

**JEFFERSON COUNTY
BOARD OF COUNTY COMMISSIONERS**

AGENDA REQUEST

TO: Board of County Commissioners
Mark McCauley, County Administrator

FROM: Josh D. Peters, AICP, Director, Community Development

DATE: December 4, 2023

SUBJECT: Commitment Letter – Middle Housing Grant Application

STATEMENT OF ISSUE:

The Washington State Department of Commerce (Commerce) has opened up a second round of Middle Housing Grant funding. Counties are eligible, even is not subject to all of the requirements of House Bill (HB) 1110. Per HB 1110, “**Middle housing**” means buildings that are compatible in scale, form, and character with single-family houses and contain two or more attached, stacked or clustered homes including duplexes, triplexes, fourplexes, fiveplexes, sixplexes, townhouses, stacked flats, courtyard apartments, and cottage housing. See the attached letter Commerce FAQ regarding the Middle Housing Grant program.

The deadline for applying for the funds was November 22, 2023. In order to make the deadline, DCD submitted the attached scope of work, schedule, and budget. Per an agreement with Commerce staff, we are able to submit the required letter of commitment from an authorized officer (i.e., the Chair of the Board of County Commissioners) after November 22. Attached please find the support letter for the Board to approve and the Chair to sign and return to DCD to submit to Commerce, which would then propose a grant agreement for work to be accomplished during the 2023-2025 biennium.

ANALYSIS:

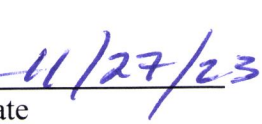
DCD anticipates using Commerce funding to defray costs associated with the required 2025 Periodic Update. These Middle Housing Grant funds will supplement Periodic Grant Update and other Commerce funds. The Middle Housing Grant funds will be used to accomplish the tasks described in the attached scope of work; those tasks will complement objectives for a broader reexamination of our urban development regulations in light of the pending availability of sewer service. The General Fund pays for long-range planning work not funded by grants. There is no match required for this grant.

RECOMMENDATION:

Approve and sign a letter of commitment for DCD to provide to Commerce to complete the Middle Housing Grant application for work to be accomplished during this 2023-2025 biennium.

REVIEWED BY:


Mark McCauley, County Administrator


Date

Middle Housing Grant Frequently Asked Questions

PLANNING FOR HOUSING
GROWTH MANAGEMENT SERVICES

Questions Received during Pre-Application Period and
Middle Housing Grant Pre-Application Meeting (August
17, 2023)

Are counties eligible to apply?

Yes, counties interested in amending codes to allow for middle housing may apply for the middle housing grant funds. However, middle housing grant applications from non-HB 1110 jurisdictions (cities or counties) will be evaluated on a funds-available basis after the review of grant applications from cities and towns that must implement HB 1110.

Is there flexibility in maximum grant amounts?

The maximum grant amounts allow grant funding to be allocated across many jurisdictions rather than just a few. Funding over maximum amounts might occur if the total amount of funding requested is lower than the total funding available. Commerce will not know this until after the application deadline. In that case, Commerce will look at options to fully allocate all available funding. This could include re-opening the application process and/or increasing maximum grant amounts.

Do you anticipate the full \$4.5 million will be awarded? If not, any chance the total amounts awarded could be increased?

Yes. The intent is to award the full \$4.5 million as quickly as possible.

Can a jurisdiction spend the entire grant in 2024?

It is possible that a jurisdiction could expend all of its middle housing grant funds in 2024.

As indicated in the middle housing grant instructions, half the total grant award must be drawn down by June 30, 2024. The second half of the total grant award must be drawn down between July 1, 2024 and June 30, 2025. A jurisdiction could, if it chooses, complete the project before June 30, 2025 (e.g. complete the project and final deliverables sometime before December 31, 2024). In that scenario, the entire grant could be completed at the end of 2024.

When you say the grant is based on deliverables, does it make a difference whether we use the funds to pay consultants, do the work in-house, or a combination?

No. Commerce will fund a project with the same scope of work and deliverables at the same amount regardless of whether the work is done in-house or using a consultant. A deliverable-based contract pays the contracted amount when a complete deliverable is received and accepted.

Does the grant amount have to be exactly the same as costs?

No. A jurisdiction's scope of work will identify deliverables and a budget amount associated with each deliverable. Commerce will compensate the jurisdiction for the budget amount identified for that deliverable (per the executed agreement), upon satisfactory completion of the deliverable. Commerce does not need to see consultant invoices or documentation related to staff hours/costs.

If the grant approvals are based on deliverables, not hours or consultant costs, how do we justify the grant amounts requested?

Your application does not need to provide detailed justification for the scope of work/budget or a cost estimate from a consultant.

Commerce recommends the budget for each deliverable be based on the expenses estimated by the city and/or chosen consultant. We recognize that a local jurisdiction may not have a consultant selected or on contract during the time of the grant application.

A jurisdiction might consider estimating costs based on similar grants. If your local procedures allow it, you might get general cost estimates from on-call or other consultants.

