



Department of Commerce

Increasing Residential Building Capacity E2SHB 1923 Grant Application Instructions

**Application Deadline
September 30, 2019**



**Local Government Division
Growth Management Services**

Date Published: August 15, 2019

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E2SHB 1923 Grant Opportunity

1. Grant Overview

The 2019 Washington State Legislature passed Engrossed Second Substitute House Bill (E2SHB) 1923 (Chapter 348, Laws of 2019) encouraging all cities planning under the Growth Management Act (GMA) to adopt actions to increase residential building capacity.

\$5 million in grant assistance is provided to encourage local cities' participation in implementing this Act. To receive grant funds, a city must choose to adopt at least two of the actions as listed in E2SHB 1923, or develop a housing action plan.¹

This grant opportunity is prioritized in the bill for cities with populations over 20,000. Based on population estimates provided by the state Office of Financial Management (OFM), a list of fifty-three cities meets this initial population threshold. A list of these cities is provided in Section 2.

As directed in E2SHB 1923, the Washington State Department of Commerce (Commerce) has developed a grant program to ensure that grant funds awarded are proportionate to the level of effort proposed by a city, and the potential increase in residential building capacity or regulatory streamlining that could be achieved. Funding may be provided in advance of, and to support, adoption of policies or ordinances consistent with this section. A city planning under the GMA, and over 20,000 in population, may receive up to \$100,000 in grant assistance to implement the actions under E2SHB 1923. A city can request more than \$100,000 for applications that demonstrate extraordinary potential to increase housing supply or regulatory streamlining.

The following activities are eligible for funding under E2SHB 1923:

Option 1: Select at least two of the following activities. A full description of each activity is at the last two pages of these Grant Application Instructions:

1. Increase residential density near commuter or light rail stations to 50 dwelling units per acre.
2. Increase residential density along high frequency transit corridors to 25 dwelling units per acre.
3. Authorize at least one duplex, triplex, or courtyard apartment on each parcel in one or more zoning districts that permit single-family residences.

¹ E2SHB 1923 Section 1(1).

4. Authorize cluster zoning or lot size averaging in all zoning districts that permit single-family residences.
5. Authorize accessory dwelling units (ADUs) on all parcels containing single-family homes.
6. Adopt a subarea plan pursuant to RCW 43.21C.420.
7. Adopt a planned action pursuant to RCW 43.21C.440 (1)(b)(ii).
8. Adopt an infill exemption under RCW 43.21C.229 for residential or mixed-use development.
9. Adopt a form-based code in one or more zoning districts that permit residential uses.
10. Authorize a duplex on each corner lot within all zoning districts that permit single-family residences.
11. Allow for the division or redivision of land into the maximum number of lots through the short subdivision process provided in chapter 58.17 RCW.
12. Authorize a minimum net density of six dwelling units per acre in all residential zones, where the residential development capacity will increase within the city.

Option 2: Develop a housing action plan.

Option 3: Select a combination of both Option 1 and Option 2, selecting a housing action plan and at least two activities from the list of twelve.

Additional Criteria:

- Cities are especially encouraged to increase residential building capacity in areas that have supportive transportation and utility infrastructure, and are served with frequent transit service.²
- Cities are also encouraged to prioritize the creation of affordable, inclusive neighborhoods and to consider the risk of residential displacement, particularly in neighborhoods with communities at high risk of displacement.³

² E2SHB 1923 Section 5.

³ E2SHB 1923 Section 1(9).

2. Eligibility Requirements

Cities applying for this grant opportunity must meet the following minimum eligibility requirements:

- Planning under the GMA⁴
- A population over 20,000, as of April 1, 2019, based on the Washington State Office of Financial Management (OFM)'s 2019 population estimates.⁵

Based on this threshold, the following cities are eligible to apply for this funding.

