



Ad Hoc Committee on Housing Affordability

Review the Downtown Strategy Recommendations regarding Homelessness and Affordable Housing

Agenda Date: 4/19/2017
Agenda Item Number: 5.B
File Number: 17-0385

Type: discussion **Version:** 1 **Status:** Filed

Title

Review the Downtown Strategy Recommendations regarding Homelessness and Affordable Housing

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Receive the information. Discussion only; No action requested.

Report

Issue:

Whether to discuss the Downtown Strategy and work associated with homelessness and affordable housing.

Staff Contact:

Amy Buckler, Senior Planner, Community Planning & Development, 360.570.5847

Presenter(s):

Amy Buckler
Anna Schlecht, Housing Program Manager

Background and Analysis:

The year-long public process to form Olympia's Downtown Strategy (DTS) is drawing to a close. The final draft of the Strategy, which reflects the Planning Commission's recommendation, will be considered by City Council at their regular business meeting on April 25. Regional and citywide issues of homelessness and housing affordability are addressed in the DTS to the extent that these issues relate to Downtown.

Housing

As part of the scope for the Downtown Strategy, the planning team was asked to analyze and update housing strategies for Downtown in consideration of current markets and conditions; explore types of housing appropriate for Downtown within the context of a city-wide goal to provide diverse and

affordable housing types; and form strategies to encourage a balanced housing stock in Downtown.

A link to the Housing element of the DTS is **attached**. Key findings and recommendations include:

- Maintaining a viable residential community Downtown is an important regional objective, and a vibrant Downtown depends on residential housing development and more local residents to support businesses, transit and pedestrian activity.
- A variety of Downtown housing options to meet needs of people with a wide range of incomes and lifestyles is an important public priority.
- The City is not a housing provider and has limited influence on the market; however, the City can encourage the type and amount of housing built through zoning, regulations, incentives, public investments and partnerships.
- Over the past few decades, the City has taken many steps to encourage Downtown housing. These efforts are finally coming to fruition, in large part due to demographic and market shifts that favor multifamily development in urban areas.
- A real estate market and projected demand analysis indicates the City's Comprehensive Plan target for Downtown is generally realistic. It says Downtown will absorb at least 25% of the City's residential population growth over the next 20 years (which equates to about 5,000 more people, or 2,500-3,500 more units in Downtown.)
- A variety of housing types are feasible Downtown, including: townhomes, low rise (2-3 story) and mid-rise (4-7 story) apartments. Within these general types, there is expected to be a diversity of apartment styles, sizes and levels of affordability.
- The types of anticipated housing are generally becoming more feasible for the private market to build, and this is largely aided by the existing 8-year multi-family tax exemption. However, feasibility is still on the edge and Downtown has some special development challenges (e.g., sea level rise, contamination, high construction costs on dredged fill) that sustain the importance of development incentives or other actions to encourage housing development.
- Housing affordability in Olympia is a key challenge. See **attached housing memo**.
- Housing affordability relates not only to the cost of housing, but also the cost of transportation. One advantage of living Downtown along the urban corridor is proximity to convenient transit, which can help a household reduce transportation costs, thus reduce overall cost of living.
- Increasing housing development is not the cause of rising rents or homelessness. What is happening right now is that supply is not expanding as fast as demand, and this is a primary reason for rising rental rates. Housing development, along with a wider range of affordability options is needed.
- As Downtown continues to grow, it will be important to add more market rate housing for high, middle and lower income households. Subsidized housing will continue to also be important.
- More permanent supportive housing is also likely in Downtown. It is important to develop a better understanding of the scale of regional needs and a transparent siting methodology that considers the role of Downtown within the region (see homelessness element below.)
- To establish and maintain a mixed income residential community in Downtown, the DTS recommends the City develop a more comprehensive housing strategy, to be carried out as an ongoing program. The housing strategy would include more specific affordability goals and a means to monitor progress and adapt. The aim would be to use the right tool (e.g., financial incentive, partnership, etc.) at the right time; a more proactive approach to working with partners, understanding market forces and changing conditions and how the City can best use the tools it has to meet community goals.

Homelessness

Addressing homelessness was not part of the original scope of the DTS, but emerged as a top priority for the public. This issue is so complex that it requires special attention beyond what the DTS process could facilitate. The DTS did, however, include a chapter to capture what was learned and outline some recommended next steps.

A link to the Homelessness element of the DTS is **attached**. Key findings and recommendations include:

- Most community members seem to agree homelessness is a humanitarian issue deserving attention, funding and compassion. At the same time, there is recognition that when people are living on Downtown streets it has a negative impact on public spaces and businesses.
- Until the needs and impacts associated with homelessness and street dependency are more fully addressed Downtown will be unable to meet its full potential in the region.
- The issue of homelessness in Downtown is of concern to the broader community, and should not be considered “Olympia’s problem.” The origins of homelessness in Downtown are regional in nature, as are most of the resources funneled into Downtown to address it. Downtown is a major key to success for the Thurston Region’s Sustainable Development Plan, and these vision and goals are of importance to citizens from throughout the county. Homelessness is a regional issue that requires regional coordination, including how to address its unique manifestation in the regional hub of Downtown.
- A review of local and regional homeless reports and planning processes reveals no specific attention to the urban hub, and an exclusive focus on funding and humanitarian policies. Strategic planning that addresses systematic needs and *impacts and mitigation* could in the long run provide less stress on businesses and the Downtown environment, more support for the provision of facilities, and more efficient decision processes at the project level.
- The regional methodology for siting homeless services needs to be clear to the public, and should address the role of Downtown within the broader regional network.
- Supportive services have an important role within Downtown, but not all services should be located in Downtown, as there are people in need in other areas of the county.
- Much is being done to address homelessness in the region; however, the various policy, funding and decision making relationships that form the regional homelessness network are difficult to understand and explain.
- Next steps should build on and collaborate with the ongoing regional efforts, not ignore or attempt to duplicate them.
- The DTS recommends the City (along with regional partners) convene a broad range of stakeholders to develop an action plan leading to a more coordinated response to homelessness and street dependency and the impacts to Downtown.
- The DTS also recommends the City Council initiate a discussion with regional policymakers about future social service siting, funding and support needs throughout the region.

Development Incentives

The DTS also includes a Development Incentives element, which includes a tool box of proven implementation tools, such as regulatory measures; capital improvement funds and programs; fiscal incentives and partnerships that the City can use to spur private investment to occur in line with community goals (e.g., lower cost affordable housing, address homelessness, address sea level rise,

etc.)

A link to this element is **attached** and the tools are described in more detail in the **attached “tool box.”** Key findings and recommendations include:

- The City or an applicable partner already makes use of over 25 tools in the “tool box”, many of which were added within the past decade (e.g., Community Renewal Area, Grow Olympia Fund)
- The DTS recommends several priority tools to add or enhance use of
- The tool box identifies various development tools that could work toward housing goals and to address homelessness (in terms of development); however, the DTS does not make specific recommendations regarding use of these tools. Instead the DTS recommends these tools be further explored as part of a more comprehensive housing strategy and program, or along with regional partners as part of developing a homeless action strategy for Downtown.

Neighborhood/Community Interests (if known):

Approximately 3,500 people participated in the public process to form Olympia’s Downtown Strategy. Summary reports are available on the **attached DTS webpage**.

Options:

Discussion only. No action requested.

Financial Impact:

Future actions may require additional resources.

Attachments:

DTS Housing Element
Housing Affordability Memo
DTS Homelessness Element
DTS Development Incentives Element
Tool Box
Link to DTS Webpage