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City Council

Approval of a Resolution Authorizing a Partial Impact Fee Exemption Agreement with Family Support Center of South Sound West Olympia LLLP for 3524 7th Avenue SW

Agenda Date: 5/9/2023
Agenda Item Number: 4.E
File Number: 23-0369

Type: resolution **Version:** 1 **Status:** Passed

Title

Approval of a Resolution Authorizing a Partial Impact Fee Exemption Agreement with FSCSS West Olympia LLLP for 3524 7th Avenue SW

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to approve a Resolution Authorizing a Partial Impact Fee Exemption Agreement between the City of Olympia and FSCSS West Olympia LLLP for 3524 7th Avenue SW

Report Issue:

Whether to approve a Resolution Authorizing a Partial Impact Fee Exemption Agreement between the City of Olympia and FSCSS West Olympia LLLP for 3524 7th Avenue SW.

Staff Contact:

Jacinda Steltjes, Affordable Housing Program Manager, 360.753.8482

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

The current Olympia Municipal Code (OMC) 15.04.060 allows for certain exemptions for payment of impact fees. The code permits exemption of 80% of school, park, and transportation impact fees for any form of low-income housing occupied by households whose income at initial occupancy, when adjusted for household size, is at or below eighty percent (80%) of the area median income, by household size, as annually adjusted by the U.S. Department of Housing and Urban Development.

At the time the applicant project submitted its building permit application a previous version of the code allowed for up to 100% of school impact fees to be exempted. As such, a 100% exemption of

this impact fee is presented.

The code requires the property owner seeking reduced impact fees to execute a partial impact fee exemption agreement and record a restrictive covenant that prohibits using the property for any purpose other than for low-income housing as described in OMC Subsection 15.04.060.C.2., which, at a minimum, must address price restrictions and household income limits for the low-income housing, and require that, if the property is converted to a use other than for low-income housing as defined in the agreement and the covenant, the property owner or successor must pay the applicable impact fees in effect at the time of any conversion.

FSCSS West Olympia LLLP has applied to the City of Olympia for a partial exemption of school, park, and transportation impact fees for its multi-family rental project known as The Landing, located in west Olympia. The Landing involves the construction of 62 new rental units for homeless families. Forty-two of the units are two and three- bedroom units and 20 are one-bedroom units. All units will be available to households whose incomes are at or below 50% of area median income by household size. For example, the annual income of a four-person family making 50% of area median income is \$50,450.

Climate Analysis:

The Landing features a solar array, LED lighting, native and adaptive landscaping, and low-flow plumbing fixtures, among other things. The development is the first of two phases of affordable housing on the property. By taking this approach the property owner will maximize density. This has also allowed the property owner to design and construct the first phase in a way that will reduce greenhouse gas admissions during construction of the second phase of development.

Equity Analysis:

According to the Thurston Regional Planning Council's 2021 Housing Needs Assessment, 7,605 of Olympia's approximately 12,155 households are cost burdened. Of those cost burdened households, 4,560 are households earning 50% or less of the area median income. According to the same source, renter households are more likely to identify as being a person of color and are more likely to be cost burdened than are homeowner households.

The Partial Impact Fee Exemption Agreement and Restrictive Covenant help to ensure the rental housing units will be affordable to low-income, cost-burdened households in perpetuity.

Neighborhood/Community Interests (if known):

Low-income housing is of great interest to the community.

Financial Impact:

A total of \$401,226.80 in transportation, park, and Olympia School District impact fees will be exempted. Fees were calculated based on a building permit application date of September 13, 2021.

Transportation Impact Fee

A total of \$80,699.20 will be exempted in transportation impact fees.

Impact fee before exemption: 62 apartment units x \$1,627 = \$100,874

Impact fee after exemption = \$20,174.80

Park Impact Fee:

A total of \$188,281.60 park impact fees will be exempted.

Impact fee before exemption: 62 apartment units x \$3,796 = \$235,352

Impact Fee After Exemption = \$47,070.40

School Impact Fee

A total of \$132,246 in school impact fees will be exempted. This accounts for 100% of impact fees.

Impact fee before exemption: 62 affordable housing units x \$2,133.00 = \$132,246

Impact fee after exemption = \$0

Options:

1. Approve the Resolution authorizing the execution of a Partial Impact Fee Exemption Agreement any other documents necessary to execute said Agreement between the City and FSCSS West Olympia LLLP, waiving the identified impact fees, as is.
2. Approve the Resolution authorizing the execution of a Partial Impact Fee Exemption Agreement any other documents necessary to execute said Agreement between the City and FSCSS West Olympia LLLP, waiving the identified impact fees, with amendments.
3. Take no action.

Attachments:

Resolution

Agreement