City of Auburn	City of Kent	City of Redmond
City of Bainbridge Island	City of Kirkland	City of Renton
City of Battle Ground	City of Lacey	City of Richland
City of Bellevue	City of Lake Stevens	City of Sammamish
City of Bellingham	City of Lakewood	City of SeaTac
City of Bonney Lake	City of Lynnwood	City of Seattle
City of Bothell	City of Maple Valley	City of Shoreline
City of Bremerton	City of Marysville	City of Spokane
City of Burien	City of Mercer Island	City of Spokane Valley
City of Camas	City of Mill Creek	City of Tacoma
City of Covington	City of Moses Lake	City of Tukwila
City of Des Moines	City of Mount Vernon	City of Tumwater
City of Edmonds	City of Mountlake Terrace	City of University Place
City of Everett	City of Mukilteo	City of Vancouver
City of Federal Way	City of Oak Harbor	City of Walla Walla
City of Issaquah	City of Olympia	City of Wenatchee
City of Kenmore	City of Pasco	City of Yakima
City of Kennewick	City of Puyallup	

3. Grant Timeline

- **August 15, 2019: Grant Applications available.**
Application packets will be sent by email to eligible GMA with populations over 20,000 and will also be posted on the Commerce website: <https://www.commerce.wa.gov/serving-communities/growth-management/growth-management-grants/>.
- **September 30, 2019: Grant applications are due by 5:00 p.m. PST.**

⁴ E2SHB 1923 Section 1(1)

⁵ <https://www.ofm.wa.gov/washington-data-research/population-demographics/population-estimates>

Completed applications must be submitted electronically to gmsgrants@commerce.wa.gov.

- **October 30, 2019: Grants awards announced.**

Successful applicants will receive a grant administered through a contract. The contract includes a project Scope of Work and Budget, which lists the activities (Actions) the grant will fund along with a description of the final products (Deliverables) that these work activities will generate.

Commerce may work with jurisdictions to clarify specific application information, actions steps, or to discuss adjustments to the grant amount prior to execution of the contract.

- **November 30, 2019: Grants agreements executed.**

Commerce anticipates having all the grant contracts signed by November 30, 2019. Date of execution is the date Commerce signs the agreement. Monitoring and progress reports will be required as part of the contract.

- **April 1, 2021: Local legislative action must be taken.**

As final deliverables for this grant, local legislative actions must be adopted by the grantee city on or before April 1, 2021.⁶

- **June 15, 2021: Grant deliverables must be submitted to Commerce.**

A housing action plan must be adopted and submitted to Commerce by June 15, 2021.

- **June 30, 2021. Grant end date.**

Final billing and closeout documents must be submitted by this date.

4. Grant Amounts and Joint Planning

Grant applications should include detail that shows the level of effort and funding required for each Action under the scope of work. This information is discussed in more detail in Section 5 below.

Joint Planning with Multiple Jurisdictions

This grant provides an opportunity for cities to collaborate. Where work can be shared, funding requests should reflect these savings.

⁶ E2SHB 1923 Section 1 (6)

Joint applications for housing action plans from two or more jurisdictions are encouraged. Two or more cities with populations over 20,000 may each apply for funding for a joint housing action plan. They should reference the work with other jurisdictions.

Cities with populations over 20,000 may apply with cities with populations under 20,000 for activities such as regional housing action plans or subarea plans that may cross jurisdictional boundaries, including into unincorporated UGAs.

NOTE: A second round of funding will be available for cities under 20,000 after September 3, 2019. These grant amounts will be smaller, so first round grant applications involving smaller jurisdiction partners should take this into account.

Joint applicants must designate a lead agency for purposes of grant administration and contracting. The lead city and partner city or cities must meet all the eligibility requirements for this grant. Each joint city will have a separate grant agreement through Commerce, due to the grant requirement for a separate legislative action by each grantee, in order to receive their portion of the grant funding.

5. Completing the Grant Application Form

Summary Page

- Provide the name of your city and the total grant funding requested.
- Select from the list of activities that your city intends to pursue.

