

Multiple Agency Fiscal Note Summary

Bill Number: 1293 E S HB	Title: Development regulations
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Estimated Cash Receipts

NONE

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Commerce	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Transportation	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Environmental and Land Use Hearings Office	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.0	0	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			824,800			1,158,000			373,200
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			824,800			1,158,000			373,200

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
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

NONE

Prepared by: Gwen Stamey, OFM	Phone: (360) 790-1166	Date Published: Final 3/16/2023
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Individual State Agency Fiscal Note

Bill Number: 1293 E S HB	Title: Development regulations	Agency: 103-Department of Commerce
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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: Karen Epps	Phone: 360-786-7424	Date: 03/07/2023
Agency Preparation: Buck Lucas	Phone: 360-725-3180	Date: 03/10/2023
Agency Approval: Jason Davidson	Phone: 360-725-5080	Date: 03/10/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 03/14/2023

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 ESHB 1293 and HB 1293:

No amendments in ESHB 1293 will change the Department of Commerce's (department) assumptions about the fiscal impact of the bill from HB 1293:

- Section 1 includes additional limitations and requirements for the eligibility of the categorical exemptions. It also adds a timeline for this section to become effective for cities and counties.
- Section 2 contains revisions made to the new definition of "design review" and its applicability to certain projects, and it contains an effective date for this section. Section 3 adds language to include dwelling units that are affordable to low or moderate-income households to provision for local project review.
- Section 3 further defines dwelling unit, low-income and moderate income, for purposes of this subsection, and it modifies language referencing local government actions "required", rather than "permitted" by state law.

Summary of ESHB 1293:

Section 1 amends RCW 43.21C.229 creating a new State Environment Policy Act (SEPA) exemption for infill residential development within Urban Growth Areas (UGA) if the underlying density is maintained, the development is consistent with the existing comprehensive plan, and there was an Environmental Impact Statement (EIS) conducted for the underlying area within which the development occurs. Section 1(3) adds limitations to the categorical exemptions to apply only to areas that do not have existing and anticipated transportation safety or operational deficiencies; and it requires the city or county to consult with Washington Department of Transportation (WSDOT) to determine if such deficiencies exist. Additional language is added to the eligibility for categorical exemptions related to development regulations implementing the applicable comprehensive plan. It also establishes an effective date for a county or city to comply with Section 1(3) beginning six months after its periodic comprehensive plan update required under RCW 36.70A.130.

Section 2 adds a new section to RCW 36.70A creating a new section in the Growth Management Act (GMA), requiring planning jurisdictions to adopt clear and objective design review standards that do not discourage housing development, contain no more than one public meeting, and are conducted concurrently with consolidated review and decision processes. It also establishes an effective date for a county or city to comply with Section 2 beginning six months after its periodic comprehensive plan update required under RCW 36.70A.130.

Section 3 amends RCW 36.70B.160 amending the Local Project Review Act by encouraging local governments to adopt objective project review regulations and only require preapplication conferences or a public meeting where otherwise required by state law. Dwelling units that are affordable to low or moderate-income households are included for local consideration during project review; and these related terms are further defined for purposes of this subsection.

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.

There is no impact to the department. The activities stated in ESHB 1293 are already part of the normal operating

procedures within the Local Government Division.

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.

There are no additional fiscal impacts associated with rulemaking for the proposed legislative amendments. The department will complete new guidance updates for local governments (WAC 365-197), including these proposed legislative amendments, through its currently scheduled workload.

