

Regional Housing Council

Agenda: Wednesday September 22nd, 2021 (4:00 p.m. – 5:30 p.m.) (via Zoom)

Jim Cooper: Chair, Carolina Mejia: Vice-Chair

#	TIME	AGENDA ITEM	LEAD	ACTION
1	4:00 – 4:05	Welcome and Introductions <ul style="list-style-type: none">• Check-in• Review Agenda/Meeting Purpose	Jim	
2	4:05 – 4:15	Public Comment For public comment, please keep your comments to 3 minutes.	Jim	Information
3	4:15 – 4:20	Approval of August minutes	Jim	Action
4	4:20 – 4:30	Interfaith Works Request for Funding	Tom	Presentation and Action
5	4:30 – 4:50	1277 Funding Request for Proposals	Tom	Discussion and Action
6	4:50 – 5:10	Technical Team working group updates <ul style="list-style-type: none">• Permanent Supportive Housing Plan	Tom	Information and Action
7	5:10 – 5:15	Communications Update	Jim	Information
8	5:15 – 5:20	HAT and RHC Retreat Update	Jim	Information
9	5:20 – 5:30	Good of the Order	Jim	Information
10	5:30	Upcoming Meetings <ul style="list-style-type: none">• Next RHC Meeting Wednesday October 27th, 4:00pm Location: Zoom meeting		Information

REGIONAL HOUSING COUNCIL

Wednesday August 25th, 2021 Meeting Minutes

ATTENDEES:

Lacey: Carolyn Cox, Lenny Greenstein, Scott Spence, Kelly Adams

Tumwater: Michael Althaus, Joan Cathey, Brad Medrud

Olympia: Jim Cooper, Dani Madrone, Keith Stahley, Cary Retlin

Thurston County: Carolina Mejia, Ramiro Chavez, Jacinda Steltjes

South County: JW Foster

Public: Steven Strickland

Meeting began at 4:00 pm.

Agenda Item 1: Agenda approved, Councilmember Smith from Yelm will replace Mayor Foster in future.

Agenda Item 2: Public Comment

Linnea Comstock: Linnea spoke to Keylee last week, commended Keylee on her kindness and responsiveness. Linnea lives and owns a business in Olympia. Linnea encouraged the RHC to review the Olympia Home Fund, recommended reviewing what Olympia has done well and what could be done better. The Home Fund has increased safety concerns in Olympia for her and her employees. Before taking action on a County Home Fund, please consider the Olympia plan and consequences.

Agenda Item 3: Minutes from July: Motion and second, all approved.

Agenda Item 4: Future Retreat Planning with Housing Action Team (HAT)

The RHC Leadership met with the HAT Executive Team, which includes the HAT subcommittee Chairs. They talked about a joint retreat, and their relationship going forward. The HAT executive team is interested in relationship building with the RHC. Discussion included an emphasis on being deliberate about how they develop their relationship, postponing the in-person retreat until after the first of the year. HAT subcommittees will discuss how the teams see their connection with RHC, prior to the retreat.

Councilmember Althaus asked for more information about expectations before the beginning of the year, should the RHC reach out to the teams or should RHC members plan to attend the subcommittee meetings? Councilmember Cooper and Commissioner Mejia will attend the subcommittee meetings, other RHC members are also welcome to attend. RHC and TT Executive Committees will also meet to discuss how they can have a partnership and maintain the relationship. Over the next few months RHC members will attend the HAT subgroups and meet with TT, in preparation for January retreat.

Agenda Item 5: 2828 Martin Way Phase II Presentation and Request

Cary Retlin gave background information: the funding workgroup at the August meeting made a recommendation that the RHC identify funds to address a funding gap with 2828 Martin Way Phase II.

There is a funding gap due to Energy Code changes as well as Covid related construction cost increases. This project will add 63 more units to the 65 units in Phase I.

