

Connecting Housing to Infrastructure Program:

CHIP\$ and Dip

Mischa Venables and Eric Guida

CHIP PROGRAM MANAGERS

10/24/23



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

Outline

- I. CHIP Program Overview
- II. 2022 CHIP Awards and Projects
- III. CHIP 2023-2025
- IV. Applying for CHIP
- V. The Bigger Picture: Equitable Infrastructure Charges
- VI. Questions/Discussion

Applicants jurisdictions must have in effect sales and use tax for affordable housing

- 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 County and Stevens County, has implemented a tax for affordable housing.

25% of units affordable for at least 25 years

Example affordability monitoring programs

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

CHIP pays for:

Cost of system development charge for water, sewer, or stormwater when waived for affordability – requires jurisdiction policy

Water, sewer, stormwater utility infrastructure costs

- On site
- In the right-of-way



South Sound Family Support Center

Calculating CHIP-eligible SDC funding

Example project

	Charge/ Unit	Number of Units	Total SDC	Afford. Waiver	CHIP
Water SDC	\$4,000	50	\$200,000	80%	\$160,000
Sewer SDC	\$6,000	50	\$300,000	80%	\$240,000
			\$500,000		\$400,000

2022 CHIP Awards

County	Projects	Afford. Units	CHIP Award \$
Clark	5	324	\$3,013,928
Island	2	17	\$181,121
Jefferson	1	43	\$142,583
King	19	2787	\$22,819,942
Kitsap	2	15	\$670,000
Kittitas	1	18	\$395,000
Mason	1	30	\$445,776
Okanogan	1	22	\$100,000
Pacific	1	30	\$117,182
Pierce	2	164	\$1,183,085
San Juan	2	23	\$559,417
Skagit	1	56	\$300,000
Snohomish	3	534	\$3,801,828
Spokane	3	128	\$895,693
Thurston	2	90	\$3,226,984
Whatcom	4	317	\$1,523,848
Yakima	4	127	\$1,624,228
	54	4725	\$41,000,615

Vancouver: Meridian



Developer: Housing Initiative

- 46 affordable units
- Supportive housing services offered for those exiting homelessness
- \$161,907 reimbursement for waived system development charges

Valley View Sewer District – Seatac Center

- Mixed-income development, 510 total units with 365 affordable
- Adjacent to Tukwila LRT stop
- Infrastructure allows for future infill development
- \$1,555,000 in utility construction and waived CFCs



