ECOnorthwest

DATE:	September 24, 2026
TO:	Sharon Lumbantobing, City of Tumwater
FROM:	Erik Bagwell, Tamar Farchy, and David Wright, ECOnorthwest
SUBJECT:	Affordable Housing Feasibility Study: Task 2 Regional Landscape Overview

Introduction

ECOnorthwest (ECO) is working with the City of Tumwater to prepare an action plan for Council consideration that identifies realistic pathways to meaningfully contribute to the City's adopted housing goals. The first phase of this process reviewed the local housing landscape and the City's regional involvement.

ECO analyzed Tumwater's relevant housing goals, strategies, and participation in the Regional Housing Council (RHC). We interviewed housing and service providers and other key representatives to understand the local development landscape and Tumwater's role in the region.

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DEFINING AFFORDABLE HOUSING

This memo refers to affordable housing as multi-unit rental or homeownership housing developments that serve households earning 80 percent of the Area Median Income (AMI) or less.

The U.S. Department of Housing and Urban Development (HUD) defines affordable housing as housing on which the occupant is paying no more than 30 percent of gross income for housing costs, including utilities.

- **Regulated affordable housing requires the property owner keep housing at a specific affordability level for a certain period of time and may involve subsidies to do so.**
- **Naturally occurring affordable housing (NOAH) refers to housing without any subsidy or rent restrictions that is often older, smaller, or has fewer amenities than newer units. NOAH buildings often have rents that align with the restricted rents of affordable housing projects.**
- **The RHC prioritizes housing affordable to households earning 0–60% of AMI and developments referenced in this memo offer housing for different AMI levels.**

This memo includes interview methodology and insights, a summary of Tumwater housing plans, and representative case studies (detailed in Appendix A) of affordable housing developments in the region.

Exhibit 1 provides an overview of housing needs by Area Median Income (AMI) for a family of four for the City of Tumwater and its urban growth area (UGA). AMI is used to group households by income level. The corresponding annual household income limits for the AMI levels referenced in this report are shown below.

AMI LEVEL	ANNUAL HOUSEHOLD INCOME*	AFFORDABLE MONTHLY RENT
30% AMI	$36,850	$921
50% AMI	$61,400	$1,535
80% AMI	$98,250	$2,450
100% AMI	$122,800	$3,070

Source: US Department of Housing and Urban Development.

*Note: AMI levels shown in this table represent incomes for a family of four.

Key Findings

- **Tumwater's need far exceeds its income-restricted stock.** About 62 percent of Tumwater's 2020–2045 housing need (5,694 of 9,192 units) is for households earning 80 percent of AMI or less. To meet this need, Tumwater would have to add roughly 228 units per year at this income level.
- **Subsidized housing makes up a small share of Tumwater's homes.** The City estimated it had 177 subsidized rental units in 2023, about 1.5 percent of its 11,830 housing units.
- **Older market-rate apartments are Tumwater's largest source of lower-cost rentals, but they are unprotected.** About 435 privately owned apartments built before 1990 rent at roughly 55 percent of AMI on average, with no affordability restrictions. Five of these properties (126 units) sold between 2020 and 2025.
- **Regional funding primarily supports homelessness services.** Of the RHC's $27.9 million in 2026 contract awards, 56 percent went to homeless services, 19 percent to encampment resolution, 23 percent ($7 million) to affordable housing production, and 2 percent to administrative and reserve funds. RHC awards help projects most by signaling priority to larger state and federal funders.
- **Regional provider capacity is concentrated outside Tumwater.** Eight of the nine mission-driven housing providers active in the region are headquartered in Olympia, and none in Tumwater. Rising costs and limits on new Project-Based Vouchers make it harder for providers such as HATC, which operates eight Tumwater properties, to replicate past models.

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- **Clear incentives and active local support attract affordable housing development.** Developers build where permitting is predictable and incentives are easy to use. Olympia and Thurston County each awarded a $1.325 million Home Fund grant to Lansdale Pointe, and Olympia's fee reductions were worth nearly $2 million more; together these helped secure state-administered tax credit bond financing for 162 units. One developer found Tumwater's incentives unclear or insufficient.
- **Regional partners want to deepen collaboration.** Providers and jurisdictions value the region's long-standing partnerships. They want more consistent engagement with elected officials and more sharing of what works across jurisdictions.

Interview Methodology

To understand the affordable, supportive, and emergency housing landscape, ECO completed 12 interviews with representatives of 10 organizations and jurisdictions. In addition to informing this memo, the interviews will help shape the implementation framework. We incorporate interview findings throughout the memo where they apply.

ECO facilitated semi-structured, 45-minute virtual interviews focused on connecting the research with the experiences of local providers and neighboring cities. The City of Tumwater provided a list of suggested interviewees at the start of the project. We interviewed nine stakeholders for the regional landscape analysis and three for the case studies.

Interview participants included organizations and individuals actively contributing to the RHC who represented:

- Homelessness service providers
- Affordable and supportive housing developers
- Housing and planning staff with relevant jurisdictions

Review of Adopted Plans and Strategies

Tumwater has adopted planning documents, tools, and incentives to support local housing development, covering both a regional and citywide level. The City has entered into Interlocal Agreements (ILAs) with neighboring jurisdictions and Thurston County, leading to the creation of the Regional Housing Council (RHC) as well as cross-jurisdictional planning processes. Specific to Tumwater, the City has adopted multiple housing plans, citywide work plans, and incentive programs.

The Thurston County Regional Planning Council developed a regional Housing Needs Assessment in 2021, identifying housing needs for 2020–2045 for Lacey, Olympia, and

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Tumwater before supporting each jurisdiction with Housing Action Plans.[1] That document provided an overarching view of housing needs across the region, with housing needs by income allocated in an accompanying document in April 2025 to fulfill requirements of HB 1220.[2]

Exhibit 1 provides an overview of the housing needs by Area Median Income (AMI) for the City of Tumwater and its urban growth area (UGA). 62 percent of Tumwater's 2020–2045 housing need (5,694 of 9,192 units) is for households at or below 80 percent AMI, about 228 units per year. It is also worth noting that 2,459 units (27 percent) are needed for households earning at or below 30 percent AMI.

Exhibit 1: Total Tumwater Housing Needs 2020–2045 Summarized by AMI

AMI Level	DESIGNATION	Units Needed
0–30% (Permanent Supportive Housing)	Extremely low income (ELI) - LIHTC	723
0–30% (Non-PSH)	Extremely low income (ELI) - LIHTC	1,736
30–50%	Very Low Income (VLI) - LIHTC	1,309
50–80%	Low Income - LIHTC	1,926
80–100%	Moderate Income – Workforce Housing	1,140
100–120%	Market Rate	798
Remainder Above 120%	Market Rate	1,561
Emergency Housing Beds*	Episodic Homeless	184 (not counted in total)
Total		9,192

Source: Thurston Regional Planning Council

The RHC, detailed in a subsequent section, has also supported regional planning efforts through such processes as the 2025 Homeless Housing Plan.

Exhibit 2 provides an overview of the various housing plans and strategies that Tumwater has adopted and contributed to, detailing plans mentioned above as well as other strategies (i.e., relevant ILAs and development incentives).

Exhibit 2: Summary of Tumwater and Regionally Adopted Housing Plans and Strategies

Planning Tool	Year Adopted	Relevant Core Intentions Identified
Housing Element	2025	• Increase housing supply and diversity

[1] Thurston Regional Planning Council, "Housing Needs Assessment: Lacey, Olympia, and Tumwater," January 2021, https://www.trpc.org/DocumentCenter/View/8067/Housing-Needs-Assessment?bidId=.
[2] Thurston Regional Planning Council, "Planning for and Accommodating Housing Needs in Thurston County," April 2025, https://www.trpc.org/DocumentCenter/View/13022/Planning-for-and-Accommodating-Housing-Needs-in-Thurston-County?bidId=.

