

Connecting Housing to Infrastructure Program (CHIP) 2023-2025

Washington State 2023-25 Capital Budget [SHB 5200](#), Section 1021

Growth Management Services

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CHIP PROGRAM MANAGER

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Washington State
Department of
Commerce

We strengthen communities



HOUSING AND HOMELESSNESS



INFRASTRUCTURE AND BROADBAND



SMALL BUSINESS ASSISTANCE



ENERGY



PLANNING AND TECH ASSISTANCE



COMMUNITY SERVICES AND FACILITIES



CRIME VICTIMS AND PUBLIC SAFETY



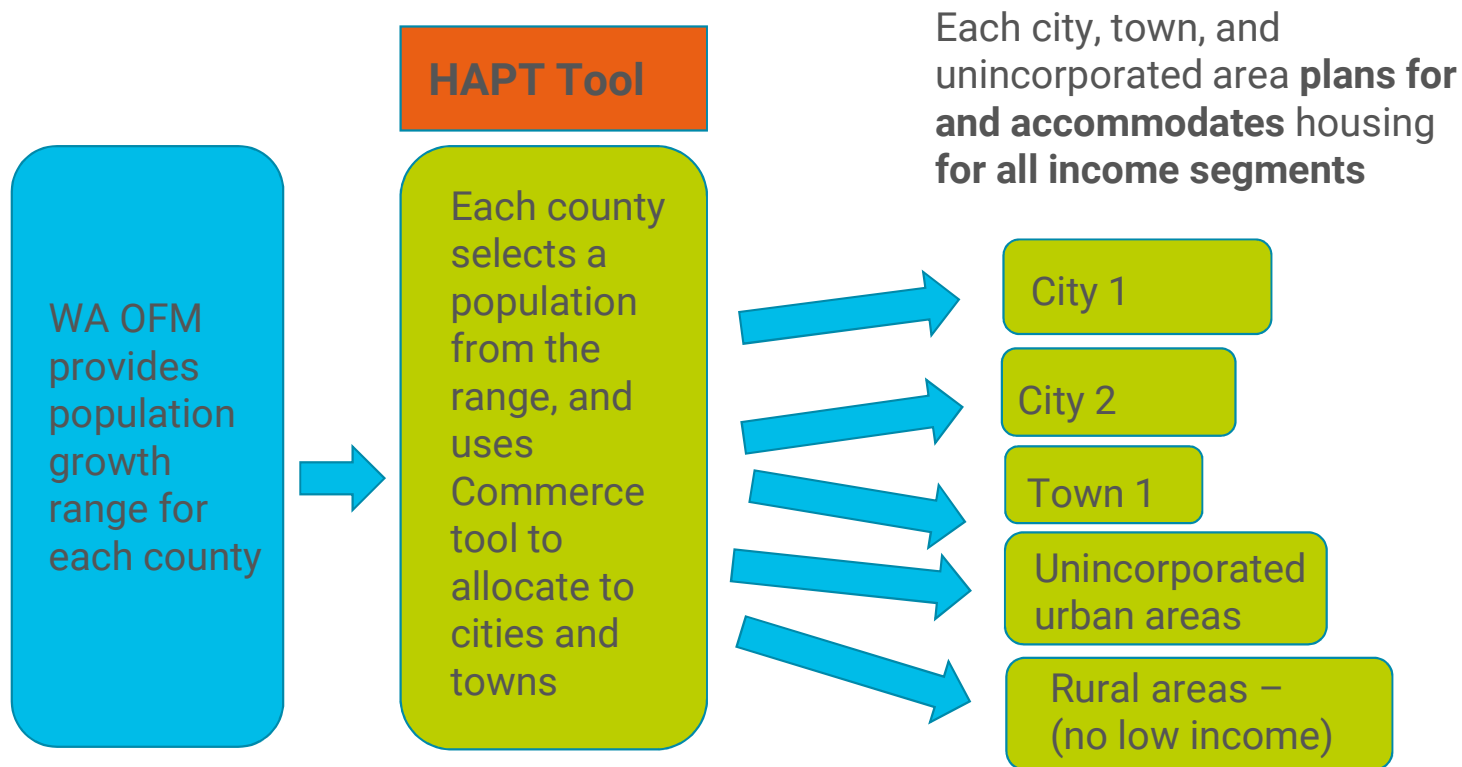
ECONOMIC DEVELOPMENT

Washington State needs 1.1M new housing units in next 20 years

Future housing needs broken down by area medium income (AMI) groups



How housing planning works in WA, for counties fully planning under the GMA.



Local governments must plan for and accommodate housing for all income segments.

Local housing element to:

- 1) **Conduct an inventory and analysis of housing needs** – by income level, including PSH and emergency housing (using Commerce projected needs)
- 2) **Identify sufficient capacity of land for identified housing needs by income level**
- 3) **Make adequate provisions for all housing needs**, including “document barriers to housing availability such as gaps in local funding, development regulations, etc.”
- 4) **Address racially disparate impacts, displacement, exclusion and displacement risk** in housing through policies and regulations
- 5) Document progress in meeting housing needs

RCW 36.70A.070(2)

Outline

- I. CHIP Program Overview
- II. CHIP Example Projects
- III. Applying for CHIP
- IV. The Bigger Picture:
Equitable Infrastructure
Charges
- V. Questions/Discussion