Individual State Agency Fiscal Note

Bill Number: 1293 E S HB	Title: Development regulations	Agency: 405-Department of Transportation
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

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

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Karen Epps	Phone: 360-786-7424	Date: 03/07/2023
Agency Preparation: Anna Ragaza-Bourassa	Phone: 509-324-6201	Date: 03/16/2023
Agency Approval: Kerri Woehler	Phone: 360-705-7958	Date: 03/16/2023
OFM Review: Maria Thomas	Phone: (360) 229-4717	Date: 03/16/2023

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 WSDPT 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

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

III. B - Expenditures by Object Or Purpose

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

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number: 1293 ESHB **Title:** Development regulations **Agency:** 405-Department of Transportation

Part I: Estimates

Check applicable boxes and follow corresponding instructions, use the fiscal template table provided to show fiscal impact by account, object, and program (if necessary), **add rows if needed**. If no fiscal impact, check the box below, skip fiscal template table, and go to Part II to explain briefly, why the program believes there will be no fiscal impact to the department.

No Fiscal Impact (Explain in section II. A)

If a fiscal note is assigned to our agency, someone believes there might be, and we need to address that, showing why there is no impact to the department.

Indeterminate Cash Receipts Impact (Explain in section II. B)

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

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

Agency Assumptions

- The burden for gathering and analyzing project impacts will shift from the developer to the Washington State Department of Transportation
- The impact to WSDOT is uncertain as each local agency will be able to adopt its own SEPA exemption level.
- The impact to WSDOT will vary based on volume of consultation requests as well as analysis complexity and the availability of necessary data.
- While consultations on many smaller projects will not require detailed analysis, consultation to determine impacts associated with significant proposals will require safety and operational analysis as well as acquisition of data at an estimated cost of \$15,000 - \$25,000 per consultation.
- The number of consultations requiring data and analysis is dependent on development activity in each area.

Agency Contacts:

Preparer: Anna Ragaza-Bourassa	Phone: 509-324-6201	Date: 3/14/23
Approval: Kerri Woehler	Phone: 360.480.1962	Date: 3/14/23
Budget Manager: Stacey Halverstadt	Phone: 360-705-7544	Date: 3/15/23

Individual State Agency Fiscal Note

Part II: Narrative Explanation

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

Briefly describe by section number (sections that will change WSDOT costs or revenue), the significant provisions of the bill, and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency.

Sec 1 (3) authorizes local agencies to adopt a new SEPA exemption level for housing projects. This categorical exemption only applies to areas that do not have existing or anticipated transportation system safety or operational deficiencies. A city or county must consult with the Washington state department of transportation to determine if such deficiencies exist.

II. B – Cash Receipts Impact

. 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.

N/A

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The fiscal impact to the department is indeterminate because ESHB 1293 Sec 1(3) authorizes local agencies to adopt a new SEPA exemption level for housing projects. This exemption level can be different for each local agency, so the number of consultations is unknown at this time. WSDOT expects many of these consultations to not require additional expenditures. However, an indeterminate number of the consultations will be complex and require WSDOT to obtain data. Based on previous projects, the cost of data and detailed safety and operational analysis is estimated to be \$15,000 to \$25,000 for each consultation.

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

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

N/A

Individual State Agency Fiscal Note

Bill Number: 1293 E S HB	Title: Development regulations	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: Karen Epps	Phone: 360-786-7424	Date: 03/07/2023
Agency Preparation: Dominga Soliz	Phone: 3606649173	Date: 03/09/2023
Agency Approval: Dominga Soliz	Phone: 3606649173	Date: 03/09/2023
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 03/09/2023

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 CHANGE TO FISCAL IMPACTS from earlier versions of this bill.

Amendments under this version include:

Section 1. (3) Adds that any categorical exemptions are restricted to areas that do not have existing or anticipated transportation system safety or operational deficiencies and consultation with WSDOT is required to confirm this. (a) Eligible projects must also be consistent with all development regulations implementing an applicable comprehensive plan. (b)(ii) The corresponding environmental impact statement (EIS) that may be done must fully address the transportation impacts.

(5) The categorical exemption in subsection (3) of this section applies in a city or county beginning six months after its next periodic comprehensive plan update as required under RCW 36.70A.130.

