# Lacey City Council Worksession Agenda

Refer to the bottom of the agenda for meeting information.

| Tuesday, July 22, 2025 | 6:00 PM | Council Chambers and Online |
|---|---|---|

1. **Call to Order**
2. **Roll Call**
3. **Land Acknowledgement**
   We, the City of Lacey, are on the ancestral land of the Tribal People of the Treaty of Medicine Creek, including the Nisqually Indian Tribe and Squaxin Island Tribe. We acknowledge and remember those Tribal People not recognized today who were absorbed or relocated into other tribes for survival. We recognize the ancestors and their descendants who are still here. We recognize and respect the Tribal People of the Treaty of Medicine Creek as the traditional stewards of this land since time immemorial and their role today in taking care of these lands in perpetuity. We recognize and have the responsibility to call attention to the histories of dispossession, forced removal, and abridged treaty rights that allowed our nation, state, and city to develop as they have today. We recommend that community members read the Medicine Creek Treaty of 1854.
4. **Approval of the Agenda**
5. **Public Comment**
   Refer to the bottom of the agenda for instructions on how to provide public comment.
6. **Agenda Items**
   A. **2025 Human Services Grant Program Awards**
   Michelle Chavez, Human Services Coordinator
   B. **Community Development Block Grant (CDBG) Consolidated Plan and Annual Action Plan Review**
   Michelle Chavez, Human Services Coordinator
   C. **Interlocal Agreement: Thurston County District Court - Violations Bureau**
   Troy Woo, Finance Director
   Kristy Wolf, Financial Services Manager
   D. **Disposition of Surplus City Owned Property**
   Vanessa Dolbee, Community and Economic Development Director
7. **Executive Session**

A. City Manager Review RCW 42.30.110(1)(g)

**8. Adjourn**

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## Meeting Information:

### Attendance (Remote or In-Person)

The public may attend the meeting in-person, or you may view or listen to the meeting using one of the following platforms:

| | |
|---|---|
| In-Person: | Council Chambers at Lacey City Hall<br>420 College Street SE, Lacey, WA 98503 |
| Zoom: | https://us02web.zoom.us/webinar/register/WN_PgG-3HdZSPCkwTps-sk2Hw |
| Website: | https://cityoflacey.org/government/public-meetings/ |
| Facebook: | https://www.facebook.com/cityoflacey |
| YouTube: | https://www.youtube.com/watch?v=Q8CE8JESEu0 |
| Phone: | (888) 788-0099 or (877) 853-5247 (Webinar ID 838 7121 1174) |

### Verbal Public Comment

Each speaker is limited to three minutes. Comments are welcome on matters connected to City business or specific agenda items. **Ballot measure endorsements (in support or opposition) are not allowed during Public Comment. This includes comments on candidates or the Lacey Metropolitan Park District (RCW 42.17A.555).**

Prior to starting your comments, please provide your:

a. Name
b. City of residence or connection to the City
c. Topic or subject matter of your comments

Those wishing to provide verbal public comment may do so in-person or by Zoom:

| | |
|---|---|
| In-Person: | Use the sign-up sheet located in the Council Chambers. |
| Zoom: | Preregister using the following Zoom link no later than two hours prior to the meeting:<br>https://us02web.zoom.us/webinar/register/WN_PgG-3HdZSPCkwTps-sk2Hw<br><br>Instructions and access details will be provided once registration is complete. |

### Written Public Comment

Public comments may also be submitted by email to PublicComment@cityoflacey.org. The commenting period will close two hours before the meeting time. Written comments will be provided to the City Council electronically prior to the meeting. Comments will not be addressed during the Council meeting; however, comments received will be added to the official record.

**LACEY CITY COUNCIL WORKSESSION**
**JULY 22, 2025**

| | |
|---|---|
| **SUBJECT:** | **2025 Human Services Grant Program Award** |
| **RECOMMENDATION:** | **Motion to approve awarding 2025 Human Services Grant Program funding as recommended by the Human Services Commission.**<br><br>**Human Services Commission Recommendation:**<br><br>• **Scores above 95 are awarded 60% or $30,000 or the total requested by the applicant, whichever is less**<br><br>• **Scores 90 to 95 are awarded 46% or $23,125.** |
| **STAFF CONTACT**: | Rick Walk, City Manager RW<br>Shannon Kelley-Fong, Assistant City Manager SKF<br>Michelle Chavez, Human Services Coordinator mjc |
| **ORIGINATED BY**: | City Manager's Department |
| **ATTACHMENTS**: | 1.2025 HSGP Grant Budget Options Summary |
| **FISCAL NOTE:** | 2025 budget includes $300,000 for the Human Services Grant Program. |
| **PRIOR REVIEW**: | Human Services Workgroup – November 7, 2024<br>Human Services Workgroup – December 5, 2024<br>Human Services Commission – February 6, 2025<br>Human Services Commission – April 3, 2025<br>City Council Worksession - April 22, 2025<br><br>Human Services Commission June 5, 2025<br>Human Services Commission June 26, 2025<br>Human Services Commission July 10, 2025 |
| **HSC REC:** | Same as Recommendation above. |
| **WORK PLAN GOAL: AND STRATEGY** | Vibrant Place to Live, Work and Play<br>D. Finalize Homeless Response Plan and Enhance Social Services |

An Engaged Community
L. Enhance Communication and Engagement Efforts

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**BACKGROUND:** General information on the City of Lacey's (City) Human Services can be accessed here: https://cityoflacey.org/human-services/.

The 2025 Human Services Grant Program (HSGP) applications were open from April 28 to May 23, 2025, and an application workshop was held on May 8, 2025.

The City received 21 applications from 21 agencies for a total request of $848,034. One for-profit agency applied but was not eligible. Additionally, one non-profit withdrew from the program, leaving 20 active applications from 20 non-profit agencies.

All 20 applications were for service-based programs, an increase of five additional applications from 2024. The City did not receive any applications for capital projects (brick-and-mortar). The final request was $841,761 for a funding allocation of $300,000.

Of the three priority areas for funding:

> **5 applicants emphasized housing**: expanding and upgrading affordable housing programs, emergency rental assistance, housing education, creating and maintaining supportive housing services.
>
> **4 applicants emphasized survival:** access to food, water, shelter, sleep, clothing.
>
> **2 applicants emphasized security:** job training and placement, mental and physical health care, drug and alcohol recovery, support in times of personal and family crisis, transportation.
>
> **9 applicants emphasized** a combination of multiple priority areas.

On June 5, 2025, all applicants presented to the Human Services Commission (HSC) regarding their programs and projects. Presenters were given five (5) minutes per application to present. After the presentation, Commission members were able to ask questions, see here.

Commissioners reviewed all 20 applications and completed a scoring rubric for each one. A scoring summary is listed in **Table 1**.