Planning Tool	Year Adopted	Relevant Core Intentions Identified
(Building on 2021 Housing Action Plan)		• Focus on households earning less than 80% of AMI • Maintain RHC coordination and expand on regional partnerships • Develop affordable funding source
Housing Affordability Work Plans[3]	2018	• Reduce homelessness • Boost housing affordability • Continue regional collaboration
Thurston County Housing Needs Assessment	2025	• Summarize need by income level and land capacity to serve it
RHC Framework	2021	• Evolution of Health & Human Services Council originally started in 2012 to increase affordable housing and reduce homelessness with the goal of creating 500 PSH units.
Thurston County Homeless Housing Plan[4]	2025	• Review County service approach • Develop work plan to support regional approach
Relevant ILAs	Ongoing	• RHC Participation • Franz Anderson Road PSH • ROW Program MOU with Thurston County
Tumwater's Development Incentives	Ongoing	• MFTE • Partial fee waivers for projects with affordable units • Density and height bonuses
Local Discretionary Funding	Ongoing	• Community Human Services Program (CHSP) support • Support of individual projects in addition to RHC such as Sterling Pines and Franz Anderson • Community Development Block Grant (CDBG) funding: alternating years, administered by Thurston County

[3] City of Tumwater, "City of Tumwater — Housing Strategic Actions Summary," July 24, 2018, https://www.ci.tumwater.wa.us/home/showpublisheddocument/18298/636705498608930000

[4] Thurston County Office of Housing & Homeless Prevention, "Thurston County Local Homeless Housing Plan 2025–2030," December 16, 2025, https://s3.us-west-2.amazonaws.com/thurstoncountywa.gov.if-us-west-2/s3fs-public/2025-12/Final_5%20YR%20Plan_Dec%2016%202025.pdf

Source: ECO evaluation of local policies

Some of the local discretionary support through CDBG funds included recommendations for approximately $600,000 in capital support and $140,000 in service support across ten organizations.[5] CDBG allocations are based on formula funding from the federal government, with Tumwater receiving funds every other year. Thurston County administers the funds and ultimately approves the City's recommendations.

Tumwater has prioritized planning policies for increasing affordable housing supply for low-income households.

The City's 2025 Housing Element reflects clear policy direction to facilitate affordable housing. Exhibit 3 summarizes the policies in Tumwater's 2025 Housing Element that directly relate to housing affordability. These policies provide the framework for evaluating potential City actions; this report does not reevaluate the individual policies themselves.

Exhibit 3: Tumwater Policies Directly Related to Housing Affordability in 2025 Housing Element

Policy #	Policy
H-1.8	Support housing opportunities for those at risk of homelessness.
H-1.9	Support housing opportunities for those with special needs, particularly those related to age or disability.
H-2.1	Support permanent, income-restricted housing in a variety of locations, types, and designs that are safe, and near jobs and daily activities.
H-2.2	Support permanent, income-restricted affordable housing through budgeting and funding decisions.
H-3.4	Support manufactured home parks to maintain existing sources of affordable housing.
H-4.1	Coordinate with and promote social service organizations in their efforts to help prospective homeowners with financial assistance.
H-4.2	Develop policies that protect front line communities from displacement and inflated housing costs when on fixed incomes.
H-5.2	Maintain relationships with nonprofit housing providers and services.
H-5.3	Work with the other jurisdictions as a part of the Regional Housing Council to address homelessness and affordable housing in Thurston County.
H-5.4	Maintain partnerships with agencies that provide or support housing.
H-6.1	Work with the state and regional partners to explore permanent sources of funding for the construction and maintenance of low-income housing.

[5] City of Tumwater Staff, "2026 Community Development Block Grant (CDBG) Funding Recommendations," May 5, 2026, https://mccmeetingspublic.blob.core.usgovcloudapi.net/tumwater-meet-c96ebe6f296c4d199c228ee396d1724e/ITEM-Attachment-004-79863a60d5bd4925ac12e74a5c693740.pdf.

Source: City of Tumwater Housing Element

Rentals in housing developments receiving subsidy total approximately 409 units, 3 percent of Tumwater's 11,830 homes.

As of 2024, Tumwater had an estimated 409 housing units in buildings that receive some form of public subsidy, out of a total of 11,830 total housing units.[6] Other non-subsidized or non-regulated housing may function as naturally occurring affordable housing (discussed later in this section).

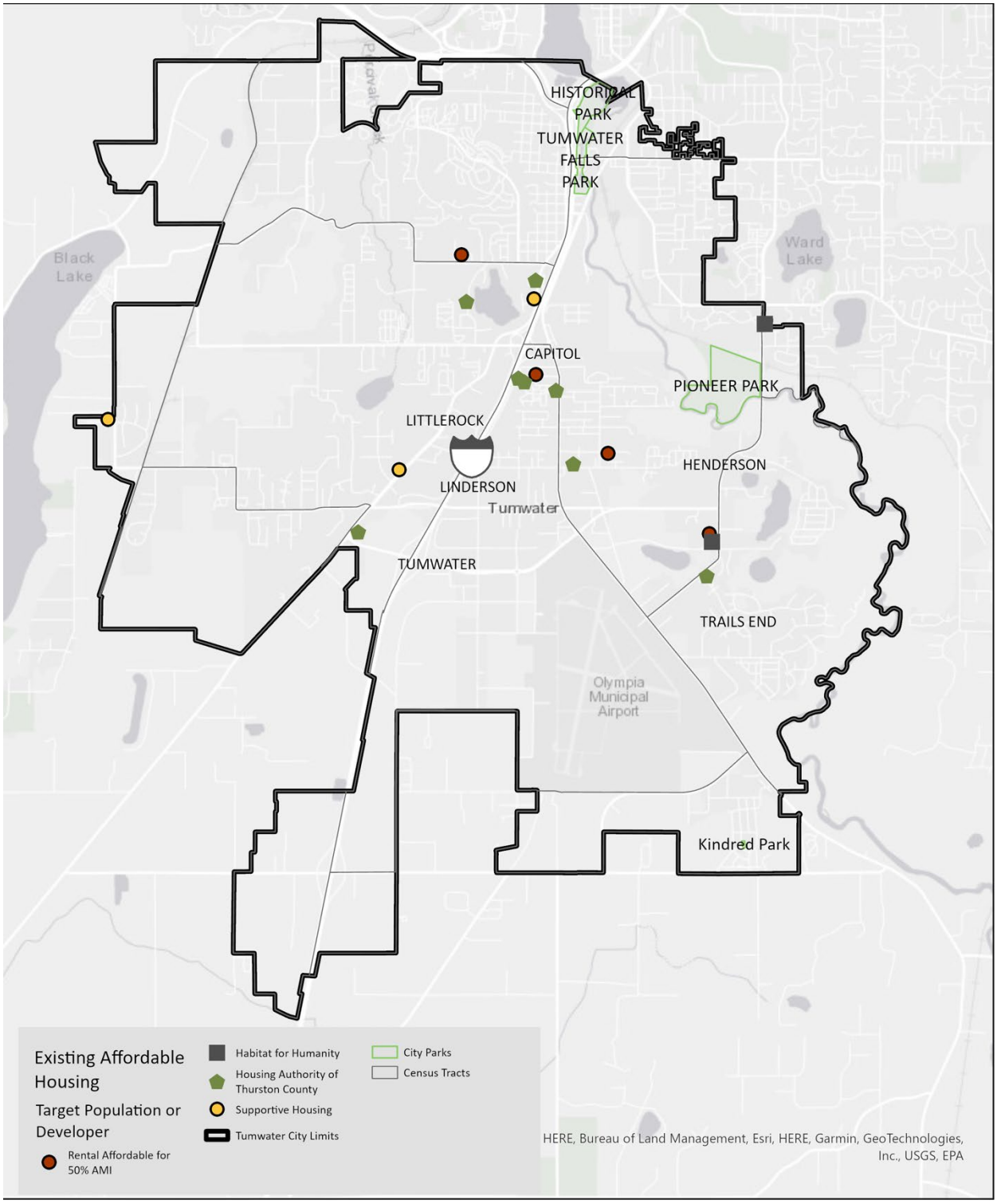
The Housing Authority of Thurston County (HATC) has the largest portfolio of individual housing developments with units available below market rate pricing in Tumwater. It provides mixed-income housing and facilitates supportive services contextually across eight properties. Allen Orchard, profiled in Appendix A, illustrates this mixed-income model. Exhibit 4 shows a map of affordable housing developments identified through the 2016 Housing Element, 2021 Housing Action Plan, 2025 Housing Element, and National Housing Preservation Database, while Exhibit 5 shows the year built and the number of units in those developments. Not all units are income-restricted, but all developments include at least some of those housing types.

