



City Council

Public Hearing on the City of Olympia's Preservation and Reinvestment Initiative for Community Enhancement (PRICE) Grant Application

Agenda Date: 6/18/2024
Agenda Item Number: 5.A
File Number:24-0533

Type: public hearing **Version:** 1 **Status:** Filed

Title

Public Hearing on the City of Olympia's Preservation and Reinvestment Initiative for Community Enhancement (PRICE) Grant Application

Recommended Action

Committee Recommendation:

Not referred to committee.

City Manager Recommendation:

Hold a Public Hearing on the City of Olympia's PRICE Grant application.

Report

Issue:

Whether to hold a Public Hearing on the City of Olympia's PRICE Grant application.

Staff Contact:

Anastasia Everett, Office of Community Vitality, CDBG Program Manager, 360.233.6197

Presenter(s):

Anastasia Everett, CDBG Program Manager
Darian Lightfoot, Director of Housing and Homeless Response

Background and Analysis:

The U.S. Department of Housing and Urban Development (HUD) has issued a Notice of Funding Opportunity (NOFO) which appropriates \$235 million in competitive grant funding for the preservation and revitalization of manufactured housing and eligible manufactured housing communities. Congress has directed HUD to undertake a competition using the Community Development Block Grant (CDBG) statutory and regulatory framework for this first-of-its-kind initiative. The Preservation and Reinvestment Initiative for Community Enhancement (PRICE) supports communities in their efforts to maintain, protect, and stabilize manufactured housing and manufactured housing communities (MHCs).

The City of Olympia is partnering with Northwest Cooperative Development Center (NWCDC) and collaborating with Thurston County to prepare a grant application response to the PRICE NOFO. The submission requirements include a 15-day public comment period and a public hearing. The public comment period for the grant application opens June 17th and closes at 5:00 p.m. July 1st. Comments and testimony received during the public comment period will be incorporated into the City's application and submission to HUD. Following the completion of the public participation requirements and approval of City Council, staff will submit the completed application to grants.gov no later than July 10th.

Manufactured housing is a critical piece of the nation's affordable housing stock that provides a home to over 22 million Americans. Manufactured housing and MHCs face significant challenges to affordability, resilience, infrastructure, and maintenance that are exacerbated by state titling and local zoning laws, financial pressures from landowners or investors, and extreme weather, natural hazards, and disaster events. Specifically in Thurston County, insufficient land, insufficient infrastructure, and a limited number of organizations skilled in creating resident-owned communities all pose barriers to creating new MHCs in Thurston County.

There is substantial need for more housing, especially affordable housing, across the County. Perhaps the biggest barrier to affordable housing in Thurston County is the lack of affordable housing stock in both the rental and homeownership markets. Thurston County is expected to grow to more than 383,500 people by 2045. To accommodate that growth, approximately 54,000 new housing units will need to be added. In 2021, 14% of the population in Olympia was determined to be living below the poverty line. This figure is higher than the 12.6% national average at the time. This unavailability of affordable housing is felt throughout our community as many households continue to be priced out of our City. The deficit of housing units calls for innovative and creative methods to increase the supply of housing.

This grant application reflects our dedication to innovative solutions and outlines the City's strategy to remove barriers we have identified related to the creation of new affordable housing. With PRICE funds the City will undertake the following activities:

1. Provide capacity building support to the Northwest Cooperative Development Center in creating the community's first resident-owned manufactured home community from its inception.
2. Provide capital funding to support the creation of new manufactured homeownership units.
3. Provide funding for acquisition of the selected project site.
4. Provide capital funding to construct a new major collector street connecting Pacific Avenue Southeast and Ensign Road.
5. Provide relocation assistance to residents of a large encampment where the park will eventually reside.
6. Provide funding for negative environmental site impact mitigation and wetland protection.