## Table 1. Application Score Summary

| | Agency | Project | | Reviewers | |
|---|---|---|---|---|---|
| | Application Scores 2025 | | Funding Requested | Average Score Per Agency | Total |
| 1 | North Thurston Education Foundation | Student Assistance Grants Program | $50,000.00 | 97.0625 | 776.5 |
| 2 | Interfaith Works | Sergios Service Center | $50,000.00 | 96.125 | 769 |
| 3 | Boys and Girls Club of Thurston County | Scholarships for NTPS students experiencing homelessness | $25,000.00 | 95.375 | 763 |
| 4 | CIELO | Lacey Housing Stability and Advocacy Initiative | $50,000.00 | 95 | 760 |
| 5 | Community Action Council | Lacey Housing Services | $50,000.00 | 94.75 | 758 |
| 6 | Community Youth Services | Haven House | $50,000.00 | 94.75 | 758 |
| 7 | Together | Host Homes | $50,000.00 | 93.625 | 749 |
| 8 | All Kids win FKA Homeless Backpacks | Weekend Food Bags | $50,000.00 | 93.0625 | 744.5 |
| 9 | Rebuilding Together Thurston County | Critical Home Repair | $50,000.00 | 93 | 744 |
| 10 | Senior Services for South Sound | Home Share Program | $50,000.00 | 91.875 | 735 |
| 11 | Homes First | Increasing the Pace of Homes First's Affordable Housing Development | $50,000.00 | 91.0625 | 728.5 |
| 12 | South Puget Sound Habitat for Humanity | Home Repair Program | $50,000.00 | 91.0625 | 728.5 |
| 13 | 4 the Love Foundation | Basic Needs Support Services | $50,000.00 | 89.875 | 719 |
| 14 | Garden Raised Bounty | Youth Build Free Backyard Gardens for Lacey Residents | $20,076.00 | 89.75 | 718 |
| 15 | Strophy Foundation | Gratitude and Grace Sober Living Home | $40,699.00 | 89.25 | 714 |
| 16 | Our Ark | Place of Safety and Home | $50,000.00 | 89.125 | 713 |
| 17 | World Relief | Refugee and Immigrant Housing Stability Program | $50,000.00 | 85.25 | 682 |
| 18 | YWCA Olympia | Kathleen's Closet | $36,275.00 | 84.5 | 676 |
| 19 | Thurston County Inclusion | Summer Program | $12,710.75 | 82.25 | 658 |
| 20 | Oly Camp Kitties | Spay/Neuter Program | $7,000.00 | 81.125 | 649 |

**HSC RECOMMENDATION:** Over two meetings (June 26, 2025, and July 10, 2025), the HSC reviewed eleven (11) HSGP funding options and discussed the opportunities and challenges of the options. The Commissioners discussed whether to fund all or some of the agencies, the size and capacity of agencies, HSGP funding restrictions, how the applications aligned with the HSGP priority areas, and more.

In these discussions, the HSC deliberated on two different broad types of funding approaches:

1) Spread some funding to all applicants; or

2) Focusing funding on select, higher-scoring applicants.

**Table 2** summarizes the opportunities and challenges discussed with both approaches.

| **Table 2** | | |
|---|---|---|
| **2025 HSGP Funding Approaches: Opportunities and Challenges** | | |
| **Approach** | **Opportunities** | **Challenges** |
| **Spread some funding to all applicants** | • May promote more inclusivity and broader access<br>• May give opportunities to emerging groups; May encourage innovation<br>• May encourage greater stakeholder engagement | • May dilute or minimize the overall impact<br>• Limited funding per applicant<br>• May increase administrative burden, more entities funded may mean less money for programming |
| **Focus on select, high-potential applicants** | • May enable stronger outcomes and measurable results<br>• Potential for higher return on investment<br>• May decrease overall spending on administration and increase funding for programming | • May overlook emerging services<br>• May reinforce potential concerns about bias or accessibility<br>• May reduce opportunities for emerging programs and innovation |

Based on the first meeting, Staff modified and added additional funding options for the HSC to consider during the July 10 meeting.

After significant deliberation, the HSC unanimously agreed on the final recommendation and also expressed interest in continuing to review adjustments to the HSGP after this funding cycle.

The HSC recommended awarding 2025 HSGP grants as indicated in **Option 11** in **Table 3: HSGP Funding Options**

- Scores above 95 = 60% of the request, $30,000 or the total requested by the applicant, whichever is less.
- Scores 90 to 95 = 46% or $23,125

| **Table 3: HSGP Funding Options** | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Scenarios** | | | | | | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| Equal funding across all agencies ($15,000) or ask whatever is less | Equal Partial funding for scores above 90 ($25,000) This method was used in 2024 | Percentile (65% 95+ Score,33% 90-95 Score,16% Score 80-90) | Top Scores Only – Full Award | Priority Project Area (Housing Example) | $22,000 to top scores (90+) $9,000 to next four agencies. | Percentile (66% 95+ Score,33% 90-95 Score,16.5% Score 80-90) | Percentile (75% 95+ Score,37.5% 90-95 Score,18.75% Score 80- 90) | Percentile (70% 95+ Score,35% 90-95 Score,17.5% Score 80-90) | Percentile (80% 95+ Score,40% 90-95 Score) Not recommended because bottom two scores are equal and awards differ | **HSC REC**: Percentile (60% 95+ and 46% 90+) |
| **#of agencies funded** | | | | | | | | | | |
| 20 | 12 | 16 | 7 | 12 | 16 | 20 | 14 | 17 | 12 | 12 |

**NEXT STEPS:**

**Option 1:** Motion to approve awarding 2025 Human Services Grant Program funding as recommended by the Human Services Commission.

Human Services Commission Recommendation:

- Scores above 95 are awarded 60% or $30,000 or the total requested by the applicant, whichever is less

- Scores 90 to 95 are awarded 46% or $23,125.

**Option 2:** Do not approve the motion to award 2025 Human Services Grant Program Funding as recommended by the HSC.

**Option 3**: Provide direction to City staff on other elements to consider in regards to this issue. After further diligence on these elements, City Staff would then return to the Lacey City Council to review.

**Option 4:** Some other option not contemplated in the above options

2025 HSGP Funding Options Reviewed by HSC

| Agency Name | Program /Project Name | Funding Requested | Option 1 90+ Score (Equal Funding) | Option 2 ($22k and 9K) | Option 3 Percentile (65, 35, 16) | Option 4 Percentile (75,37.5, 18.75) | Option 5 Percentile (70,35, 17.5) | Option 6 Percentile (80,40,20) | Option 7 Updated Percentile (66, 33, 16.5 ) | Option 8 Percentile (75,37.5, 18.75) | Option 9 Percentile (70,35, 17.5) | Option 10 Percentile (80,40,20) | HSC REC: Option 11 $30K and $23.1K |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **North Thurston Education Foundation** | Student Assistance Grants Program | $50,000 | $25,000 | $22,000 | $32,500 | $37,500 | $35,000 | $40,000 | $33,000 | $37,500 | $35,000 | $40,000 | $30,000 |
| **Interfaith Works** | Sergios Service Center | $50,000 | $25,000 | $22,000 | $32,500 | $37,500 | $35,000 | $40,000 | $33,000 | $37,500 | $35,000 | $40,000 | $30,000 |
| **Boys & Girls Clubs of Thurston County** | Scholarships for NTPS students experiencing homelessness | $25,000 | $25,000 | $22,000 | $25,000 | $25,000 | $25,000 | $25,000 | $25,000 | $25,000 | $25,000 | $25,000 | $25,000 |
| **CIELO** | Lacey Housing Stability and Advocacy Initiative | $50,000 | $25,000 | $22,000 | $32,500 | $37,500 | $35,000 | $40,000 | $33,000 | $37,500 | $35,000 | $40,000 | $30,000 |
| **Community Action Council of Lewis, Mason, & Thurston County** | Lacey Housing Services | $50,000 | $25,000 | $22,000 | $16,250 | $18,750 | $17,500 | $20,000 | $16,500 | $18,750 | $17,500 | $20,000 | $23,125 |
| **Community Youth Services** | Haven House | $50,000 | $25,000 | $22,000 | $16,250 | $18,750 | $17,500 | $20,000 | $16,500 | $18,750 | $17,500 | $20,000 | $23,125 |
| **TOGETHER!** | Host Homes | $50,000 | $25,000 | $22,000 | $16,250 | $18,750 | $17,500 | $20,000 | $16,500 | $18,750 | $17,500 | $20,000 | $23,125 |
| **All Kids Win FKA Homeless Backpacks** | Weekend Food Bags | $50,000 | $25,000 | $22,000 | $16,250 | $18,750 | $17,500 | $20,000 | $16,500 | $18,750 | $17,500 | $20,000 | $23,125 |
| **Rebuilding Together Thurston County** | Critical Home Repair | $50,000 | $25,000 | $22,000 | $16,250 | $18,750 | $17,500 | $20,000 | $16,500 | $18,750 | $17,500 | $20,000 | $23,125 |
| **Senior Services for South Sound** | Home Share Program | $50,000 | $25,000 | $22,000 | $16,250 | $18,750 | $17,500 | $20,000 | $16,500 | $18,750 | $17,500 | $20,000 | $23,125 |
| **Homes First** | Increasing the Pace of Homes First's Affordable Housing Development | $50,000 | $25,000 | $22,000 | $16,250 | $18,750 | $17,500 | $20,000 | $16,500 | $18,750 | $17,500 | $20,000 | $23,125 |
| **South Puget Sound Habitat for Humanity** | Home Repair Program | $50,000 | $25,000 | $22,000 | $16,250 | $18,750 | $17,500 | $15,000 | $16,500 | $18,750 | $17,500 | $15,000 | $23,125 |
| **4 the Love Foundation** | Basic Needs Support Services | $50,000 | | $9,000 | $8,000 | $9,375 | $8,750 | | $8,250 | $9,375 | $8,750 | | |
| **Garden-Raised Bounty** | Youth Build Free Backyard Gardens for Lacey Residents | $20,076 | | $9,000 | $3,212 | $3,125 | $3,513 | | $3,313 | $3,125 | $3,513 | | |
| **Strophy Foundation** | Gratitude and Grace Sober Living Home | $40,699 | | $9,000 | $6,512 | | $7,122 | | $6,715 | | $7,122 | | |
| **Our Ark** | Place of Safety and Home | $50,000 | | $9,000 | $8,000 | | $8,750 | | $8,250 | | $8,750 | | |
| **World Relief** | Refugee and Immigrant Housing Stability Program | $50,000 | | | $8,000 | | $1,864 | | $8,250 | | $1,864 | | |
| **YWCA Olympia** | Kathleen's Closet | $36,275 | | | $5,804 | | $0 | | $5,985 | | | | |
| **Thurston County Inclusion** | Summer Program | $12,711 | | | $2,034 | | | | $2,097 | | | | |
| **Oly Camp Kitties** | Spay/Neuter Program | $7,000 | | | $1,120 | | | | $1,139 | | | | |
| **Total Awarded** | | | $300,000 | $300,000 | $295,182 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 |

