



2021-2023

Connecting Housing to Infrastructure Program (CHIP): Water, Sewer and Stormwater for Affordable Housing

Program Guidelines

Funds from the 2021-2023 Capital Budget including Washington State Building Construction Account and Coronavirus State and Local Fiscal Recovery Funds (SLFRF) from the federal American Rescue Plan Act (ARPA)

Administered by the Department of Commerce
Local Government Division
Growth Management Services

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*For people with disabilities, these guidelines are available in other formats on request.
To submit a request, please call 360.764-3143 (TTY 360.586.0772).*

Connecting Housing to Infrastructure (CHIP) Interim Program Guidelines

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General Information

1. Grant Purpose and Source of Funds

Funding for this program is provided from:

- The State Building Construction Account, and
- The state's allocation of Coronavirus State and Local Fiscal Recovery Funds (SLFRF) from the federal American Rescue Plan Act (ARPA) stimulus funding provided by the U.S. Department of the Treasury (US Treasury).¹

The Department of Commerce (Commerce) will be allocating funds based on the requests received and the eligibility and intended use of the funds.

- If receiving state funds, your grant will be governed by state building construction account rules.
- If receiving federal funds, your grant is a sub-award of the state's allocation for the SLFRF funds it received directly from the U.S. Treasury. All grants must adhere to any and all compliance and reporting requirements for the use and expenditure of SLFRF funds.²

State Funding

On May 18, 2021, Governor Inslee signed into law the 2021 Capital Budget,³ which included funds solely for grants to local governments and public utility districts for system development charges and utility improvements for new affordable housing projects that serve and benefit low-income households. These funds are intended to be supplemental project financing for necessary utility connection costs for affordable housing projects in cities and counties that passed a sales and use tax for affordable housing or a housing levy.⁴

Federal Funding

Under ARPA's SLFRF guidance, also known as the [Interim Final Rule](#), use of the funds must fit into one of four statutory categories. Federal funding for this grant falls under the category of responding to "*Public Health and Economic Impacts*" of the COVID-19 public health emergency. Within that category of eligible actions, this program is intended to "*Building Stronger Communities through Investments in Housing and Neighborhoods*" by serving those communities that were hardest hit by the pandemic through investments in affordable housing development.

In recognition of the disproportionate negative economic impacts on certain communities and populations, the Interim Final Rule identifies services and programs that will be presumed to be responding to the negative economic impacts of the COVID-19 public health emergency when provided to communities. Services in this category alleviate the immediate economic impacts of the COVID-19 pandemic on housing insecurity, while addressing conditions that contributed to poor public health and economic outcomes during the pandemic, namely concentrated areas with limited economic opportunity and inadequate or poor-quality housing. Eligible services include: *Affordable housing development to increase supply of affordable and high quality living units.*

¹ The federal funds are available under [Section 602 Coronavirus State Fiscal Recovery Funds](#) of Title VI of the Social Security Act, as added by ARPA of 2021, Title IX, Subtitle M, Section 9901. The unique 5-digit federal assistance number assigned to the SLFRF funds on [SAM.gov](#) is Assistance Listing Number (ALN) 21.027, formerly known as a CFDA number.

² [Compliance and Reporting Guidance](#) for State and Local Fiscal Recovery Funds dated November 5, 2021

³ State [2021-2023 Capital Budget](#), Section 1074 (page 55)

⁴ See the list of "Entities Eligible for Grant" [near the end](#) of this document. If you passed a levy and are not on this list, please call the program manager.

Affordable housing is important throughout the state, but especially important in Qualified Census Tracts (QCTs),⁵ and to families and individuals living in QCTs. Therefore, federal funds under this grant are prioritized to support affordable housing projects in QCTs.

Commerce has determined that affordable housing projects outside of QCTs are also eligible for federal funding because these projects will provide housing to low-income individuals who have been more significantly impacted by the pandemic, which resulted in disproportionate public health and economic outcomes to the low-income people throughout Washington state.⁶ Over the last 10 years the pace of development has lagged behind population growth, driving housing prices beyond what is affordable for lower income households, especially during a time that families were to stay home to stay healthy. Supporting the development of affordable housing is important to address a limited supply of housing, some of which is inadequate, or of poor quality.⁷ The Interim Final Rule supports this finding by stating that “both the public health and economic impacts of the pandemic have fallen most severely on communities and populations disadvantaged before it began” including “low income communities, people of color, and Tribal communities.”⁸

Available funding under this grant program:

Amount	Eligible Applicants	Funding Detail and Prioritization
\$16.3 million	All eligible applicants: cities, counties, public utility districts that imposed a sales and use tax under RCW 82.14.530(1)(a)(ii), 82.14.530(1)(b)(i)(B), 82.14.540, or 84.52.105.	Federal appropriation: Coronavirus state and local fiscal recovery fund Prioritized for utility improvements*
\$10.7 million	A city or county with a population of 150,000 or less, and that imposed a sales and use tax under RCW 82.14.530(1)(a)(ii) or 82.14.530(1)(b)(i)(B)	Federal appropriation: Coronavirus state fiscal recovery fund Prioritized for utility improvements*
\$7.6 million	All eligible applicants: cities, counties, public utility districts that imposed a sales and use tax under RCW 82.14.530(1)(a)(ii), 82.14.530(1)(b)(i)(B), 82.14.540, or 84.52.105.	State appropriation: State building construction account Prioritized for: <ul style="list-style-type: none"> • System development charge (SDC) waiver programs and associated waived fees • New SDC waiver programs and associated waived fees

*Utility improvements within a QCT may be prioritized based on the federal funding guidelines in the Interim Final Rule.

