



City Hall
601 4th Avenue E.
Olympia, WA 98501
360-753-8244

City Council

Approval of a Resolution Authorizing Submission of a Connecting Housing to Infrastructure Program Grant Application for the 228 Olympia Housing Project

Agenda Date: 10/24/2023
Agenda Item Number: 4.C
File Number: 23-0869

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

Title

Approval of a Resolution Authorizing Submission of a Connecting Housing to Infrastructure Program Grant Application for the 228 Olympia Housing Project

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to approve a Resolution authorizing submission of a Connecting Housing to Infrastructure Program grant application for the 228 Olympia affordable housing project.

Report

Issue:

Whether to approve a Resolution authorizing submission of a Connecting Housing to Infrastructure Program grant application for the 228 Olympia affordable housing project.

Staff Contact:

Jacinda Steltjes, Affordable Housing Program Manager, Office of Community Vitality, 360.753.8482

Presenter(s):

None - Consent Item

Background and Analysis:

The City's 2023 Work Plan includes developing affordable housing at the corner of 303 Franklin Street and 228 Olympia Ave. The site was formerly used as the City's homeless mitigation site. Staff has worked closely with TWG Development and its partner Interfaith Works toward developing the site, currently known as 228 Olympia, into an 83-unit multi-family rental housing project for homeless residents, disabled residents, and households with incomes at or below 50% of Area Median Income. Staff has identified an opportunity to apply for a Connecting Housing to Infrastructure Program (CHIP) grant in the amount of up to \$2,000,000 to be used for infrastructure improvements prompted

by the development of the project.

CHIP

The CHIP grant opportunity is offered by the Washington State Department of Commerce. The grant supports the development of affordable housing by paying for water, sewer and stormwater utility improvements and/or waived system development charges for new affordable housing units. Cities, counties or utility districts may apply in partnership with a housing developer. A total of \$55.5 million is available and the maximum award amount is \$2,000,000.

228 Olympia Affordable Housing Project

The 228 Olympia affordable housing project is occurring on property formerly owned by the City of Olympia. The City solicited TWG and Interfaith Works to purchase the site and develop it into housing. The property will be developed to provide 83 units of mulit-family rental housing over a commercial ground floor. Thirty-four studio and one-bedroom units will be available for households whose annual gross income does not exceed 30% of Area Median Income, adjusted for household size. Thirty percent of Area Median Income for a two-person household in Olympia is \$24,600. Another 34 studio and one-bedroom units will be available for households whose annual gross income does not exceed 50% of Area Median Income. Fifty percent of Area Median Income for a two-person household in Olympia is \$41,000. The remaining 15 units will be set aside for homeless individuals participating in Interfaith Works' Restorative Experience for a Safer Transition (REST) program. REST clients are individuals recovering from an acute medical condition who are exiting a health care facility and do not have a place to safely recover.

Funding Sources

The project is anticipated to cost approximately \$31.8 million to develop. If a CHIP award is received it will be one of several financing sources needed to develop the project. The Regional Housing Council awarded the project \$2.75 million in September 2023. TWG and Interfaith works applied for state Housing Trust Fund financing in September 2023 and the project will attempt to attract other state funding such as Apple Health and Homes and 9% Low Income Housing Tax Credits into early 2024.

Development Timeline

The development team anticipates having all financing in place by early 2025 and beginning construction in summer 2025. Units will be placed in service Fall 2026.

Climate Analysis:

The project will occur on property adjacent to the Olympia Transit Center. Per city code, the project will include minimal parking spaces in an effort to increase housing density, decrease greenhouse gas emissions and encourage use of public transportation. Per Resolution No. M-2289, the building will be constructed to utilize all electric energy in an effort to reduce natural gas use and associated carbon dioxide emissions.

Equity Analysis:

The proposed project will meet several community needs by providing housing for homeless households, households living with a disability, and extremely low-income households.

Disabled Households

City staff recently conducted an Assessment of Fair Housing as part of its Five-Year Consolidated Plan, to be submitted to the U.S. Department of Housing and Urban Development (HUD). According to the assessment, an estimated 7,385 individuals in Olympia have one or more disabilities, of which nearly 16% had incomes below the federal poverty level. Approximately 80 individuals who responded to a data-gathering survey associated with the assessment reported they have difficulty accessing transportation near where they live. Many also reported it is challenging for them to find housing units that are both affordable and easily accessible. The Franklin Street affordable housing project will provide easily accessible, affordable housing located in close proximity to transportation for disabled individuals.

Low Income and Homeless Households

There is an immense need for deeply affordable housing for Olympian households whose income is 30% or less of area median income. According to the Thurston Regional Housing Council's Housing Needs Assessment produced in 2021, approximately 7,605 of Olympia's current 23,000 households are cost burdened, meaning they pay more than 30% of their income on their housing needs. Of these cost burdened households, 2,375 have annual incomes at or below 30% of area median income. Additionally, according to the Washington State Department of Commerce, Olympia will need to plan for 12,500 new housing units by 2045 to meet the City's projected population growth. Of those units, an estimated 2,300 units are needed for households whose annual incomes are at or below 30% of Area Median Income. Another nearly 2,800 units are needed for households with annual incomes between 30 and 50% of Area Median Income.

Neighborhood/Community Interests (if known):

Affordable housing is a top community concern.

Financial Impact:

Applying for the grant will not have a financial impact on the City of Olympia.

Options:

1. Approve the Resolution authorizing the submission of a CHIP grant application in the amount of \$2 million for the 228 Olympia project.
2. Approve the Resolution authorizing the submission of a CHIP grant application with amendments.
3. Do not approve the Resolution authorizing the submission of a CHIP grant application for the 228 Olympia project.

Attachments:

Resolution