

**WHATCOM COUNTY
EXECUTIVE'S OFFICE**

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Satpal Singh Sidhu
County Executive

MEMO

To: Whatcom County Council
Through: Satpal Sidhu, County Executive *Satpal*
From: Tyler Schroeder, Deputy Executive *TKS*
Date: November 1, 2021
RE: EDI Workforce Housing Program

The Whatcom County Executive's Office, as the administrative agent for the Economic Development Investment (EDI) fund, is developing a new "Workforce Housing" program. This program will allow for the use of EDI funds to cover costs related to public infrastructure improvements associated with construction of owner-occupied affordable workforce homes and renter-occupied affordable workforce homes, in both single-family detached and attached housing models.

The goal of this program is to bridge the gap between "affordable housing" and market rate housing. This program is intended to ensure long-term affordability is achieved for multifamily and single-family residential construction projects.

This program is supplemental to the Whatcom County EDI Homes Affordable for the Workforce (HAFTW) program that allows for payment of utility general facility fees and impact fees. A proponent may apply for either/both programs.

The program will be done in partnership with the Cities of Whatcom County and is intended for use by non-profit and for-profit developers to increase the overall supply of affordable housing in our community. This is one piece to the puzzle in creating more affordable housing options for the citizens of Whatcom County.

Program Parameters:

- Funds can only be spent on publicly-owned infrastructure directly supporting construction of affordable workforce housing
- Projects must include housing affordable to those earning 120% of AMI or less
- Loan and grant/loan combinations are possible
- Total EDI funding ranges from 70% to 90% of infrastructure costs
- Grant amounts are limited to 20% of infrastructure costs
- Loan amount is total EDI funding less grant funding
- Total award amounts are typically within \$1.0 million to \$3.0 million range
- Loan interest rates gradually increase from 1% to a ceiling of 5% at year 10, with full repayment of balance due in 25 years as a balloon payment.

Eligible Infrastructure:

By designating at the time of development a certain percentage of long-term affordable units for a certain period of time, the following public infrastructure investments may be covered by EDI loan (pursuant to RCW 82.14.370):

- Construction of public water, sewer and/or stormwater conveyance and management facilities
- Construction of public transportation improvements, including but not limited to streets, sidewalks, trails, and transit facilities

EDI Board Recommendation and WC Business and Commerce Committee Support

The Economic Development Investment Board has been supportive of this program and use of EDI funds. In 2021, the board met and discussed the program on three separate occasions. First, in early 2021, to get a sense of the program and to provide input on the framework. Second, there was a “Stakeholder” meeting to present the framework and get input. This meeting was well attended and included a wide variety of stakeholders, including: affordable housing agencies, EDI board members, City/County Housing program specialists, Whatcom County Business and Commerce Committee members, local developers, and City/County/Port program team.

At the September 29th, EDI board meeting, the Board considered a motion of support of the program and recommendation to the County Council for approval of the program parameters. Overall, the EDI board had general consensus on the program and is eager to see it developed. During those discussions the Board asked for additional information about the program’s financing terms. The main discussion point was to find a few “real-life” examples on how the program would work between the financial support from EDI and the Cities working directly with developers. Those discussions are happening now and the program team will be reporting back to the EDI Board with examples.

Ultimately, the EDI board made a motion to forward the proposal to County Council to provide an update on the program and get feedback for consideration. The motion passed unanimously 11-0.

Further, the Whatcom County Business and Commerce Committee has been a stakeholder in the development of the program. The Committee believes that this program directly addresses two specific topics they have recommended the County focus on to address the affordable housing crises. The program specifically addresses the need to provide infrastructure and resources to increase housing availability and helps to reduce government fees for housing development. As a result, the committee voted 7-0, with 4 absences, to write a letter of support urging the Council to approve the EDI board proposal regarding the Infrastructure Improvements for the Affordable Workforce Housing Program.

Council Action Requested:

The Administration respectfully requests the Council make a motion to approve the guidelines for the Whatcom County EDI Infrastructure Improvements for Affordable Workforce Housing Program. This approval recognizes that the EDI board will be reviewing project specific proposals from developers using the guidelines as a framework. It is further recognized that the EDI Board can recommend approval of projects and modify the guidelines if the overall project aligns with the eligible use of the Fund and intent of the program.

Recognition:

I would like to thank a few people in developing this program, specifically; Michael Jones, City of Blaine City Manager, Jori Burnett, City of Ferndale City Manager, and Don Goldberg, Port of Bellingham Economic Development Director. Without their input and guidance in the development of this program it would not have come together as smoothly and as timely.