

Equitable Infrastructure:

Strategies to support affordable housing

Eric Guida

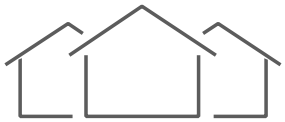
SENIOR PLANNER, GROWTH MANAGEMENT UNIT

10/19/2022

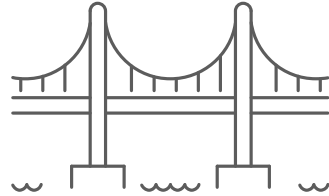


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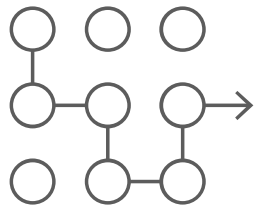
INFRASTRUCTURE



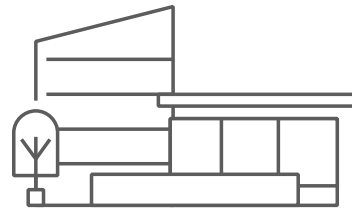
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Outline

- I. Introduction
- II. Growth Management Act Overview
- III. Washington's Housing Needs and Infrastructure's Role
- IV. Connecting Housing to Infrastructure Program (CHIP)
- V. System Development Charge / General Facilities Charge Waivers
- VI. Questions/Discussion

GMA Overview

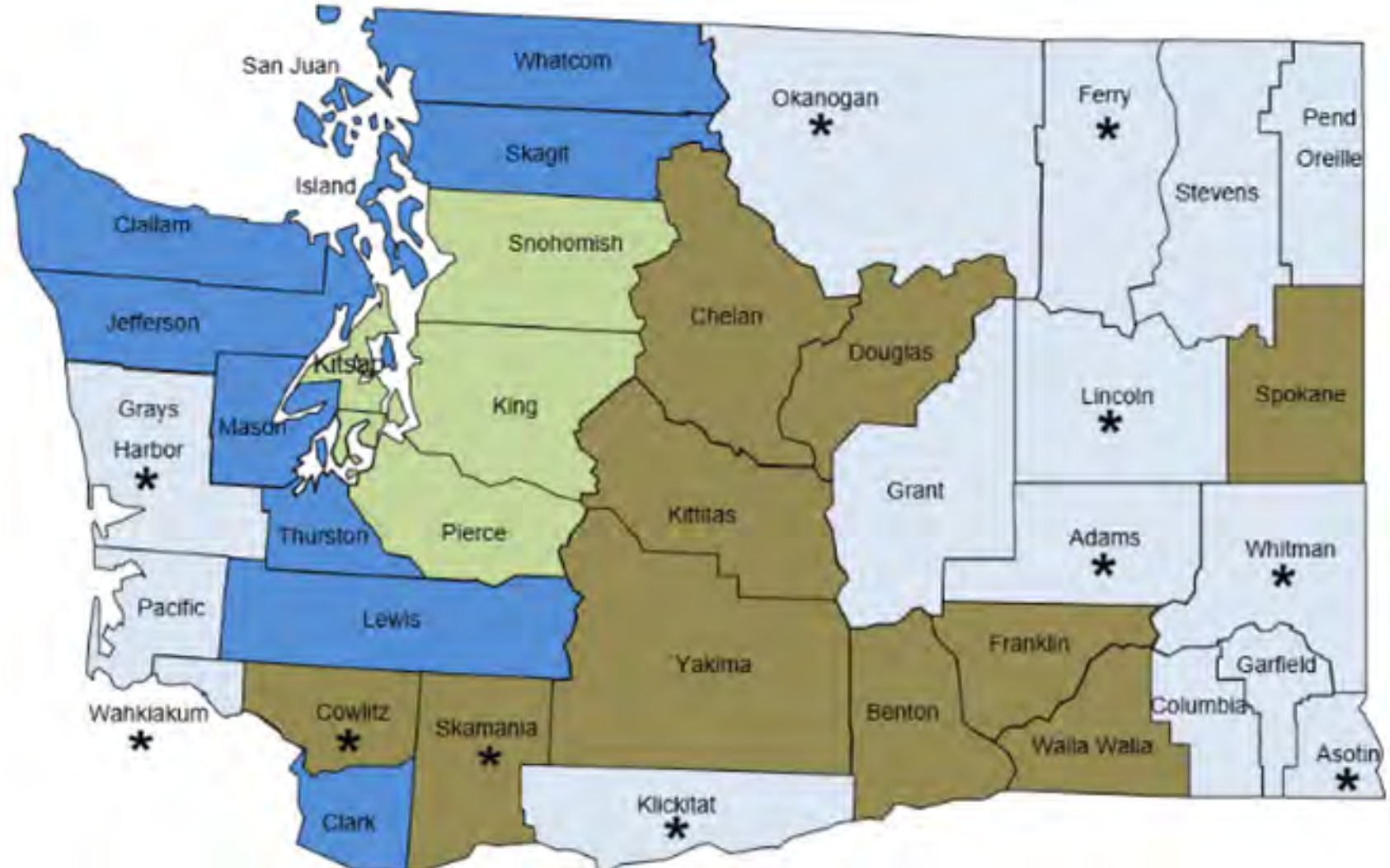
- **Washington State adopted the Growth Management Act in 1990**
 - Based on 14 overarching goals and some specific requirements
 - Primarily implemented at regional and local level, flexible
 - State OFM provides population growth forecasts by county for each 20-year period
 - Dept. of Commerce provides technical guidance & reviews local plans and regulations
 - State grants are provided to help local governments do their work
- **GMA has been amended & updated frequently since 1990.**