Steven Strickland from LIHI added that they wish to thank the jurisdictions for the current support. Steven gave an overview of the housing and services included in Phase II. The current request is for \$1.7M, the total development cost is \$23M. LIHI has tried to cut costs without sacrificing quality. They have also applied for additional bank funding. They will be applying for Trust Fund and Tax Credits, the requested \$1.7M will leverage public and private funds.

Councilmember Greenstein asked if 1406 could be used for this? Yes, and that is the recommendation from the funding workgroup, as well as a recommendation that these be the last funds drawn for the project, then if they are not needed these funds could be used for operations. Ramiro clarified that this isn't really a gap, because they are still pending other Federal and Tax credit funds, and asked what are the timelines for bank and trust fund applications? The Trust Fund application is due in September with a decision in December, and the Tax credit application is due in November and also announced in December. LIHI uses the term "gap" because the trust fund and tax credit amounts are formulas so they know how much these amounts will be if awarded. If LIHI can show they are fully funded it makes their applications more competitive. Steven clarified that Phase I is nearing completion and is completely separate from this \$23M total cost for Phase II.

Discussion followed regarding timing of funding commitments, determining the gap, and potential new federal funding that might be coming. Do they need action tonight? Cary clarified action tonight puts LIHI in position to have more local funding in competition for Trust funds and tax credits, and makes the project more competitive. Keith added that this project is the closest to being able to create housing in a quick timeline. Ramiro clarified that they as a region generate roughly \$800K a year of 1406, so this would be 2 years of 1406 funding. Councilmember Cooper added that Olympia still has 2020 1406 funds that could be contributed. Tumwater 2020 1406 is expended and/or dedicated. Lacey has pledged their 2020 1406 funds to a project, but may be flexible.

Motion: Approve that staff draft a conditional award letter to address the funding gap of 2828 Martin Way Phase II. Funds should include pooled, supportive, and affordable housing 1406 funds. The RHC recommended that Olympia, Lacey, Tumwater each contribute 1406, ARPA or other funds to ensure a competitive project. Conditional award letter must stipulate that these funds be drawn after other funding sources, Home funds, Trust Funds, other Thurston County and tax credit funds are exhausted. Motion and a second. Councilmember Althaus reiterates that Tumwater may be able to contribute a relatively modest amount of funds. Local jurisdictions each need to confirm this recommendation. Each RHC representative needs to bring this funding recommendation to their Councils for endorsement. Ramiro encourages each jurisdiction to be specific with 1406 amounts from 2020 they will provide. How fast do Cities need to act? A Conditional Award letter prior to September 15 Trust Fund application due date would be best. Motion approved.

Agenda Item 6: Technical Team working group updates

Keith gave an update, they have been looking for a property to operate safe parking, and future development of supportive housing. The Quality Inn site will be used to relocate the mitigation site out of downtown. They have identified a 5.8 acre parcel for a short term safe parking program and longer term supportive housing facility. The property is currently owned by the Kaufman Foundation. Today's

request is for the RHC to support the Tech Team working on this project and returning to RHC with a plan for this site. They have submitted a letter of interest. The City of Olympia is not able to carry this project alone. The property could serve short term and long term needs. Ramiro adds this is a good investment, possibly looking at ARP funds, and 1406 funds long term.

Councilmember Althaus confirms that the RHC is being asked to direct staff to develop a funding plan and proposal to develop this into safe parking? Scott asks if there has been any Environmental Review, or any concerns about the property? Keith adds they would complete due diligence including a Phase I ER prior to purchase. Ramiro adds that time is of the essence, they cannot wait until the next RHC meeting to have an endorsement of RHC. Councilmember Cox asks to call a special meeting prior to September RHC meeting.

Motion to support tech team moving forward on funding and project proposal and return to the RHC at a special meeting or the September meeting, whichever is sooner. Second. All approved.

Jim asked about the status of the GIS project regarding the properties identified by the siting group, is there a summary to bring back on potential properties? Keith will come back with that at a future meeting.