CHIP pays for utility connections to projects with affordable housing

Applicant is a city, county or public utility

Connection must be for a NEW affordable housing project

- **At least 25% affordable units at 80% AMI or less**



Applicants jurisdictions must have or be in a county with a sales and use tax for affordable housing in effect

- Housing and related services sales and use tax authorized under *RCW 82.14.530*
- Affordable housing sales and use tax under *RCW 82.14.540*
- Affordable housing property tax levy authorized under *RCW 84.52.105*



*Every county, except Ferry and Stevens, has implemented a tax for affordable housing.

Affordable for at least 25 years



Example affordability monitoring programs

- Housing Trust Fund
- LIHTC
- Community land trusts
- Multifamily tax exemption (MFTE)
- Inclusionary zoning

Funding specifics

- **Can apply for both**
 - Funding for utility infrastructure**
 - On-site water, sewer, and stormwater connections
 - Right of way extensions needed to serve development
 - Funding for system development charges**
 - Local governments must have a program to waive water, sewer and stormwater connection fees for the affordable units
- No match required
- Project has secured all funds
- Construction starts <24 months

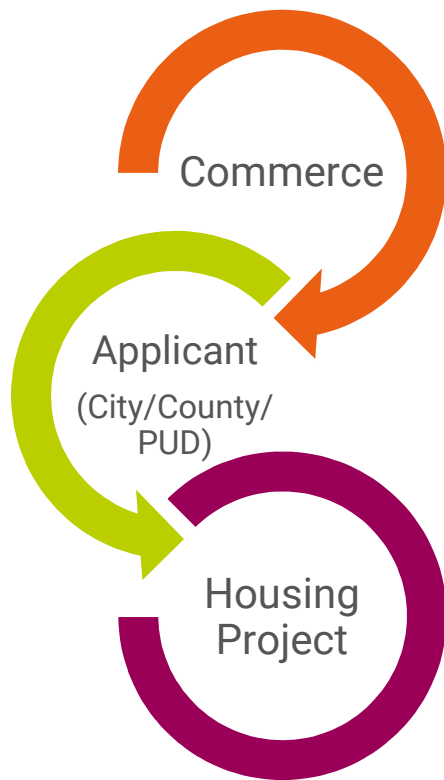


Eligible infrastructure-related costs:



- Construction labor and materials
- Design, architectural, and engineering
- Building permits/fees
- Archeological/historical/environmental review
- Construction management
- Demolition/site preparation
- Capitalized equipment for sewer, water, and stormwater projects
- Landscaping if serving as part of stormwater infrastructure
- Real property when purchased specifically for the utility project, and associated costs