GMA Overview (continued)

- **Growth Management Act requires local planning and regional coordination for future needs (20-year period)**
 - Planning for efficient growth patterns and environmental protection
 - Land use to be more compact, with infill in urban areas & less sprawl
 - Adequate infrastructure, including planned capital improvements, for:
 - Transportation
 - Water, sewer, & stormwater
- **Each jurisdiction's comprehensive plan must:**
 - Address required elements (including housing, land use, and capital facilities)
 - Be internally consistent
 - Be coordinated with other plans (e.g., countywide planning policies)
 - Be implemented through local development regulations, capital budgets, & other activities

Deadline for periodic updates

Review and revision, if necessary, of comprehensive plan and development regulations every 10 years



Periodic Update Schedule; Due June 30 of Indicated Year



* Starred counties are partially planning under the Growth Management Act

RCW 36.70A.130

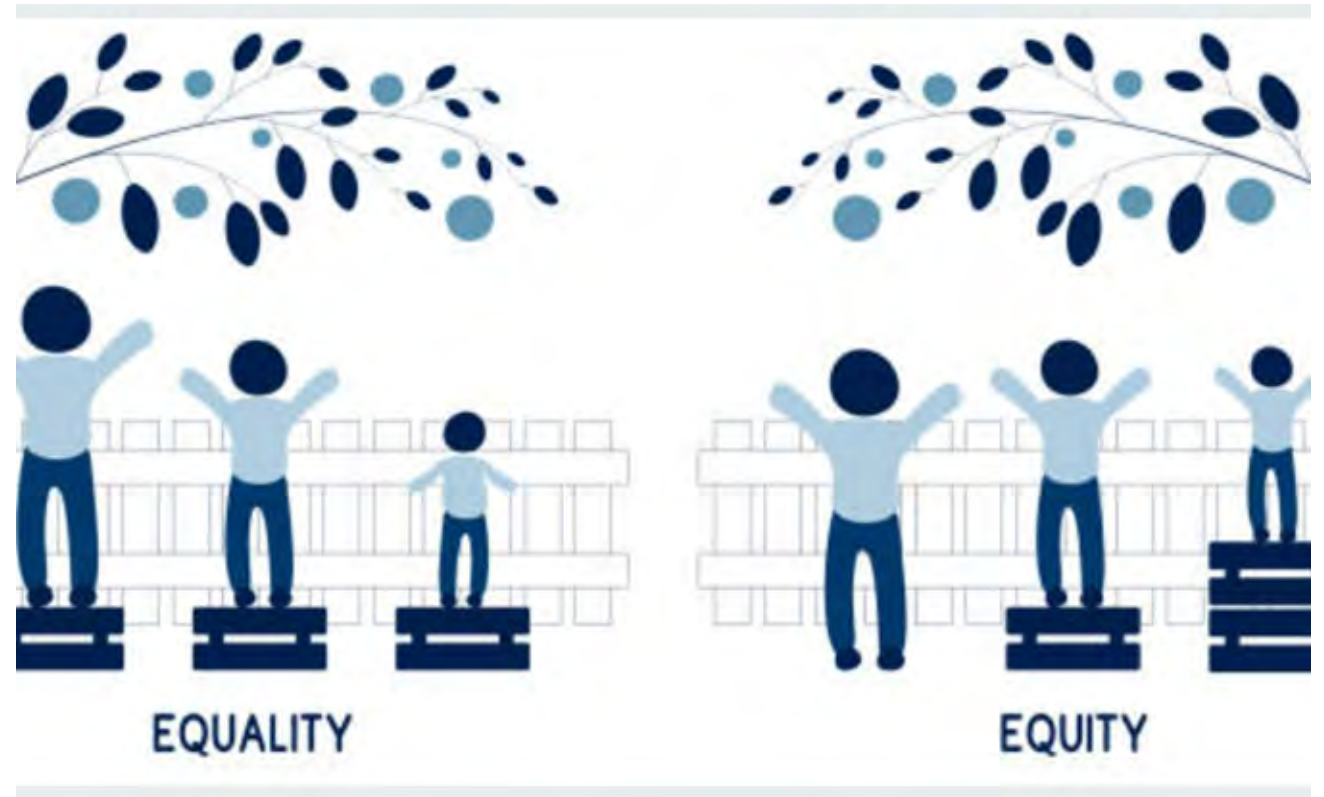
Achieving equity and adequate supply in housing



