



City of Olympia | Capital of Washington State

1000 Bay Street | Olympia, WA 98507 | 360.475.2000

January 2, 2013

MR BILL RUMPF, PRESIDENT
MERCY HOUSING NORTHWEST
2505 THIRD AVENUE, SUITE 204
SEATTLE WA 98121

Dear Mr. Rumpf:

On behalf of the City of Olympia I am responding to your proposal to construct a senior housing project on a site in downtown Olympia currently owned by the City of Olympia.

The property is located at the southeast corner of State Avenue and Columbia Street in downtown Olympia. The site has several advantages as a proposal for downtown senior housing, in addition to some shortcomings that would need to be explored.

With regard to strengths, the following characteristics are positive:

- The site has a strong potential for senior housing given its proximity to the Olympia Senior Center, public transportation, and other residential services.
- Past housing studies. (Heartland) describes this site as having potential for private investment, including housing.
- The current vacant lots are an underutilized use for the City. A high quality development with attractive design and a strong partner organization such as yours could provide a good catalyst for other downtown development.
- This proposed project has the added benefit of revitalizing an important part of our downtown, which has not seen growth or redevelopment for some years.

The site also has some shortcomings and costs that would need to be explored. Those include:

- Unknown costs of environmental cleanup
- Opportunity costs - what, if any, alternative investments might yield a higher public benefit for the City both in the long- and short-run.
- Insufficient time for the City Council to make an informed decision about whether it is interested in the City committing to site control prior to the State of Washington Stage 1 application deadline.
- Need to replace lost parking for the Senior Center if this site is developed.

Nonetheless, I think it is in the City's interest to support your application to this stage of the State's Housing Trust Fund application process. Therefore, I have outlined the due diligence

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that the City and Mercy Housing could undertake in the next several months to allow for a Council decision on use of this site by the end of 2013.

Again, while I do not have the authority to guarantee any commitment to the project until these steps are favorably completed, this is the action plan that I will forward to the City Council for its consideration.

The main action would be City Council agreement for consideration of the project. Included in that agreement would be the action steps outlined below. (early February)

- A timeframe for the Council to decide whether or not to invest additional resources into the phase 2 environmental study to better determine the environmental cost for using this site. (March)
- If Council commits to phase 2 environmental and it is completed favorably, then the Council could consider an RFP application for Mercy Housing to compete for City CDBG funding. (June - July)
- If the outcome of the competitive RFP for CDBG funds is favorable to Mercy's proposal, an agreement and decision on the final terms of the project. (late September)

Again, the intent of this letter is to describe the steps that would be considered to give Mercy Housing an opportunity to compete in the State's Housing Trust Fund application process. This letter also outlines the steps that would be needed for the Council to go through a deliberate and transparent process for deciding whether or not it wishes to participate in this project either by the disposition of the land, local funding, or assumption of environmental costs.

I trust that these are adequate for your purposes in the Housing Trust Fund. I am impressed with the work done to date by your organization and look forward to working with you in the future.

Sincerely,



Steven R. Hall
City Manager

cc: Olympia City Council
Keith Stahley
Steve Friddle
Anna Schlecht