2. Period of Performance

Projects funded with State Building Construction Account funds (state) may only be used to cover eligible costs incurred during the period of **May 18, 2021 thru June 30, 2023, subject to re-appropriation by the Legislature**. If re-appropriated, the project must be completed and invoiced by June 30, 2025.

⁵ A Qualified Census Tract (QCT) is a low-income area as designated by the Department of Housing and Urban Development. A map of QCTs can be found on HUD’s website here: https://www.huduser.gov/portal/sadda/sadda_qct.html and by clicking on “Color QCT Qualified Tracts.” Projects in QCTs in either 2021 or 2022 will be eligible for federal funding under this grant.

⁶ “Recipients may also provide these services to other populations, households, or geographic areas that are disproportionately impacted by the pandemic.” (US Treasury, the [Interim Final Rule](#), page 26795).

⁷ See specific language at printed pages 26795 and 26796 of the [Interim Final Rule](#) to implement the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund established under ARPA).

⁸ Ibid, page 26787.

Projects funded with Coronavirus State and Local Fiscal Recovery Funds (federal) may only be used to cover eligible costs incurred during the period of **March 3, 2021 thru December 31, 2026, subject to re-appropriation by the Legislature**, and must be obligated by December 30, 2024.

Federal funds may cover costs incurred for eligible affordable housing projects planned or started prior to March 3, 2021 provided the utility extension project costs were incurred after March 3, 2021. Likewise state funds may cover costs for waived system development charges or eligible utility extension costs on projects that were planned or started prior to May 18, 2021, but may only pay for costs that were incurred after that date.

Although the [U.S. Treasury's Guidance](#) requires all federal funds be obligated by December 31, 2024 and all projects completed and project costs reimbursed by December 31, 2026, Washington state operates under a biennial (or two-year) budget. Each appropriation in the 2021-2023 Capital Budget must, by law, lapse at the close of the biennium, June 30, 2023. If funds are not fully expended by the current biennial close date of June 30, 2023, then the contract may be extended subject to re-appropriation of remaining funds to June 30, 2025. Since many projects take more than two years to complete, Commerce automatically requests re-appropriation to extend projects with remaining funds. However, we cannot guarantee that the Legislature will agree to extend funding through to December 31, 2026, nor can we legally obligate funds from one biennium to another.

3. Funding Amounts and Funding Restrictions

Grant awards are a maximum of \$2,500,000 per project. No match is required, but the applicant must demonstrate that all funding to complete the affordable housing project is committed prior to contract execution.

Federal grant funds are subject to pre-existing limitations in other federal statutes and regulations and may not be used as non-federal match for other federal programs whose statute or regulations bar the use of federal funds to meet matching requirements.

Commerce is authorized to retain funds from the total appropriated grant funds to cover administrative costs. These funds are the sole source of administrative funding for the program. Commerce will deduct three (3%) percent from the total available funds for this grant program for these costs.

4. Grant Criteria

Based on the criteria within the state capital budget,⁹ federal ARPA funding guidelines, and criteria developed by Commerce to ensure the terms of the appropriation are met, all grants must meet the following criteria:

- Applicant must be a city, county or public utility district, applying in coordination with the developer of a multi-unit affordable housing project, located within a jurisdiction that imposed a sales and use tax under RCW 82.14.530(1)(a)(ii), 82.14.530(1)(b)(i)(B), 82.14.540, or 84.52.105. See "[Entities Eligible for Grant](#)" towards the end of this guidance.

⁹ [State Capital Budget SHB 1080](#), Section 1074 (page 55)

- The utility project must serve new affordable¹⁰ housing projects that serve and benefit low-income households.¹¹ If the project is a mixed-income project, the affordable portion of the development must be at least 25%. That is, if there are 100 units, at least 25 must be affordable to households below 80% of the area median income (AMI)¹² and the project would be eligible to apply for 25% of their utility connection costs. Funding will be pro-rated, based on the proportion of the housing development that is affordable (see table below). A project that includes at least 51% of units that are affordable will be eligible for full reimbursement of costs.

% of units affordable	% of utility connection costs that may be reimbursed
At least 25%	25%
At least 30%	35%
At least 35%	50%
At least 40%	60%
At least 45%	75%
At least 51%	100%

- The affordable housing project should be part of a program that will monitor affordability for a minimum of 25 years, such as the Housing Trust Fund, low-income housing tax credits, housing authority, or a city monitoring process. A covenant and/or note and deed of trust may be required as part of securitization.¹³
- The affordable housing project must demonstrate a commitment of full funding, site control, environmental review, design, and proof of progress in project permitting and that it will begin construction within 24 months of the grant award.
- Eligible costs include waived system development charges¹⁴ or “utility improvements” to drinking water, wastewater or stormwater necessary for the affordable housing project. These utility improvements must be necessary, per ARPA requirements, to support the affordable housing development. Where applicable, any utility extension must be consistent with comprehensive plans adopted under the Growth Management Act and must be within the established boundaries of the urban growth area.
- It is highly recommended that the applicant be able to show the funds can be spent by June 30, 2023, or June 30, 2025. If the application includes a request for utility connection funds, it is highly likely that federal funds will be used, the applicant must be able to expend the funds by December 31, 2026.

¹⁰ “Affordable housing” has the same meaning as in RCW 43.185A.010, and means residential housing for rental occupancy which, as long as the same is occupied by low-income households, requires payment of monthly housing costs, including utilities other than telephone, of no more than thirty percent of the family’s income. In the context of homeownership, the definition from the [Housing Trust Fund Handbook](#) applies (Section 701.7): “affordability occurs when a household’s monthly housing costs are generally no more than 38 percent of monthly household income and total debt is no more than 45 percent of monthly household income. Housing costs include mortgage principal, interest, property taxes, homeowner insurance, homeowner association fees, and land lease fees, as applicable. Total debt includes other debt and utilities.”

