

Ordinance No. 7469

AN ORDINANCE OF THE CITY OF OLYMPIA, WASHINGTON, RELATING TO PUBLIC HEALTH AND SAFETY; DECLARING A CONTINUING STATE OF PUBLIC HEALTH EMERGENCY RELATING TO INSUFFICIENT SUPPLY OF AFFORDABLE HOUSING; AUTHORIZING SUCH ACTIONS AS ARE REASONABLE AND NECESSARY IN LIGHT OF SUCH EMERGENCY TO MITIGATE THE CONDITIONS GIVING RISE TO SUCH PUBLIC HEALTH EMERGENCY; DECLARING AN EMERGENCY SO THIS ORDINANCE IS EFFECTIVE UPON ADOPTION; AND PROVIDING FOR SUNSET OF THIS ORDINANCE

WHEREAS, in Olympia, Thurston County, and in many parts of the nation, there exists a housing crisis in which there is an insufficient supply of affordable housing; and

WHEREAS, affordable housing is defined as housing for which the sum of rent or a mortgage payment and utilities costs no more than 30 percent of a household's gross income; and

WHEREAS, middle housing, defined as housing that is compatible in scale, form, and character with single-family houses and contains two or more attached, stacked, or clustered homes including duplexes, triplexes, fourplexes, fiveplexes, sixplexes, townhouses, stacked flats, courtyard apartments, cottage housing; and accessory dwelling units in low density zones, is often naturally occurring affordable housing; and

WHEREAS, a lack of housing that is affordable, specifically to low-income households whose incomes are less than or equal to 80 percent of area median income, creates housing instability and is a factor in persistent and increasing houselessness; and

WHEREAS, persistent and increasing houselessness impacts not only people experiencing houselessness, but also the entire community, all residents, neighborhoods, and businesses; and

WHEREAS, Olympia City Council declared houselessness a public health and safety emergency in 2018; and

WHEREAS, living in unaffordable housing is associated with a higher risk of chronic health conditions such as elevated levels of cholesterol, respiratory infections, coronary heart disease, cardiovascular disease, arthritis, stroke, and cancer; and

WHEREAS, living in unaffordable housing is also associated with mental health challenges, including chronic stress, anxiety, and depression; and

WHEREAS, access to housing for all is essential to the security, health, wellbeing, and prosperity of our community; and

WHEREAS, the 2024 5-Year Estimate American Community Survey reports that of Olympia's 26,795 housing units, 12,766 are renter occupied and 7,273 (59.6 percent) of renter occupied housing units are occupied by households who are housing cost burdened, meaning the household pays greater than 30 percent of their household income on housing expenses; and

WHEREAS, increasing the supply of affordable housing is a goal included in Olympia's One Community Plan, Housing Action Plan, and the Olympia: 2045 Comprehensive Plan; and

WHEREAS, Olympia and its urban growth area is projected to need approximately 14,295 new housing units, of which 7,616 of the units will be needed for low-income households with incomes at or below 80 percent of area median income, by 2045 to accommodate projected population growth; and

WHEREAS, the community has consistently ranked housing and houselessness as top concerns and priorities in recent years' Community Engagement and Public Opinion Surveys; and

WHEREAS, local housing developers have communicated that Olympia's permitting and development standards increase housing development costs, making it more difficult to increase the supply of housing, including housing that is affordable for low-income households; and

WHEREAS, some of the barriers to developing affordable and middle housing are Olympia's development regulations; lack of infrastructure; high cost of land and building materials; and limited financing sources to assist developers in constructing housing which can be occupied at rates affordable to low-income households; and

WHEREAS, the responsibility for the development of infrastructure to support housing, which historically had fallen on government, has in recent decades been placed on developers, passing the costs of infrastructure development onto housing developers and subsequently increasing the costs for tenants to rent or own a home; and

WHEREAS, streamlining and supporting the regulatory systems through the provision of dedicated community planning and development staff and alternative processes is necessary to reduce the cost and timeline associated with providing new affordable housing units for residents of the City; and

WHEREAS, the urgency of the affordable housing shortage in Olympia requires that the City, in addition to developing long range plans, develop solutions that can be implemented in the near future to help ease Olympia's housing supply shortage; and

WHEREAS, the affordable housing shortage in Olympia constitutes a set of circumstances that demand immediate action to preserve public health, protect life, protect public property, and provide relief to neighborhoods affected by such occurrences; and the affordable housing shortage reaches such a dimension or degree of destructiveness as to warrant a declaration of the existence of an emergency; and

WHEREAS, communities such as San Diego, California; Los Angeles, California; Portland, Oregon; the State of Hawaii, and others, have declared states of emergency related to an insufficient supply of affordable housing; and

WHEREAS, the Olympia City Council passed Ordinance No. 7414 on December 17, 2024, finding and declaring a public health emergency relating to insufficient supply of affordable housing in the City of Olympia; and

WHEREAS, since the passage of Ordinance No. 7414, the conditions that gave rise to the affordable housing public health emergency have continued and are continuing, thus warranting keeping in place

the extraordinary measures authorized in Ordinance No. 7414, and reauthorized in this Ordinance, to respond to this public health emergency; and