5.1 Jurisdiction Information

Complete the requested fields, providing Jurisdiction Information. If two or more cities are jointly applying and collaborating on this grant, submit a separate page for each city. Indicate which city is the lead city for purposes of the grant.

Unified Business Identifier (UBI) Number: For entities in Washington State, the 9-digit Unified Business Identifier (UBI) is assigned for doing business in Washington State. It is written as “___-___-___”. Your accounting/finance officer should be able to provide this number. <http://apps.dor.wa.gov/BRD/>

Statewide Vendor (SWV) Number: This is a nine digit number assigned by the state to your jurisdiction in order for direct deposit/EFT payments. It is typical written as “SWV_ _____-___”. Your accounting/finance officer should be able to provide this number. Contact us for more information.

Authorized Official: Please provide the name and title of the official authorized to sign the grant agreement. Usually this is the Mayor. However, it may be a designated administrative officer, such as the City Manager, depending on your city’s policies and structure. Please provide the name and title as it should appear under the grant agreement signature line:

5.2 The Scope of Work and Project Schedule

Under Scope of Work, for each selected Action, please use the language from E2SHB 1923. This language is also available in the list of eligible activities beginning on page 14 of these Instructions. To receive grant funds, a city must choose to adopt at least two of the actions as listed in E2SHB 1923, or develop a housing action plan.⁷

Next to “Step”, describe each task needed to carry out the Action. The third and fourth columns are for estimated start and end dates for each action.

“**Actions**” refer to the overall purpose of a specific part or portion of the project. Actions should include a “start” and “end” date.

“**Steps**” are brief statements about the work activities that this particular portion of the project entails. Steps need an estimated end date. Start dates are optional. If only a month and year are given, we will assume that the estimated start date is the first day of the first month and the estimated end date is the last day of the last month.

“**Deliverables**” are the final products that the grant and/or portion of the grant will generate. The applicant will need to deliver these products by the dates indicated in the “End Date” column.

NOTES:

- **Actions selected from the menu of twelve actions must be adopted by April 1, 2021 to receive full funding.**
- **The final due date for Deliverables must be no later than June 15, 2021.**

⁷ E2SHB 1923 Section 1(1).

The following table shows a sample Scope of Work. Use a separate table for each Action.

Sample Scope of Work

Action/Steps/ Deliverable	Description	Start Date	End Date
Action 1.0	<i>Short description of the Action...</i>		
Step 1.1	<i>Gather relevant data and review existing code language</i>	<i>9/1/19</i>	<i>11/1/19</i>
Step 1.2	<i>Analyze collected data and review parcel data to understand the realistic potential for this action.</i>	<i>11/1/19</i>	<i>12/30/19</i>
Step 1.3	<i>Develop recommendations to planning commission</i>	<i>01/1/20</i>	<i>2/15/20</i>
Step 1.4	<i>Present recommended amendments to planning commission</i>	<i>2/15/20</i>	<i>3/1/20</i>
Deliverable 1	<i>Draft Ordinance and Staff Report</i>		<i>2/15/20</i>
Step 1.5	<i>Prepare notices, distribute information and conduct public hearings</i>	<i>3/1/20</i>	<i>4/1/20</i>
Step 1.6	<i>Make changes to amendment package per planning commission recommendations</i>	<i>6/16/20</i>	<i>7/15/21</i>
Step 1.7	<i>Present to council</i>	<i>8/15/21</i>	<i>9/15/21</i>
Step 1.8	<i>Prepare for council adoption</i>	<i>10/03/21</i>	<i>11/1/21</i>
Deliverable 2	<i>Adopt Ordinance</i>		<i>2/15/21</i>

Please note this example is for illustrative purposes only.

- The Scope of Work included in the Grant Application will be used to develop a contract when the grant is awarded.
- Applicants are not limited to the number of lines represented on the Grant Application form. Add additional lines as needed.
- If an Action and/or Step is currently in progress, at the time you are applying for this funding, clearly document progress to date and detail the tasks that will be carried out using grant funds. Grant funds may be used for any tasks occurring after July 28, 2019.