Agenda Item 7: Good of the Order

Schelli gave an update that they are very concerned about the Delta variant, test positivity is over 10%, and local hospitals are at capacity. In regards to houseless community, they are working to have enough Q and I in case of outbreaks, and working to increase the vaccination rate among the houseless population. Mayor Foster asked if any outdoor County events have contributed to the increase? County team investigates and traces all County cases, they are trying to figure out where people are getting sick. Test positivity over 10% indicates a lot of community transmission where people do not know where they got it.

Agenda Item 8: Upcoming Meetings

Meeting Adjourned: 5:25 pm

Next Meeting: September 22nd, 2021, 4:00 pm



September 8, 2021

To: Thomas Webster, Keylee Marineau
Thurston County Public Health and Social Services
Office of Housing and Homeless Prevention
Memo: 3444 Martin Way Funding Gap

Good afternoon,

Interfaith Works would like to formally acknowledge and thank Thurston County Public Health and Social Services, as well as the Regional Housing Council for the incredible work that you have done to support our community through the dual COVID-19 pandemic and affordable housing and homelessness public health crises. Without this support, many providers, not just Interfaith Works, would have faced innumerable obstacles to providing services to those most in need during this time. In continuing to respond to this crisis with the erection of an emergency shelter and future day center to house 38 individuals experiencing homelessness in our community, Interfaith Works has experienced significant delays, and budgetary impacts. This development is a public/private partnership with financial support from Thurston County, Olympia, Lacey, Tumwater and private contributions made to Interfaith Works. The following is a brief outline, description, and estimated cost breakdown regarding the delays and impacts at the 3444 Martin Way development, as well as an overview of mitigating efforts to ensure that vital services continue to be provided.

Delays

The Interfaith Works development efforts at 3444 Martin Way have experienced significant delays through the permitting process. These delays have been compounded by the impact of the pandemic on the construction industry, supply chains, and shipping. Additionally, during our permitting process, the City of Olympia adopted new energy codes based on WA State Legislature decisions which resulted in significant delays as we returned our submittals to bring our project into compliance. We are in the final stages of the permitting process, though some of the remaining permits are contingent upon L&I approval of our shower & hygiene trailer. We are concerned that the delays that have already occurred coupled with the remaining permitting needs will force the extension of our due date beyond October 22, 2021. These delays have been particularly heartbreaking as our modular structure has been fabricated and was delivered to our site ready to be built in July of 2021. The City of Olympia permitting office has been extremely helpful through this process, however significant delays have occurred that have pushed our project back further than our allowance of time at our shelter's current location.



Budget Impacts

There have been some impacts to the budget for 3444 Martin Way in excess of our estimated overage. Rising costs of materials caused an increase in the cost of the walls for this project from the initial estimate of \$65,000 to \$93,509. Additionally, delays and requests from permitting have resulted in an increase from \$44,600 to \$57,300 for design revisions, and an increase to construction costs of \$141,351 due to revisions and staggered mobilizations as well as additional costs for abatement in the demolition of the existing uninhabitable building. In total we anticipate the capital costs being \$182,560 over budget. We are requesting your support to assist with this gap, and sincerely thank all of the jurisdictions for coming together to support us so generously up to this point.

Non-Congregant Temporary Shelter

To combat these delays, Interfaith Works sought and was granted numerous extensions from our partners with our current host, First United Methodist Church of Olympia (FUMCO). Originally, we were given leave to occupy the lower floor of the church through March 31, 2021. FUMCO has gone above and beyond to make our guests welcome and comfortable, including allowing us to stay through the end of September. However, FUMCO is starting to plan reopening to the community, and can only continue to house the Interfaith Works 24/7 shelter for Seniors at highest risk of complications due to COVID-19 through September 30, 2021 at the latest. They are unable to provide any additional extensions. Interfaith Works is presenting a plan to house our guests in a non-congregant shelter model through local hotels until our development at 3444 Martin Way is complete. Our residents will move into that building as soon as occupancy is permitted by the City of Olympia. The budget for this uses the existing contract between Interfaith Works and Comfort Inn for housing non-congregant shelter, though the immediate nature of the need would likely put individuals at multiple hotel locations based on room availability. Additionally, we have included a line item for meals due to an inability to offer congregant meals in a hotel setting. We are requesting no additional funding for staff. We have presented the amounts for two months considering the expected finish date for construction and the uncertainty of further COVID-19 impact. Note, anticipated completion of 34444 Martin Way at this time is October 22, 2021, and as such, a large portion of these funds may not be used.

