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City Council

Approval of a Resolution Authorizing a Grant Application to the Department of Housing and Urban Development to Pursue Funding for Affordable Homeownership

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Title

Approval of a Resolution Authorizing a Grant Application to the Department of Housing and Urban Development to Pursue Funding for Affordable Homeownership

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to approve a Resolution authorizing a Grant Application to the Department of Housing and Urban Development to pursue funding for affordable homeownership.

Report

Issue:

Whether to approve a Resolution authorizing a Grant Application to the Department of Housing and Urban Development to pursue funding for affordable homeownership.

Staff Contact:

Darian Lightfoot, Director of Housing and Homeless Response, City Manager's Office, 360-753-8033

Presenter(s):

None. Consent Calendar Item.

Background and Analysis:

Over the past several years, the City of Olympia has conducted several studies and strategic plans to help identify housing issues and approaches to address those issues. Through this work the City has remained resolute in our commitment to reducing barriers to affordable housing.

The City adopted a Housing Action Plan identifying 71 actions intended to meet the community's affordable housing needs. Within two years, we've completed 19 of these actions and we are actively making progress on another 20. Olympia adopted development incentives to encourage production

of housing, established a dedicated funding source to assist in the costs to develop housing, and provided funding to ensure residents' homes are safe and healthy for them to live in. The Housing and Homeless Response team has launched new programs and expanded existing ones, built relationships with housing developers, and implemented tenant protections. With the expansion of the Office of Community Vitality, the City has expanded the number of staff doing housing related work and have made conscious and purposeful efforts to collaborate across departments with planning, climate, and economic development staff to increase and preserve a range of housing so that all Olympians have access to safe, affordable housing. Our work is not complete though.

These efforts have largely focused on rental housing and while the City has made significant strides in this sector, there is still much work to be done around homeownership. Homeownership is the primary means for wealth building in the United States. The average homeowner's net worth is forty times that of a typical renter. It's a way to increase housing stability, financial stability, and a sense of community belonging. It builds intergenerational wealth that can be leveraged to improve health, education, employment, and to provide generations of children a life more secure than that led by their parents and grandparents. Therefore, owning a home promotes both intergenerational homeownership and wealth building. Homeownership creates opportunities.

Yet, several factors impact a low-income household's ability to become a homeowner, and the nation's long-standing, discriminatory real estate and lending practices have resulted in disparities between homeownership among Whites and homeownership among Blacks, Hispanics, and other people of color. Olympia is not immune to this nationwide problem, and racially discriminating practices are not the only barriers to homeownership for City of Olympia residents.

Demand for affordable housing far outweighs the supply. An analysis by Homestead Community Land Trust, found there were 2,157 two-plus bedroom homes listed in Thurston County between March and June 2021. Of those, 71 were affordable to households with incomes between 50 percent and 80 percent of area median income. For perspective, this means that for every one affordable home there were up to 131 low-income potential homebuyers.

To meet the housing demand there is a need for increased organizational capacity among homeownership developers. There is a need for capital funding to build and preserve new units. Lastly, there is a need for more robust sources of funding subsidies necessary to make homeownership a reality for low-income households.

This grant application outlines the City's strategy to remove these barriers. With PRO Housing funds the City will undertake the following activities:

1. Provide capacity building support to Thurston Housing Land Trust.
2. Provide capital funding to support the creation of new and preservation of existing homeownership housing.
3. Develop an implementation plan to carry out recommendations emerging from the City's Affordable Homeownership Research Study.

If funded, this proposal aligns with 7 of the 11 U.S. Department of Housing and Urban Development's (HUD) Strategic Plan goals and objectives. The proposal will support underserved communities;

advance housing justice; ensure access to and increase production of affordable housing; invest in the success of communities; preserve existing homeownership housing; promote homeownership; and advance sustainable homeownership.

Climate Analysis:

In an effort to work with the Thurston County Land Trust, the housing team sees this as an opportunity to preserve low-income housing. The organization would be able to make the needed energy retrofits the homes need, and then sell to a resident, both addressing built environment carbon emission concerns and providing housing stability. All new development would be required to meet the City's energy code and funds would be provided to help offset those costs.

Equity Analysis:

In partnership with Thurston County and the Housing Authority of Thurston County, the City of Olympia completed a countywide Assessment of Fair Housing (AFH) in early 2023. The AFH found that people of color, people with disabilities, people who are transgender, and single mothers are more likely to face housing insecurity through risk of displacement, housing cost burden, and gaps in homeownership. These groups are more likely to experience homelessness, eviction, and are more likely to be renters than homeowners.

In Thurston County, the homeownership rate for white, non-Hispanic households is 69 percent, while the homeownership rate for people of color is 58 percent. The homeownership rate is lowest for Black or African American households (45 percent). The Washington State Department of Commerce report *Improving Homeownership Rates for Black, Indigenous, and People of Color in Washington* finds that 2,866 Black, Indigenous and other People of Color (BIPOC) households would need to become homeowners in Thurston County to equal the rate of white, non-Hispanic homeownership. Only 38 percent of single female-headed households in Thurston County own their homes. Disability advocates provided feedback that family members who care for a household member with disabilities often are forced to leave the workforce to provide support and are at risk of losing housing. Affordable homeownership could help stabilize these caregiving families.

Neighborhood/Community Interests (if known):

Affordable housing, particularly homeownership, is very important to the community. All of the progress outlined is being followed closely by community stakeholders, many have added letters of support to help bolster the application to the Department of Housing and Urban Development.

Financial Impact:

The max grant request for PRO Housing is \$10 million, and the City is intending to ask for the full amount. The funding is intended to be spent over a five-year period and consists of four areas:

Capacity Building Support to Thurston Housing Land Trust

The budget associated with this activity is **\$1,500,000** distributed over the period of performance, via a subrecipient agreement between the City of Olympia and Thurston Housing Land Trust.

Capital Funding

The budget associated with this activity is **\$5,000,000** to be distributed over the period of performance. The City of Olympia intends to use these funds to acquire property for affordable housing projects that meet a need identified in the Housing Needs Assessment, Assessment of Fair Housing, Consolidated Plan, or other needs-based local data. The City will then partner with a

housing developer to create or preserve homeownership housing. PRO Housing funds for this activity will be used only for acquisition and are anticipated to be leveraged by state, federal, and local funds.

Affordable Housing Research Study Implementation

The budget associated with this activity is **\$2,500,000** over the period of performance. The activity will include homebuyer assistance and homebuyer counseling.

Administration

The City is requesting the maximum allowable funds of **\$1,000,000** (10 percent of the grant request) over a five-year period to administer the activities outlined in this proposal.

There is no local match required for this application.

Options:

1. Approve the Resolution Authorizing a Grant Application to the Department of Housing and Urban Development to Pursue Funding for Affordable Homeownership as proposed.
2. Approve the Resolution Authorizing a Grant Application to the Department of Housing and Urban Development to Pursue Funding for Affordable Homeownership with amendments.
3. Take no action.

Attachments:

Resolution