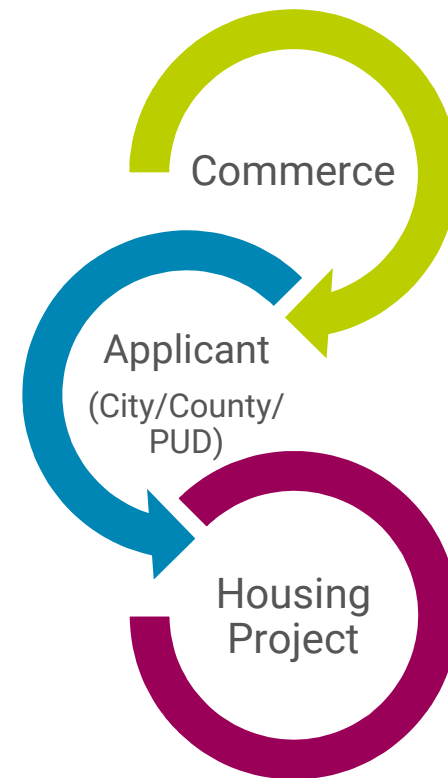
Utility Improvements



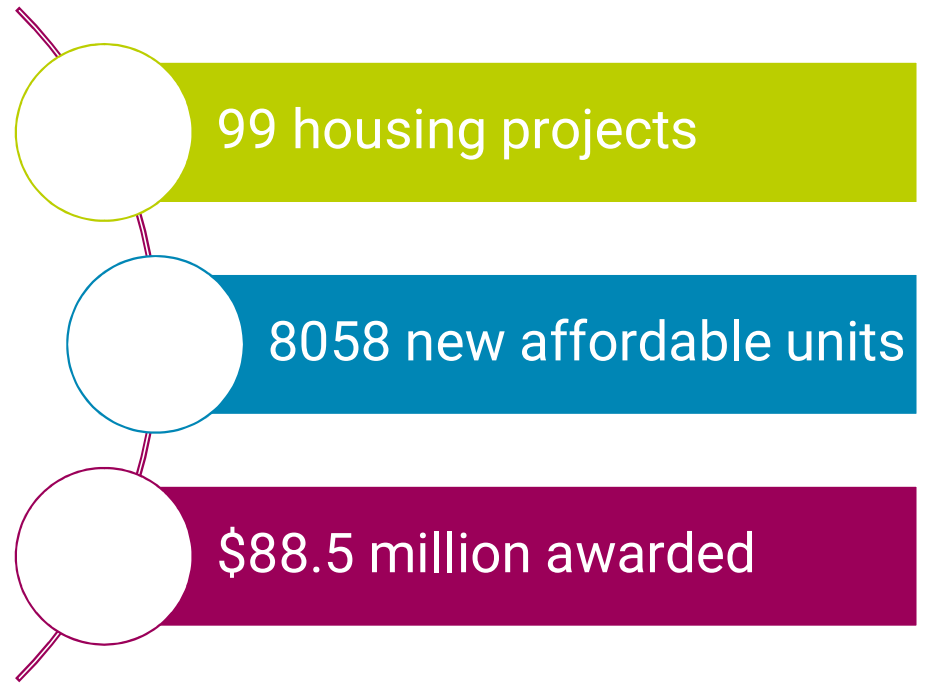
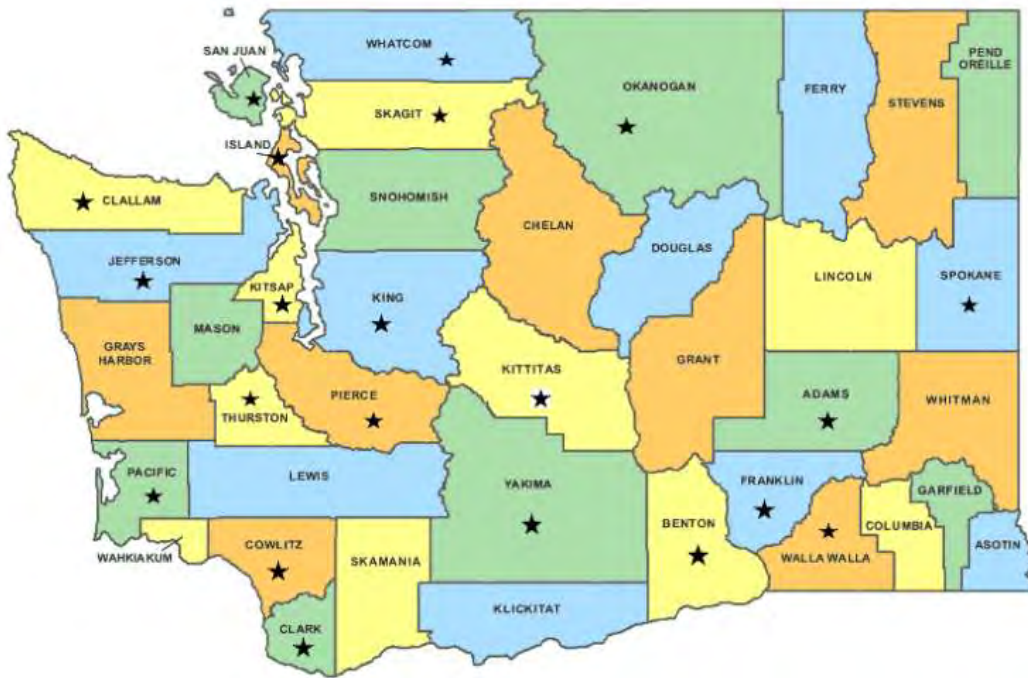
- Commerce contracts with applicant
- Applicant contracts with housing project
- Commerce reimburses applicant
- Applicant passes reimbursement on to housing project