Funding sources for these developments include federal housing support through the HOME Investment Partnerships Program, Project Based Vouchers (PBVs) and Housing Choice Vouchers (HCVs) available through HATC, other federal programs, and nonprofit investment.

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[6] City of Tumwater, "Housing Element: Part 2 — Technical Information," December 2025, https://www.ci.tumwater.wa.us/home/showpublisheddocument/27436/639021795270130000.

Exhibit 4: Map of Identified Affordable Housing Developments in Tumwater



Source: City of Tumwater and NHPD

Exhibit 5: Details of Identified Affordable Housing Developments in Tumwater

Development	Developer/ Operator	# of Units	Year Built	Target Population	Funding Notes
The Gardens	Behavioral Health Resources	34	1969	Supportive Housing (<30% AMI)	HOME and PBVs (Federal and HATC)
Tumwater Apartments	Catholic Community Services	50	1985	Older Adults and People with Disabilities	HUD loans for supportive housing for the elderly (Federal)
Deschutes Cove	Community Action Council of Lewis, Mason, and Thurston Counties	44	1976	Families (2- and 3-bedroom units)	USDA housing program support (Federal)
Foundation for the Challenged	Foundation for the Challenged	3	2014	People with Disabilities	HOME (Federal)
Sequoia Landing	Housing Authority of Thurston County (HATC)	40	2012	HATC Portfolio with range of 1–3-bedroom units	*See Note for HATC
Falls Pointe	HATC	108	1970	HATC Portfolio with 1–2-bedroom units	*See Note for HATC
Lake Park	HATC	8	1969	2-bedroom units with income restrictions	*See Note for HATC
McKenna Lane	HATC	6	2010	3-bedroom units with income restrictions	*See Note for HATC
Spring Court	HATC	8	1979	2-bedroom units with income restrictions	*See Note for HATC
Trails End	HATC	8	1977	2-bedroom units with income restrictions	*See Note for HATC
Allen Orchard	HATC	28	2016	Paired homes; see Appendix A	*See case study in Appendix A
Sterling Pines*	HATC	24	2026 (1967)*	Older adults, split between less than 30% AMI and less than 50% AMI	Project funding also included RHC Opportunity Funding in addition to voucher utilization
Shepard's Grove	South Puget Sound Habitat for Humanity	5	2011	50–80% AMI ownership	Habitat funding model that features private donations
Tâlíčn	South Puget Sound Habitat for Humanity	28	2024 (Ongoing)	50–80% AMI ownership	Habitat funding model with RHC support
Homes First	Homes First!	-	Varies	<50% AMI	This nonprofit creates affordable housing for households earning 50% AMI or less in the region, with an

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Development	Developer/ Operator	# of Units	Year Built	Target Population	Funding Notes
					expanding portfolio in Tumwater
Union Gospel Mission	Union Gospel Mission	15	1950	<80% AMI	Units distributed across multiple sites. Primarily privately funded, with org's mission statements claiming they do not receive government funding
Total		**409**			

Source: City of Tumwater and NHPD
Notes: Units included in this table represent regulated affordable housing available to households at the AMI levels identified in the Target Population column. For properties in the HATC portfolio, units are generally available to households earning less than 80 percent AMI.
HATC has historically used a mixed-income portfolio approach to support local housing development. Some properties in its portfolio also receive additional funding support through Housing Choice Vouchers (HCVs) or regional capital funding.
Sterling Pines is a rehabilitation of the Tumwater Inn & Suites, originally built in 1967.
Total number of units may include market rate or other nonsubsidized units within a development that also contains subsidized affordable units.

Older market-rate apartments outnumber Tumwater's subsidized rentals but have no affordability protections.

Exhibit 5 captures Tumwater's income-restricted stock. These units have regulatory or financial mechanisms that restrict affordability for households at specified income levels. In contrast, a larger share of the city's lower-cost housing is naturally occurring affordable housing (NOAH). These are older apartments, manufactured homes, and small rentals that are affordable because of their age, condition, or other market factors. NOAH has no regulatory or financial mechanism currently to preserve affordability while income-restricted units do.

Building age is the clearest signal. CoStar, commercial real estate data and analytics platform, tracks 3,845 multi-unit rentals in Tumwater. The 788 units built before 1990 (20 percent of the inventory) ask $788–$1,366 per month on average, or 29–54 percent of AMI, compared with $1,835–$2,118 (68–79 percent of AMI) for properties built since 1990 (Exhibit 6).[7]

[7] AMI ranges presented here and in Exhibit 6 below represent weighted averages based on the CoStar data. CoStar data provides the number of units, unit mix, and asking rent per unit type. From this, we can calculate the weighted average AMI for each building and each unit type across properties, which results in an AMI range across unit types.

Exhibit 6: Tumwater Multifamily Rental Units and Asking Rents by Decade Built

Decade Built	Units	Share of Units	Avg. Asking Rent	Rent as % of AMI
1930s–1950s	12	0.3%	–	–
1960s	227	5.9%	$1,271	48%
1970s	386	10.0%	$1,366	54%
1980s	163	4.2%	$788	29%
1990s	1,152	30.0%	$1,835	68%
2000s	255	6.6%	$2,118	79%
2010s	288	7.5%	$1,947	72%
2020s	1,362	35.4%	$1,901	74%
Total	**3,845**	**100%**	**$1,811**	**69%**

Source: ECO analysis of CoStar multifamily data (2026); Washington State Housing Finance Commission, 2026 MTSP Rent Limits, Thurston County (eff. 5/1/26).
Notes: Average asking rent is a weighted average of property-level asking rents by unit mix for the 22 properties that reported rent data. The 1980's average is based on a single property and should be interpreted with caution. "Rent as % of AMI" compares asking rents with the rent considered affordable at 100 percent AMI for the corresponding bedroom size (e.g., $2,764 for a two-bedroom unit), weighted by unit mix. Decade totals include regulated affordable housing properties, including Falls Pointe (1970) and Sequoia Landing (2012). The 2020s category includes both existing properties and properties expected to be completed through 2027.