Section 2. Modest amendments to this section which creates a new section in the Growth Management Act (GMA) that addresses design review requirements under this subsection that need to be clear and objective. (5) Adds that the requirements of this section do not apply until 6 months after the next comprehensive plan update.

Section 3. Amends 36.70B and is not under the jurisdiction of the Growth Management Hearings Board (GMHB).

Assume new GMHB petitions – The proposed bill would increase GMHB cases by an estimated four new cases per year. This estimate is based on past experience with cases filed after updates to the GMA.

Assume new appeals in FY 2025 – We anticipate challenges to the new law will begin in FY2025 following local governments' planning processes.

Assume cost absorption – ELUHO assumes the GMHB can absorb costs to manage the few petitions likely to be generated by this bill.

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.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1293 E S HB	Title: Development regulations
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities: Fully planning cities would be required to amend existing categorical exemption for residential infill development to accommodate new infill development statute; fully planning cities would be required to adopt objective exterior design standards for new development.
- Counties:
- Special Districts:
- Specific jurisdictions only: Jurisdictions fully planning under the Growth Management Act.
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs: Analysis and ordinance adoption are one-time costs for impacted cities and counties.
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time: Added workload to adopt new infill development regulations beyond adopting this statute local code; number of jurisdictions that would need to conduct an supplemental environmental impact statement to support the residential infill development requirements of Sec. 1.

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

Jurisdiction	FY 2024	FY 2025	2023-25	2025-27	2027-29
City		787,200	787,200	988,800	316,800
County		37,600	37,600	169,200	56,400
TOTAL \$		824,800	824,800	1,158,000	373,200
GRAND TOTAL \$					2,356,000

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: 03/14/2023
Leg. Committee Contact: Karen Epps	Phone: 360-786-7424	Date: 03/07/2023
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 03/14/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 03/15/2023

Part IV: Analysis

A. SUMMARY OF BILL

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

CHANGES FROM PRIOR BILL VERSION:

This fiscal note reflects language in ES HB 1293, 2023 Legislative Session.

Section 1 specifies that the categorical exemption for urban residential infill development applies to areas of a fully planning jurisdiction's urban growth area that do not have transportation deficiencies as determined through consultation with the Department of Transportation.

Section 2 specifies that the objective development regulations that govern exterior design review applies to new development that does not include any residential units.

Section 3 encourages local governments to adopt prompt, coordinated, and objective review of project applications for dwelling units that are affordable to low- or moderate-income households.

SUMMARY OF CURRENT BILL VERSION:

This engrossed substitute legislation would amend categorical exemptions provided for residential infill development under the State Environmental Policy Act (SEPA) for cities and counties that fully plan under the Growth Management Act (GMA). Fully planning jurisdictions would be required to consult with the Department of Transportation to determine if transportation deficiencies exist within the urban growth area (UGA) when applying the categorical exemption to the UGA. If such a deficiency exists, the categorical exemption for residential infill development would not apply in these areas. The act also requires counties and cities fully planning under the GMA to apply only clear and objective design review standards to the exterior of new development that does not include any residential units.

The categorical exemption for urban residential infill development and the object design review are requirements of fully planning jurisdictions six months after the submission deadline of their next periodic comprehensive plan update.

Jurisdictions are encouraged to adopt project review processes that provide prompt, coordinated, and object review of project permit applications that are consistent the local government's development regulations including units for low- to moderate income households.

Sec. 1 amends RCW 43.21C.229

(3) Would allow all project actions that propose to develop one or more residential housing units within an urban growth area categorical exemption if the proposed development is not inconsistent with the jurisdiction's comprehensive plan; the proposed development would not exceed the density or intensity of use called for in the goals and policies of that applicable comprehensive plan. The categorical exemption would also be applicable for all project actions of the residential development if the city or county's comprehensive plan was previously subjected to an EIS, or the city or county has an EIS that considers the proposed use or density and intensity of use in the area.

(5) A county or city must comply with the requirements of this section beginning six months after its next periodic comprehensive plan update.