The project will establish a new resident-owned manufactured home community, Woodard Creek Manufactured Community, on property purchased by the City of Olympia. A new resident-owned manufactured home community and supporting infrastructure will then be built in partnership with Northwest Development Community Development Center (NWCDC), among other partners. The project will add 50+ units of manufactured housing for households whose income is between 50 -80%

of area median income. Because the housing will be resident owned, it will remove the likelihood of ground leases increasing at a rate that cause severe housing instability.

The project will expand and strengthen the partnership between the Thurston County jurisdictions and NWCDC, which will lead the way in building out the manufactured home community, qualifying the residents, and providing guidance and support to the community's residents to ensure long-term affordability.

Pursuing resident-owned communities and shared-equity cooperative housing models are strategies that were recommended through a recent Affordable Homeownership Study commissioned by the City of Olympia and completed in February 2024. The study found these housing models create more housing stability and affordability for residents and provide more housing choice.

Over the past two months, staff have reviewed project sites throughout the community aiming to determine the best location for a new MHC that is feasible, appropriately sized, and keeps residents connected to needed community resources. The proposed project site is at the intersection of Martin Way E and Ensign Road NE spanning to Pacific Avenue SE. The proposed location has many redeeming qualities but also poses some challenges to private development, decreasing the chances of the creation of affordable housing without any public support. The identified property is approximately 19 acres in total, with 6.7 acres already owned by the City of Olympia. The remaining acreage was recently listed for sale and is now included in this proposal upon approval of an Option to Purchase Agreement before the Council this evening.

The proposed project site provides an array of community benefits. In acquiring the property and creating a manufactured home community, the project will address a long-standing community concern relative to a large unsanctioned and unsafe homeless encampment which currently occupies the proposed subject property, commonly referred to as the Jungle. The cleanup of the encampment will provide environmental benefits, allowing staff and environmental professionals to address the impacts on the wetlands. The project site is also along a major transit corridor and a variety of nearby businesses. The creation of affordable homeownership units is expected to increase economic growth.

The project proposal includes a trauma-informed relocation of residents currently residing within the Jungle to more safe and healthy living conditions. It further proposes that the property will be used to establish a resident-owned manufactured home community where residents own their manufactured home, and the community owns the underlying land. The proposed project aligns with several of the region's Housing Action Plan goals and strategies for addressing the homelessness crisis.

Over the past 5 years, the Jungle has been home to hundreds of unhoused residents of Thurston County at one time or another. The 19-acre wooded area is located near the City's primary hospital and is located directly off a main transit corridor. The Jungle is the County's last and largest established encampment. The City of Olympia has a strong commitment to not sweep established encampments and only close a site if everyone is connected to housing, working off principles of trauma-informed care and community best practices. The vision of this proposal is to provide humane and resourced relocation assistance to approximately 80 unhoused individuals and turn a difficult to develop swath of land into an affordable homeownership opportunity for low-income community members.

The application includes a \$500,000 request for relocation funding. Relocation is a multi-step process that is dependent on several factors. The nearby Franz-Anderson permanent supportive housing (PSH) project, set to be ready for occupancy in late 2026, will provide PSH for residents currently housed in the 50-unit tiny home village along Franz-Anderson. As the tiny home village has 50 units and the Jungle's population exceeds the available units, the City's Homeless Response Team will work closely with service providers to identify PSH housing units for up to 30 residents of the Jungle during the first year and second years of the project. Upon completion of the Franz-Anderson PSH project and once the residents of the tiny home village are housed in the Franz-Anderson PSH, the tiny home village will be made available exclusively to the remaining residents of the Jungle. This is incredibly important, as this will allow for the Jungle as a well-established community to remain together and receive supportive services, daily meals, and laundry.