Of the 788 pre-1990 units, 128 are already owned by mission-driven providers (HATC's Falls Pointe and a Behavioral Health Resources property) and 225 are in two manufactured housing communities with resident ownership. The remaining 435 units in 15 privately owned properties are Tumwater's core NOAH apartment stock. 309 of these 435 units that report rents average about $1,390 per month (55 percent of AMI), roughly $520 less than market-rate properties built since 1990 (72 percent of AMI).

This stock is actively trading. Five of the 15 private properties (126 units) sold between 2020 and 2025 at $156,000–$273,000 per unit, including Suncrest Apartments (62 units, $9.9 million in 2021). Each sale is an opportunity to potentially reset rents.

Manufactured homes are the other major NOAH category and are already recognized in Policy H-3.4 (Exhibit 3). The 2025 Housing Element counted 1,161 mobile and manufactured homes in 2024, with about half in registered manufactured home park communities.[8] Tumwater also has a local preservation example: CoStar records the 2024 sale of Tumwater Mobile Estates (110 spaces) to a resident cooperative for $10.4 million, about $95,000 per space.

[8] City of Tumwater, "Housing Element: Part 2 — Technical Information," December 2025, https://www.ci.tumwater.wa.us/home/showpublisheddocument/27436/639021795270130000.

Older ownership housing is comparatively affordable as well. Of 7,909 residential parcels with a recorded year built, 2,324 (29 percent) predate 1980, including 220 small multiunit parcels. Single-unit homes built before 1960 sold for a median of $430,000 since 2023, 25 percent below the $570,000 median for homes built since 2010 (Exhibit 7).

Exhibit 7: Tumwater Residential Parcels, Assessed Values, and Sale Prices by Period Built

Period Built	Residential Parcels	Share of Parcels	Median Assessed Value (2026)	Median Single-Family Sale Price (2023–2026)
Pre-1960	1,093	13.8%	$417,500	$430,000
1960–1979	1,231	15.6%	$464,100	$475,000
1980–1999	1,876	23.7%	$497,150	$530,000
2000–2009	1,541	19.5%	$522,300	$540,000
2010 and later	2,168	27.4%	$529,700	$569,980
Total	**7,909**	**100%**	**$498,100**	**$535,500**

Source: ECO analysis of Thurston County Assessor parcel data (2026).
Notes: Includes single-family, condominium, small multiunit, and apartment parcels with a recorded year built; excludes 136 parcels with no year built, most of them apartment complexes. Sale prices reflect 915 arm's-length single-family sales over $50,000 recorded from January 2023 through February 2026. Assessed values are for the full parcel, so multiunit and apartment parcels may contain several homes.

Because NOAH is unsubsidized, preserving it calls for different tools than producing new units: acquisition financing, rehabilitation incentives, tenant protections, and notice or right-of-first-refusal policies. The RHC already funds related activities, including $1.1 million for acquisition of rental housing and $667,000 for critical home repair in 2026 (Exhibit 11), and acquisition-conversions can move quickly: Sandy's Flats in Olympia went from site identification to completed renovation in about seven months (see Appendix A). Purchasing existing units at recent sale prices of $156,000–$273,000 per unit may stretch local dollars further than new construction, but an action plan focused only on new production would leave Tumwater's largest source of lower-cost rental housing unprotected.

Regional Affordable Housing Landscape

The Regional Housing Council (RHC) operates as the primary lever for regional housing coordination. The RHC coordinates collective support in Thurston County around affordable housing development, housing stability, and reducing homelessness. Previous convening bodies to the RHC started in 2012, with Lacey, Olympia, and Tumwater agreeing to an Interlocal Agreement (ILA) that created the Health & Human Services Council (HHSC) in 2012. This council pooled public funding to address health and human services needs as well as supporting $1 million in annual capital investments in affordable housing development.

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RHC Overview

In 2014, a MOU between the HHSC and United Way created the Community Investment Partnership (CIP) to further work collectively regionally. Following the *Martin v. Boise* decision in 2018,[9] the three cities created an ad hoc committee to discuss homelessness and encampments. Following interest in an ILA to create a more formal regional approach, Lacey, Olympia, Tumwater, Yelm, and Thurston County dissolved the CIP and formed the RHC in 2021.

The RHC voting members are elected officials from the subject jurisdictions. The Thurston County Board of County Commissioners ultimately approves funding recommendations from the RHC, with County staff administering contracts and operations.

The RHC has two advisory boards: the Homeless Services Advisory Board (HSAB) and the Thurston Affordable Housing Advisory Board (TAHAB). Additionally, the Thurston County Lived Experience Housing Steering Committee (LEHSC) supports the boards and RHC through sharing lived experience perspectives on how to increase equitable outcomes and overcome situational barriers.

The two advisory boards as well as LEHSC call in subject matter experts to review and provide recommendations to the RHC. Involvement from representatives of service providers and those in the community with lived experience provides tangible connections to ongoing work of the RHC, removing direct RHC recommendations from those providing the services.

The RHC was designed to collectively leverage resources, but not to be the sole affordable housing conduit.

By pooling funds from various sources, the jurisdictions support collective housing goals and regional capacity through the County's administrative infrastructure. Throughout this iteration of a regional body, each jurisdiction has continued working on their own land use and zoning changes, development incentives, and approaches to facilitating affordable housing and homelessness support. While the RHC distributes collective resources and convenes elected officials to have conversations about their individual approaches, it does not set local land use policy for affordable housing across the region.

The RHC does not operate as a policymaking body, but rather acts as a space where elected officials can collectively recommend funding for housing and services and think through evolving challenges. The operating ILA allows subject jurisdictions to have public discussion on topics covering housing and homelessness as well as share ongoing work. Meetings often involve jurisdictional staff reporting on local-specific projects and services.

[9] The Supreme Court overturned this ruling in the 2024 case *Johnson v. Grants Pass*.

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RHC Funding

As a County-supported entity, the RHC has unique capacity to receive and provide different types of funding resources. It acts as the regional hub for State of Washington funds and has staff that supports distributing awards across homeless services and affordable housing contracts.

State sources provided 61 percent ($18.6M) of the RHC's $30.5M in 2026 funding, local sources 37 percent ($11.2M), and federal sources under 3 percent ($0.8M)

Exhibit 8 illustrates the total funds received for 2026 RHC operations from federal, state, and local sources:[10]

Exhibit 8: Overview of RHC Funding Sources for 2026 Distribution

Funding Source	Funding Amount	Funding Notes
Local Funding Total	**$11.2 Million**	**Combined local funding amount**
SSB 5386 (Document Recording Fee Revenue for Affordable Housing and Homelessness Services)	$1.9 Million	County-collected document recording fees
Health and Human Services Fund (HSF)	$0.4 Million	Local sales tax revenue of 0.5%
SHB 1406 (State-Shared Sales Tax for Affordable and Supportive Housing)	$0.9 Million	Retention of state-shared sales tax pooled regionally
HB 1590 (Local Sales and Use Tax for Affordable Housing and Related Services)	$8 Million	Combination of County and Olympia Home Funds; local sales tax revenue of additional 0.1%*
State Funding Total	**$18.6 Million**	**Combined state funding amount**
Consolidated Homeless Standard Grant (CHG)	$6.9 Million	Standard homelessness support funds from State of Washington
Housing and Essential Needs (HEN)	$3.9 Million	Funds meant for rental assistance and basic needs (component of CHG with dedicated funding)

[10] Regional Housing Council, "Meeting Packet: August 26, 2026," August 26, 2026, https://www.thurstoncountywa.gov/departments/public-health-and-social-services/social-services/office-housing-and-homeless/regional-housing-council#docaccess-0dcf45395933980ee8d88a12115a64b7.

