

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Authorize the City Manager to Execute an Agreement with the Department of Commerce Accepting a Connecting Housing to Infrastructure Program (CHIP) Grant in the amount of \$176,544 for the Waived Sewer System Development Charges for the Shoreline 198 th Street Permanent Supportive Housing Project
DEPARTMENT:	Planning and Community Development
PRESENTED BY:	Sheryle Harp, Management Analyst
ACTION:	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

Staff is requesting that the City Council authorize the City Manager to execute an agreement with the State Department of Commerce accepting a \$176,544 grant from the Connecting Housing to Infrastructure Program (CHIP) to pay for the sewer system development charges that the City waive if the CHIP grant is accepted by Council for the Catholic Housing Services Shoreline Permanent Supportive Housing project to serve and benefit low-income households. The Shoreline Municipal Code allows the City to waive City imposed development fees for affordable housing. If accepted, the funds will be distributed to the City after the sewer permit is issued. The grant agreement will expire June 30, 2023.

RESOURCE/FINANCIAL IMPACT:

There is no financial impact to accepting the grant award. However, if the grant is not accepted, the applicant will be required to pay the City the \$176,544 sewer system development charges.

RECOMMENDATION

Staff recommends that the City Council authorize the City Manager to execute an agreement with the State Department of Commerce accepting a \$176,544 grant from the Connecting Housing to Infrastructure Program (CHIP) to pay for the sewer system development charges for the Catholic Housing Services Shoreline Permanent Supportive Housing project to serve and benefit low-income households.

Approved By: City Manager **DT** City Attorney **MK**

BACKGROUND

The Shoreline permanent supportive housing project (“the Project”) is a 5-story mixed-use building located at 19806 Aurora Ave N with 100 total units. Eighty studios and 20 one-bedroom units serve persons that are currently and formerly homeless, with certain units set aside for people with mental disabilities and seniors. The Project is a collaboration with King County and the City of Shoreline to demonstrate modular construction techniques in affordable housing. Shoreline offered a City-owned site on Aurora Ave N for affordable housing, and King County contributed \$4.5M in capital funding for a demonstration of modular-constructed affordable housing. Catholic Housing Services (CHS) is the Project’s primary sponsor and developer. More information on this project can be found here: [Authorize the City Manager to Execute a 99-Year Ground Lease with Catholic Housing Services for City-Owned Property Located at 19806 Aurora Avenue N to Provide Affordable Housing with Supportive Services](#).

DISCUSSION

The City applied to the State Department of Commerce for grant funding in March 2022 to reimburse the City for the sewer development charges CHS would incur as part of the development at 19806 Aurora Ave N. To be eligible for the grant, the City must have a Affordable Housing Permit Fee Waiver/Reduction Program. Shoreline Municipal Code 20.30.100(B)(3) states that the City imposed development fees may be waived for the construction of new or remodel of existing affordable housing based on the percentage of units affordable to residents whose annual income will not exceed 60 percent of the King County Area Median income.

Based on our eligibility, the City was selected by the Department of Commerce to receive \$176,544 from the Connecting Housing to Infrastructure Program (CHIP). The proposed Scope of Work for the agreement is included as Attachment A. Council authorization is required to enter into the agreement with Department of Commerce.

Not authorizing acceptance of this grant would result in the applicant paying the sewer development fees for this project.

COUNCIL GOAL(S) ADDRESSED

This work addresses Council Goal 1 and Goal 5 from the Council’s adopted [2022-2024 Council Goals and Work Plan](#):

Goal 1: *Strengthen Shoreline’s economic climate and opportunities.*

Goal 5: *Promote and enhance community safety, healthy neighborhoods, and a coordinated response to homelessness and individuals in behavioral health crisis.*

RESOURCE/FINANCIAL IMPACT

There is no financial impact to accepting the grant award. However, if the grant is not accepted, the applicant will be required to pay the \$176,544 sewer system development charges.

RECOMMENDATION

Staff recommends that the City Council authorize the City Manager to execute an agreement with the State Department of Commerce accepting a \$176,544 grant from the Connecting Housing to Infrastructure Program (CHIP) to pay for the sewer system development charges for the Catholic Housing Services Shoreline Permanent Supportive Housing project to serve and benefit low-income households.

ATTACHMENTS

Attachment A: Agreement to Reimburse Waived Sewer System Development Charges for the Shoreline 198th Street Permanent Supportive Housing Project

Attachment A

Scope of Work

Reimburse waived sewer system development charges for the Shoreline Permanent Supportive Housing project that serves and benefits low-income households.

Based on the criteria within the state capital budget, SSB 1080 Sec 1074, (Laws of 2021), and criteria developed by Commerce to ensure the terms of the appropriation are met, all grants must meet the following criteria:

- Applicant must be a city, county or public utility district, applying in coordination with the developer of a multi-unit affordable housing project, located within a jurisdiction that imposed a sales and use tax under RCW 82.14.530(1)(a)(ii), 82.14.530(1)(b)(i)(B), 82.14.540, or 84.52.105.
- For system development charge waiver reimbursement, jurisdictions must have an adopted fee waiver program, and documentation that the fees have been waived for the affordable housing units by each provider for water, sewer, and stormwater, in accordance with the budget. Commerce has received the necessary documentation from the City of Shoreline for this requirement.
- The utility project must serve new multi-unit affordable¹ housing projects that serve and benefit low-income households.² If the project is a mixed-income project, the affordable portion of the development must be at least 25%. CHIP funds can pay for the system development charges for the affordable units.
- The affordable housing project should be part of a program that will monitor affordability for a minimum of 25 years, such as the Housing Trust Fund, low-income housing tax credits, housing authority, or a city monitoring process. A covenant and/or note and deed of trust may be required as part of securitization to ensure affordability.

¹ "Affordable housing" has the same meaning as in RCW 43.185A.010, and means residential housing for rental occupancy which, as long as the same is occupied by low-income households, requires payment of monthly housing costs, including utilities other than telephone, of no more than thirty percent of the family's income. In the context of homeownership, the definition from the [Housing Trust Fund Handbook](#) applies (Section 701.7): "affordability occurs when a household's monthly housing costs are generally no more than 38 percent of monthly household income and total debt is no more than 45 percent of monthly household income. Housing costs include mortgage principal, interest, property taxes, homeowner insurance, homeowner association fees, and land lease fees, as applicable. Total debt includes other debt and utilities."

² "Low-income household" has the same definition as in RCW 43.185.010(6), and means a single person, family or unrelated persons living together whose adjusted income is less than eighty percent of the median family income, adjusted for household size, for the county where the project is located.