5.3 Budget / Financial Information

In the budget table, provide information about the project's cost, corresponding to the Actions in the scope of work. In the budget narrative, provide estimates of staff hours for each Action (or step), staff hourly rates, and other expenses to support the requested funding amount. Budget managers should be aware that the final thirty percent (30%) of the grant amount for each action is contingent upon adoption of the selected Action.

The budget table has space to include other funds for each Action. Please estimate in-kind or other funding supporting each action.

Sample Budget

Action / Deliverables	Commerce Funds	Other Funds [If applicable]
Action 1.	\$_____	\$_____
Action 2.	\$_____	\$_____
Action 3.	\$_____	\$_____
Total:	\$_____	\$_____

5.4 Grant Application Questions and Scoring Method

Commerce will award grant funds proportionate to the level of effort proposed by a city, and the potential increase in housing supply or regulatory streamlining that could be achieved. All grant applications will be scored and ranked on the following criteria.

a. **Readiness to Proceed:** (20 points)

How ready is your jurisdiction to complete this project in a timely manner?

Please state how the project can be started and completed before April 1, 2021, Refer to the scope of work if needed. Provide key comprehensive plan policies, housing strategies, or other directives that support the development of the selected actions. Identify the key staff or consultants who will be implementing the project along with their history regarding their ability to successfully complete other grant projects.

b. **Local Commitment to the Project:** (10 points)

Please include a letter from the mayor demonstrating support for the program and general willingness to adopt selected actions or a housing action plan. For joint proposals, include letters of support from all participating jurisdictions.
(See Section 5 – Letter of Support below.)

Describe the impact that the lack of Commerce grant fund would have on the project. Indicate whether the proposed project is an expansion of an existing project that will proceed even without the Commerce grant funds.

What local funding or in-kind services are leveraged by this grant? Indicate the level and type of support that the appropriate legislative body will provide the project. For example, include the amount of staff time and/or funding that is committed to the project as well as other funding and “in-kind” support.

c. **Potential to increase housing supply or provide regulatory streamlining:** (40 points)

Please describe how the proposed actions will increase residential building capacity or streamline regulations. Provide detail on your assumptions over the 20-year planning period.

- If adopting actions to increase residential capacity, for each action, please provide an estimate of number of additional units that may be allowed over the 20-year period as an absolute number and as a percentage of the number of units currently planned for within the city. Include the assumptions you used in the estimate.
- If adopting actions to streamline permitting, describe how the streamlining might encourage more or faster development within your jurisdiction. Estimate the number of units that might be built under the streamlined regulation, and as a percentage of the number of units that are currently planned for within the city.
- If pursuing a housing action plan, include a detailed statement discussing the general direction of this work, and what you hope to accomplish. Describe strategies for public involvement, policy work, or other features of the work that will help your jurisdiction move towards adoption of provisions for more dense and diverse levels of housing within your jurisdiction.

Explain how your application responds to the legislative direction in E2SHB 1923 to:

- Increase residential building capacity in areas that have supportive transportation and utility infrastructure, and are served with frequent transit service.⁸
- Prioritize the creation of affordable, inclusive neighborhoods and to consider the risk of residential displacement, particularly in neighborhoods with communities at high risk of displacement.

⁸ E2SHB 1923 Section 5.

Extraordinary potential to increase residential building capacity or regulatory streamlining (Up to 20 bonus points)

A city may request more than \$100,000 for activities that hold extraordinary potential to increase housing supply or regulatory streamlining, subject to the availability of funds appropriated for this grant program. If you are requesting additional grant funding, please provide the justification in this section. Extraordinary potential may include, but is not limited to:

- A single jurisdiction proposing at least two of the activities and explaining how these actions demonstrate extraordinary potential to increase residential building capacity or regulatory streamlining (does not include a housing action plan).
- Transit-oriented planning with multiple jurisdictions and tribes, if applicable. Documentation would include the expected extraordinary increase in capacity or streamlining from working together.
- Housing action plans that cross multiple jurisdictions, and are coordinators for consistency. Documentation would include the expected extraordinary outcomes as a result of working together.