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Funding Source	Funding Amount	Funding Notes
Homeless Prevention (HP, formerly EPRA)	$2.3 Million	Rental assistance to prevent homelessness (component of CHG with dedicated funding)
Encampment Resolution Program (ERP, formerly ROW Program)	$5.5 Million	Housing solutions for individuals and families living in state-owned rights of way (see notes)
Federal Funding Total	**$0.8 Million**	**Combined federal funding amount**
HOME Investment Partnerships Program	$0.8 Million	Affordable housing support
Total	**$30.5 Million**	

Source: Regional Housing Council
Notes: Funding percentages relate to 2026 allocations.
Approximately 26 percent of HB 1590 funding comes from Olympia's Home Fund, with the rest from businesses in Bucoda, Lacey, Rainer, Tumwater, Unincorporated Thurston County, and Yelm. See more on next page.
RHC has explored ways to support continued funding for ERP programs as it navigates uncertain budget shifts.
Total funding in table adds up to $30.6 million due to rounding, but RHC reported $30.5 million.

Tumwater also receives funds from Community Development Block Grants (CDBG) which are distributed by Thurston County. Tumwater receives CDBG allocations every other year; in 2026, the City distributed $728,886 in CDBG funds. Of those funds, approximately $596,389 (65 percent) went to housing projects.

Counties are lead grantees of Consolidated Homeless Standard Grant (CHG) funding from the State of Washington. Additionally, Thurston County receives funding related to the Local Home Fund and SSB 5386 directly, while local jurisdictions contribute their relative shares of HSF and SHB 1406 funds. The County incorporated its Home fund with Olympia's in 2023.

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THE LOCAL HOME FUND

This funding source (authorized by HB 1590) accounts for approximately 70 percent of locally generated revenue for the RHC.

The County combines its additional sales tax of 0.1 percent with the City of Olympia's, amounting to $8 million that primarily supports affordable housing development.

- **Olympia's contributions account for approximately 26 percent of that total, with the rest coming from businesses in Bucoda, Lacey, Rainier, Tumwater, Unincorporated Thurston County, and Yelm.**
- **Thurston County must use 60 percent of its funds on eligible capital expenditures and Olympia's contributions specifically support capital costs (e.g., constructing or acquiring affordable housing or behavioral health related facilities) that serve households earning less than 60 percent of AMI.**
- **Thurston County can use up to 30 percent to support housing-related services.**

The HSAB primarily makes recommendations on how to distribute CHG, HEN, HP, SSB 5386, Local Home Fund, and HSF funding. The TAHAB primarily makes recommendations utilizing Local Home Funds, SSB 5386 document recording fees, SHB 1406 sales tax, and federal HOME funds.

As presented in the August 26, 2026 RHC meeting packet, Tumwater directly accounted for roughly 0.5 percent ($138,694) of RHC funding ($30.5M) in 2026 through its HSF and SHB 1406 contributions. However, that number does not include sales tax contributions from Tumwater businesses through the County Home fund or programs Tumwater directly supports through discretionary funding.

Regional Provider Capacity

Meeting Tumwater's 2045 target requires about 228 units per year at or below 80 percent AMI.

Mission-driven housing developers and providers in the region include those listed in Exhibit 9. Many of these providers focus specifically on emergency, transitional, or permanent supportive housing with homeless services prioritized.

Exhibit 9: Selection of Regional Very Low-Income Housing Developers and Providers

Housing or Service Provider	Year Founded	Jurisdictions with Housing
Catholic Community Services	Mid 1900s	Whole County (HQ in Olympia)

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Housing or Service Provider	Year Founded	Jurisdictions with Housing
Community Youth Services	1970	Olympia (HQ and transitional housing)
Housing Authority of Thurston County (HATC)	1971*	Whole County (HQ in Olympia)
Interfaith Works	1974	Olympia (HQ and Shelter)
South Puget Sound Habitat for Humanity	1989	Lacey, Olympia (HQ), Yelm, and Tumwater
Homes First	1990	Whole County (HQ in Lacey)
Low Income Housing Institute (LIHI)	1991	Lacey and Olympia
Family Support Center of South Sound	1992	Olympia (HQ)
New Horizon Communities	2007	Olympia (HQ)

Source: ECO Summary of Interviews.
Notes: Organizations mentioned serve individuals across all jurisdictions, with the jurisdictions with housing column reflecting physical buildings with active housing or service operations.
HATC notes that it started buying and developing below market rate rental housing in the 1990s.
Catholic Community Services had different iterations throughout 1900s.

Many of these organizations have operated in Thurston County for decades, taking part in different iterations of the Regional Housing Council (RHC) and ensuring service delivery for a growing number of individuals over time. Additionally, most providers anchor their services in Olympia for geographic centrality and the ability to directly serve as many people as possible. Providers interviewed noted that Olympia has actively supported various developments and that they have found it easiest to tie in with other providers by locating there and building on collective work.

Interviewees acknowledged that the local housing and services community is small. Its size has helped establish interwoven partnerships and institutional organizations that provide vital contributions to ongoing work. While this size may present challenges in that local tensions can rise, it offers clear pathways to ensure informative communication and collaboration.

The scale of local affordable housing development is changing.

Recent affordable housing development in Olympia has seen developers based in Tacoma (Southport Financial Services) and Bellevue (DevCo LLC) identifying opportunities to build affordable housing without a direct service component. The former completed Lansdale Pointe in 2026—profiled in Appendix A—and the latter recently completed land acquisition to move forward with the development of 272 units.

Other affordable developments in Olympia have included MFTE utilization for local development teams. The Gibson (owned by a local developer through 505 Union Ave., LLC)

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delivered 64 units for households earning less than 80 percent of AMI and Old 99 (owned by Urban Olympia) is constructing a mixed-income building with 29 of 48 units as affordable. Additionally, the recently founded Thurston County Land Trust has begun exploring ways to support homeownership for households with low and moderate incomes.

Providers and jurisdictions both observed a lack of affordable housing provider capacity in the region for households earning less than 80 percent of AMI. These gaps often require a mix of federal, state, and local funding as well as incentives and staff support that are distinct from homeless services.

Regional funding typically represents a small portion of the total cost of developing new affordable housing but can be critical in leveraging additional financing.

Service providers, housing developers, and jurisdictional representatives interviewed noted that while all funding support contributes to project completion, the value of the amount the RHC can provide relates to its ability to unlock other funding sources. For example, Lansdale Pointe (see appendix for case study) received $2.65M in City and County Home funds plus about $2M in fee reductions, roughly $29,000 per unit, which helped unlock unallocated LIHTC bonds for 162 units. Funding support from the RHC helps signal regional priorities to other funding sources, such as the State of Washington's Housing Trust Fund.

The TAHAB provides recommendations to the RHC for annual funding through identifying a three-year capital "pipeline." Additionally, the RHC reserves 20 percent of annual funding for its Opportunity Fund, a funding reserve to provide support outside of the annual award process kickstarted in part by the Lansdale Pointe development process (see Appendix A). The three-year outlook via the capital pipeline allows the RHC to both understand how it might dedicate funding years in advance and invites new developments to explore the potential of receiving funding.

For example, the South Puget Sound Habitat for Humanity 3900 Boulevard project in Olympia—ultimately aiming to provide 112 affordable homes for ownership and profiled in Appendix A—allows the RHC to align when that project will need different support across phases. The project has also received Connecting Housing to Infrastructure (CHIP) funding, involved public land participation (the property belonged to the City of Olympia), and accessed housing incentives available to affordable housing developers in Olympia.

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Regional Barriers to Housing Production

Emerging development barriers have made it difficult to replicate existing regional housing models at scale.