Sec. 2 would add a new section to 36.70A RCW

Cities and counties planning under the GMA would be authorized to incorporate design review processes that apply only objective development regulations governing the exterior design of new development that does not include any residential units.

(4) Design review must be conducted concurrently with, or otherwise logically integrated with, the consolidated review and decision process for project permits. Limits the number of design review process to one public meeting.

(5) A county or city must comply with the requirements of this section beginning six months after its next periodic comprehensive plan update.

Sec. 3 amends 36.70B.160 RCW

Counties and cities are encouraged to adopt project review provisions that ensure an objective review. During project review, counties and cities may only require preapplication conferences or a public meeting where otherwise permitted by state law.

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 FROM PRIOR BILL VERSION:

This engrossed substitute bill specifies that the categorical exemption for urban residential infill development and the objective development regulations that govern exterior design review for new development without residential units takes effect six months after the next submission deadline of a fully planning jurisdiction's periodic comprehensive plan update.

Additionally, local governments are encouraged to adopt prompt, coordinated, and objective review of project applications for dwelling units that are affordable to low- or moderate-income households as a local option.

EXPENDITURE IMPACT CURRENT VERSION OF BILL:

This engrossed substitute act would have determinate and indeterminate expenditure increases for jurisdictions fully planning under the Growth Management Act (GMA).

Adopting ordinances for objective design review in Sec. 2 would have costs for all jurisdictions fully planning under the GMA that may exceed \$2.3 million. The implementation of these ordinances would occur six months after the jurisdiction's next periodic comprehensive update from FY25 to FY28.

There would be indeterminate costs related to adopting new State Environmental Policy Act (SEPA) provisions of this act for all GMA planning cities and counties. Fully planning jurisdictions would have ordinance adoption costs to implement categorical exemptions for urban residential infill development and may also have costs to amend their environmental impact statements that support their comprehensive plans should deficiencies arise during the review of these documents. All fully planning jurisdictions would be required to adopt the categorical exemption six months after the next submission deadline of their periodic comprehensive plan update.

The provisions of Sec. 3 of this act are a local option for cities and counties that choose to adopt further project review, or expedited review processes for project permit applications for affordable housing units. There are no costs associated with Sec. 3 for cities and counties that take no action.

COSTS TO AMEND CODE FOR SEPA CATEGORICAL EXEMPTION FOR INFILL DEVELOPMENT:

Indeterminate – There are 28 counties and 218 cities that plan under the GMA with urban growth areas (UGAs) and these jurisdictions would be required to adopt the infill development regulations for all or certain portions of their UGA. These cities and counties would also be required to consult with the Department of Transportation to determine where transportation deficiencies exist and exempt these areas from the urban infill development categorical exemption.

Some of these jurisdictions have adopted SEPA categorical exemptions by reference to the Washington Administrative Code although the number that have incorporated categorical exemptions for residential infill development are not currently known.

This amendment would require all cities and counties to adopt the categorical exemption for infill development throughout the UGA. The Department of Ecology's SEPA handbook details the process that local governments should use to adopt

an infill categorical exemption. These steps include identifying the density and intensity goals specified in the adopted comprehensive plan for residential and mixed use development; evaluating recent residential and/or mixed use projects to identify a specific area(s) where the density/intensity goals in the comprehensive plan are not being met; review and consider restrictions in other regulations that may prevent the density/intensity from occurring; identify the development level needed to meet the goals within the selected area; evaluating the environmental impact statement (EIS) prepared for the comprehensive plan and determine if the density and intensity goals have been adequately analyzed. If the EIS analysis is not adequate, a supplemental EIS may need to be prepared before adopting an infill exemption. After this review is complete the local government can begin drafting the categorical exemption for adoption into local code.

Illustrative Example of Amended Local Code for SEPA Residential Infill Development:

The Local Government Fiscal Program Unit Cost Model estimates that the cost the typical cost to adopt a complex ordinance with a hearing of the same complexity at approximately \$9,600 per city and \$9,400 for counties. These estimates include costs for draft ordinances, advisory commission meeting and recommendation, finalized ordinance, publication of ordinance, and general public information.