Equity: the quality of being fair and impartial.

Equity lenses:

- Across socioeconomic groups
- Across racial/ethnic groups
- Across geographies
- Across time / across generations
- Equity in opportunity



In 2021, HB 1220 Changed RCW 36.70A.070 (2): The Housing Element

Changed GMA housing goal:

- “**Plan for and accommodate** ~~encourage the availability of affordable~~ housing **affordable** to all economic segments.”

Local housing element to:

- Identify sufficient capacity of land for specific housing needs
- Within urban growth areas (UGAs), identify **moderate density housing options**
- Document barriers to housing availability such as gaps in local funding, development regulations, etc.
- Consider housing locations in relation to employment locations
- Consider role of accessory dwelling units (ADUs)

Requires Commerce to provide projected housing needs to local governments:

- At different household income levels (low, very low, etc.)
- For permanent supportive housing, emergency housing and emergency shelters

Housing Costs & Supply

- Housing costs have increased way beyond wages, and inflation
- Current housing supply is inadequate to meet needs: deficit for Washington's housing supply is estimated at 147,000 units
- Scarce supply + greater demand (more people) are key factors of increased housing costs



Thurston County, 2045, Housing Needs (initial)

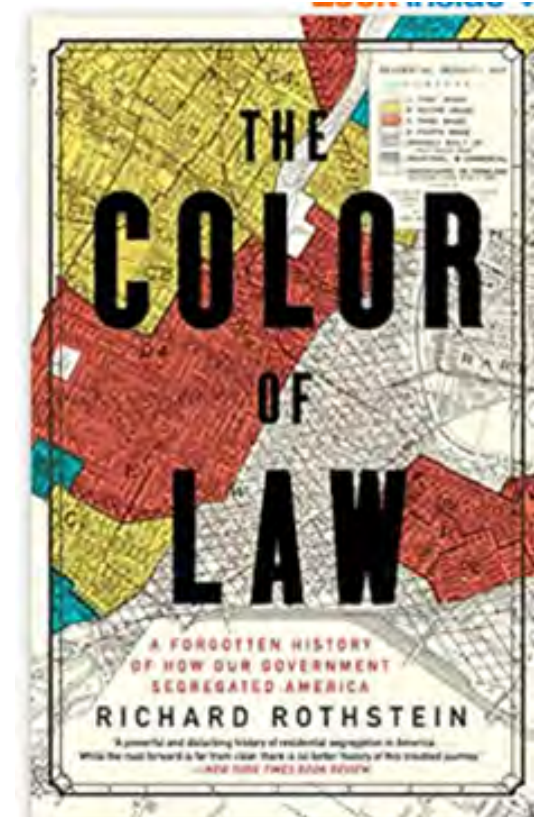
Table 2: Projected Countywide Housing Needs Based on User Inputs

Thurston County	Affordability Level (% of AMI)				
	0-30%				
Population Target = 380,000	Total	Non-PSH	PSH	30-50%	50-80%
Total Future Housing Needed (2045)	169,524	11,944	3,007	20,406	45,826
Estimated Housing Supply (2020)*	120,334	2,947	112	12,428	38,356
Net New Housing Needed (2020-2045)	49,190	8,998	2,895	7,978	7,471