Larger market barriers such as the rising cost of construction and interest rates have compounded other national and local trends, heightening difficulties in delivering new affordable and supportive housing. One interviewee spoke to how the value of LIHTC incentives have recently felt less valuable, with lower tax credit pricing making it less attractive for large investors to direct their resources to affordable housing. Another interviewee said the cost of pre-development actions has restricted them from pursuing new development.

Local permanent supportive housing projects have previously accessed Project-Based Vouchers through the Housing Authority of Thurston County (HATC), although HATC and interviewees confirmed that this resource cannot expand to future projects. Sandy's Flats—profiled in Appendix A—initially saw this lack of Project-Based Vouchers as a potential barrier, although Interfaith Works has found that the Encampment Resolution Program funding has offered opportunities for flexibility.

What is LIHTC?

The **Low-Income Housing Tax Credit (LIHTC)** program is a federal initiative established to encourage private investment in affordable housing. It provides an equity investment to affordable housing projects that commit to creating affordable housing for moderate to low-income households

LIHTC works by investors purchasing tax credits to offset their tax liability. The price an investor is willing to pay for those credits directly impacts how much equity a project can raise. Less equity means other funding sources are needed to make the project feasible.

In addition to development costs, other elements of housing services operations have increased overall costs. For example, one interviewee reflected on how the growing costs of insurance have led to one deeply embedded organization shifting away from development of new permanent supportive housing.

Another interviewee spoke to how developing tiny home villages has become almost unfeasible economically, with existing properties establishing themselves in vastly different circumstances than today's market realities. The provider considered the both the cost and amount of land required for a tiny home village as current barriers. Additionally, individual housing units are more difficult to finance and operate than for a multi-unit building. Carrying costs and insurance requirements have also elevated cost challenges in developments for non-profit entities.

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Expanded funding support for local affordable housing is limited.

In 2026, the RHC awarded approximately $27.9 million across homeless services, affordable housing, and the Encampment Resolution Program. Of this amount, approximately $7 million, or 25 percent, was awarded for affordable housing. The remaining 75 percent supported homeless services and encampment resolution.

Exhibit 10 summarizes the RHC's 2026 direct contract awards by funding category. As shown in Exhibit 10, affordable housing also accounted for only 7 of the 62 contracts awarded. Interviewees noted that service providers rely on other funding sources, including Medicaid and private donations, to address additional service need funding gaps.

Exhibit 10: 2026 RHC Direct Contract Awards Overview

Funding Category	Number of Organizations Funded	Total Contracts Awarded	Approximate Total Funding Awarded
Homeless Services	17	49	$15.6 Million
Affordable Housing	7	7	$7 Million
Encampment Resolution Program	5	6	$5.3 Million
Total	24	62	**$27.9 Million**

Source: RHC
Note: Total number of organizations funded is not a sum of the column because some organizations received funding across different categories.

The RHC also provided an overview of the different larger categories of activities it funds, shown in Exhibit 11.[11]

Exhibit 11: RHC Breakdown by Activities

Funding Category	Approximate Funding Awarded
Lived Experience Housing Steering Committee	$50K
Diversity, Equity, Inclusion, and Accessibility	$97K
Emergency Fund	$200K
Coordinated Entry/Diversion	$252K
Youth Transitional Housing	$259K
Hazardous & Cold Weather	$395K
Critical Home Repair	$667K
Rapid Re-Housing	$762K
Permanent Supportive Housing	$845K

[11] Regional Housing Council, "Meeting Packet: August 26, 2026," August 26, 2026, https://www.thurstoncountywa.gov/departments/public-health-and-social-services/social-services/office-housing-and-homeless/regional-housing-council#docaccess-0dcf45395933980ee8d88a12115a64b7.

Funding Category	Approximate Funding Awarded
Basic Needs	$1 Million
Acquisition for Rental Housing	$1.1 Million
Outreach & Case Management	$1.1 Million
Construction for Homeownership	$2.5 Million
Opportunity Fund*	$3.2 Million
Encampment Resolution Program	$5.3 Million
Rent Assistance	$5.8 Million
Emergency Shelter	$9.6 Million
Total	**$33.1 Million**

Source: RHC
Note: The Opportunity Fund total includes the balance from the previous year.
Note: Difference between contracts awarded and total funding relate to types of funding such as Opportunity Fund that reserves support for ongoing housing support as well as administrative costs.

Interviewees want to expand engagement with elected officials on the RHC.

Multiple interviewees spoke about some of the challenges with evolving representation on the RHC. While advisory boards include community members who work at organizations that have provided ongoing housing and services over time in the region, they considered the pace of turnover in who represents each jurisdiction on the RHC as a potential concern.

They felt that changes in RHC priorities over condensed periods of time could potentially introduce uncertainty for organizations that rely on consistent funding to provide services. Interviewees consistently spoke about wanting to engage with local elected officials to show them how regional support makes some housing and services possible.

At the staff level, jurisdictional representatives underlined wanting to continue working together and expanding on best practices to enable more affordable housing development in the region. These interviewees noted the importance of learning from one another and consistently sharing what has worked for them to build a foundation for replicable housing that meets the needs of the region.

A shifting housing landscape has led to providers focusing on where they know they can find success.

Housing providers are increasingly focusing on their core roles and expertise. As providers navigate a more strained funding landscape, they choose to focus on what they are best set up to do. One provider spoke to how their organization has veered away from directly developing housing because of shifting finance models and complicated regulatory landscapes that enable dedicated organizations to step into development. To overcome this,

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some support service oriented organizations partner with experienced housing developers to expand their capacity and serve more residents.

Local government policies and practices can affect the feasibility of affordable housing development. Developers and service providers interviewed for this study emphasized that local government actions can influence whether an affordable housing project is financially feasible. Housing developers identified the importance of predictable permitting processes, responsive City staff, and meaningful financial incentives as important considerations when deciding whether to pursue a project. One developer considering a project in Tumwater indicated that available incentives were either unclear or insufficient to meaningfully support potential affordable housing development. By comparison, the developer of Lansdale Pointe developer estimated that Olympia's fee reductions provided nearly $2 million for its 162-unit project (see Appendix A).

Conclusion

Tumwater has a clear policy commitment to affordable housing and an established seat at the Regional Housing Council, but its current tools are not scaled to meet its housing needs. The findings in this memo point to five takeaways for the action plan.

Tumwater's housing need far exceeds its current income-restricted stock. Of the 9,192 additional housing units Tumwater is projected to need between 2020 and 2045, 5,694 units, or 62 percent, are needed for households earning 80 percent of AMI or less. This represents an average need for approximately 228 additional units per year affordable to households within these income levels. In comparison, subsidized rental housing currently represents only about 2 percent of Tumwater's existing housing stock.

Tumwater has significant naturally occurring affordable housing, but its affordability is unprotected. Tumwater has approximately 435 apartments in 15 privately owned properties built before 1990. On average, rent in these properties are affordable to households earning approximately 55 percent of AMI. represents more units than the City's subsidized rental housing stock, but unlike income-restricted housing, these units have no mechanism to preserve their affordability over time. Five of these properties, representing 126 units), sold between 2020 and 2025. Preserving existing lower-cost rental housing may require different strategies than producing new affordable housing, including acquisition, rehabilitation assistance, and tenant protections.

Regional funding is an important source of leverage for affordable housing development, but it represents a limited share of available funding. Of the RHC's $27.9 million in 2026 contract awards, 25 percent ($7 million) was awarded to affordable housing, the remaining 75 percent supported homeless services and encampment resolution. Developers interviewed for this study indicated that RHC funding can also help projects compete for larger funding sources, such as the State Housing Trust Fund. Tumwater's participation in

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regional funding efforts therefore remains important, but regional resources alone are not sufficient to meet the City's affordable housing needs.