# LACEY CITY COUNCIL WORKSESSION
## JULY 22, 2025

**SUBJECT:** **Community Development Block Grant Program (CDBG) Update**

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**RECOMMENDATION:** **Discussion only.** Review and discuss the 2025-2027 Consolidated Plan and 2025 Annual Action Plan. The item is scheduled for action tentatively on August 5, 2025.

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**STAFF CONTACT**: Rick Walk, City Manager RW
Shannon Kelley-Fong, Assistant City Manager SKF
Michelle Chavez, Human Services Coordinator MJC

**ORIGINATED BY**: City Manager's Department

**ATTACHMENTS**: 1. Draft 2025-2027 CDBG Consolidated Plan
2. Draft 2025 CDBG Annual Action Plan

**FISCAL NOTE:** 2025 anticipated funding of $348,393

**WORK PLAN GOAL: AND STRATEGY** Vibrant Place to Live, Work and Play
D. Finalize Homeless Response Plan and Enhance Social Services

An Engaged Community
L. Enhance Communication and Engagement Efforts

**DEIB STRAT PLAN:** Livability: Human Services, C. Provide and support culturally appropriate human services that meet the needs of the Lacey community.

Create a strategic City human services grant program that is transparent, consistent, and removes barriers to participation.

**PRIOR REVIEW**: City Council Meeting – June 18, 2024
Human Services Work Group – November 7, 2024
Human Services Work Group – December 5, 2024
Human Services Commission – April 3, 2025
City Council Meeting – May 20, 2025
Human Services Commission – June 5, 2025
Human Services Commission – July 10, 2025

**HS COMMISSION REC:** Recommend the Draft 2025 -2027 Consolidated Plan and 2025 Annual Action Plan as presented to the Lacey City Council to submit to the US Department of Housing and Urban Development

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**BACKGROUND:**

**Lacey Consolidated Plan (Con Plan) 2025-2027**

The Consolidated Plan (Con Plan) is a planning document required by the US Department of Housing and Urban Development (HUD) to be submitted every three to five years by all jurisdictions that receive Community Development Block Grant (CDBG) funds and HOME funds. The Con Plan identifies community needs and priorities and determines funding goals and strategies for the use this federal funding over the ensuing plan period. The attached Con Plan pertains to the program years 2025-2027.

**Lacey Annual Action Plan (AAP) 2025**

The Annual Action Plan (AAP) is a planning document required by the US Department of Housing and Urban Development (HUD) to be submitted annually by all jurisdictions that receive Community Development Block Grant (CDBG) funds and HOME funds. The AAP identifies community needs and priorities and determines funding goals and strategies for the use during the program year. The attached AAP covers Program Year 2025 which is September 1, 2025 to August 31, 2026.

**Community Input Opportunities**

Federal regulations require the City to hold two public hearings on the Draft Con Plan and Draft AAP. The first public hearing must be held before the plan(s) are drafted and allow for public participation and input. The second public hearing must be held after the plan(s) are drafted and allow for public participation and input. Federal regulations also require a 30-day public review and comment period before the plan(s) are submitted to HUD.

1. Public Hearing #1 was held on June 5, 2025 at the Lacey Human Services Commission. No public comments were received.

2. A 30-day review and comment period was opened on June 26th and will remain open until July 25th at 5pm. One public comment has been received to date.

- Plans can be viewed online at Community Development Block Grant Program - City of Lacey or:
- In-person at Lacey City Hall (City Manager's Office),420 College St. SE., Monday – Friday, 9 a.m. to 5 p.m.

**Comments can be submitted in person at the address above or via:**

- Email – HumanServices@CityofLacey.org
- Phone – (360) 486-8746
- Mail – Attn: Michelle Chavez, Lacey City Hall, 420 College St. SE, Lacey, WA 98503

**Comments must be received before July 25, 2025, at 5:00 pm (PST)**

3. Public Hearing #2 was held on July 10, 2025 at the Lacey Human Services Commission. No public comments were received.

**Consolidated Plan (Con Plan) Structure**

- **Executive Summary** – Goals, Priorities and Past Performance
- **The Process** – Consultation and Community Engagement
- **Needs Assessment** –Non-Housing Community Development Needs such as Public Infrastructure and Services
- **Market Analysis** – Community Economic Overview such as Employment, Educational Attainment, and Median Earnings
- **Strategic Plan** – Goals, Strategies, Priorities, Homelessness Prevention, Lead-Based Paint Hazards, Anti-Poverty Strategy and Monitoring

**Annual Action Plan (AAP) Structure**

- **Introduction**– Expected Resources, Annual Goals and Objectives
  Projects– Project Information, Project Summary
- **Geographic Distribution**–Description of area where assistance will be directed
- **Other Actions** – Actions planned to meet underserved needs, foster and maintain affordable housing, reduce lead-based paint hazards, reduce the number of poverty-level families, develop institutional structure and enhance coordination between public and private housing and social service agencies
- **Program Specific Requirements** – Program Income, Section 108 loans, Urgent Need – Does not apply to Lacey at this time

**Human Services Commission (HSC) Recommendations**

The HSC reviewed options for 2025 funding, including capital projects and service projects. A map of the Lacey Benefit Area was shared, as well as a table of options for potential CDBG eligible capital projects. Staff recommended funding City capital projects in the Lacey Benefit Area for the first few years with approximately $30,000 for administrative costs. The HSC recommended this option on June 5, 2025.

The draft Con Plan priority goals are:

1. **Public Facilities And Infrastructure Improvements**
2. **Housing:** increase and improve affordable housing
3. **Public Services:** human services programming to assist low- and moderate-income community members in Lacey

On July 10, 2025 the HSC recommended the Draft 2025-2027 Consolidated Plan and 2025 Annual Action Plan as presented to the Lacey City Council.

