



City Council

Approval of a Resolution Authorizing an Option to Purchase Real Estate Agreement of Real Property Owned by JJP Group, LLC for Future Temporary Shelter, Affordable Housing, Public Roadway, Wetlands Preservation, and Open Space

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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 Option to Purchase Real Estate agreement of Real Property owned by JJP Group, LLC for future temporary shelter, affordable housing, public roadway, wetlands preservation, and open Space.

Report

Issue:

Whether to approve a Resolution Authorizing an Option to Purchase Real Estate agreement of Real Property owned by JJP Group, LLC for future temporary shelter, affordable housing, public roadway, wetlands preservation, and open Space.

Staff Contact:

Darian Lightfoot, Director of Housing and Homeless Response, 360.280.8951

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

The land containing a large encampment referred to as *The Jungle* has recently been listed for sale. The wooded parcels, totaling 19 acres are sandwiched between two major corridors, Martin Way and

Pacific Avenue and have been the topic of community discussions for many years. The City purchased a 6-acre parcel in the middle of the Jungle property in 2019, forecasting the need for future development and City interests in the broader property. Since then, the encampment has become more established and a greater impact to the surrounding neighborhood.

The site being listed for sale creates varying levels of uncertainty that are driving the proposed Option to Purchase agreement. The potential displacement of unhoused residents on the site caused by a change in ownership would have wide impacts on the community. People would potentially be forced to scatter throughout the City requiring divided attention from homeless response and social services providers, potentially creating several new smaller encampments that would need to be managed. Stabilizing the site and creating a more thoughtful relocation plan is a priority for the City.

A major barrier to the development of this site is the need to build a connecting road through the property from Martin Way to Pacific Ave. The road, along with utility extensions, is projected to cost over \$20 million and has yet to be deemed feasible by any private developer that has looked to purchase the property. This expense further highlights the need for public involvement to help expand the needed infrastructure outlined in the City's Comprehensive Plan. Opening this roadway would benefit the community in many ways, by providing an alternative route for emergency response to the nearby hospital, create biking, walking, and busing routes connecting the larger community, and opens up opportunities for additional commerce in the area.

The most valuable possibility that the purchase of this property provides the City, is the opportunity to develop affordable housing, specifically affordable homeownership. Creating wealth and providing options for stable housing are two of the community's highest priorities and owning this land builds on a model that the City has already had great success at using. Owning the land, or at least a pathway to ownership through this option agreement, will allow staff to pursue grant opportunities to fund the purchase of the land and develop affordable housing. Successful examples can be seen at Unity Commons, The Landing, and the Habitat for Humanity Boulevard Rd project.

The sale of this property has presented very timely as staff have identified a grant opportunity to purchase and develop the site into an owner-occupied Manufactured Home Community. The PRICE (Preserving and Reinvestment Initiative for Community Enhancement) grant released by the Department of Housing and Urban Development (HUD) is offering local communities funding for pathways for affordable homeownership. Pending City Council approval, the application will be finalized and submitted to HUD next month, including development of a road connecting Martin Way and Pacific Ave, a buffer to protect the wetland, relocation assistance for the unhoused residents, and 50 new manufactured homes for low-income residents. If this grant application is unsuccessful, staff will continue to search for creative housing opportunities for these parcels to help address the communities affordable housing crisis.

The Option to Purchase Agreement before council includes the following elements:

- A payment of \$80,000 per year for two years from the City to the owner. This payment is credited towards the agreed upon purchase price if the City moves forward with the sale and is nonrefundable.
- Permissible access to the site by City staff and social services providers to organize cleans and provide outreach to unhoused residents.
- Right-of-Way acquisition on an additional parcel adjacent to Pacific Avenue for the

construction of the roadway.

This agreement buys the City much needed time to thoughtfully address the complex elements of this site. Access to the site will help best connect residents to services and temporary housing, mitigating a potentially abrupt closure and displacement of dozens of people. The two-year time frame allows staff to pursue funding opportunities that meet the community's needs, specifically around affordable housing. Confirming the Option to Purchase agreement captures the formal interest to purchase the site by the City and strengthens grant applications and interest from potential housing developers. Staff will continue to research creative solutions for the site regarding unhoused residents and development opportunities during grant deliberation and beyond.

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 proposed 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 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:

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.

If the proposed grant application is unsuccessful and the site is still purchased by the City, staff are committed to finding an affordable housing project that continues to support those most marginalized and create pathways to homeownership for low-income residents.

Neighborhood/Community Interests (if known):

This site is currently the largest encampment in Thurston County, home to approximately 80 unhoused residents. The densely wooded area excluding any public infrastructure makes living at the site very difficult for residents and sometimes dangerous for emergency response and community outreach. The heavy foot traffic and lack of sidewalks along Martin Way causes near misses between pedestrians and vehicle drivers often making the area congested and challenging to access. Businesses in the area, including the hospital, have expressed direct concerns about how this encampment impacts their operations. This property has deep community interest, including the health and safety of the unhoused residents and their path to wellness, along with the environmental and neighborhood impacts an unmanaged encampment is bound to have.

Financial Impact:

The current listing price for the mentioned properties is \$3 million. Staff have included that amount in an upcoming grant application with the understanding that actual price will be negotiated after a formal appraisal is completed. The term of the option is two years at a cost of \$80,000 per year paid for by local Home Funds. Option payments made by the City will be applied toward and deducted from the purchase price of the property if the City elects to move forward with purchase. If the City chooses to not move forward with the purchase, payments made are nonrefundable.

Options:

1. Move to approve the resolution authorizing an Option to Purchase agreement with JJP Group, LLC
2. Move to approve the resolution with amendments authorizing an Option to Purchase

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agreement with JJP Group, LLC
3. Take no action

Attachments:

Resolution

Option to Purchase