Please see the budget overview on the following page.



3444 DEVELOPMENT FUNDING GAP

Item Overage	Cost
Materials	\$28,509
Submittal Revisions	\$12,700
Construction	\$141,351
TOTAL	\$182,560

NON-CONGREGANT SHELTER TOTAL REQUEST

Item	Cost	Qty	Two Month Estimate
Rooms	\$144.59	39 rooms x 62 days	\$349,619
Dinner	\$12	38 meals X 62 days	\$28,272
Lunch	\$10	39 meals X 62 days	\$23,560
TOTAL			\$401,451

TOTAL REQUEST

Request for Funds	
Assistance with Development Project Overage	\$187,559
Assistance for Non-congregant Temporary Shelter	\$401,451
TOTAL	\$584,011

We recognize that this is a significant sum, and are grateful for the continued support from Thurston County Public Health and Social Services, and the Regional Housing Council to support this innovative project and ensure no service interruption for our vulnerable guests. We are confident in our ability to continue to provide services despite the challenges of relocating our guests again, and ask for the continued support of our traditional partners. It is our hope that our construction may now finish near our expected completion date, and that we may continue to serve our communities most vulnerable neighbors while strengthening the homeless response system in Thurston County.

Sincerely,

A handwritten signature in cursive script that reads "Meg Martin".

Meg Martin, MSW
Executive Director

Hotel Leasing and Rapid Re-Housing Funding Overview

The Department of Commerce (Commerce) is making available \$40 million of state document recording fee funds to pay for the leasing of hotel and motel rooms (whole buildings or individual rooms), repair of damages beyond regular wear and tear to hotel and motel rooms, rent assistance for people experiencing homelessness (rapid re-housing), outreach associated with bringing people into housing, and associated operating, services and administrative costs. Funds supporting these activities must be operationalized by January 2022 and are available for expenses incurred July 1, 2021 through June 30, 2023. These funds will be incorporated into existing or new Consolidated Homeless Grants (CHG) and System Demonstration Grants (SDG).

CHG Guidelines: <https://deptofcommerce.app.box.com/s/4d1ilui45uqljmhseufez4flxqv1q6b>

SDG Guidelines: <https://deptofcommerce.app.box.com/s/9z5u4yiy7w1d19wrch6mhkeedt0o0h08>

Note: the Temporary Changes and Suspensions for Coordinated Entry, Performance and Consolidated Homeless Grant funds due to COVID-19 Response are still in effect: <https://www.commerce.wa.gov/wp-content/uploads/2020/11/hau-ce-performance-chg-temporary-changes-v6.pdf>

Eligible Housing Interventions

- Hotel leasing: Emergency Shelter - Continuous-stay Shelter (defined in CHG guidelines, section 3.1.1.2, or SDG guidelines, section 4.1.1.2)
- Rent assistance for people experiencing homelessness: Rapid Re-housing (defined in CHG guidelines, section 3.2.2, or SDG guidelines, section 4.2.2)

Eligible Costs

- Admin-15% (defined in CHG guidelines, section 5.4, or SDG guidelines, section 6.4)
- Operations, including services and outreach (defined in CHG guidelines, section 5.3, or SDG guidelines, section 6.3)
- Hotel Leasing, including repair of damages beyond regular wear and tear to hotel and motel rooms (defined in Facility Support Lease Payments and Other Facility Costs as applicable in the CHG guidelines, section 5.2.1 and 5.2.2, or SDG guidelines, section 6.2.1 and 6.2.2)
- Rent Payments and Other Housing Costs for Rapid Re-housing (defined in CHG guidelines, section 5.1, or SDG guidelines, section 6.1)