Another key piece of the City's grant application includes funding requested for the Ensign Road extension. The City's Transportation Improvement Plan places a focus on providing access by car and foot to goods and services. The Plan visualizes Olympia's street network as a well-connected system of small blocks, allowing short, direct trips for pedestrians, bicyclists, transit users, motorists, and service vehicles. The plan calls for the installation of a major collector street connecting Pacific Avenue Southeast (located to the south of the Jungle) to Ensign Road (located to the north of the Jungle). The collector will improve access to medical facilities, including Providence St. Peter Hospital, the region's primary hospital, and to the Martin Way transit corridor. Major construction will occur to bring utilities along the newly constructed collector road and up to the individual manufactured homes.

City staff have been pursuing letters of support from a variety of stakeholders for this project. Thus far we have received support from the Cities of Tumwater and Yelm, the Thurston County Chamber of Commerce, the Housing Authority of Thurston County, the Regional Housing Council, Homes First, Providence Swedish of South Puget Sound, and South Puget Sound Habitat for Humanity. Support from these organizations demonstrate the positive community impact the project is expected to have regionally.

The period of performance for this project, if awarded, is estimated to begin in late 2024. The grant requires completion of the project by September 30th, 2030. A detailed timeline can be found in the attached grant application. The minimum award amount for the PRICE grant is \$500,000 and the maximum award amount per project is \$75,000,000.

Climate Analysis:

The development of a new roadway and manufactured home community will include increased carbon emissions due to the current undeveloped site. However, project design supports strategies laid out in the Thurston Climate Mitigation Plan, particularly B4, B5, T1, T4, T5, and W1. Mitigation measures for increased carbon emissions will be incorporated into site and community development and design.

The project is designed to reduce energy use in new construction or redevelopment by being fully electric, incorporating energy star rated appliances and having fully sealed home envelopes to promote energy savings. Energy efficient ductless heat pumps will be installed in each of the homes, providing both energy and cost savings for homeowners. Additionally, the homes will increase the local output of renewable energy by the installation of solar panels onto each of the manufactured homes.

The project will increase the efficiency of transportation by improving access to medical facilities, including Providence St. Peter Hospital, the region's primary hospital, and to the Martin Way transit corridor. The collector road will also incorporate sidewalks and bike lanes to encourage multimodal transportation. The collector road will allow for the expansion of current bus routes with Intercity Transit. Staff will work with Intercity Transit and relevant stakeholders to pursue the expansion of public transit, as connection to public transportation will reduce car transit.

The community design will include walkways and bike paths to encourage the use of active forms of travel. Staff considered installation of EV charging stations, but due to the availability of non-federal funding and the grant proposal's already robust request did not include in the grant application. Staff will explore future opportunities for grant funding such as the Washington State Electric Vehicle Charging Program to incorporate charging stations for electric vehicles.

The project proposal includes the expansion of water and wastewater infrastructure. Housing staff will work closely with Public Works to ensure efficient design for new or improved infrastructure. The usage of pervious surfaces will be incorporated into community design, allowing water to percolate into the soil to filter out pollutants and recharge the water table.

The relocation of the residents in the Jungle will allow for cleanup and protection of the surrounding wetlands. Construction surrounding the wetlands will include buffers to ensure the health of the environment is able to regenerate and flourish. The wetlands provide a means to sequester carbon and will provide natural shading to the manufactured home community.

Equity Analysis:

The proposed project is designed through an equity lens. Olympia is experiencing a housing crisis that has an overrepresented burden on Black, Indigenous and people of color due to discriminatory policies historical and modern; national and local.

Data from the 2022 Assessment of Fair Housing indicates that individuals participating in the Housing Choice Voucher program or on the waitlist for housing assistance from the Housing Authority of Thurston County are more likely to be Black, Indigenous and people of color, people with disabilities, and other members of protected classes. For example, Black households comprised 11% of the Housing Choice Voucher Program participants in the City of Olympia, compared to 2.8% of the general population, and 20% of applicants on the waiting list for assistance from the Housing Authority of Thurston County identified as Black or African American.

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 (Federal Reserve). It's a way to increase housing stability, financial stability, and a sense of community belonging. Homeownership creates opportunities and limits the uncertainty of a person's housing cost. 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.

