

# Affordable Housing Grant Opportunity

**Water, Sewer, and Stormwater Connection Charges**

Bellevue City Council

Nav Otal

Utilities Director

January 3, 2022



# Council Direction Requested

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Direct staff to return with appropriate legislation to:

- A. Establish a program to waive water, sewer, and stormwater connection charges for new shelters and affordable housing projects.
  
- B. Modify City's capital recovery charges (CRCs) to create option for pre-payment of fees.



# Agenda

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1. Grant Opportunity
2. Connection Charge Background
3. ARCH Partnership
4. CHIP Grant Timeline
5. Eligibility Requirements
6. Proposed Fee Waiver Program
7. CRCs Payment-in-Full Option



# Grant Opportunity

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## Connecting Housing to Infrastructure Program (CHIP) Grant

*State Dept. of Commerce grant for:*

- Waived utility connection charges for new affordable housing projects*
- Construction of utility improvements for new affordable housing projects*



# Connection Charge Background

*Utility fee for the cost of serving new development*

## Bellevue Charges

### Capital Recovery Charges (CRCs)

Water, Sewer,  
Drainage  
Charged over 10  
years.

Direct Facility  
Connection Charges  
(DFCCs)  
Paid up front.

## Cascade Capital Facility Charges

Pass-through from  
Cascade Water  
Alliance.  
Paid up front.

## King County Sewer Capacity Charges

Billed by King  
County.  
Charged over 15  
years, or as lump  
sum.



# ARCH Partnership

## Eastgate Master Development



Eastside  
Men's  
Shelter



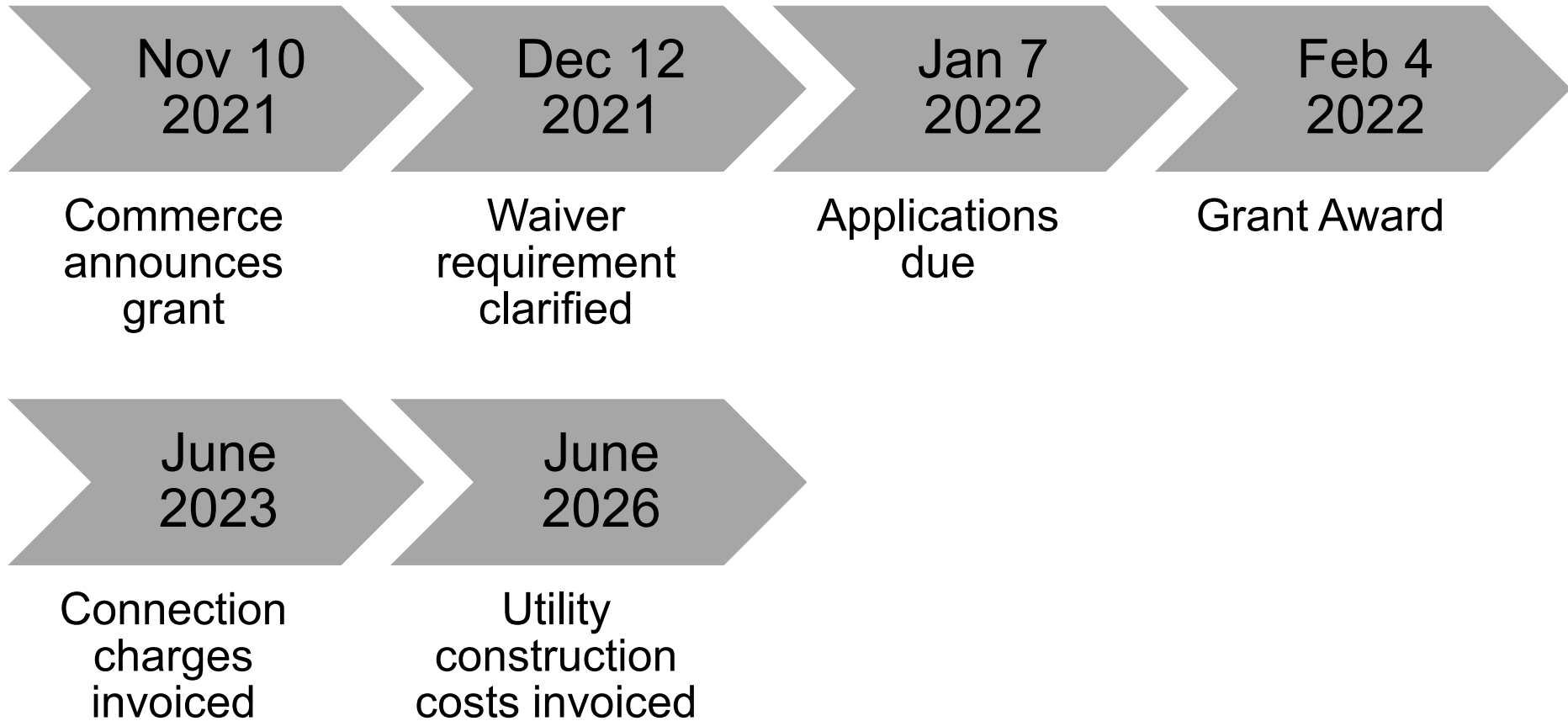
Eastgate  
Supportive  
Housing



Polaris at  
Eastgate  
Workforce  
Housing



# CHIP Grant Timeline



# Key Eligibility Requirements

Applicant	City, County, or PUD, <i>partnered with a developer</i>
Project	New Multi-family low-income affordable housing
Costs	Program to waive Connection Charges (State funds)
Costs	Utility improvements necessary for the project (federal funds)
Timeline	Start Construction in 24 months Connection Charges invoiced by June 30, 2023





# City Next Steps

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*1) The City must have a program to waive the fees.*

*2) In order to maximize the grant benefit, there must be the ability to pay in full within the eligibility window.*



# 1: Proposed Fee Waiver Program

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- **Objectives**

- ✓ Meet grant requirements
- ✓ Support reducing affordable housing project costs
- ✓ Meet growth-pays-for-growth policy
- ✓ Maintain self-supporting utilities

- **Program Criteria**

- ✓ Waiver program must be adopted by ordinance
- ✓ Shelters and affordable housing projects
- ✓ Have non-utility rate funds available to cover waived fees



# 2: CRC Payment-in-Full Option

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## Current code

- CRCs paid over 10-year period
- No prepayment opportunity

## Proposed code changes

- Maximizes CHIP grant opportunity
- Will enable payment of total remaining balance due at any time
- Provides flexibility for customer



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# Thank you

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