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City Council

Approval of a Resolution Authorizing the 2022 Home Fund Capital Awards for Supportive Housing

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Title

Approval of a Resolution Authorizing the 2022 Home Fund Capital Awards for Supportive Housing

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to adopt a Resolution approving the Home Fund Advisory Board's recommendation authorizing the 2022 Home Fund Capital Awards for Supportive Housing to (1) Family Support Center of South Sound for \$1,100,000 and (2) Homes First for \$410,714.

Report

Issue:

Whether to adopt a Resolution approving conditional award letters for the 2022 funding round for the Olympia Home Fund for affordable housing acquisition and construction.

Staff Contact:

Darian Lightfoot, Housing Programs Manager, 360.280.8951

Presenter(s):

Darian Lightfoot, City of Olympia

Background and Analysis:

Home Fund Advisory Board Recommendation:

The Olympia Home Fund Advisory Board unanimously recommends making two conditional awards. One award would fill a funding gap so Family Support Center's project can stay on schedule for construction. The second award would support the purchase of additional homes and construction of Detached Accessory Dwelling Units on Homes First's property.

Since the Family Support Center's project is nearly fully funded and is the most ready to proceed to construction and already has a Home Fund commitment, the Home Fund Advisory Board prioritized that project.

Award letters drafted by staff (attached) would accompany future applications for funds and make this project more competitive against similar projects in other jurisdictions. If all funds are awarded and other award letter criteria are met staff would draft grant agreements (contracts) for Council's review and future approval.

Overview of Requests and Recommendations:

| Applicant | Populations Served | Units | Request | Recommended Award |
|-----------------------|-------------------------------------|-------|-------------|-------------------|
| Family Support Center | Homeless families | 62 | \$1,100,000 | \$1,100,000 |
| Homes First | Low-income people with disabilities | 11 | \$410,714 | \$410,714 |

Family Support Center of South Sound

The Family Support Center's 62-unit apartment complex for homeless families across from their westside campus needs up to \$1,100,000 more from Olympia, in addition to the \$400,000 awarded from the City of Olympia last year and \$1,000,000 awarded the year before.

The proposed development emphasizes family-sized units with forty-two (42) 2- and 3- bedroom apartments plus nineteen (19) 1-bedroom units to accommodate single domestic violence[?] survivors, single pregnant women, or single parent households with a child under age two. Half, or 31 units, will house households at or below 30% AMI and the other half be set aside for households at or below 50% AMI.

This project is the Board's highest priority for funding since it is the most ready to proceed among the applicants. This project was awarded funds from Olympia in 2020 and 2021 and has since won state Housing Trust Fund and federal tax credits to finance the \$25.6 million construction cost.

Unfortunately, changes in the federal tax credit market increased costs due to the pandemic, and unforeseen frontage costs, the Family Support Center has a financing gap of up to \$1.1 million. Gaps like this are common this year for affordable housing projects across the state. The board recommends placing the condition of up to the requested amount due to Family Support Center not knowing the exact need of the funding gap. Family Support Center had a separate grant application outstanding when the application was due for the Home Fund. The Board requests an updated budget before the final award be committed to ensure the full \$1.1 million is needed for the project.

Total construction cost \$25.6 million or \$412,903 per unit.

Homes First

Homes First applied for Home Fund support to acquire five (5) homes (9 units) and construct two (2) Detached Accessory Dwelling Units (DADU's). The two DADU's will be at residences already owned by Homes First on properties in Lacey.

Homes First will reserve two homes to house 6 people with developmental disabilities with incomes ≤30% AMI. One home will be reserved for a family exiting homelessness referred through Coordinated Entry. The remaining two homes will be reserved for people with incomes ≤30% AMI.

Within four months of acquisition, these new affordable rental units will be rented to tenants with incomes less than 30% AMI. The goal is for all five homes to be acquisitioned, rehabbed, and occupied by December 31, 2022.

The total acquisition cost is \$2.9 million for 11 units for a per unit cost of \$267,991.

Background of the Home Fund:

The Olympia Home Fund was created in 2018 by a sales tax levy approved by Olympia voters. Proceeds from the Home Fund account will be used to construct affordable and supportive housing and related purposes; including mental and behavioral health facilities, costs for operations, maintenance, delivery and evaluation of mental health programs and services, or housing-related services, as allowed by RCW 82.14.530.

2022 Home Fund Capital Award Criteria:

The Home Fund Advisory Board created criteria for the 2022 award based on the 2018 sales tax levy approved by Olympia voters. The criteria included:

Construct new affordable housing units, shelter beds, or treatment beds in Thurston County Washington. Construction can include conversion of existing market rate units into affordable housing.

Provide housing to households earning no more than 50 percent of area median income (AMI). Beyond the minimum 50 percent AMI requirement, applicants are strongly encouraged to include as many units as possible that are affordable to households with incomes below 50% AMI.

Provide housing, treatment, or shelter for targeted vulnerable household types including:

- Seniors
- Single adults who are chronically homeless and have a disability
- Families with children
- Unaccompanied youth or young adults
- Survivors of domestic violence
- Veterans

Reduce homelessness in Thurston County's most vulnerable homeless households through referrals from a Thurston County Coordinated Entry provider.

Demonstrate readiness to begin construction based on occupancy date and other measures.

Provide integrated supportive services at the housing, shelter or treatment facility after construction.

Demonstrate efficiency in development costs to maximize the impact of City and other public and private fund sources. This priority will be evaluated through per-unit costs and a review of the project budget.

Background on application criteria and Request for Proposal Process:

Based on the criteria an RFP was posted on the City website and sent to several housing related listservs in the community. Two qualifying applications were received before the deadline. The Home

Fund Advisory Board members reviewed the applications and met to discuss their merits and challenges at their February meeting. That discussion resulted in a unanimous approval of the above recommendations including two 'recusal' votes due to application ties to the board members.

Neighborhood/Community Interests (if known):

Affordable housing development and homelessness are of high interest to the community. Siting of affordable housing projects are also of high interest to the public and neighborhoods.

Options:

1. Approve the Resolution Authorizing the 2022 Home Fund Capital Awards for Supportive Housing, as recommended by the Home Fund Advisory Board to:
 - Family Support Center of South Sound for up to \$1,100,000
 - Homes First for \$410,714
2. Direct staff to take other action.
3. Do not take action related to the Home Fund Advisory Board recommendation.

Financial Impact:

The Olympia Home Fund would obligate \$1,510,714 in awards for construction and acquisition of affordable housing based on the terms set in the award letters.

Attachments:

Resolution

Family Support Center Draft Award Letter

Homes First Draft Award Letter

2022 Request for Proposal