

CITY COUNCIL AGENDA TOPIC

Resolution authorizing execution of a grant agreement with the Washington State Department of Commerce to accept up to \$823,000 of Connecting Housing to Infrastructure Program (CHIP) grant funding for the reimbursement of waived system development charges for the Eastgate Permanent Supportive Housing project.

Lucy Liu, Director, 452-4445

Andy Baker, Fiscal Manager, 452-4193

Utilities Department

EXECUTIVE SUMMARY**ACTION**

This Resolution authorizes the execution of a grant agreement with Washington State Department of Commerce to support the construction of affordable housing by reimbursing the City for waived system development charges for the Eastgate Permanent Supportive Housing project, in the amount of \$823,000.

RECOMMENDATION

Move to adopt Resolution No. 10361

BACKGROUND/ANALYSIS

In 2021, the Washington State Department of Commerce created the Connecting Housing to Infrastructure Program (CHIP) to fund utility connections for affordable housing. The program offers funding grants for utilities that reduce or waive connection fees for new affordable housing projects.

The granting authorities utilize nine criteria on which grant applications may be scored. One criterion that Bellevue had not met was having an existing connection fee waiver program. After extensive research the Utilities department conducted a study session with Council on January 3, 2022, to present draft legislation to waive water, sewer, and stormwater connection fees, including capital recovery charges, for new shelters and affordable housing projects. On January 24, 2022, Council approved three ordinances (No. 6640, 6641, and 6642) to amend Bellevue City Code Chapter 24.04 to implement a connection fee waiver program for the water, sewer, and stormwater utilities that is in alignment with existing City policies including:

- Support increasing number of affordable housing units
- Growth should pay for growth
- Maintenance of self-supporting utilities

The agenda memos associated with the actions above are included for reference.

In 2021, Bellevue Utilities partnered with A Regional Coalition for Housing (ARCH) to submit a grant application to the Washington State Department of Commerce to request CHIP grant funding for waived connection fees for the Eastgate Permanent Supportive Housing project. Washington State Department of Commerce awarded a \$823,000 CHIP grant to Bellevue to serve as reimbursement for

utility connection fees to be waived by the City and King County.

After the execution of the \$823,000 grant for fee reimbursement, the City will waive system development charges for the Eastgate Permanent Supportive Housing project in the amount of \$449,000. This includes waived capital recovery charges for water and sewer, and waived system development charges for Cascade Regional Capital Facilities Charges. The remaining \$374,000 will be transmitted to King County to serve as reimbursement for waived King County system capacity charges for sewer.

POLICY & FISCAL IMPACTS

Policy Impact

Bellevue City Code 24.04, as amended by ordinances No. 6640, 6641, and 6642, allows for capital recovery charges to be waived for construction of shelters or affordable housing projects provided there is non-utility revenue available to reimburse the City for waived charges. The receipt and acceptance of this grant allows Utilities to waive connection fees for the Eastgate Permanent Supportive Housing project in alignment with City code and policies.

Fiscal Impact

There is no net fiscal impact. The CHIP grant funds will serve as reimbursement for waived utility connection fees for the Eastgate Permanent Supportive Housing project.

OPTIONS

1. Adopt the Resolution authorizing execution of a grant agreement with the Washington State Department of Commerce to accept up to \$823,000 of Connecting Housing to Infrastructure Program (CHIP) grant funding for the reimbursement of waived system development charges for the Eastgate Permanent Supportive Housing project.
2. Do not adopt the Resolution and provide alternative direction to staff.

ATTACHMENTS

- A. Study Session Agenda Memo 1.3.2022
 - B. Ordinance 6640 Sewer Code Amendment Agenda Memo 1.24.2022
 - C. Ordinance 6641 Water Code Amendment Agenda Memo 1.24.2022
 - D. Ordinance 6642 Storm Code Amendment Agenda Memo 1.24.2022
- Proposed Resolution No.10361

AVAILABLE IN COUNCIL LIBRARY

Department of Commerce Grant Agreement – Eastgate Permanent Supportive Housing Project