Eligible Households

- Homeless housing status (defined in CHG guidelines, section 4.3.1, or SDG guidelines, section 5.3.1). Households entering emergency shelter are exempt from housing status requirements (defined in CHG guidelines, section 4.4, SDG guidelines, section 5.4).
- Income verification is not required at program entry. After the first 90 days of program participation income must be certified at or below 30 percent of area median income (defined in CHG guidelines, section 4.5 and 9.5 appendix E, or SDG guidelines, section 5.5 and 11 appendix B).

Data Reporting

In order to speed implementation, initial reporting is limited to monthly reports submitted with CHG or SDG invoices, identifying the number of units rented and number of households served. HMIS reporting will be required in January 2022 for units and households served from that time forward.

Application

Applications will be accepted any time through December 31, 2021.

Award Chart

Available funds were awarded proportionally based on the amount of state document recording fee revenue generated in each county during the last fiscal year. The Award Chart can be found in the application. The amount found on the chart is the maximum amount that can be requested.

Awards will be added as separate line-items to existing CHG/SDG contracts or new contracts with non CHG lead grantee county governments.

Program Contact:

Jessica Simon

Jessica.Simon@commerce.wa.gov

Sarah Harrison

Sarah.Harrison@commerce.wa.gov

Website:

Application, including award chart, and this overview can be found at:

<https://deptofcommerce.app.box.com/s/ejry277s21jmz01sycxcgd2pv2kthrp3>

Hotel Leasing and Rapid Re-Housing RFP

Proposed Approach

Proposed Funding Priorities

1. Applications will be considered for any eligible project under the funding source. See attached Commerce flyer for summary of eligible activities.
2. It is anticipated that awards will be made to support both hotel leasing and rapid re-housing. There is no pre-determined or preferred allocation of funds between these two activities.
3. A preference will be given to fund at least one project that provides hotel vouchers on an emergency basis, such as vouchers to temporarily support residents following a “sweep” of an unsheltered encampment.

Award Criteria

1. Overall impact. (40 points) Projects that have the largest impact will score the highest. Factors that will be considered when scoring impact include:
 - a. Prioritization of the most vulnerable and marginalized populations
 - b. For hotel programs: likelihood of a successful exit to a situation other than unsheltered homelessness. For rapid re-housing: likelihood of successfully obtaining permanent housing.
 - c. Connection to the 5 Year Homeless Crisis Response Plan.
 - d. Addressing an unmet need in the community.
2. Past experience. (20 points). Demonstrated experience operating the proposed program or substantially similar program
3. Overall project design. (20 points). Demonstration of a thoughtful, comprehensive design that considers connection to coordinated entry, supportive services provided to clients, plan for length of stay, and having an exit strategy, as appropriate for each program.
4. Cost effectiveness and overall budget. (20 points). Demonstration of full funding for the proposed project and number of households served compared to overall budget.

Application Process

1. Applications will be a Word document and will not be submitted via ZoomGrants.
2. The intent is to have applicants answer a limited number of questions that are necessary for the County to submit its application to Department of Commerce, and to evaluate each project according to the criteria. Applications are expected to be no longer than 4 pages in length.
3. Applicants will be asked to submit a budget, including a breakdown of administrative, operating and hotel voucher/rent costs.
4. See below for proposed timeline.