If city proposes to adopt actions to increase capacity, it may provide a rough estimate of number of additional units that may be produced over the 20-year period as a result of these actions, including the assumptions used in the estimate, and how these numbers are extraordinary, compared to existing plans and regulations, or to other similar jurisdictions.

If a city proposes permit streamlining, documentation may include an estimate of the number and percentage of units that the proposed tool(s) may potentially streamline within the jurisdiction, and how this might be extraordinary compared to normal course of business or other similar jurisdictions.

Commerce will determine to what extent extra funds may be awarded, based on the scope of work and available funding.

d. **Local or Regional Need:** (20 points)

Commerce will score this section based on a formula of cost burden and extreme cost burden data within your community. For applications with multiple jurisdictions, this data will be weighted by population. If there are particular factors that should be factored in, please provide a short paragraph with details and facts.

e. **Demonstration Potential:** (10 points)

Is this a project that would provide an example that can easily be used by other local governments? Describe how the project or elements of the project could be transferred to other jurisdictions. Include factors that may limit the transferability of the project, such as budget and staffing, and factors that would make it broadly applicable.

Summary of Criteria and Points	
a) Readiness to Proceed	20 points
b) Local Commitment to the Project	10 points
c) Potential to increase housing supply or provide regulatory streamlining*	40 points
d) Local or Regional Need	20 points
e) Demonstration Potential	10 points
Total	100 points

*A total of 20 bonus points may be added to part c for extraordinary potential to increase residential building capacity or permit streamlining.

Applications are scored based on the responses to questions. After scoring, the applications are ranked by total points. The scores, together with the total number of applications received, will assist in determining the grant funding and any adjustments needed. This will also help determine how much funding is awarded in the first round of funding, and how much will remain for a second round of grant applications.

6 Letter of Authorization

A letter of authorization from the city mayor, or other authorized official, should accompany the completed application form. The letter from Mayor should include the following language:

I, _____, Mayor of _____, authorize the city to propose the attached scope of work and budget request for E2SHB 1923 grant funding to increase residential building capacity.

[Include selected Actions. Mention how the work plan fits with the vision and goals of the community, and include a short description of efforts already underway to support the work.]

We agree to adopt the ordinances and/or plans that result from the grant, by April 1, 2021, acknowledging that, a minimum, the actions must meet the requirements of E2SHB 1923.

7 Grant Application Format and Submittal Requirements

Applications are due by **Monday, September 30, 2019, at 5:00 pm.**

Applications should be submitted as a single combined document. Maximum length is 10 pages, not including the letter of support. The Letter of Support should be scanned and attached, or have a scanned signature of the Mayor, or individual within the organization, authorized to sign this letter.

Applications must be submitted electronically as an attachment to an e-mail to gmsgrants@commerce.wa.gov. Attachments to e-mail shall be in Microsoft Word format or PDF. Zipped files cannot be received by Commerce and cannot be used for submission of proposals.

Commerce does not assume responsibility for problems with Applicant's e-mail. If Commerce email is not working, appropriate allowances will be made. Commerce will confirm receipt of emailed applications. Applications should not be mailed in hardcopy or transmitted using facsimile transmission.

Applicants should allow sufficient time to ensure timely receipt of the proposal by Commerce. Late proposals may not be accepted. All proposals and any accompanying documentation become the property of Commerce and will not be returned.

