



**UTILITIES COMMITTEE**  
**MONDAY, APRIL 3, 2023**  
**12:00 P.M.**  
**REMOTE AND IN PERSON ATTENDANCE**

The Utilities Committee meeting will be conducted both remote and in person.

The public may attend the meeting in person in the Council Chambers at Lacey City Hall, 420 College Street SE, Lacey, Washington, or you may view or listen to the meeting by using one of the following platforms:

Live through Zoom: <https://us02web.zoom.us/j/85987937283>

Live or as a recording on YouTube: [https://youtube.com/live/1jByJQk\\_V3s](https://youtube.com/live/1jByJQk_V3s)

Listen via telephone: (888) 788-0099 or (877) 853-5247 (Webinar ID: 859 8793 7283)

**LOTT PILOT AFFORDABLE HOUSING PROGRAM**

*PETER BROOKS, WATER RESOURCES MANAGER  
(BRIEFING)*

**WATER SYSTEM LEAK DETECTION**

*JUSTIN BELLIS, SENIOR WATER DISTRIBUTION TECHNICIAN  
(PRESENTATION)*



**UTILITIES COMMITTEE**  
**April 3, 2023**

**SUBJECT:** LOTT Affordable Housing Pilot Program

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**RECOMMENDATION:** No Action required.

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**STAFF CONTACT:** Rick Walk, Interim City Manager *RW*  
Scott Egger, Public Works Director *SE*  
Peter Brooks, Water Resources Manager *PCB*  
Grant Beck, Interim Director of Community & Economic Development *G*

**ORIGINATED BY:** Water Resources Division of the Public Works Department

**ATTACHMENTS:** None

**FISCAL NOTE:** No additional resources are necessary.

**WORK PLAN GOAL AND STRATEGY:** D. Finalize Homeless Response Plan & enhance social services  
5. Explore and pursue affordable and supportive housing opportunities. Enter into agreements with partners.  
6. Implement affordable and supportive housing opportunities.

**COMPREHENSIVE PLAN:** Housing Goal 3. Work with regional agencies and bodies to implement affordable housing techniques consistently and on a regional scale.

**HOUSING ACTION PLAN:** Strategy 1. Increase the supply of affordable housing for households that make 80% or less of the AMI.

**PRIOR REVIEW:** No prior review.

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**BACKGROUND:** The LOTT Cleanwater Alliance (LOTT), by a vote of the board, has begun a two year pilot program to incentivize the construction of new affordable housing. Qualifying housing projects can be single family or multifamily. Program funding has been set to allow up to a 50% rebate of capital development charges (CDC's) for qualifying projects. The pilot program is capped at 300 ERUs in total over the biennium. Each of the partner cities – Lacey, Olympia, and Tumwater – are eligible to provide rebates for up to 75 ERUs for eligible projects during the two year time period. The remaining 75 ERU's will be

held in reserve and allocated to whichever city or cities, if any, end up needing additional ERU's.

To be eligible for the rebate, the project must be a new development that involves a new connection to the LOTT system and that is verified by the partner city to provide permanent supportive housing or low-income housing. In assessing project eligibility, partner cities must confirm the project meets at least one of the following criteria:

- a. Permanent supportive housing that will serve individuals transitioning from homelessness.
- b. Low income housing that has a cost (rent or mortgage payment) less than or equal to 30% of gross monthly household income that when adjusted for size, is at or below eighty percent (80%) of the area median income, as annually adjusted by the U.S. Department of Housing and Urban Development.

Each partner city has discretion to require additional criteria for eligibility above and beyond that listed above, and has discretion to determine which projects qualify for funding under its respective share of program funding. The city providing sewer service (or Thurston County if property is located outside city limits) must require the developer/owner to record a covenant approved by the city/county and LOTT ensuring the unit meets the affordability requirements for a period of at least 30 years, though in perpetuity is preferred. If the terms of the covenant are violated, the property owner must pay the back the 50% rebated at current year CDC rates.

The City of Lacey is currently developing a plan to implement this pilot program. The Community and Economic Development department is currently recruiting for a Housing Coordinator position whose job duties will include a focus on affordable housing. Much of the implementation of this pilot program will be through this staff person. This will include developing the standard language for the covenant, qualifying the housing units for the 50% instant rebate of the CDC, and monitoring for compliance with the covenant through its term. Public works will continue in its role of collecting the appropriate CDC payment from the developer/property owner and forwarding it to LOTT.

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## **ADVANTAGES:**

1. Providing incentives and reducing costs for private and non-profit builders to develop low income and affordable housing units is a goal of the City's Housing Action Plan and Affordable Housing Strategy.
2. Introducing the low income housing CDC rebate as a pilot program, the LOTT Wastewater Alliance will be able to monitor and assess the program to determine if it is effective in stimulating low income housing production and the financial impacts to the wastewater utility.

**DISADVANTAGES:**

1. The LOTT Wastewater Alliance will need to identify other revenue sources to make up the difference of any rebates issued for low income or affordable housing. Other sources may include but is not limited to reserves, rate increases or unidentified grant sources.