**CDBG Work Products Needed for 2025:**

**1. Lacey CDBG Community Participation Plan** – This can be produced in parallel with the Community Engagement Plan for the Lacey Human Services Grant Program (HSGP). – **Complete**

**2. Lacey CDBG 2025 Program Timeline – Draft Complete**

**3. Lacey CDBG 3-Year Consolidated Plan 2025-2027** – This is being produced in conjunction with the Community Needs Assessment and Human Services Strategic Plan – **Draft Complete**

**4. Lacey CDBG Annual Action Plan** – This is the list of approved project priorities for 2025 and serves as Year 1 of the City's 3-Year Consolidated Plan 2025-2027. – **Draft Complete**

**Summary and Next Steps:**

The Lacey Human Services Commission has reviewed the CDBG Draft Consolidated Plan and Annual Action Plan and recommended the drafts as written to City Council. Staff will continue to receive public review and comment through July 25th and make updates to the drafts as needed.

City Council will be asked to take action to approve the Con Plan and AAP for submittal to HUD on August 5, 2025.

CITY OF LACEY

# 2025-27 CDBG Consolidated Plan



DRAFT June 2025

# Table of Contents

# Executive Summary

**ES-05 Executive Summary – 24 CFR 91.200(c), 91.220(b)**

**LAND ACKNOWLEDGEMENT** We, the City of Lacey, are on the ancestral land of the Tribal People of the Treaty of Medicine Creek, including the Nisqually Indian Tribe and Squaxin Island Tribe. We acknowledge and remember those Tribal People not recognized today who were absorbed or relocated into other tribes for survival. We recognize the ancestors and their descendants who are still here. We recognize and respect the Tribal People of the Treaty of Medicine Creek as the traditional stewards of this land since time immemorial and their role today in taking care of these lands in perpetuity. We recognize and have the responsibility to call attention to the histories of dispossession, forced removal, and abridged treaty rights that allowed our nation, state, and city to develop as they have today. We recommend that community members read the Medicine Creek Treaty of 1854.



## 1. Introduction

In 2024, the City of Lacey (City) took the necessary steps to begin the process of becoming a Community Development Block Grant (CDBG) entitlement community and to receive CDBG funding directly from the U.S. Department of Housing and Urban Development (HUD). Previously, the City received a CDBG allocation through a consortium with Thurston County. A requirement to receive these funds is to prepare a Consolidated Plan covering a three-year period, 2025-2027. The Consolidated Plan aims to identify how funds will be targeted to develop viable urban communities by providing decent housing, suitable living environments, and expanding economic opportunities, principally for low- and moderate-income persons.

The City remains in a HOME Investment Partnership (HOME) Consortium with Thurston County and Olympia to receive and manage HOME funding.

## 2. Summary of the objectives and outcomes identified in the Plan Needs Assessment Overview

The City is providing this 3-year plan to include priority needs identified in the Thurston County 2023-2027 Consolidated Plan. They are as follows:

- Community and Economic Development, including: Improvements to public facilities and infrastructure which support housing for low- or moderate-income households, improvements to public facilities and infrastructure to support low- or moderate-income neighborhoods, improvements to low-income neighborhoods to reduce the concentration of poverty.

- Services, including: Supportive services for unhoused community members or those experiencing a mental health crisis, services to support older adults, children, and families, including food insecurity and child care, services to improve economic opportunities for low- or moderate-income persons.

Affordable Housing including: Increase the affordable housing supply and preserve or improve existing affordable housing. The following goals address the priority needs:

1) Provide Public Facilities and Infrastructure Improvements to support low-or-moderate income households and neighborhoods and reduce the concentration of poverty.

2) Provide Services and Assistance to Improve Housing and Economic Outcomes

3). Increase affordable housing supply in Lacey and preserve existing affordable housing that will provide permanent housing for formerly unhoused community members, LMI renters and improve quality of affordable housing stock including LMI home-owners.

### 3. Evaluation of past performance

In 2025, the City will be eligible for its own direct CDBG entitlement funding. The City previously received direct CDBG dollars through the competitive State of Washington CDBG program in 2000 and 2011. This funding was successfully used for the construction and expansion of the Lacey Senior Center. That project was completed with no corrective action taken.

More recently, the City received CDBG funding through a Consortium with Thurston County since 2014. The attached CDBG Project List (Table 1) include all of Lacey's CDBG-funded programs and projects as part of the Consortium from 2014 through 2023.

In 2024, Thurston County and the City were monitored by HUD for the 2020 Veterans Hub Expansion project. Thurston County received a finding from this HUD monitoring. As a result, they were required to update and extend the CDBG contract with the City and also perform additional monitoring of the Lacey Veterans Services Hub (LVSH) to ensure compliance with CDBG requirements. This served as corrective actions to the finding.

From January through March 2025, Thurston County monitored the City and the LVSH. After reviewing income verification documents provided by the City, it was determined that there were no findings or concerns regarding compliance with CDBG income documentation requirements for the LVSH.

Based on this monitoring, Thurston County found that the 2020 Veterans Hub Expansion project met the Benefit to Low-to-Moderate Persons National Objective.

**Table 1. CDBG Projects 2014, 2017, 2020, and 2023**

| Year | Entity | Organization | Project | Category | Budget |
|---|---|---|---|---|---|
| **2014** | **Lacey** | Community Youth Services | Rehab 3 houses | Housing | **$46,879** |
| **2014** | **Lacey** | Homes First | Acquisition and Rehab | Housing | **$250,000** |
| **2014** | **Lacey** | Housing Authority | Acquire 8 plex | Housing | **$382,786** |
| **2014** | **Lacey** | Community Action County | Monarch | Youth | **$88,116** |
| **2014** | **Lacey** | Thurston County Economic Development Council | Veterans Microenterprise Program | Veterans | **$68,729** |
| **2017** | **Lacey** | Evergreen Treatment Services | South Sound Clinic Expansion | Social Services | **$246,690** |
| **2017** | **Lacey** | Housing Authority of Thurston County | Golf Club and 14th Ave Affordable Housing | Housing | **$74,007** |
| **2017** | **Lacey** | Community Youth Services | Transitional Housing Rehabilitation | Housing | **$69,567** |
| **2017** | **Lacey** | Community Action Council | New Facility for Monarch Children's Justice & Advocacy Center | Youth | **$185,031** |
| **2017** | **Lacey** | Thurston County Food Bank | Lacey Food Bank | Social Services | **$197,352** |
| **2017** | **Lacey** | Sidewalk | Veterans Housing Coordinator | Housing | **$49,338** |
| **2017** | **Lacey** | Boys and Girls Club of Thurston County | Homeless Youth Assistance | Youth | **$33,536** |
| **2020** | **Lacey** | Boys and Girls Club of Thurston County | Homeless Youth Assistance | Youth | **$45,573** |

| | | | | | |
|---|---|---|---|---|---|
| **2020** | **Lacey** | Child Care Action Council | Early Learning Program | Youth | **$20,000** |
| **2020** | **Lacey** | City of Lacey | Veterans Hub Expansion | Veterans | **$421,852** |
| **2020** | **Lacey** | GRuB | Victory Farm | Social Services | **$15,000** |
| **2020** | **Lacey** | Homes First | Affordable Rental Homes for Lacey | Housing | **$210,926** |
| **2020** | **Lacey** | Habitat for Humanity | Critical Home Repairs | Housing | **$55,000** |
| **2020** | **Lacey** | Thurston County Food Bank | Lacey Food Bank Expansion, Phase 2 | Social Services | **$295,296** |
| **2023** | **Lacey** | Boys and Girls Club of Thurston County | Homeless Youth Assistance | Youth | **$50,000** |
| **2023** | **Lacey** | Catholic Community Services SW | Meals for Unsheltered / Low Income | Social Services | **$11,355** |
| **2023** | **Lacey** | Community Action Council of Lewis, Mason and Thurston Counties | Support for abused children and families | Social Services | **$60,000** |
| **2023** | **Lacey** | Senior Services for South Sound | Home Sharing Program | Social Services | **$21,000** |
| **2023** | **Lacey** | Foundation for the Challenged | Housing for extremely low-income individuals with intellectual and developmental disabilities | Housing | **$150,000** |
| **2023** | **Lacey** | Homes First | Housing for low and very low income | Housing | **$338,421** |
| **2023** | **Lacey** | Low Income Housing Institute | Preservation of affordable housing for low income, 40-50% AMI | Housing | **$338,421** |
| **2023** | **Lacey** | Rebuilding Together Thurston County | Critical Home Repairs | Housing | **$30,000** |

| | | | | | |
|---|---|---|---|---|---|
| **2023** | **Lacey** | South Puget Sound Habitat for Humanity | Critical Home Repairs | Housing | **$55,000** |