¹¹ “Low-income household” has the same definition as in RCW 36.70A.030, and means a single person, family or unrelated persons living together whose adjusted income is less than eighty percent of the median family income, adjusted for household size, for the county where the project is located.

¹² If 25% of the units results in a fraction of a unit, Commerce will round up. For example, if there are 161 housing units in a project, 25% of the units would be 40.25 units. In this case, 41 units would need to be affordable to qualify for this grant.

¹³ The need for securitization will be reviewed on a case-by-case basis based on the principal funder.

¹⁴ Grant funding is also available for cities that plan to establish system development charge waivers under [RCW 35.92.380](#), [RCW 36.94.370](#), or [RCW 54.24.080](#). [Waiver or delay of collection of tap-in charges, connection or hookup fees for low income persons](#). Under this scenario, award would be contingent on adoption of an ordinance and submission of documentation of waivers for the connection fees of an affordable housing project.

All project eligibility requirements noted in this section and pre-contracting conditions must be met prior to executing a contract and before any funds are reimbursed.

5. Application Review and Selection Criteria

Applications will be reviewed every two months and will be funded if eligible. Projects that intend to submit an application, but are not yet ready to submit a full application, should submit a “letter of intent to apply” to your program contact (see page before Table of Contents), with an estimated funding request and timeline. The first review will occur two months after applications are available.

Project Milestone	Date
Applications open	November 10, 2021
Pre-application webinar on Zoom	December 2, 2021 at 1:30 p.m.
First round of project review	January 7, 2022
First round awards announced	February 4, 2022
Status reports due	July 1, 2022 (and every quarter thereafter)
Second round of project review (if needed)	March 11, 2022
Second round of awards announced (if needed)	April 15, 2022
All grant invoices submitted	June 15, 2023 ¹⁵

Pre-Application Webinar

Commerce will hold a pre-application webinar on Thursday, December 2, 2021 at 1:30 p.m. Pacific Time. Register in advance for this meeting at:

<https://wastatecommerce.zoom.us/meeting/register/tZ0ucuirrz4uGtwlFS0qjXynWeRkT7Ne2E2M>

After registering, you will receive a confirmation email containing information about joining the meeting.

6. Eligible Costs Must Serve New Affordable Housing

A city or utility must work with an affordable housing developer to identify the costs to connect to local utilities. Examples of eligible costs may include, but are not limited to:

- Extending an existing public facility within an urban growth area, like a water or sewer line, to serve an affordable housing project. The length of the extension should be reasonable to serve the number of units in the new facility.
- Utility improvements necessary to allow infill development within an established area, such as a larger pump or upgrading pipes, split combined sewer/stormwater systems, and on-site or off-site stormwater improvements. The improvements should be sufficient to facilitate the affordable housing project. The cost per household should be reasonable to support the most housing units across the grant program.
- System development charges or connection fees for new affordable housing development to connect to public utilities, when the fees have been waived.¹⁶ For example, if a city has waived system development charges for sewer and water for affordable housing units, this program can provide the fees to the city or the utility.¹⁷ Such fees can also be reimbursed with grant funding if the local government changes their

¹⁵ If re-appropriated, funds will be available after July 1, 2023.

¹⁶ From the capital budget, "System development charges" means charges for new drinking water, wastewater or stormwater connections when a local government or public utility has waived standard fees normally applied to developers for connection charges on affordable housing projects.

¹⁷ This action is authorized under [RCW 35.92.380 and RCW 36.94.370: Waiver or delay of collection of tap-in charges, connection or hookup fees for low income persons.](#) Applications must include documentation of the amount that would have been charged and that it has been waived.

fee program to allow waivers for affordable and infill housing. The application should note if the applicant intends to make these changes and the timeline for doing so.

In the case that applications exceed available funding, Commerce will score and prioritize applications for funding based on the following criteria:

Scoring Criteria	Lower Score	Higher Score
Within a qualified census tract (QCT)	Not within a QCT	Within a QCT
Percentage of affordable housing units	25% of units within project affordable to low-income households	Increased points for 5% incremental increases over 25% (30%, 35%, 40%, etc.)
Level of affordability?	80% AMI	Increased points for lower affordability levels (70% AMI, 60% AMI, 50% AMI, etc.)
Length of time of affordability	25 years	More than 25 years
Cost of utility improvements or system development charges (SDC) per housing unit	High cost compared to other applications	Low cost compared to other applications
Readiness to proceed	Will be able to spend the funds quickly	Longer timeline
Access to public transportation and frequency	No or minimal public transportation	Public transportation with regular frequency during peak hours
Plans to charge latecomer fees (if applicable) for connections to project's utility improvements	No latecomer fees collected	Latecomer fees collected
Existing SDC waivers (applicable only to SDC waiver requests)	No program in place	Program in place

Notes:

- Utility extension projects will be scored in one process to award federal funds.
- In a separate process, SDC requests will be scored to award state funds.
- Awards may be subject to regional balancing.

7. Eligible Costs for State and Federal Funds

All costs must be directly related to the scope of work of the project being funded. For federal funds, grantees must determine if costs are reasonable and allowable based on [2 CFR Part 200](#).

