities, including state departments, housing finance organizations, academic institutions, transit agencies, housing development industries, and cities from different regions. The committee is tasked with completing this review and evaluation by June 30, 2035.

Section 6 establishes the department of commerce's management service for the growth management planning and environmental review fund created by RCW 36.70A.490.

Section 7 amends 36.70A.620 and addresses parking requirements within designated station areas to encourage transit-oriented development.

Section 8 promotes infill and creates a categorical exemption from certain requirements of SEPA.

Section 9, 10, 11, and 12 broadly prohibit new homeowners' association (HOA's) governing documents from blocking the construction of multifamily housing or transit-oriented development mandated by city regulations (Section 4 of the act). And it prevents new HOA, condominium, or apartments from enacting conflicting parking rules or regulations.

The Growth Management Hearings Board (GMHB) anticipates a small amount of appeals as a result of this bill, however, we expect the GMHB can absorb any impacts.

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: 2160 HB

Title: Housing development

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

Legislation Impacts:

Cities: New costs to adopt transit-oriented zoning and development regulations, associated planning analysis, new zoning maps and outreach documents, updated comprehensive plan elements, and ordinance for categorical exemptions from the State Environmental Policy Act for infill development in station areas. Costs for cities would likely start at approximately \$150,000 for cities under 10,000 residents and potentially exceed \$300,000 for cities with more than 100,000 residents.

Counties:

Special Districts:

Specific jurisdictions only: There are 36 cities that fully plan under the Growth Management Act and contain a station area.

Variance occurs due to:

Part II: Estimates

No fiscal impacts.

Expenditures represent one-time costs: Ordinance adoption and analysis costs

Legislation provides local option: Applying for grants specified in this act; applying for approved local action from the Department of Commerce, and conducting an empirical parking safety study.

Key variables cannot be estimated with certainty at this time: Number of cities that would implement complex ordinance to adopt th infill development categorical exemptions, grant allocations for the specific purposes of this act.

Estimated revenue impacts to:

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

Estimated expenditure impacts to:

Jurisdiction	FY 2024	FY 2025	2023-25	2025-27	2027-29
City		95,125	95,125	285,375	3,548,175
TOTAL \$		95,125	95,125	285,375	3,548,175
GRAND TOTAL \$					3,928,675

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

Part III: Preparation and Approval

Fiscal Note Analyst: Jordan Laramie	Phone: 360-725-5044	Date: 01/15/2024
Leg. Committee Contact: Serena Dolly	Phone: 360-786-7150	Date: 01/06/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/15/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/15/2024

Part IV: Analysis

A. SUMMARY OF BILL

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

This legislation aims to promote community and transit-oriented housing development by focusing middle housing near major transit stops, facilitating regulatory flexibility in land use and permitting decisions, enhancing the technical assistance that is available to local governments from the departments of Transportation and Commerce, and ensuring that the benefits of the state's transportation investments are both maximized and shared equally.

Sec. 3 amends the definitions of the Growth Management Act to include "floor area ratio (FAR)," as a measure of development intensity, and "station area," as a definition of all lots within an urban growth area that are within one-half mile or less of a major traffic stop as defined by RCW 36.70A.030(25).

Sec. 4 requires all cities that fully plan under the GMA to update their development regulations, comprehensive plans, and other official controls so that new residential and mixed-use development within any station area would have a 3.5 FAR within one-half mile walking distance of light rail, commuter, or fixed guide-way rail systems; and 2.5 FAR if within one-quarter mile walking distance of a bus rapid transit line. Development regulation changes would be required of all fully planning cities that have a station area within their city limits, within six months of the due date of their next scheduled periodic comprehensive plan update, and by the due date of an implementation progress report for those cities that are required to submit these reports.

Sec. 6 amends the GMA planning and environmental review fund procedures statute so that amount appropriated to the fund can be used for transit-oriented development grants and loans. This includes State Environmental Policy Act (SEPA) environmental impact statements, planned action ordinances, subarea plans, and local code amendment or adoption procedures.

Sec. 7 removes existing sections of 36.70A.620 and adds that cities fully planning under the GMA may not require off-street parking as a condition of permitting residential or mixed-use development within a station area. Exceptions would be granted for parking for those living with disabilities, creating unsafe conditions for drivers, pedestrians, or cyclists, and a one-mile radius around Sea-Tac airport. A lack of parking to comply with this section may not be treated as a basis for issuing a determination of significance under SEPA.

Sec. 8 would establish a new SEPA categorical exemption for infill development to facilitate the deployment of sustainable transit oriented development. Infill development consisting of multifamily residential, mixed-use, or commercial development in station areas, which are consistent with Sec. 4, would be included in the SEPA categorical exemption for infill development.

Sec. 9 through 12 would prohibit new governing documents of homeowners' associations, common interest communities, and condominium associations from restricting the construction or development of multifamily housing or transit-oriented development density, if such an organization is partially or fully within a station area. These declarations must also not require off-street parking requirements that conflict with RCW 36.70A.620.