Hotel Leasing RFP - Timeline

1. September 8 Housing Action Team. OHHP present funding opportunity and seek input from HAT members
2. **September 13 Funding Workgroup.** OHHP present to Funding Workgroup recommendations for Hotel Leasing RFP. Obtain Funding Workgroup recommendation for full RHC.
3. September 22 RHC meeting. Bring recommendation on RFP and get RHC decision on issuing RFP.
4. September 28th – Go to BoCC for approval to issue RFP
5. **Issue RFP October 1**
6. **RFP responses due October 15**
7. Week of October 18 - RHC Tech Team reviews applications and make recommendation to RFC Funding workgroup
8. **October 25 - Funding workgroup** reviews recommendations from RHC Tech Team and finalizes recommendations for RHC
9. October 27· RHC approves recommendations
10. Early November OHHP Submits application to Commerce

Regional Housing Council – Permanent Supportive Housing Workgroup
Draft Strategic Framework

Goal: Develop a strategy framework to fund 150-200 units of Permanent Supportive Housing (PSH) by 2024.

Funding: The workgroup has identified the following funding sources that are available to Regional Housing Council (RHC) jurisdictions to support the development and operations of PSH housing units.

Program	Estimated Amount	Possible Use of Funds	Timeframe
American Rescue Plan Act	\$8-20 million	Acquisition, Construction/Rehab	Spend by December 2024
SHB 1406	≈\$800-900,000/annually	Acquisition, Construction/Rehab, Operating for new PSH units	Annual revenue until 2040
HOME ARPA	\$3 million	Acquisition, Construction/Rehab	Spend by 2030
HB 1277	\$4 million (initial estimate)	Operations, project-based vouchers, rapid rehousing, rent assistance	Annual revenue, expect to begin receiving in early 2022

Other possible sources of funding to support PSH projects include:

- **Local Incentives.** Each jurisdiction has or is developing a list of specific incentives that it can offer to incentivize and support the creation of affordable housing units. These incentives may include reduced or waived impact fees, connection fees, tax exemptions, or density bonuses, as examples.
- **Community Development Block Grant.** Can support acquisition, rehabilitation and off-site infrastructure improvements related to new affordable housing construction projects. Olympia and Thurston County could also pursue a 108 Loan against future CDBG awards to support housing efforts.
- **State Rapid Capital Acquisition Funds.** Funds are awarded on a competitive basis. Time frames and application requirements make this funding source difficult for Thurston County to access under this strategic framework. City of Olympia plans to apply related to the Quince Street (former Quality Inn) property acquisition.
- **County Home Fund.** This fund is subject to a vote of the Thurston County Board of County Commissioners. If a fund is approved, it is estimated to generate approximately \$4.5 million annually. In order for this PSH strategic framework to be fully implemented and to support the creation of additional affordable housing units, a County Home Fund, or roughly equivalent new funding source will likely be necessary.

Statements of Expectations

In developing this strategic framework, the PSH Workgroup operated with the following expectations:

- RHC funds are not sufficient to fully fund new construction activities and these projects will require additional funding, such as State Housing Trust Fund (HTF), Low Income Housing Tax Credits (LIHTC), or other private or public financing.
- To maximize the likelihood of a project receiving HTF and/or LIHTC funding, the RHC should support only one new construction project application with local resources in each HTF/LIHTC funding round, which are typically issued annually.
- RHC Jurisdictions should not serve as the developer and/or operator of PSH projects supported under this strategy. RHC Jurisdictions will provide funding to developers/operators to implement desired projects.
- Operating costs for PSH projects should be largely funded through rent collections; however, the RHC jurisdictions have a vested interest in the success of projects and may need to provide some funding to fill operating gaps, particularly during project lease-up.

Target Population:

The PSH Workgroup has not identified specific target populations for PHS projects. Rather, the workgroup recommends allowing the developer/operator to propose the target population it intends to serve. However, the workgroup does recommend that the RHC support projects that target a range of different populations most in need of permanent supportive housing.

Recommended Project Categories

The PSH Workgroup recommends that the RHC pursue projects under three broad categories to allow for matching available resources to the best project use, while also considering issues of timing of the use and availability of funds.