Local capacity and clarity determine where affordable housing gets built. Eight of the nine mission-driven providers active in the region are headquartered in Olympia, and none in Tumwater. Rising costs and limits on new Project-Based Vouchers make existing models harder to replicate. Developers consistently said they build where incentives are clear and staff actively support projects. One developer found Tumwater's incentives unclear or insufficient.

Olympia's recent projects show what active local support can accomplish. The case studies in Appendix A share a common thread of predictable permitting, meaningful fee reductions, staff advocacy, and quick action on opportunities:

- For Lansdale Pointe, $2.65 million in City and County Home funds, and nearly $2 million in fee reductions helped deliver 162 units.
- 3900 Boulevard used City-owned land to enable 112 ownership homes.
- Sandy's Flats moved from site identification to completed renovation in about seven months.

Together, these findings suggest Tumwater's action plan should work on four fronts:

- Clarify and strengthen local incentives and processes for new income-restricted housing.
- Develop a preservation strategy for its older, lower-cost rental stock.
- Continue to use its RHC participation to attract regional and state resources to projects in Tumwater.
- Work with the local development community to identify opportunities to help them build more capacity to become more active in Tumwater.

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Appendix A: Housing Case Study Profiles

This appendix profiles the four developments summarized in Exhibit 12. Each case study was selected for its representation of different approaches to developing and providing affordable housing to different populations with varying needs. Each case study describes the development's defining features, what enabled its outcomes, and considerations for Tumwater.

Housing Case Studies

We highlight four regional case studies that illustrate different levels of jurisdictional involvement, development models, and housing types. Together, they show how the development landscape has changed over time and how individual projects have addressed financing, permitting, partnerships, and service needs. The case studies focus on developments in Olympia and Tumwater because they offer locally relevant examples for Tumwater's action plan.

As a part of collecting this information, we spoke with four people involved in these developments. Exhibit 12 summarizes the four developments, and Appendix A provides a detailed profile of each.

Exhibit 12: Case Study Summaries

Housing Development	# of Units	Populations Served	Relevant Notes
Allen Orchard (HATC) in Tumwater	24	5 families in school district experiencing homelessness, 7 households earning <60% AMI, 12 households earning <80% AMI	Unique partnership with school district that reflects the changes in development landscape over past decade; Funding from HATC's earned income and tax-exempt bonds, with operation support from Housing Choice Vouchers
Lansdale Pointe (Southport Financial Services) in Olympia	162	Households earning <60% AMI (1–3-bedroom units)	City support spurred creation of RHC Opportunity Fund and developer spoke to importance of Olympia's fee support; Funding from 4% LIHTC, public commitments, and fee support

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Housing Development	# of Units	Populations Served	Relevant Notes
3900 Boulevard (South Puget Sound Habitat for Humanity) in Olympia	112	Households earning between 30–80% AMI	Homeownership development with public land participation and support in state funding applications; Funding from Habitat, CHIP, and RHC, with Olympia staff advocacy support
Sandy's Flats (Interfaith Works) in Olympia	26	Permanent Supportive Housing	Conversion of former Olympia Inn with quick response to State funding opportunity; Funding from IW and Encampment Resolution Program

Source: ECO evaluation

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Allen Orchard (Tumwater)[12]

The Housing Authority of Thurston County (HATC) completed Allen Orchard in 2017, working with the Tumwater School District to create a mixed-income community of 24 paired homes offering a unique eligibility structure. HATC reserves five of these units for families in the school district experiencing homelessness, seven units for households earning up to 60 percent of AMI, and the remaining 12 for households earning up to 80 percent of AMI. The development is located directly across the street from Peter G. Schmidt Elementary School.

Exhibit A-1: Allen Orchard Twin Homes



Source: Google Street View

DEFINING FEATURES

The primary element of this development is the prioritization of five families experiencing homelessness in the Tumwater School District. Families in these units receive Housing Choice Vouchers (HCVs) that support their ability to remain housed. By receiving HCVs, families have also qualified for dedicated service support.

Seven of the units are available to households earning 60 percent of AMI, with an emphasis on trying to find school district employees to fill those units. While district employees do not always live there, HATC works with the district to see if qualifying employees have interest. The remaining 12 units are available for households earning 80 percent of AMI.

HATC aims to have mixed-income communities in their portfolio, when possible, both from an idealistic and funding perspective. On the one hand, it sees the value in bolstering

[12] Sources for this case study include: Interview with HATC staff; Sayler, Zoe, "Tumwater School to House Families in Need: 'It's gonna be really nice to have our own place," The Olympian, August 26, 2017; Housing Authority of Thurston County, "Allen Orchard," April 23, 2020, https://hatc.org/properties/allen-orchard/.

communities with a mix of incomes to create unique relationships and intrinsic value, while rental incomes from units at 80 percent AMI help support financing HATC's entire portfolio.

WHAT ENABLED OUTCOMES

HATC takes on multiple roles in Thurston County: developer, facilitator, and supporter. It continues to work on new developments (e.g., Sterling Pines and McClanahan Village) while some permanent supportive housing projects in the County rely on Project Based Vouchers for service operation.

CONSIDERATIONS

Allen Orchard represents how a shifting development environment can change the types of housing that developers have the capacity to build. HATC funded the development of Allen Orchard through its own resources and utilization of tax-exempt bonding. In speaking about this development, representatives reflected that this finance structure has become more challenging because the cost of construction continues increasing. Additionally, sustainable funding for ongoing supportive services is uncertain.

Available housing opportunities across from schools are not necessarily common. This project is a unique confluence of housing goals, while also highlighting how much local development contexts have changed in the past decade.

Lansdale Pointe (Olympia)[13]

Southport Financial Services completed Lansdale Pointe in 2026 in Olympia, with 162 units of varying sizes for households earning 60 percent of AMI or below. Southport is a developer based in Tacoma that builds affordable housing across the country primarily through Low Income Housing Tax Credits (LIHTC). This project received matching grants from Olympia and Thurston County as well as utilized a number of development incentives for affordable housing through Olympia's available options. This project also helped spark the RHC's Opportunity Fund—a fund to financially support out-of-cycle housing projects—since the project was seeking financial support outside of the annual award cycle.

[13] Sources for this case study include: Interview with Southport Financial Services representative and information provided by City of Olympia staff.

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Exhibit A-2: Lansdale Pointe Apartments



Source: City of Olympia

DEFINING FEATURES

Southport typically utilizes LIHTC financing for development, with this development following that model. In pursuing 4 percent LIHTC financing, Southport follows Qualifying Census Tracts (QCTs) to identify funding alignment during an eligibility period. As it relates to the Opportunity Fund, this request found the need to ask for out-of-cycle funding because the subject tract might have transitioned to no longer being a QCT (it was not included in the 2026 list of QCTs). While Tumwater had a QCT in 2025, it did not in 2026.

This development does not have ongoing service operations. It is an example of a larger and recent affordable project that found success in some regional financial support with elevated assistance through City staff, identifying it as a priority to advocate on its behalf.

WHAT ENABLED OUTCOMES

A representative for this project underlined how important Olympia staff and the City's affordable housing incentives proved to the ultimate construction. Underlining this value, they spoke to how this project—a relatively large affordable housing addition in context with contextual development—did not receive the largest amount of regional funding support to deliver that number of units. In organizing funding for this project, the developer received a total of $2.65 million from the County and City ($1.325 million from each Home fund before the jurisdictions combined Home funds) to acquire the land and permit fees. This support also bolstered Southport to receive unallocated LIHTC bonds.

