

**JEFFERSON COUNTY
BOARD OF COUNTY COMMISSIONERS**

AGENDA REQUEST

TO: Board of County Commissioners

FROM: Brent A. Butler, AICP, Chief Strategy Officer, Community Development

DATE: October 2, 2023

RE: Connecting Housing to Infrastructure Program (CHIP) Grant Briefing

STATEMENT OF ISSUE:

The Washington State Department of Commerce released a notice of funding availability (“NOFA”) under their newly established Connecting Housing to Infrastructure Program (“CHIP”), which seeks to increase the affordable housing through funding water, sewer, and/or stormwater connections. The grants are due at the end of October 2023, and affordable housing construction must begin by December 2025. Based on the CHIP details, several local projects may be competitively positioned.

BACKGROUND:

To receive a grant, CHIP requires that the applicant is a city, county, or public utility. The maximum award amount is \$2 million and no match is required.

Other requirements include:

- 1) Project delivers new affordable housing
- 2) 25% of the units affordable at 80% or less of the Area Median Income (AMI)
- 3) Funding to serve development is dedicated for water, sewer, stormwater connections, or right of way extensions
- 4) Waived system development charges for affordable housing

ANALYSIS:

Identified projects that may qualify for funding include:

- 1) Habitat for Humanity’s Mason Street Project
- 2) Bayside’s affordable housing expansion adjacent to the Old Alcohol Plant
- 3) OlyCAP second phase of South Seven serving older adults
- 4) OlyCAP Caswell-Brown Village connection to City of Port Townsend sewer
- 5) Peter’s Place so long as permanent supportive housing is included,
- 6) Chimacum Road Sewer connections to various projects so long as affordability is guaranteed for 25 years, including:
 - a. Garden Court Apartments (Peninsula Housing Authority)

- b. Port Hadlock Motel (Bayside Housing)
- c. BNR Mobile Home Court (spaces 39-77 serving ages 55+)
- d. Hadlock Village Mobile Home Park

PROCESS - In September 2023, the Chief Strategy Officer met either in person or via telephone with OlyCAP, City of Port Townsend staff, Chimacum-based farmers/farmworkers at Finnriver, United Methodist Church, Bayside Housing, and the county Public Works' sewer team to discuss creative ways to develop housing affordable to the local workforce. During these discussions, the Chief Strategy Officer sought to understand local developers' near and medium-term objectives and ongoing projects with the goal of identifying zoning barriers and removing them through an update to the Port Hadlock UGA zoning and development regulations. In this process, we recognized an opportunity to implement Comprehensive Plan Goal HS-G-1, namely, "*Encourage and support efforts to increase housing availability for county residents of all income groups of ensuring the availability of a range of housing.*"

Given the short timeline to access CHIP grant funds and recognizing how other governments create equitable and transparent processes through the use of a NOFA, three approaches were drafted, as set forth below.

<u>Approach 1</u> – <i>Notice of Funding Availability (NOFA)</i> - An equitable process may be to advertise that Jefferson County seeks to support applications by affordable housing developments in an amount not to exceed \$2 million and to invite applications.	<u>Approach 2</u> – <i>Direct Contact with Local Developers</i> - Jefferson County could reach out to affordable housing developers to determine if any of them would be interested in partnering.	<u>Approach 3</u> – <i>Hybrid (NOFA and Direct Contact)</i> - The county could reach out to eligible developers while also issuing a NOFA.
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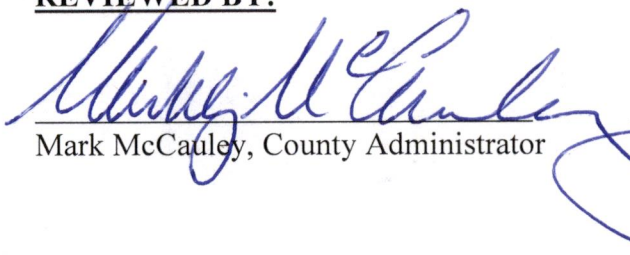
FISCAL IMPACT:

Either grant would be budget neutral as no match is required. The Chief Strategy Officer would need to reach out to various developers and determine which projects would most likely succeed based on the CHIP program guidelines. This outreach will consume approximately 40 hours.

RECOMMENDATION:

Listen to the staff presentation and provide guidance. Given the short timeline between this regular session and the grant deadline, staff recommends adopting approach number 3.

REVIEWED BY:

 9/29/23
 Mark McCauley, County Administrator Date