## 4. Summary of community participation process and consultation process

Public and stakeholder engagement took place prior to and throughout the preparation of this Consolidated Plan. The following are highlights of the outreach efforts:

- One-on-one interviews with City and nonprofit leaders
- Lacey Human Services Work Group
- Lacey Human Services Commission – April 3, 2025, June 5, 2025 (Public Hearing 1), July 10, 2025 (Public Hearing 2)
- Lacey City Council – May 20, 2025, July 22, 2025, and August 5, 2025
- Focus group discussions with constituent groups
- Online community survey
- Interviews with partner jurisdictions
- Interviews with various governing boards
- The City's 30-day public comment period was held from June 26 to July 25, 2025.

## 5. Summary of public comments

The City received public comments from the Human Services Commission on April 3, June 5 and July 10, 2025 which are included in the attached minutes. The City also received comments from the City Council at their Worksession on May 20, 2025, July 22, 2025 and August 5, 2025. Comments from those meetings are also attached.

The City received comments from the community on the plan…

## 6. Summary of comments or views not accepted and the reasons for not accepting them

There were no comments or views not accepted.

## 7. Summary

The Consolidated Plan was developed to be consistent with and support the HUD goals identified in Title 1 of the Housing and Community Development Act of 1974, as amended. All program activities and strategies discussed in the Consolidated Plan are designed to further these goals and address the most critical affordable housing, homeless, and community development needs in Lacey. Recipients of CDBG, HOME, and other federal funding must adopt one or more federal performance objectives and outcome categories. To meet one of the national objectives for CDBG funding, an activity must:

- **Low/Moderate Income:** Benefit low- or moderate-income persons;
- **Slum/Blight:** Prevent or elimination of slums or blight; or
- **Urgent Need:** Meet a particularly urgent community development need.

Outcome categories improve:

- **Availability or accessibility** of housing units or services;
- **Affordability** not just for housing but also of other services; and
- **Sustainability** by promoting viable communities.

The CDBG program provides funding to state and local governments for projects and activities that principally benefit low- to moderate-income people. This HUD program helps local governments develop viable urban communities by providing adequate supplies of affordable housing, a healthy living environment, and economic opportunities.

Communities can use CDBG funds for a wide range of activities such as rehabilitating single-family homes and apartment buildings, improving community centers and public facilities, constructing water and sewer lines, supporting economic development, and providing vital social services. The fundamental philosophy of CDBG is the belief that local elected officials are best positioned to identify and prioritize local needs and to effectively allocate funding to address those needs.

HOME provides formula grants to build, buy, and/or rehabilitate affordable rental or owner-occupied housing, or provide direct rental assistance to low-income people. Communities can use HOME funds for new construction, rental assistance, and homeowner assistance.

The City created the Consolidated Plan for the City's CDBG program. HOME programs will be planned in collaboration with the Thurston County HOME Consortium.

The required elements of the Consolidated Plan include:

- **Needs Assessment** An assessment of housing, homeless, and community development needs;
- **Market Analysis** An analysis of the region's housing market, economic development, broadband and climate/hazard mitigation;
- **Strategy Overview** A discussion of the region's strategies, priority needs, and objectives for CDBG funded activities

The Consolidated Plan will be presented to HUD on August 6, 2025. The 2025 program year will begin on September 1, 2025.

# The Process

**PR-05 Lead & Responsible Agencies - 91.200(b)**

1. **Describe agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source**

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

**Table 2 – Responsible Agencies**

| Agency Role | Name | Department/Agency |
|---|---|---|
| Lead Agency | LACEY | City Manager's Office |



**Narrative**

The City of Lacey is the lead entity responsible for overseeing the development and administration of the Consolidated Plan. This task is delegated to the staff in the City Manager's Office. The City Manager oversees the effective and efficient delivery of all city services, including public safety, emergency preparedness, street maintenance and construction, traffic management, public works construction, planning, building inspection, code enforcement, parks and recreation, economic development, policy development, public information and neighborhood communications, water, wastewater, reclaimed water, and stormwater services, special events, and intergovernmental relations.

The City Manager and City staff work closely with the Lacey City Council to develop policy initiatives and ensure the implementation of the Lacey City Council's goals and priorities. The City Manager prepares and presents the annual city budget to the Lacey City Council and is responsible for the proper expenditure and monitoring of all City funds.

The City is eligible to receive CDBG Entitlement Funds directly from HUD. HOME funding is included automatically for the Thurston Urban County region. The City has entered into an interlocal agreement with the City of Olympia and Thurston County as a HOME Consortium, to allow HOME funds to be used countywide in all jurisdictions. Thurston County is considered the Participating Jurisdiction under HOME program rules.

**Consolidated Plan Public Contact Information**

For questions about the CDBG program or the Consolidated Plan, please contact:
**Michelle Chavez, Human Services Coordinator**
**City of Lacey**
**360-486-8746**
**michelle.chavez@cityoflacey.org**

**PR-10 Consultation - 91.100, 91.110, 91.200(b), 91.300(b), 91.215(l) and 91.315(l)**

## 1. Introduction

The consultation process for creating the Consolidated Plan included: 1) An online survey to assess community needs; 2) stakeholder review and comments on preliminary needs assessment and market analysis; 3) consultation with other jurisdictions, housing providers and nonprofit organizations; 4) public hearings on the needs assessment, market analysis, and development of proposed activities; 5) consultation with the Thurston County Housing Authority; and 5) review and comments on the draft Consolidated Plan.

**Provide a concise summary of the jurisdiction's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(I)).**

To enhance coordination between public and assisted housing providers and mental health and service agencies, interviews were conducted with:

- Thurston County Public Health and Social Services
- Housing Authority of Thurston County
- HUD / VASH

The interviews were conducted to gain perspectives about how we can enhance coordination between the City and these agencies.

**Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.**

The City connected with the WA Department of Commerce, which oversees the Statewide Continuum of Care (COC), to determine how to stay up-to-date on their activities and initiatives. The City has been invited to their planning meetings.

The City operates a local grant program that offers $300,000 in direct allocations to local non-profit agencies that serve vulnerable community members, including chronically unhoused individuals and families, families with children, veterans, and unaccompanied youth, and persons at risk of becoming unhoused.

The City funds and manages the Lacey Veterans Services Hub (LVSH) which provides direct services to vulnerable community members, including unhoused residents, veterans and families with children. Every Thursday, LVSH provides coordinated entry for unhoused veterans. There are also four HUD/VASH caseworkers located at the LVSH who help with housing vouchers and case management for unhoused veterans Monday through Friday, 8 a.m. to 4 p.m.

The Thurston County Veterans Assistance fund also operates out of the LVSH Monday through Friday, 8am – 4pm to provide emergency assistance to veterans at risk of becoming unhoused.