There are 28 counties and 218 cities that plan under the GMA with urban growth areas and the following costs are likely the lower bound to conduct this work.

Costs for Amended Local Code for SEPA Residential Infill Development within UGAs:

218 cities x \$9,600 = \$2,092,800

28 counties x \$9,400 = \$263,200

Illustrative Estimate Total: \$2,356,000

The implementation of these ordinances would occur six months after the jurisdiction's next periodic comprehensive update from FY25 to FY28.

Combined

FY2024: \$0

FY2025: \$824,800

FY2026: \$554,800

FY2027: \$603,200

FY2028: \$373,200

FY2029: \$0

Total: \$2,356,000

City

FY2024: \$0

FY2025: \$787,200

FY2026: \$460,800

FY2027: \$528,000

FY2028: \$316,800

FY2029: \$0

Total: \$2,092,800

County

FY2024: \$0

FY2025: \$37,600

FY2026: \$94,000
FY2027: \$75,200
FY2028: \$56,400
FY2029: \$0
Total: \$263,200

All project actions for residential housing construction within the UGA would be categorically exempt from SEPA if the proposed development is consistent with the jurisdiction's comprehensive plan; the proposed development would not exceed the density or intensity of use called for in the goals and policies of that applicable comprehensive plan; and the city or county's comprehensive plan was previously subjected to an EIS, or the city or county has an EIS that considers the proposed use or density and intensity of use in the area. If the review and analysis of the jurisdiction's existing EIS would require an update, there would be significantly higher costs associated with Sec. 1.

There may be instances where cities or counties determine that their EIS is insufficient or needs refinements, especially if such refinements would automatically trigger an exemption to building and development requirements under the GMA. Even if there are cities that do not opt into the exemption, there could be pressure to review and refine the existing EIS for infill development exemptions in GMA cities and counties.

Environmental Impact Statements Associated with SEPA Infill Development Categorical Exemptions:

Indeterminate - Jurisdictions impacted by this legislation may require a supplemental EIS (SEIS) to ensure that categorically exempting one or more residential housing units does not create significantly adverse impacts to the environment throughout the UGA. These costs are indeterminate because the number of cities and counties that would need to draft a SEIS is not currently known. The costs for the SEIS would also vary based on the additional work to supplement the jurisdiction's EIS that supports their comprehensive plan.

The cost to counties and individual cities that would pursue infill development through this categorical exemption would be indeterminate due to the size, scale, and scope of development plans. The larger the area, the more it would influence the cost of development under the GMA planning provisions. Assessment from the Department of Commerce and the Association of Washington Cities indicates that it would be difficult to estimate how many cities and jurisdictions would be involved in this planning because the needs for infill development around the state vary significantly.

Estimates from the Association of Washington Cities' 2020 city planning cost survey indicate that the cost of an EIS may exceed \$100,000 per city that chooses to undergo the infill development within their municipality. In HB 2066 (2020) the Department of Commerce indicate these costs may approximate to \$300,000 for larger jurisdictions such as the largest municipalities and counties. These costs include EIS alternative analysis and preferred alternative selection, and increasing the SEPA exemption threshold for residential and mixed use development within the UGA as it pertained to a planned action under RCW 43.21C.440.

IMPACT OF SECTION 2:

Adopting the Objective Design Review Ordinances:

\$2,356,000 – For expenses that can be estimated at this time, the costs for adopting ordinances for the objective design review of Sec. 2 into GMA planning jurisdiction's local code may exceed \$2.4 million (see calculations below). However, it is not currently known how many jurisdictions have local code that contain provisions for objective design review that govern exterior design of new development, or specifically new development that does not include any residential units. In these jurisdictions the expenses to comply with the provisions of Sec. 2 may vary from the estimates provided depending on the scope of the work to revise existing code. The objective regulations would require one or more ascertainable guidelines, standards, or criteria by which an applicant can determine whether a given building design is permissible under the development regulations. These guidelines, and the accompanying requirements for no reduction in density, height,

bulk, or scale below the generally applicable development regulation for a development proposal in the applicable zone, may be more prescriptive than local code in jurisdictions with existing objective design review.