For the most part, unless there is a wide discrepancy between the scope of work and budget, Commerce will assume that the costs provided by the jurisdiction are appropriate. And even in cases where there appears to be a wide discrepancy, Commerce will contact the local jurisdiction and ask questions.

If a jurisdiction were awarded a \$50,000 grant and spends \$40,000 on the deliverables, for example, does that mean they would receive the full

awarded amount (\$50,000) upon submission of the contract deliverables, regardless of actual money spent producing them?

That is correct. Conversely, if a jurisdiction were awarded a \$50,000 middle housing grant and spent \$60,000 on deliverables, the maximum the middle housing grant would pay is \$50,000.

Is there a future 2025-2026 funding cycle expected?

Commerce will advocate for funding in future years but there is no guarantee that the state legislature will make additional middle housing funding available in 2025-2026.

At this time, Commerce is making the 2023-2025 grant funds available to all jurisdictions, including those with HB 1110 implementation deadlines beyond June 30, 2025, so that they may apply for funds in this grant cycle when grant funds are known.

Is there a requirement for the final deliverable to be adopted?

It depends. The HB 1110 deadline to adopt compliant middle housing amendments is six months after the jurisdictions periodic review deadline. For jurisdictions with a December 31, 2024 periodic review deadline, this means the HB 1110 deadline and conclusion of the middle housing grant period will both be June 30, 2025.

If a 2024 jurisdiction with a December 31, 2024 periodic update deadline identified preparing HB 1110 middle housing development regulations as its middle housing grant project, then adoption of HB 1110 development regulations would be an appropriate final deliverable.

Jurisdictions with HB 1110 deadlines after June 30, 2025 may identify a final deliverable that does not require adoption of HB 1110 amendments, such as a draft ordinance.

Is there a HB 1110 adoption requirement in the first fiscal year (July 1, 2023-June 30, 2024)?

No. Adoption requirements are created by the timeline in the legislation, not the grant program.

Is there a requirement that funds relate to any particular type of work from the list? Could the entire grant be used for policy amendments only?

The eligible projects' list in the middle housing grant instructions (Page 3) represents work that middle housing grants will fund. Commerce may permit other related activities and we encourage jurisdictions to reach out with specific questions to dave.osaki@commerce.wa.gov.

Drafting and adopting middle housing comprehensive plan policies and HB 1110 development regulation amendments are eligible for middle housing grant funding. A jurisdiction could use the middle housing funds only for the comprehensive plan middle housing policy work. That jurisdiction would, if subject to HB 1110, still be required to adopt implementing development regulations, even if the development regulation work was not funded with this middle housing grant.

How does this grant program connect to our comprehensive plan update or previous middle housing work?

For jurisdictions subject to HB 1110, the deadline for compliance is six months after the jurisdiction's periodic update deadline.

HB 1220, passed in 2021, amended the housing element requirements to require specific policies for moderate density housing types. Jurisdictions will need to consider and adopt middle housing policy amendments to address the requirements of HB 1220.

Jurisdictions that received a 2021-2023 biennium middle housing grant are eligible for 2023-2025 middle housing grants.

The 2021-2023 biennium middle housing grants sought analysis and study of middle housing policy and regulatory amendments needed to allow middle housing on at least 30 percent of lots currently zoned as single family residential. HB 1110 requirements are different than that required by 2021-2023 biennium middle housing grant. A jurisdiction that received a 2021-2023 biennium middle housing grant could use the 2023-2025 grant funds to specifically address the HB 1110 requirements.

Can these funds pay for work that overlaps some of the HB 1110 requirements that were already contemplated and approved in the Commerce Comprehensive Plan Periodic Update Grant (PUG) for 2023/2024?

Two Commerce grants cannot pay for the same work, if that is what is being asked. For example, the 2023-2025 middle housing grant could not be used to fund that same work identified in the Periodic Update Grant. However, if the Periodic Update Grant only addressed policies, the middle housing grant could be used to fund HB 1110 development regulation work.

Will Commerce provide additional guidance on how 1110 and 1337 work together beyond the originally issued FAQ?

Commerce will publish middle housing model ordinances by January 23, 2024. In addition, a rulemaking process (Washington Administrative Code "WAC") has recently been initiated addressing amendments to the GMA related to housing. Both the model ordinance and rulemaking will include additional guidance on the relationship between HB 1110 and other laws.

If you have specific questions you hope the model ordinance(s) will address in relation to HB 1110, please email those questions to dave.osaki@commerce.wa.gov.

When will the information on parking studies be available for jurisdictions that want relief from the parking restrictions in HB 1110?

We assume that you are speaking to HB 1110, Section 4(7)(a) that states,

"(a) If a local government submits to the department an empirical study prepared by a credentialed transportation or land use planning expert that clearly demonstrates, and the department finds and certifies, that the application of the parking limitations of subsection (6)(d) through (f) of this section for middle housing will be significantly less safe for vehicle drivers or passengers, pedestrians, or

bicyclists than if the jurisdiction's parking requirements were applied to the same location for the same number of detached houses. The department must develop guidance to assist cities on items to include in the study.”