WHEREAS, the above circumstances warrant the exercise of the City Council's power to declare a continuing public health emergency under authority of Article XI, Section 11, of the Washington State Constitution; 35A.11.020 RCW; 35A.11.030 RCW; 35A.13.190 RCW; 35A.38.010 RCW, and other applicable laws and regulations, and pursuant to Chapter 2.24 of the Olympia Municipal Code, and pursuant thereto, and the authorization of such extraordinary measures as are reasonable and necessary in light of such of public health emergency to mitigate the conditions giving rise to the public emergency;

NOW, THEREFORE, THE OLYMPIA CITY COUNCIL ORDAINS AS FOLLOWS:

Section 1. The above-stated recitals are adopted as findings of the Olympia City Council and are incorporated by this reference as though fully set forth herein.

Section 2. It is hereby declared that a continuing state of public health emergency exists due to an exigent threat to human health and environmental conditions related to insufficient supply of affordable housing affecting the City of Olympia. Therefore, in order to provide emergency relief consistent with the intent of this Ordinance, the following strategies intended to increase the supply of affordable housing in Olympia will be continued.

Section 3. Prioritize Affordable and Middle Housing Projects in City Permitting Process.

Community Planning and Development staff will prioritize affordable housing and middle housing projects which meet the eligibility criteria outlined in Section 9, in the permitting process by moving these projects to the front of the permitting queue.

Section 4. Specialized CPED Staff Dedicated to Affordable and Middle Housing Projects.

A Principal Planner in Community Planning and Economic Development (CPED) will act as an ombudsperson to affordable housing and middle housing projects. This staff person will work collaboratively and creatively with other CPED staff, Housing staff, Public Works staff, and the developer to proactively guide affordable housing and middle housing projects through the permitting process in a timely manner.

Section 5. Give City Manager or City Manager's Designee Authority to Waive Postpone, or Exempt City Processes for Affordable Housing as Described Below.

The City Manager, or designee, is hereby authorized and empowered to carry out those powers and duties as are reasonable and necessary to mitigate the *effects* of the emergency on a case-by-case basis and is authorized and empowered, among other things, to do the following:

1. Obligate funds for emergency expenditures as directed by the City Council;
2. Notwithstanding OMC 3.16.020, enter into contracts and incur obligations necessary to increase the supply of affordable housing, regardless of the dollar amount of such contracts;
3. Exempt or postpone any Engineering Design and Development Standards (EDDS) which are under the City's control;

4. Take other actions, as appropriate, in response to such emergency.

The City Manager, or designee, is authorized to exercise the powers vested under Section 5 of this ordinance in the light of these exigencies of an emergency situation without regard to time consuming procedures and formalities prescribed by law (with the exception of mandatory constitutional requirements).

Section 6. Participate in 1033 Tax Exchange Transactions with Willing Property Owners.

The City will act as a participant in 1033 Tax Exchange transactions by exercising or threatening to exercise the City's power of eminent domain, when a transaction is agreed upon by the current property owner and the City, a future property owner has been identified, and the transaction will permit the property in question to remain affordable, provided that legal constraints to ensure affordability, such as a deed restriction, are imposed.

Section 7. Grant Program for Infrastructure Improvements.

Operate a grant program which makes funding available for off-site infrastructure improvements necessitated by affordable housing projects. Funding for the program originated from a zero point five (0.5) percent drinking water utility rate increase and a one percent wastewater utility rate increase effective January 1, 2025.

Section 8. Grant Program to Exempt Permit and Other Fees.

Operate a grant program which reduces permit fees. Seed funding of \$500,000 for the program originated from the Economic Development Fund. Up to 10 percent of proceeds not identified for other priority uses from the sale of city-owned property will fund this program ongoing.

Section 9. Eligibility Criteria.

The strategies apply to housing for which the following criteria have or will be met upon the development of housing units:

- All units produced are affordable to households whose income does not exceed 80 percent of the Olympia-Tumwater Metropolitan Statistical Area Median Income, adjusted for household size and updated annually by the U.S. Department of Housing and Urban Development (HUD), or a similar metric, should the HUD metric be unavailable.
- A Restrictive Covenant pursuant to the property's use is executed between the property owner and City of Olympia outlining that all housing units developed are subject to a 25- year affordability period.

Section 10. Sunset Provision. This Ordinance sunsets and is no longer in force or effect at 11:59 p.m. on June 30, 2028. The City Council shall, no later than 12 months after the effective date of this Ordinance, review the conditions that have given rise to this public health emergency to determine if such conditions warrant keeping in place the extraordinary measures authorized herein to respond to this public health emergency. Thereafter, this Ordinance shall come back before Council at least once every 12 months to ascertain if the public health emergency still exists and if the sunset date should be extended.

Section 11. Ratification. Any act consistent with the authority and prior to the effective date of this Ordinance is hereby ratified and affirmed.

Section 12. Effective Date. This Ordinance is for the immediate preservation of public health, safety, and welfare of the public, and takes effect upon adoption, as provided by law.



MAYOR

ATTEST:



CITY CLERK

APPROVED AS TO FORM:



SENIOR DEPUTY CITY ATTORNEY