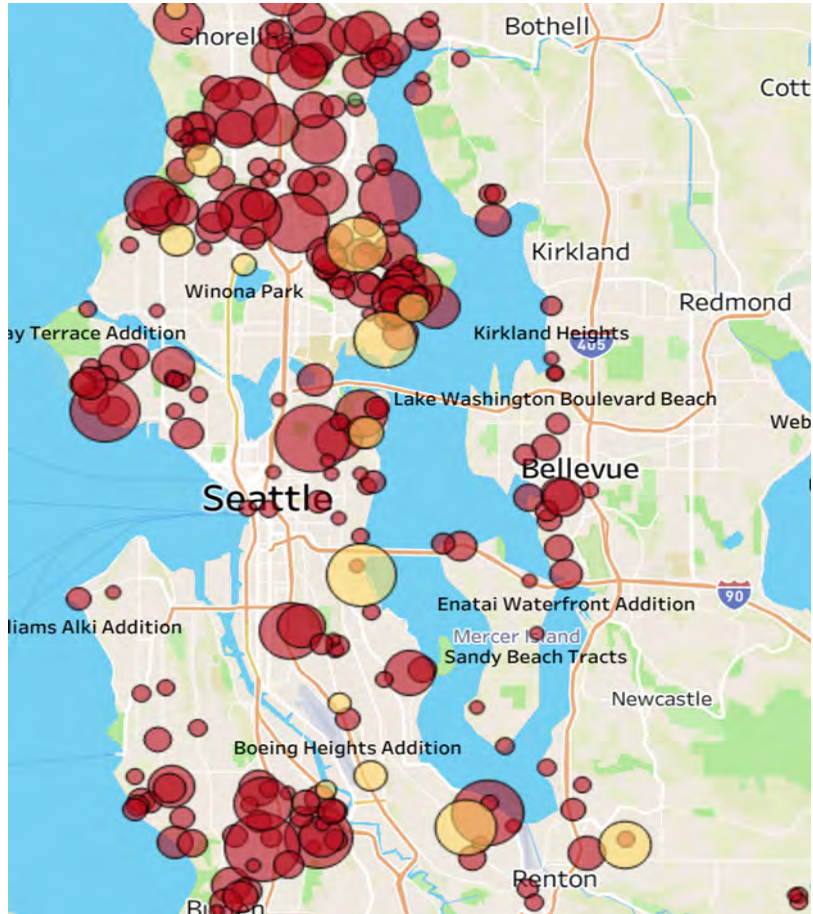
HB 1220: More changes...

Disparate impacts, displacement and exclusion

- **Identify local policies and regulations that result in racially disparate impacts, displacement, and exclusion in housing:**
 - Zoning that may have a discriminatory effect
 - Areas of disinvestment and infrastructure availability
- **Begin to undo racially disparate impacts, displacement, and exclusion in housing**
- **Identify areas at higher risk of displacement and establish anti-displacement policies including:**
 - Preservation of historic and cultural communities
 - Investments in housing for lower income segments
 - Equitable development initiatives and land disposition policies
 - Inclusionary zoning and community planning requirements
 - Tenant protections



A Legacy of Exclusion: Racist Covenants



- City: Auburn
- Date: 4/19/1947
- Developer: The Auburn Co.
- Parcels: 105
- “No parcels of this property shall be sold, rented, or leased to members who are not of the caucasian race, except servants domesticated with an owner or tenant.”

Commerce tools to plan for and accommodate housing

September 2022	Draft guidance to address racially disparate impacts, displacement, & exclusion in housing
October 2022 /January 2023	Projection of housing needs by income band (draft & final) Recommendations for allocating projected housing needs
November 2022	Draft guidance on how to plan for and accommodate housing
December 2022	Draft guidance to allow and support ADUs
Spring 2023	Tools to accommodate middle housing available

Middle Housing is part of the housing solution

“Middle housing types” are encouraged to help meet needs, especially for moderate-income households. These types include duplexes, triplexes, fourplexes, fiveplexes, sixplexes, townhouses, courtyard apartments, cottage housing, and stacked flats.

