



City Council

Solicitation of Interest to Acquire and Develop Franz Anderson Road SE Into Permanent Supportive Housing Briefing

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Title

Solicitation of Interest to Acquire and Develop Franz Anderson Road SE Into Permanent Supportive Housing Briefing

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Receive a briefing of the results of a Solicitation of Interest issued for the purpose of receiving proposals to acquire city-owned property at Franz Anderson Rd. SE and develop the property into permanent supportive housing as defined by RCW 36.70A.030(19).

Report

Issue:

Whether to receive a briefing of the results of a Solicitation of Interest issued for the purpose of receiving proposals to acquire city-owned property at Franz Anderson Rd. SE and develop the property into permanent supportive housing as defined by RCW 36.70A.030(19).

Staff Contact:

Jacinda Steltjes, Affordable Housing Program Manager, 360.753.8482

Presenter(s):

Jacinda Steltjes, Affordable Housing Program Manager

Background and Analysis:

In spring 2022, City of Olympia and Thurston County partnered to purchase the property along Franz Anderson Rd. SE for the purpose of utilizing the property for affordable housing efforts.

A Solicitation of Interest seeking proposals to acquire and develop the city-owned land, tax identification parcel numbers 58900000300, 58900000301, 58900000400, 58900000500, and 58900000600, into permanent supportive housing was issued February 17, 2023. Proposals were due March 27, 2023. Staff representing the City of Olympia's Housing and Homeless Response

team, City of Lacey, City of Tumwater, and Thurston County have reviewed and rated the responsive proposals and staff has issued a conditional award letter to the Low Income Housing Institute (LIHI).

Project Details

Unit Mix and Target Population

LIHI has proposed constructing 71 units of studio and one-bedroom multi-family rental units for homeless adults whose incomes do not exceed 30% of the area median income by household size and who are homeless or imminently at risk of homelessness. A one-person household with an income of 30% of area median income makes \$21,200. The project will operate using a low barrier entry model and tenants will be offered voluntary wrap-around support services designed to support a person living with a complex and disabling behavioral or physical health condition in achieving housing stability. Engaging in supportive services will not be a condition of receiving housing.

Project Costs and Timeline

The project is anticipated to cost LIHI \$28.2 million to develop. Thurston County and the Cities of Lacey and Tumwater have agreed to providing approximately \$6.7 million, to the construction cost some of which originates from the American Rescue Plan Act. LIHI proposes accumulating the remaining financing needed to develop the property in the remainder of 2023 and into 2024 before beginning construction in fall 2024. The project is anticipated to be completed and leased up in early 2026.

Climate Analysis:

Per City Council Resolution M-2289 passed in 2022, which declared the intent of the city to electrify city owned facilities and olympia's built environment, the building will be required to use all electric energy. The project will also be located near a high-frequency transit corridor with bus service every 15 minutes along Martin Way SE. LIHI has proposed maintaining a small grove of trees located along the south border of the property. In addition to providing natural space, the trees are a naturally occurring way to minimize roadway noise. The development will comply with the Evergreen Sustainable Development Standards.

Equity Analysis:

The project will serve Olympia and Thurston County residents whose incomes do not exceed 30% of area median income by household size and who are homeless or imminently at risk of homelessness. People of color and other marginalized populations are over-represented in Thurston County's homeless population. According to Thurston County's 5-Year Homeless Crisis Response Plan, people of color make up 18% of the general population in Thurston County, however 32% of people experiencing homelessness are people of color. Additionally, according to a Housing Needs Assessment produced in January 2022 by Thurston Regional Housing Council, there are two critical housing gaps that hinder Thurston County's ability to address both short-term and long-term homelessness. Those gaps are a lack of permanent supportive housing and of housing units which are affordable to households whose income is at or below 30% of area median income by household size. This project addresses those gaps and provides housing for marginalized populations who are over-represented in the county-wide homeless system.

Neighborhood/Community Interests (if known):

Housing is a community interest.

Financial Impact:

The project is anticipated to cost LIHI \$28.2 million to develop. Thurston County and the Cities of Lacey and Tumwater have agreed to providing approximately \$6.7 million, to the construction cost some of which originates from the American Rescue Plan Act.

If staff were directed to work with LIHI on a scope of work substantially different than that in LIHI's proposal this could delay execution of a Purchase and Sale Agreement, which could prohibit LIHI from being eligible to apply for state funding processes that will occur in fall and winter 2023. This could result in the City maintaining ownership of the vacant parcels for longer than intended and would delay construction of the permanent supportive housing project.

If staff were to be instructed to halt work on the project it would put the regional funding committed by the cities of Lacey and Tumwater and Thurston County in jeopardy and ARPA funds could be lost.

Options:

1. Direct staff to continue working with LIHI based on the organization's scope of work submitted in response to the Solicitation of Interest.
2. Direct staff to continue working with LIHI toward developing a project with a scope of work that is substantially different than LIHI's submitted proposal.
3. Take no action.

Attachments:

None