Eligible project activities and costs include:

- Design, architectural, and engineering work;
- Building permits/fees;
- Archeological/historical review;
- Construction labor and materials;
- Construction management from external sources only¹⁸;
- Demolition/site preparation;
- Capitalized equipment for sewer, water, and stormwater projects;
- Landscaping; and
- Real property when purchased specifically for the utility project, and associated costs directly associated with property acquisition such as appraisal fees, title opinions, surveying fees, real estate fees, title

¹⁸ Construction management and observation is on-site management and/or supervision of the work site and workers thereon. This is an eligible project cost. Construction management does not include work typically performed by off-site consultants or consultant organizations, grant writers, project managers, or employees of the grantee, unless the employee is hired solely and specifically to perform on-site construction management as defined above.

transfer taxes, easements of record, and legal expenses.

Expenditures must be supported with source documentation. Examples of documentation include invoices, purchase orders and timesheets. Documentation supporting each payment is to be kept on file and retained for six (6) years after closeout to verify all SLFRF expenditures.¹⁹ Payments by the Grantee to prime contractors, consultants and/or subrecipients should not be made without an invoice and supporting documentation.

8. Ineligible Uses

Federal ARPA grant funds **may not** be used for the following:

- To directly or indirectly offset a reduction in the net tax resulting from a change in law, regulation or administrative interpretation during the covered period that reduces any tax (by providing for a reduction in a rate, a rebate, a deduction, a credit, or otherwise) or delays the imposition of any tax or tax increase.²⁰
- For deposits into any pension fund.
- Used as non-federal match where prohibited. This includes prohibitions in utilizing these funds as a state match in the authorizing statutes and regulations of the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF).
- To directly service debt, satisfy a legal settlement or judgement, and contribute to a “rainy day” fund or financial reserve.
- For any use outside of water, sewer, and stormwater investments or above the amount allocated under the revenue loss provision.

Federal ARPA and State Building Construction Funds are not eligible to reimburse the following activities:

- Internal administrative activities,
- Computers or office equipment,
- Feasibility study activities,
- Fundraising activities,
- Lease payments for rental of equipment or facilities,
- Mortgages and property leases (including long-term), or
- Rolling stock (such as vehicles and generators).

If the eligibility of a certain cost is not clear, contact your project manager for guidance.

9. Comparison of State and Federal Contracting Requirements

Commerce will be assigning funding from the federal or state resources based on grant requirements. Depending on the source of the funds, the following will be required within the contract for each funding source. Note that federal requirements also include state requirements (with the exception of the period of performance) because federal funds are appropriated through the state.

¹⁹ Though the federal program requires documents be retained for five years after project completion, Washington state’s standard is six years.

²⁰ In the case of changing fee waiver system for affordable housing, state funds may be used.

Requirements	State Building Construction Account Fund Requirements	Federal Coronavirus State Fiscal Recovery Funds Grant Requirements
Period of performance	May be used to cover eligible costs incurred during the period of May 18, 2021 thru June 30, 2023, subject to re-appropriation by the Legislature . If re-appropriated, the project must be complete and invoiced by June 30, 2025.	May be used to cover eligible costs incurred during the period of March 3, 2021 thru December 31, 2026, subject to re-appropriation by the Legislature , and must be obligated by December 30, 2024.
Proof of Insurance	Upon request from Commerce	Upon request from Commerce
SEPA / NEPA	SEPA required	SEPA required, NEPA not required
Historical/ archeological review	EO 21-02 ²¹	EO 21-02
Labor Standards / Wages	State prevailing wage ²²	Strong labor standards ²³ and state prevailing wage (Davis Bacon not required for the utility improvements if grant funding is under \$10,000,000)
Procurement	Competitive process	Competitive process ²⁴
LEED	Not required for utility improvements or system development charge waivers	Not required for utility improvements or system development charge waivers
Reporting	Status reports with invoice	Status reports with invoice plus quarterly reports
Subcontractors	Notify Commerce; verify subcontractors not disbarred at DES.wa.gov	Verify subcontractors not disbarred at Sam.gov
Vendor #s	Statewide Vendor (SWV) number, Washington State Unified Business Identifier (UBI) Number	SWV, UBI, DUNS, SAM.gov active registration
Invoicing	Online A-19 and Reportable Expense Template form	Online A-19 and Reportable Expense Template form
Fiscal controls	Required	Required ²⁵
Audits	Audits not required outside of normal auditing cycle	Grantees that expend >\$750,000 in federal awards during their fiscal year will be subject to an audit under the Single Audit Act (see 2 CFR Part 200, Subpart F regarding requirements)

²¹ [eo_21-02.pdf \(wa.gov\)](#)

²² If you need technical information about prevailing wages, please contact the Department of Labor and Industries at 360-902-5335 or PW1@Lni.wa.gov.

²³ All projects will be required to be able to describe how they will use strong labor standards to promote effective and efficient delivery of high-quality infrastructure projects while also supporting the economic recovery through strong employment opportunities for workers; and to report whether any of the following practices are being utilized: project labor agreements, community benefit agreements, and prioritization of local hires.

²⁴ Consistent with the procurement standards set forth in the Uniform Guidance at 2 CFR 200.317 through 2 CFR 200.327, as applicable, including that all procurement transactions for property or services must be conducted in a manner providing full and open competition except in limited circumstances.

²⁵ Grantees must maintain effective control and accountability for the SLFRF funds by complying with financial management standards found in 2 CFR 200.303. Methods for maintaining internal controls include clearly defining grant management duties, requiring multiple check signatures and appropriate bonding.