Developer: Inland Group

Ellensburg – Stuart Meadows

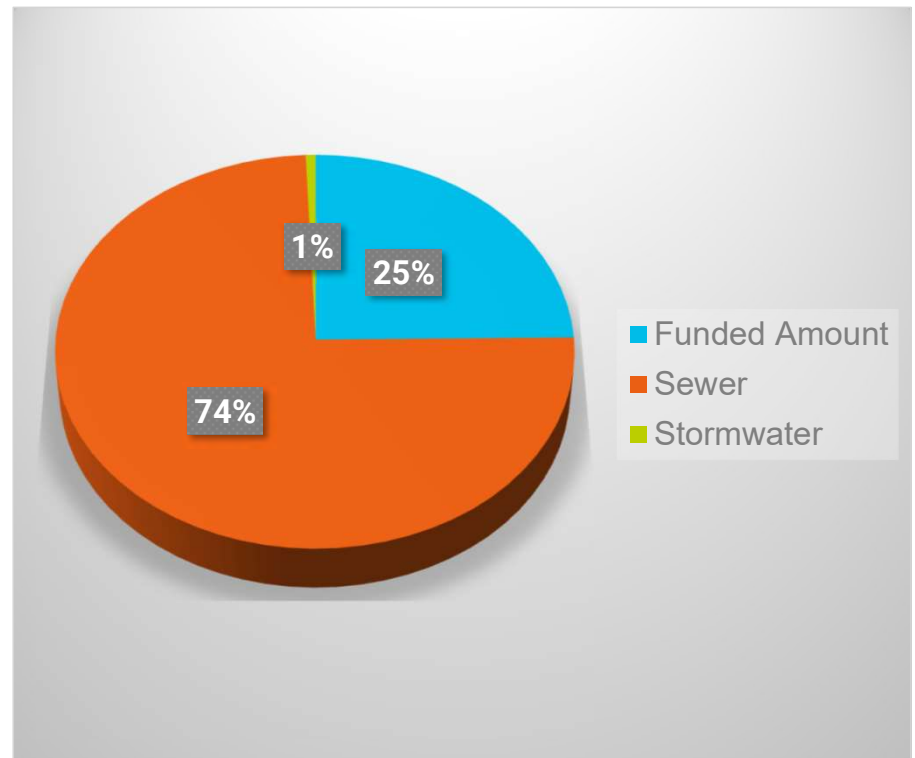


Developer: Habitat for Humanity

- 18 units of homes in a community land trust in single family or attached units
- \$617,000 CHIP in utility construction costs and waived system development charge reimbursement

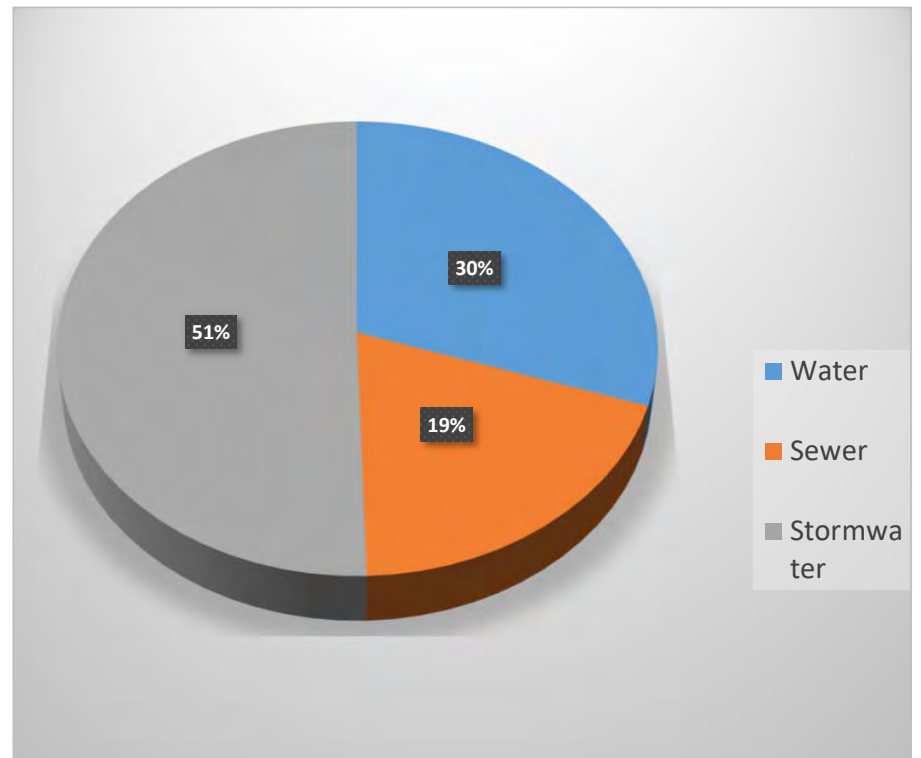
Waived SDC reimbursements

Utility	Funded Amount
Water	\$3,598,597
Sewer	\$10,801,527
Stormwater	\$94,698
Total	\$14,494,822