System Development Charges

- Commerce contracts with applicant
- Applicant contracts with housing project
- Applicant waives all or portion of SDC's for housing project
- Commerce reimburses applicant for waived fees



Connecting Housing to Infrastructure Program (CHIP)



THINC Cottages

- 9 small homes
- 264 sq ft
- Construction cost \$34,000 per home



Woodland View- Condominiums

- 25 Condominiums
- 19 Affordable in perpetuity
- 2 Commercial spaces



Stewart Meadows – Community Land Trust

- 18 Homes
- High \$100's- Low \$200's
- Affordable in perpetuity



CHIP Scoring Criteria

Scoring : Higher score if

Higher percentage of affordable units and lower AMI Target

Longer term of affordability

Ready to proceed

Near transit (must be within urban growth area where applicable)

Leverages private funds

Plans to charge late-comer fees

Existing SDC waiver program

Lower cost of per affordable housing unit (total requested/ total affordable units)

Demonstrated commitment thorough documentation attached

Project is in area with a high index of health disparity, an overburdened community or a low population <150,000

For your application, have details on:

- Affordable housing project location
- Funding details for housing project and utility connections
- Housing project details on affordability, duration, and monitoring
- Timeline for projects and progress in development
- Developer, final ownership, and operation
- Utility providers
- System development charge fee waiver provisions
- Need for affordable housing



Application closes soon

- Open August 26, 2024 closes October 31
- Pre-application closes October 26
- Applicant must be city, county, or public utility district, must originate application
- Only one project per application
- One application per project
- Expect pre-application response within 2 business days

The screenshot shows the ZoomGrants application portal. At the top left is the Washington State Department of Commerce logo. To the right is a large orange box with the text "ZOOMGRANTS". Below the logo is a navigation bar with links for "My Account Home / My Applications" and "Account Profile". A breadcrumb trail reads "My Account Home > Applications > TEST application". The main content area displays the program name "CONNECTING HOUSING TO INFRASTRUCTURE PROGRAM" and includes buttons for "VIEW OPEN PROGRAMS", "HIDE LIBRARY", and "CONTACT ADMIN". Below this is a "Library" section with a "hide this" link and a table of documents:

