

CITY OF SPOKANE PUBLIC WORKS DIVISION/ DEVELOPMENT SERVICES PUBLIC RULE	RULE 5200-25-01 LGL 2023-0029 RES 2025-0059
TITLE: GENERAL FACILITY CHARGES – INCENTIVES, WAIVERS AND OFFSETS	
EFFECTIVE DATE: MARCH 5, 2024 REVISION EFFECTIVE DATE: <u>October 6, 2025</u>	

1.0 GENERAL

The City of Spokane Public Works Division establishes the following Public Rule, policy, and procedures for General Facility Charges (GFC) incentives, waivers and offsets.

This Public Rule relates to the requirement for municipal utilities to identify alternative non-utility revenues or funds before agreeing to waive or offset any connection charges. SHB 1326, enacted and effective July 23, 2023, allows connection charges to be waived or offset for properties owned or developed for purposes of providing emergency shelter, transitional housing, permanent supportive housing, or affordable housing, provided that a separate non-utility source of revenue such as general funds, grant dollars or other identified revenue stream is identified. This Public Rule outlines the parameters of how such offsets or waivers will be identified and awarded.

Additionally, ESB 5662, enacted and effective July 27, 2025, codified in RCW 35.92.385 allows for connection charges to be deferred (“Permissive Waiver”) so long as the property is maintained and covenanted in perpetuity as affordable housing pursuant to 36.70A.030(5).

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2.0 DEPARTMENTS/DIVISIONS AFFECTED

This Public Rule shall apply to the City of Spokane Development Services Center, Wastewater Management Department, Water and Hydroelectric Department,

Integrated Capital Department, Engineering Services Department, and the Planning and Economic Development Department.

3.0 REFERENCES

Spokane Municipal Code (SMC) Chapter 08.07D
Spokane Municipal Code (SMC) Chapter 08.15
Spokane Municipal Code (SMC) Chapter 13.03
Spokane Municipal Code (SMC) Chapter 13.04
Spokane Municipal Code (SMC) Chapter 17C.300
Ordinance C-36369 and C-36372
RCW 35.92.380
RCW 35.92.385

4.0 DEFINITIONS

“GFC Charges” means those charges set forth in SMC 13.03.0734 and SMC 13.04.2044 as may be amended from time to time by the Engineering News-Record Index (ENR) calculated by City Staff, from October to October for the previous year. The initial ENR index will occur prior to March 5, 2024, after which this annual increase will occur January 1, 2025, and occur each January 1 thereafter.

5.0 POLICY

- 5.1 It is the Policy of the City of Spokane not to waive GFC Charges without prior identification of a non-utility revenue stream such as general fund dollars or grant funds.
- 5.2 Any offset or deferral of the developer’s cost of the GFC shall be replaced with funds from non-utility revenue sources, such as grant dollars or other general fund revenues.
- 5.3 Such offset or deferral must be clearly identified and paid by the other source at time of application for connection, application for a building permit, or as otherwise ordered by the Director of Public Works.
- 5.4 In limited circumstances defined in 6.2 below, some affordable housing projects may receive a “permissive waiver” of a portion of GFC charges without payment by a non-utility revenue stream in return for the placement of a 50-year covenant to retain specific affordability requirements.

6.0 PROCEDURES

6.1 Affordable Housing.

In response to the ongoing local and national housing crisis, fifty percent (50%) of a project's GFC Charges may be deferred or offset for the construction of affordable housing as defined in RCW 36.70A.030(5). Deferred or offset fees shall be paid by an identified alternative revenue source at the time GFC Charges are due. The remainder shall be paid by the developer. Projects that qualify for the affordable housing deferral or offset shall meet one of the following criteria:

- 6.1.1 For a project that qualifies for the twelve-year exemption under the Multiple Family Housing Property Tax Exemption as described in SMC 08.15.090, GFC Charges subject to this rule may be deferred for the life of the property tax exemption. Projects that maintain qualifying status for the entire twelve-year period may have fees permanently offset at the end of the twelve-year period.
- 6.1.2 For a project that qualifies for the twenty-year exemption under the Multiple Family Housing Property Tax Exemption as described in SMC 08.15.090, GFC Charges subject to this rule may be deferred for the life of the property tax exemption. Projects that maintain qualifying status for the entire twenty-year period may have fees permanently offset at the end of the twenty-year period.
- 6.1.3 For a project that qualifies for the sales and use tax exemption under the Sales and Use Tax Deferral Program for Affordable Housing as described in SMC 08.07D, GFC Charges subject to this rule shall be deferred for the life of the sales and use tax exemption. Projects that maintain qualifying status for the entire ten-year period may have fees permanently offset at the end of the ten-year period.
- 6.1.4 For projects that qualify for the use of funds from the Sales and Use Tax for Housing and Housing-Related Supportive Services as described in chapter 08.07D SMC, GFC Charges subject to this rule may be offset.
- 6.1.5 For projects receiving funding through state, or federal programs for affordable housing, fees under this section may be offset.
- 6.1.6 For projects to build owner-occupied property with a covenant to limit sales to low-income households earning no more than 80 percent of the area median income, fees under this section may be offset, so long as affordability is retained for a minimum of 50 years.