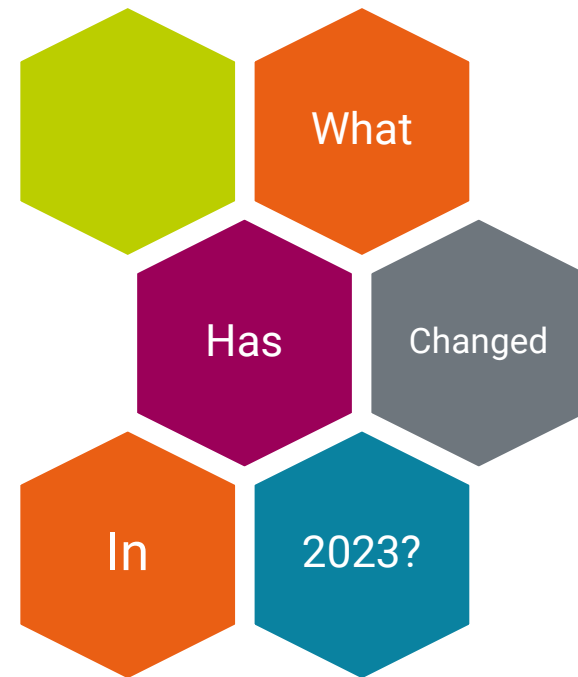
CHIP project utility construction costs

Utility	Funded Amount
Water	\$7,983,311
Sewer	\$5,132,441
Stormwater	\$13,373,956
Total	\$26,489,708



What's new in 2023?

- Funded by the state construction building account
- \$2,000,000 maximum award per project
- Commerce is offering grants and deferred loans



Total funds: \$55.5M in competitive funding

Amount	Eligible Applicants	Funds Available
\$36.1 million	Any city, county, or utility district*	Grants or deferred loans
\$19.4 million		

Funding specifics

- Can apply for both water/sewer/stormwater improvements and SDC waiver reimbursement
- No match required
- The housing project must be funded (cash & committed) by the time of contract signing.
- Construction of affordable housing project must begin within 24 months of the grant award
- Period of performance: May 16, 2023, through June 30, 2027, subject to re-appropriation



CHIP-eligible expenses



- 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

CHIP Scoring Criteria	Lower Score	Higher Score
Percentage of affordable housing units	25% of units within project affordable to low-income households	Increased points for higher percentages of affordable housing
Level of affordability		
Length of time of affordability	25 years	More than 25 years
Cost of utility improvements or system development charges (SDC) per housing unit		
Readiness to proceed	Uncertain funding	With CHIP funding, the project is ready to proceed.
Access to public transit		
Plans to use infrastructure for future development	No latecomer fees collected	Latecomer fees collected
Existing SDC waivers (applicable only to SDC waiver requests)		

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 Process

- **Pre-Application open August 1 – October 26, at commerce.wa.gov/CHIP**
- Full Application open August 1 – October 31
- Applicant must be city, county, or utility district, must originate application
- Only one project per application

The screenshot shows the ZoomGrants application portal. At the top, there is a navigation bar with the Washington State Department of Commerce logo and the ZoomGrants logo. Below the navigation bar, there are links for "My Account Home / My Applications" and "Account Profile". The main content area displays the user's account information, including the program name "CONNECTING HOUSING TO INFRASTRUCTURE PROGRAM" and the amount requested, "\$ 0.00". There are buttons for "VIEW OPEN PROGRAMS", "HIDE LIBRARY", and "CONTACT ADMIN". A table lists the available documents for the application, including "Grant Program Guidelines" and "ZoomGrants Step-by-Step Application Instructions". At the bottom, there is a summary bar with tabs for "Summary", "Pre-Application", "Application Questions", "Budget", "Documents", and "Follow-up Questions".

Washington State Dept. of Commerce
Growth Management Services
CONNECTING HOUSING TO INFRASTRUCTURE PROGRAM

[VIEW OPEN PROGRAMS](#) | [HIDE LIBRARY](#) [CONTACT ADMIN](#)

Library [\[hide this\]](#)

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

Laura Unlimited
TEST application
\$ 0.00 requested

[Summary](#) [Pre-Application](#) [Application Questions](#) [Budget](#) [Documents](#) [Follow-up Questions](#)

Collaboration in ZoomGrants

INVITE OTHERS TO COLLABORATE

Use the Collaborators section in the first tab of the application to invite others to work on this application with you.

- A. Enter their email address.
- B. Indicate on which sections they are allowed to collaborate
- C. Click the Invite button. An invitation will be sent to their email address. They'll be able to set up an account by which they can access and edit the application.

NOTE: If granted access, collaborators can do everything that the application owner can do except editing the Applicant and Organization information sections in the first tab of the application and submitting, archiving, or deleting the application.