The LVSH also serves as a satellite location for the Thurston County Food Bank Monday through Friday, 8am to 4pm, by providing access to food, socks, personal hygiene kits, and basic items to persons and families in need.

**Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards and evaluate outcomes, and develop funding, policies and procedures for the administration of HMIS.**

The City does not currently receive ESG funds. The City does not oversee the coordinated entry program or the administration of HMIS. The City does oversee the Lacey Veterans Services Hub (LVSH) which provides direct services to unhoused residents including veterans and families with children. Every Thursday, LVSH facilitates a meeting with Coordinated Entry providers and unhoused veterans and non-veterans.

2. **Describe Agencies, groups, organizations and others who participated in the process and describe the jurisdictions consultations with housing, social service agencies and other entities**

### Table 3 – Agencies, groups, organizations who participated

| | | |
|---|---|---|
| 1 | **Agency/Group/Organization** | **HOUSING AUTHORITY OF THURSTON COUNTY** |
| | **Agency/Group/Organization Type** | Housing<br>PHA<br>Services - Housing |
| | **What section of the Plan was addressed by Consultation?** | Housing Need Assessment<br>Public Housing Needs<br>Homelessness Strategy<br>Homeless Needs - Chronically homeless<br>Homeless Needs - Families with children<br>Homelessness Needs - Veterans<br>Non-Homeless Special Needs<br>Market Analysis |
| | **How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?** | The Housing Authority was consulted via phone, email, and web to provide housing market data, public housing data, review of inventory and housing vouchers, and to help identify the priority needs and goals for the Consolidated Plan. |
| 2 | **Agency/Group/Organization** | **Thurston Regional Housing Council** |
| | **Agency/Group/Organization Type** | Housing<br>Regional organization<br>Planning organization |
| | **What section of the Plan was addressed by Consultation?** | Housing Need Assessment<br>Public Housing Needs<br>Homeless Needs - Chronically homeless<br>Homeless Needs - Families with children<br>Homelessness Needs - Veterans<br>Homelessness Needs - Unaccompanied youth<br>Market Analysis |

| | | |
|---|---|---|
| | **How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?** | The Thurston Regional Housing Council was consulted online and via regular meetings to provide data on housing needs, public housing needs, unhoused persons' needs, and market analysis to help identify the priority needs and goals for the Consolidated Plan. |
| **3** | **Agency/Group/Organization** | **Lacey Parks, Culture and Recreation** |
| | **Agency/Group/Organization Type** | Other government - Local<br>Planning organization |
| | **What section of the Plan was addressed by Consultation?** | Public Infrastructure Needs LMI Census Tract |
| | **How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?** | The Lacey Parks, Culture and Recreation Department was consulted via email and in person to determine capital project improvements needed in LMI Census Tract Areas in Lacey. |
| **4** | **Agency/Group/Organization** | **Lacey Community and Economic Development Department** |
| | **Agency/Group/Organization Type** | Agency - Management of Public Land or Water Resources<br>Other government - Local<br>Planning organization |
| | **What section of the Plan was addressed by Consultation?** | Housing Need Assessment<br>Homelessness Strategy<br>Homeless Needs - Chronically homeless<br>Homeless Needs - Families with children<br>Economic Development<br>Market Analysis |
| | **How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?** | The Lacey Community and Economic Development Department was consulted in person and on-line regarding housing needs, homeless needs, affordable housing strategy, homelessness strategy, market analysis, economic development needs and strategy, and climate hazard mitigation strategy. |

| | | |
|---|---|---|
| 5 | **Agency/Group/Organization** | **Washington State Department of Commerce** |
| | **Agency/Group/Organization Type** | Housing<br>Services-homeless<br>Other government - State |
| | **What section of the Plan was addressed by Consultation?** | Housing Need Assessment<br>Public Housing Needs<br>Homelessness Strategy<br>Homeless Needs - Chronically homeless<br>Homeless Needs - Families with children<br>Homelessness Needs - Veterans<br>Homelessness Needs - Unaccompanied youth<br>Market Analysis |
| | **How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?** | The WA State Department of Commerce was consulted via email and web regarding the Continuum of Care (CoC), housing needs, public housing needs, homelessness strategy and market analysis. The City will now be invited to their planning meetings for the CoC. |
| 6 | **Agency/Group/Organization** | **Lacey Human Services Commission** |
| | **Agency/Group/Organization Type** | Other government - Local<br>Civic Leaders |
| | **What section of the Plan was addressed by Consultation?** | Housing Need Assessment<br>Homelessness Strategy<br>Homeless Needs - Chronically homeless<br>Homeless Needs - Families with children<br>Homelessness Needs - Veterans<br>Homelessness Needs - Unaccompanied youth<br>Non-Homeless Special Needs<br>Market Analysis<br>Anti-poverty Strategy |

| | | |
|---|---|---|
| | **How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?** | The Lacey Human Services Commission was consulted at their regular meeting(s) regarding the CDBG Community Participation Plan, Consolidated Plan and Annual Action Plan. This included human services needs, unhoused needs, needs for unaccompanied youth, anti-poverty strategy and overall participation in strategic planning for human services. |
| **7** | **Agency/Group/Organization** | **Thurston County Public Health and Social Services** |
| | **Agency/Group/Organization Type** | Housing<br>Services - Housing<br>Services-Children<br>Services-Elderly Persons<br>Services-Persons with Disabilities<br>Services-Persons with HIV/AIDS<br>Services-Victims of Domestic Violence<br>Services-homeless<br>Services-Health<br>Other government - County |
| | **What section of the Plan was addressed by Consultation?** | Housing Need Assessment<br>Public Housing Needs<br>Homelessness Strategy<br>Homeless Needs - Chronically homeless<br>Homeless Needs - Families with children<br>Homelessness Needs - Veterans<br>Homelessness Needs - Unaccompanied youth<br>Market Analysis |
| | **How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?** | Thurston County Public Health and Social Services was consulted regarding the Five-Year Consolidated Plan, Homelessness Strategy, Needs of unhoused Veterans, public Housing Needs, and Homeless data sets (PIT Count) and general human services provided. |

| | | |
|---|---|---|
| 8 | **Agency/Group/Organization** | **Thurston County Veterans Advisory Board** |
| | **Agency/Group/Organization Type** | Other government - County<br>Civic Leaders |
| | **What section of the Plan was addressed by Consultation?** | Homeless Needs - Chronically homeless<br>Homelessness Needs - Veterans<br>Non-Homeless Special Needs |
| | **How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?** | The Thurston County Veterans Advisory Board (VAB) was consulted at their regular meeting and via a Veterans Community Forum to determine the services, housing, and needs of unhoused veterans. |
| 9 | **Agency/Group/Organization** | **Lacey Youth Council** |
| | **Agency/Group/Organization Type** | Other government - Local<br>Civic Leaders |
| | **What section of the Plan was addressed by Consultation?** | Homeless Needs - Families with children<br>Homelessness Needs - Unaccompanied youth |
| | **How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?** | The Lacey Youth Council was consulted at their regular meeting to discuss the needs of youth, including unhoused youth and general human services needs. |
| 10 | **Agency/Group/Organization** | **Lacey Commission on Equity** |
| | **Agency/Group/Organization Type** | Other government - Local<br>Civic Leaders |
| | **What section of the Plan was addressed by Consultation?** | Homelessness Strategy<br>Homeless Needs - Chronically homeless<br>Homeless Needs - Families with children<br>Homelessness Needs - Veterans |
| | **How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?** | The Lacey Commission on Equity was consulted at their regular meeting regarding outreach to communities regarding human service needs, homeless needs, needs for unaccompanied youth, anti-poverty strategy, and overall participation in strategic planning for human services. |