6.2 “Permissive Waiver” of some GFC Charges; Conditions of Waiver

- 6.2.1 A “Permissive Waiver” allows for a waiver of some GFC charges without a specific non-utility funding source in return for a 50-year covenant to limit sales or leases to low-income households and other requirements.
- 6.2.2 A permissive waiver of 50% of GFC Charges that would be regularly charged may be granted by the City for owner-occupied properties with a covenant that limits sales to low-income households earning no more than 80 percent of the area median income.
- 6.2.3 A permissive waiver of 50% of GFC Charges that would be regularly charged may be granted by the City for rental properties with a covenant to limit leases to low-income households earning no more than 60 percent of the area median income.
- 6.2.4 For multi-family residential projects that include housing units with both qualified, affordable units and non-qualified units, the permissive waiver will be pro-rated accordingly. For example, if a project has 10 units, but only half of them meet the requirements, the permissive waiver would equal half of the original 50% permissive waiver.
- 6.2.5 An additional permissive waiver in the amount of 25% of GFC Charges for rental or owner-occupied properties that meet the requirements listed in 6.2.2 and 6.2.3 if the project completes an application for a Washington State Department of Commerce Connecting Housing to Infrastructure Program (CHIP) grant to pay for such GFC charges but does not receive a CHIP grant award because of lack of available funds. Again, the additional waiver will be pro-rated for multi-family projects that include both qualified and non-qualified units as in 6.2.4.
- 6.2.6 Any covenant satisfying the requirements of Section 6.2.2 and 6.2.3 shall, at least, contain explicit restrictions that include:
 - 1. Price restrictions and household income limits as defined in 6.2.2 and 6.2.3.
 - 2. A provision that specifies that if the property is converted to a use other than as set forth in 6.2, the property owner must pay the applicable General Facilities Charges at the rate in effect at the time of conversion.

3. Maintenance and habitability. The owner shall maintain all residential rental units and all tenant-serving facilities in a state of good repair and in continuous compliance with SMC 17F.070.400.

6.2.7 All Covenants required under 6.2 shall be recorded with the Spokane County Auditor. At such time as a property receiving a permissive waiver is no longer operating under the eligibility requirements, all GFC connection charges for the properties are immediately due and payable to the City's water and wastewater utilities as a condition of continued service. The amount owed would be equal to the GFC rates in effect at the time of the change.

6.3 Failure to Maintain Qualifications for Deferred GFC Charges.

A project with deferred GFC Charges that maintains qualifying status under 6.1 for the duration specified shall have the indicated amount of GFC Charges offset permanently at the end of the term. A project that fails to maintain qualifying status under 6.1 for the duration specified shall repay all deferred GFC Charges to the City or as funded initially.

6.4 Maximum Limit of Deferral or Offset under Section 6.1.

6.4.1 The maximum offset or deferral for a water GFC Charge shall be forty thousand dollars (\$40,000) per project.

6.4.2 The maximum offset or deferral for a sewer GFC Charge shall be twenty thousand dollars (\$20,000) per project.

6.5 Funding.

6.5.1 Offsets or deferrals shall be awarded on a first-come, first-served basis. When an identified alternative source of revenue is depleted, another revenue source must be identified or an offset or deferral shall not be awarded.

6.5.2 Some alternative sources of revenue, such as grant funds, may have additional restrictions on the use of funds. A project that qualifies for a deferral or offset under this rule may not qualify for any of the identified alternative sources of revenue. A project that fails to qualify under the limitations of available alternative sources of revenue shall not be awarded an offset or deferral.

6.5.3 Nothing in this Public Rule shall preclude the use of third-party sources of funding, such as grants, from contributing towards a project's GFC Charge.

- 6.6 Other incentives may be identified based on the project details, timing, state or local incentives upon approval of the Director of Planning and Economic Services Department.

7.0 RESPONSIBILITIES

The City of Spokane Wastewater Management Department, Water and Hydroelectric Department, the City of Spokane Integrated Capital Management Department, Engineering Services Department, and the City of Spokane Accounting Departments through the Planning and Economic Development Department shall administer this Public Rule.

APPROVED BY:

ALEXANDER SCOTT
ALEXANDER SCOTT (Oct 16, 2025 14:52:35 PDT)

City Administrator

Oct 16, 2025

Date

Marlene Feist

Public Works Director

Oct 17, 2025

Date

Michael J PICCOLO
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City Attorney

Oct 14, 2025

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CITY OF SPOKANE

Final Audit Report

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