



## Utility Advisory Committee

### Discussion of Concept for Discounted General Facilities Charges (GFCs) for Affordable Housing Developments

**Agenda Date:** 5/6/2021  
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#### **Title**

Discussion of Concept for Discounted General Facilities Charges (GFCs) for Affordable Housing Developments

#### **Recommended Action**

Receive a briefing on a concept for providing reduced GFCs for affordable housing developments.

#### **Report**

##### **Issue:**

Receive a briefing on a concept for providing reduced GFCs for affordable housing developments.

#### **Staff Contact:**

Eric Christensen, Water Resources Director, Public Works Water Resources, 360.570.3741

#### **Presenter:**

Eric Christensen

#### **Background and Analysis:**

The Water Resources utilities (Drinking Water, Wastewater and Storm and Surface Water) collect General Facilities Charges (GFCs, a.k.a. "connection charges") from new development and redeveloped properties. The charges pay for capacity-expansion-related future infrastructure that serves only future development. The charges are assessed at the time of building/engineering permit issuance.

There is currently a shortage of affordable housing units in our community. The cost of GFCs is a barrier to the development of new affordable housing. Staff therefore propose concepts for providing discounted GFCs for new affordable housing development. The concepts are similar to those provided by other regional jurisdictions.

Staff propose new eligible low-income housing in multi-family structures, single detached dwelling units, owner-occupied dwelling units, and shelter housing to qualify to receive discounted GFCs. The attached table provides a summary of the structure types and required qualifications for eligibility. Eligible new units will receive a 50 percent discount on GFCs. These affordability options are an

effort to encourage affordable housing development in the City.

The proposed income level is consistent with the threshold in [OMC 4.24.020](https://www.codepublishing.com/WA/Olympia/?Olympia04/Olympia0424.html) [<https://www.codepublishing.com/WA/Olympia/?Olympia04/Olympia0424.html>](https://www.codepublishing.com/WA/Olympia/?Olympia04/Olympia0424.html) for qualification residential utility rate discounts.

**Neighborhood/Community Interests (if known):**

Olympians are concerned with the immediate homelessness crisis. Housing affordability is a key factor in homelessness. One major challenge is that there is not enough affordable housing to connect people to. GFC and impact fee costs have been identified as a barrier to affordable housing. Discounting GFCs for low-income housing is one small way to help develop affordable housing.

**Options:**

None at this time. Briefing only. A recommendation will be needed when GFC discounts are proposed with utility rates this fall.

**Financial Impact:**

[RCW 35.92.020](https://app.leg.wa.gov/rcw/default.aspx?cite=35.92.020) [<https://app.leg.wa.gov/rcw/default.aspx?cite=35.92.020>](https://app.leg.wa.gov/rcw/default.aspx?cite=35.92.020)(5) authorizes cities to "provide assistance to aid low-income persons in connection with services provided under" chapter 35.92 RCW ("Municipal Utilities"), and [RCW 35.67.020](https://app.leg.wa.gov/rcw/default.aspx?cite=35.67.020) [<https://app.leg.wa.gov/rcw/default.aspx?cite=35.67.020>](https://app.leg.wa.gov/rcw/default.aspx?cite=35.67.020)(5) provides cities the same authority with respect to sewerage services. Water Resources has hired FCS Group, a utility rate consultant to evaluate the implications of discounted GFCs. Results of that evaluation will be available prior to budget adoption and rate setting in September.

**Attachment:**

Table