Description	File Name
Grant Program Guidelines	CHIPProgramGuidelines_110921.pdf
ZoomGrants Step-by-Step Application Instructions	ZoomGrants_ApplicantInstructionsStep-by-Step.pdf

Below the table, the application details for "TEST application" are shown, including the amount "\$ 0.00 requested" and a series of tabs: "Summary", "Pre-Application", "Application Questions", "Budget", "Documents", and "Follow-up Questions".

What's next? Contracting and reporting

- Applications close: October 31, 2024
- Review: by December, 2024
- Awards announced: January, 2025
- Contracting: begins in February, 2025
- Infrastructure expenses incurred: by June 30, 2025, or June 30, 2027, subject to re-appropriation



Photo credit: City of Vancouver

System Development / Capital Facility Charges



Washington State
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www.commerce.wa.gov



Local fees to accommodate new development vary greatly, depending on local conditions

System Development Charges (SDCs) for:

- Water
- Sewer
- Stormwater

RCW 35.92.380
RCW 36.94.370

Impact Fees for:

- Transportation
- Parks and recreation
- Schools
- Fire protection

RCW 82.02.060, and SB 5258 (laws of 2023) requires communities to adopt proportional impact fees

Setting or revising SDCs

Based on updated study to:

1. Identify overall system needs (capital improvements);
2. Identify which of those capital needs are to accommodate growth (different than existing deficiencies);
3. Calculate costs of capital needs for such growth;
4. Calculate appropriate connection or impact fee charges for growth, taking account other funding, use patterns and overall public benefit, including factors for multifamily v. single-family development, housing affordability, etc.

Other Statutory authority for allowing fee waivers or reductions:

- Low-income housing (RCW 82.03.060(2))
- Early learning facilities (RCW 43.31.565)
- RCW 82.02.060 – impact fees: 80% reduction for affordable housing
- Construction or expansion of certain building types, incl. emergency homeless and domestic violence shelters (RCW 70.123.020 and 82.02.090(1)(b))

Good Example: King County Wastewater Capacity Charges in Residential Customer Equivalent (RCE) in a Monthly Fee over 15 years

SINGLE DETACHED DWELLING UNIT

Net square footage (SF)
less than 1,500 = 0.81 RCE

Example:
0.81 RCEs x \$72.50 =
\$58.73/month



Net SF 1,500 to 2,999 =
1.0 RCE

Example:
1.0 RCEs x \$72.50 =
\$72.50/month



Net SF 3,000 or greater =
1.16 RCE

Example:
1.16 RCEs x \$72.50 =
\$84.10/month



2-4 UNITS IN A MULTI-FAMILY BUILDING

0.81 RCEs per unit

Example for two units:
2 units x 0.81 =
1.62 RCEs x \$72.50 =
\$117.45/month



5 OR MORE UNITS IN A MULTI-FAMILY BUILDING

0.63 RCEs per unit

Example for six units:
6 units x 0.63 =
3.78 RCEs x \$72.50 =
\$274.05/month



ADUs AND DADUs*

0.59 RCEs per unit

Example:
0.59 RCEs x \$72.50 =
\$42.78/month



Microhousing
= .35 RCE

Senior /
Affordable
housing
= .32 RCE

Growth paying for growth

The capacity charge helps pay for the system of pipes, treatment plants, and other wastewater facilities that serve our growing regional customer base.

Resources

- **CHIP grants** <https://www.commerce.wa.gov/CHIP>
- **Impact fees:** <https://mrsc.org/Home/Explore-Topics/Planning/Land-Use-Administration/Impact-Fees.aspx>
- [Bellingham's SDC waiver policy](#)
- [King County Wastewater Study on RCEs](#)

Thank you!



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<https://www.commerce.wa.gov/CHIP>