For more information, please contact:

Dave Andersen, GMS Managing Director / Project Lead
(509) 434-4491, dave.andersen@commerce.wa.gov

Paul Johnson, Management Analyst / Contracts
(360) 725-3048 paul.johnson@commerce.wa.gov

Anne Fritzel, Senior Planner / Housing Technical Specialist
(360) 725-3064 anne.fritzel@commerce.wa.gov

Grants Email: gmsgrants@commerce.wa.gov

Activities eligible for E2SHB 1923 funding: Select at least two of the actions listed below, a housing action plan, or a combination.

- a) Authorize development in one or more areas of not fewer than 500 acres that include at least one train station served by commuter or light rail with an average of at least fifty residential units per acre. Regulations must require no more than an average of one on-site parking space per two bedrooms in multifamily zones that are located within the areas.*
- b) Authorize development in one or more areas with an average of at least 25 dwelling units per acre, served by scheduled bus service of at least four times per hour, at least 12 hours per day. Regulations must require no more than an average of one on-site parking space per two bedrooms in multifamily areas. Designated areas should be at least 250 acres for cities with a population of less than 40,000 people, or 500 acres for cities with a population over 40,000.*
- c) Authorize at least one duplex, triplex, or courtyard apartment on each parcel in one or more zoning districts that permit single-family residences unless a city documents a specific infrastructure or physical constraint that would make this requirement unfeasible for a particular parcel.*
- d) Authorize cluster zoning or lot size averaging in all zoning districts that permit single-family residences;*
- e) Authorize attached accessory dwelling units (ADUs) on all parcels containing single-family homes where the lot is at least 3,200 square feet in size, and permit both attached and detached ADUs on all parcels containing single-family homes, provided lots are at least 4,356 square feet in size. Qualifying city ordinances or regulations may not provide for on-site parking requirements, owner occupancy requirements, or square footage limitations below 1,000 square feet for the accessory dwelling unit, and must not prohibit the separate rental or sale of accessory dwelling units and the primary residence. Cities must set applicable impact fees at no more than the projected impact of the accessory dwelling unit. To allow local flexibility, other than these factors, accessory dwelling units may be subject to such regulations, conditions, procedures, and limitations as determined by the local legislative authority, and must follow all applicable state and federal laws and local ordinances.*
- f) Adopt a subarea plan pursuant to RCW 43.21C.420.*
- g) Adopt a planned action pursuant to RCW 43.21C.440(1)(b)(ii).*
- h) Adopt an infill exemption under RCW 43.21C.229 for residential or mixed-use development*

- i) Adopt a form-based code in one or more zoning districts that permit residential uses. "Form-based code" means a land development regulation that uses physical form, rather than separation of use, as the organizing principle for the code;*
- j) Authorize a duplex on each corner lot within all zoning districts that permit single-family residences.*
- k) Allow for the division or redivision of land into the maximum number of lots through the short subdivision process provided in chapter 58.17 RCW;*
- l) Authorize a minimum net density of six dwelling units per acre in all residential zones, where the residential development capacity will increase within the city.*

Housing Action Plan

The goal of any such housing plan must be to encourage construction of additional affordable and market rate housing in a greater variety of housing types and at prices that are accessible to a greater variety of incomes, including strategies aimed at the for-profit single-family home market. The housing action plan should:

- (a) Quantify existing and projected housing needs for all income levels, including extremely low-income households, with documentation of housing and household characteristics, and cost-burdened households;*
- (b) Develop strategies to increase the supply of housing, and variety of housing types, needed to serve the housing needs identified in (a) of this subsection;*
- (c) Analyze population and employment trends, with documentation of projections;*
- (d) Consider strategies to minimize displacement of low-income residents resulting from redevelopment;*
- (e) Review and evaluate the current housing element adopted pursuant to RCW 36.70A.070, including an evaluation of success in attaining planned housing types and units, achievement of goals and policies, and implementation of the schedule of programs and actions;*
- (f) Provide for participation and input from community members, community groups, local builders, local realtors, nonprofit housing advocates, and local religious groups; and*
- (g) Include a schedule of programs and actions to implement the recommendations of the housing action plan.*