



City Council

Approval of a Resolution Authorizing an Interlocal Agreement Between the City of Olympia, City of Lacey, City of Tumwater and Thurston County for Administrative Oversight, Pooling and Transfer of Funds to Support a Permanent Supportive Housing Project at Franz Anderson Road

Agenda Date: 11/6/2023
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Title

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Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to approve a Resolution authorizing an Interlocal Agreement between the City of Olympia, City of Lacey, City of Tumwater and Thurston County for administrative oversight, pooling and transfer of funds to support a permanent supportive housing project at Franz Anderson Road.

Report

Issue:

Whether to approve a Resolution authorizing an Interlocal Agreement between the City of Olympia, City of Lacey, City of Tumwater and Thurston County for administrative oversight, pooling and transfer of funds to support a permanent supportive housing project at Franz Anderson Road.

Staff Contact:

Jacinda Steltjes, Affordable Housing Program Manager, Community Planning & Development/Housing & Homeless Response, #360.753.8482

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

In March 2022, City of Olympia purchased property, parcels 58900000300, 58900000301, 58900000400, 58900000500, and 58900000600 along Franz Anderson Road SE to be used for affordable housing purposes. In February 2023, a competitive Solicitation of Interest was issued by City of Olympia Housing and Homeless Response staff to identify an organization to develop the parcels into permanent supportive housing. The project will provide housing and supportive services to homeless individuals, many who are being relocated from state rights-of-ways through the State's rights-of-way safety initiative or from the Franz Anderson tiny home village.

On June 20, 2023, City of Olympia City Council approved a Real Estate Purchase and Sale Agreement with Low Income Housing Institute (LIHI) to purchase the property and construct the project. The project has the support of the Regional Housing Council and its membership jurisdictions. As such, the City of Lacey has pledged \$3,500,000 in general funds to the development of the project. The City of Tumwater has pledged \$275,000 in general funds. Thurston County has pledged \$3,000,000 in American Rescue Plan Act Coronavirus State Local Fiscal Recovery Funds (SLFRF) funds. The Interlocal Agreement allows for these funds to be transferred to the City of Olympia and permits the City to have administrative oversight of the funds and the project, to include approving funding draw requests from LIHI for the development of the permanent supportive housing project.

Climate Analysis:

The Interlocal Agreement is necessary to facilitate the construction of the permanent supportive housing project. The project will be located near a high-frequency transit corridor with bus service every 15 minutes along Martin Way SE. LIHI proposes 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. City staff will work with LIHI as the project design is finessed to incorporate design standards intended to mitigate climate change.

Equity Analysis:

The Interlocal Agreement is necessary to facilitate the construction of the permanent supportive housing project. 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. This project addresses existing gaps in affordable housing availability and provides housing for marginalized populations who are over-represented in the county-wide homeless system.

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 2021 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.

Neighborhood/Community Interests (if known):

There are no known neighborhood or community concerns with the Interlocal Agreement.

Financial Impact:

The Interlocal Agreement serves as an obligation of funds for general funds and the American Rescue Plan Act SLFRF funding. Federal Department of Treasury requires the SLFRF funds be obligated no later than December 2024 and fully drawn no later than December 2026. If the Interlocal Agreement is not executed in a timely manner Thurston County may decide to use its SLFRF funding in an alternative manner.

Additionally, the Department of Treasury could recapture the SLFRF funds from Thurston County if they are not obligated in a timely manner. Losing the funds would negatively impact the project's financing and the developer would have to find alternative financing to account for the loss of \$6,775,000 needed to develop the project.

Options:

1. Move to approve a Resolution authorizing an Interlocal Agreement between the City of Olympia, City of Lacey, City of Tumwater and Thurston County for administrative oversight, pooling and transfer of funds to support a permanent supportive housing project at Franz Anderson Road.
2. Approve the Resolution authorizing the execution of Interlocal Agreement as modified.
3. Do not approve the Resolution authorizing the execution of the Interlocal Agreement.

Attachments:

Resolution
Agreement