



City Council

Approval of a Resolution Authorizing the 2021 Home Fund Capital Awards for Supportive Housing

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Title

Approval of a Resolution Authorizing the 2021 Home Fund Capital Awards for Supportive Housing

Recommended Action

Committee Recommendation:

The Home Fund Advisory Board's recommends authorizing the 2021 Home Fund Capital Awards for Supportive Housing to Family Support Center of South Sound for \$400,000, Low Income Housing Institute for \$150,000, and Housing Authority of Thurston County for \$150,000.

City Manager Recommendation:

Move to approve the Home Fund Advisory Board's recommendation authorizing the 2021 Home Fund Capital Awards and authorize staff to proceed to send conditional award letters for the 2021 funding round for the Olympia Home Fund for affordable housing acquisition and construction.

Report

Issue:

Whether to approve the Home Fund Advisory Board's recommendation authorizing the 2021 Home Fund Capital Awards for Supportive Housing to Family Support Center of South Sound for \$400,000, Low Income Housing Institute for \$150,000, and Housing Authority of Thurston County for \$150,000 and authorize staff to proceed to send conditional award letters for the 2021 funding round for the Olympia Home Fund for affordable housing acquisition and construction.

Staff Contact:

Cary Retlin, Home Fund Manager, Executive, 360.570.3956

Presenter(s):

Cary Retlin, City of Olympia

Background and Analysis:

Home Fund Advisory Board Recommendation:

The Olympia Home Fund Advisory Board unanimously recommends making three conditional awards. These will be the first funding commitments for two of these projects, the third award would fill a funding gap so Family Support Center's project can stay on schedule for construction.

Since the Family Support Center's project is nearly fully funded and is the most ready to proceed to construction already has a Home Fund commitment, the Home Fund Advisory prioritized that project and split remaining funds to the other projects. If the Housing Authority or Low-Income Housing Institute (LIHI) projects are not able to fill funding gaps at the county or state and cannot proceed staff would return to council and recommend increasing funds for the remaining project.

If each project is successful this will result in 183 units of affordable housing for households below 50 percent area median income (AMI), many for homeless households below 30 percent AMI.

Award letters drafted by staff (attached) would accompany future applications for funds and make this project more competitive against similar projects in other jurisdictions. If all funds are awarded and other award letter criteria are met staff would draft contracts for your review and approval.

Overview of Requests and Recommendations:

<i>Applicant</i>	<i>Population</i>	<i>Units</i>	<i>Request</i>	<i>Award Rec.</i>
Family Support Center	Homeless families	62	\$400,000	\$400,000
Housing Authority	Low-income seniors	58	\$700,000	\$150,000
LIHI	Low-income single adults	63	\$700,000	\$150,000

Family Support Center of South Sound

This project is the Board's highest priority for funding of the three since it is the most ready to proceed of the three applicants and is serving the most homeless households. This project was awarded funds from Olympia last year and has since won state Housing Trust Fund and federal Tax Credits to finance the \$22 million construction cost.

The Family Support Center's 62-unit apartment complex for homeless families across from their westside campus needs \$400,000 more from Olympia, in addition to the \$1 million awarded from the City of Olympia last year.

Unfortunately, changes in the federal Tax Credit market, and because a local financial institution had to withdraw their investment, the Family Support Center has a financing gap of \$1 million. Gaps like this are common this year for affordable housing projects across the state this year. The state Housing Trust Fund warned cities and counties earlier this year that they would not have reserves to support projects like this with funding gaps, so we cannot rely on state resources to meet this gap.

Total construction cost \$22.7 million or \$366,763 per unit (higher than LIHI in part because these are multiple bedroom units).

Low Income Housing Institute (LIHI)

LIHI proposes to construct 63 more units in phase 2 at 2828 Martin Way. Their phase 1 is already under construction (65 apartments and 60 shelter beds).

Phase 2 would dedicate 32 units for households at or below 30 percent AMI and 31 units for those below 50 percent AMI. At least 39 units would be dedicated to homeless households placed through coordinated entry.

The total construction cost is \$18.6 million or \$291,600 per unit.

Housing Authority of Thurston County

The Housing Authority of Thurston County applied for Home Fund support to acquire a 58-unit motel in Tumwater and convert it to transitional housing. 36 of the units will be dedicated to those below 30 percent AMI, the remaining 21 will be dedicated to people with incomes below 50 percent AMI. All services and placement referrals will go through the Housing Authority's Stability Division, which receives referrals through Coordinated Entry.

This is the first time an application has been received for a project outside of Olympia. The Home Fund Advisory discussed that and concluded that it was in Olympia's best interest to support projects throughout the county since affordable housing is a need beyond Olympia.

The total acquisition cost is \$3.3 million for 58 units for a per unit cost of \$58,719.

Background of the Home Fund:

The Olympia Home Fund was created in 2018 by a sales tax levy approved by Olympia voters. Proceeds from the Home Fund account will be used to construct affordable and supportive housing and related purposes; including mental and behavioral health facilities, costs for operations, maintenance, delivery and evaluation of mental health programs and services, or housing-related services, as allowed by RCW 82.14.530.

2021 Home Fund Capital Award Criteria:

The Home Fund Advisory created criteria for the 2021 award based on the 2018 sales tax levy approved by Olympia voters. The Criteria included:

Construct new affordable housing units, shelter beds, or treatment beds in Thurston County Washington. Construction can include conversion of existing market rate units into affordable housing.

Provide housing to households earning no more than 50 percent of area median income (AMI). Beyond the minimum 50 percent AMI requirement, applicants are strongly encouraged to include as many units as possible that are affordable to households with incomes below 50% AMI.

Provide housing, treatment, or shelter for targeted vulnerable household types including:

- Seniors
- Single adults who are chronically homeless and have a disability
- Families with children
- Unaccompanied youth or young adults
- Survivors of domestic violence
- Veterans

Reduce homelessness in Thurston County's most vulnerable homeless households through referrals from a Thurston County Coordinated Entry provider.

Demonstrate readiness to begin construction based on occupancy date and other measures.

Provide integrated supportive services at the housing, shelter or treatment facility after construction.

Demonstrate efficiency in development costs to maximize the impact of City and other public and private fund sources. This priority will be evaluated through per-unit costs and a review of the project budget.

Background on application criteria and Request for Proposal Process:

Based on the criteria an RFP was posted on the City website and on the Builders Exchange webpage. The RFP legal notice was also posted in the Olympian. Three applications were received before the deadline. The Home Fund Advisory Board members reviewed the applications, scored them, and met to discuss its merits and challenges at their February meeting. That discussion resulted in a unanimous funding recommendation.

Neighborhood/Community Interests (if known):

Affordable housing development and homelessness are of high interest to the community. Siting of affordable housing projects are also of high interest to the public and neighborhoods.

Options:

1. Approve 2021 Home Fund Advisory Board award recommendation authorizing the 2021 Home Fund Capital Awards for Supportive Housing to:
 - Family Support Center of South Sound for \$400,000
 - Low Income Housing Institute for \$150,000
 - Housing Authority of Thurston County for \$150,000
2. Direct staff to take other action.
3. Do not take action related to the Home Fund Advisory Board recommendation.

Financial Impact:

The Olympia Home Fund would obligate \$700,000 in awards for construction and acquisition of affordable housing based on the terms set in the award letters.

Attachments:

Resolution
Family Support Center Draft Award Letter
LIHI Draft Award Letter
Housing Authority Draft Award Letter
2021 Request for Proposal