Requirements	State Building Construction Account Fund Requirements	Federal Coronavirus State Fiscal Recovery Funds Grant Requirements
Risk Assessment	Not required unless funding utility improvements	Must complete Risk Assessment survey
Records retention	6 years after project closeout	6 years after project closeout
Other requirements		Civil rights compliance, drug-free workplace, and lobbying restrictions

Additional federal requirements include:

- Uniform Administrative Requirements: SLFRF subawards are generally subject to the requirements set forth in the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, [2 CFR Part 200](#) (the “Uniform Guidance”).
- Equipment and Real Property Management: Any purchase of equipment or real property with SLFRF funds must be consistent with the Uniform Guidance at 2 CFR Part 200, Subpart D.

Grant Process

1. Apply Using ZoomGrants

All applicants must use an online application called ZoomGrants to apply for this grant. Hard copies will not be accepted. Applicants will first need to make a ZoomGrants account and complete pre-application screening questions in ZoomGrants before completing the full application for submittal. To make a ZoomGrants account and to access the CHIP grant application, click here:

<https://www.zoomgrants.com/gprop.asp?donorid=2142&limited=3673>.

Once the pre-application screening is completed, it will be reviewed by Commerce within three business days. Pre-applications for the first round of funding must be received by January 3, 2022 to meet the application deadline of January 7, 2022. If the applicant meets the minimum requirements to apply for this grant, the pre-application will be approved and the applicant will be notified that they may complete the remainder of the application.

Before beginning the application, we suggest you find answers to the following questions so you will have everything you need on hand. When working in ZoomGrants, your application information will be saved automatically, and you can log in and out multiple times. For complete instructions about using the ZoomGrants, help is available at <http://zoomgrants.com/welcome/applicantslideshow.pdf>.

2. Commerce Reviews Applications

Commerce will review applications based on the schedule noted in the [Application Review](#) section, under General Information. Applications will be reviewed to meet threshold criteria and prioritization criteria. Projects that are selected in the first round will receive an award letter. Projects that do not meet the criteria may receive information about the results of the review upon request.

3. Award Process

These grant procedures are governed by the policies and procedures established by the US Treasury and state's Legislature, the Office of Financial Management (OFM), Commerce, and the Office of the Attorney General. Prior to receiving funds, a contract will need to be executed with Commerce. Award letters with instructions to initiate the contracting process will be emailed to each grant recipient. Emails will be sent to project contacts provided on your application.

Included with the award letter will be an overview of steps to access your CHIP grant funds and additional information that may be needed to complete pre-contracting requirements:

- Step 1. Complete pre-contracting requirements
- Step 2. Sign the grant contract
- Step 3. Submit reimbursement requests
- Step 4. Submit quarterly project and expenditure reports
- Step 5. Close out your grant contract

4. Pre-Contracting Requirements

All pre-contracting requirements must be met prior to executing a contract and before drawing down any grant funds. These may include:

- Documentation of a program that will monitor affordability of affordable housing units for a minimum of 25 years.

- For requests for system development charges or fees, documentation of charges/fees waived by the city or a letter of commitment from the city that the fees will be waived and the timeframe for such waiver.
- For requests for utility improvement funding, a project schedule showing affordable housing development be able to begin construction within 24 months of the grant award
- Securitization (covenant and/or note and deed of trust for affordable housing units)
- Proof of insurance coverage - if requested by Commerce
- Commitment of funds
- Site Control
- Documentation of consultation with Department of Archeology and Historic Preservation (DAHP) and affected tribes has been completed and there is a plan for preservation of archeological, historical and cultural resources (EO 21-02)
- State prevailing wages and documentation or attestation of strong labor standards
- Risk assessment survey, if requested
- Any new federal guidance

5. Contract Execution

Once all pre-contracting requirements have been met, a contract will be prepared and sent to the grantee for signature. The authorized representative will need to sign the contract and then return a scanned pdf copy to the Commerce project manager. Then the project manager will route the contract for Commerce's signature. It generally takes two to four weeks to fully execute a contract. Once executed by Commerce, a fully executed copy will be scanned and a pdf copy emailed to the jurisdiction and the grantee will have access to their funds.

6. Reimbursements

Funds are available once a contract is executed. This is a reimbursement-style grant, meaning no advance payments under *any* circumstances. Reimbursable costs are those that a grantee has already incurred. Full details on reimbursement will be provided with award letters.

Entities Eligible for Grant

Grants are available to local governments or public utilities located within a jurisdiction that imposed a sales and use tax under RCW 82.14.530(1)(a)(ii), 82.14.530(1)(b)(i)(B), 82.14.540, or 84.52.105. These include the following local governments or public utilities in the following jurisdictions:²⁶

Implemented the housing and related services sales and use tax authorized under RCW 82.14.530

Authorizes counties, cities, and towns to place a ballot proposition before the voters for a sales tax up to 0.1% for affordable housing and related services. At least 60% of the revenue must be used for constructing affordable housing, constructing mental and behavioral health-related facilities, or funding the operations and maintenance costs of new units of affordable housing and facilities where housing-related programs are provided. The affordable housing and facilities may only be provided to people within specified population groups whose income is 60% or less of the county median income (see RCW 82.14.530(2)(b)). The remaining funds must be used for the operation, delivery, or evaluation of mental and behavioral health treatment programs and services or housing-related services. No more than 10% of the revenue may be used to supplant existing local funds.