1. Hotel or Apartment Acquisition

The RHC should pursue acquisition and rehabilitation of an existing hotel or apartment complex for use as PSH. The City of Lacey and Thurston County are currently making inquiries regarding the acquisition of a hotel located in the Lacey area. The workgroup recommends that Lacey and the County pursue and acquire a hotel.

Funding: Recommend the use of ARPA funding to cover 100% of the acquisition costs of the hotel. If the timing works, recommend applying for Rapid Capital Acquisition funding for a portion of the costs. Depending on the use of the property and renovation needs, costs of renovating a hotel may be partially covered by ARPA or County Home funds, but may require additional leveraged funding, such as Housing Trust Fund and/or Low Income Housing Tax Credits. If supplemental operating funds are needed, 1277 funds can be used to support operations.

Developer/operator. Recommend issuing a Request for Qualifications to identify a developer and operator.

Considerations: Acquisition of a property allows for the use of ARPA funds within the timeframes for when the funds must be spent. Furthermore, purchasing existing properties dramatically reduces up-front costs (acquisition is cheaper than new construction) although long-term maintenance needs will be higher. The workgroup recommends consideration of

two possible approaches regarding the use of a hotel, depending on the feasibility of the physical space, proposed approach of the developer/operator and the will of RHC members. The workgroup generally expressed a preference for Approach #1, but recognizes the value in Approach #2 of getting people living in unsheltered situations into shelter more quickly.

Approach #1: Immediate renovation to create PSH units. This approach creates the greatest number of PSH unit, which is the ultimate objective of the RHC. Conversion to housing also ensures the most operating cost flexibility since there are generally more operating funds for housing than shelter. The risk with this approach is that substantial renovations will be needed which likely would require a developer to identify additional sources of funding. In addition, the property would not be utilized while the substantial renovations take place, resulting in the property being un-occupied for potentially several years. The workgroup recognizes that the RHC would need to assume some risk in acquiring a property before a developer/operator is identified, and recommend conducting an RFQ process while the purchase and sale agreement is being finalized to gauge developer/operator interest in the project to reduce risk.

Approach #2: Operate a portion of the property as a non-congregate shelter and a portion of the property as PSH. Renovations would be needed to operate a portion of the property as non-congregate shelter, but these renovations could happen more quickly and at lower cost allowing a portion of the property to be used more readily after acquisition. This approach would require the building to be structured so that non-congregate shelter could operate while renovation of the PSH units are occurring. Ongoing operating costs would be required to support the shelter. The risks or challenges with this approach are that prioritizing a temporary solution may delay the ultimate goal of creating more housing opportunities. In addition, if and when shelter space is converted to PSH in the future, it may put the shelter guests at risk of exiting the temporary shelter to homelessness if new housing resources are not available at the time that they need to exit.

2. New Construction

The RHC should pursue and support two to three new construction projects for PSH units in 2022, 2023 and 2024. With the passage of a County Home fund or other new funding source, this strategy could extend past 2024. The workgroup is aware of several potential PSH new construction projects that may be worthy of RHC support. The preferred size of PSH projects is 40-70 units of housing. Larger projects could include rental units for low income households who may not have supportive staffing needs. If a jurisdiction owns land that is available for PSH projects, it could be supported by the RHC through this strategy.

Funding: Recommend using the HOME ARPA, 1406 and County Home Fund. In addition, local jurisdiction incentives may be available. In order to provide sufficient local funding to fully implement this strategy a County Home Fund may be necessary. It is also recommended that the RHC examine bonding a portion of the 1406 revenue. Although the RHC will not be able to fully fund any one new construction project, in order to make projects as competitive as possible when seeking HTF/LIHTC funds and to manage the rising costs of construction, the workgroup recommends making a substantial commitment of resources to each project in order

to out compete peers seeking HTF/LIHTC funds. The specific funding level may vary by project, but can expected to be in the \$3-6 million range. If supplemental operating funds are needed, 1277, 1406 or if approved, County Home funds can be used to support operations.

