Discounted General Facilities Charges (GFCs) for Affordable Housing Developments

Olympia™

Utility Advisory Committee
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FCS Group's Guidance

- RCW 35.92.020 (5) allows the City to provide assistance to low-income persons in connection with utility services – extension of this authority to GFCs or related rate surcharges could allow for a directly targeted reduction for new affordable housing.
- The cost of discounting the GFCs could not be offset by increasing GFCs for other development. The cost would have to be offset by rate revenue.

School, Parks & Transportation Impact Fees

- Partial exemptions (up to 80%) for School, Parks & Transportation Impact Fees were recently established for low-income housing projects.
- Low-income housing is housing occupied by households whose income is at or below eighty percent (80%) of the median household income in Thurston County.
- With input from the applicable line of business, partial exemptions are at the Community Planning and Development Director's discretion.

Proposed Qualifications for Eligibility

Multi-family structure	• Rent restricted. • Occupancy restricted in at least 50 percent of units, to residents with incomes at or below 50 percent of the median household income in Thurston County[1]. • The GFC discount would apply to only rent restricted units. • Covenant or deed protecting affordability has 40-year minimum duration.
Single detached dwelling unit	• Rent restricted. • Occupancy restricted to residents with incomes at or below 50 percent of the median household income in Thurston County[1]. • Covenant or deed protecting affordability has 40-year minimum duration.

Proposed Qualifications for Eligibility (cont.)

Owner occupied dwelling unit	• Unit is owned and occupied by a household that, at the time of initial ownership and occupancy, has a gross household income at or below 50 percent of the median household income in Thurston County1. • Unit meets definition of principal residence (owner resides there at least 183 days per year, no sublease/rent). • Owner agrees transfer of ownership is restricted to persons with an income at or below 50 percent of area median, meet definition of principal residence, and sell at a price not exceeding 35 percent of gross monthly income for the household purchasing the home (including mortgage principal, interest, taxes, and insurance). • Covenant or deed protecting affordability has 40-year minimum duration.

Proposed Qualifications for Eligibility (cont.)

Shelter housing (distinct dwelling units)	• Structure is owned by government/nonprofit and operated as a shelter for people receiving support services from a city-recognized government assistance program for homelessness. • Shelter housing with distinct dwelling units will qualify as special purpose housing.
Shelter housing (alternative configurations)	• Structure is owned by government/nonprofit and operated as a shelter for people receiving support services from a city-recognized government assistance program for homelessness. • Alternative configurations include structures such as dormitories or adult family homes, will be assigned rates based on plumbing fixtures and receive a 50 percent discount.

Proposed Code Language

Upon application by the owner, a partial exemption of not more than **fifty/eighty percent** (50/80%) of Drinking Water, Wastewater, and Storm and Surface Water general facilities charges, with no explicit requirement to pay the exempted portion of the charge from public funds, may be granted to a low-income housing development, as defined below:

1. The Director, after consultation with the Water Resources Director, may grant an exemption to a low-income housing project when approved by the City Council.

2. The decision to grant, partially grant or deny an exemption shall be based on the public benefit of the specific project, the extent to which the applicant has sought other funding sources, the financial hardship to the project of paying the impact fees, the impacts of the project on public facilities and services, and the consistency of the project with adopted City plans and policies relating to low-income housing.

Proposed Code Language (cont.)

3. An exemption granted under this subsection must be conditioned upon requiring the developer to record a covenant or deed restriction approved by the Director that prohibits using the property for any purpose other than for low-income housing as described in OMC Subsection 15.04.060.A.10. At a minimum, the covenant or deed restriction must address price restrictions and household income limits for the low-income housing, and require that, if the property is converted to a use other than for low-income housing as defined in the covenant, the property owner must pay the applicable general facilities charges in effect at the time of any conversion. Covenants and or deed restrictions required by this subsection must be recorded with the Thurston County Auditor.

4. “Low-income housing” means housing with a monthly housing expense that is no greater than thirty percent (30%) of eighty percent (80%) of the median family income adjusted for family size for Olympia, as reported by the United States Department of Housing and Urban Development.

Next Steps

If the UAC supports the concept of discounting GFCs for affordable housing, staff need recommendations on:

- Discount percentage – 50% or 80%, both have precedence
- Low-income definition threshold – 50% or 80% of median household income

Proposed GFCs will be brought to the UAC in September and October. A recommendation to City Council will be required at that time.

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