	City	County
Anacortes	North Bend	Jefferson
Bellevue	Olympia	King
Bellingham	Port Angeles	Whatcom
Covington	Renton	
East Wenatchee	Snoqualmie	
Ellensburg	Spokane	
Issaquah	Tacoma	
Kent	Vancouver	
Maple Valley	Wenatchee	

Affordable housing property tax levy authorized under RCW 84.52.105

Counties and cities may impose additional regular property tax levies up to \$0.50 per thousand dollars assessed valuation each year for up to ten years to finance affordable housing for very low-income households when specifically authorized to do so by a majority of voters of the taxing district. This tax may not be imposed until the legislative authority declares the existence of an emergency with respect to the availability of housing that is affordable to very low-income households, and the legislative authority adopts an affordable housing finance plan in conformity with state and federal laws regarding affordable housing. (Program information is not collected by the state, so the following list may be missing eligible jurisdictions.)

Bellingham Resolution 2018-09 (2018, 10-year levy)	Seattle Ordinance 120823
Vancouver, Proposition 1 (2018, 7-year levy)	Jefferson County Resolution 35-17 (2017, 7-year levy)

²⁶ If you passed a levy and are not on these lists, please call the program manager.

Implemented the affordable housing sales and use tax under RCW 82.14.540

City			County
Airway Heights	Longview	Stevenson	Adams
Anacortes	Lynnwood	Sumner	Asotin
Arlington	Maple Valley	Tacoma	Benton
Auburn/King RTA	Marysville	Tukwila	Chelan
Bainbridge Island	Medina	Tumwater	Clallam
Bellevue RTA	Mercer Island	University Place	Clark
Bonney Lake RTA	Mill Creek	Vancouver	Columbia
Bothell	Monroe	Washougal	Cowlitz
Bremerton	Moses Lake	Wenatchee	Douglas
Burien	Mount Vernon	Winthrop	Franklin
Burlington	Mukilteo	Winthrop	Garfield
Carnation	Newcastle	Woodinville RTA	Grant
Cashmere	Normandy Park	Woodway	Grays Harbor
Chelan City	North Bend	Yakima City	Island
Clyde Hill	Olympia		Jefferson
Covington	Omak		King County RTA
Dayton	Pasco		Kitsap
Des Moines	Port Angeles		Kittitas
Duvall	Port Orchard		Klickitat
East Wenatchee	Port Townsend		Lewis
Edmonds	Poulsbo		Lincoln
Ellensburg	Puyallup		Mason
Enumclaw	Quincy		Okanogan
Everett RTA	Redmond RTA		Pacific
Federal Way	Renton RTA		Pend Oreille
Fife	Ridgefield		Pierce County RTA
Forks	Sammamish RTA		San Juan
Issaquah RTA	SeaTac		Skagit
Kalama	Seattle		Skamania
Kenmore	Sedro Woolley		Snohomish County RTA
Kent RTA	Sequim		Spokane
Kirkland	Shoreline		Thurston
Lacey	Snohomish City		Wahkiakum
Lake Forest Park	Snoqualmie		Walla Walla
Lake Stevens	Spokane City		Whatcom
Lakewood	Spokane Valley		Whitman
Leavenworth	Stanwood		Yakima

*RTA = Regional Transit Authority

Application Questions

Screening Questions

1. Is the applicant a local government or a public utility?
 - a. Local government
 - b. Public utility

2. Has the city or jurisdiction within which the affordable housing project is located imposed a sales and use tax under one of the following statutes?
 - a. RCW 82.14.530(1)(a)(ii)? YES or NO
 - b. RCW 82.14.530(1)(b)(i)(B)? YES or NO
 - c. RCW 82.14.540? YES or NO
 - d. RCW 84.52.105? YES or NO

3. Does the associated housing project include construction of **new** multi-unit affordable housing? YES or NO

4. If the project includes market rate units, will **at least 25%** of housing units of the housing project serve and benefit low-income households? YES or NO

5. Will the affordable housing units serve the original target group or income level for **at least 25 years**? YES or NO

6. Will the affordable housing development be able to begin construction **within 24 months** of the grant award, or has it already begun? YES or NO

7. Is your request for one of the items that can be funded under this grant?
 - a. Utility improvements to drinking water, wastewater, or stormwater
 - b. Waived system development charges for water, wastewater, or stormwater
 - c. Both

8. If funding for utility extensions or improvements is requested, are eligible expenses expected to be incurred by:
 - a. June 30, 2023
 - b. June 30, 2025
 - c. December 31, 2026
 - d. NA (seeking system development charge waiver)

9. If requesting reimbursement for waived system development fees, does the jurisdiction have a program to waive fees for affordable housing? If the jurisdiction has no fee waiver program in place, they may apply conditionally, and adopt a fee waiver program to support affordable, smaller units and infill housing.
 - a. YES, we have a program and fees were waived in 2021 or will be with the project
 - b. NO, we plan to adopt a fee waiver system and waive fees for the project
 - c. NA (not applying for system development fees under this grant)

10. If requesting system development charges, can they be invoiced by June of 2023?
 - a. YES
 - b. NO, but will be before June 2025
 - c. NA (seeking utility improvement funds only)

General Information

1. Key contact from the city, county, or public utility district
Application contact (name, title, email, phone number).
2. Financial contact for invoicing
Application contact (name, title, email, phone number).
3. Name and title of the person authorized to sign contracts for the applicant
4. Total amount of funding requested:
 - a. Water improvements
 - b. Sewer improvements
 - c. Stormwater improvements
 - d. System development charges
5. Statewide Vendor (SWV) Number
To execute a contract, recipients must establish a SWV through the WA State Office of Financial Management (OFM). Registration forms at OFM's website at: <https://ofm.wa.gov/itsystems/statewide-vendorpayee-services> or 360-407-8180.
6. Washington State Unified Business Identifier (UBI) Number
A UBI # is required for a contract to be issued. If you don't have one at this time, list zeros in this field.
7. Indicate the population of the city or county in which the project is located
This information will help determine which group of funding the project is eligible for. Please refer to the Office of Financial Management's April 1 official population estimates found here: [April 1 official population estimates | Office of Financial Management \(wa.gov\)](#)
8. DUNS Number.
If you do not know your agency's DUNS number, you can look it up at [What is a D-U-N-S Number? \(dnb.com\)](#)
9. What is the fiscal year end date of the city, county, or public utility district applying for grant funds?