The developer representative noted that Olympia's affordable housing incentives make it a place where they seek out development opportunities. This project received 80 percent exemption of park, school, and transportation impact fees as well as 50 percent exemption of general facility charges and LOTT Clean Water Alliance capacity development charges. Anecdotally, the developer representative valued the difference in these fees near $2 million for this size of project.

Related to staff participation, the developer representative mentioned that Olympia housing staff helped champion the development. For example, staff advocated for precedent consideration of how to review right-of-way requirements in context with previous projects. Additionally, the City's expedited review process for affordable housing developments supported a predictable process to navigate, with most relevant approvals provided by-right.

CONSIDERATIONS

Clear and concise information about development incentives and staff participation in affordable housing can help developers overcome roadblocks. The availability of different development incentives and the ability of staff to walk the developer through them drew Southport to developing in Olympia. Additionally, staff advocacy at different stages of the process—permit applications, City and County funding decisions, and LIHTC distribution—made the financing of this development possible. The developer representative underlined the awareness of available funding opportunities and effort from Olympia staff as a project driver.

3900 Boulevard South Puget Sound Habitat for Humanity (Olympia)[14]

The 3900 Boulevard development is currently under construction, set for phased completion that will eventually see 112 townhomes envisioned for ownership by households earning less than 80 percent of AMI. Phase One—aiming to open in 2027—will include about 36 homes.

[14] Sources for this case study include: Information from City of Olympia staff; South Puget Sound Habitat for Humanity, "Boulevard Development – Olympia," Accessed August 27, 2026, https://www.spshabitat.org/what-we-do/under-construction/boulevard/; and City of Olympia, "3900 Boulevard," Accessed August 27, 2026, https://www.olympiawa.gov/info/construction_in_olympia/3900_boulevard.php.

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Situated in Olympia, it has received City and RHC support as well as State of Washington Connecting Housing to Infrastructure Program (CHIP) funding. This project reflects an example of new affordable ownership housing that has accessed an array of different finance and administrative support mechanisms.

Exhibit A-3: 3900 Boulevard Rendering of 2-Story Townhomes



Source: South Puget Sound Habitat for Humanity

DEFINING FEATURES

The City of Olympia sold this land to South Puget Sound Habitat for Humanity after completing an RFP process, facilitating this development that responds to a number of City goals (e.g., affordable homeownership and access to public open space). This 10-acre site is a part of a larger area (approximately 150 acres) that the City purchased in 2016 to preserve the LBA Woods in response to public concerns over housing development across the entire site. When the City made this purchase, it established this portion of the site as one to facilitate housing on.

The 10-acre site is adjacent to the LBA Woods, preserving access to the open space through newly constructed pathways. Portions of it are in FEMA's 100-year floodplain, requiring additional considerations for permitting.

WHAT ENABLED OUTCOMES

Olympia's land participation and continued support helped this project materialize. The foundation of this project started with the City intervening to purchase land in 2016 in response to public sentiment. This action led to an opportunity to preserve open space and contribute to a housing development that residents supported.

In addition to a discounted land sale, the City has provided specialized staff and City Manager assistance, priority permitting, and development fee support. Those exemptions include 80 percent park and transportation fee exemptions, 8 percent LOTT capacity development charges, and 50 percent exemption of general facility charges.

Beyond this assistance, the RHC has committed financial support over multiple years to this project and regional support resulted in receiving a CHIP award of $2 million. City staff advocated on behalf of this project at the State level, reflecting consistent staff advocacy for new affordable housing.

CONSIDERATIONS

Facilitating affordable homeownership opportunities presents unique challenges and only a select number of providers are able to finance developments. South Puget Sound Habitat for Humanity and Thurston Housing Land Trust are the two main organizations actively working to support this type of development.

The 3900 Boulevard development is the largest proposed site in this area for affordable homeownership. The 112 homes would be four times the number of Tâlíčn in Tumwater (28 homes) and five times the number of homes in Mill Crossing in Yelm (22 homes). South Puget Sound Habitat for Humanity has built 94 affordable homes in Thurston County (in addition to repairing 100 homes), meaning 3900 Boulevard would be more than the previous developments combined.

This scale of ownership relies on active public participation strategies to enable development. Active staff support and advocacy as well as comprehensive financial assistance helped make this project possible.

Sandy's Flats (Olympia)[15]

Sandy's Flats is a 26-unit Single Room Occupancy (SRO) permanent supportive housing development that operates in the converted Olympia Inn in central Olympia. Interfaith Works (IW) championed (and operates) this project with support from the State of Washington's Encampment Resolution Program (ERP). The conversion of this property took place in a relatively fast timeframe. After identifying this property with the City of Olympia as a

[15] Sources for this case study include: Interview with Interfaith Works staff; Interfaith Works, "Sandy's Flats: Program Report," 2025, https://heyzine.com/flip-book/cfea1052e9.html#page/1.

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potential option in November 2023, IW was able to work on closing that same winter, coordinate rehabilitation of units, and finish those renovations in June 2024.

Exhibit A-4: Sandy's Flats Conversion



Source: Interfaith Works

DEFINING FEATURES

Conversion of a former short-term occupancy building maintained some of the space's core features, meaning units have their own shower and tub, but share a common kitchen and community room. Conversions of existing buildings require working within a set framework and having limited opportunities to deviate from that foundation. IW had a consistent construction partner (Walsh Construction Co.) that was able to finish renovations on a particularly tight timeline, bringing units into compliance through a shared understanding between multiple partners. IW also used an owner's representative to manage the process.

IW does not receive Project-Based Vouchers to provide permanent supportive housing in this location. Rather, it receives ongoing ERP funding support and additional Department of Commerce funding for PSH. While at first it seemed like a challenge for IW to operate with Project-Based Vouchers, staff noted it has allowed for some flexibility in their service.

As the project operates in a converted building, IW elected to reserve more for repairs and ongoing maintenance than what the State's Housing Trust Fund would typically require of

new buildings. These additional reserves have allowed for IW to continue addressing ongoing maintenance of the building and make improvements for residents.

WHAT ENABLED OUTCOMES

IW underlined how the City of Olympia helped ensure project success by organizing local support around it. The City approached IW to site a new PSH development and continued to provide neighborhood engagement alongside Thurston County representatives. Notably, IW staff spoke to remembering both administrative staff as well as members of the City's police department attending a neighborhood meeting to provide confident assurances that the conversion to PSH would support the City.

The residents in Sandy's Flats had been involved in ongoing IW programs. This familiarity with individuals allowed the organization to create an intentional community with shared values and standards in a condensed timeframe. Other interviewees for this report spoke about the importance of creating new communities in collaboration with future residents to best understand needs and values of those living who ultimately live in the building.

IW has an established presence in the community and local support combined with State resources helped enable its realization. IW staff noted how important continuity is for residents. For them, in order to offer consistent service, they need to know that a jurisdiction will be in support of a project as a community asset over a long period of time.

CONSIDERATIONS

Funding for PSH operations is evolving, and Sandy's Flats reflects an opportunity to reenvision how it happens locally, while also underlining long-term uncertainties. IW was able to secure State funding support for ongoing operations, with an awareness that State and federal funding availability may generally be shifting.

The City of Olympia has engaged IW on multiple occasions as a partner it trusts to provide services it deems critical. With this conversion happening on a fast timeline, multiple levels of City support made it possible to gain community backing and move forward. Having identified partnerships and confidence in service operations helped ensure project success.

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