B. SUMMARY OF EXPENDITURE IMPACTS

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

This legislation would have expenditure impacts for 36 cities with station areas as defined by Sec. 3.

For costs that can be estimated at this time, there would be approximately \$7.5 million in new transit-oriented development (TOD) zoning and development regulation ordinances, new zoning maps and outreach documents, comprehensive plan updates to account for new residential density and capital facilities demand, as well as ordinance adoption costs for new State Environmental Policy Act (SEPA) categorical exemption for infill development near station areas. Only \$3.9 million

of these costs would be incurred in the next six fiscal years.

Two of the fully planning cities (Vancouver and Spokane) would be required to incorporate these actions six months after their next periodic comprehensive plan update in 2025 and 2026. The remaining 34 cities, located in King, Pierce, and Snohomish counties would be required to incorporate these actions by the submission deadline of their implementation progress report in December 2029.

IMPACT OF SECTION 4:

City code and comprehensive plan amendment costs depend on the population size:

Review of the potential cost factors of this legislation by the Association of Washington Cities indicates: For the 9 cities with over 100,000 residents, each may pay nearly \$300k (\$216k for comprehensive plan updates and \$82k for planning and implementing the station area development regulations); each of the 24 cities with populations between 10,000 and 100,000 residents could spend about \$200k (\$108k for plan updates and \$82k for development regulations); and for each of the 3 cities with less than 10,000 residents the expected costs is less than \$150k (\$65k for plan updates and \$82k for development regulations).

Assumptions:

The Local Government Fiscal Note program assumes that the planning and implementation process for affected cities would take at least one year, starting January 1st and ending December 31st of the year in which the new TOD regulations are due, in order to meet the Sec. 4(14) implementation timeline. This planning and adoption timeline is based on review the Growth Management Act Planning Cost Study (2023) and complex development regulation implementation found by the Department of Commerce.

This implementation process would span over two fiscal years with some of the costs falling outside of the six year fiscal outlook for this local government fiscal note. The result of these assumptions is that only \$3.9 million of the estimated \$7.5 million would be spent by impacted cities within the next six fiscal years.

Estimated Costs of the Act by State Fiscal Year:

FY2024: \$0

FY2025: \$95,125

FY2026: \$190,250

FY2027: \$95,125

FY2028: \$0

FY2029: \$3,548,175

Total: \$3,928,675

The remaining half of the costs for the 34 impacted cities in King, Pierce, and Snohomish counties (\$3,548,175) is assumed to be incurred in the first six months of FY2030.

Planning and Implementing Transit-Oriented Development Regulations:

Adopting TOD regulations would involve modifying the existing zoning designation and residential use for any residential lot within the walkshed of a qualifying station area and creating a new designation and use. According to the Association of Washington Cities (AWC), amending existing code generally carries higher costs than implementing new code and this work would also extend to any permitting process (site development plan review, variance, conditional use permits), environmental review, as well as any zoning overlays that currently exist within the qualifying stations areas in the city. Cities impacted by this bill would have to determine the applicable floor area ratios within the station area are consistent with the definitions of transit-oriented density in Sec. 4(2)(a).

Costs for provisions in Sec. 4 also include: analyzing comprehensive plan policies and municipal code to determine extent of amendments required; drafting informational materials on reasons for, and approach to, drafting middle housing regulations using floor area ratios (e.g. design regulations to ensure compatibility) for public review; conducting outreach to inform and solicit feedback from residential neighborhoods and developers; drafting proposed amendments for the city’s planning commission considerations; a planning commission public hearing and recommendation to the city council; a presentation of the city planning commission’s recommendations to the city council; and a city council public hearing and action.

Costs to amend local code to conform to the requirements of this act may be similar to, but would likely exceed, the grant averages provided by the Department of Commerce in S HB 2343 (2020) where \$4 million in funding had been awarded to 52 fully planning cities with populations over 20,000 to increase residential building capacity under RCW 36.70A.600. The average grant award was \$77,000 per city. Additionally, AWC estimates that the costs for cities to adopt new zoning maps and outreach documents may start at \$5,000 per city and would include changes to printed documents and digitally accessible maps. These costs would be incurred concurrently with the adoption of the updated TOD zoning and development regulation ordinances.

Total estimated development regulations and map amendments:
36 cities x (\$77,000 + \$5,000) = \$2,952,000

Estimated Costs of the TOD Regulations by State Fiscal Year:

FY2024:	\$0
FY2025:	\$41,000
FY2026:	\$82,000
FY2027:	\$41,000
FY2028:	\$0
FY2029:	\$1,394,000
Total:	\$1,558,000

The remaining half of the costs for the 34 impacted cities in King, Pierce, and Snohomish counties (\$1,394,000) is assumed to be incurred in the first six months of FY2030.

Planning the implementation of the ordinances to amend local code would begin in the second half of FY25 based on the effective date of the bill. Adopting increased density near transit into local code may vary based on the capacity of cities required to adopt such ordinances and the availability of funding to implement them. The Local Government Fiscal Note program assumes that all applicable cities would adopt the TOD zoning and development regulations by the deadlines specified by Sec. 4(14).

