

TO: City Council
FROM: Brad Medrud, Deputy Community Development Director
DATE: February 18, 2025
SUBJECT: First Amendment to Service Provider Agreement with the Housing Authority of Thurston County for Tumwater Inn – Affordable Senior Housing

1) Recommended Action:

Approve the First Amendment to Service Provider Agreement with the Housing Authority of Thurston County for Tumwater Inn – Affordable Senior Housing and authorize the Mayor to sign, as recommended by the General Government Committee at their February 18, 2025, meeting.

2) Background:

The Housing Authority of Thurston County (HATC) entered an agreement to buy the Tumwater Inn and Suites on January 10, 2023. An application for Rapid Capital Housing Acquisition Round II under NOFA #MHU-2022-06 was submitted on January 12, 2023, to the Washington State Department of Commerce to acquire and renovate the Tumwater Inn at 5895 Capital Blvd SW and 111 SW West T Street in Tumwater. The application required a match commitment of five percent in order to be successful and the City of Tumwater agreed to provide \$275,000 to help the HATC meet the match requirement.

The HATC application to Commerce was accepted and was eventually awarded \$7,900,000 of Rapid Capital Housing Acquisition funds. The total project is budgeted to cost \$8,492,850 for acquisition and renovation to bring the property up to current codes and provide 24 affordable permanent housing units for seniors that are at or below 50% of Area Median Income (AMI). Half of the units will be priced to be affordable at 30% of AMI and half at 50% of AMI.

The City and the HATC signed a Service Provider Agreement on July 24, 2023, that allocated \$75,000 of the City's \$275,000 commitment for asbestos, lead, mold, and meth testing and mitigation and \$200,000 for relocation assistance.

The First Amendment to the Service Provider Agreement would reallocate the funds as follows: \$208,390.75 for Asbestos, lead, mold and meth testing and mitigation of the \$275,000 and \$66,609.25 for relocation assistance, which has been completed.

The General Government Committee discussed the First Amendment to Service Provider Agreement with HATC for Tumwater Inn – Affordable Senior Housing at their February 18, 2025, meeting and recommended that it be placed on the City Council's February 18, 2025, consent agenda for approval.

3) Policy Support:

Strategic Priorities and Goals 2025 – 2026: Build a Community Recognized for Quality, Compassion, and Humanity – Implement the Tumwater Housing Action Plan.

4) Alternatives:

None.

5) Fiscal Notes:

This is an internally funded work program task.

6) Attachment:

- A. First Amendment to Service Provider Agreement with the Housing Authority of Thurston County for Tumwater Inn – Affordable Senior Housing