Information about the Affordable Housing Project

10. Affordable housing project site location:
 - a. Address line 1
 - b. City/County
 - c. Zip
 - d. Parcel #(s)
11. Please describe the project. Include the size of the parcel, the zoning, and the square footage of the development. If the project includes non-housing uses, please provide information about those (for example, retail or commercial space) and any amenities.

12. Housing unit information:

	<i>Studio</i>	<i>One bedroom</i>	<i>Two bedroom</i>	<i>Three+ bedroom</i>	<i>TOTAL</i>
<i>Number of affordable units</i>					
<i>Number of market rate units, if applicable</i>					
<i>Totals</i>					

13. What proportion of the units will be affordable to low-income households? (“Affordable housing” means payment of monthly housing costs, including utilities other than telephone, are no more than thirty percent of the family's income. “Low-income households” means a single person, family or unrelated persons living together whose adjusted income is less than eighty percent of the median family income, adjusted for household size, for the county where the project is located.)
14. How long will the affordable units in the project be affordable?
15. Describe the affordability of the affordable housing units (% of Area Median Income). If the affordability varies based on the size of the unit, please explain.
16. Developer associated with the affordable housing project
- Organization name
 - Main point of contact and title
 - Email
 - Phone number
 - If a non-profit or another partner is involved in the project, please include their contact information and their role in the project.
17. Who will own the site and the affordable housing project?
- Organization name
 - Main point of contact and title
 - Email
 - Phone number
18. Who will operate and manage the affordable housing project?
- Organization name
 - Main point of contact and title
 - Email
 - Phone number
19. Does this affordable housing project have other local, state, or federal funds committed previously to the project? YES or NO
If yes, provide name/source and the amount of funds that you have applied for or have been committed. Be prepared to show documentation of awarded funding before contracting.
20. Complete the Budget Table and Budget Narrative for the project. Has the developer of the affordable housing project secured all funds needed to complete the housing portion of the project (not including the portion covered by the CHIP grant) or will do so within two months of applying? YES or NO
If grant or loan applications are pending and you expect results within the next two months, include the amount and the date when you will have certainty. (Funding sources could include cash on hand/reserves, loans, federal/state grants, donations, etc.)

Budget Table. Attach supporting documentation for project funding in Attachments section.

Funding Source	Applied	Committed or In-hand
Total		

Budget Narrative: This section should include the total funding needed for the project (including utilities and system development charges) and any gaps that remain. If any funds are not committed or gaps remain, upload a document outlining a plan and timeline for obtaining remaining funds. Discuss the items and amounts you entered above, if needed.

21. Does the developer associated with the affordable housing project possess site control through either ownership or a long-term lease?
 - a. Ownership of the site? YES or NO
 - b. An executed long-term lease (25 years minimum)? YES or NO
 - c. Purchase or sale agreement (acquisition only)? YES or NO

22. Is there any public debate about the proposed affordable housing project that could delay the project or any other risk factors that could significantly change the timeline schedule? For example, opposition by neighborhood businesses and residents, entitlement or permitting issues, environmental concerns, supply or labor constraints. If so, to what degree could these factors slow or stop your project’s progress and what is the developer’s plan to mitigate these risks?

23. How will affordability be monitored over the long-term? If the affordable housing component will not be monitored for affordability by an organization such as the Housing Trust Fund, the operator will need to provide information about their record keeping and auditing system. In addition to monitoring, the developer will also need to execute a covenant and deed of trust noting affordability of designated units for a minimum of 25 years.

24. Tell us about the status of the following activities FOR THE AFFORDABLE HOUSING PROJECT. For each activity, indicate the status of completion or expected completion date (month/year).
 - a. Financing
 - b. Site control (ownership or leasing real property)
 - c. Architecture and engineering
 - d. Environmental review
 - e. Zoning review/entitlement
 - f. City/County permitting
 - g. Archeological and historical review
 - h. Construction bid documents
 - i. Finalization of construction budget
 - j. Award construction contract
 - k. Start construction work
 - l. Certificate of occupancy

25. When are eligible grant expenses expected to be incurred and invoiced if grant funding is awarded? Is there anything else we should know about the timeline or impediments to completing the project according to this schedule and the schedule noted in the question above?

26. If Commerce receives more applications than available funding, Commerce will score and prioritize applications based on the criteria listed in the Program Guidelines, including access to public transportation. Describe the distance from the affordable housing project to the nearest transit (bus, light rail, commuter rail, etc.), indicate the type of transit service, and describe the frequency of the service during peak hours (7-9 a.m. and 4-6 p.m.).

For example, the project is 600 feet from a bus stop on Line H1 (South Hill to Federal Way) and 0.6 miles from a bus stop on Line X5 (South Hill to Tacoma). Bus service is every 60 minutes for Line H1 and only once during the peak hour for Line X5.