| | | |
|---|---|---|
| 11 | **Agency/Group/Organization** | **Lacey Public Works Department** |
| | **Agency/Group/Organization Type** | Agency - Management of Public Land or Water Resources<br>Other government - Local |
| | **What section of the Plan was addressed by Consultation?** | Infrastructure Needs in LMI Areas |
| | **How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?** | The Lacey Public Works Department was consulted via email regarding capital project needs in LMI Census Tract Areas. |
| 12 | **Agency/Group/Organization** | **North Thurston Public Schools** |
| | **Agency/Group/Organization Type** | Services-Education<br>Other government - Local |
| | **What section of the Plan was addressed by Consultation?** | Homeless Needs - Families with children<br>Homelessness Needs - Unaccompanied youth<br>Non-Homeless Special Needs<br>Broadband Capacity in Lacey |
| | **How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?** | North Thurston Public Schools was consulted on Broadband Capacity in Lacey. |
| 13 | **Agency/Group/Organization** | **Lacey Timberland Library** |
| | **Agency/Group/Organization Type** | Services-Children<br>Services-Elderly Persons<br>Services-Persons with Disabilities<br>Services-homeless<br>Services - Broadband Internet Service Providers<br>Services - Narrowing the Digital Divide |
| | **What section of the Plan was addressed by Consultation?** | Homeless Needs - Chronically homeless<br>Homeless Needs - Families with children<br>Broadband |
| | **How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?** | Timberland Library was consulted regarding homeless needs and broadband capacity. |

| 14 | Agency/Group/Organization | HUD / VASH |
|---|---|---|
| | **Agency/Group/Organization Type** | Housing<br>Services - Housing<br>Services-Elderly Persons<br>Services-Persons with Disabilities<br>Services-homeless<br>Services-Health<br>Other government - Federal |
| | **What section of the Plan was addressed by Consultation?** | Homeless Needs - Chronically homeless<br>Homelessness Needs - Veterans |
| | **How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?** | HUD / VASH was consulted regarding the needs of the Veterans they serve and where there could be gaps in housing and homelessness strategy. They were also asked how the City could better connect with housing agencies in Thurston County. |



### Identify any Agency Types not consulted and provide rationale for not consulting

The City did not reach out to the private sector business community, neighborhood organizations, faith-based groups, cultural organizations, or foundations. This was due to the short time frame the City had to create the Consolidated Plan. The City will continue outreach plans to these groups based on our Community Participation Plan (CPP) for our Human Services Strategic Plan.

### Other local/regional/state/federal planning efforts considered when preparing the Plan

**Table 4 – Other local / regional / federal planning efforts**

| Name of Plan | Lead Organization | How do the goals of your Strategic Plan overlap with the goals of each plan? |
|---|---|---|
| Continuum of Care | WA Dept. of Commerce | Housing and service goals overlap |

**Describe cooperation and coordination with other public entities, including the State and any adjacent units of general local government, in the implementation of the Consolidated Plan (91.215(l))**

The City works closely with Thurston County and the City of Olympia on assessing local needs, reviewing overlapping strategies and goals, reviewing plans for HOME funds, and strategies for long-range planning for housing and reducing homelessness.

The City will continue these partnerships to implement the Consolidated Plan and strategies going forward.

**Narrative**

Through the Consolidated Plan consultation, the City gained critical information to inform its goals, strategies, and activities for the upcoming 2025-2027 CDBG plan years. The City recognizes and values the right of all community members to be informed about and have the opportunity to comment on the use of public funds.

**PR-15 Community Participation - 91.105, 91.115, 91.200(c) and 91.300(c)**

### 1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting

The City began its engagement and participation efforts in 2024 as part of the Community Participation Plan for the Human Services Strategic Plan. The City established a Human Services Work group of community members to oversee the creation of the Community Participation Plan, Human Services Strategic Plan, allocations of Human Services Grant Program dollars, and eventually Community Development Block Grant (CDBG) funds. The Workgroup consisted of seven general members and one youth member. General membership must include at least two professionals with experience in human services e.g., direct service management or volunteer work. This work group received its first update on CDBG in November of 2024. At their December 2024 meeting, the work group approved the CDBG / HOME Community Participation Plan 2025-2027 and opened up a 30-day review and comment which was open from December 5, 2024 to January 5, 2025.

On December 5, 2024, the Lacey City Council established a permanent Human Services Commission (HSC) via ordinance, which would continue the work and oversight begun by the work group. The Commission's makeup is essentially the same as the workgroup's, with similar rules of procedure and three—and four-year terms.

The HSC received a CDBG update on April 3, 2025, and an introduction to the CDBG program timeline, potential projects, and the Consolidated Plan, Action Plan, Public Hearings and approval process.

The HSC conducted two public hearings to get feedback on the needs assessment and market analysis to inform the Consolidated Plan.

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### Table 5 –Community Participation Outreach

| Sort Order | Mode of Outreach | Target of Outreach | Summary of response/ attendance | Summary of comments received | Summary of comments not accepted and reasons | URL (If applicable) |
|---|---|---|---|---|---|---|
| **1.** | **Public Survey / Needs Assessment** | Non-Targeted | The City Received 150 responses. Survey was open from 9/16/24 – 11/4/24 | The comments received prioritized Mental Health, Affordable Housing, and Transportation Improvements. | None | https://www.surveymonkey.com/stories/SM-_2BYygI_2FBJpPR8DKBUgYdT_2BQ_3D_3D/ |
| **2.** | **Public Meeting – Commission on Equity** | Minorities / Non-English Speakers | July 22 and September 23, 2024<br>The Commission on Equity gave feedback on engagement strategies for reaching underrepresented communities, human service needs assessment, stakeholders, and strategic planning for needs assessment. | Commission on Equity Minutes July 22• City of Lacey • CivicClerk<br><br>Commission on Equity Meeting Minutes - September 23 | None | Commission on Equity Meeting • City of Lacey • CivicClerk |

**Table 5 –Community Participation Outreach**

| Sort Order | Mode of Outreach | Target of Outreach | Summary of response/ attendance | Summary of comments received | Summary of comments not accepted and reasons | URL (If applicable) |
|---|---|---|---|---|---|---|
| **3.** | **Public Meeting / Focus Group– Veterans Advisory Board** | Veterans | October 28, 2024 – Regularly Scheduled Thurston County Veterans Advisory Board – 8 VAB and 2 Thurston County Staff | Veterans gave feedback on needs specific to Veterans. They emphasized mental health care and elder care, specifically home health care. There is not enough emergency financial assistance for veterans who are not homeless. There is very positive feedback for the LVSH. | None | |

**Table 5 –Community Participation Outreach**

| Sort Order | Mode of Outreach | Target of Outreach | Summary of response/ attendance | Summary of comments received | Summary of comments not accepted and reasons | URL (If applicable) |
|---|---|---|---|---|---|---|
| **4.** | **Focus Group – Senior Center** | Seniors | November 21, 2024 – Lacey Senior Center – Coffee Meet Up – 14 Seniors | Seniors gave feedback on specific needs. They emphasized finding resources for unhoused seniors and access to rehabilitation services. They gave positive feedback for the Senior Center, LVSH, and Free Transit. They also stated that the Senior Center needs more parking and space to serve adults who need day services to give their caregivers a break. They also need better communication on what and where services are available. | None | |

**Table 5 –Community Participation Outreach**

| Sort Order | Mode of Outreach | Target of Outreach | Summary of response/ attendance | Summary of comments received | Summary of comments not accepted and reasons | URL (If applicable) |
|---|---|---|---|---|---|---|
| **5.** | **Focus Group – Youth Council** | Youth | Regularly Scheduled Lacey Youth Council meeting – March 18, 2025 – 14 Youth Council members attended | Youth Council members emphasized affordable health care, online mental health care, HIPPA rights training and Legal aid for youth, LGBTQ resources for youth and making sure resources are communicated to youth. Positive feedback for free transportation. Lacey lacks DV resources. | None | |