Commerce guidance on this provision should be available in early 2024. We expect to issue a Request for Proposals (RFP) for a consultant to work on the guidance referenced in HB 1110, Section 4(7)(a) in early September 2023.

Can grant funds be used for payment to community-based organizations for outreach?

Yes, if the community based organization outreach is related to HB 1110 grant work.

Can we use grant funds for work (on eligible activities that were not funded by Commerce through previous grants) that is already in progress, but which we are paying for with City funds?

Yes. The 2023-2025 middle housing grant can fund work initiated July 1, 2023 or later (the beginning of the state fiscal year). If you are continuing work that was not funded by Commerce then you may fund the continuation of that work with the middle housing grant.

Remember that if you have or intend to apply for other grants from Commerce, such as periodic update grants (PUG), the agency cannot pay for the same work item more than once. If similar or overlapping activities are in more than one grant, the work items must be carefully defined so they do not duplicate work paid for by another Commerce grant or another source of funding.

Are there other Commerce housing planning funding opportunities for the 2023-2025 cycle?

Unfortunately, no. We do not have housing action plan funding or transit-oriented development (TOD) funding for the 2023-2025 biennium.

Should we submit multiple deliverables (to show the full scope of what we are doing to implement 1110) even if a single deliverable costs significantly more than \$75,000 to implement?

At a minimum a jurisdiction will need to have more than one deliverable to at least address the requirement that half the grant funding be drawn down before June 30, 2024 and the remaining grant funding be drawn down between July 1, 2024 and June 30, 2025. This means there should be at least one deliverable before June 30, 2024, and another deliverable after July 1, 2024 to June 30, 2025.

How a local jurisdiction structures its deliverables beyond that is up to the local jurisdiction, although certain jurisdictions prefer to have more deliverables to allow for more frequent and earlier grant reimbursement.

Could Commerce compile and report back after the 2024 update cycle to compare grants provided and received versus the actual cost of the work?

In 2022, the Washington State Legislature directed Commerce to prepare a planning cost study focused on an evaluation of the costs for cities and counties to review and revise their comprehensive plans to ensure compliance with the Growth Management Act. A summary of the study and a link to the full report may be found here.

[Cost Study - Growth Management Act - Washington State Department of Commerce](#)

There are rumors about some clarifications on the HB 1110 bill (i.e., critical areas, lot sizes, etc.). Any word on whether we should expect some changes?

While Commerce has heard discussion of a possible trailer bill next year, there is no certainty such a bill will be introduced. We expect to work with stakeholders on these issues as the model ordinance is developed.

Acknowledgments

Washington State Department of Commerce

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For people with disabilities, this report is available on request in other formats. To submit a request, please call 360-725-4000 (TTY 360-586-0772)

Heidi Eisenhour

From: Steve Burke <steveburke215@gmail.com>
Sent: Wednesday, November 22, 2023 7:35 AM
To: Heidi Eisenhour
Subject: Jefferson Co Aquatics Center

ALERT: BE CAUTIOUS This email originated outside the organization. Do not open attachments or click on links if you are not expecting them.

My name is Steve Burke. I am the executive Director of the Port Angeles Shore Metropolitan Park District. I wanted to reach out to you after reading the article about forming a taxing district to help pay for your Aquatic Center. I have been working with the group on design ideas and have given tours to several members of the group, I think you may have been given bad information on the formation of a metropolitan park district and wanted to get you some accurate info on forming and funding a metropolitan park district. Just give me a call when you get a chance and we can talk about it.

Thanks
Steve Burke
Executive Director
Shore Metro Park District
360-460-3526
Sent from my iPhone



Board of County Commissioners
1820 Jefferson Street
PO Box 1220
Port Townsend, WA 98368

Kate Dean, District 1 Heidi Eisenhour, District 2 Greg Brotherton, District 3

December 4, 2023

Washington State Department of Commerce
Growth Management Services
Middle Housing Grant
gmsgrants@commerce.wa.gov

Subject: Middle Housing Grant Application

To Whom It May Concern:

I, Greg Brotherton, Chair of the Jefferson County Board of Commissioners, authorize our Department of Community Development (DCD) to request grant funding to prepare and adopt amendments to remove barriers and identify incentives to increase missing middle housing within Jefferson County's unincorporated urban growth area.

We understand that the Growth Management Act requires us to adopt goals and policies related to moderate density housing options, including but not limited to duplexes, triplexes, and townhomes. These policies will be considered and adopted as part of our scheduled periodic update to our comprehensive plan and development regulations.

On behalf of the Board of County Commissions, I confirm that Jefferson County is committed to completing the scope of work proposed by DCD via November 22, 2023 application submittal. We appreciate your consideration of our request for Middle Housing Grant funds.

Sincerely,

Greg Brotherton
Chair, District No. 3