However, some jurisdictions may elect not to bring their codes into conformity with the requirements of this legislation prior to the applicable deadline specified in Sec. 4(14). In these jurisdictions, the provision will automatically apply and take effect. It is unclear if these jurisdictions would incur any legal costs based upon codes that do not conform to the required code measures. Such costs cannot be anticipated in advance and are indeterminate.

Comprehensive Plan Updates

The estimated costs for cities impacted by this bill to incorporate the increased density near station areas into appropriate comprehensive plan elements may exceed \$2.4 million from FY24 to FY29, and \$4.5 million in total by FY30.

Incorporating TOD regulations would result in changes to the existing housing capacity and capital facilities planning that

city's would conduct during their next periodic comprehensive plan update, which would require cities to integrate these changes into their existing workload to meet the adoption deadline of this act. Section 4(14) specifies that a city must adopt the TOD zoning and development regulations six months after its next periodic comprehensive update or with their implementation progress reports in 2029. For Vancouver and Spokane, may be able to work on their periodic comprehensive plan update and the TOD regulations concurrently, which could create a cost saving.

Amending comprehensive plan elements would have costs ranging from approximately \$32,000 to 108,000 per element for the 36 fully planning cities impacted by this act. These costs assume that the comprehensive plan element amendments are complex in scope depend on the intricacies of the update, the population size of the jurisdiction, the number of station areas, the internal capacity to perform the element updates within the planning department, and other factors. These costs would be experienced in all cities with station areas, as the assessed density within certain portions of the city's UGA have increased.

Estimates for the comprehensive plan element costs are derived from the complex element updates in HB 1181 (2023). Large cities are cities with greater than 100,000 in population, while medium size cities have populations between 10,000 and 100,000 in population, and small cities have less than 10,000 in population. Costs may be higher in jurisdictions with a greater number qualifying major transit stops.

Two complex element amendments:

Small sized cities: $\$32,475 \times 2 = \$64,950$

Medium sized cities: $\$54,125 \times 2 = \$108,250$

Large sized cities: $\$108,250 \times 2 = \$216,500$

3 small cities:

$3 \times \$64,950 = \$194,850$

24 medium cities:

$24 \times \$108,250 = \$2,598,000$

9 large cities:

$9 \times \$216,500 = \$1,948,500$

Estimated comprehensive plan element update costs would be $(\$194,850 + \$2,598,000 + \$1,948,500) = \$4,731,350$, however, only $\$2,587,175$ would be spent within the six year fiscal outlook.

Estimated Costs of Comprehensive Plan Updates by State Fiscal Year:

FY2024: \$0

FY2025: \$108,250

FY2026: \$216,500

FY2027: \$108,250

FY2028: \$0

FY2029: \$2,154,175

Total: \$2,587,175

The remaining half of the costs for the 34 impacted cities in King, Pierce, and Snohomish counties ($\$2,154,175$) is assumed to be incurred in the first six months of FY2030.

GRANTS AUTHORIZED BY SEC. 6

Local Option - Grants from appropriations to the Growth Management Planning and Environmental Review Fund may be used to facilitate GMA and SEPA objectives related to the planning, implementation, and adoption of TOD regulations specified by this act. Cities applying for these grants would be doing so as a local option and there would be no cost for cities that take no action. The costs to apply for the competitive grants may be de minimis to more substantive depending on how much staff time a city would take to review and prepare the grant application. Research suggests that city and county workers indicate that it is more time consuming to complete competitive grants, compared to formula-based grants

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 impact city revenues through the availability of grant funding..

The magnitude of the local government revenue increase would depend on appropriations made by the legislature for the specific purposes of this act and the number of cities that apply and are successfully awarded grant funding through these programs. The value of these grants and the number of successful grantees cannot be known in advance.

SOURCES:

Association of Washington Cities

City of Tukwila, Transit-Oriented Development Housing Strategies Plan (2021)

Department of Commerce, FN S HB 2343 (2020)

Department of Commerce, FN HB 2020 (2022)

Department of Commerce, Growth Management Act Planning Cost Study (2023)

Department of Commerce, Transit-oriented Development Implementation Grants (2021)

Department of Transportation, Frequent Transit Service Study Initial Report (2022)

House Bill Analysis, HB 2160 (2024)

Local Government Fiscal Note Program, FN HB 2020 (2022)

Local Government Fiscal Note Program, FN HB 1110 (2023)

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

Local Government Fiscal Note Program, Unit Cost Model (2023)

Municipal Research and Services Center, Growth Management Act

Municipal Research and Services Center, Local Ordinances for Washington Cities and Counties (2015)

Puget Sound Regional Council

Puget Sound Regional Council, Transit-Oriented Development

Senate Bill Analysis, SB 5466 (2023)

Sound Transit, Link Light Rail

Sound Transit, Sounder Train Stations