



MEMORANDUM

To: Whatcom County Executive Satpal Sidhu
From: Satpal Sidhu, Whatcom County Executive
Subject: 2027 EDI Fund Cycle: Allocation decision and reasoning
Date: May 14, 2026

This memo informs the Council of the 2027 EDI Fund allocation decision I am making and explains my reasoning. My decision differs from the EDI Board's May 6, 2026, recommendation, which the Board adopted 8–1. I was traveling and was not present at the EDI meeting. I request the Council to review both the Board's recommendation and my reasoning side by side, in advance of the ultimate allocation decisions (through the standard budgeting process) that come back to Council in the fall. I am trying to reaffirm what I believe Council, the Board, applicants, and our community partners all want from the EDI Fund and Program, that it can bring certainty and confidence to the participants (Cities and other gov't bodies) over multiple planning cycles for capital projects. Most capital projects need a few years to plan and a few more years to implement. It is the lens through which I have approached the 2027 allocation.

Context: 2025–2026 was a one-time draw-down

The 2025–2026 cycle was a deliberately large slate of housing and infrastructure awards intended to draw fund balance down to working levels. It was the first year of operation under the modernized EDI Charter and the first cycle in which both traditional Economic Development / Infrastructure projects and Income-Restricted Affordable Housing projects were eligible under the EDI Fund. The Board's \$1.7M housing recommendation for 2027 uses what was funded in 2025–2026 as a comparable; but that cycle was deliberately not a normal cycle.

Executive's Office Proposal

My office will administer the 2027 EDI Fund cycle on a 75% / 25% track allocation: approximately \$3,000,000 to Economic Development and Infrastructure (including housing-enabling infrastructure) and approximately \$1,000,000 to Income-Restricted Affordable Housing. The two-track framework with carryforward, which the EDI Board adopted on May 6, is operationally adopted by my office, and I concur with the Board's recommended application calendar (open June 1; close no later than July 31, 2026). The following explains my reasoning, and defines what counts as Housing under the 25% allocation.

Council's 2025 motion setting the 30 / 30 / 40 allocation (Whatcom County / Housing / Government Infrastructure) was made in the context that 2026 cycle was a draw-down year against an unusually large allocable balance (approximately double what the fund can sustain annually). It was a target for that cycle, not a permanent allocation convention. In the 2026–2027 cycle, the Fund returns to a normal operating posture, with approximately \$4M in allocable revenue after the County share and recurring

obligations. This 2027 cycle is the first cycle in the Fund's history in which Income-Restricted Affordable Housing competes with Economic Development / Infrastructure in a non-draw-down year.

The impact of the expanded use of the EDI Fund without more revenue

When the State Legislature expanded EDI's eligible uses in 2024–2025 to include income-restricted affordable housing, I supported the change, and I have said many times that housing is economic development – because businesses need more affordable housing to attract and retain workers. I am committed to the concept of using more tools to help our housing partners.

I would like to say again that State Legislature did not expand funding but added housing to take away from already limited infrastructure funds. Local needs for housing and capital infrastructure are much higher than we have the resources for.

The EDI Board's May 6, 2026, recommendations

The Board adopted three recommendations for the 2027 cycle:

1. Two-track allocation framework with carryforward. Unspent allocations in either the Infrastructure or Housing track carry forward in that track rather than re-aggregating into a single balance.
2. Application period. Open June 1, 2026; close no later than July 31, 2026.
3. 2027-dollar split. \$2,300,000 to Infrastructure and \$1,700,000 to Housing (57.5% / 42.5%).

I have adopted recommendations #1 and #2. I have not adopted recommendation #3 and instead proceed with a 75% / 25% track allocation for 2027 as described above. I share the Board's desire to support the need for more affordable housing; however, it will impact the other capital infrastructure needs (including support for housing projects) for cities and other government bodies to use for Economic Development.

What counts as Housing under the 25% allocation

For purposes of the 25% Housing track, "Housing" means any direct subsidy to construction or other costs related to the creation of Income-Restricted Affordable Housing for either rental or ownership.

The Housing track does not include:

- Municipal infrastructure prerequisites to general residential development
- Urban Growth Area (UGA) expansion infrastructure
- The Housing Affordability for the Workforce program (HATWF), under which EDI dollars are used to make loans which pay impact fees and hookup charges.
- Infrastructure that enables housing supply - for example, the City of Bellingham's Old Town Urban Village infrastructure improvements

The 25% Housing track is reserved for direct subsidy of affordable housing development; the much broader infrastructure category also has the ability to help facilitate housing projects.

Scale of EDI's infrastructure investments and its impacts

The recent most consequential infrastructure investments by the EDI Fund: Old Town Urban Village, the Blaine Gateway Regional Stormwater facility, West Lynden infrastructure supporting Lineage and Lynden Door, All-American Marine, and Bear Creek wetland mitigation. With these types of projects the EDI program typically makes contributions in the \$2.5M–\$3M range per project. The pipeline coming through the CEDS update for 2027–2031 is at similar or greater scale and includes jurisdictional water and sewer capacity, transportation, and energy infrastructure all anticipated to compete for EDI dollars in the coming cycles.

Whatcom County's economic-development pipeline depends on industrial-ready land; sites with the water, sewer, transportation, and energy capacity in place so that businesses can locate here, expand here, and create the family-wage jobs that, in time, allow workers to afford housing in the first place. The 75% Infrastructure track is sized against that responsibility. (See also AB2026-238 on long-term growth infrastructure needs.)

I recommend that this 75% / 25% allocation should be the baseline. I expect to bring unusual needs in any cycle for review with EDI Board and Council. Any year-to-year change in the track percentages shall remain modest, so that applicants and the partner agencies can forecast and plan on their long-term capital projects with certainty and confidence.

I sincerely believe this plan shall serve all the stakeholders well.