Siting: Sites will primarily be identified by jurisdictions that have property available, or by developers/operators when proposing a project. In addition, the use of real estate broker, recommended under the next strategy, could also support the identification of properties suitable for multifamily development of 40-70 units. Potential properties should be reviewed by Siting Team.

Developer/operator. Recommend issuing a Request for Qualifications in late 2021/early 2022 to identify potential projects and interested developers/operators. Based on input from the Affordable Housing Team, it is recommended to identify a list of potential operators early in the process who also have connections to developers and who can help identify potential properties and projects. The recommendation is to operate an initial RFQ process that results a list of interested providers and a list of possible projects that could be funded over the next three years. If a jurisdiction has land to offer a developer, that information could be included in the RFP/RFQ as well as information on jurisdiction incentives.

Considerations: The workgroup recognizes that new construction projects 1) are expensive; 2) require a long time before becoming operational; and 3) may not always come to fruition. Therefore, it is necessary to identify multiple potential projects that are in various stages of planning. Because of the longer timeframe for new construction projects, ARPA funds are a less viable funding source, unless the funding is provided to an existing project that has immediate needs to close a funding gap.

3. Purchase Existing Units/Master Lease

A less traditional option that the PSH workgroup recommends that the RHC explore is to either “purchase” or master lease units in existing or under construction private sector multi-family housing properties. The intent would be to secure these units as permanent PSH units that would be supported by an operator who collects an affordable rent for tenants to cover supportive services activities. This is an approach that could be implemented more quickly than bringing new construction units online. Further outreach and discussions with private sector multifamily property owners would be needed to explore the feasibility of this option.

Funding: For near-term opportunities, and if ARPA funds are available following the acquisition of a hotel, recommend the use of ARPA funding for this purpose. For future opportunities, a County Home fund or other funding source would be necessary to cover costs.

Owner/operator. Recommend contracting with a local real estate broker to identify a property owner who is willing to “sell” existing units and to identify an operator who can provide services to tenants.

Considerations: Further exploration of this idea is needed with potential property owners to gauge interest in the concept and to consider how to structure any investment. It is expected that the RHC would prefer to make a one-time upfront investment to secure interest in a unit

for perpetuity or a minimum of 20 years. Unlike new construction, in which a property of 40-70 units is ideal, this approach could result in a smaller number of units in each property. The workgroup recommends remaining flexible and open to different size and structured projects, based on options identified by the real estate broker. Although this may be seen as not adding “new” units of housing to our community, it does seek to add more units of affordable housing units, and in particular to add new PSH units.

Implementation/Next Steps

Key next steps for the RHC to take to move forward with implementing this strategic framework;

- 1) City of Lacey and Thurston County continue pursuit of acquisition of a hotel.
 - a. RHC provide recommendation on whether to pursue immediate conversion to all PSH units, or to utilize a portion of the property for non-congregate shelter.
- 2) RHC directs each jurisdiction to identify city owned or for sale property suitable for 60 units or more of multifamily housing construction
- 3) RHC Technical Team draft a Request for Qualifications (or similar) to seek interest regarding:
 - a. Developers/operators to rehabilitate and operate a hotel as PSH or as shelter/PSH.
 - b. New construction PSH projects and developer/operators interested in pursuing these projects.
- 4) Identify additional funding (either through a County Home Fund or other means) for Thurston County to hire an affordable housing expert to oversee and implement strategy.
- 5) Each jurisdiction identifies and the RHC makes available a list of incentives by jurisdiction to help developers rehabilitate, construct and/or operate PSH units
- 6) RHC Technical Team draft a scope of work for a real estate broker.
- 7) Follow Thurston County procurement policies and procedures to issue RFQ and to procure a real estate broker.
- 8) Select developer/operator for hotel.
- 9) Identify 2-3 new construction projects and developer/operator to pursue and support for the 2022-2024 timeframe
- 10) Identify/select real estate broker
- 11) Work with real estate broker to explore purchase of existing units