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## City Council

### Approval of a Resolution Authorizing a Partial Impact Fee Exemption Agreement with the Housing Authority of Thurston County

**Agenda Date:** 5/9/2023  
**Agenda Item Number:** 4.F  
**File Number:** 23-0375

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

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**Title**

Approval of a Resolution Authorizing a Partial Impact Fee Exemption Agreement with the Housing Authority of Thurston County

**Recommended Action**

**Committee Recommendation:**

Not referred to a committee.

**City Manager Recommendation:**

Move to approve a Resolution authorizing the execution of a Partial Impact Fee Exemption Agreement and any other documents necessary to execute said Agreement between the City of Olympia and Housing Authority of Thurston County.

**Report**

**Issue:**

Whether to approve a Resolution authorizing a Partial Impact Fee Exemption Agreement and any other documents necessary to execute said Agreement between the City of Olympia and Housing Authority of Thurston County.

**Staff Contact:**

Jacinda Steltjes, Affordable Housing Program Manager, 360.753.8482

**Presenter(s):**

None - Consent Calendar Item.

**Background and Analysis:**

The Olympia Municipal Code (OMC) 15.04.060 allows for certain exemptions for payment of impact fees. Along with the fee reduction, the code requires the property owner seeking reduced impact fees to execute a Partial Impact Fee Exemption Agreement and to execute and record a Restrictive Covenant that prohibits using the property for any purpose other than for low-income housing, 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 covenant, the property owner must pay all of the applicable impact fees in effect at the

time of any conversion.

The Housing Authority of Thurston County's project, referred to as Olympia Crest III and located at 204 Lilly Rd. NE, will provide 28 family-size units split between three new buildings of affordable housing for households earning 80% or less of area median income by household size. For reference, a household of four whose income is 80% of the area median income earns \$80,700 annually.

**Climate Analysis:**

Olympia Crest III will comply with the Washington State Energy Code for residential structures. The apartments will be located near Intercity Transit bus stops along Lilly Rd. NE and tenants will have direct access to the Chehalis-Western Trail for bicycle travel.

**Equity Analysis:**

Olympia Crest III will provide 28 family-size units featuring rents within the Housing Choice Voucher (aka tenant-based Section 8) Payment Standard. It is rare in our community for newly constructed units to be accessible to tenant-based voucher holders. By offering rents at this level, it ensures that affordable units are available to voucher holders as well as to people who are not fortunate enough to have a voucher due to insufficient federal funding of the voucher program.

The Partial Impact Fee Exemption Agreement and Restrictive Covenant will help to ensure the long-term affordability of the 28 Olympia Crest III units.

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

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

**Financial Impact:**

The partial impact fee exemption agreement will exempt 80% of transportation, parks, and North Thurston School District impact fees. This equates to a total exemption of \$200,099.20 in impact fees. A breakdown of the exempted fees is provided below.

Transportation Impact Fee

A total amount of \$48,720 in transportation impact fees will be exempted.

Impact fee before exemption: 28 apartment units x \$2,175 per unit = \$60,900

Impact fee after 80% exemption = \$12,180

Park Impact Fees

A total amount of \$85,030.40 in park impact fees will be exempted.

Impact fee before exemption: 28 apartment units x \$3,796 per unit = \$106,288

Impact fee after exemption: \$21,257.60

North Thurston School District Impact Fees

A total of \$66,348.80 in school impact fees will be exempted.

Impact fee before exemption: 28 apartment units x \$2,962 per unit = \$82,936

Impact fee after exemption: \$16,587.20

**Options:**

1. Approve the Resolution authorizing the execution of the Partial Impact Fee Exemption

Agreement and any other documents necessary to execute said Agreement between the City of Olympia and Housing Authority of Thurston County, waiving the identified impact fees, as-is.

2. Approve the Resolution authorizing the execution of the Partial Impact Fee Exemption Agreement and any other documents necessary to execute said Agreement between the City of Olympia and Housing Authority of Thurston County, waiving the identified impact fees, with amendments.
3. Take no action.

**Attachments:**

Resolution  
Agreement