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Land Use & Environment Committee

Scope of Housing Feasibility Study

Agenda Date: 5/27/2021

Agenda Item Number: 6.B

File Number: 21-0533

Type: discussion **Version:** 1 **Status:** Filed

Title

Scope of Housing Feasibility Study

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Briefing only. No action requested.

Report

Issue:

Whether to discuss a scope of work for a Housing Feasibility Study.

Staff Contact:

Cary Retlin, Home Fund Manager, Executive, 360-570-3956

Presenter(s):

Cary Retlin, Home Fund Manager, Executive

Amy Buckler, Strategic Project Manager, Community Planning & Development

Background and Analysis:

Staff were directed to develop a scope to consider what it will take for significant residential development, including preserving and constructing more low-income affordable units in Olympia's High Density Neighborhood Areas. The City is interested in considering ways to add and encourage affordable housing units without creating unintended consequences that discourage housing production.

Staff have prepared a draft feasibility study to begin this process. More analysis may be required later to assess additional tools. Staff recommends starting with the Multifamily Tax Exemption (MFTE) because it is one of our most powerful incentives for unsubsidized housing development.

This study will conduct a proforma analysis of up to three different redevelopment sites within each geographic area specified:

- Existing MFTE areas; Downtown and adjacent east and west corridors

- The Capital Mall High Density Neighborhood Area
- The Pacific/Martin Way Triangle High Density Neighborhood Area

The study will use applicable building types to identify economic factors that affect residential development feasibility in these areas, including the addition of units affordable to low-income households. It will analyze Olympia's MFTE program and how this can best be structured to achieve an increase in residential development, including private sector development of units affordable to low-income households in each area and look at options related to SB 5287 (which passed this spring) as part of this consideration.

This discussion will also include an overview of changes to the Multifamily Tax Exemption Program resulting from the passage of 5287 during Legislative session.

Neighborhood/Community Interests (if known):

Affordable housing and increased housing options are a priority for the community.

Options:

1. Provide feedback and direction to staff to finalize the scope of the study.
2. Provide feedback and direction to staff to refine the scope of the study and return for to the committee for further discussion.
3. Take other action.

Financial Impact:

The City Council has set aside up to \$50,000 to complete a feasibility analysis to forward implementation of Olympia's draft housing action plan.

Attachments:

Draft Feasibility Study