Meeting Agenda

Land Use & Environment Committee

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8244

Thursday, July 23, 2026 **4:00 PM** **Council Chambers, Online and Via Phone**

Register to Attend:
https://us02web.zoom.us/webinar/register/WN_n59evgg1Q7yYsaFMBTloZw

1. CALL TO ORDER

2. ROLL CALL

3. APPROVAL OF AGENDA

4. PUBLIC COMMENT

(Estimated Time: 0-15 Minutes)
During this portion of the meeting, community members may address the Committee for up to two (2) minutes regarding the Committee's business meeting topics.

5. APPROVAL OF MINUTES

5.A 26-0569 Approval of June 25, 2026 Land Use & Environment Committee Meeting Minutes

Attachments: Minutes

6. COMMITTEE BUSINESS

6.A 26-0549 Discussion of Tenant Opportunity to Purchase Arrangements

Attachments: Previous Work to Date
Homeownership Project Final Brief
WA Multi-Family Opportunity To Compete Playbook
Summary of Literature Recommendations

6.B 26-0552 Briefing on Short-Term Rental Permitting and Enforcement

Attachments: Short-Term Rental City Webpage

7. REPORTS AND UPDATES

8. ADJOURNMENT

The City of Olympia is committed to the non-discriminatory treatment of all persons in employment and the delivery of services and resources. If you require accommodation for your attendance at the City

Council Committee meeting, please contact the Council's Executive Assistant at 360.753.8244 at least 48 hours in advance of the meeting. For hearing impaired, please contact us by dialing the Washington State Relay Service at 7-1-1 or 1.800.833.6384.

City Hall
601 4th Avenue E.
Olympia, WA 98501
360-753-8244

Land Use & Environment Committee

Approval of June 25, 2026 Land Use & Environment Committee Meeting Minutes

Agenda Date: 7/23/2026
Agenda Item Number: 5.A
File Number:26-0569

Type: minutes **Version:** 1 **Status:** In Committee

Title
Approval of June 25, 2026 Land Use & Environment Committee Meeting Minutes

Meeting Minutes - Draft

Land Use & Environment Committee

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8244

Thursday, June 25, 2026 **4:30 PM** **Conference Room 212, Online and Via Phone**

Register to Attend:
https://us02web.zoom.us/webinar/register/WN_n59evgg1Q7yYsaFMBTIoZw

1. CALL TO ORDER

Chair Vanderpool called the meeting to order at 4:31 p.m.

2. ROLL CALL

Present: 3 - Chair Robert Vanderpool, Committee member Clark Gilman and Committee member Paul Berendt

2.A OTHERS PRESENT

City Manager Jay Burney
Community Planning & Economic Development Director Tim Smith
Public Works Associate Planner Kym Foley
Community Planning & Economic Development Director of Planning Nicole Floyd
Community Planning & Economic Development Associate Planner Leanne Wells
Community Planning & Economic Development Associate Planner Casey Schaufler
Olympia Planning Commission Chair Greg Quetin
Olympia Planning Commission Vice Chair Daniel Garcia

3. APPROVAL OF AGENDA

The agenda was approved.

4. PUBLIC COMMENT

The following people provided public comment: Lynn Fitz-Hugh, Heather Pens.

5. APPROVAL OF MINUTES

5.A 26-0501 Approval of May 28, 2026 Land Use & Environment Committee Meeting Minutes

The minutes were approved.

5.B 26-0499 Approval of June 11, 2026 Special Land Use & Environment Committee

Meeting Minutes

The minutes were approved.

6. COMMITTEE BUSINESS

6.A [26-0488] Briefing on the Urban Forest Management Plan

Ms. Foley provided an outline of the scope of work ahead for the Urban Forest Management Plan. Committee members asked questions around further education they would like to receive before bringing this topic before the full City Council.

The information was received.

6.B [26-0489] Preliminary Discussion of 2027 Planning Commission, Bicycle & Pedestrian Advisory Committee and Land Use & Environment Committee Work Plans

Committee members discussed upcoming work plan items and priorities with the Olympia Planning Commission Chari and Vice Chair.

The discussion was completed.

7. REPORTS AND UPDATES

Mr. Smith provided updates regarding the work of the Land Use & Environment Committee.

8. ADJOURNMENT

The meeting adjourned at 6:23 p.m.

City Hall
601 4th Avenue E.
Olympia, WA 98501
360-753-8244

Land Use & Environment Committee

Discussion of Tenant Opportunity to Purchase Arrangements

Agenda Date: 7/23/2026
Agenda Item Number: 6.A
File Number:26-0549

Type: discussion **Version:** 1 **Status:** In Committee

Title
Discussion of Tenant Opportunity to Purchase Arrangements

Recommended Action
Committee Recommendation:
Not referred to a committee.

City Manager Recommendation:
Hold a discussion on Tenant Opportunity to Purchase arrangements debriefing the special meeting held with local stakeholders that occurred on June 11 and provide direction to staff regarding next steps.

Report
Issue:
Whether to hold a discussion on tenant opportunity to purchase arrangements debriefing the special meeting held with local stakeholders that occurred on June 11 and provide direction to staff regarding next steps.

Staff Contact:
Christa Lenssen, Senior Housing Program Specialist, Community Planning & Economic Development, 360.570.3762

Presenter(s):
Christa Lenssen, Senior Housing Program Specialist, Community Planning & Economic Development

Background and Analysis:
Tenant Opportunity to Purchase (TOPO) policies establish a process for a structured timeframe and process where tenants are notified of an impending sale and provide an opportunity to purchase the property before it is sold to another buyer. Many TOPO policies also include a right of first refusal, allowing tenants to match a bona fide purchase offer from another party.

Frequently, TOPO policies can also include other parties such as nonprofit affordable housing organizations, local government, and/or a public housing authority (also known commonly referred to as Community Opportunity to Purchase (COPO) policies. These policies can apply to a variety of housing types, including single-family homes and multifamily residential properties. In some cases, acquisition by tenants or nonprofit organizations can preserve long-term affordability, particularly when properties are converted to limited equity cooperatives or other permanently affordable ownership models.

TOPO and COPO policies are intended to provide tenants and mission-driven organizations with an opportunity to compete with investors in the real estate market. These approaches may help stabilize housing costs for current residents, reduce displacement, preserve affordable housing, and support transitions from investor-owned housing to resident or community ownership.

As with other property rights regulations, TOPO and COPO policies carry some legal risk. Right of first refusal and opportunity to purchase requirements may be challenged as an unconstitutional taking or a violation of substantive due process. However, similar policies have been enacted in Washington State, including the opportunity to compete to purchase requirements for manufactured home communities.

Alignment with City workplans and goals

The City's Housing Action Plan identifies several actions that support homeownership opportunities and community ownership models, including:

- 1.h. Provide funding for non-profit organizations to buy income restricted units proposed to be converted to market-rate housing.
- 1.i. Provide funding for low-income and special needs residents to purchase housing through community land trusts.
- 2.d. Consider a Tenant Opportunity to Purchase (TOPO) Ordinance.

The City's Comprehensive Plan Update also identifies strategies to prevent tenant displacement and preserve affordable housing, including:

- Consider adoption of policies to help renters access homeownership opportunities. Consider a Tenant Opportunity to Purchase Ordinance (TOPO) to give renters the first right to purchase their rental unit if the landlord decides to sell.
- Encourage and support community land trusts, tenant cooperatives, or nonprofit ownership models to protect residents from displacement due to redevelopment or corporate acquisition.
- When Community Development Block Grant, Home Fund, or Housing and Urban Development-funded buildings are at risk of being converted to market-rate status, inform the tenants of any purchase and relocation options available. When possible, help the Housing Authority of Thurston County and nonprofit organizations buy such housing.

Previous work to date

At the direction of the Land Use & Environment Committee (LUEC), staff conducted initial research into the feasibility of implementing a TOPO/COPO policy and presented its findings to the committee in February 2026. Following that discussion, LUEC directed staff to convene local stakeholders to gather additional perspectives on potential policy approaches.

In response, staff hosted a special LUEC meeting on June 11, 2026, with representatives from local stakeholder organizations. Additional information on the research completed to date and stakeholder input is provided in the attached document, *Work to Date*.

<u>July LUEC meeting</u>
At the July LUEC meeting, staff will summarize stakeholder feedback received during the June 11 special meeting. Based on the research completed and stakeholder input, staff will present potential options for Council consideration, including actions that could be implemented within existing resources as well as policy implementation or pilot program options that would require additional resources. Staff requests that LUEC identify any additional information needed before making a recommendation on next steps.

Climate Analysis:
The LUEC discussion will have no immediate impact on greenhouse gas emissions. If a Tenant Opportunity to Purchase or Community Opportunity to Purchase policy or program is implemented, it could help reduce displacement by enabling some tenants to remain in their homes, potentially reducing vehicle miles traveled and associated greenhouse gas emissions.

In addition, if property acquisitions receive funding through the Washington State Housing Trust Fund, rehabilitation projects would be required to meet Evergreen Sustainable Development Standards, which include energy efficiency and sustainable building practices.

Equity Analysis:
Enacting a tenant opportunity to purchase will prevent displacement when a rental property goes up for sale, stabilize households and housing costs, as well as provide homeownership opportunities to build wealth. Many community groups have historically been left out of homeownership and as a result, have had less opportunity to create individual and intergenerational wealth. The average American homeowner has a net worth that is approximately 40 times that of the average renter. Creating homeownership opportunities can not only have an immediate impact on housing stability, but a long-term generational impact on wealth. Decreasing housing costs for cost-burdened households provides more flexibility to increase spending on food, healthcare, and other resources.

According to ACS data, about 82% of Olympia households with a single mother rent rather than own their homes. According to HUD CHAS data, 50% of white households in Olympia rent, while 61% of BIPOC households and 73% of Hispanic/Latinx households rent. The Washington State Department of Commerce report *Improving Homeownership Rates for Black, Indigenous, and People of Color in Washington* finds that 2,866 Black, Indigenous and People of Color (BIPOC) households would need to become homeowners in Thurston County to equal the rate of white, non-Hispanic homeownership.

Economic disparities and lack of intergenerational wealth have contributed to income gaps between BIPOC and white households. According to HUD CHAS data, 24% of households of color in Olympia and 22% of Hispanic/Latinx households in Olympia earn less than 30% of Area Median Income, while 15% of white households earn less than 30% of Area Median Income. According to 2020 ACS data, a person with a disability earned on average $26,075, compared to $37,168 earned by a person without a disability. Just over 33% of single mother households in Olympia had income below the federal poverty level, compared to 11% of the total population.

Rental property owners may be burdened by additional requirements and longer timeframes associated with tenant opportunity to purchase policies. There is limited data on landlord demographics. City of Olympia surveys include demographic data, but not all respondents provide demographic information and there is a limited sample size. Approximately 71% of landlords who completed the landlord survey (part of the Olympia rental housing code update in 2022) identified as white, which is similar to the general population of Olympia overall.

Neighborhood/Community Interests (if known):
Affordable housing continues to be a high priority for the Olympia community. As part of the 2022 Assessment of Fair Housing, increased access to homeownership was identified as a key strategy for advancing equity and addressing housing disparities in Thurston County, with more than half of survey respondents (340 of 605) selecting it as a top priority.

Housing affordability and homelessness have also consistently ranked among the community's highest priorities in City of Olympia surveys. Given the level of public interest, any consideration of a TOPO or COPO policy is expected to generate significant local and regional public engagement.

Financial Impact:
Implementation of a TOPO or COPO policy, including a pilot program, would have staffing and financial implications. Administering notification requirements for eligible parties, monitoring compliance, and conducting enforcement activities would likely require additional staff capacity.

Additional programmatic resources may also be necessary to achieve the intended outcomes of the policy. Depending on available funding sources, financial assistance may be needed to support low- and moderate-income households with property acquisition and rehabilitation. Technical assistance may also be required to support tenant organizing, cooperative ownership, operations and property management, financing, legal services, and other implementation needs. Any new programs or funding would require additional staff resources to administer and manage.

Options:
1. Hold a discussion on Tenant Opportunity to Purchase arrangements debriefing the special meeting held with local stakeholders that occurred on June 11 and provide direction to staff regarding next steps.
2. Do not hold a discussion on Tenant Opportunity to Purchase arrangements debriefing the special meeting held with local stakeholders that occurred on June 11 and provide direction to staff regarding next steps.
3. Take other action.

Attachments:
Previous Work to Date
Homeownership Project Final Brief
WA Multi-Family Opportunity To Compete Playbook
Summary of Literature Recommendations

Previous TOPO/COPO work to date

Regional and Statewide Efforts

In 2023, the Washington State Legislature adopted an amendment to the Manufactured Home Landlord Tenant Act (MHLTA) to provide manufactured homeowners the opportunity to compete for purchase of their manufactured home community. The policy requires property owners to notify residents of the intended sale and allow residents to submit an offer to purchase.

Resources have been developed to assist manufactured homeowners compete for the opportunity to purchase their communities. The State has set aside funding for acquisition and technical assistance from ROCNW (Resident Owned Communities Northwest). ROCNW is a regional affiliate of ROC USA and is a program of the Northwest Cooperative Development Center (NWCDC). As a community development finance institution (CDFI), NWCDC provides MHC residents who want to purchase their communities pre-development loans for earnest money through ROCNW. Thurston County Regional Housing Council's Opportunity Fund is a local resource for assisting manufactured home communities and other tenants organizing or organized under a cooperative model to purchase or make repairs to their housing.

These policies and financing strategies can serve as a template for a multifamily tenant opportunity to purchase.

Initial conversations about TOPO/COPO are occurring with statewide stakeholders who have an interest in building on the success of manufactured housing conversions to cooperative ownership. Staff is tracking these conversations, convened by the NWCDC. NWCDC has recently released a WA Multi-Family Opportunity To Compete Playbook (attached to this report).

Olympia Affordable Homeownership Study

Olympia City Council allocated funding to contract with a consultant to explore options the City could take to support affordable homeownership. In 2023, the study was initiated. The City contracted Paul Knox and Sam Green (who was at the time a Co-Executive Director of NWCDC). The study examined options and provided recommendations regarding potential policy approaches for a Tenant Opportunity to Purchase Ordinance (TOPO).

The City's consultants provided sample policies from other jurisdictions, including a recommended policy from Takoma Park, Maryland, which is a small city with a population of approximately 18,000 that adopted their Tenant Opportunity to Purchase law in 1986. The City's consultants also recommended that the City initially pursue adoption of a tenant opportunity to purchase policy for rental properties with ten or more units. The City's consultants provided information on TOPO considerations as well as a model conversion project in the attached Homeownership Project Final Brief (see pages 5 and 9-14). The model conversion provides estimated costs for a 40-unit property and financing strategies.

February 2026 Olympia Land Use & Environment Committee (LUEC) presentation

Staff presented research on policies enacted in other jurisdictions and included a summary of recommendations based on lessons learned through implementation. This research includes jurisdictions like Washington, D.C. (which has had TOPO in place for over 40 years) and jurisdictions with policies implemented more recently.

Based on review of policies enacted in other jurisdictions, it is likely that financial support for acquisition and technical assistance will be needed for tenants to effectively purchase a property cooperatively. The literature also recommends that financing is nimble, both fast and flexible, to successfully support conversion to tenant ownership. When effectively implemented, TOPO can preserve affordable housing and create long-term affordability, prevent displacement, and improve household stability.

Staff recommended that if the City pursues a TOPO, that staff ensure there are funding sources available to enable these transactions. This funding could include RHC Opportunity Funds, as well as other third-party sources. Staff also recommended that the City support nonprofit capacity-building, if needed, to provide technical assistance for tenants who wish to explore cooperative purchase of their property. As a potential next step, staff suggested outreach to Northwest Cooperative Development Center (NWCDC)/ROCNW to assess capacity and potential funding sources for predevelopment, acquisition, and permanent financing. This research will help determine if there are financing gaps or other support needed to effectively implement a local TOPO.

June 2026 Olympia LUEC Special Meeting with Community Stakeholders

LUEC held a special meeting on June 11, 2026 with local stakeholders. Representatives from the NWCDC/ROCNW, Thurston Housing Land Trust (THLT), and Washington State Department of Commerce Homeownership Unit attended the meeting.

In attendance: Victoria O'Banion (ROCNW), Ann Campbell (Commerce), Rebeca Potasnik (THLT), Robert Vanderpool (LUEC chair), Clark Gilman (LUEC member), Paul Berendt (LUEC member), Tim Smith (Olympia staff), Jacinda Steltjes (Olympia staff), Christa Lenssen (Olympia staff)

Organizational representatives described the work they currently do, their potential role or connection with TOPO/COPO, and capacity to pursue this work. Participants discussed considerations for the City of Olympia to support this work and approaches or policy elements that may be most effective (given the current landscape and system capacity).

Potential Roles in TOPO/COPO

Thurston Housing Land Trust (THLT): owns the underlying land in a community land trust model to make homeownership opportunities more affordable for low to moderate income households; they can be a partner in owning the land to lower costs if tenants decide to convert to condo or cooperative ownership.

Resident Owned Communities Northwest (ROCNW), a program of Northwest Cooperative Development Center (NWCDC): extensive experience helping manufactured home community residents purchase their parks as a cooperative; interested in using skills/experience to provide similar support to multifamily cooperative purchases; has attempted first multifamily tenant cooperative purchase of 12-unit affordable rental property in Spokane recently.

Washington State Department of Commerce: administers State Housing Trust Fund and other grant programs, provides a funding source for acquisition and rehabilitation; administers notice for opportunity to compete to purchase for manufactured home communities.

Financing considerations and current landscape

- Housing Trust Fund requires a 25-year affordability period for housing projects.
- Housing Trust Fund awarded projects have to be up to code and meet Evergreen Development Standards. These are reimbursable expenses, but can be very expensive upfront when preserving/renovating existing housing.
- Commerce can also manage direct appropriations and does for ROCNW.
- ROCNW has a direct appropriation for acquisition of manufactured housing communities that go up for sale. Direct appropriations are preferable to a competitive annual funding source like the Housing Trust Fund because communities go up for sale throughout the year and funding needs to be deployed within 120 days to meet timelines.
- ROCNW estimates about 30-40% subsidy is needed in addition to traditional financing for resident acquisition to keep the housing affordable as a limited equity cooperative. Their recent 12-unit multifamily purchase in Spokane required 50% subsidy.
- Victoria has reached out to WSHFC about debt financing for multifamily tenant acquisition to offer similar low interest loans as available for manufactured housing communities, but this needs to be written into statute to be available.
- Victoria has reached out to banks and CDFIs about debt financing for multifamily tenant acquisition. These institutions have expressed willingness to lend no more than 30% of capital stack because they need proof of concept and are not willing to tolerate high risk.

- Downpayment assistance may be available for eligible homebuyers through state programs.
- Cooperatives are often incorporated as for-profit entities (such as an LLC). Most government funding sources will not provide funds to for-profit entities.
- Local funding sources should not require site control for awards.
- Victoria suggested local funds could be awarded for the concept, but not project-specific. If no properties are purchased, funds could be returned.
- Community land trusts are exempt from property taxes, which can help lower costs.
- RHC's Opportunity Fund could be one potential resource for acquisition.

Input on policy approaches

- Stakeholders agree that if the City implemented a policy, it should include both a tenant and community opportunity to purchase so that qualified organizations can register to be notified when a property goes up for sale.
- Opportunity to compete for purchase for manufactured housing communities allows 70 days to submit an offer, but this is not long enough.
- 12 units minimum, but ideally 16 units and larger works best for cooperative ownership to keep housing affordable to tenant owners.
- Possibility of implementing scattered site community land trust with duplexes or small properties. 1-4 unit properties are underwritten the same as single family residential.
- Could explore the organization referenced in Baltimore that acts as a holding company, which provides property management while converting to tenant ownership over time.
- Opportunity to compete for purchase is not a right of first refusal, but equitable to both the property owners and residents.
- Opportunity to compete for purchase for manufactured housing in Washington has a good example for notification requirements when a property goes up for sale.
- Victoria suggested requiring a limited equity model to receive funding assistance.
- Victoria suggested adding an expiration date for the notice of sale so property owners do not issue notice of sale out of curiosity.
- Chicago's policy only applies to two specific neighborhoods at high risk of displacement, which provides example on how to narrow scope for a pilot.
- Stakeholders suggested that any tenants who are interested in purchasing a property take a first-time homeowner class through Washington Homeownership Resource Center or similar agency so they understand the responsibilities and costs of ownership. Education is needed to understand responsibilities, what being a coop owner entails.

Resource considerations

- Notification management:

    - Commerce has two full-time staff who manage the notification of residents and eligible organizations when a manufactured home community goes up for sale to inform parties of their right to compete to purchase. Even though there is a template with information required in statute for Opportunity to Compete to Purchase, residents often aren't provided the same information as Commerce by the property owner.
    - Stakeholders suggest looking at volume of eligible properties that might be covered under TOPO/COPO and determining if 30% of those properties went up for sale, would staff have capacity to issue notices?
- Resource development and connections:
    - It may be difficult for tenants to access subsidized funding that is rapidly available (not allocated through a competitive annual RFP process) to help keep the property affordable. Thurston County Regional Housing Council's Opportunity Fund is one potential source of funding, however, resources are limited and may not be sufficient.
    - Staff time will likely be required to coordinate resources and connect tenants with assistance.
    - Staff time may be required to perform outreach to lenders, research funding opportunities, etc.
- Gaps in tenant organizing:
    - There are currently no local organizers who could convene tenants to explore interest in cooperative ownership when a property goes up for sale.
- Education and Enforcement:
    - Staff time will be required for outreach and education about any new policies or programs. Any enforcement of a policy requires staff time to investigate and address. The City currently only has two full-time code enforcement officers to address violations of city code.

Olympia Homeownership Strategies Project
Land Use and Environment Committee Work Session
Briefing Document
February 21, 2024

ORDERED ACTIONS – 2024-2025
Top Ten Prioritized Recommendations

Action steps	Desired Purpose/Key Objectives	Suggested Timing/Notes/Comments	Impact/Resources Needed/City Costs
1. Engage other public entities and large employers in affordable housing land acquisition/donation options, including planned strategies for homeownership. Rationale • School district has unused property in a period of consolidation; self interest in affordable housing for staff. • Port has the ability to provide/acquire land and fits mission and has existing precedent.	• Share goals and strategies and explore opportunities to identify and target land for affordable housing. • Explore concrete engagement with the Black Home Initiative (BHI), following up on our December meeting their expressed interest in exploring a partnership. • Include OSD, the Port, LOTT, HATC, TESC, and possible other players. • Land leases	• Convene Spring 2024 meetings with Olympia School District, Port, State, Providence, etc. to discuss property options. ○ Ports have authorized interest to promote workforce development, of which housing is a current priority need. • Convene follow up meetings with BHI to gain their resources and help assessing opportunities in Thurston.	• **Absolutely necessary as currently lots of talk and hand wringing but no coordinated engagement, planning or concrete action.** • Staff time or contracted organizing and follow-up.
2. Complete an updated developable, vacant lands inventory across the City. Rationale • Necessary to better understand and pursue opportunities. • Will support affordable housing developers of all stripes.	• Create a clear map of available vacant land for further select research and action. • Include and identify all public sources such as City, Port, County, State, and School owned along with private lands. • Promote expansion of the inventory to RHC partners.	• City staff or TRPC contract – early 2024. • Vacant lots owned privately – use County GIS/Assessor office or TRPC. • Narrow down likely property criteria for homeownership • Track lots in foreclosure or with tax liens.	• **Currently not available – critical for all affordable housing work.** • TRPC or Assessor Office contract – estimated $20,000.

		• County Treasurer lists properties with back taxes [Real Property Foreclosure Tax Sale Information | Thurston County (thurstoncountywa.gov).]	
3. Aggressively assemble land for future deals. ○ Explore church owned possibly surplus properties. ○ Link appropriate Parks development with affordable housing along the lines of the Boulevard project. ○ Engage HATC in using their bonding capacity for acquisition. Rationale • Land control and acquisition is a significant input City can use for affordable housing.	• Engage willing lenders (like OlyFed or WSECU) to provide under market financing. • Join WSHFC LAP funds for long-term 1% loans with balloon payment as an acquisition financing tool; loan provides up to 80% cost. • Engage the Port and appropriate other public entities as acquisition partners.	• Explore using HTF or HFC LAP funds for initial new acquisitions. • Set clear targets for funding and acquisition each year. • Fund annually. • Send marketing outreach letters with follow up personal communication to target property owners. • City forgives fines and penalties and excuses city liens when landowners sell to affordable housing developers.	• **Critical City input to affordable housing moving forward.** ○ **High yield/low risk** • **Seek to fund in 2025 and beyond. Use land bank commitment to pursue HTF and LAP funds** • $1m minimum recommended per year funding for land bank. • TBD – RHC role.
4. Engage willing private sector realtors, builders and lenders to explore/forge innovative starter home project deals – provide incentives such as land, infrastructure funding, tax credits, zoning/permitting enhancements. [See Starter Home section page 8] Rationale • The private sector builds housing. • The sector is not deeply engaged and listened to re affordable housing.	• Educate key stakeholders as to City goals and desired outcomes regarding LMI affordable homeownership. • Identify interested partners in possible projects. • Gain feedback and engagement on the ways and means of these objectives. • Work with willing lenders to modify and improve loan LMI options and boost LMI homebuyer coordination. • Use private industry intel more effectively.	• Establish a multi-sector advisory group to support/guide the development of more equitable and inclusive homeownership via Starter Homes development model. ○ Spring 2024 • Collaborate with OMB to find and engage willing builders and developers -- make it about action, not simply advisory.	• **Potential high impact to develop strong path resulting in more affordable starter homes using less or no public resources.** • Opportunity to engage Habitat/THLT in development partnerships. • Staff time or contract ($20 – 40,000) • Participation by CP&D and Housing necessary.

• Sector members understand the problem, and many want to help forge solutions.	• Organize work team around Starter Homes model project.		
5. Develop a "starter home" strategy and attendant ordinance to reduce impact fees and other costs to incent new homes of a certain size (eg; 1400 SF) and decrease sale prices. [See Starter Home section page 8] Rationale • Significant barriers are present for desired starter home development.	• Possible model project(s) with private and nonprofit sectors engagement. • Simplify town homes, cottages, manufactured homes, etc. development options and provide speedy planning and permitting support and incentives with concierge staff support. • Decrease impact fees, provide infrastructure cost incentives and funding, simply engineering and design standards.	• Actively engage interested private developers/builders in multiple pilot projects. ○ Modern manufactured home community using coop and/or land trust approach. ○ Dense townhouse or coop multi-plex development.	• **Potential high impact - Highly recommended toward goal of "breaking the log jam" of no affordable starter homes beyond limited nonprofit output.** • Staff or contracted expertise. • Funding TBD based on projects.
6. Develop concrete plans and ordinances to lower the cost for identified LMI homeownership development projects. [See Starter Home section page 8] Rationale • Reducing infrastructure and other fees for designated uses is critical to affordability. • Enable lot splitting more easily.	• Provide infrastructure cost waivers or funding; Pursue state CHIP Grants. • Waive system development charges (LOTT has a discount, impact fees already reduced 80%), utility connection fees, frontage improvement costs for LMI home projects. • Allow lot more liberal splitting - enabling properties to be easily split into smaller lots so that when infill occurs, the new units can be owned. • Increase manufactured homes, tiny house or moveable modulars allowances.	• Ongoing. • Assess actions and implement throughout the year. • Market availability to developers and builders. • City has applied for state CHIP infrastructure funds in the last few years. • Thus far, has only been used for multi-family, non-ownership projects. • Formalize concierge liaison role with CP&D and Housing. • Legislature may pass significant lot splitting bill; HB 1245 just passed House.	• Use Starter Home project as learning pilot. • Staff time – CP&D. • Possible City/regional/state funds. • If not passed by Legislature, use lot splitting HB 1245 as guidance. • Overhaul subdivision ordinance and standards.

7. Require projects using land owned, controlled, or passed through the city or purchased with city assistance to use permanent affordability methods such as trust-ownership, asset stewardship clauses, city right-of-first refusal, covenants, or other mechanisms to prevent/limit market-rate resale. Rationale • Codifies and ensures permanent affordability where City resources are invested.	• Pass an ordinance or add to contract language that formalizes existing practice and assures permanent affordability for housing projects with significant City financial inputs.	• Spring 2024 • Currently, City property that is provided to developers for affordable development (i.e. LIHI's Martin Way phases, TWG/IFW's 303 Franklin, LIHI's Franz Anderson, SPS Habitat's Blvd.) have a clause in the purchase and sale agreement and a restrictive covenant that is recorded to requires the property is used for affordable housing in perpetuity.	• **Easy to complete given existing practice** • Clarifies and codifies existing good practice and makes affordability permanent.
8. Scope out and develop plans to create and fund a local nonprofit Home Ownership Center. Rationale • Current financial education and homebuyer prep classes and coaching are scattershot and of minimal impact except for a few. • Existing online opportunities are not coordinated nor well marketed in our Thurston region. • Forms the first steps in preparing and developing a pipeline of future low and moderate income (LMI) homeowners.	• Services will include credit repair, financial education and savings counseling, homebuyer preparation, mortgage readiness and application prep, etc. • Scope ways and means to launch – meet with prospective state and local partners and providers. • Pursue funding partners and grants. • Provide specific pathways for which LMI (and potentially all) residents can receive direct assistance. • Engage Black Home Initiative on their offer to explore spreading their well-organized resources to Thurston.	• Develop business plan and scope out • Spring 2024. • Seek regional support and funding. • Procure a dedicated and high caliber lead organization. • HUD PRO grant proposal lays out the case, plan and budget to create Home Ownership Center.	• **Meets important gap – only worth pursuing if partners and funding is available – best regionally.** • High impact once up and running and appropriately funded; broad community value. • Scope out options and needs with local nonprofit, financial and other providers. • Low cost, assuming staff time is available; small contract to scope out through existing provider is also possible. • Staff time or contracted. • $150,000 to start via RFP.

9. Research, develop ordinance and adopt a right-of-first-refusal law (TOPO) for residents' purchase option.
• Recommend starting with an ordinance covering 10 units or more.
[See TOPO Considerations below page 9]
 	
Rationale
• Innovative approach to turn renters (or other LMI community residents) into owners in the building where they are living.
	Provide two possible avenues for ownership transition:
	• For residents, allows tenants a period of time (eg; 45-90 days) to make the first offer in the event of the owner's planned sale of their multi-unit building.
	• For the City, the ordinance could also allow them or a nonprofit partner to have first refusal on the sale as well and then sell to LMI residents.
		• Legal and financial expertise and coaching capacity required to guide possible owners through the process of buying and owning a property.
		• Use of the coop and land trust models can support ongoing affordability structures.
		• Tenant Opportunity to Purchase | City of Takoma Park (takomaparkmd.gov)
		• Comparison of TOPO in the District of Columbia and Maryland (mdlta.org)
		• Process steps example: TOPA - 5 or More Units
		• Lessons from 20 Years of Enabling Tenants to Buy Their Buildings — Shelterforce
			• **Easy to implement (besides potential owner-class pushback)**
			• **Results will be uneven and uncertain over time.**
			• City can pass an ordinance based on other small city versions – like Takoma Park, MD.
			  ○ Chapter 6.32 TENANT OPPORTUNITY TO PURCHASE* (codepublishing.com)
			  ○ MONTGOMERY COUNTY CODE, CHAPTER 11A, SEC. 11A-3 RIGHT OF FIRST REFUSAL TO PURCHASE RENTAL FACILITIES - REGULATIONS (amlegal.com)
			• Preferred City low-cost option of letting others – nonprofit support organizations and the market work with residents to pursue resources and expertise for making and getting lending for the purchase.

10. Develop a pre-development revolving loan fund business plan, ordinance and fund sources. Rationale • Critical first step for affordable housing development.	• Assistance could include property identification, grant applications, inspections, environmental/archaeological assessment, earnest money, selecting contractors, facilitating planning issues and permitting requirements, referral and negotiation with lenders, etc.	• Leads: Housing and CP&D • March 2024 • Use pre-development fund for contracted expertise to affordable housing developers.	• **Important impact for all affordable housing nonprofits – could be put off until 2025** • $500,000 to create initial revolving fund. • $100-500,000 average project. • Can be reimbursed by eventual construction loan and or grant.

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• Not an easily available resource for project developers. • Nonprofits need expertise to assemble the plan and financing and then hire out the contracting for building.	• Pursue LISC, Impact Capital and other resources to develop and support the fund. • Provide contracted affordable housing development assistance - **fund outside entity with expertise to help area nonprofits develop properties.**		• Retainer contract for early project assessment or scoping activity.
11. Fund supports to develop greater capacity and scale for targeted nonprofit homeownership organizations. Rationale • Two existing homeownership nonprofits require greater staff and expertise capacity to expand their scopes and outcomes.	• Engage RHC in shared capacity funding for targeted nonprofits. • Build capacity and tools for creation of limited equity coops. • Support land trust, Habitat and other affordable housing nonprofits. • Aligns and supports other strategy recommendations. • Increased organizational/staff capacity, development expertise and entrepreneurial commitment to gain higher results.	• HUD PRO grant proposal lays out the case, plan and budget to expand land trust capacity	• THLT especially needs capacity funds (currently only .75 FTE) • Target 2025 budget funding? • Use PRO grant budget. • $250,000 per year starting budget.
12. Grow the capacity and authority of the RHC using the Public Development Authority model for affordable housing. Rationale • Create a nimbler and more innovative public-private entity to streamline funding and investment.	• Convene workgroup to educate and pursue specific options for structure and funding. • PDA-style structure could support nonprofit housing development, help orchestrate tax credit deals, etc. • Tacoma's PDA manages a Down Payment Assistance (DPA) fund. • Tacoma reports that a locally managed DPA fund is more responsive and focused than if done by WSHFC.	• Engage RHC - convene presentation to learn the value of and outcomes produced by the Tacoma Community Redevelopment Authority. • PDA has more flexibility/agility to do deals and partner with traditional service providers, private sector, etc. • PDA can lend or grant for development, underwrite deals and engage in targeted economic or business development.	• **Not critical at this time. DPA can be secured via other sources.** • Staff/RHC time. • DPA capitalized with $1m • Funds are structured as a loan – repaid upon house sale.

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		• City or County can staff the PDA, managing RFPs, grants, loan and administration. • PDA provides added liability protection for local government.	
13. Incentivize ADU production and support condo ownership structure or lot splitting. <u>Rationale</u> • ADUs can provide homeownership in some cases	• Provide aggressive, direct marketing to homeowners with specific ADU step-by-step info, lender options, and proforma spreadsheet link. • Provide legal and permitting options and templates for ADU ownership (condo, lot splitting); simplify the process. • Provide contracted support on the permitting, titling, financing, etc.	• City has already done a great job eliminating costs for ADU development.	• **Low impact on homeownership.** • City staff or marketing/development support contractors.
14. Run a property tax levy campaign – dedicated to homeownership. <u>Rationale</u> • Revenue needed for affordable homeownership outside of other affordable housing needs.	• Raise funds to support homeownership center, develop affordable homeownership projects and support LMI homeownership. • Campaign messages target value and benefits of increasing homeownership in Olympia.	• Advocates organize and lead campaign such as produced voter approval for the Home Fund during the 2016-17 period. • Council would agree to put on the ballot.	• **May be overtaken by other City revenue needs.** • **Strong message to sell voters.** • **No city resources.**
15. Explore raising the low B&O tax rate to create an affordable housing fund for land acquisition and development. • Revenue option that aligns with the employer need for affordable housing and homeownership for employees.	• Pursue alignment and comparable rates with Lacey and Tumwater. • Increase the rate in the range of .002-.005%.	• Convene stakeholders to explore and review options and pros/cons.	• **Needs assessment – engage AWC in helping**. • Staff research.

Starter Home Pilot – Per #4, 5, & 6 above	Suggested Action Steps	Development Cost Savings/City Inputs Options for Pilot
Goal and Desired Outcomes • Determine and test how desired development costs could attain affordable starter home development. • Private-public partnership approach. • Minimize direct City funds. • Multiple development sites for pilot. • Possibly target 60-120% AMI. • Explore modern manufactured home community for one site.	1. Appoint staff leads. a. Determine capacity and if contracted help is required. b. Craft draft outreach description describing pilot and desired outcomes. c. Clarify initial cost saving options and exemptions the City. 2. Engage OMB staff (Angela White/Jessie Simmons) a. Develop list of invited builders/developers and lenders of likely interest. 3. Convene work group to provide feedback and ideas on options for affordable starter homes. a. Finalize available City cost-saving options. b. Review shared equity options. c. Identify land and lending or loan guarantee options (private or public). d. Set starter home standards – size, cost, price, etc. 4. Craft pilot RFQ for one to three pilot starter home developments for private developers/builders. a. Negotiate each project. b. Ensure permanent affordability in covenant. 5. Recruit buyers under income restrictions and working with by/for organizations. a. Negotiate realtor favorable partnership.	• City provides infrastructure extension – water, sewer, road. • Provide finance guarantee. o Explore revenue bond loan option for financing. • Reduce impact fees. • Provide land from City or other partners. • Adjust current masterplan standards. o Pilot exempts select sub-division rules. • Exclude certain existing standards. ▪ Parking. ▪ Lighting. ▪ Sidewalks. ▪ Narrow streets.

Opportunity to Purchase Ordinance Considerations

Eligible Buyers

So that tenants have options for how their multifamily property would be owned and managed, multiple parties should be eligible purchases. These include:

- Tenants, their associations, or their cooperatives
- Nonprofit housing organizations
- City government or the local housing authority

Covered Properties

There are tradeoffs to setting a threshold for size of property. A recommended solution is that the City initially give tenant opportunity to purchase a right for tenants of properties with more than 10 units. As the city evaluates the effectiveness of the law, it may choose to expand this to smaller size properties.

Exemptions

Certain transactions defined as sales of real property should be exempt from this ordinance. Specifically, where the property is being transferred between family members, where the 'sale' is the exit of an LLC member or tenants in common member, and to a mortgagee holder. In the last case, the right of first refusal will apply when the mortgagee then resells the property.

Negotiation Process

- When a landlord intends to list their property or entertain real offers, they must give notice to the city and tenants. The city or residents will have a period of time to express interest in the purchase. This could range from 45 to 70 days.
- Once residents respond stating their intention to make an offer, the landlord has a shorter timeframe (15 to 30 days) to provide necessary property documents such as rent rolls, income statements, and other information customarily made available to prospective buyers.
- The residents then have a timeframe to submit an offer. The seller can accept the offer, provide a counteroffer, or decline the offer with a written explanation of why the offer is rejected and an explanation of what would be required for an offer to be accepted. Reasons for rejection must be material to the sale and made in good faith.
- Earnest money requirements must be limited so the landlord cannot reject an offer because tenants are unable to secure large sums of funds just for earnest money.
- Contract terms must be acceptably long to allow reasonable times for due diligence and financing periods. The contract period should be no less than 120 days.
- If the seller plans to execute a hard offer from a buyer, this offer needs to be presented to the tenants so they can attempt to substantially match the offer. This process of allowing residents time to match a competing offer must occur even if the seller has previously rejected an offer made by the residents.

City Administration
The city must be required to receive a notice and will have to administer a public facing website where notices are published. Ideally, the city would also distribute the notices received to a mailing list that is open to the public so interested nonprofits can subscribe.

Potential Challenges
There is uncertainty about consequences for sellers that do not comply with the opportunity to purchase rules. When fees are used, they can be factored in as a cost of sale for some sellers that are especially opposed to resident purchases. There are also challenges that arise if there are competing resident groups and nonprofits seeking to make purchases. Finally, many real estate purchases include sellers using a 1031 exchange where time is of the essence in preserving their tax basis. Longer sale times should not impact reinvestment by sellers in subsequent properties but can impact potential investor-buyers seeking to acquire the multifamily property as their vehicle to reinvest with the same tax basis. Each of these are theoretical problems that could be evaluated after implementing an opportunity to purchase law and evaluated to determine if the law should be modified.

Ordinance Resources
We recommend the Takoma Park ordinance as the starting draft. It will need legal review to fit with Washington law and custom.

- Takoma Park: Chapter 6.32 TENANT OPPORTUNITY TO PURCHASE* (codepublishing.com)
- MONTGOMERY COUNTY CODE, CHAPTER 11A, SEC. 11A-3 RIGHT OF FIRST REFUSAL TO PURCHASE RENTAL FACILITIES - REGULATIONS (amlegal.com)
- Lessons from 20 Years of Enabling Tenants to Buy Their Buildings — Shelterforce

Model Project – Multifamily Co-op Conversion

Unit Count
40 units is a good target size for the conversion of apartments into a co-op. Everything between 20 and 80 units would work for Olympia. This sizing provides enough revenue to absorb semi-fixed operating and development costs while staying small enough to allow reasonable subsidies to support the development costs without having to seek larger sources of subsidy such as low-income housing tax credits. Organizationally, co-ops with more than 20 members are better able to find board members and volunteer committee members. Co-ops composed of smaller groups can certainly function but require more assistance.

Price per Unit
Lower priced properties are going to be more achievable for low-income co-ops but will likely include development costs for systems upgrades and a plan to refresh units. The target price per unit is $200,000 plus $25,000 per unit in rehab costs. Recent sales data for Olympia shows a couple medium sized apartment complexes selling around $185,000 per unit while newer complexes sell for closer to $300,000 per unit. Supposing those selling at closer to $300,000 per unit would not require rehab costs; they may still be attainable depending on how much subsidy is accessed.

Vacancy and Tenure
Historical rent rolls should show average vacancy losses at 5% or less of gross potential unit revenue. Additionally, rent rolls need to be analyzed to determine the average length of tenancy with a goal of 2 full years for the average. While co-ops can be formed with shorter average lengths of tenancy, they are most successful when residents plan to live there for more than one annual lease term.

Public/Nonprofit Assistance Options for Successful Conversion

- *Subsidized Share Loans* – mission driven lenders working with state agencies could capitalize a revolving loan fund for limited-equity co-ops to make share loans well below market rates. By keeping share loans low cost, homebuyers will see equity growth sooner with less appreciation being absorbed by interest expense.
- *Down Payment Assistance on Share Loans* – Using the same down payment assistance (DPA) resources towards share loans would lower the required blanket mortgage for the co-op and, consequently, lower the per unit monthly carrying charges. DPA of $15,000 per household for a 40-unit co-op conversion would be equivalent to $600,000 in subsidy, reducing monthly co-op costs by $3,792[1].
- *Capacity Building Support for Nonprofits* – Both the nonprofit handling the acquisition and any nonprofit providing technical assistance to residents beyond purchase will benefit from capacity building grants to develop the staff capacity and process documents required for these co-op conversions.

[1] Assumes 7% cost for blanket mortgage.

- *Acquisition Loan Guarantees* – Because homebuyers in the co-op are low-income, the sum of all co-op shares bought by homebuyers may not reach 20% of the whole project's development cost. Additionally, permanent acquisition lenders may only typically finance up to 70% of the loan to value (LTV). A guarantee for loan amounts above 80% LTV (or 70% depending on the lender) could allow these lenders to go above their standard LTV amounts more comfortably.
- *Housing Finance Commission Participation* – The WSHFC or other affordable housing capital sources could participate in loans to lower the overall blended rate. For example, if the WSHFC took a 40% participation in another CDFI's loan, the blended rate could fall by several percentage points when compared to a loan composed solely of CDFI dollars.
- *Property Taxes* – This area of taxation continues to confuse projects as limited-equity co-ops may incorporate as state not-for-profits, but never qualify for federal tax-exempt status[2]. This is complicated by state property tax exemptions often relying on federal tax-exempt statuses rather than state forms of incorporation. Inclusion of tax-exempt land trusts can further complicate property taxation. The bottom line is property tax exemptions should be employed whenever possible to lower operating costs carried by the low-income residents of the co-op.
- *Homeownership Center* – A city supported homeownership center will provide credit repair and homebuyer counseling to strengthen individual applicants to the co-op. Additionally, such a center could build a list of prospective tenants, effectively reducing the co-op's vacancy loss risk which then lowers the permanent acquisitions lender's risk assessment.

Long Term Affordability Structure

These can be used individually or combined. The end goal of each is to prevent the property from re-entering the speculative market or reverting to a use outside of homeownership.

- *Limited Equity Structure* – The co-op's organizing documents should limit the resale value of individual shares to a predetermined rate. While this artificially lowers the amount of appreciation realized, it makes shares affordable to subsequent buyers and completely removes any economic incentive for the current residents to liquidate the co-op since no individual would see returns from the sale.
- *Asset Stewardship Clause* – A section in the co-ops articles of incorporation can specify an outside entity such as a larger association of co-ops, a land trust, or nonprofit as the asset steward. The asset steward has no direct control in day-to-day operations but most consent to certain decisions such as dissolving the co-op, placing new liens on the property, selling the property, or changing certain portions of the articles or bylaws such as provisions requiring a limited equity structure.
- *Community Land Trust Ownership* – By placing the underlying land into the hands of an affordable housing land trust, a ground lease would be executed between the co-op and the trust. This ground lease would include provisions about how the co-op operate and could include requirements about using a limited equity structure, not selling the improvements, and/or granting the land trust a right of first refusal at a predetermined price should the property ever come up for sale.

[2] Co-ops can qualify for other section 501 exemptions beyond 501c3.

Projected Development Budget

Number of Units	40
Price per Unit	$185,000
Acquisition Cost	$7,400,000
Soft Costs	$108,600
Rehab Costs	$1,050,000
Total Development Costs	$8,558,600
Share Price	$42,500
Share Loan Rate	3%
Blanket Mortgage Amount	$6,108,600
Blended Blanket Mortgage Rate	7%
DPA per Household	$15,000
Affordable Housing Grant	$750,000
Total Share Equity	$1,700,000
Total Capital Sources	$8,558,600

Operating Budget

Operating Expenses		
	Accounting, Legal, Insurance, etc.	$52,000
	Utility Services	$56,000
	Maintenance and Grounds	$31,750
	Property Management & Technical Assistance	$90,250
Other Expenses		

	Capital Improvement Contribution	$30,000
	Required Operating Surplus	$72,333
	Annual Loan Payments	$463,326
Total Required Revenue		$795,659
	Monthly Charge per unit	$1,657.62

Homeowner Perspective

Carrying charges for this model project would be $1,657.62 and monthly payments on a share loan would be $265.54. This assumes the household brought $0 towards a down payment on their share. Any down payment amount a resident did bring towards the share price would lower this monthly payment. It is reasonable to expect that most residents would bring at least some down payment, potentially an amount equivalent to a deposit for a typical rental unit. Still, assuming no down payment, the total housing costs would be 35% of the income for a household of two persons right at 80% of Thurston County's AMI. For homeownership projects 35% is acceptable instead for 30% for rentals because in homeownership, there is an assumption that a portion of housing costs are going towards equity.

In paying their share loans, about $230 each month would go towards principal, effectively becoming equity they own and can later take out when they sell their share. Additionally, the co-op would most likely employ some appreciation amount for their shares, such as 3% appreciation each year. Finally, because the co-op only raises carrying charges to meet rising operating expenses and because most of the co-op's expense is the blanket mortgage (which does not increase) the expected rent increases would be lower than market. Projecting that rents increase 1.5% annually compared to market increases at 7% annually, the household would save $13,750 in rent over 10 years. **The end result is low-income homebuyers would have lower monthly costs and be able to leave the co-op after 10 years with $36,800 in equity and $13,750 in saved rent for a net position that is $50,550 better than if they had continued renting in the market.**

Model Project – New Construction Manufactured Home Community

Unit Count

Projects can pencil from 20 units and up. Smaller communities find it harder to operate a cooperative when there are too few households from which to elect a board of directors. Home prices are a considerable part of the budget resulting in costs being variable directly with the number of units. This model supposes 75 homes, each with 3 bedrooms and 2 baths.

Price per Unit

The price of each new home is $159,040 and the price in development costs for each lot are $125.446. This project assumes a donation of the land, but no major affordable housing grant. If the land was purchased at cost, there would be a need for a grant subsidy to offset this cost. Total project costs, including the home purchases would be $284,486 which is less expensive than new single family home construction.

Public/Nonprofit Assistance

Subsidized predevelopment funds would be needed to cover site design work. Land will need to be donated or capital grants will need to be secured to offset land costs. Technical assistance would be paid for through developer fees, but operating grants for nonprofits could reduce or eliminate this cost in the development budget. Home prices could be subsidized through down payment assistance.

Long Term Affordability Structure

The co-op would use a limited equity structure where residents realize no appreciation on the value of the land but would realize appreciation of their homes. Asset stewardship clauses would require outside consent to major bylaws changes, liquidation of co-op assets, or significant liens placed on co-op property.

Development Budget

Land	$ -
Survey, Inspections, etc.	$ 253,000
Site Development	$ 7,490,625
Contingency and Soft Costs	$ 699,125
75 New Homes	$ 11,928,000
Capitalization of Reserves	$ 965,692
Total Uses	$ 21,336,442

Operating Budget

Mortgage	$	1,535,073
Property Management	$	99,938
Insurance and Taxes	$	17,125
Maintenance, fees, etc.	$	47,125
Annual Expense	$	1,699,261
Rent Revenue (allows 5% vacancy)	$	2,031,076
Required Surplus	$	230,261
Rent per unit	$	2,257

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WA Multi-Family Opportunity To Compete Playbook

1

Align Current Statute

WUCIOA (RCW 64.90) governs all shared equity housing models, including co-ops and CLTs. Statute needs to align with the feasibility of acquisition. This includes the possibility of exemption from costly and unnecessary requirements in current statue.

2

Align Funding Sources

Subsidy or low-cost capital is critical to ensuring acquisition by "eligible organizations" (RCW 59.20.030). This funding needs to be deployed at a market competitive timeline, **competitive grant cycles don't meet this need.** Sources such as the HTF, HB1590 Funds, low-cost debt with WSHFC, and other local municipal funding could provide meaningful impact but need modification to do so. Removing site control or an identified project requirement would allow use of this funding.

3

Adopt Enacting Act

Enacting a comprehensive statewide opportunity to compete act will require deep collaboration between all impacted stakeholders - investors, renters, community based organization, non-profits, and many more. Several key partners are working to lead those coordinated and collaborative conversations to gather feedback. To have effective and impactful policy, statue and funding need to proceed this enacting act.

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TOPO summary of literature recommendations

Staff performed a high-level scan of resources assessing implementation considerations and efficacy of existing TOPO and COPO policies that have been enacted in other jurisdictions across the U.S. Across jurisdictions, these sources highlighted the importance of pairing financing and technical assistance with TOPO/COPO policies.

Additional key themes are presented here for LUEC's consideration to identify elements of successful policy in action:

- Clear timelines and process for notice and acquisition, and education about the process
- Reasonable timelines to secure financing and to support robust tenant engagement in the process
- Technical assistance and non-profit capacity-building
    - Examples: tenant organizing to form an association, access financing products, legal advice on rights and to interpret real estate transaction documents
- Financing
    - Must be mobilized quickly
    - Must be flexible to support needs
    - Low interest rates to keep payments affordable long-term
    - Sources needed for:
        - predevelopment funding for earnest money and due diligence, including, but not limited to, appraisal, legal, survey, environmental, physical needs assessment, market study, architectural, etc.
        - acquisition financing to purchase the property;
        - construction loan for rehab, repairs, and improvements; and
        - permanent financing.
- Long-term support for building management and sustainability
    - Examples: shared ownership responsibilities, building maintenance and operations, finances
- Create mechanisms for maintaining the property as permanently affordable housing
- Clear enforcement mechanisms

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https://publicadvocates.org/wp-content/uploads/2022/04/key-considerations-for-designing-topa-copa-policies.pdf

https://www.localhousingsolutions.org/housing-policy-library/rights-of-first-refusal/

https://www.policylink.org/resources/tools/housing-anti-displacement/topa-copa

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Land Use & Environment Committee

Briefing on Short-Term Rental Permitting and Enforcement

Agenda Date: 7/23/2026
Agenda Item Number: 6.B
File Number:26-0552

Type: discussion **Version:** 1 **Status:** In Committee

Title
Briefing on Short-Term Rental Permitting and Enforcement

Recommended Action
Committee Recommendation:
Not referred to a committee.

City Manager Recommendation:
Receive a briefing on short-term rental permitting and enforcement.

Report
Issue:
Whether to receive a briefing on short-term rental permitting and enforcement.

Staff Contact:
Casey Mauck, AICP, Associate Planner, Community Planning and Economic Development, 360.753.8048

Presenter(s):
Casey Mauck, AICP, Associate Planner, Community Planning and Economic Development

Background and Analysis:
Short-term rental (STR) permits follow a similar process to other development permits, with applicants required to submit an application through the City's online permit portal prior to operation.

The City recognizes two types of STRs: vacation rentals and homestays. Vacation rentals require a land use permit and involve rental of a property where the owner does not reside onsite. Homestays do not require a land use permit and involve a property owner residing onsite while renting a portion of the home

In August 2021, the City Council adopted the STR ordinance following concerns from community members regarding the lack of regulation of these rentals. Currently, there are 30 active STR permits. Permits are required only for vacation rentals and are valid for two years. The table below summarizes the number of approved STR permits by year.

2021 (Sept-Dec)	2022	2023	2024	2025	2026
5	10	10	12	17	7

Enforcement of STR regulations is conducted on a complaint-based basis. Code Enforcement staff have indicated that STRs are not a significant source of community complaints at this time.

Climate Analysis:
No program changes are recommended at this time. Climate impacts would be assessed at the time of any recommended changes.

Equity Analysis:
STRs can affect the availability of housing by influencing the supply of units available for short-term rental, as well as the supply of homes available for purchase or long-term rental. Communities with significant STR inventories have experienced concerns about housing affordability when residential units are converted to STRs or purchased by absentee owners for short-term rental use.

STRs can also play important roles in a community by providing units for tourism, temporary workers who are not in place to sign a long-term lease, or community members needing a temporary place to stay without meeting all requirements of a long-term lease.

Neighborhood/Community Interests (if known):
Community members have a significant interest in housing policy. Community surveys and engagement efforts consistently identify affordable housing and homelessness as top priorities for Olympia residents. In a recent community survey, 74% of respondents indicated that housing and homelessness are a priority and expressed concerns that residents are not able to access or afford stable housing.

STRs also generate community interest, with some neighbors raising concerns about potential impacts such as increased traffic, noise, parking, and other neighborhood disruptions associated with short-term rental activity.

Financial Impact:
No program changes are recommended at this time. Financial impacts would be assessed at the time of any recommended changes.

Options:
1. Receive a briefing on short-term rental permitting and enforcement.
2. Do not receive a briefing on short-term rental permitting and enforcement.
3. Take other action.

Attachments:
Short-Term Rental City Webpage