Documentation Requested:

- Map of the affordable housing project location and existing utilities (water, sewer, stormwater) in the surrounding area, with street labels. Map should include the address and parcel number of the affordable housing project location. If within a county that is fully planning under the Growth Management Act, the map must show the project is within an urban growth area.²⁷ (REQUIRED)
- Documentation of project funding for the affordable housing portion of the project for all individual sources of funding over \$10,000 (include type: cash on hand/reserves, loans, federal/state grant, donations, etc.). Include award letters, bank statements, loan documents, etc. (Prior to contract execution, sufficient records shall be made available for review upon reasonable request to evidence that the Grantee has access to or has expended funds from other funding sources for this affordable housing project.) (REQUIRED)
- Proof of site control (e.g., an executed property title, lease agreement, or purchase/sale agreement) (REQUIRED)
- Upload documents showing status of zoning and permitting of the site. This is an optional part of the application.

Utility Improvement or Fee Waiver Application Questions

27. Please describe why the funding requested is necessary to complete the proposed facility or project phase. Use budgetary and fundraising data to support your statement.

UTILITY IMPROVEMENTS

If an applicant is not applying for a grant for utility improvements, please indicate NA on questions 28 through 32.

28. Grant funds requested for water improvements:
- a. Name of water service provider
 - b. Describe the improvement that is needed and why
 - c. Cost of the improvement
 - d. Grant funds requested
29. Grant funds requested for sewer improvements:
- a. Name of sewer service provider
 - b. Describe the improvement that is needed and why
 - c. Cost of the improvement
 - d. Grant funds requested
30. Grant funds requested for stormwater improvements:
- a. Name of stormwater service provider

²⁷See [GMA-Mandated-In-Out-2018.pdf | Powered by Box](#)

- b. Describe the improvement that is needed and why
 - c. Cost of the improvement
 - d. Grant funds requested
31. Please describe if the water, sewer, and stormwater improvements seeking funding will help only the affordable housing project, or do the improvements facilitate the development of other new housing or benefit other properties? If not applicable (applicant is applying for waived system development charges), note: NA.
32. Do you plan to use a local improvement district or other means to collect late-comer fees from surrounding properties that connect to the project's utility improvements? If no other properties will connect to the utility improvements of this project, note that below. If not applicable (applicant is applying for waived system development charges), note: NA.
33. Is this project located in a Qualified Census Tract as designated by the Department of Housing and Urban Development? An applicant can find if the project is located in a QCT by searching for the location here: https://www.huduser.gov/portal/sadda/sadda_qct.html. If this project is not located in a QCT but is applying for funds for utility improvements, briefly explain how this project will serve "other populations, households, or geographic areas disproportionately impacted by the pandemic" (ARPA Interim Final Rule).

WAIVED SYSTEM DEVELOPMENT CHARGES

If an applicant is not applying for a waived system development charges, please indicate NA where applicable for questions 34 through 38.

34. Describe the system development charges and the jurisdiction's process for waiving these fees. Indicate when these fees were waived by the city or when they plan to be waived based on the current project schedule. If the jurisdiction has not yet adopted a program for waiving system development charges, describe the timeline for completing this work and if there are any projected obstacles to adopting such a program and how the applicant will address those obstacles. If applying for utility improvements only, note: NA.
35. Please describe, beyond the system development charges waived (if applicable), what other fees are waived for this project. *This program may only reimburse for the system development charges, which are fees charged at the time of development to allow connection to a regional water, sewer, or stormwater system.*
36. Project system development charges for WATER:
- a. System development charges normally charged per unit:
 - b. Total system development charges:
 - c. Waived system development charges:
 - d. Grant funds requested:
37. Project system development charges for SEWER:
- a. System development charges normally charged per unit:
 - b. Total system development charges:
 - c. Waived system development charges:
 - d. Grant funds requested:
38. Project system development charges for STORMWATER:
- a. System development charges normally charged per unit:
 - b. Total system development charges:

- c. Waived system development charges:
- d. Grant funds requested:

Documents Requested:

- For requests for system development charges or fees, provide documentation of charges/fees waived by the city, or letter from the city when these fees will be waived, if applicable. If fees have not yet been waived, the applicant will need to provide proof of the fees that will be charged for the project. (REQUIRED for waived system development charges.)
- For construction of utility improvements: (All documents REQUIRED for utility improvement projects)
 - Schematic of planned utility construction
 - Project schedule, including projected start of construction

Utility Improvement Readiness

39. Tell us about the status of the following activities FOR THE UTILITY PROJECT. For each activity, indicate the status of completion or expected completion date (month/year).
- a. Financing
 - b. Site control (ownership or leasing real property), if necessary
 - c. Engineering
 - d. Environmental review
 - e. City/County permitting
 - f. Archeological and historical review
 - g. Construction bid documents
 - h. Finalization of construction budget
 - i. Award construction contract
 - j. Start utility work
40. Contracting Requirements: Will state prevailing wages be paid for all utility construction labor costs as of May 18, 2021 (the date the Capital budget became effective)? YES or NO
41. Contracting Requirements: If the utility improvements of the project disturbs any ground, has the developer or project manager consulted with the Department of Archeology and Historic Preservation (DAHP) and affected tribes? All projects will need to show proof of consulting with DAHP and affected tribes before contract execution. Yes, Plans to consult with DAHP at appropriate time, NA

Local Government/Public Utility Risk Assessment Questions

42. Local government's experience administering federal funds. Please mark only one answer.
- a. 0 to <1 year
 - b. 1 to 2 years
 - c. 3+ years
43. Local government's experience administering state capital funds. Please mark only one answer.
- a. 0 to <1 year
 - b. 1 to 2 years
 - c. 3+ years
44. Do you have an accounting system that is capable of recording revenues and expenditures for each funding source/award by required budget categories? Please mark only one answer.

- a. Yes
- b. No

45. Do you have written accounting policies and procedures? Please mark only one answer.

- a. Yes
- b. No

46. Have you received a single audit finding in the last 3 years?

- a. Yes
- b. No