



Memorandum

Date: 4/2/2024
Meeting of: City Council

File No. AM No. 24-045
Type: New Business

TO: Members of the City Council
FROM: Mayor Angela Birney
DEPARTMENT DIRECTOR CONTACT(S):

Planning and Community Development	Carol Helland	425-556-2416
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DEPARTMENT STAFF:

Planning and Community Development	Seraphie Allen	Deputy Director
Planning and Community Development	Brooke Buckingham	Human Services Division Manager

TITLE:

Acceptance of Connecting Housing to Infrastructure Program (CHIP) Grant

OVERVIEW STATEMENT:

The City recently applied for and was awarded a Connecting Housing to Infrastructure Program (CHIP) grant for a total of \$435,938. This grant will partially cover the King County Wastewater Sewer Treatment Capacity fees charged to the developer of the Polaris and Horizon affordable housing projects at the Together Center.

☐ **Additional Background Information/Description of Proposal Attached**

REQUESTED ACTION:

☐ **Receive Information** ☐ **Provide Direction** ☒ **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
Community Strategic Plan; Housing Action Plan
- **Required:**
Council approval is required for grant acceptance.
- **Council Request:**
N/A
- **Other Key Facts:**
The CHIP program provides grant funding for utility improvements for affordable housing. Applicants must be a city, county, or public utility district, applying in coordination with the developer of a multi-unit affordable housing project. The Polaris and Horizon affordable housing projects at the Together Center experienced significant cost overruns due to the concrete strike and changing interest rates, resulting in other budgetary impacts, including the ability to pay sewer connection fees.

OUTCOMES:

Closing this budget gap will help ensure financial sustainability for the affordable housing projects constructed at the Together Center and is aligned with the City's commitment to increase and retain affordable housing options.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**
N/A
- **Outreach Methods and Results:**
N/A
- **Feedback Summary:**
N/A

BUDGET IMPACT:

Total Cost:
\$871,876

Approved in current biennial budget: ☒ Yes ☐ No ☐ N/A

Budget Offer Number:
0000037 - Housing and Human Services

Budget Priority:
Vibrant and Connected

Other budget impacts or additional costs: ☒ Yes ☐ No ☐ N/A

If yes, explain:

The grant award does not cover the full costs of King County's sewer connection fees. The total cost of the sewer connection fee is \$871,876, half of which will be covered by the CHIP grant and half with City funds dedicated toward affordable housing projects. Attachment A includes a copy of the grant application. Attachment B summarizes the commitments made to-date from the 2023-24 budget allocation to affordable housing.

Funding source(s):
CHIP grant, \$10 million allocation to affordable housing in the 2023-24 budget

Budget/Funding Constraints:
The City will need to comply with Department of Commerce contract requirements.

☐ **Additional budget details attached**

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action
3/19/2024	Committee of the Whole - Public Safety and Human Services	Provide Direction

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
N/A	None proposed at this time	N/A

Time Constraints:

Timely acceptance of the grant allows the City to reimburse outstanding expenses still owed to the County.

ANTICIPATED RESULT IF NOT APPROVED:

Not approving this grant may prevent the developer, Inland Construction, from moving forward with final loan conversion putting the project at financial risk.

ATTACHMENTS:

Attachment A: Grant Application

Attachment B: Commitments from the \$10 Million Affordable Housing Allocation