Current grant program is only for cities with a 2024 deadline for GMA periodic updates



Duplex



Fourplex



Courtyard Apartments



Cottage Housing



Townhouses

Capital Facilities: City Boundaries and Utility Districts

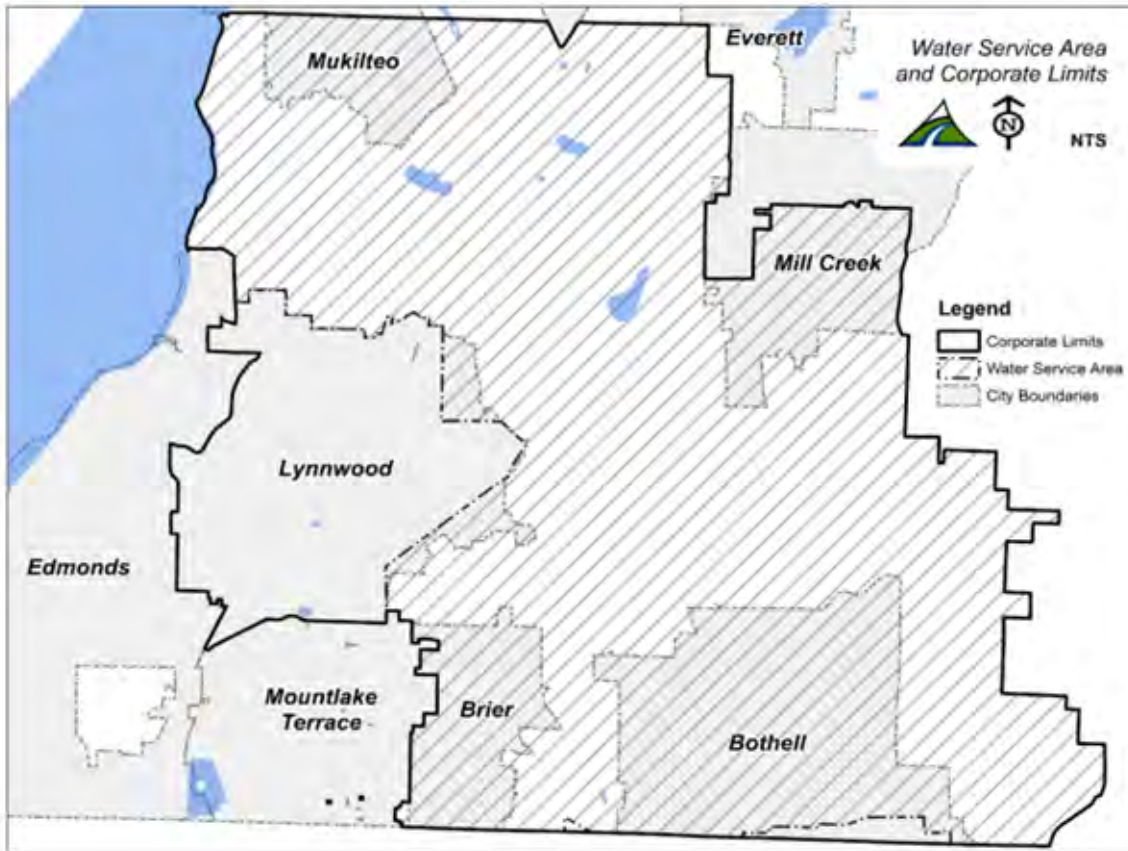


Figure 1.3: Water Service Area and Corporate Area

One key challenge is for cities, counties, and utility districts to work together on meeting housing and infrastructure needs.

Strategies

- Adding “gentle density” such as accessory dwelling units and middle housing in neighborhoods.
- Intensifying centers and transit hubs
- Fully serving urban growth areas, and, expecting them to fill in over time.

CHIP

Connecting Housing to Infrastructure Program



Connecting (affordable) Housing to Infrastructure Program (CHIP) reimburses local governments for utility connections

\$ 43.6 Million in current biennium

Must have passed a local housing sales and use tax

Must connect to a new affordable housing project

- 80% AMI, affordable for 25 years
- At least 25% affordable units (encourages private sector)