Collaborators

Collaborators can only edit application data (questions). They cannot submit, archive, or delete this application.

Email Address	Editing Access	Status
A Email Address <input type="text"/> <input type="checkbox"/> Add to Additional Contacts (below)	Application B <input type="checkbox"/>	C <input type="button" value="Invite"/>

Additional Contacts for this Application
Additional Contacts will be copied on all emails sent to the application owner regarding this application. Enter ONLY email addresses separated by a comma. No names. No titles. No phone numbers.

What's next? Contracting and reporting

- Application review: November and December, 2023
- Award funds: January, 2024
- Contracting: beginning in February, 2024
- Expenses to be incurred by June 30, 2025, or June 30, 2027, with re-appropriation
- Complete pre-contracting requirements before signing contract (submit documentation)
 - Interagency agreement for development charges
 - Capital funds contract for utility extensions
- Status reports with each reimbursement request



Photo credit: City of Vancouver

System Development / Capital Facility Charges



Washington State
Department of
Commerce

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

SB 5258 (2023): Proportional impact fees

Impact Fees

- Transportation
- Parks and recreation
- Schools
- Fire protection



System Development Charges (SDCs)(optional)

- Water
- Sewer
- Stormwater

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



Microhousing
= .35 RCE

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



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.

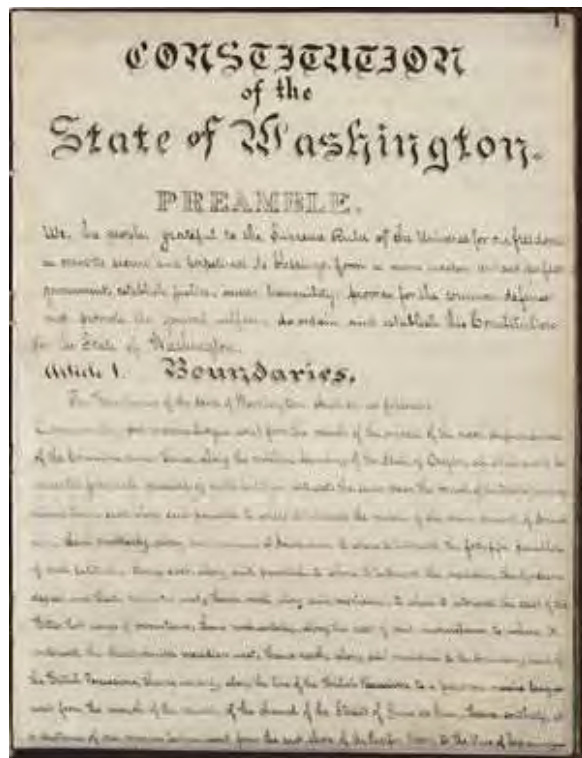
Needed housing units in next 20 years

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

1.1M NEW HOUSING UNITS



Equitable infrastructure charges



Article 8, Section 7:
“No county, town, or other municipal corporation shall hereafter give on money, or property, or loans its money, or credit to any individual, association, company, or corporation, **except for the necessary support of the poor and infirm.**”

CHIP

- RCW 82.14.530
- RCW 82.14.540
- RCW 84.52.105

RCW 36.70A.540: Affordable housing incentive programs

- Density bonuses
- Parking reductions
- Inclusionary zoning

Integrating local policy and infrastructure fees to support affordable housing

Reduced or no connection fees provides policy support for smaller infill/multi-unit housing

- ADUs, middle housing (privately driven)

Consider different standards for smaller housing units that have smaller impacts (ie fixture-based)

Possible connection fee reduction for smaller units and/or fee waivers for affordable housing (public benefit of affordable housing) supported by the CHIP program

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!



Washington State
Department of
Commerce

www.commerce.wa.gov



Eric Guida

CHIP PROGRAM MANAGER

eric.guida@commerce.wa.gov

360.725.3044

Mischa Venables

CHIP PROGRAM MANAGER

mischa.Venables@commerce.wa.gov

360.725.3088