



## City Council

### Approval of a Conditional Award Letter Authorizing Affordable and Supportive Housing Funds for Unity Commons Phase Two

**Agenda Date:** 9/14/2021  
**Agenda Item Number:** 4.G  
**File Number:**21-0879

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**Type:** decision **Version:** 1 **Status:** Passed

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#### **Title**

Approval of a Conditional Award Letter Authorizing Affordable and Supportive Housing Funds for Unity Commons Phase Two

#### **Recommended Action**

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

Not referred to a committee.

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

Move to approve the conditional award letter for Affordable and Supportive Housing Funds (1406) for Unity Commons Phase Two at 2828 Martin Way.

#### **Report**

##### **Issue:**

Whether to authorize staff to send the Low Income Housing Institute (LIHI) a letter committing up to \$300,000 of Affordable and Supportive Housing Funds (1406) for Unity Commons Phase Two at 2828 Martin Way.

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

Cary Retlin, Home Fund Manager, City Manager's Office, 360.570.3956.

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

None - Consent Calendar Item.

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

In July the Low Income Housing Institute (LIHI) contacted city and county staff to alert them that due to a number of unforeseen changes, including rapidly rising construction materials costs, the second phase of supportive affordable housing proposed at Unity Commons at 2828 Martin Way was at risk of not being competitive for the fall state Housing Trust Fund application round. The total funding gap is \$1.7 million - but most of that has been addressed through an award letter approved in August by the Regional Housing Council.

The Olympia Home Fund Advisory Board reviewed the LIHI letter and updated budget and

recommended that the City of Olympia and Regional Housing Council fund the gap so the project could proceed and be competitive for state funds.

#### Regional Housing Council Action on This Topic

The Regional Housing Council took action at their August meeting to recommend a conditional award of \$1 million in Affordable and Supportive Housing (1406) Funds accruing this year. Those funds are pooled from all Thurston County jurisdictions. Since some jurisdictions still have uncommitted 2020 funds, like Olympia, the Regional Housing Council requested that Olympia and other cities also consider making contributions to help address this need.

#### Project Impact and Populations Served

Phase two of Unity Commons at 2828 Martin Way would add 58 more affordable and supportive housing units to the 65-unit apartment complex staffed by Interfaith Works that is almost complete. The apartments would be prioritized for homeless single adults. All units would be income restricted for people with low or extremely low incomes - and rents would be limited to 30 percent of their income.

#### Leverage of Non-City Funds and Competition

If this award is approved, the City would contribute \$450,000 in total to leverage \$22 million in construction costs (\$150,000 in Home Fund dollars were approved in April). Most of those costs will be paid by federal tax credits. Local leverage from City of Olympia and Regional Housing Council are critical in helping boost this project's competitiveness against projects in other cities in our pool like Bellingham, Vancouver and Bremerton. Far more applications are expected than statewide funds can support.

#### Award Letter and Contract Stipulations

These funds would not become available unless all other fund sources including state Housing Trust Fund and federal Tax Credits are won later this year and next winter. If this project is not successful it would likely reapply next year.

The conditional award letter, and contract, would require that these funds be drawn last after state Housing Trust Fund, federal Tax Credits, and County funds and City Home Funds. These funds would be drawn last because they could also be used for operations at this or other facilities if they are not needed for this project.

#### Previous Proposals of 1406, Home Fund Awards

In February 2021 City Council approved a proposal to contract these same funds to Community Action Council for Emergency Rent Assistance. Contracting challenges delayed that contract and soon larger sources of Federal and state rent assistance made our contract unnecessary.

To date the City of Olympia has committed \$150,000 from Olympia Home Fund to this project's construction. This year's Home Fund Award was also used to backfill \$400,000 in Family Support Center construction cost gaps and committed \$150,000 to acquisition of the Han Jo Lodge Hotel for the Housing Authority of Thurston County in Tumwater.

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

Affordable housing and housing for people who are homeless is a significant concern for residents and businesses in Olympia.

**Options:**

1. Direct staff to send a conditional award letter to the Low Income Housing Institute and support the Regional Housing Council's participation in the project.
2. Direct staff to amend the conditional award letter.
3. Take other action.

**Financial Impact:**

Up to \$300,000 will be drawn from Fund 142-4061 for construction costs if needed.

**Attachments:**

Conditional Award letter  
LIHI Request Letter  
Home Fund Chair Letter