The Local Government Fiscal Program Unit Cost Model estimates that the cost the typical cost to adopt a complex ordinance with a hearing of the same complexity at approximately \$9,600 per city and \$9,400 for counties. According to the Association of Washington Cities, adopting objective design review ordinance would be complex and have the following processes:

This work would include a local planner drafting the code amendments by review of exist local code and example model code. These amendments would be vetted with the planning team, which would then be reviewed by the planning manager and the planning director. A planner would then write a minimum of four staff reports. The planning manager, planning director and attorney would review all four staff reports. The two staff reports prepared for the council would also be reviewed by the legislative authorities of the jurisdiction.

The planning commission clerk would prepare advertisements, post comment letters to the web, prepare meeting packets for two meetings and setup for/attend two meetings. They would also review and publish two sets of minutes following these meetings. The clerk would do the same for at a minimum two council meetings. This work would be conducted over four public meetings (one of the meetings would be the public hearing) to update the code. During this work, there would be two planning commission meetings and two council meetings (at a required minimum). All meetings would be staffed with a clerk, attorney, planner and planning director at a minimum for this item.

Costs for Amended Local Code for Objective Design Review:

218 cities x \$9,600 = \$2,092,800

28 counties x \$9,400 = \$263,200

Illustrative Estimate Total: \$2,356,000

The implementation of these ordinances would occur six months after the jurisdiction's next periodic comprehensive update from FY25 to FY28.

Combined

FY2024: \$0
FY2025: \$824,800
FY2026: \$554,800
FY2027: \$603,200
FY2028: \$373,200
FY2029: \$0
Total: \$2,356,000

City

FY2024: \$0
FY2025: \$787,200
FY2026: \$460,800
FY2027: \$528,000
FY2028: \$316,800
FY2029: \$0
Total: \$2,092,800

County
FY2024: \$0
FY2025: \$37,600
FY2026: \$94,000
FY2027: \$75,200
FY2028: \$56,400
FY2029: \$0
Total: \$263,200

IMPACT OF SECTION 3

Local Option - The provisions of Sec. 3 of this act are a local option for cities and counties that choose to adopt further project review, or expedited review processes for project permit applications for affordable housing units. There are no costs associated with Sec. 3 for cities and counties that take no action.

BACKGROUND:

SEPA categorical exemptions remove projects below a set threshold number of units from SEPA review (WAC 197-11-800). Typically, developments of more than four dwelling units are subject to an environmental review process under SEPA. However, jurisdictions are allowed to adopt higher exemption thresholds for single-family, multifamily and other project types, which can help to lower development costs for new housing development. (Puget Sound Regional Council).

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 FROM PRIOR BILL VERSION:

The amendments to the engrossed substitute version of this legislation does not change the revenue impact of the prior bill

REVENUE IMPACT CURRENT VERSION OF BILL:

This legislation would not impact local government revenue.

SOURCES:

Association of Washington Cities, Planning Cost Survey (2020)
Department of Commerce
Department of Ecology, State Environmental Policy Act, Guidance and Categorical Exemptions
Department of Ecology, SEPA Flexible Tools for Project Level Review
Department of Ecology, SEPA Handbook (2018)
Local Government Fiscal Note Program, FN HB 2066 (2020)
Local Government Fiscal Note Program, FN HB 1167 (2023)
Local Government Fiscal Note Program, Unit Cost Model (2023)
Puget Sound Regional Council, State Environmental Policy Act - Categorical Exemptions
WAC 197-11-164
WAC 197-11-800