Low to moderate income households earning between 50-80% of Area Median Income will be prioritized for the homeownership opportunities created by this project. Housing costs at purchase will be limited to 30% of the household income. All residents will own their manufactured home, with an ability to sell their home and gain limited equity through individually recorded low-income

covenants that may restrict sales to income qualified buyers. Through this limited equity structure, the homes in the community will remain affordable in perpetuity.

Neighborhood/Community Interests (if known):

This project is expected to have a significant community and neighborhood interest regionally. The project will greatly impact nearby businesses as well as the residents currently at the Jungle encampment. As this project is sensitive in nature, communication about the specific project and location has been limited. The City has prepared a detailed outreach and public participation plan in the grant application which will be implemented should the City's grant application be awarded.

Neighborhood and community interests will be addressed in a multi-pronged effort, as there are a variety of stakeholders that will be impacted by this project, each with specific needs. The current encampment's impacts have led to high tensions among neighboring businesses with the City and service providers. As the neighboring businesses will be directly impacted by this project, the City will prioritize meaningful discussion and feedback throughout the site cleanup and relocation phases with business owners. Examples of outreach for neighboring businesses the City can pursue are town halls, neighborhood meetings and forums, and surveys. The removal of the encampment and creation of a new community is anticipated to have an overall positive effect on the neighboring businesses, reducing tensions and potentially increasing business and economic growth.

The Jungle is a longstanding community that is home to approximately 80 residents. The impact of uprooting an established community is high on residents and has the potential to be traumatic if not handled with care and community input. The City of Olympia Homeless Response Team will work closely with nonprofit service providers, Thurston County, and NWCDC to prepare and provide trauma-informed relocation services to the residents currently at the Jungle encampment. The City of Olympia will communicate directly with encampment residents through existing outreach efforts once the project is funded. This communication will provide details around the acquisition of the property and the anticipated impact and timing for residents of the encampment. This communication will occur through face-to-face conversations as well as posted information and flyers at the site.

This project will have Citywide and regional impacts as well. The City of Olympia, Thurston County, and NWCDC will communicate with a diverse range of stakeholders throughout the stages of the project. The creation of a new MHC will require equitable placement into the homeownership units. Local housing service providers such as the Housing Authority of Thurston County and Homes First will be included in the MHC planning process to ensure that access for these homeownership units is available to a variety of diverse households. This strategy is beneficial to the community in several ways. By offering homeownership opportunities to families receiving housing assistance by service providers, additional affordable rental units will become available for households currently unable to be placed in affordable housing. The created homeownership units will also be perpetually affordable, allowing the opportunity to increase generational wealth among many households.

Financial Impact:

The City is requesting \$40.9 million of federal funding to undertake the Woodard Creek Manufactured Community Project. A detailed budget is provided as an attachment to the staff report.

Direct costs associated with the project are \$46,384,870 and the City is requesting \$2,043,499 in indirect costs from the federal share to support the completion of the project.

The City is providing the following funding as local match to the federal share:
\$3 million in matching Transportation capital funding for the Ensign Road extension
\$2 million in Water and Wastewater Utility capital funding to match the cost of utility extensions along Ensign Road
\$200,000 in 1% for the arts funding
\$160,000 in Home Fund for the Purchase and Sale Option Agreement

Additionally, the City will pursue a Community Development Block Grant secured Section 108 Loan in the amount of approximately \$1.8 million to fund development of the site.

The total project budget is \$48.4 million.

Options:

1. Hold a Public Hearing on the City of Olympia's PRICE grant application.
2. Do not hold a Public Hearing and risk noncompliance with grant application requirements.
3. Defer the Public Hearing to another meeting date and risk untimely submission of grant application.

Attachments:

PRICE Notice of Funding Opportunity
Draft PRICE Grant Application
Detailed Budget
Letters of support
Timeline