

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1096 HB

Title: Lot splitting

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

Legislation Impacts:

☒ Cities: Approximately \$1,660,000 over three fiscal years. 77 cities with costs of approximately \$21,600 each to review and revise local code for short plat and administrative lot splitting. There would be indeterminate cost savings related to not requiring a public hearing for planning staff and simultaneous building permit and lot splitting review.

☐ Counties:

☐ Special Districts:

☒ Specific jurisdictions only: Only cities with required minimum densities under the Growth Management Act.

☐ Variance occurs due to:

Part II: Estimates

☐ No fiscal impacts.

☒ Expenditures represent one-time costs: Ordinance adoption and accompanying analysis.

☐ Legislation provides local option:

☒ Key variables cannot be estimated with certainty at this time: Workload for planning staff would be reduced by not requiring a public hearing in some jurisdictions; simultaneous building permit and lot splitting review that would vary on a by-city, and by-project basis.

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

Jurisdiction	FY 2026	FY 2027	2025-27	2027-29	2029-31
City	1,404,000	237,600	1,641,600	21,600	
TOTAL \$	1,404,000	237,600	1,641,600	21,600	
GRAND TOTAL \$					1,663,200

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: 01/13/2025
Leg. Committee Contact: Serena Dolly	Phone: 360-786-7150	Date: 01/07/2025
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/13/2025
OFM Review: Marie Davis	Phone: (360) 790-1166	Date: 01/13/2025

Part IV: Analysis

A. SUMMARY OF BILL

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

This proposed legislation would require cities subject to RCW.36.70A.635 to adopt regulations allowing for administrative lot splitting and simultaneous review of a residential building permit application to streamline middle and single-family housing developments. No appeals would be permitted for administratively approved applications which meet certain conditions.

Sec. 2. is a new section added to Chapter 58.17 RCW, requiring cities to amend their short plat requirements to create an administrative process for lot splitting and simultaneous review of residential building permit applications. The new buildable residential lot is not subject to appeal if it meets the conditions of Sec. 2(1)(a) through (g).

This bill would take effect 90 days after the bill were to become law.

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.

There are 77 cities that are required to plan for minimum residential density under RCW 36.70A.635. Costs for each city are estimated at \$21,600 to conduct the code modifications specified by Sec. 2 of this act. Cities that are conducting updates to their middle housing development regulations and those cities with comprehensive plans due in 2025, 2026, and 2027 may have reduced costs by incorporating this work into other required land use policy. There would be indeterminate cost savings related to removing the public hearing workload for planning staff and simultaneous building permit and lot splitting review that would vary on a by-city, and by-project basis.

Assumptions:

All 77 cities would be required to review and revise existing code for conformance with Sec. 2 of this act.

Fifty-seven cities with comp. plans due December 2024 would conduct this work by July 1, FY2026.

Eight cities with comp. plans due in June 2025 would conduct this work by July 1, FY2026

Eleven cities with comp. plans due in June 2026 would conduct this work by July 1, FY2027.

One city with a comp. plan due in June 2027 would conduct this work by July 1, FY2028.

FY2026:	\$1,404,000
FY2027:	\$237,600
FY2028:	\$21,600
FY2029:	\$0
FY2030:	\$0
FY2031:	\$0
Total:	\$1,663,200

AMENDING SUBDIVISION CODE FOR SHORT PLAT SUBDIVISION:

Each city that would need to review and amend subdivision code to achieve internal consistency with Sec. 2 of this act may have costs that exceed \$20,000 based review of grants to support urban residential housing provided by the Department of Commerce in 2021. This estimate is also similar to the Local Government Fiscal Note Program Unit Cost Model for adopting a complex development regulation, at \$23,150 per city. Average costs for this work are approximately \$21,600 ($(\$20,000 + \$23,150)/2 = \$21,575$) per city.

The Association of Washington Cities and the American Planning Association – Washington Chapter indicate that these code amendments would be necessary in cities to which existing code is incompatible with Sec. 2, in order to make the smaller lots sizes established by this bill internally consistent with the rest of their municipal code.

Baseline Assessments

Including policy comparisons and ground audits that form the vision for code updates.

Issue Identification & Concepts

Develop alternative scenarios that review options to zoning text and district standards as well as workshops that include code assessment developed into a preferred direction through comment and critique. Development of a zoning framework which fine tunes preferred scenario based on feedback. The zoning framework would then be presented in a joint City Council/Planning Commission workshop and the final draft of code concepts would be finalized.

Outreach

Development of a public engagement plan identifying the best ways to engage the public throughout the planning process with an in-person and virtual engagement collaboration as appropriate. Conduct interviews with property owners to discuss how amendments could impact neighboring portions of the community. Engaging the public through social media, questionnaires, and mailers, as well as direct outreach with public event(s) that require rental space, materials, and facilitation by city staff.

Code Preparation and Adoption

Conduct a draft code amendments roll-out meeting at a joint City Council/Planning Commission workshop. The planning team prepares revisions to the existing Short Plat code to allow for the division or redivision of land into the maximum number of lots through the short subdivision process provided in chapter 58.17 RCW and amendments made in this proposed bill. Included in this work is a non-project SEPA review checklist for determination of environmental impact. The draft final code amendments, and adoption through planning commission public hearing and city council public hearing. Final Code Assessment and adoption and final edits per City Council/ Planning Commission feedback.

WORKLOAD IMPACT:

There are workload impacts that would be difficult to quantify. For cities that hold public meetings, they would save some costs related to preparation and attendance for every reduction in public hearing associated with review. There may be further savings made through reviewing the building permit and lot split together, however these tasks will still take effort on the part of the planning team to review.

C. SUMMARY OF REVENUE IMPACTS

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

This proposed legislation would not impact local government revenue.

SOURCE:

American Planning Association – Washington Chapter

Association of Washington Cities

City of Airway Heights

Department of Commerce, Housing Affordability Grants (HB 1923) (2021)

Local Government Fiscal Note Program, Unit Cost Model (2025)

Local Government Fiscal Note Program, FN HB 1245 (2023)