

EVERETT CITY COUNCIL AGENDA ITEM COVER SHEET

**PROJECT TITLE:**

An Ordinance Regarding 11/1/17 Briefing  
 an Exemption for Special \_\_\_\_\_ Proposed Action  
 Connection Charges for \_\_\_\_\_ Consent  
 Low-Income Housing \_\_\_\_\_ Action  
 Projects, Amending \_\_\_\_\_ First Reading  
 Ordinance 3095-08 \_\_\_\_\_ Second Reading  
 \_\_\_\_\_ Third Reading  
 \_\_\_\_\_ Public Hearing  
 \_\_\_\_\_ Budget Advisory

COUNCIL BILL # CB1710-62  
 Originating Department Planning  
 Contact Person Rebecca McCrary  
 Phone Number 425-257-7133  
 FOR AGENDA OF November 1, 2017

Initialed by:  
 Department Head \_\_\_\_\_  
 CAA do  
 Council President JK

<u>Location</u>	<u>Preceding Action</u>	<u>Attachments</u> Ordinance	<u>Department(s) Approval</u> Planning, Legal, Administration
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Amount Budgeted	-0-	
Expenditure Required	-0-	Account Number(s):
Budget Remaining	-0-	
Additional Required	-0-	

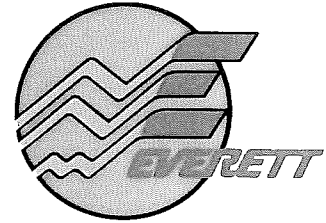
**DETAILED SUMMARY STATEMENT:**

Various legislative tools are available to local government, such as fee waivers or exemptions, to reduce development costs to support the production of new, affordable housing. Local support is important for leveraging federal and state resources to fund affordable housing projects. The attached ordinance proposes an 80 percent exemption from the City’s utility system development fees, which are fees charged for new developments to “buy” into existing utility systems, as allowed by RCW 35.92.380. The exemption applies to projects provided by nonprofit entities serving households making at or below 50% of area median income. A fiscal impact analysis and concept alternatives were presented at the City Council meeting on October 11, 2017.

**RECOMMENDATION (Exact action requested of Council):**

Adopt an Ordinance Regarding an Exemption for Special Connection Charges for Low-Income Housing Projects, Amending Ordinance 3095-08

ORDINANCE NO. \_\_\_\_\_



**An Ordinance Regarding an Exemption for Special Connection Charges for Low-Income Housing Projects, Amending Ordinance 3095-08**

**WHEREAS**, the Legislature authorized waiver or delay of collection of tap-in charges, connection or hookup fees, also known as system development charges, for low income persons (RCW 35.92.380);

**WHEREAS**, the City imposes a special connection charge, which is a system development charge, under Ordinance 3095-08 (codified at 14.08.135);

**WHEREAS**, very low-income and low-income housing projects that receive public funding are typically subject to income, rent and price restrictions enforced through recorded covenants, ensuring affordability but also limiting funds available for development costs;

**WHEREAS**, exemption of special connection charge will enable low- income housing projects to become economically viable and produce more low-income housing units;

**WHEREAS**, exemption of system development charges, such the special connection charge, is categorically exempt from review under the State Environmental Policy Act; and

**NOW THEREFORE, THE CITY OF EVERETT DOES ORDAIN:**

**Section 1.** Ordinance 3095-08 (codified at 14.08.135) is amended to add the following section:

K. The director of planning and community development, after consultation with the director of public works, may grant to a low-income housing project a partial exemption of applicable special connection charges of not more than eighty percent of the special connection charges. Upon application, the director of planning and community development shall base approval of a partial exemption on meeting the following requirements:

1. Fee exemptions shall only be available to low-income housing rent restricted units serving households earning at or below fifty percent of area median income.
2. Fee exemptions may only be granted to nonprofit entities or public entities providing low-income housing.

3. The fee exemption shall only be granted when the applicant demonstrates the following criteria have been met:

- i. project will benefit the public; and
- ii. the applicant has sought other funding sources; and
- iii. there is a financial hardship to the project of paying the system development charge, and
- iv. the project is consistent with adopted city plans and policies relating to low-income housing.

4. An exemption granted under this subsection must be conditioned upon requiring the developer to record a covenant approved by the director of planning that prohibits use of the property for any purpose other than for low-income housing. At a minimum, the covenant 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 system development charge in effect at the time of any conversion. Covenants required by this subsection must be recorded with the Snohomish County Auditor.

5. Area median income shall mean the estimate from the Department of Housing and Urban Development (HUD) of how much money families in a given area earn, on average in a specified area.

6. Low-income housing shall mean housing with a monthly housing expense that is no greater than thirty percent of eighty percent of the area median income adjusted for family size, for Snohomish County, as reported by the United States department of housing and urban development.

7. Nonprofit entities shall mean:

- i. Nonprofit as defined by state law that is exempt from income tax under section 501(c) of the federal internal revenue code;
- ii. Limited partnership where a nonprofit that is exempt from income tax under section 501(c) of the federal internal revenue code, a public corporation established under RCW 35.21.660, 35.21.670, or 35.21.730, a housing authority created under RCW 35.82.030 or 35.82.300, or a housing authority meeting the definition in RCW 35.82.210(2)(a) is a general partner; or
- iii. Limited liability company where a nonprofit that is exempt from income tax under section 501(c) of the federal internal revenue code, a public corporation established under RCW 35.21.660, 35.21.670, or 35.21.730, a housing authority established under RCW 35.82.030 or 35.82.300, or a housing authority meeting the definition in RCW 35.82.210(2)(a) is a managing member.

**Section 2. Severability.** Should any section, paragraph, clause or phrase of this Ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this Ordinance be preempted by state or federal law or regulations, this shall not affect the validity of the remaining portions of this Ordinance or its application to other persons or circumstances.

**Section 3. Conflict.** In the event there is a conflict between the provisions of this Ordinance and any other City ordinance, the provisions of this Ordinance shall control.

**Section 4. Corrections.** The City Clerk and the codifiers of this Ordinance are authorized to make necessary corrections to this Ordinance including, but not limited to, the correction of scrivener's, clerical errors, references, ordinance numbering, section, subsection number and any references thereto.

**Section 5. General Duty.** It is expressly the purpose of this Ordinance to provide for and promote the health, safety and welfare of the general public and not to create or otherwise establish or designate any particular class or group of persons who will or should be especially protected or benefited by the terms of this Ordinance. It is the specific intent of this Ordinance that no provision or any term used in this Ordinance is intended to impose any duty whatsoever upon the City or any of its officers or employees. Nothing contained in this Ordinance is intended nor shall be construed to create or form the basis of any liability on the part of the City, or its officers, employees or agents, for any injury or damage resulting from any action or inaction on the part of the City related in any manner to the enforcement of this Ordinance by its officers, employees or agents.

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Ray Stephanson, Mayor

ATTEST:

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CITY CLERK

Passed:

Valid:

Published:

Effective Date: