



# Meeting Agenda

## Land Use & Environment Committee

City Hall  
601 4th Avenue E  
Olympia, WA 98501

Information: 360.753.8244

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Thursday, April 23, 2026

4:00 PM

Council Chambers, Online and  
Via Phone

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**Register to Attend:**

[https://us02web.zoom.us/webinar/register/WN\\_FVMyH3eST4O5PI1Wpkgvww](https://us02web.zoom.us/webinar/register/WN_FVMyH3eST4O5PI1Wpkgvww)

**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** [26-0300](#) Approval of March 26, 2026 Land Use & Environment Committee Meeting Minutes

**Attachments:** [Minutes](#)

**6. COMMITTEE BUSINESS**

**6.A** [26-0272](#) Discuss the Affordable Housing Emergency Declaration

**Attachments:** [Affordable Housing Emergency Ordinance 7414](#)

**6.B** [26-0287](#) Discuss the Downtown Commercial Vacancy Study

**Attachments:** [Vacancy Study](#)

**7. REPORTS AND UPDATES**

**8. ADJOURNMENT**

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

## Land Use & Environment Committee

### Approval of March 26, 2026 Land Use & Environment Committee Meeting Minutes

**Agenda Date:** 4/23/2026  
**Agenda Item Number:** 5.A  
**File Number:**26-0300

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

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**Title**

Approval of March 26, 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

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Thursday, March 26, 2026

4:00 PM

Room 212, Online and Via Phone

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**Register to Attend:**

[https://us02web.zoom.us/webinar/register/WN\\_mh\\_6xxMqSJ-DTvp3QehDfg](https://us02web.zoom.us/webinar/register/WN_mh_6xxMqSJ-DTvp3QehDfg)

### 1. CALL TO ORDER

Chair Vanderpool called the meeting to order at 4:00 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

### 3. APPROVAL OF AGENDA

**The agenda was approved.**

### 4. PUBLIC COMMENT

The following people provided public comment: Dan Scherck.

### 5. APPROVAL OF MINUTES

- 5.A [26-0241](#) Approval of February 17, 2026 Land Use and Environment Committee Meeting Minutes

**The minutes were approved.**

- 5.B [26-0242](#) Approval of February 26, 2026 Land Use and Environment Committee Meeting Minutes

**The minutes were approved.**

### 6. COMMITTEE BUSINESS

- 6.A [26-0222](#) Manufactured Home Communities Preservation Discussion

Ms. Lenssen provided a presentation on preservation of manufactured home

communities. Committee members asked questions about different avenues to explore and provided direction on research points to staff. This business item will come back to Land Use in June.

**The discussion was completed.**

**6.B**     [26-0214](#)     Plum Street to Eastside Street Subarea Planning Scoping Discussion

Mr. Schaufler provided a presentation on the Plum Street corridor. Discussions were held regarding the zoning of the corridor as well as future projects that will impact the entryway into the Downtown area.

**The discussion was completed.**

**7.     REPORTS AND UPDATES**

Committee Member Gilman reported that the parking ticketing system has been “bumpy” since the transition to Thurston County. He also noted constituent feedback from residents near LBA Park regarding pedestrian access to the park via the water tower on Boulevard Road.

Chair Vanderpool shared a conversation with Rebeca from the Housing Land Trust regarding rent-to-own models and suggested reaching out to Habitat for Humanity, Northwest Co-op, and similar organizations for additional input.

Mr. Smith reported that the hearing examiner contracts will be presented to Council at the next meeting. He also noted that two leadership recruitments have been launched within the department, including a Planning Manager and a Housing position.

**8.     ADJOURNMENT**

The meeting adjourned at 6:20 p.m.



## Land Use & Environment Committee

### Discuss the Affordable Housing Emergency Declaration

**Agenda Date:** 4/23/2026  
**Agenda Item Number:** 6.A  
**File Number:**26-0272

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

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#### **Title**

Discuss the Affordable Housing Emergency Declaration

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a Committee.

##### **City Manager Recommendation:**

Discuss the Affordable Housing Emergency Declaration.

#### **Report**

##### **Issue:**

Whether to discuss the Affordable Housing Emergency Declaration

##### **Staff Contact:**

Jacinda Steltjes, Housing Manager, Community Planning and Economic Development, 360.753.8482

##### **Presenter(s):**

Jacinda Steltjes, Housing Manager, Community Planning and Economic Development

#### **Background and Analysis:**

##### Adoption of Affordable Housing Emergency Declaration (AHED)

In December 2024, the Olympia City Council adopted Ordinance 7414, declaring the insufficient supply of affordable housing a public health emergency. The ordinance defines affordable housing as housing that costs no more than 30% of a household's income. It also recognizes that approximately 14,295 new housing units will be needed in Olympia and its urban growth area by 2045 to accommodate projected population growth, with nearly half required to serve low-income households -those earning at or below 80% of the area median income (currently \$116,700).

The Ordinance aligns with the City's Housing Action Plan and One Community Plan and is modeled after similar emergency declarations adopted in jurisdictions such as San Diego, Los Angeles, Portland, and the State of Hawaii. It establishes six strategies aimed at increasing the supply of affordable housing for low-income households in Olympia.

- Prioritizes affordable housing projects in the permitting queue.
- Provides dedicated staff support to help affordable housing projects move efficiently through the permitting process.
- Authorizes the City Manager to defer or waive certain City requirements for qualifying affordable housing projects.
- Creates a permit fee grant program for affordable housing developments.
- Establishes an infrastructure assistance grant to support affordable housing projects.
- Outlines the City's willingness to participate in 1033 tax exchange transactions with property owners to preserve affordability in projects at risk of conversion.

Developers benefitting from the emergency declaration must offer all units of their project as affordable for a minimum of 25 years. A restrictive covenant which runs with the land guarantees this affordability period.

### Promoting the Declaration

Much of 2025 focused on implementing the (AHED) and increasing awareness among the public and development community. In the first quarter, the City updated an Affordable Housing Incentives fact sheet outlining available programs, which is now accessible on the Housing and Homeless Response website and through the City's permit portal.

Throughout the year, staff used multiple communication channels to share information about the declaration. In February, AHED was featured in the internal *Difference Makers* staff newsletter. In March, Housing and Strategic Communications staff developed a signature graphic to support consistent messaging. In April, information about the declaration and middle housing code updates was included in a utilities insert, and a companion blog post was published highlighting the importance of affordable housing and the City's efforts to expand it. In June, an e-news update provided progress on the AHED rollout.

With all six strategies now operational, Housing staff continue to support implementation by sharing incentive information and working directly with developers. Staff regularly participate in site plan review meetings to outline available incentives for affordable housing projects and assist developers in navigating and applying for these programs.

### AHED Participants

The declaration has been well received by the development community. To date, five projects have been prioritized and moved to the front of the permit queue. Four of these projects have received direct assistance from planning and engineering staff to support timely review and processing.

One project received a targeted exemption from City code, which also adjusted the affordability requirement associated with another City incentive from an indefinite term to a 25-year affordability period. One project is currently pursuing the permit fee grant. No projects have yet applied for the infrastructure assistance grant or participated in a 1033 tax exchange transaction.

In all cases, AHED incentives have been used in combination with other existing affordable housing incentive programs to support project feasibility and delivery.

### Other Affordable Housing Incentives

In addition to the six AHED strategies, the City offers several other affordable housing incentives

intended to encourage development of affordable housing. Transportation and park impact fees are exempted by 80%. In partnership with both Olympia School District and North Thurston School District, school impact fees are also exempted by 80%. A 50% exemption of City general facility charges and a 50% exemption of LOTT Clean Water Alliance capacity development charges are also offered. LOTT's Affordable Housing Supply program started as a pilot in 2023 and is now in its first biennium as a full-fledged program. Olympia has drawn its full allocation, plus relied on a shared pool among other partner jurisdictions, since the introduction of the program.

### Lessons Learned

While the AHED has been successful, many lessons have been learned. Significant coordination is needed between several city staff teams to successfully apply the incentives. Housing, Planning & Engineering, Administrative Services, and Finance all play a role. Staff have come a long way in understanding each other's work and applying that learning to guide developers on when AHED incentives should be requested but there is room for improvement and continued learning.

For example, while planning and engineering staff have pushed hard to fast-track affordable housing projects in the permitting process, two projects were held up on the developers' side by federal funding gaps or regulations that caused the permit timeline to periodically stall.

- The Low Income Housing Institute's Franz Anderson Permanent Supportive Housing project experienced a mid-process delay when housing vouchers were not available. The developer identified alternative operating funding and adjusted the target population, while permitting progress slowed as Housing staff coordinated regionally to help address the gap.
- South Puget Sound Habitat for Humanity's 3900 Boulevard project accepted a federal grant that triggered a required National Environmental Policy Act (NEPA) environmental review. The review took several months to complete, during which AHED incentives could not be fully applied and fees could not be finalized or paid until the process was complete.

All in all, each project benefiting from an incentive has brought a learning opportunity and process improvement.

### Next Steps

The Council will consider continuation of the Affordable Housing Emergency Declaration in early June 2026. If continued, Housing staff plan to focus the remainder of 2026 on strengthening education, outreach, and identifying process improvements. Following an extended vacancy, the Housing Director position is expected to be filled in spring 2026, increasing capacity to dedicate additional focus to the AHED and other affordable housing incentive programs.

Staff will also update Housing program webpages and pursue expanded collaboration with internal and external partners, including the City's Economic Development Division and the Thurston Regional Housing Council, to improve awareness and understanding of AHED and related incentives.

In addition, staff intend to more actively promote available incentives to affordable housing developers to help attract additional development interest to Olympia and Thurston County. Finally, staff will explore opportunities to better align AHED incentives with other City initiatives, including the land banking strategy, to increase overall impact in 2026 and into 2027.

### **Climate Analysis:**

Affordable housing and middle housing create density and better utilize the limited availability of land. Affordable housing projects are often funded by and rely upon state and federal resources. These resources require projects to comply with development standards that safeguard health and safety, increase durability, promote sustainable living, preserve the environment, and increase energy and water efficiency. Additionally, affordable housing projects are commonly located along frequent transportation routes and thereby help to decrease greenhouse gas emissions.

### **Equity Analysis:**

The emergency declaration is intended to increase the supply of affordable housing, with the greatest benefits expected for low-income households in Olympia. Low-income residents and people of color are disproportionately impacted by the limited supply of affordable housing. The Thurston Regional Planning Council's 2021 Housing Needs Assessment found that approximately 7,600 Olympia households are cost burdened, meaning they spend more than 30% of their income on housing costs. In general, lower-income households are more likely to experience housing cost burden.

The Assessment also notes that about one in four Thurston County residents identifies as a person of color, including residents who are Hispanic or Latino, Black, Asian, multiracial, or other races. These communities have been disproportionately impacted by systemic inequities, including lower homeownership rates, lower household incomes, and higher rates of housing instability and homelessness compared to white, non-Hispanic residents.

Housing unaffordability is also associated with negative public health outcomes, including increased risk of chronic conditions such as cardiovascular disease and respiratory illness, as well as mental health challenges such as chronic stress, anxiety, and depression.

The Fair Housing Assessment was produced in 2022 in partnership with Thurston County and Housing Authority of Thurston County. The Assessment evaluates housing discrimination and fair housing planning efforts as well as identifies outstanding fair housing needs in Thurston County. The assessment is used to inform spending of federal funds, create goals and strategies to advance fair housing in Thurston County, and inform program areas and policies that involve housing efforts. Some key findings of the Assessment of Fair Housing were:

- The 600+ community members who participated in a survey to assess fair housing barriers and priorities in Thurston County rated access to affordable housing among the highest priority needed to address housing disparities in Thurston County.
- Housing that is safe, accessible, and affordable to households experiencing a disability is severely lacking in Thurston County.

### **Neighborhood/Community Interests (if known):**

Affordable housing has ranked as a top priority among Olympia community members in recent years. In May 2023, the City of Olympia conducted a public opinion survey. Respondents overwhelmingly (74%) indicated housing and homelessness was a concern. Only 11% of the 531 respondents felt residents could access affordable and stable housing in Olympia. A theme identified in comments concerning the Land Use & Urban Design chapter of the City's Comprehensive Plan was that community members want housing options for all income levels across the city. They also feel more

should be done to help people find housing solutions. A theme in the Public Services chapter comments was that the availability of affordable housing is a primary issue for our community and there should be housing opportunities for everyone across the entire income spectrum.

**Financial Impact:**

There are no direct financial impacts associated with the discussion of the Affordable Housing Emergency Declaration. However, if Council chooses to continue the declaration in June 2026, two AHED strategies have ongoing financial implications.

Permit Fee Grant

In spring 2025, Council approved funding the permit fee grant with \$500,000 in seed money from the Economic Development reserves fund. The permit fee grant fund will maintain a minimum balance of \$500,000. Each time a city-owned property is sold up to 10% of the proceeds from the sale is directed to this grant fund. At no time will funds exceed \$750,000.

Eligible applicants to this grant fund benefit from 50-100% exemption of permit fees, though not review fees. The degree of exemption is dependent upon degree of affordability and whether the project meets Comprehensive Plan goals in addition to providing affordable housing for low-income households. The permit fee grant exempts the applicant from paying permit fees, which are directed into Fund 006. Fund 006 is heavily relied upon to pay personnel costs associated with several Community Planning & Economic Development staff.

Infrastructure Assistance Grant

The infrastructure assistance grant provides funds to affordable housing developers to offset the cost of wastewater and drinking water infrastructure. The fund was seeded in 2025 with a 0.5% increase to drinking water utility and a 1% increase to wastewater utility. This provided roughly \$55,000 for drinking water infrastructure and \$85,000 for wastewater infrastructure. Revenue from the drinking water utility are collected in Fund 145 and must be used toward drinking water infrastructure. Revenue from the wastewater utility are collected in Fund 146 and must be applied toward wastewater infrastructure.

**Options:**

1. Discuss the Affordable Housing Emergency Declaration.
2. Do not discuss the Affordable Housing Emergency Declaration.
3. Provide other direction to staff.

**Attachments:**

Affordable Housing Emergency Ordinance 7414

Ordinance No. 7414

**AN ORDINANCE OF THE CITY OF OLYMPIA, WASHINGTON, RELATING TO PUBLIC HEALTH AND SAFETY; DECLARING A STATE OF PUBLIC HEALTH EMERGENCY RELATING TO HUMAN HEALTH CONDITIONS CAUSED BY 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 is defined as housing that is compatible in scale, form, and character with single-family houses and contain 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; and

**WHEREAS**, it's recognized that middle housing 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 homelessness; and

**WHEREAS**, Olympia City Council declared homelessness a public health and safety emergency in 2018; 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 a lack of affordable housing supply; and

**WHEREAS**, a 2021 Housing Needs Assessment produced by Thurston Regional Planning Council found that over 34,650 Thurston County households are cost burdened, meaning they spend more than 30 percent of their income on rent, mortgage payments, and other housing expenses; and

**WHEREAS**, of these 34,650 households, 13,900 are severely cost burdened, spending more than half of their income on housing expenses; and

**WHEREAS**, of these 34,650 households, 7,605 households are Olympia residents; and

**WHEREAS**, Olympia is projected to need more than 12,600 new housing units by 2045 to accommodate future population growth; and

**WHEREAS**, it's projected that more than 5,800 of these 12,600 units will be needed for households with incomes at or below 80 percent of the area median income adjusted by household size; 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 communities; 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 that is affordable for low-income populations; 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 affordable prices for 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 and middle housing for residents of the City; and

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

**WHEREAS**, the above circumstances warrant the exercise of the City Council's power to declare a 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:**

It is hereby declared that a state of emergency exists due to an exigent threat to human health related to an insufficient supply of affordable housing affecting the City of Olympia. In order to provide emergency relief consistent with the intent of this Ordinance, the Council hereby adopts the following strategies to increase the supply of affordable housing in Olympia.

**Section 1.** The above-stated recitals are adopted as findings of the City Council.

**Section 2. Prioritize affordable and middle housing projects in City permitting process**

Community Planning and Development staff will prioritize affordable housing and middle housing projects meeting the eligibility criteria in Section 8, below in the permitting process by moving these projects to the front of the permitting queue.

**Section 3. Specialized CP&D staff dedicated to affordable & middle housing projects**

A Principal Planner in Community Planning and Development will act as an ombudsperson to affordable housing and middle housing projects. This staff person will work collaboratively and creatively with other Community Planning and Development 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 4. 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 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 is authorized to exercise the powers vested under Section 4 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 5. Participate in 1033 Tax Exchange transactions with willing property owners**

The City will participate in a 1033 Tax Exchange transaction, exercising of threatening to exercise the City’s power of eminent domain, when the 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 legal constraints to ensure affordability, such as a deed restriction, are imposed.

**Section 6. Grant Program for Infrastructure Improvements**

Staff will develop and implement a grant program which makes funding available for off-site infrastructure improvements necessitated by affordable housing projects. Seed funding for the program will originate from a 0.5% drinking water utility rate increase and a 1% wastewater utility rate increase effective January 1, 2025.

**Section 7. Grant Program to Exempt Permit and Other Fees**

Staff will develop a grant program which reduces permit and development fees. In developing such a program staff shall identify a funding strategy and plan for implementation and may proceed with the program with the identified funding strategy and implementation plan.

**Section 8. Eligibility Criteria**


The strategies apply to housing for which the following criteria has 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 9. Sunset Provision.** This Ordinance sunsets and is no longer in force or effect at 11:59 p.m. on June 30, 2026. The City Council shall, no later than 18 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 10. Ratification.** Any act consistent with the authority and prior to the effective date of this Ordinance is hereby ratified and affirmed.

**Section 11. 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:**

*Sean Krier*  
 \_\_\_\_\_  
 CITY CLERK

**APPROVED AS TO FORM:**

*Michael M. Young*  
 \_\_\_\_\_  
 DEPUTY CITY ATTORNEY

**PASSED:** December 17, 2024

**APPROVED:** December 17, 2024

**PUBLISHED:** December 23, 2024



## Land Use & Environment Committee

### Discuss the Downtown Commercial Vacancy Study

**Agenda Date:** 4/23/2026  
**Agenda Item Number:** 6.B  
**File Number:**26-0287

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**Type:** discussion **Version:** 2 **Status:** In Committee

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**Title**

Discuss the Downtown Commercial Vacancy Study

**Recommended Action**

**Committee Recommendation:**

Not referred to a committee.

**City Manager Recommendation:**

Discuss the Downtown Commercial Vacancy Study

**Report**

**Issue:**

Whether to Discuss the Downtown Commercial Vacancy Study

**Staff Contact:**

Jennica Machado, Economic Development Director, Community Planning and Economic Development, 360.480.9167

**Presenter(s):**

Jennica Machado, Economic Development Director, Community Planning and Economic Development

Chris Zahas, Managing Principal, Leland Consulting Group

Jennifer Shuch, Senior Analyst, Leland Consulting Group

**Background and Analysis:**

Background

In recent years, increased vacancy in storefront and office spaces has been observed. The City's Olympia Strong economic recovery plan included a proposed initiative aimed at helping activate vacant downtown spaces to help address downtown vacancy and vibrancy. That initiative did not gain traction, and efforts were terminated before implementation. As a result, the City identified a need to better understand the causes of vacancy prior to developing policy or programmatic responses.

Consultant Selection and Study Initiation

The City issued a Request for Proposal to conduct a downtown vacancy analysis and identify

potential strategies. Following a competitive process, the City selected Leland Consulting Group and began the study in October 2025. Leland completed field surveys, stakeholder interviews, and data analysis to assess existing conditions and contributing factors.

### Purpose

The objective of the study was to provide the City of Olympia with a clear and data-driven understanding of the drivers behind commercial vacancies in downtown Olympia and to identify actionable strategies to reduce vacancies over time. The findings are intended to inform future policy and program development related to downtown economic activity.

### **Climate Analysis:**

The completion of the study does not result in direct greenhouse gas emissions or reductions. The study may indirectly support climate mitigation strategies by informing future policy, program, or investment decisions related to downtown development including potential support for reuse of existing buildings.

### **Equity Analysis:**

Completion of the study does not directly implement programs or policies and is therefore not expected to result in immediate benefits or burdens to specific groups. However, it may inform future decisions that could affect downtown businesses, property owners, workers, and visitors, including historically marginalized and underrepresented communities in economic development efforts. Depending on future actions, there is potential to reduce disparities by improving access to economic opportunities and addressing barriers to business occupancy.

### **Neighborhood/Community Interests (if known):**

No additional concerns were received outside of those identified through stakeholder engagement conducted as part of the study. Community input is summarized in the study.

### **Financial Impact:**

The Vacancy Study was funded through general funds in the Economic Development budget with a max contract amount of \$40,000.

### **Options:**

1. Discuss the Downtown Commercial Vacancy Study
2. Do not discuss the Downtown Commercial Vacancy Study
3. Provide other direction to staff

### **Attachments:**

Downtown Vacancy Study



CITY OF OLYMPIA

# Downtown Vacancy & Vitality Study

April 9, 2026

Prepared for:

**City of Olympia**  
601 4<sup>th</sup> Avenue E  
Olympia, Washington 98501

Prepared by:

**Leland Consulting Group**  
610 SW Alder Street, Suite 1200  
Portland, Oregon 97205  
[www.lelandconsulting.com](http://www.lelandconsulting.com)

# Acknowledgements

## City of Olympia

### City Council

**Dontae Payne**, Mayor

**Yến Huỳnh**, Mayor Pro-Tem

**Dani Madrone**, Position #3

**Clark Gilman**, Position #4

**Kelly Green**, Position #5

**Robert Vanderpool**, Position #6

**Paul Brendt**, Position #7

### City Staff

**Tim Smith**, Director of Community Planning and Economic Development

**Jennica Machado**, Economic Development Director

**Nicole Floyd**, Planning Director

**Thanh Jeffers**, Deputy Director of Public Works

**Tiffani King**, Senior Engineering Plans Examiner

**Shelby Parker**, Police Chief

**Andrew Curtis**, Engineering Program Specialist

**Brittani Gillia**, Historic Preservation Officer

**Woody Shaufler**, Business Operations Specialist

## Planning & Consultant Team

### Leland Consulting Group

610 SW Alder Street, Suite 1200

Portland, Oregon 97205

(503) 222-1600



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# Introduction

Downtown Olympia is a showcase for unique local businesses, a hub for music and nightlife, and the only historic downtown in Thurston County. It serves as the center of the city's economy, community, and government. Unlike other commercial centers in the region, Downtown Olympia does not have major chains other than banks.

However, recent trends, such as the rise in e-commerce, the COVID-19 pandemic, the shift among State offices to remote work, and the real and perceived impacts from the houseless crisis have created challenges to vitality in downtown Olympia. City leaders and staff as well as private investors, developers, and business owners have noticed a trend of persistent retail and office vacancy as well as empty developable lots. While some of these challenges – such as homelessness and the rise in e-commerce – require broader long-term strategies in coordination with other agencies and government entities, this report recommends strategies that the City can take in the near- and medium-term (within the next five years) to increase downtown vitality.

To ensure that community conversations about the future of downtown Olympia are grounded in objective, factual data, the City of Olympia retained Leland Consulting Group (Leland) to conduct an analysis of real estate conditions, to quantify the extent and location of commercial vacancies downtown, and to research the underlying factors contributing to them. Leland conducted on-the-ground research of downtown properties, spoke with City staff as well as business owners, real estate professionals, and representatives from business and tourism organizations. We also analyzed data from sources including the U.S. Census Bureau, Placer.ai, CoStar, Crexi, the Thurston County Assessor, the Olympia Police Department, the Washington Employment Security Department, and the Olympia Public Works Department to understand the extent of the challenges facing downtown Olympia as well as the major drivers of downtown vacancy.

This report is organized in three main sections:

- **Existing Conditions:** An analysis of current conditions to serve as a foundation for the analysis of the major drivers of vacancy in downtown Olympia. The analysis in this section is based on the questions we heard from City staff and stakeholders related to vacancy, employment, visitor activity, the impacts of the State's shift to remote work, public safety, and parking.
- **Best Practices:** Additional information about recommended interventions that can contribute to downtown vitality based on successful programs in other communities.
- **Recommendations:** A summary of the key findings from the Existing Conditions and Best Practices sections as well as recommendations for actions the City and its partners can take to address downtown vacancy and vitality.
- **Stakeholder Engagement Summary:** A summary of the feedback received from one-on-one stakeholder interviews with property and business owners, real estate professionals, and representatives from downtown and tourism organizations.

Throughout Leland's conversations with City staff and stakeholders, we learned that people are passionate about downtown and its long-term success. However, there are different opinions and feelings about the extent of downtown's struggles, its root causes, and the actions the City should take to address them. We organized our research and framed the findings in this report around those questions.



# Existing Conditions

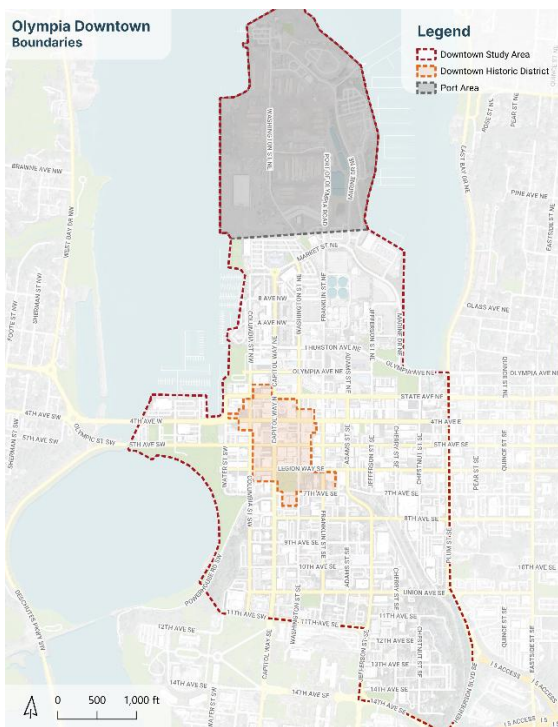
The purpose of this section is to provide a detailed overview of key metrics to understand the current conditions in downtown Olympia. It is organized as follows:

- **Population and Workforce:** Who lives and works in downtown Olympia? What are the key job sectors and economic drivers?
- **Vacancy:** How many vacant spaces are there in downtown Olympia? Where are concentrations of vacancy? What types of buildings are vacant?
- **Downtown Visitor Analysis:** How have visits to downtown Olympia changed since the start of the COVID-19 pandemic? How does visitor behavior compare to downtowns in peer cities?
- **Public Safety:** How do perceived safety challenges align with crime statistics from the Olympia Police Department?
- **Policy and Regulatory Environment:** What do City planning documents say about the role of downtown? What City policies and regulations are exacerbating downtown challenges?
- **Parking:** To what extent is parking a challenge in downtown Olympia? Are there specific times of day when parking is more of a challenge than others?

## Population and Workforce

According to 2023 Census data via Placer.ai, downtown Olympia (as shown in Figure 1 below) has a resident population of around 2,169, and a daytime population of 11,107. Within the smaller Downtown Historic District, the population is approximately 422 and the daytime population is 2,807.

**Figure 1. Boundary Map of Downtown Study Area, Historic District, and Port Area**



Source: City of Olympia; Leland Consulting Group.



## How Has Employment in Downtown Olympia Changed Since the Pandemic?

Because this analysis is focused on the health of retail and office space downtown, the jobs data in Figure 2 below excludes the Port area. While the COVID-19 pandemic resulted in significant job losses across sectors in downtown Olympia, since then most sectors have seen job growth. Notably, retail jobs in downtown Olympia started to decline prior to the pandemic – between 2013 and 2018 the retail sector downtown lost 65 jobs. Downtown lost an additional 121 retail jobs between 2018 and 2020. While 74 new retail jobs have been added since 2020, there has still been a net loss of 112 retail jobs downtown since 2013.

Since 2013, the sector with the most significant job growth has been Public Administration, largely due to the presence of state offices in downtown Olympia. However, because many of these jobs are now remote or hybrid, the actual daytime worker population has declined. While the County plans to expand its presence in downtown Olympia, this is unlikely to make up for the impacts of State remote work policies.

**Figure 2. Jobs in Downtown Olympia (Excluding the Port), 2013-2023**

	2013	2018	2020	2023	Change, 2013- 2018	Change, 2018- 2020	Change, 2020- 2023
Public Administration	9,240	10,539	11,621	13,042	1,299	1,082	1,421
Administration & Support Services	1,118	1,460	1,410	1,853	342	(50)	443
Professional, Scientific, and Technical Services	977	1,239	953	1,407	262	(286)	454
Educational Services	488	986	347	985	498	(639)	638
Accommodation and Food Services	845	1,179	667	981	334	(512)	314
Other Services (excluding Public Administration)	854	937	707	832	83	(230)	125
Construction	89	846	572	790	757	(274)	218
Information	205	271	333	736	66	62	403
Finance and Insurance	430	581	587	726	151	6	139
Management of Companies and Enterprises	406	488	567	672	82	79	105
Wholesale Trade	217	604	381	414	387	(223)	33
Health Care and Social Assistance	544	482	481	368	(62)	(1)	(113)
Retail Trade	449	384	263	337	(65)	(121)	74
Manufacturing	183	386	273	242	203	(113)	(31)
Transportation and Warehousing	54	399	179	218	345	(220)	39
Arts, Entertainment, and Recreation	178	163	71	166	(15)	(92)	95
Utilities	122	136	139	140	14	3	1
Real Estate and Rental and Leasing	21	144	41	48	123	(103)	7
Agriculture, Forestry, Fishing and Hunting	48	37	26	16	(11)	(11)	(10)
Mining, Quarrying, and Oil and Gas Extraction	6	1	1	0	(5)	0	(1)
<b>Total</b>	<b>16,474</b>	<b>21,262</b>	<b>19,619</b>	<b>23,973</b>	<b>4,788</b>	<b>(1,643)</b>	<b>4,354</b>

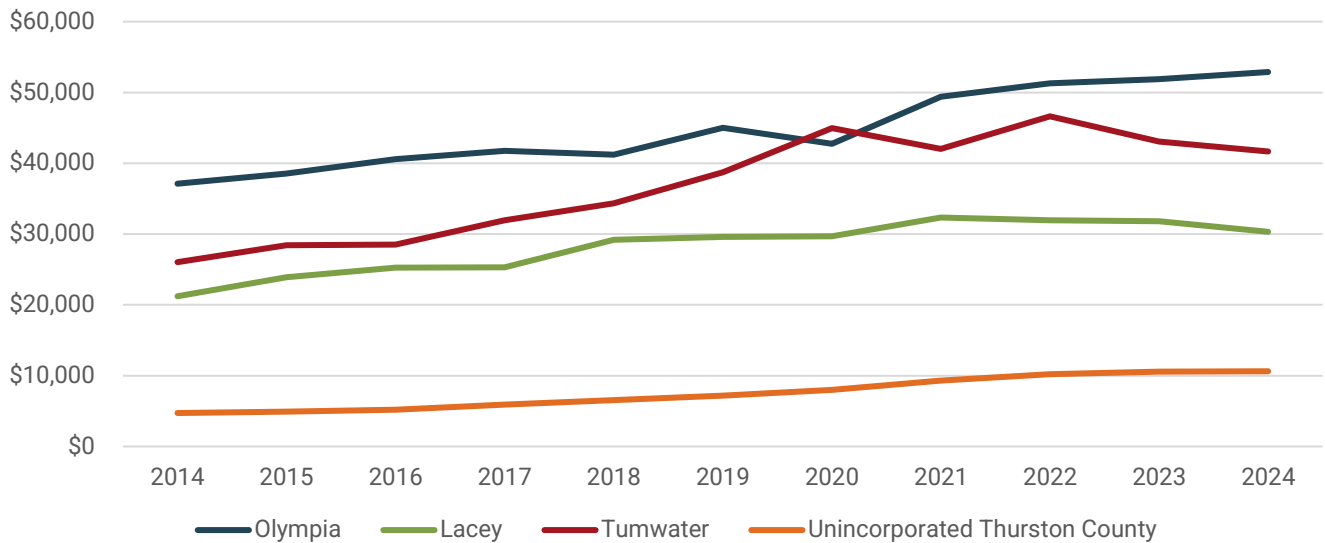
Source: U.S. Census via LEHD On the Map.

## How Healthy Is Olympia’s Retail Sector?

Despite the decline in downtown retail jobs over the past decade, taxable sales per capita remains higher in Olympia than in other Thurston County jurisdictions. Between 2020 and 2024, retail sales per capita in Olympia rose from just under \$43,000 to nearly \$53,000 – a 24 percent increase. Over the same period, taxable retail sales rose by two percent in Lacey and decreased by seven percent in Tumwater. Retail sales growth in unincorporated Thurston County outpaced growth in Olympia, rising by 33 percent between 2020 and 2024. While this data is not specific to downtown Olympia, it illustrates that Olympia serves as a retail hub attracting visitors from other parts of the county and the broader region.



**Figure 3. Retail Sales per Capita, 2014-2024**

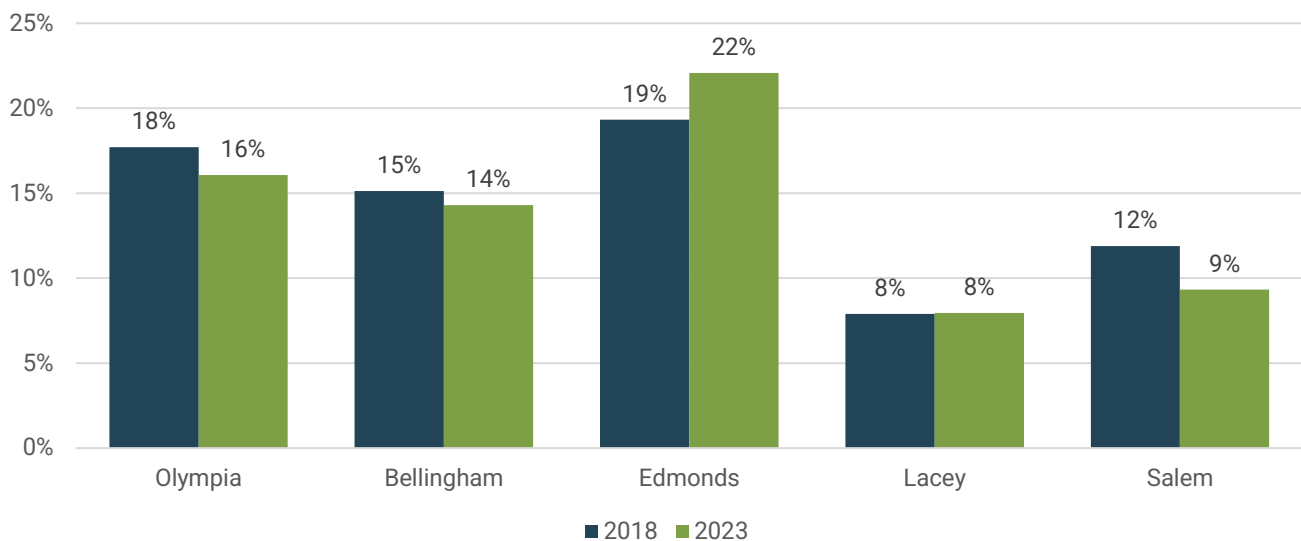


Source: Thurston Regional Planning Council.

### How Does Olympia’s Downtown Job Growth Compare to Growth in Other Downtowns?

Figure 4 below shows the share of retail, accommodations, and food and beverage jobs in downtown Olympia and comparison cities. Lacey is adjacent to Olympia with a similar population, and Bellingham and Edmonds have been used as comparable cities in other reports and analyses. Salem, Oregon is also a capital city with a significant dependence on public sector workers. Since 2018, the share of these jobs in downtown Olympia has declined from 18 percent to 16 percent. Comparable cities like Bellingham and Salem have seen similar decreases. However, over the same period, Edmonds saw more concentration of these jobs in its downtown area.

**Figure 4. Share of Retail, Accommodations, and Food and Beverage Jobs in Downtown Areas**

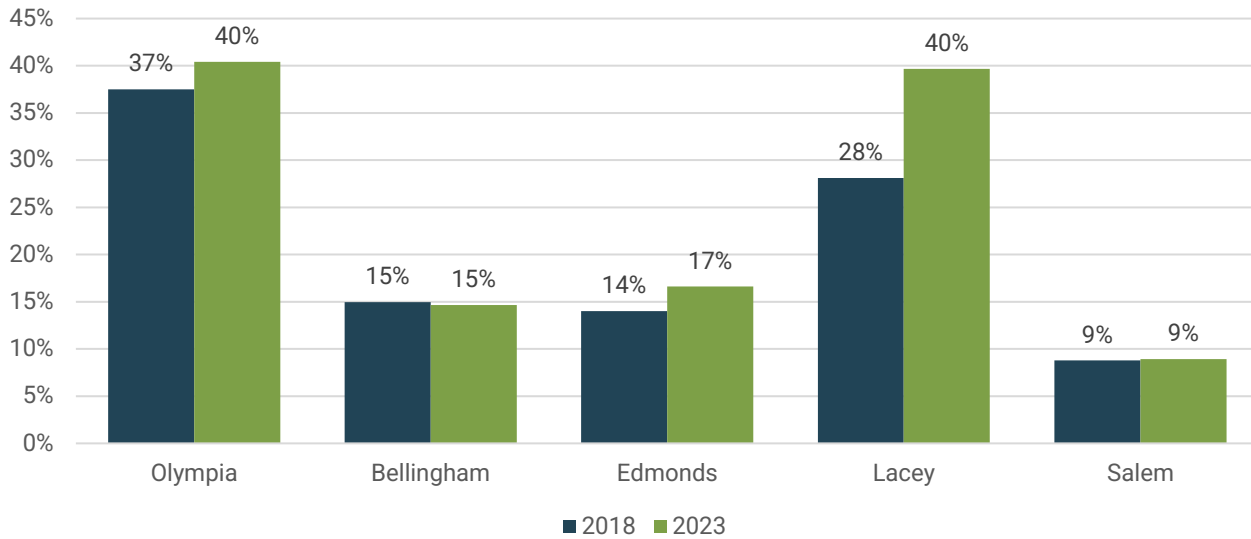


Source: U.S. Census via LEHD On the Map.



Despite this, jobs were more concentrated in downtown Olympia in 2023 than in 2018. Among peer cities, only Lacey has a similar concentration of jobs in its central business district. However, the data does not indicate whether these jobs are in-person or remote. While Olympia has a high concentration of public sector jobs, this does not necessarily correlate to a higher daytime population.

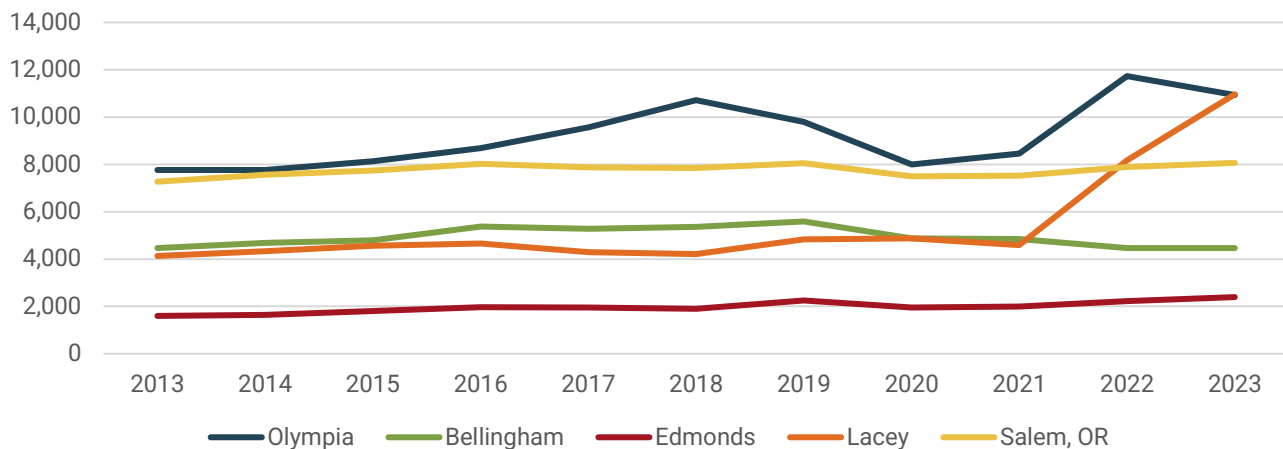
**Figure 5. Share of All Jobs in Downtown Areas**



Source: U.S. Census via LEHD On the Map.

Figure 6 below shows downtown job growth over time for Olympia and its peer cities, excluding jobs in the public administration sector. Even excluding these jobs, downtown Olympia has regained the jobs lost since the pandemic. As of 2023, there are more jobs in downtown Olympia than there were in 2018. Since 2020, the number of jobs in downtown Olympia has increased by 37 percent compared to 23 percent in Edmonds and eight percent in Salem. As of 2023, downtown Bellingham has fewer jobs than it did prior to the pandemic. downtown Lacey also saw significant job growth between 2021 and 2023.

**Figure 6. Downtown Jobs Excluding Public Administration, 2013-2023**



Source: U.S. Census via LEHD On the Map.



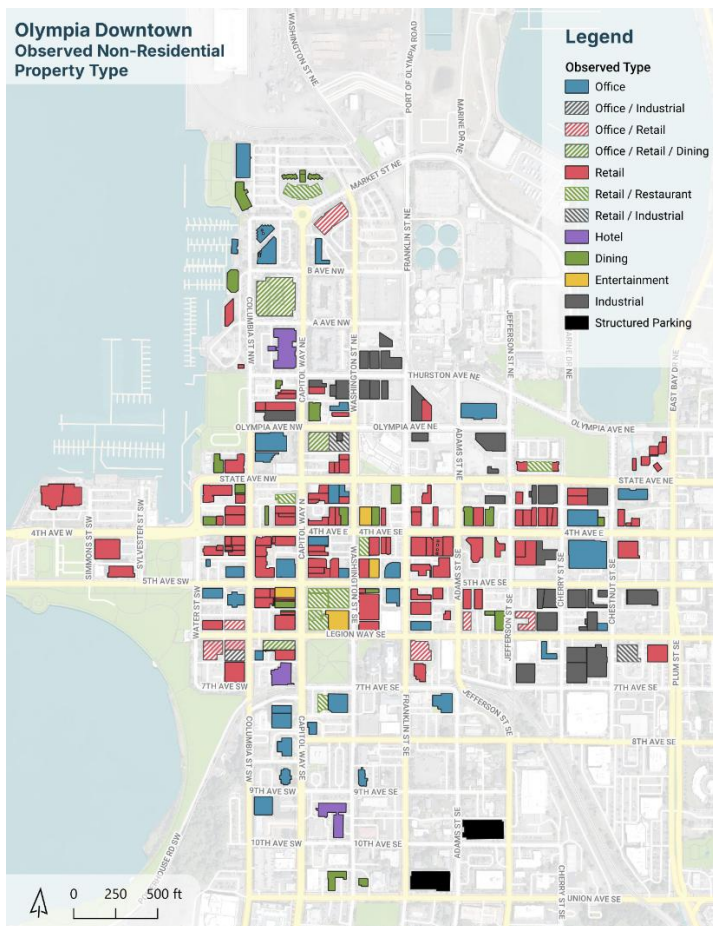
# Vacancy

This section summarizes existing real estate conditions and explores the root causes of vacancy in downtown Olympia. The data comes from CoStar, Placer.ai, the Olympia Downtown Alliance, conversations with City staff and stakeholders, and on-the-ground surveys of vacant storefronts. Stakeholders interviewed for this study included business owners, real estate professionals, lenders, City staff, and representatives of the Olympia Downtown Alliance. These interviews provided insight to a variety of challenges facing downtown, including permitting challenges, construction costs, political challenges, building conditions, City policies and regulations, safety concerns, and indifferent property owners. A detailed summary of these conversations can be found at the end of this report.

## What Types of Commercial Spaces Are in Downtown Olympia?

Figure 7 below shows properties by type in downtown Olympia, based on on-the-ground research by Leland Consulting Group. Within the Historic District, retail is the predominant use, though there are some office spaces in this area as well. South of Legion Way SE, the uses are predominantly supporting activities at the State Capitol. There are more offices, hotels, and parking garages in the southern portion of the study area. There is also a small cluster of office spaces in the northern part of the study area near the Port.

**Figure 7. Downtown Non-Residential Properties by Observed Type**



Source: Leland Consulting Group.

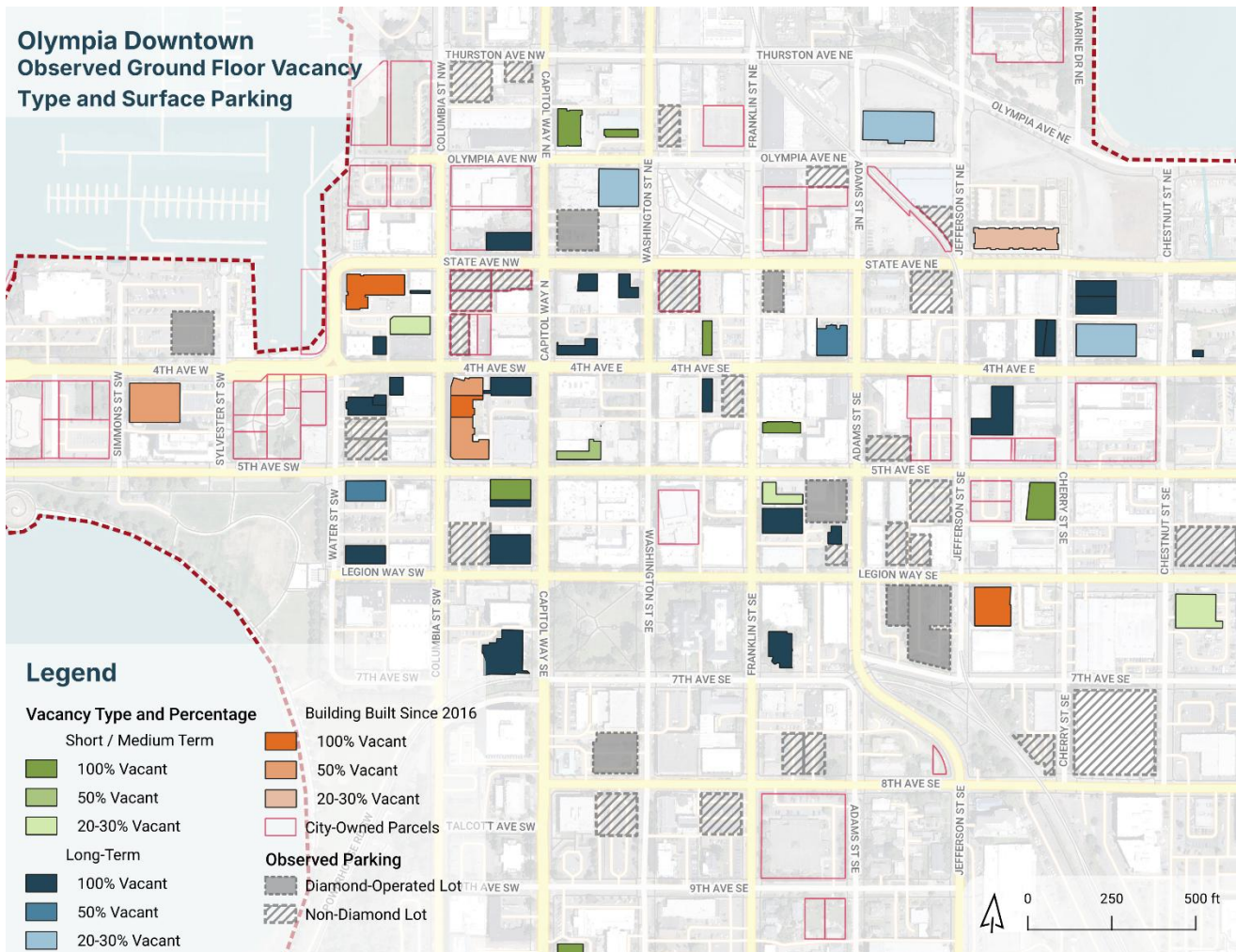


## Where Are the Vacant Spaces in Downtown Olympia?

In order to provide an accurate assessment of vacancy in Olympia, Leland conducted an on-the-ground survey of vacant spaces with the assistance of City staff in February 2026. Figure 8 below shows the observed vacancy at that time by building age and length of vacancy. Most of the long-term vacancies are located within the Historic District in the central part of downtown Olympia. Despite challenges with leasing ground floor retail spaces in mixed-use buildings, newer buildings do not have the same long-term vacancy challenges as older buildings downtown.

Figure 8 also shows parking lots and City-owned parcels. Surface parking lots are not vacant, but they can contribute to the perception of a lack of vitality because they are where people leave their vehicles rather than places for people to congregate, and they create a gap in active retail frontage that can deter pedestrian activity. While the City owns several properties downtown, most are currently occupied, with the exception of the building at the northwest corner of State Avenue and Capitol Way.

**Figure 8. Vacant Properties by Type and Percent Vacant, City-Owned Properties, and Parking Lots in Downtown Olympia**



Source: Thurston County Assessor; Leland Consulting Group.



**Figure 9. City-Owned Former Fire Station at 108 State Street NW in Downtown Olympia**



*Source: Leland Consulting Group.*

In addition, Figure 8 shows an estimate of how much space in each building is vacant as of February 2026. Many of the long-term vacant properties are fully vacant, potentially indicating either that the property owner is not actively marketing the space or that there is some other significant barrier (or barriers) to occupancy.

### **Why Do New Buildings Seem to Have So Much Vacant Ground Floor Retail Space?**

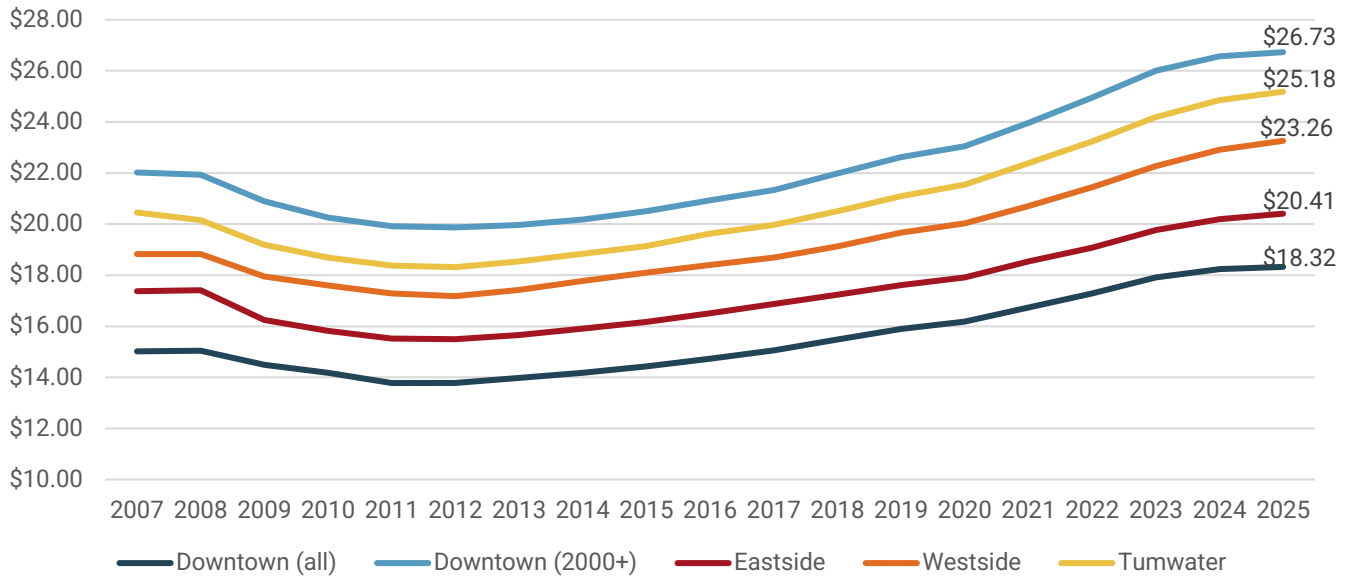
For retail in downtown Olympia, size, condition, and age are significant factors differentiating vacant and active spaces. While historic buildings are an important part of downtown's character and appeal, they can be costly to renovate to meet modern standards. In addition, many of these spaces are larger than many local businesses need. New retail spaces can also face tenancing challenges. While building systems in these spaces do not typically need to be updated, they are usually built as shell spaces to provide flexibility. The cost of tenant improvements (TIs) for these spaces can vary based on tenant needs. According to local real estate professionals, property owners need to find tenants that are willing and able to sign onto a long-term lease to recoup the cost of tenant improvements. These long-term leases can be risky for the building owner, especially if a potential tenant does not have a long track record of success in the market. In some cases, mortgages can include covenants that prevent landlords from reducing rents beyond a certain threshold to attract tenants.

According to data from CoStar and Crexi, there is a significant spread between the overall asking rent for retail spaces in downtown Olympia and the rent for spaces built since 2000. As of February 2026, spaces at Westman Mill are on market for \$24 per square foot annually, compared to \$17 per square foot annually at the Acme Fuel Building and \$18 per square foot annually at the Carnegie Building.



Figure 10 below shows the market asking rent for retail space in downtown Olympia compared to rents in CoStar’s Eastside, Westside, and Tumwater submarkets. While overall rent per square foot downtown is less than in the comparison areas, the market asking rent for spaces built in 2000 or later is significantly higher.

**Figure 10. Market Asking Rent per Square Foot (2007-2025)**



Source: CoStar; Crexi.

Vacancy in newer mixed-use buildings is not a challenge limited to Olympia – while ground floor retail requirements can help make neighborhoods more vibrant, these spaces can also be challenging to tenant. Vacant ground floor retail space in new mixed-use buildings is a big enough problem that in 2026, the Washington Legislature passed a bill that will only allow cities to require ground floor retail in up to 20 percent of the total area within their jurisdictions, and removes the requirement entirely for affordable housing. When developers conduct financial analyses to determine feasibility, retail income is typically set to \$0 due to expected tenancy challenges and the cost of building out the space.

Ground floor retail spaces in mixed-use buildings are typically not built for a specific purpose. When they design a new building, developers do not know whether the ground floor will be occupied by a restaurant, a gym, a boutique, a café, a health clinic, or some other commercial use. Once a tenant is identified, the building owner typically pays for the tenant improvements (interior build out). Depending on the type of business, the cost of building out these spaces can be very high. In order to recoup these costs, the building owner needs to secure a tenant that is able to sign onto a long-term lease of at least seven years. This adds risk for both the landlord and potential tenant.

While some stakeholders expressed frustration that landlords to not lower the rent of new spaces to attract tenants, this is challenging for two reasons: first, lower rents would necessitate an even longer lease to amortize the cost of tenant improvements; second, some lenders include covenants in mortgages that prevent landlords from reducing rent beyond a specific threshold. While not all lenders include these covenants, a [study](#) by Erica Moszkowski and Daniel Stackman at the Harvard Joint Center for Housing Policy suggests that around 30 to 40 percent of commercial loans set restrictions on rent reduction. These covenants can be written in different ways



– some set a floor, while others require that landlords get permission from the lender to lower rents below what is considered “market rate.”

**Figure 11. The Westman Mills Building with Vacant Corner Retail**



Source: Leland Consulting Group.

## Why Have So Many Old Buildings Been Vacant for So Long?

The older buildings and historic spaces in Olympia tend to be large and not well suited to the needs of the types of smaller local businesses that make downtown Olympia so unique and vibrant. Typically, buildings want to maximize their frontage and minimize the depth of their spaces. However, historic buildings are typically narrow and long. While modern retail requires around 60 feet of depth, historic buildings are often 100 feet deep. This means that tenants are paying for more space than they need, and the layout is not optimal from a merchandising perspective.

According to stakeholders interviewed as part of this analysis, these large historic spaces do not match the needs of local entrepreneurs, and there is limited information on programs to help divide them into smaller spaces. While the Olympia Downtown Alliance offers a micro-grant program, these grants are typically limited to \$500, which is insufficient to divide, upgrade, or retrofit historic spaces. This is especially a challenge for some very large long-term vacant spaces, including the former YMCA building on Franklin Street SE just south of 5<sup>th</sup> Avenue, which has over 30,000 square feet of space.

In addition, many of the historic spaces in downtown Olympia require modernization, which can include expensive upgrades to building systems, sprinklers, tenant spaces, and exteriors. The need for significant upgrades can act as a deterrent to businesses, especially smaller, local entrepreneurs who are just starting out. While buildings that have been modernized like 109 Capitol Way N are able to attract and retain tenants, buildings that need more substantial upgrades struggle with persistent vacancy. Figure 12 below shows two sets of historic buildings in downtown Olympia – one that has been upgraded and well maintained and one that needs improvements.

**Figure 12. Retail Spaces at 109 Capitol Way N (Left) and 322 4<sup>th</sup> Avenue E (Right)**



Source: Leland Consulting Group.

The recently opened Altitude 15 Food Hall in downtown Olympia is an example of dividing historic space to better support local business. The 9,000 square foot building, built in 1914, was recently turned into a food hall featuring four local vendors. While this model might not work in all historic spaces, it demonstrates that creative problem solving can help address some of the challenges with historic spaces downtown. Unfortunately, this project has faced some financial and tenanting challenges and may not be a replicable example under current market conditions.



**Figure 13. The Altitude 15 Food Hall in Downtown Olympia**



*Source: Leland Consulting Group.*

## **What about Office Space?**

Office vacancy is a challenge for downtowns nationwide and there are no quick or easy solutions to address it in the near term. In Olympia, downtown office vacancy is exacerbated by the shift to remote work among state employees. Downtown Olympia has long been dominated by state offices, with the public administration sector making up around half of the jobs downtown (excluding the Port) as of 2018. While many of the state jobs are south of the downtown study area near the Capitol, State agencies also leased office spaces downtown, in buildings like the Capitol and Legion building, which are now vacant.

Many of the spaces that were previously occupied by state offices are large and outdated, having undergone limited upgrades over the past several decades. As the state pulls back its office footprint, these Class B and Class C office spaces are flooding the market in downtown Olympia, while there is a lack of large employers available and willing to absorb and upgrade these spaces.

According to CoStar, 70 out of the 136 office properties in downtown Olympia are Class C and 65 are Class B. Just one property, the Cherry Street Plaza, is Class A. According to a local real estate professional, the cost of converting a Class B or C office building to the type of Class A offices that are in high demand is a minimum of \$400 per square foot, and potentially as high as \$600 per square foot. This is higher than the cost of new construction in some parts of the region. With around 20 to 30 percent of Class B and C office space currently vacant, it is not clear what new industry could absorb the space currently on market, or whether investors will see an economic benefit to adapting them to other purposes.

**Figure 14. A Mostly Vacant Class C Office Building at 121 State Avenue NE**



Source: Leland Consulting Group.

The table in Figure 15 below shows office properties in downtown Olympia that are currently for lease, according to data from Crexi. All but one of these spaces have been on market for at least 100 days, with four on market for more than five years. Generally, the newer properties are listed at higher rents than the older properties, though the newest space currently for lease was built in 2009. Although this is not a comprehensive list of vacant office spaces in downtown Olympia, these listings are for a combined total of 114,032 square feet of space, indicating significant vacancy throughout downtown, not just in the area near the Capitol.

**Figure 15. Office Spaces Currently for Lease in Downtown Olympia as of February 2026**

Name	Address	Year Built	Space SF	Building SF	\$ / SF / Yr	Days on Market
Market Center	111 Market Street NE	2001	882	45,687	\$32.00	2,198
Union Heights	1018 Capitol Way S	2009	2,850	22,088	\$30.00	340
Market Place Office Building	724 Columbia Street NW	1998	16,150	48,000	\$28.50	2,030
911 5th Avenue SE	911 5th Avenue SE	2003	1,337	9,400	\$25.00	20
Raad Office Building	128 10th Avenue SW	2000	26,250	165,160	\$22.00	686
410 11th Avenue	410 11th Avenue	1975	1,270	18,000	\$19.00	2,198
Mottman Building	101 Capitol Way N	1889	2,948	19,200	\$17.85	2,198
Acme Fuel Building	416 State Avenue NE	1940	2,287	2,287	\$17.00	141
The Adams Building	1310 Jefferson Street SE	1985	23,715	34,260	\$17.00	341
521 Capitol Way S	521 Capitol Way S	1957	32,343	32,343	\$13.00	254
503 Cherry Street SE	503 Cherry Street SE	1920	4,000	13,800	\$12.26	140

Source: Crexi.



## What Industries Are Likely to Grow in the Future?

Growth in job sectors that are commonly found in downtown areas can be an indicator of future downtown vitality. It can also indicate whether there are likely office uses that could absorb some of the currently vacant space over the next decade. The Washington Employment Security Department (ESD) forecasts that the Pacific Mountain region (which includes Thurston, Lewis, Pacific, Mason, and Grays Harbor counties) will see nine percent job growth between 2023 and 2033. The government and education and health services sectors are expected to see the most growth over this period, adding 5,000 and 4,600 jobs respectively. However, many of the government jobs are likely to remain remote, and health services jobs do not typically need the type of office space currently available downtown.

**Figure 16. Job Forecasts by Sector for the Pacific Mountain Region, 2023-2033**

	ESD Forecast			Change, 2023-2033	
	2023	2028	2033	Number	Percent
Government	61,900	65,100	66,900	5,000	8%
Education & Health Services	29,200	32,000	33,800	4,600	16%
Retail Trade	21,600	21,600	22,300	700	3%
Leisure & Hospitality	19,500	20,600	21,800	2,300	12%
Professional & Business Services	18,800	19,600	20,900	2,100	11%
Construction	10,700	10,700	11,400	700	7%
Manufacturing	10,700	10,700	10,700	0	0%
Other Services	7,100	7,400	7,800	700	10%
Financial Activities	6,400	6,500	6,700	300	5%
Wholesale Trade	6,400	7,000	7,100	700	11%
Transportation, Warehousing, & Utilities	6,000	6,700	6,800	800	13%
Information	2,200	2,100	2,200	0	0%
Natural resources	1,300	1,200	1,200	(100)	-8%

Source: Washington Employment Security Department (ESD).

Figure 17 below shows additional details for the sectors expected to see the most growth in this region through 2033. Most of the new leisure and hospitality jobs are expected to be concentrated in accommodation and food services, which could in part be captured by downtown Olympia, but will not aid in office absorption. While growth in the professional and business services sector will absorb some office space, many of the office spaces in downtown Olympia would need significant upgrades to be competitive. Similarly, health services like urgent care and doctors' offices can be a good fit for commercial areas, but they often require specialty facilities and dedicated accessible parking, which are less common downtown.



**Figure 17. Top Growth Sector Detail for the Pacific Mountain Region, 2023-2033**

	2023	ESD Forecast		Change, 2023-2033	
		2028	2033	Number	Percent
<b>Professional &amp; Business Services</b>	<b>18,800</b>	<b>19,600</b>	<b>20,900</b>	<b>2,100</b>	<b>11%</b>
Professional, Scientific and Technical Services	8,600	9,100	9,800	1,200	14%
Management of Companies and Enterprises	1,300	1,300	1,400	100	8%
Other Professional Services	5,200	5,500	6,000	800	15%
Employment Services	3,700	3,700	3,700	0	0%
<b>Education &amp; Health Services</b>	<b>29,200</b>	<b>32,000</b>	<b>33,800</b>	<b>4,600</b>	<b>16%</b>
Education Services	4,000	4,400	4,600	600	15%
Health Services & Social Assistance	25,200	27,600	29,200	4,000	16%
<b>Leisure &amp; Hospitality</b>	<b>19,500</b>	<b>20,600</b>	<b>21,800</b>	<b>2,300</b>	<b>12%</b>
Arts, Entertainment and Recreation	2,300	2,400	2,500	200	9%
Accommodation and Food Services	17,200	18,200	19,300	2,100	12%
<b>Government</b>	<b>61,900</b>	<b>65,100</b>	<b>66,900</b>	<b>5,000</b>	<b>8%</b>
Federal Government	1,500	1,500	1,500	0	0%
State and Local Government Other	45,400	48,000	48,900	3,500	8%
Government Educational Services	15,000	15,600	16,500	1,500	10%

Source: Washington Employment Security Department (ESD).

## Downtown Visitor Analysis

There is a significant amount of vacant retail and office space in downtown Olympia. However, Olympia is not alone in this regard. Regionally and nationally, downtowns have been struggling due to the rise in remote work and ecommerce. It is important to determine whether Olympia’s vacancy challenges are significantly worse than in other cities, or if downtown is relatively healthy given current market conditions. This is not to say that the City may not need to address the challenges currently facing downtown but rather contextualizes the scale of the problem and sets the stage for improvement strategies.

In addition, throughout our conversations with key stakeholders and City staff, we heard that some areas of downtown Olympia are faring better than others. This section analyzes the health of Olympia’s downtown compared to peer cities and identifies the areas of downtown with the biggest opportunities and challenges.

The analysis in this section utilizes data from Placer.ai, an anonymized cell phone tracking data tool that provides detailed data on visitors to a specific area over time.



## How Does Visitor Activity Downtown Olympia Compare to Peer Cities?

Figure 18 below shows the average daily visits per week by out-of-market visitors (those who do not live or work in downtown Olympia). As of 2025, visits to downtown Olympia are still slightly lower than in 2019. Averaging each year, there was a two percent decline in visits to downtown Olympia in 2025 compared to 2019.

**Figure 18. Out-of-Market Visits by Week to Downtown Olympia, 2019-2025**

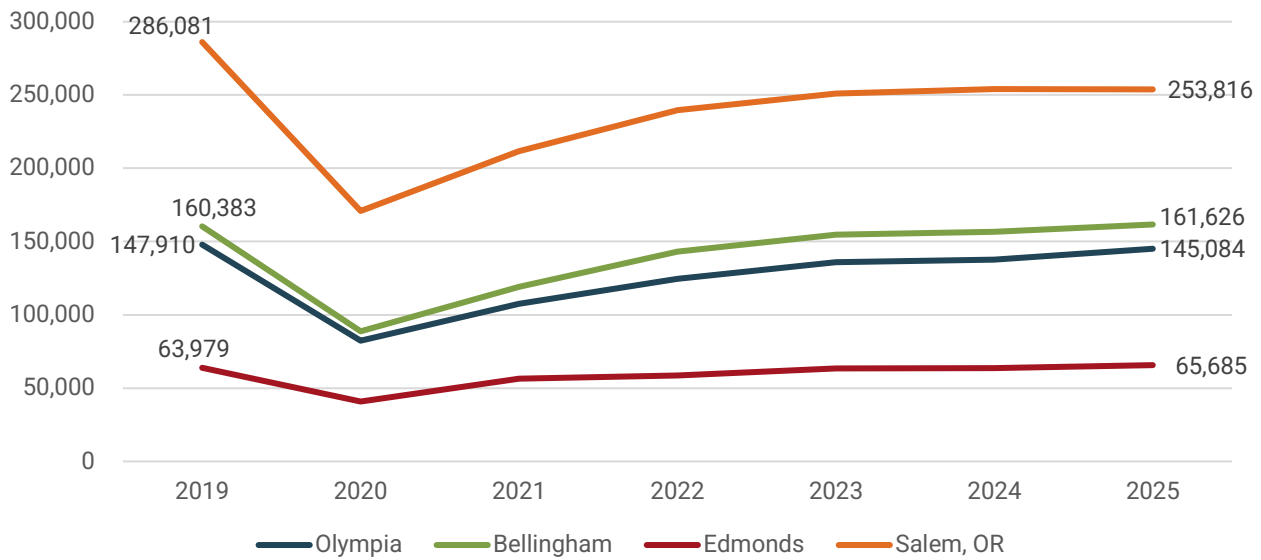


Source: Placer.ai.

Comparing Olympia to peer cities, between 2019 and 2020, visits to downtown decreased by 44 percent in Olympia, 45 percent in Bellingham, 36 percent in Edmonds, and 40 percent in Salem. While visits to Olympia still lags pre-pandemic visits slightly, visits to downtown Salem are still down 11 percent from 2019. Visits are up one percent in downtown Bellingham and three percent in downtown Edmonds. Between 2024 and 2025, average daily visits to downtown Olympia grew by five percent compared to three percent in Bellingham and Edmonds and -0.1 percent in Salem. This data suggests that while there may be some room for improvement, downtown Olympia is not underperforming downtowns in peer cities.



**Figure 19. Average Weekly Out-of-Market Visits to Downtown by Year, 2019-2025**



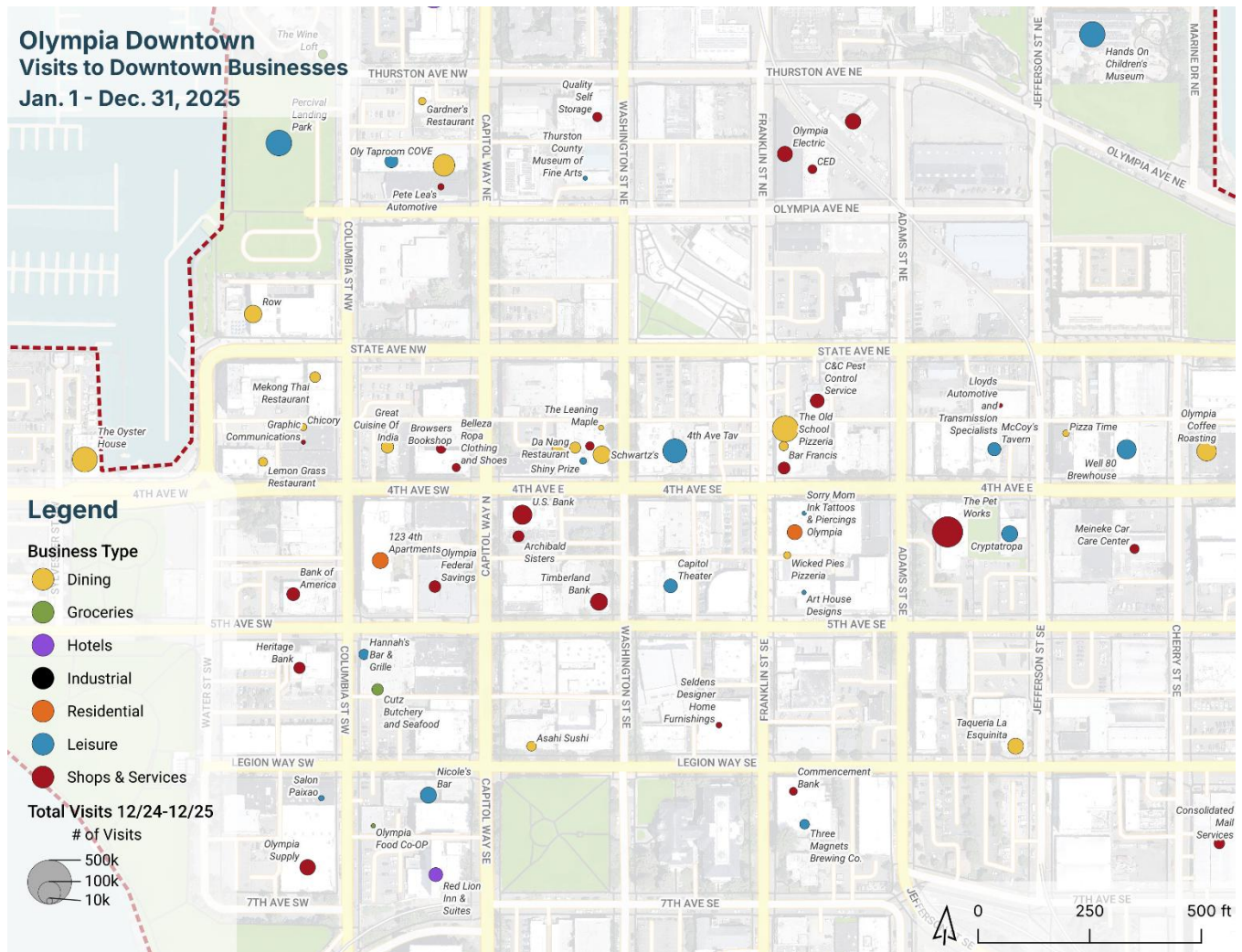
Source: Placer.ai.

### Which Areas of Downtown Attract the Most Visitors?

Figure 20 below shows the top 100 most visited downtown businesses by number of visits and category. The top locations for visits are clustered in the central part of downtown, primarily along 4<sup>th</sup> and 5<sup>th</sup> Avenues, Columbia Street, and Capitol Way. The area north of State Avenue NE and east of Capitol Way NE typically sees a lot less visitor activity, though the Hands On Children’s Museum is a popular destination. Similarly, the area south of Legion Way SE has fewer popular destinations, with the McDonalds on 8<sup>th</sup> Avenue SE and Heritage Park attracting the most visitors.



Figure 20. Top Downtown Locations by Visits, 2025

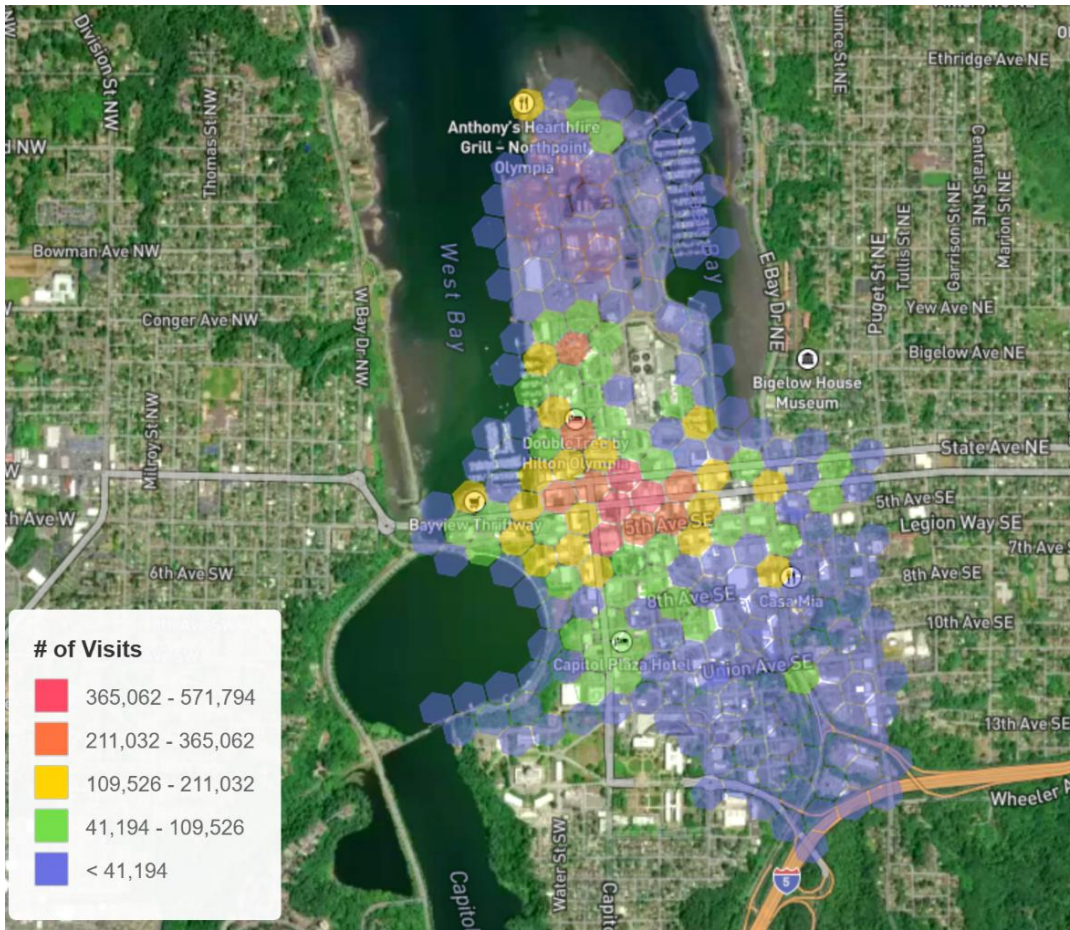


Source: Placer.ai.

The hexagon heatmap below shows a similar pattern, with 2025 visits concentrated in the area between Columbia and Jefferson Streets, Olympia Avenue, and Legion Way. Zooming into the core of downtown, as shown in Figure 22, it is clear that the area around the Children’s Museum, the area around City Hall, and the area north of the Olympia Transit Center attract fewer visitors than other parts of downtown.



**Figure 21. Hexagon Heatmap of Visits in Downtown Olympia, 2025**



Source: Placer.ai.

**Figure 22. Hexagon Heatmap of Visits to the Core of Downtown Olympia, 2025**

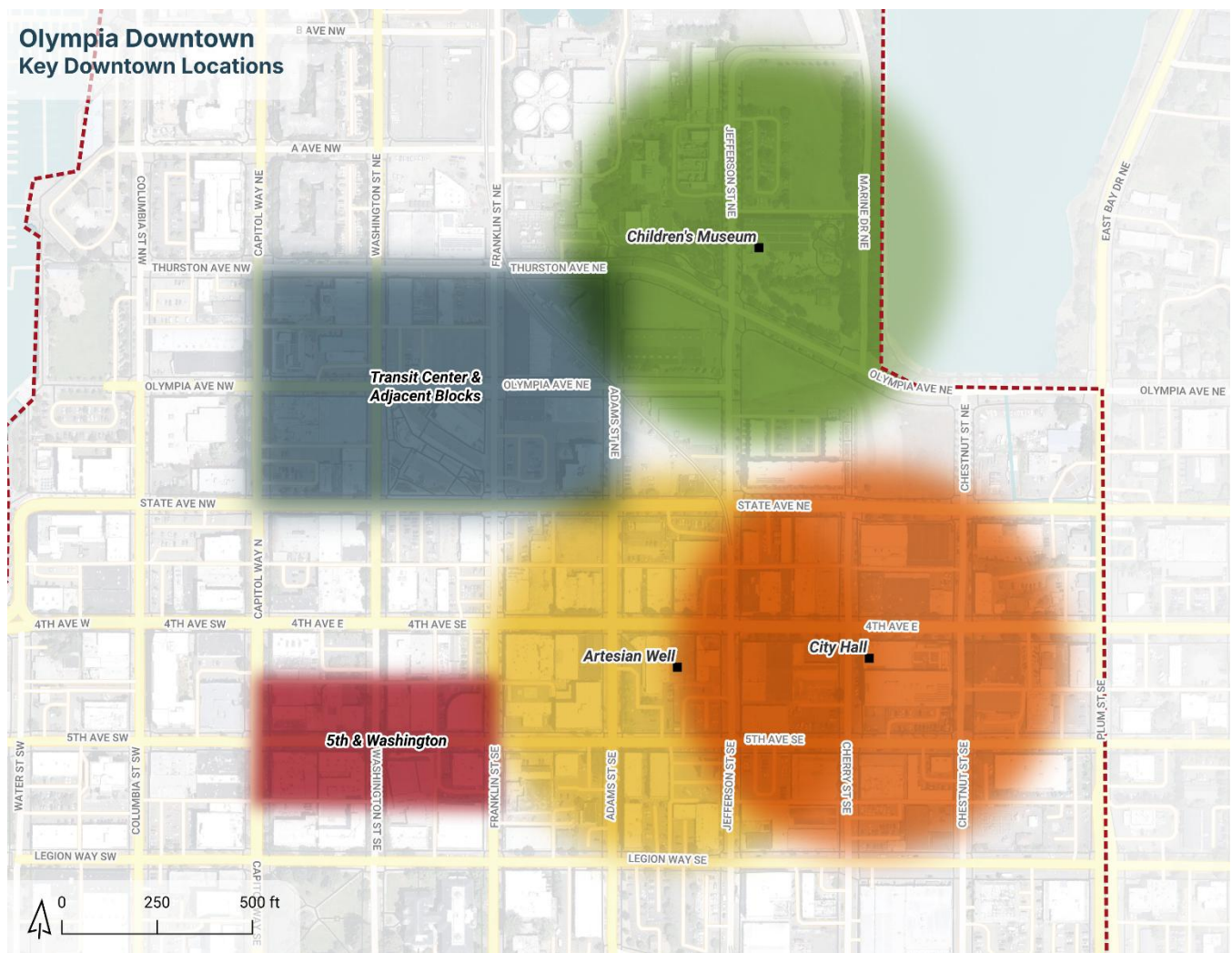


Source: Placer.ai.



Figure 24 below shows average daily visits by year for key parts of downtown that were identified as potential problem areas through stakeholder discussions, including the Transit Center and adjacent blocks, the area around the Children’s Museum, the area around City Hall, and the area around the Artesian Well. In addition, it shows visits to the blocks at the intersection of 5<sup>th</sup> Avenue and Washington Street, where many city festivals are held. Despite its small size, the area around 5<sup>th</sup> and Washington gets an average of over 9,000 visits each week. Visits to the area around the Transit Center are up 21 percent over 2019, indicating vibrancy in this area has seen significant improvement since the start of the COVID-19 pandemic. Visits to the 5<sup>th</sup> and Washington blocks are also above pre-pandemic levels, with a 17 percent increase in visits between 2019 and 2025. However, the areas around the Hands On Children’s Museum and City Hall continue to struggle. Visits to the area around the Hands On Children’s Museum are down 20 percent and visits to the area around City Hall are down 30 percent from 2019.

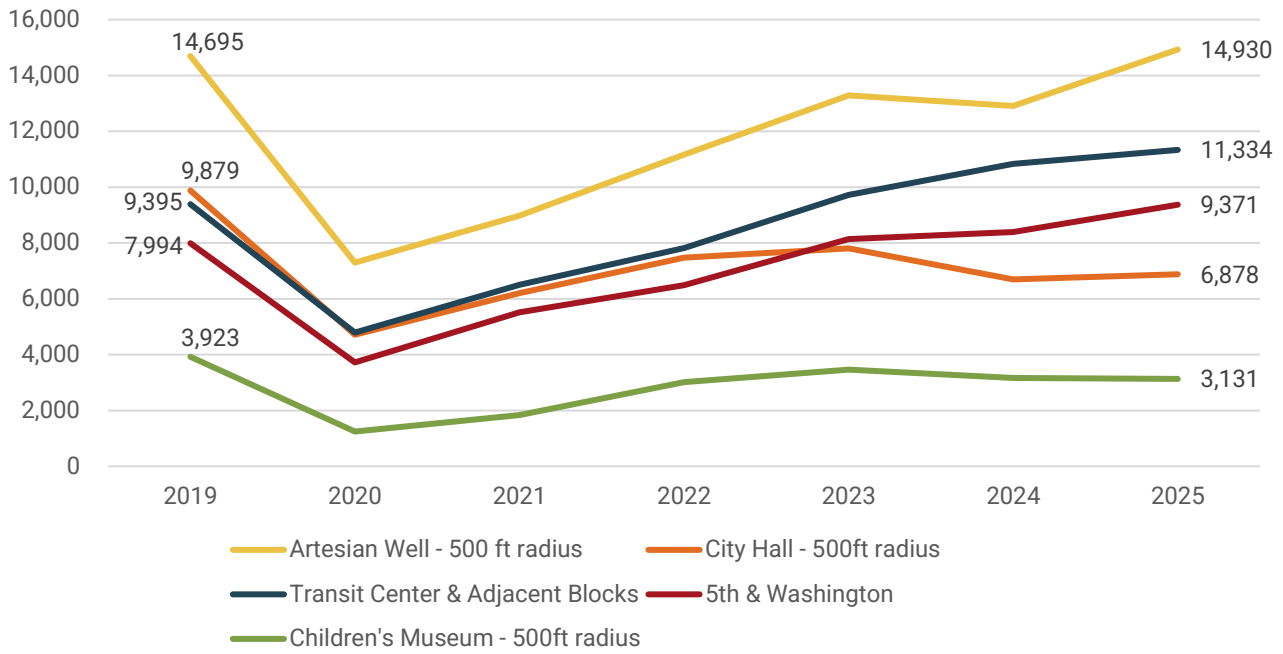
**Figure 23. Key Downtown Locations for Visitor Activity Analysis**



Source: Leland Consulting Group.



**Figure 24. Average Weekly Visits by Year to Key Downtown Olympia Locations**



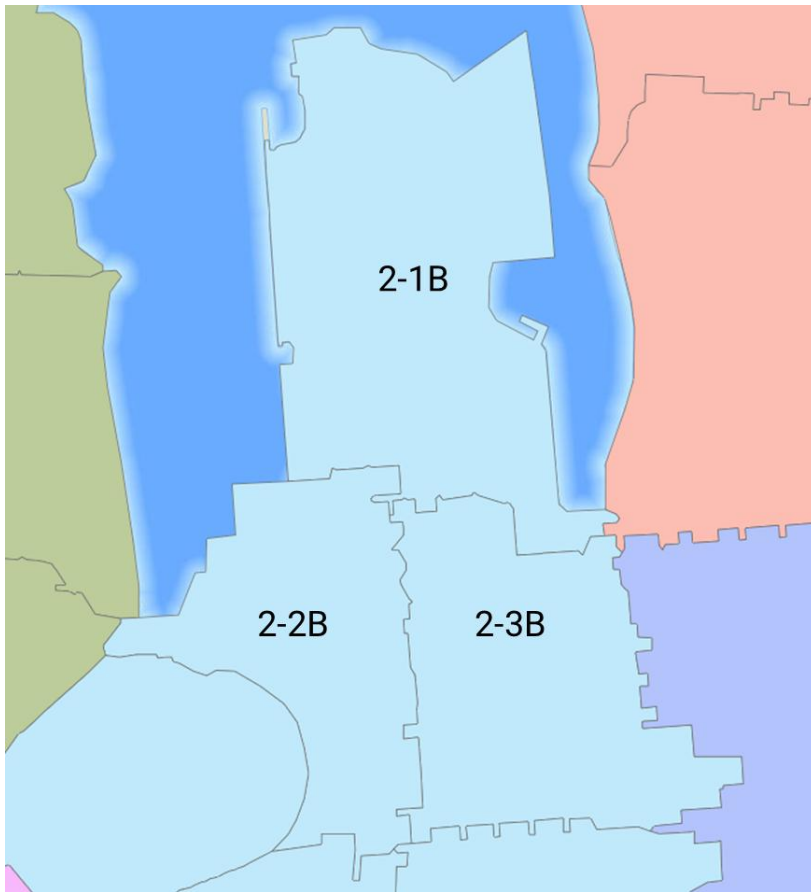
Source: Placer.ai.

## Public Safety

Throughout interviews with City staff and stakeholders, the question of safety was brought up several times. There is a perception among many residents and visitors that downtown Olympia is not safe due to crime, open drug use, and a visible population of unsheltered homeless residents. The Olympia Police Department (OPD) tracks crime data by dispatch zones. The three main dispatch zones for downtown Olympia are shown in Figure 25 below. The ODP Crime Map Dashboard does not include data from before 2020, but the available information provides insight into crime trends in downtown Olympia.



**Figure 25. OPD Dispatch Zones for Downtown Olympia**



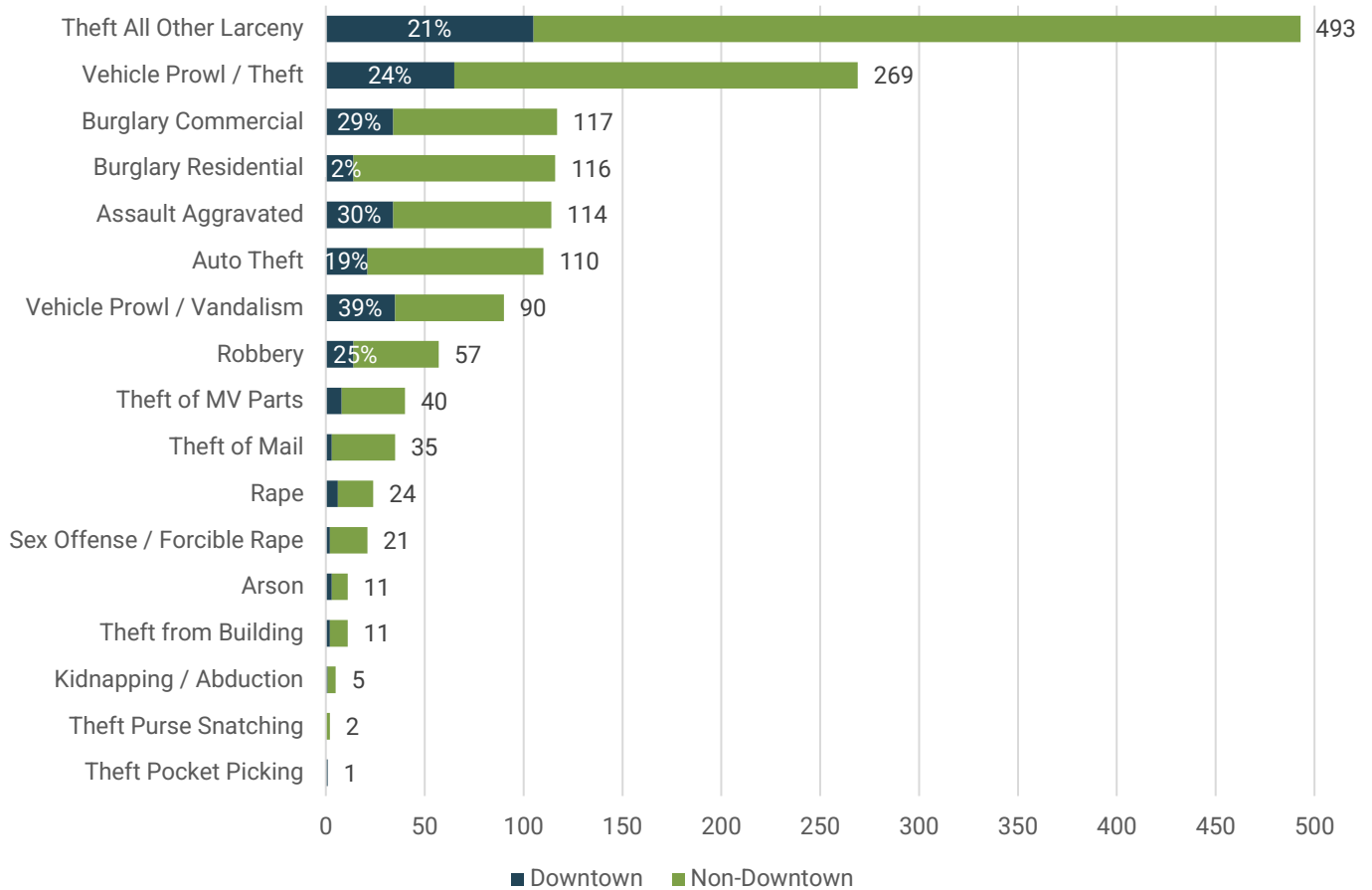
*Source: Olympia Police Department Crime Map Dashboard.*

### **Is Crime Increasing in Downtown Olympia?**

Since 2021, the number of incidents in dispatch zones 2-1B and 2-3B have decreased by 46 and 18 percent, respectively, while the number of incidents in dispatch zone 2-2B increased by five percent. While zone 2-2B saw an increase in vehicle prowl and larceny over this period, it saw a significant decline in commercial burglaries and auto thefts.

The biggest crime categories citywide are larceny, vehicle prowl, burglary, aggravated assault, and auto theft. Of these top crime categories, Vehicle Prowl / Vandalism has the highest share of downtown incidents as of 2025. Overall, however, these incidents have decreased by 40 percent citywide since 2021.

**Figure 26. Incidents by Type and Location, 2025**

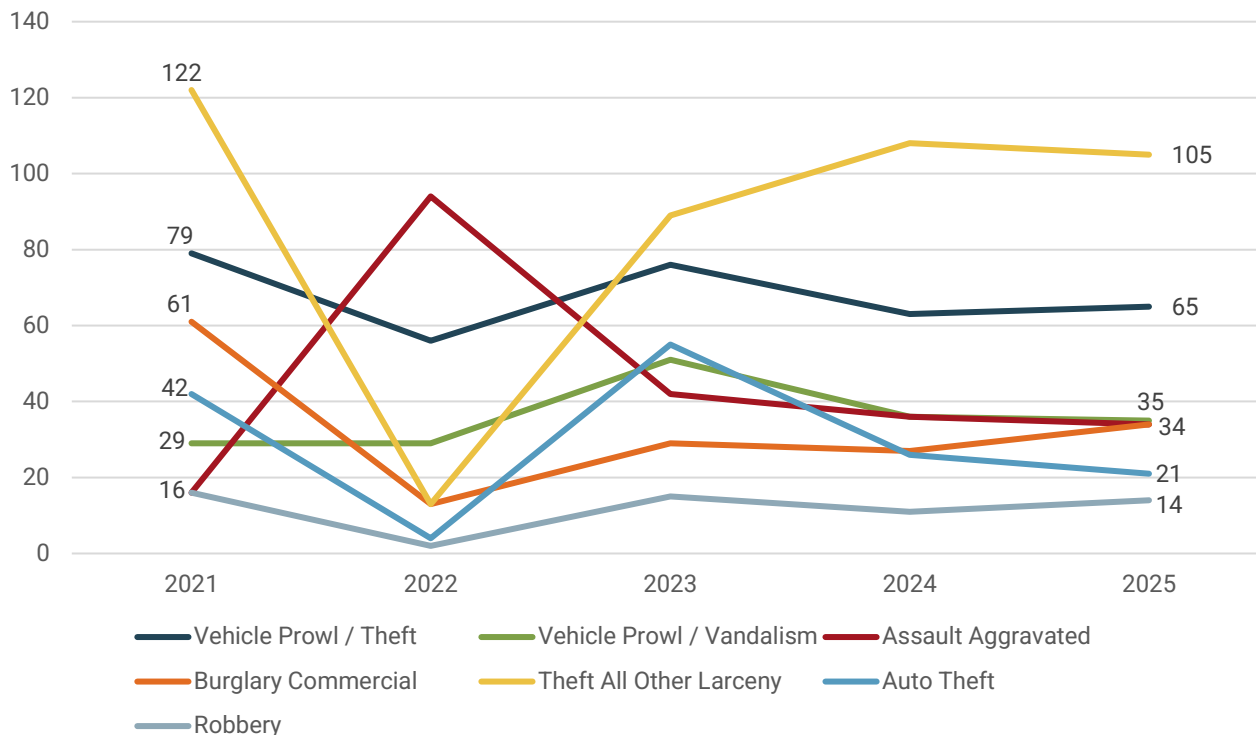


Source: Olympia Police Department Crime Map Dashboard.

With the exception of aggravated assault and vehicle prowl / vandalism, incidents in the top crime categories have decreased significantly downtown since 2021. Auto thefts have fallen by 50 percent and commercial burglaries are down 44 percent. While aggravated assaults are up significantly from 2021, they have declined substantially since 2022, with each subsequent year seeing fewer assaults downtown. This data indicates that the safety concerns highlighted by stakeholders are founded, but the public safety situation in downtown Olympia is already improving.



**Figure 27. Cumulative Change in Number of Incidents Downtown for Top Crime Categories**



Source: Olympia Police Department Crime Map Dashboard.

### Is Crime a Major Contributor to Downtown Vacancy?

Based on conversations with stakeholders, it is clear that incidents of crime downtown have made some businesses and employees more hesitant to locate or remain downtown. Typically, businesses do not choose to operate in areas with a high likelihood of property crimes like burglary or auto theft. However, visitor data and crime incident data indicate that conditions are improving and the perception of safety is not keeping people from visiting downtown Olympia. Because of this, it is unlikely that crime is a major contributor to downtown vacancy.

Importantly, vacant spaces tend to attract antisocial behaviors. Areas where there is more visitor activity and less vacancy feel safer, because having more people around throughout the day deters crime. As the City implements strategies to address vacancy challenges downtown, crime rates should continue to improve.

### What about Homelessness?

Visible homelessness can impact the perception of safety, especially when coupled with mental illness or addiction challenges. Stakeholders interviewed for this report differed in their opinions on the impacts of homelessness downtown. While some see it as a major deterrent to customers, others argue that it is a result of the high vacancy rate rather than the cause. As of the 2025 Point in Time count, there were 883 homeless individuals in Thurston County, 389 of whom (44 percent) were unsheltered. Among the Thurston County homeless population surveyed in 2025, 20 percent had a serious mental illness and 27 percent had a substance use disorder (these populations may overlap). While the count does not indicate how many of these residents live in or spend time downtown, this area is a hub for social services.



Homelessness is not just an issue in Olympia. Throughout Washington and Oregon, local and regional governments, nonprofit organizations, and private sector partners have been working to address the needs of the rising population of unsheltered homeless residents. There is no single cause for homelessness, and addressing it requires resources beyond what a single city can typically provide.

This report focuses primarily on actions the City of Olympia can take to directly address downtown vitality. This is not to say that the City does not have a role in addressing homelessness. However, this report does not find that homelessness is a major driver of vacancy. As the City invests in solutions to support downtown vibrancy, it is likely that new businesses and visitors will act as a deterrent to antisocial behaviors.

## Policy and Regulatory Environment

### What Do Existing City Planning Documents Say about Downtown?

City planning documents can point to how the City views downtown and what its stated goals are for supporting local businesses to improve downtown vibrancy. Key planning documents include the Comprehensive Plan and the Downtown Strategy.

In the Economy section of Olympia’s 2045 **Comprehensive Plan**, Goal GE6 is:

*Downtown is a popular destination that contributes to Olympia’s economic vibrancy.*

Key policies supporting this goal include:

- PE6.1: Support a safe and active downtown that thrives day and night with many small businesses, great public places, events, art, and activities.
- PE6.6: Use equitable and inclusive planning processes and tools to improve the economic and social health of downtown.
- PE6.9: Promote small business resiliency downtown by supporting pathways to commercial space ownership opportunities.

In the City’s 2017 **Downtown Strategy**, the guiding principles include:

- **Walkable lifestyle.** Encourage development that supports living, working, and recreating in close proximity with easy pedestrian connections.
- **Vibrant, diverse economic center.** Reduce development uncertainties, encourage private investment, strengthen local businesses, make Downtown inviting, encourage more residents, improve Downtown’s identity and perception, promote tourism, and connect to other community and economic development efforts.
- **Historic character.** Preserve and enhance Downtown’s historic character.

In addition, the 2017 Downtown Strategy recommended the following actions for Retail, Business, Community, and Economic Development:

- Strengthen existing and local business so that Downtown’s small businesses can stay and thrive as the local economy grows
- Improve identity and perception within Thurston County so that Downtown attracts more patrons and investment



## How Do City Processes, Regulations, and Fees Impact Downtown Vacancy?

Conversations with stakeholders identified permitting processes, requirements for street improvements, and impact fees as major challenges contributing to downtown vacancy. Developers and real estate professionals argue that these factors add significant costs to downtown redevelopment and adaptive reuse projects, especially for historic buildings, which makes it challenging for building owners to attract tenants. This section will identify the processes, regulations, and requirements that contribute to these challenges as well as those the City has put in place to help support downtown development.

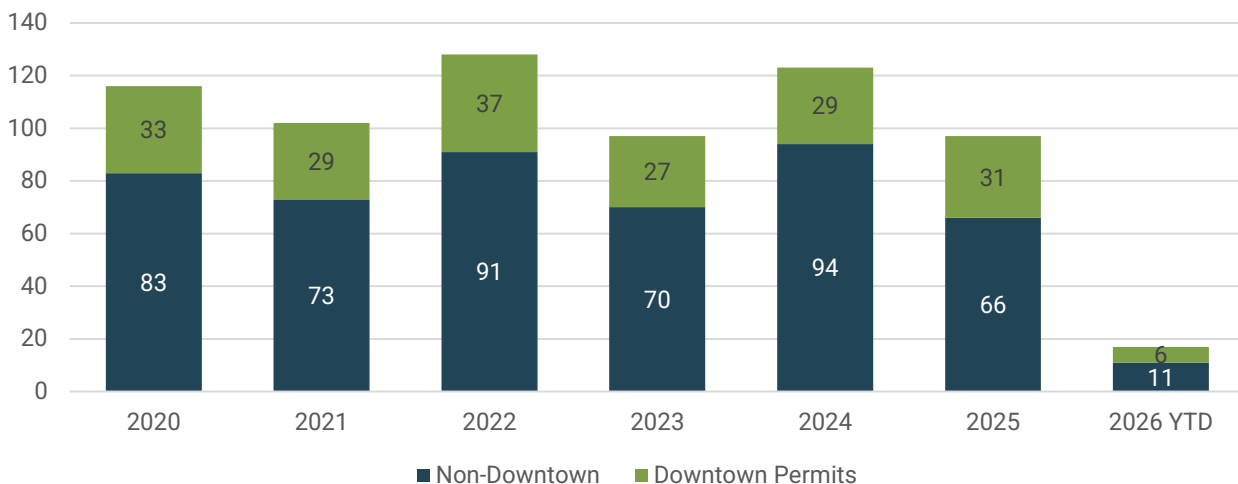
**Permitting Process.** According to the stakeholders interviewed for this analysis, the permitting process can be confusing and time-consuming. Multiple stakeholders who had worked on development and redevelopment projects downtown expressed frustration that City staff could better support businesses and developers by helping to find ways to get projects to “yes” rather than rejecting applications for projects that would help support business growth downtown. Confusion over City policies and regulations and a lack of information about permitting timelines also contributed to some of these frustrations.

There are two types of permits downtown property owners typically apply for:

- **Tenant Improvement (TI) permits** are for renovations or upgrades to an existing building, including adaptive reuse projects.
- **Development permits** are for ground-up development on vacant sites or sites where a building is expected to be torn down.

Tenant improvements are the most common downtown, as the area is largely built out. However, development on infill lots, parking lots, and lots where a building is completely demolished would require a development permit. The City of Olympia tracks data related to permitting outcomes and timelines and conducts surveys of those who apply through the online permitting portal. Figure 28 below shows the number of TI permits issued annually from 2020 through March 2026. Overall, 28 percent of these permits were for projects in downtown Olympia.

**Figure 28. Tenant Improvement Permits Issued by Year**



Source: City of Olympia.



The City permitting staff have a target permit processing time of 60 days for tenant improvements. Between 2020 and 2025, 935 applications were submitted and 658 (70 percent) were approved. Of the approved permits, 96 percent were issued within the target 60-day period. On average, permits were approved in around 20 days.

**Figure 29. Permit Processing Statistics for Tenant Improvements in the City of Olympia**

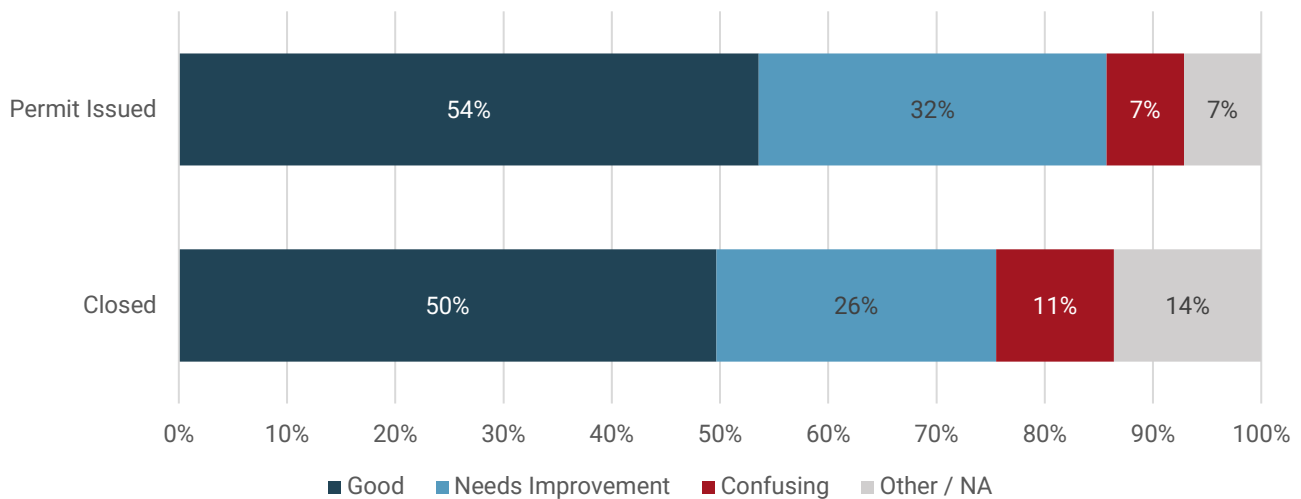
Year	Applications Submitted	Permits			Avg. # of Review Cycles
		Permits Issued	Issued within 60 Days	Mean Time to Issue (Days)	
2020	131	114	107	16	1
2021	138	102	99	27	1
2022	194	128	119	23	1
2023	155	96	92	21	1
2024	175	121	118	19	1
2025	142	97	96	16	1
<b>Total</b>	<b>935</b>	<b>658</b>	<b>631</b>	<b>20</b>	<b>1</b>

Source: City of Olympia.

While City staff acknowledge that applicants do not always have the information they need before pursuing a project, data and statistics from the permitting department suggest that most people who submit permits do not find the process to be particularly challenging. In addition, the City typically issues tenant improvement permits quickly. Given this data, it is likely that the challenges and frustrations the stakeholders experienced were encountered prior to submitting a permit rather than during the approval process.

The surveys conducted through the online permitting system show broad support for the system, processes, and City staff, though many people who had gone through the TI permitting process also noted some changes to the system that would improve their experience. Just seven percent of those whose permits were issued found the process confusing, compared to 11 percent of those whose permit applications were closed.

**Figure 30. Permitting System Survey Responses for TI Permit Applicants**



Source: City of Olympia.



This data indicates that the City’s permit processing system allows for quick and efficient approvals for TI permit applications. However, the publicly available resources relating to processes, fees, and even City staff contact information can make it challenging for those interested in investing in improvements to their spaces to understand what is required and estimate potential costs. Providing more education, transparency, and assistance at this early phase – prior to submitting a permitting application – could help improve the relationship between downtown stakeholders and the City.

**Street Improvements.** Olympia’s municipal code requires streetside improvements across the full frontage of a property from centerline to right of way line for new development as well as TIs where a use change would generate more than 20 additional vehicle trips on streets with low pavement ratings. There is an exemption for projects that are valued at 25 percent or less of the assessed value of the property prior to the proposed development and projects valued between 25 and 50 percent of assessed value are required only to do sidewalks and other streetside improvements. Half-street pavement reconstruction is required when the existing pavement rating is at or below 40, while half-street asphalt overlay is required when the existing pavement rating is at or below 60.

In downtown Olympia, particularly in the Historic District, many of the north-south streets have pavement ratings below 60, triggering these expensive street upgrade projects when there is a change of use that would generate more than 20 additional vehicle trips. This is most common when a warehouse or industrial property converts to a commercial or office use, but may also be triggered when a building with an office use is converted to downtown services. Downtown services include retail stores, restaurants, supermarkets, convenience markets, video rentals, banks, health clubs, day cares, and libraries that primarily serve local residents and businesses. This category does not include large-scale, regional, or auto-oriented uses. Businesses that can operate in storefront retail spaces, such as real estate or accounting offices, are considered office uses rather than retail. Conversion to a retail use would typically generate more than 20 new trips. The Public Works department ultimately decides whether a use falls under the category of downtown services. Based on this definition, it is not clear whether a use like a real estate office operating in a ground floor retail space would be classified as a downtown service, or whether it would be an office use for the purpose of calculating vehicle trips.

Figure 31 below shows the additional trips generated when a building with a given use is changed to downtown services. Typically, conversions of smaller buildings do not generate more than 20 trips. In addition, medical office space is expected to generate the same number of trips as downtown services. However, conversions of warehouses, light industrial buildings, and commercial office space typically generate more than 20 new trips for larger buildings. The average size of currently vacant spaces downtown is around 3,000 square feet. However, office, industrial, and warehouse buildings tend to be larger.

**Figure 31. Additional Trips Generated by Conversion to Downtown Services**

	3,000 SF Building	5,000 SF Building	10,000 SF Building	25,000 SF Building	50,000 SF Building
<b>Warehouse</b>	7	12	23	58	115
<b>Light Industrial</b>	7	11	22	55	110
<b>Commercial Office</b>	5	8	15	38	75
<b>Medical Office</b>	0	0	0	0	0

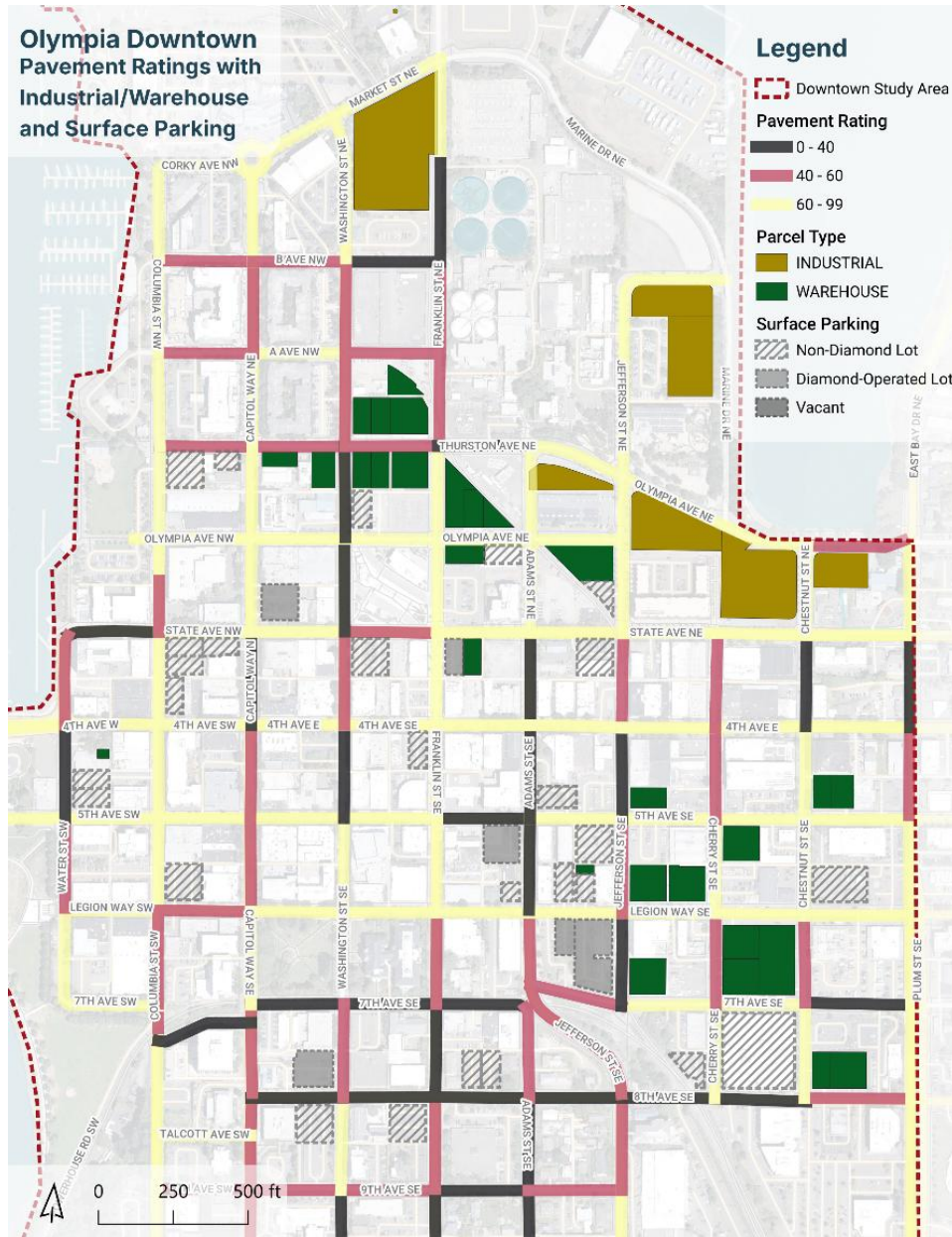
Source: City of Olympia; Leland Consulting Group.

Figure 32 below shows the pavement ratings downtown as well as parking lots, industrial buildings, and warehouses. Development of a parking lot would trigger the need for street improvements. For some downtown parking lots, street improvements would be needed on multiple frontages. While parking lots are not technically vacant, they do contribute to the perception of vacancy and are the main opportunities for new development



downtown. Currently, the warehouses and industrial buildings shown in Figure 32 are not vacant. However, these buildings may be targets for adaptive reuse in the future, which would likely trigger the need for street improvements. The area north of the transit center – identified as a challenging, less vibrant area of downtown – has multiple warehouses located on streets with low pavement ratings. In conjunction with other requirements (such as energy code and fire safety systems), the City’s requirement for street improvements would likely make the adaptive reuse of these buildings infeasible.

**Figure 32. Pavement Ratings with Industrial Buildings, Warehouses, and Parking Lots in Downtown Olympia**



Source: City of Olympia; Thurston County Assessor; Leland Consulting Group.

Along with conversion to downtown services, warehouses and industrial spaces downtown are also key opportunities for housing. The City should prioritize housing development downtown, where a walk-in residential population would help to support local businesses and further address vacancy challenges.





calculating trip generation, but this is not a category in the ITE manual and the only definition within the municipal code is located in the Transportation Impact Fee table (15.16.040). This can make it challenging for property owners and developers to know what is required prior to beginning the permitting process. These half-street improvements are extremely costly, and the 25 percent threshold means that the renovations needed to improve or adapt historic spaces to support modern business needs would likely trigger substantial street improvements.

Most downtown streets are classified as arterials, which are expected to accommodate 14,000 to 40,000 average daily vehicle trips. An addition of 20 trips is an increase of 0.05 percent of what these roads should be able to accommodate. Rather than adding this costly requirement to individual projects, which may or may not be on streets that can absorb these new trips, the City should evaluate downtown streets to determine which are at or above that 40,000-trip capacity and prioritize those streets for investment in the Capital Facilities plan.

**Olympia’s half-street improvement requirements are not aligned with the requirements of peer cities.** Figure 34 below compares Olympia’s requirements to those of other cities in the region. Olympia’s half-street paving requirement for new developments and use changes that would generate 20 or more additional trips is an outlier compared to peer cities. Lacey, for example, only requires sidewalk construction for new development. Bothell and Bremerton require frontage improvements based on site conditions, which can but do not always include paving, and Bothell has an exemption from frontage improvements for projects valued at less than 50 percent of the assessed value prior to the development. While Bellingham requires developers to bring streets up to minimum standards, this only applies when the existing street is substandard for the proposed use. As in Olympia, street and sidewalk improvement requirements in Salem are based on the number of trips expected to be generated by the project. However, Salem sets a much higher threshold – 200 or more trips on a local street or alley and 1,000 or more trips on a collector, arterial, or parkway. Spokane only requires developers to pave a 12-foot travel lane if a project is located on an unimproved right-of-way (ROW).

If Olympia wants to encourage new development and adaptive reuse of its warehouses, historic buildings, and vacant office spaces downtown, the City should prioritize the maintenance and repair of downtown streets that are in need of upgrades rather than putting the cost of street reconstruction on individual developments. High construction costs and requirements the City cannot control – such as those associated with the International Building Code and state energy requirements – are already significant barriers to downtown redevelopment, upgrades, and adaptive reuse projects. The City should consider excluding the downtown infill exemption area from this requirement.

**Figure 34. Comparison of Street and Frontage Requirements for Development**

City	Threshold	Requirement
Olympia	20 additional trips generated by a new development or change of use valued at 25 percent or more of assessed value prior to proposed development.	Frontage improvements required for projects valued at 25 to 50 percent of assessed value. Half-street pavement reconstruction required for projects valued at more than 50 percent of assessed value when the existing pavement rating is at or below 40; half-street asphalt overlay when the pavement rating is at or below 60



<b>Lacey</b>	New development valued at 25 percent or more of assessed value prior to the proposed development.	Construction of sidewalks along abutting streets within commercial zones
<b>Burien</b>	New development	Downtown streetscape standards apply for planting strip and sidewalks; through-block connections required on large blocks in the downtown urban center
<b>Bothell</b>	Developments with more than 400 square feet of GFA and remodels, renovations, and TIs valued at 50 percent or more of the assessed value prior to development	Frontage improvements, which can include clearing, grading, subgrade preparation, pavements, curbs, gutters, bioretention facilities, sidewalks, landscaping, signage, lighting, mailboxes, storm drainage, sanitary sewer, water, electrical, gas, telephone, and utilities
<b>Bremerton</b>	New development or redevelopment	Frontage improvements, which can include curb, gutter, sidewalk, storm drainage, street lighting, traffic signal equipment, utilities, landscaping strip, street trees and landscaping, irrigation, street widening, turn pockets, and channelization
<b>Bellingham</b>	Development, renovation, or redevelopment valued at 50 percent or more of the value prior to redevelopment and on a street that would be substandard for the proposed use	Owner must bond for or pay in advance the construction of a minimum standard street facing the property
<b>Salem, Oregon</b>	New developments that generate 200 or more daily vehicle trips onto a local street or alley or 1,000 daily vehicle trips onto a collector, minor arterial, major arterial, or parkway	Street and sidewalk improvements, which can include intersection improvements, sidewalks, bike lanes, traffic control signs and signals, parking regulations, access controls, driveway location and design, and street lighting
<b>Spokane</b>	Based on effects proposed development will have on traffic circulation, connectivity, parking, and the use of public streets	May include street construction, frontage improvements, sidewalks, street lights, traffic signals, signing, pavement markings, street trees, and/or pedestrian and bike facilities. For projects on unimproved ROW, construction of a 12-foot driving lane is required on top of frontage improvements.



**Ground Floor Retail Requirements.** Within downtown Olympia, the City has identified streets where active ground floor spaces are required. On Type A Pedestrian Oriented streets (as shown in Figure 35 below), residential uses are not allowed on the ground floor other than lobbies and common rooms. Capitol Way and 4th Avenue are the major Type A streets, along with sections of 5th Avenue, Legion Way, and Washington Street. Type B Pedestrian Oriented streets require some transparency and access limitations, but ground floor residential is allowed.

In challenging retail environments, ground floor retail can be difficult to lease and empty spaces can contribute to the perception of declining vitality. Because of this, some cities have chosen to increase the flexibility of these requirements or limit their geographic scope. By requiring ground floor retail only on Type A streets, Olympia is following the best practice of restricting this requirement to a targeted area where an active public realm is desirable.

**Figure 35. Specially Designated Streets in Downtown Olympia**



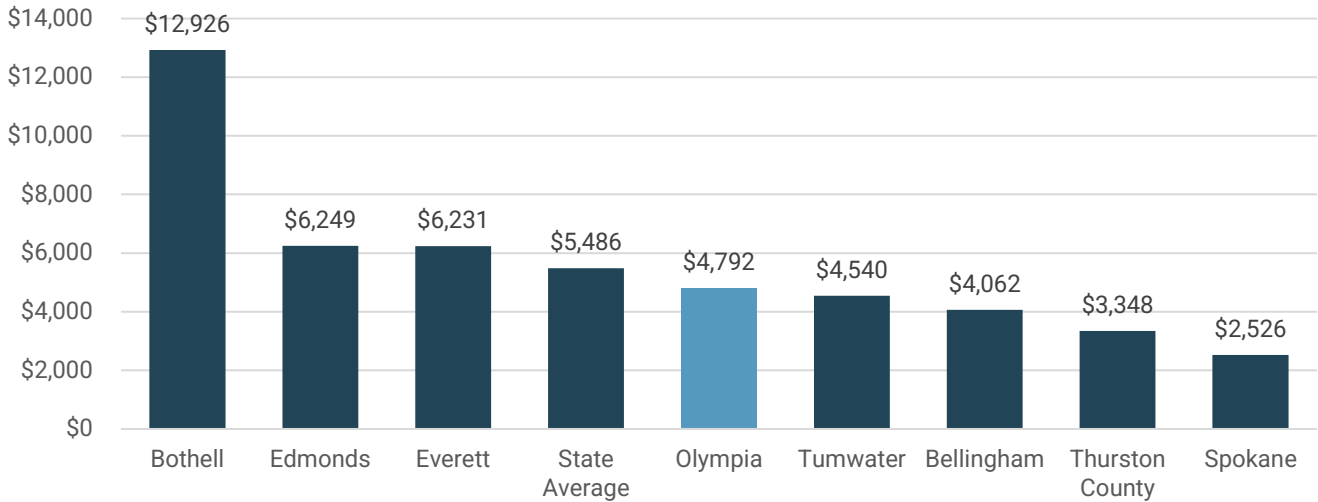
Source: City of Olympia.

**Impact and Building Permit Fees.** Several stakeholders interviewed for this analysis indicated that impact fees are high in Olympia. However, according to a 2025 impact fee study conducted by TranspoGroup, Olympia's transportation impact fee (\$4,752 per PM peak hour vehicle) is lower than the state average (\$5,486 per PM peak hour vehicle). While Olympia's transportation impact fee is higher than in Tumwater or unincorporated Thurston



County, the rate for downtown services and retail is lower than the overall impact fee. Citywide, the miscellaneous retail transportation impact fee is \$10.49 per square foot of gross floor area (GFA), while the fee for downtown services and retail is \$8.50 per square foot of GFA. Retail and commercial developments are not subject to park or school impact fees in Olympia.

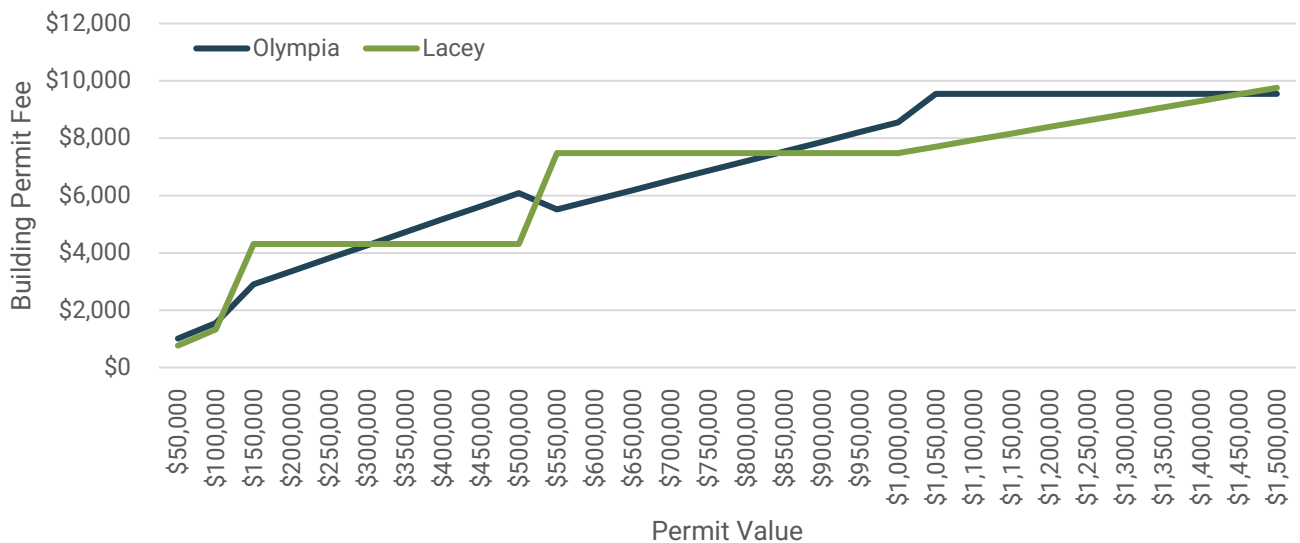
**Figure 36. Transportation Impact Fee per PM Peak Hour Trip**



Source: MRSC 2025 Transportation Impact Fee Comparison.

In addition to transportation impact fees, Olympia has building permit fees. Again, these fees are not out of alignment with local peer cities. Figure 37 below shows the building fees in Olympia and Lacey for projects ranging in value from \$50,000 to \$1,500,000. Because they are structured differently, fees may be higher in Olympia or Lacey based on the value of the building permit. Olympia's building permit fee is higher for projects ranging from \$850,000 to \$1,450,000, but the difference ranges from a few hundred dollars to around \$1,800.

**Figure 37. Building Permit Fees in Olympia and Lacey by Permit Value**



Source: City of Olympia; City of Lacey.

Although impact and permit fees add to the cost of a project, it does not appear that Olympia's fees are out of line with those in regional peer cities. These fees do not appear to be a significant barrier to development, renovation, and reuse projects in downtown Olympia.

**Downtown Infill Exemption Area.** Washington's State Environmental Protection Act requires reviews of development projects that can be costly and time consuming. In order to address this barrier to development and redevelopment, cities will often conduct a SEPA analysis for a specific area where they want to see investment, which then applies to applicable new development in that area. Olympia designated the Downtown Infill Exemption Area to help streamline development downtown. Within this area, residential developments, non-retail commercial developments of 65,000 square feet or less, and mixed-use developments are exempt from SEPA review. This includes adaptive reuse projects.

**Non-City Requirements.** The two other significant contributors to cost that impact the feasibility of downtown tenant improvements are the IBC requirements for fire safety and Washington State Energy Code requirements. Because many of the buildings downtown are old, significant renovations and changes in use require upgrades of building systems. Commercial fire systems have an estimated cost of \$2 to \$7 per square foot when retrofitting an existing building, compared to \$1 to \$2 per square foot for new buildings. This means that if a sprinkler system is required due to a change in use for a 5,000 square foot property in downtown Olympia, the cost of that system could be around \$35,000.

In 2021, the State of Washington updated the State Energy Code. These changes went into effect in 2023, and included enhanced requirements for heat pump systems, circulation, insulation and fenestration, and electric vehicle charging. As a result, the historic buildings in downtown Olympia are not in compliance with state code and renovations trigger upgrade requirements. As with fire system requirements, State Energy Code requirements add significant cost to adaptive reuse and significant TI projects. While the City cannot override state requirements, it is important to understand the full picture of regulations impacting the feasibility of improvements to older buildings in downtown Olympia.

## Parking

The topic of parking came up frequently in stakeholder interviews as well as in Explore Olympia's survey results. Most of the parking downtown is metered street parking, though there are some businesses with their own parking lots as well as city- and privately-owned surface lots. Challenges with parking were frequently tied to concerns about public safety – do downtown employees and visitors feel safe walking a few blocks from where they park to their destination? Sidewalk conditions can also impact accessibility and the willingness of people to walk to their destinations. One-way streets like 4<sup>th</sup> and 5<sup>th</sup> Avenues can also make looking for parking more difficult. While in the past the City has explored building a new, centrally located parking garage downtown, those plans were paused at the start of the COVID-19 pandemic and have not formally resumed. While parking and the perception that parking is a challenge can negatively impact visitor activity, it is not a significant driver of downtown vacancy.

### Is the Availability of Parking a Significant Challenge Downtown?

Within the core business district of downtown, parking occupancy is high in the evenings and on weekends when enforcement is not in effect. During the week, parking occupancy is generally lower in the morning, with peaks at noon and 7 PM. Although many people may be willing to walk a few blocks from a parking space to their destination, challenges finding parking coupled with issues like safety concerns and sidewalk conditions can



make people less willing to walk. Parking demand management strategies like increasing enforcement hours or peak time rates could help free up some on-street spaces, but as downtown draws more visitors, the City may choose to explore building a parking garage.

Olympia’s Parking Services Program does audits of street parking quarterly in the central business district of downtown Olympia. According to data from the first quarter of 2025, the availability of street parking in this area varies significantly by block as well as time of day and day of the week. Monday through Friday evenings are the busiest time for parking downtown. As shown in Figure 38 below, at 7 PM on weekdays, most blocks exceed the 85 percent occupancy target set by the City, and several exceed 100 percent occupancy, indicating that there are people parking illegally on those blocks. Figure 39 shows that in 2025, weekday parking occupancy is highest on Tuesdays and Fridays at 7 PM. The City conducts parking enforcement until 5 PM during the week. After this time, it is common for residents and employees to park on the street rather than in lots outside of the main business district. Parking occupancy at 7 PM is typically above the City’s target occupancy Tuesday through Friday.

**Figure 38. Parking Occupancy by Block at 7 PM on Weekdays in Downtown Olympia, Q1 2025**



Source: City of Olympia Parking Services Program.





As shown in Figure 41 below, parking occupancy is also very high on Saturdays at 3 PM. Between Columbia and Jefferson Streets, nearly all blocks meet or exceed the City’s 85 percent occupancy target. There is no parking enforcement on weekends.

**Figure 41. Parking Occupancy by Block at 3 PM on Saturdays in Downtown Olympia, Q1 2025**



Source: City of Olympia Parking Services Program.



# Best Practices

Olympia is not alone in facing challenges related to vacancy and vibrancy in its downtown. Nationally and regionally, cities are testing strategies aimed at improving the economic health of downtown neighborhoods. As a result, Olympia can learn from policy outcomes and research in other communities as it takes a targeted approach to addressing challenges downtown. This section includes best practices for downtown economic development, including:

- Whether a vacancy tax could help fill empty storefronts
- How the City can better support downtown businesses
- Programs to offer financial support for improving the look and feel of downtown
- Placemaking strategies to attract new and repeat visitors

## Should the City Consider a Vacancy Tax?

The idea of implementing a vacancy tax was brought up in multiple stakeholder interviews, with stakeholders falling on both sides of the argument. Those that favor a vacancy tax pointed to the negative social and business impacts of vacant spaces, as well as challenges with some building owners who do not appear to be interested in proactively leasing their spaces. Those who oppose a vacancy tax argue that it can be time consuming and expensive to find a tenant and a tax would unfairly penalize downtown property owners without increasing opportunities for businesses.

Broadly, there are two types of vacancy taxes – a general tax that applies to spaces that have been vacant for some set period of time, and a tax on abandoned or blighted properties that applies a higher property tax rate to properties that have been identified by the city or a judicial order.

According to the [Harvard study by Moszkowski and Stackman](#), a major challenge with vacancy taxes is that commercial spaces and businesses are heterogeneous, meaning that there are a variety of factors that determine whether a specific space meets the needs of a given business. The size, configuration, condition, price, and location of a space all matter. Different types of businesses look for different qualities in a space. In a location like downtown Olympia that primarily features local small businesses, this can be even more challenging because tenants do not typically have the funds to renovate historic spaces, and they also lack the track record needed for landlords to feel comfortable with a long-term lease.

In addition, landlords do not always have the flexibility to lower rents when they are struggling to find an appropriate tenant. In a theoretical market, if businesses cannot pay rent at a certain level, a landlord would lower the rent to meet market demand. However, some lenders include covenants in mortgage agreements that prohibit landlords from renting spaces at below market rents, or requiring them to seek permission from the lender to lower rents beyond a certain amount. Because of this, a vacancy tax could in effect penalize landlords who are trying to rent commercial space but have limited tools to meet the needs of the businesses looking for space.

Finally, vacancy taxes can be citywide or limited to a specific area. Citywide vacancy taxes tend to be overly broad, as they do not distinguish between the market realities of different neighborhoods and commercial areas. However, a vacancy tax that only applied to downtown Olympia could discourage investment in the area.

While the City could consider a tax on abandoned or blighted properties, this is not a major issue in downtown. To the extent that some buildings need improvements and modernization, it would be more effective for the City to



consider changes to regulations that add to the cost of projects rather than taxing them. If there is concern about landlords who are not actively maintaining or working to tenant their properties, the City should focus instead on supporting the property owners who are trying to improve and activate their spaces. As downtown vitality improves, these property owners will likely feel pressure from surrounding businesses to lease their spaces or sell their buildings.

## How Can the City Better Support Downtown Businesses?

Stakeholder interviews indicated that there is a potential need to improve relationships between the City and businesses, property owners, and investors. There is a perception that especially during permitting processes, the City has a tendency to deny permits or reject proposals without working with applicants to find ways to help them succeed. While this is hard to prove definitively with analysis or data, this feedback was consistent across interviews with a variety of stakeholders. Overwhelmingly, stakeholders want the City to help them “get to yes” when they come with a proposal that would support downtown investment and vitality. While the City has already taken significant steps to improve its processes, there still seems to be communications challenges between City staff and downtown business owners, investors, and developers.

Downtown is the heart of Olympia – the historic buildings and eclectic local businesses are an important part of the city’s unique identity. As it states in the City’s Comprehensive Plan, City staff, policies, and regulations should “Support a safe and active downtown that thrives day and night with many small businesses.” Currently, downtown Olympia is facing headwinds from trends like rising development costs and a shift to remote work and e-commerce, as well as lingering impacts from the COVID-19 pandemic. To counter these challenges and attract new businesses and investment, it is the City’s role to ensure that downtown is the easiest part of the city to invest in businesses and development.

In order to achieve this, City staff should work proactively to support investment in downtown. One option that has been utilized in other cities is a designated staff member who works as a Downtown Ombudsman – someone who can respond quickly to businesses, investors, and developers, help them track the progress of their permits or other applications, and facilitate collaborative conversations. The City already has a permit coordinator whose role is to be a point of contact and answer questions for applicants. However, the City website does not provide contact information for the coordinator, or any indication that this position exists within the Planning and Community Development department. It would not be the job of the downtown ombudsman to replace this position. Rather, the ombudsman would be a “friendly face” and advocate for downtown businesses, property owners, and investors within City Hall. If downtown stakeholders have questions, the ombudsman could help direct them to the correct person or source to provide them with answers. This is distinct from a permit coordinator, whose role is to be the point of contact for permitting. The ombudsman would be able to help with other city processes, such as business licensing, event permits, and other inquiries. They could also support business recruitment efforts. Seattle, for example, has a small business development team that connects businesses to financing resources and helps businesses navigate government entities. Other cities like Renton have a small business liaison with a similar scope. A downtown ombudsman could fulfill a similar role specifically targeted to downtown businesses.

The City has tried this in the past, though the position was eliminated through budget cuts. In addition, stakeholders indicated that the previous ombudsman did not always appear to be supported by City leadership. In order to ensure the success of a Downtown Ombudsman, there may need to be a broader culture change within City Hall. This would likely require the City Council to direct the City Manager to prioritize support for downtown



businesses and investment throughout departments. This type of top-down approach can help coordinate actions across departments that prioritize investment in downtown infrastructure, safety, and resilience.

## What Is a Façade, Storefront, or Tenant Improvement Program?

A façade, storefront, or tenant improvement program is a grant or loan program typically administered by a city, business improvement district, or downtown association that provides grants or low-interest loans for improvements to building exteriors and/or interiors to help support small businesses that may struggle to find adequate space at a price point they can afford. These programs encourage improvements to older buildings that are outdated or suffer from a lack of maintenance, and can help attract business owners looking to relocate or expand their businesses. While Olympia explored implementing this type of program using CDBG funding as part of its Downtown Strategy, it does not currently operate a grant or loan program for façade or building improvements.

Several cities in Oregon and Washington have successfully implemented this type of program to attract new businesses to target areas. The program in Beaverton, Oregon, described below, has been extremely successful at attracting restaurateurs from Portland interested in opening a second location. By helping with the costs of opening or relocating a business, these programs help to reduce risk for business owners and investors. They can also help legacy businesses that lack the resources to invest in upgrades that would help modernize their businesses and make them more attractive to visitors. Because the high cost of tenant improvements is a major challenge in downtown Olympia, this sort of program could have a significant impact on downtown vitality and occupancy.

## Where Have These Types of Programs Been Successful?

**Spokane's Historic Preservation Office** administers a Historic Preservation Façade Improvement Grant program to help owners of properties listed on the Spokane Register of Historic Places. The program is funded by demolition permit fees and provides \$5,000 in matching funds per project per year for repair and reconstruction of street-facing facades. The program is limited to building exteriors because Washington's rules regulating gifts of public funds require that funds be used for public benefit. Since 2019, the program has funded improvements to 15 historic properties citywide, including a mix of homes and commercial buildings.

**The City of Tacoma's** Community and Economic Development Department administers a Business Façade Improvement Loan Program (BFILP) in order to beautify individual storefronts and improve the appearance of older business districts. The loan program reimburses property owners for up to 50 percent of approved façade project costs. The 10-year loans have a low three percent interest rate and range from \$5,000 to \$50,000. Tacoma's program is structured so that it ensures façade projects are executed before funding takes place. The City recoups what it provides to owners with some interest, though less than a private financial institution would require. Loans are secured by a lien on the property and the loan to value ratio (LTV) cannot exceed 90%.

**Seattle's Office of Economic Development** utilizes fees raised through its Payroll Expense Tax (PET), passed in 2021, for its Tenant Improvement Program (TIP). The program provides no-interest loans to businesses with fewer than 50 employees to support tenant improvement costs. In 2026, the City is offering eligible businesses up to \$15,000 for the purchase of new exterior signage and up to \$50,000 to help with equipment purchases. TIP loans are not intended to pay the full cost of the project – awardees are responsible for any installation costs. For the equipment program, the equipment must be essential to business needs and there must be some public benefit. Public benefits include work a business is already doing for the community, such as providing food to those in need, senior discounts, business mentorship, or volunteering for a community group. Examples of equipment that



can be subsidized by this program include commercial ovens, refrigerators, freezers, display cases, esthetician equipment, industrial salon equipment, HVAC, espresso machines, ceiling fans, shelves bolted to the wall, etc. To be eligible, businesses must have been in business for at least two years.

**Beaverton, Oregon** offers Storefront and Tenant Improvement Programs, which provide architectural design services and cash matching grants to improve business facades along street frontages in downtown Beaverton, Old Town Beaverton, and along Allen Boulevard. Funds can also be used to improve restaurant interiors, and the program is being expanded to enable interior improvements for other types of businesses. One of the key reasons for the success of Beaverton's program is that it focuses both on the interior and exterior of buildings, and therefore enables transformative improvements that are both functional and aesthetic.

## What Other Interventions Could Support Downtown Vibrancy?

While vacancy is the main focus of this analysis, the City also asked the consultant team about strategies for improving downtown vibrancy. Throughout downtown, there are pockets that do not necessarily have a lot of vacancy, but where increased activity would improve the sense of safety and encourage more visitor and business activity. The strategies below are best practices for improving visitor experience and creating spaces where people want to linger.

### Wayfinding & Signage

Wayfinding is a challenge downtown. On 4<sup>th</sup> and 5<sup>th</sup> Avenues, street signs for perpendicular streets face the direction that cars are coming from. That means that if you are walking in the opposite direction of the one-way car traffic, it is difficult to determine the cross streets without looking at your phone if you do not already know the city very well. In addition, while there is signage pointing to key locations like the State Capitol, additional signage could help inform residents and visitors about events, promotions (like free parking during the holidays), and public art. The City could partner with organizations like the Olympia Downtown Alliance and Heal Olympia to find opportunities to promote community-centered programming downtown. The City is currently working on a Wayfinding Master Plan in order to improve the navigation experience for residents and visitors. The City should prioritize the implementation of recommendations from this plan in the downtown area.

### Parklets or "Streateries"

**Parklets or "Streateries" are privately operated covered seating areas located in the right of way** (typically on sidewalks or occupying one or more street parking spaces) that serve as extra seating for local businesses. While these have existed seasonally and year-round in cities for several years, they became particularly popular during the COVID-19 pandemic when outside seating was needed to help limit the spread of the disease. Olympia had a parklets program from 2013 to 2018 that was primarily intended to establish publicly-operated seating spaces. In 2012, the Parking Business Improvement Area (PBIA) issued an RFP for functional placemaking designs (including parklets) for seven designated locations in downtown Olympia. As of 2013, there were two existing parklets and eight proposed parklets. At that time, there was not a requirement for long-term lease fees, which are now required by state law. Currently, the only parklet in downtown Olympia is a public parklet on Cherry Street, adjacent to Olympia Coffee Roasters.



**Figure 42. The Public Parklet on Cherry Street**



*Source: Leland Consulting Group*

In 2020, the City adopted a program to allow for public and private parklets and street seating both on the sidewalk and in street parking spaces,. Privately operated parklets in parking spaces would promote downtown vibrancy and support local businesses in Olympia because they provide additional seating for restaurants without encroaching on the limited sidewalk space..

**Figure 43. A Parklet at Mighty Bowl in Downtown Vancouver, WA**



Source: City of Vancouver.

**Figure 45. A Parklet in NE Portland, OR**



Source: City of Portland.

**Figure 44. A Parklet (or "Streatory") in Downtown Bellingham, WA**



Source: Bellingham Herald.

**Figure 46. A "Streatory" in Edmonds, WA**



Source: My Edmonds News.

Typically, information about these programs is available in the city's municipal code. In **Portland**, [PMC Chapter 17.25](#) describes the permits and processes for outdoor dining, which is defined as "serving food or beverage from a business located in an adjacent building to patrons standing or seated at tables located within the sidewalk or parking lane areas adjacent to the business." The City also maintains a [website](#) with easy to understand information on how to apply for an outdoor dining permit as well as a permitting fee schedule. For a 12-month permit for street seats with a platform, the City charges an application fee of \$450, a permit fee of \$350, and a permit area fee of \$750 per parking space (\$1,550 annually for a parklet occupying a single parking space).

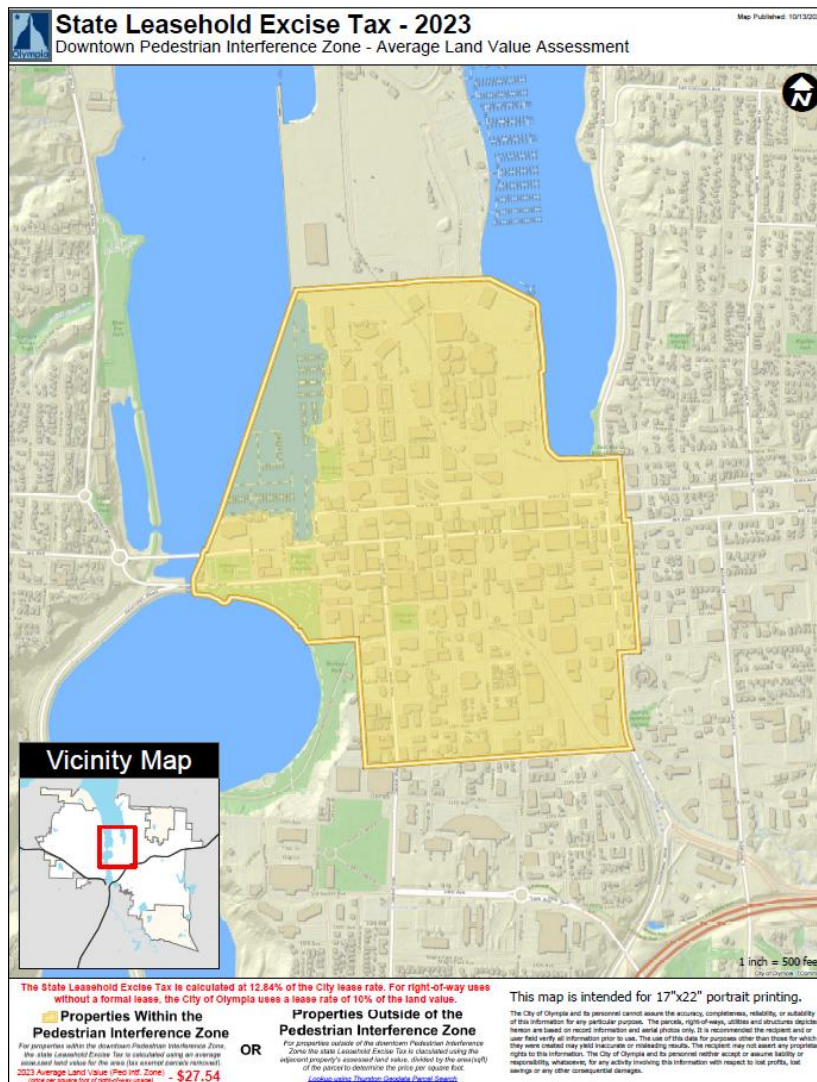
Similarly, the City of **Bellingham** has an [informational website](#) on downtown parklets that includes a link to their [Temporary Right-of-Way Use Permit Guide](#), which outlines the requirements, fees, and approval process for parklets. Bellingham's fees are based on the number of days a permit is valid and whether the installation is under or over 1,000 square feet. For those less than 1,000 square feet, a permit for more than 90 days is \$50. In addition, there is a \$75 administrative fee, a \$4.57 per square foot annual use fee, and a leasehold excise tax of 12.84 percent. The total fees for a parklet in a typical 207-square-foot parking space would be around \$1,190.

**Olympia's process for permitting parklets is more costly and opaque.** Because parklets are typically in the right-of-way, they are not regulated by the zoning code. Like Portland and Bellingham, the City of Olympia maintains a



website dedicated to helping businesses and property owners create parklets. Separate permits are needed for temporary installations (lasting up to 29 days) and permanent installations (30 or more days). The temporary installation permits are intended for movable furniture on the sidewalk that can be brought inside periodically, while permanent installation permits are intended for parklets. The lease must be approved by the City Engineer, Building Official, and Director of Community Planning and Development. Permanent installations require a four-year right-of-way lease agreement, with lease rates determined by the total square footage occupied and are subject to a leasehold excise tax of 12.84 percent of rent (estimated lease rates or a formula for calculating them are not available on the City's website). A four-year lease may be too long of a commitment for smaller local businesses as the longer rental period increases the associated risk. In addition, parklets and streateries in parking spaces are also subject to right-of-way performance bonding, with a minimum of \$10,000 or 125 percent of construction costs. Nearly all of downtown Olympia (excluding the Port) is within the City's Pedestrian Interference Zone, as shown in Figure 47 below.

**Figure 47. Pedestrian Interference Zone Map**



Source: City of Olympia



The City also recommends coordinating with the Olympia Police Department to ensure that the parklet utilizes crime prevention through environmental design practices. The Planning Department cited the potential for loitering and crime as deterrents preventing the creation of new parklets in downtown Olympia. However, parklet programs continue to be popular in other cities with similar homelessness and safety challenges.

## **Downtown Strategy Update and Implementation**

Olympia last completed a downtown strategy in 2017. According to the [most recent update](#) (from 2021), the City has completed actions along with nine of the strategies, while 23 are ongoing, 10 were added to the 2022 work plan, 18 are on the “to do” list, and three are no longer being pursued. While some of these recommendations, including exploring a façade improvement program and improving wayfinding and signage, are in alignment with what is being recommended in this report, conditions downtown have changed significantly enough that it would likely benefit the City to update its downtown strategy within the next few years to help prioritize the actions needed to address the major challenges currently facing downtown Olympia.

Since the most recent downtown Strategy was completed, the COVID-19 pandemic accelerated trends like the shift to remote work and e-commerce. While downtown added jobs in administration, information, construction, and professional services, there has been a decline in retail, accommodation, and food services jobs. While this report recommends strategies to improve downtown vitality, there are some areas that were outside the scope of this project that need a deeper dive. These include:

- Updating and/or tweaking the ground-floor retail requirement
- Parking
- Public lands strategy
- Retail strategies
- What to do with obsolete office buildings
- How to address the ongoing need for more housing
- Connections to disconnected anchors like the Hands On Children’s Museum
- Integration of future Port development
- Infrastructure assessment



# What Are the Major Drivers of Vacancy in Downtown Olympia?

While there are a variety of factors contributing to vacancy in downtown Olympia, this analysis finds that the following are the major causes of vacancy in downtown Olympia:

1. **Renovating older buildings is expensive, and the tenant improvements needed to bring them up to modern standards trigger costly requirements related to energy standards, fire safety, and street improvements that are not supported by revenue from commercial rents.** The old, historic buildings in downtown Olympia give the area its unique character and are an asset to community. However, older buildings often need costly improvements to electrical, HVAC, and/or fire safety systems to make them competitive for modern tenants and to bring them up to current codes. In addition, when a use change would generate more than 20 additional vehicle trips on streets with low pavement ratings, the City requires significant street upgrades.
2. **The cost of tenant improvements in new retail spaces is very high and longer leases are required to amortize the cost of these improvements.** The City requires ground floor retail for new buildings on specific corridors downtown in order to activate the streetscape. The retail spaces in these new mixed-use buildings are typically built as a “shell” and require significant improvements when a business first occupies the space. Because small businesses often cannot afford these costs upfront, the developer typically pays for them and then amortizes the costs over the term of the lease. However, when construction costs are high, amortization requires long-term leases (seven to ten years), which can be challenging for smaller, independently owned businesses and risky for landlords and lenders. Landlords often do not want to risk offering long-term leases to businesses that do not have a track record of success. In addition, lenders sometimes include mortgage covenants that prevent landlords from reducing rent below market rate to attract a tenant.
3. The **state shift to remote work** has resulted in a large amount of vacant office space that is both in need of significant upgrades to be competitive and primarily suitable to very large office tenants. There is no clear potential user identified for this space, which has all come on the market within the past few years, impacting the viability of local retail that previously served state workers. The high vacancy rate for downtown office spaces also decreases the amount of foot traffic to downtown businesses.



# Recommendations

As discussed above, the cost of improving retail and office spaces and the expensive requirements that are tied to those costs are a major driver of downtown vacancy. While the City cannot go out and find tenants to fill all the vacant spaces, it can make downtown the easiest place to invest or start a business by addressing cost and complexity of downtown development, increasing transparency to avoid surprises, improving relationships with the downtown business community, and prioritizing economic development downtown.

The table below includes a list of priority actions that the City should take within the next five years to address the core challenges contributing to vacancy in downtown Olympia. These actions are all within City purview and can be supported by partner organizations like the Olympia Downtown Alliance.

Action	Description	Timing	Responsible Parties
<b>Eliminate the requirement for half-street improvements triggered by trip generation and the cost of building improvements in downtown Olympia and create a plan for evaluating and improving downtown streets.</b>	This requirement is out of alignment with peer cities and adds significantly to the cost and complexity of downtown projects. Downtown should be a priority area for City capital project investment because of its importance as an economic and cultural hub. The City should evaluate and upgrade downtown roads holistically rather than on a project-by-project basis.	Near term (1-3 years)	Community Planning and Economic Development
<b>Improve access and connections between City staff and downtown businesses by identifying a downtown ombudsman</b>	Improved relationships between downtown stakeholders and City staff will help facilitate investment and provide more certainty and transparency for businesses. To ensure the success of an ombudsman, there may be a need for a more comprehensive overhaul of City policies and procedures.	Near term (1-3 years)	Community Planning and Economic Development; City Manager
<b>Increase transparency for City information, policies, fees, regulations, and other information that are relevant to improvements or</b>	Currently, Olympia’s website lacks much of the information that would help downtown businesses and investors connect with relevant city staff and departments. There is no online list of departments or staff	Near term (1-3 years)	Community Planning and Economic Development; City Manager’s Office



Action	Description	Timing	Responsible Parties
<b>development in downtown.</b>	directory. In addition, data and information investors would need to make a decision about building improvements or new development is not publicly available or is challenging to find on the City's website. This includes clear documentation on processes and fees as well as datasets like the one for pavement conditions. Making this information clear and easily accessible would help investors understand the potential costs of their project up front, reducing conflicts and frustration with the City.		
<b>Prioritize downtown for sidewalk repair</b>	The Olympia Transportation Department is currently working to put together a team responsible for sidewalk repair in the Spring/Summer of 2026. Because downtown is a central part of the City's economy and walkability is a major feature of this area, it should be a priority area for sidewalk repair.	Immediate (2026)	Public Works
<b>Create a Façade Improvement Program</b>	A façade improvement program was recommended in the 2017 Downtown Strategy but has not yet been implemented. It is an important tool for supporting businesses, especially smaller local businesses in historic buildings that lack capital for needed improvements. This type of program can be supported financially or administratively by nonprofit and private sector partners.	Near term (1-3 years)	City Council; Community Planning and Economic Development; Olympia Downtown Alliance



Action	Description	Timing	Responsible Parties
<b>Explore opportunities for a low-interest loan program for new equipment.</b>	Equipment can be a significant expense for businesses, along with tenant improvements. Programs that help cover the costs of new equipment needed for a business to operate can help reduce vacancy and improve the chances of success. While the state’s gift of public funds law can be a challenge, Seattle has implemented this type of program by defining public benefit as work a business is already doing to support the broader community	Near term (1-3 years)	Community Planning and Economic Development; City Attorney
<b>Consider allowing live-work units on the ground floor of type “A” pedestrian-oriented streets.</b>	Active ground floor requirements on pedestrian-oriented streets can help ensure the continued vibrancy of commercial areas in downtown. Olympia already limits the area where active ground floor spaces are required to key blocks primarily in the historic district. Allowing live-work units would enable the city to maintain active ground floor space while increasing flexibility in how that space is provided.	Near term (1-3 years)	Community Planning and Economic Development
<b>Continue exploring the need for and feasibility of a parking garage</b>	The City has been considering whether to build a downtown parking garage for many years, most recently just prior to the COVID-19 pandemic. The City should conduct a parking study to determine the need for and feasibility of a parking garage, as well as potential locations.	Medium term (3-5 years)	Public Works
<b>Revise parklet program to activate downtown streets without</b>	Parklets are a popular placemaking tool that increases street activity and allows businesses to add space without having to move. However,	Near term (1-3 years)	Community Planning and Economic Development



Action	Description	Timing	Responsible Parties
<b>sacrificing sidewalk space</b>	confusing regulations and high costs make parklets challenging to build in Olympia.		
<b>Continue to support and encourage community events that highlight local businesses and include temporary activation of vacant spaces.</b>	The Olympia Downtown Alliance already hosts events throughout the calendar year intended to draw more people downtown and highlight local businesses. Incorporating vacant spaces into these events could help potential tenants visualize how these spaces fit into the larger fabric of downtown. The City and ODA can partner with local landlords to create temporary pop-ups, art installations, or activities that encourage visitors to interact with these spaces.	Near term (1-3 years)	Community Planning and Economic Development; Olympia Downtown Alliance; local property owners
<b>Conduct community and business outreach to understand what types of retail generate the highest demand.</b>	When businesses are choosing to locate in a specific area, understanding the demand for their business type can help lessen risk. It can also improve landlord confidence when entering into a longer-term lease and help developers build new spaces that are suitable for uses with the highest demand. This would be led by the downtown ombudsman.	Near term (1-3 years)	Community Planning and Economic Development; Olympia Downtown Alliance; Thurston County Chamber of Commerce; Experience Olympia and Beyond
<b>Improve communication with the public on improvements to City policies and processes</b>	The Community Planning and Economic Development department has made significant efforts to improve its systems over the past several years, implementing an online permitting system, decreasing permitting times, and soliciting feedback to understand where they need improvement. While the City has data on the success of these improvements, members of the	Near term (1-3 years)	Community Planning and Economic Development



Action	Description	Timing	Responsible Parties
	public who have not experienced these improvements first-hand may not be aware of them. The City should create a dashboard or reporting system that highlights key achievements.		
<b>Budget and plan for a future downtown plan update</b>	The City last commissioned a downtown strategy in 2017 and has been working to implement recommendations from that strategy. However, there have been significant economic changes since that time and new strategies are likely needed to ensure downtown continues to be a thriving economic center.	Medium term (3-5 years)	Community Planning and Economic Development
<b>Create a strategy for City-owned properties</b>	The City currently owns several properties downtown, some of which were acquired with the intent of building a parking garage. The City should reevaluate its downtown property portfolio to determine a strategy for future investment and/or disposition.	Medium term (3-5 years)	Community Planning and Economic Development



## Funding Tools

The table below includes a brief list of potential funding tools available to the City to assist with implementing the recommendations above. These tools are specifically targeted for City use rather than private businesses or downtown organizations.

Funding Tool	Description	Uses	Challenges / Limitations
<b>Local Improvement District (LID)</b>	Cities form local improvement districts with the approval of property owners in order to levy special assessments to finance and pay for capital improvements that will benefit the property owners. They are not self-governing entities.	To support infrastructure to help catalyze economic growth; to match grants from federal and state agencies to finance essential infrastructure at lower interest rates	LIDs require Council approval and property owners have a 30-day window after that approval to protest. Property owners that comprise 60% or more of the total preliminary assessments may stop the LID by filing a written protest.
<b>Low Interest Loan Program</b>	Low interest loan programs allow cities to fund a program (or programs) over the long-term using initial seed money. These loans typically have a lower interest rate than what borrowers could find through traditional financing, and the repayment of these loans enables the city to lend to other borrowers without dedicating additional funds.	To support façade improvement programs for downtown businesses.	Washington’s gift of public funds law requires that public money provided to private entities have a public benefit. Because of this, a loan program would need to support improvements with a clear public benefit.
<b>Demolition Fees</b>	Olympia currently charges demolition fees ranging from \$125.09 for a building less than 3,000 square feet to \$443.51 for a building larger than 10,000 square feet. Other cities have utilized these fees for programs that support the preservation and improvement of historic buildings.	To support façade improvement programs for downtown businesses. Could be used in conjunction with a low-interest loan program.	Washington’s gift of public funds law requires that public money provided to private entities have a public benefit. Because of this, a façade improvement program would need to support improvements with a clear public benefit.



<p><b>Community Economic Revitalization Board (CERB)</b></p>	<p>Funding (via low interest loans and grants) for local governments for public infrastructure which supports private business growth and expansion.</p>	<p>Street and sidewalk improvements, other infrastructure that would support downtown revitalization</p>	<p>The grant program only offers funding for projects up to \$100,000, while the low-interest loan program allows for planning, acquisition, construction, repair, reconstruction, replacement, rehabilitation, or improvement of key infrastructure.</p>
<p><b>Tax increment financing (TIF)</b></p>	<p>Cities can designate up to two districts where tax revenue from new development is redirected into the district for up to 25 years.</p>	<p>To pay for infrastructure development needed to support new development.</p>	<p>In Washington, the one percent property tax revenue cap significantly limits the amount of money TIF programs can generate. TIF works best in Washington in areas that are relatively unbuilt that are expected to see significant new development in the near term.</p>
<p><b>Transportation Improvement Board (TIB) Grants</b></p>	<p>TIB grants for urban areas include an urban arterial program (UAP), an active transportation program (UATP), and an arterial preservation program.</p>	<p>The urban arterial program could help pay for street upgrades while the active transportation program could support sidewalk improvements. Projects that maximize commercial growth and development are prioritized.</p>	<p>Statewide, just \$80 million is dedicated to the UAP and \$8 million to the UATP. These programs are extremely competitive, and the City may have other projects it is already planning to apply for.</p>
<p><b>Additional taxes and fees</b></p>	<p>The City could choose to levy additional taxes or fees to help pay for downtown programs and improvements.</p>	<p>New taxes could be used for a variety of programs. Seattle uses its Payroll Expense Tax to fund its tenant improvement program.</p>	<p>New taxes and fees can be politically challenging and controversial. They could also have unintended consequences on business attraction and retention.</p>



# Appendix: Stakeholder Engagement Summary

To understand the significant trends downtown as well as potential opportunities and barriers to business growth and development, we had one-on-one conversations with key stakeholders representing downtown businesses and local real estate professionals. Stakeholders interviewed include:

- Melissa Elkins, Explore Olympia
- Desiree Freeland, Olympia Downtown Alliance
- Amy Harding, Kidder Matthews
- Shelby Hentges, MPH Holdings
- Todd Monahan, Olympic Rental and Landlord Services
- Monique Ossa, Ossa Skinworks
- Connie and Kenny Phlegey, Old School Pizzeria
- Danielle Rants, The Rants Group
- Joel Slovic, Timberland Bank
- Shauna Stewart, Explore Olympia

Stakeholders described downtown as unique in the county and region, and a showcase for Olympia’s unique local businesses, art, and culture. Key takeaways from these conversations are described below.

## Vacancy & Downtown Vitality

Stakeholders, especially business owners, expressed **frustration with spaces that have been vacant for long periods of time** and property owners who do not actively try to tenant or maintain their spaces. While opinions differed on whether a vacancy tax might be an appropriate tool to address this, there was general agreement that these spaces have a negative impact on the perception of downtown as well as public safety. One business owner expressed frustration that many downtown businesses do not seem to think about keeping their exteriors tidy in the same way they do for their interiors. Some stakeholders think there should be an incentive for keeping spaces maintained or showcasing local art in windows, while others argue that the City should do a better job of enforcing existing codes related to property maintenance standards.

**Many of the stakeholders interviewed brought up the importance of placemaking downtown.** Business owners praised the downtown Alliance’s flower baskets program and the bistro lighting on key blocks. However, as with vacancy, some stakeholders expressed frustration with building owners who do not maintain building exteriors. One stakeholder suggested that businesses elect “block captains” to help spearhead the maintenance of each block and help to recruit new businesses that fit in with the “story” of each individual block.

## Business-Friendliness

Nearly all of the stakeholders interviewed believe that there is a **need to improve the relationship between the City and downtown businesses, property owners, and developers**. Stakeholders highlighted frustrations with permitting processes, turnover among City staff, a recent increase in Olympia’s business and occupation tax, and a ballot proposition in November 2025 that would have established a worker’s bill of rights and raised the minimum wage (the proposition did not pass).

**A common phrase we heard from stakeholders was that they would like the City to help them “get to yes”** rather than rejecting proposals that would help support business and economic growth downtown. They highlighted the



work that the City's former Economic Development Director Mike Reid did to make businesses feel they had an advocate at City Hall, and recognize the work that current Economic Development Director Jennica Machado has done so far to collaborate with business owners. However, they expressed frustration stemming from their experiences working with the permitting department more generally. There is confusion among business owners and developers about regulations, and one mentioned that staff did not tell them when he was eligible for a program that would have saved them money during a development project. Overall, stakeholders expressed a need for more clarity, flexibility, and transparency around permitting as well as more collaboration from City staff to find ways to make projects work.

Stakeholders were open to a variety of ways of improving these relationships. Some suggested that a **top-down culture change** may be necessary and recommended that the City Council direct the City Manager to prioritize supporting local businesses. Others believe that a single point of contact at the city – like a **downtown ombudsman** – could help improve transparency. Stakeholders said it is important to them to feel like they have a champion inside of City Hall – someone who can check in with various City departments to increase transparency and improve permitting timelines. Overall, stakeholders felt that **the City should be more proactive about supporting and encouraging businesses and others who want to invest in downtown Olympia.**

## Key Downtown Locations

When asked about what areas of downtown are the most successful, they emphasized that one of the key attributes of the best blocks is a mix of businesses that operate at a variety of times. For example, a block with a bakery, a retail store, and a bar would have activity from the early morning until late at night. Stakeholders identified the corner of 5<sup>th</sup> Avenue and Washington Street as a key location that attracts visitors during events throughout the year. The intersection of 4<sup>th</sup> Avenue and Columbia Street was also identified as a strong location for local businesses, and the Farmers' Market and the Washington Center for Performing Arts are key drivers of downtown activity.

More challenging areas of downtown identified by stakeholders include the Artesian Well, the area surrounding the Hands On Children's Museum, and the area surrounding the Transit Center. Stakeholders also identified specific spaces that have been vacant for a long time, including 123 4<sup>th</sup>, Evergreen Plaza, the Chambers Block, and 521 Capitol Way S.

## Public Safety

Stakeholders acknowledged that **concerns about public safety are a barrier to bringing more businesses and visitors to downtown Olympia**, but had different perspectives on whether it is a real issue or a perception problem. Notably, Experience Olympia's 2024 Ten Year Destination Master Plan survey results indicate that Thurston County residents view downtown as more unsafe than visitors from 50 or more miles away. While some of the stakeholders interviewed for this analysis point to significant improvements in public safety since 2020, others argue that safety challenges persist and that the City should do more to proactively prevent crime downtown.

In 2024, Thurston County increased its local sales and use tax by 0.003 percentage points in Olympia and 0.002 percentage points in all other parts of the county in order to fund criminal justice and public safety programs. Voters in Olympia supported this in part because it was intended to increase walking patrols downtown. However, many of the **stakeholders interviewed expressed frustration because they have not yet seen these promised patrols in action yet.**



The perception that downtown is not safe impacts the willingness of visitors and workers to walk long distances between where they park and their destinations. One stakeholder said that when she walks there at night, she purposely chooses routes that have bars and other nightlife venues because blocks where there is more activity feel safer. Other stakeholders shared anecdotes about businesses that have left downtown because of incidents that have impacted employees.

## Parking

As with public safety, there was **disagreement among stakeholders as to whether parking is a true challenge downtown or whether it is a perception issue**. Most of the parking downtown is on the street and in private lots. Some stakeholders expressed that paying for parking at downtown meters can be confusing, and **that improved signage, wayfinding, and messaging** could help address some parking concerns. The Experience Olympia survey found that both residents and visitors identified parking as a key challenge downtown.

Stakeholders are aware of the City's past plans for a parking garage. **Many stakeholders identified a parking garage as a need downtown, especially in the area near the Washington Center**. Stakeholders believe that a centrally-located parking garage could help address safety concerns, especially among the downtown workforce. However, real estate professionals interviewed for this analysis understand that parking garages are expensive. To address this, one interviewee suggested that the City work with the Port to increase parking on proposed development sites while another argued that the City should use impact fees to support the development of a new garage.

Stakeholders tied parking to public safety not only because safety concerns discourage workers and visitors from walking longer distances from where they park to their destinations, but also because **if the City were to build a new parking structure it would need to invest in security for the structure**.

## Development and Construction Costs

In order to better understand the barriers to filling vacant historic spaces as well as older office buildings, we asked local real estate professionals about the **costs associated with downtown renovation and development**. We heard from one stakeholder that a tenant was interested in converting an existing warehouse into a putt-putt course, but that design and permitting costs are as high as the cost of the actual warehouse build-out.

Other professionals discussed the **high cost of tenant improvements (TIs)**. Rents in downtown Olympia are lower than in other parts of the County, but most spaces need significant improvements. Because of high construction costs and relatively low rents, landlords amortize the cost of TIs over longer lease periods, typically at least seven years. For second and third generation retail spaces, a three-to-five-year lease term is more typical, but this is not enough time to recoup the costs of TIs. In addition to permitting and development costs imposed by the City, stakeholders pointed out that the State's new energy code adds about 20 percent to the cost of projects over previous regulations.

Stakeholders expressed **frustration with the 25 percent threshold for triggering half-street improvements**. With significant upgrades needed for many older buildings and high construction costs and interest rates, improvement projects for most downtown spaces are likely to cost more than 25 percent of assessed value. One stakeholder estimated that adaptive reuse projects can cost anywhere from \$100 to \$800 per square foot, depending on use types and the condition of the space. For recent adaptive reuse project they completed, the impact fees and road and sidewalk improvements alone cost \$125 per square foot. That same stakeholder estimated that converting Class C office space to Class A would likely cost around \$600 per square foot.



## Variety

Stakeholders discussed the **need for a wider variety of businesses downtown that cater to a broader demographic**, including families. One stakeholder pointed out that not everything has to appeal to everyone, specifically referencing backlash to a whisky and cigar business expected to go into the Carnegie Library building. Some stakeholders discussed the need for more clothing stores so that they could buy a nice pair of jeans without having to drive to SeaTac. Others pointed to the recent trend of engaged groups of retirement-aged residents moving downtown and the need for walkable businesses to serve their needs. Many stakeholders brought up the need for more family businesses as well as accessible public restrooms.



Ordinance No. 7414

**AN ORDINANCE OF THE CITY OF OLYMPIA, WASHINGTON, RELATING TO PUBLIC HEALTH AND SAFETY; DECLARING A STATE OF PUBLIC HEALTH EMERGENCY RELATING TO HUMAN HEALTH CONDITIONS CAUSED BY 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 is defined as housing that is compatible in scale, form, and character with single-family houses and contain 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; and

**WHEREAS**, it's recognized that middle housing 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 homelessness; and

**WHEREAS**, Olympia City Council declared homelessness a public health and safety emergency in 2018; 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 a lack of affordable housing supply; and

**WHEREAS**, a 2021 Housing Needs Assessment produced by Thurston Regional Planning Council found that over 34,650 Thurston County households are cost burdened, meaning they spend more than 30 percent of their income on rent, mortgage payments, and other housing expenses; and

**WHEREAS**, of these 34,650 households, 13,900 are severely cost burdened, spending more than half of their income on housing expenses; and

**WHEREAS**, of these 34,650 households, 7,605 households are Olympia residents; and

**WHEREAS**, Olympia is projected to need more than 12,600 new housing units by 2045 to accommodate future population growth; and

**WHEREAS**, it's projected that more than 5,800 of these 12,600 units will be needed for households with incomes at or below 80 percent of the area median income adjusted by household size; 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 communities; 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 that is affordable for low-income populations; 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 affordable prices for 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 and middle housing for residents of the City; and

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

**WHEREAS**, the above circumstances warrant the exercise of the City Council's power to declare a 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:**

It is hereby declared that a state of emergency exists due to an exigent threat to human health related to an insufficient supply of affordable housing affecting the City of Olympia. In order to provide emergency relief consistent with the intent of this Ordinance, the Council hereby adopts the following strategies to increase the supply of affordable housing in Olympia.

**Section 1.** The above-stated recitals are adopted as findings of the City Council.

**Section 2. Prioritize affordable and middle housing projects in City permitting process**

Community Planning and Development staff will prioritize affordable housing and middle housing projects meeting the eligibility criteria in Section 8, below in the permitting process by moving these projects to the front of the permitting que.

**Section 3. Specialized CP&D staff dedicated to affordable & middle housing projects**

A Principal Planner in Community Planning and Development will act as an ombudsperson to affordable housing and middle housing projects. This staff person will work collaboratively and creatively with other Community Planning and Development 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 4. 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 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 is authorized to exercise the powers vested under Section 4 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 5. Participate in 1033 Tax Exchange transactions with willing property owners**

The City will participate in a 1033 Tax Exchange transaction, exercising of threatening to exercise the City’s power of eminent domain, when the 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 legal constraints to ensure affordability, such as a deed restriction, are imposed.

**Section 6. Grant Program for Infrastructure Improvements**

Staff will develop and implement a grant program which makes funding available for off-site infrastructure improvements necessitated by affordable housing projects. Seed funding for the program will originate from a 0.5% drinking water utility rate increase and a 1% wastewater utility rate increase effective January 1, 2025.

**Section 7. Grant Program to Exempt Permit and Other Fees**

Staff will develop a grant program which reduces permit and development fees. In developing such a program staff shall identify a funding strategy and plan for implementation and may proceed with the program with the identified funding strategy and implementation plan.

**Section 8. Eligibility Criteria**


The strategies apply to housing for which the following criteria has 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 9. Sunset Provision.** This Ordinance sunsets and is no longer in force or effect at 11:59 p.m. on June 30, 2026. The City Council shall, no later than 18 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 10. Ratification.** Any act consistent with the authority and prior to the effective date of this Ordinance is hereby ratified and affirmed.

**Section 11. 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:**

*Sean Krier*  
 \_\_\_\_\_  
 CITY CLERK

**APPROVED AS TO FORM:**

*Michael M. Young*  
 \_\_\_\_\_  
 DEPUTY CITY ATTORNEY

**PASSED:** December 17, 2024

**APPROVED:** December 17, 2024

**PUBLISHED:** December 23, 2024