For

1) Utility extensions

- Sewer, water, stormwater connections paid by developer

2) System development charges

- Local governments must have adopted an ordinance to waive fees



CHIP Rounds 1 and 2

Awards by County

County	# of Projects Funded	Affordable Units	SDCs (State \$)	Utility Improvements (Federal \$)	CHIP Grant
Clark	4	314	\$1,900,043	\$1,002,454	\$2,902,497
Island	2	17	\$181,121	\$0	\$181,121
King	18	2486	\$9,201,927	\$12,118,015	\$21,319,942
Kitsap	2	15	\$87,198	\$582,802	\$670,000
Kittitas	1	18	\$0	\$395,000	\$395,000
Mason	1	30	\$0	\$445,776	\$445,776
Pierce	1	86	\$0	\$700,000	\$700,000
San Juan	1	8	\$159,417	\$0	\$159,417
Skagit	1	56	\$300,000	\$0	\$300,000
Snohomish	2	104	\$0	\$2,801,828	\$2,801,828
Spokane	2	104	\$159,388	\$680,461	\$839,849
Thurston	1	62	\$0	\$2,500,000	\$2,500,000
Whatcom	3	240	\$682,766	\$741,536	\$1,424,302
Yakima	3	98	\$472,918	\$904,778	\$1,377,696
	42	3638	\$13,144,778	\$22,872,650	\$36,017,428

Comparing Water, Sewer, & Stormwater Costs

	Water	Sewer	Stormwater	Total	Units	CHIP \$/Unit
Total Rounds One and Two	\$6,948,212	\$4,189,387	\$11,737,542	\$22,875,141	2,747	\$8,327

Plus \$13.1M Reimbursing Waived System
Development Charges (SDCs)

CHIP Round 3 Awards

Jurisdiction and Project	CHIP Award	Affordable Units
Everett - Four Corners	\$1,000,000	430
Raymond - Willapa Center	\$117,182	30
Airway Heights - Highland Village 1	\$55,844	40
Jefferson County - 7th Haven	\$142,583	43
Kirkland - Horizon	\$1,000,000	300
Tacoma - Lincoln	\$483,085	78
Tumwater - Talicum Townhomes	\$726,984	28
Yakima - Justice Housing	\$764,998	29
Vancouver - O Street	\$108,207	10
Bellingham - Barkley Village	\$99,546	77
San Juan County - Lopez North	\$400,000	15
Winthrop - Cascade Meadows	\$100,000	22
	\$4,998,429	1,102

System Development / Capital Facility Charges



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Fee and rate-setting



- Many jurisdictions provide fee waivers or reductions for development that has public benefit
 - Bellevue *
 - Tacoma
 - Battle Ground *
 - Yakima
 - Vancouver *

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

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

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))

Example of fee reductions: Edmonds

For **one-time** transportation impact fees per ECC 3.36.040:

B. “Low-income housing units shall be exempt from paying 80%” of transportation impact fees, provided a covenant is in place to ensure continued use for low-income housing.

For **monthly** utility rates per ECC 7.30.070:

B. “Low income citizens shall be given reductions in the water, sewer, and stormwater rates...”

1. Rate reduction of 30% for low income citizens that meet certain qualifying criteria;
2. Rate reduction of 50% for low income citizens that meet other qualifying criteria;

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)

Example approach that one jurisdiction is considering

Should the new unit share a meter or have a separate meter?



Shared Meter Considerations

- **Meter capacity** : Attached and detached ADUs do not exceed meter capacity
- **Ownership**: Rental or condo with HOA
- **Sewer/Water Facility Charge**: based on fixture count and/or dwelling size
- **Stormwater Facility Charge**: based on impervious area
- **Billing**: Use one multifamily billing rate, based on usage for sewer/water, impervious area for stormwater. Owner or HOA responsible for payment

Separate Meters Considerations

- **Billing:** each unit billed separate, consider new billing rate the address reduced on utility system and promotes affordability
- **Meter capacity:** ADUs (attached or detached) that exceed parent property capacity
- **Typical ownership:** separate ownership (or easily converted to for cottages, townhouses, etc.)
- **Water/sewer facility charge:** based on fixture count and/or dwelling size
- **Stormwater facility charge:** based on impervious area

Final thoughts

- **Expect slow implementation of middle housing:** gentle density / slow infill / impact on existing pipes/infrastructure
- **Invest equitably:** For all residents in all neighborhoods.
- **Equitable charges:** SDC waivers existing in several forms – blanket waiver, or by project.
- **What do you need** to plan for and accommodate housing affordable to all economic segments?
 - Technical? Example ordinances?
 - Legislative / jurisdictional /policy?
 - Communications?

Resources

- **CHIP grants** <https://www.commerce.wa.gov/serving-communities/growth-management/growth-management-topics/planning-for-housing/>
- **Impact fees:** <https://mrsc.org/Home/Explore-Topics/Planning/Land-Use-Administration/Impact-Fees.aspx>

Thank you!

Eric Guida
SENIOR PLANNER

eric.guida@commerce.wa.gov

360.725.3044



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