### Table 5 –Community Participation Outreach

| Sort Order | Mode of Outreach | Target of Outreach | Summary of response/ attendance | Summary of comments received | Summary of comments not accepted and reasons | URL (If applicable) |
|---|---|---|---|---|---|---|
| **6.** | **Human Services Commission (HSC)/Public Hearing #1** | Non-Targeted – | Regularly Scheduled Meeting June 5, 2025 | The public did not provide comments. The HSC commented that the Consolidated Plan was similar to what they had already recommended and had no concerns. | None | Human Services Commission • City of Lacey • CivicClerk |
| **7.** | **HSC Public Hearing #2** | Non-Targeted | Regular Meeting July 10, 2025 | | | |
| **8.** | **City Council Meeting** | Non-Targeted | Regular Meeting May 20, 2025 | Comments received were regarding matching funds and leveraging CDBG dollars to obtain additional funds. | None | City Council Regular Meeting • City of Lacey • CivicClerk |
| **9.** | **Newspaper Ad** | Non-Targeted | Published May 23, 2025 | | | |
| **10.** | **Newspaper Ad** | Non-Targeted | Published June 26, 2025 | | | |
| **11.** | **Newspaper Ad** | Non-Targeted | Published July 1, 2025 | | | |
| **12.** | **City Council Meeting** | Non-Targeted | Regular Meeting July 22, 2025 | | | |



OMB Control No: 2506-0117 (exp. 09/30/2021)

**Table 5 –Community Participation Outreach**

| Sort Order | Mode of Outreach | Target of Outreach | Summary of response/ attendance | Summary of comments received | Summary of comments not accepted and reasons | URL (If applicable) |
|---|---|---|---|---|---|---|
| **13.** | **City Council Meeting** | Non-Targeted | Regular Meeting August 5, 2025 | | | |
| **14.** | **HUD / VASH** | Homeless Community Needs. Public Housing Available, gaps in services | In person, June 2, 2025 | Update on Vouchers, System of Getting Vouchers, Relationship with HATC, Caseloads, Transportation needs, Hard to place veterans who are offenders. It would be good to have a building just for veterans, more financial assistance for vehicle repairs, more places that take pets, and more money for housing application fees. | None | |

### Table 5 –Community Participation Outreach

| Sort Order | Mode of Outreach | Target of Outreach | Summary of response/ attendance | Summary of comments received | Summary of comments not accepted and reasons | URL (If applicable) |
|---|---|---|---|---|---|---|
| **15.** | **Thurston County Public Health and Social Services** | Homeless Community Needs. Veteran Needs, Gaps in Services | In person June 2, 2025 | Emphasized that there is insufficient help for veterans who don't meet the income requirements, a gap in service for non-honorable discharges, which do not qualify. Stressed that more than money is needed, and that there is not enough help for non-homeless veterans. More mental health access, activities for adults with developmental disabilities, and help with placing offenders. | None | |

## Table 5 –Community Participation Outreach

| | | | | | | |
|---|---|---|---|---|---|---|
| **16.** | **Housing Authority of Thurston County** | Assess coordination efforts. | Response was received in writing. | HATC indicated that Lacey is much more attuned than other jurisdictions in understanding how codes and regulations drive up the cost of housing. They shared ideas of how the City can increase affordable housing through fee reductions for "affordable" rent rates (*30% of 80% AMI or HATC Section 8 Payment Standard).* HATC indicated that Lacey is "proactive" in identifying surplus land for the development of affordable housing. This is ongoing currently with LOTT and assisting with a draft site plan. | None | |





OMB Control No: 2506-0117 (exp. 09/30/2021)

### Table 5 –Community Participation Outreach

| Sort Order | Mode of Outreach | Target of Outreach | Summary of response/ attendance | Summary of comments received | Summary of comments not accepted and reasons | URL (If applicable) |
|---|---|---|---|---|---|---|
| **17.** | **Timberland Regional Library – Lacey Branch** | Assess Homelessness and Broadband needs | TBA | | | |

# Needs Assessment

### NA-05 Overview

The Needs Assessment addresses the need for public facilities, public improvements, and public services.

### NA-50 – Non-Housing Community Development Needs

The City needs public facilities and community centers that primarily serve low- and moderate-income persons. These include, but are not limited to, Lacey Senior Center, Lacey Veterans Services Hub (LVSH), Parks, community facilities, and public infrastructure in LMI Census Block Tracts in Lacey (See Figure 1).

## NA-50 Non-Housing Community Development Needs - 91.415, 91.215 (f)

**Describe the jurisdiction's need for Public Facilities:**

The need for Public Facilities is outlined in the Capital Facilities Element of the Comprehensive Plan, which is a mandatory element as outlined in RCW 36.70A of the Growth Management Act. The general purpose of a Capital Facilities Plan is to show the financial plan that implements the City's Comprehensive Plan. It's meant to help the City use its limited funding efficiently and maximize funding opportunities.

**How were these needs determined?**

Several factors must be considered in planning future public facilities, many of which are unique to the type of facility being planned.

Individual comprehensive plans, sometimes called "master plans," for water, sewer, stormwater, parks, and transportation inform the Capital Facilities Plan. They provide a detailed description of inventories, condition, future needs, and projected costs for implementation. Those plans are updated approximately every five years and populate the Capital Facilities Plan, which is reviewed annually to reprioritize projects as needed. To review the Capital Facilities Plan, visit the webpage: Capital Facilities Plan - City of Lacey

The City is updating its **Comprehensive Plan**, a crucial blueprint to shape the Lacey community's growth, services, and investments over the next 20 years. This Plan guides decisions that impact Lacey neighborhoods, local businesses, traffic flow, public facilities, environmental resources, and more. Discover more about the 2045 Comprehensive Plan update by visiting the Envision Tomorrow website.

**Describe the jurisdiction's need for Public Improvements:**

The need for Public Improvements is outlined in the Comprehensive Plan's Capital Facilities Element, a mandatory element as outlined in RCW 36.70A of the Growth Management Act. The general purpose of a Capital Facilities Plan is to show the financial plan that implements the City's Comprehensive Plan. It's meant to help the City use its limited funding efficiently and maximize funding opportunities.

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**Describe the jurisdiction's need for Public Services:**

The City has made human services a priority by investing in programs and staffing to address community needs. The City provides and supports a broad range of efforts. Services include but are not limited to: direct outreach to our unhoused community members, direct funding to non-profits that provide human services, funding and managing the Lacey Veterans Services Hub, and helping fund local and regional housing initiatives, such as the Maple Court Enhanced Shelter in Lacey. To learn more about our human services efforts please visit our Human Services Web Page.

**How were these needs determined?**

The City established a homelessness workgroup in 2020 to create a community-driven process that explored the experience of people facing homelessness in the community. This exploration included examining current approaches, discussing issues, assessing community support for potential goals and strategies, and developing a recommendation to the Lacey City Council. To learn more about this effort and its results, visit: Community Workroup on Homelessness

The City is assessing the human services needs in the community through outreach and engagement with a wide range of stakeholders. Through this engagement, the City can identify gaps, learn what is working well, improve quality, and increase access to services. The results of this effort will help inform the Human Services Strategic Plan, which will continue to inform CDBG Consolidated Planning going forward.

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# Market Analysis

**MA-05 Overview**

**Market Analysis Overview:** The City's ACS data is missing in IDIS. The City used its own Economic Development Demographic and Economic Analysis dated May 7, 2025.  The most current ASC Data can be found on the US Census website. The links to the most current data (2023) are listed below.

Lacey Economic and Employment Data

Lacey Education Data

Lacey Housing Data

Lacey Income and Poverty Data

## MA-45 Community Development Assets - 91.410, 91.210(f)

**Introduction –** The City used its own Economic Development Demographic and Economic Analysis dated May 7, 2025.

Lacey is becoming increasingly diverse with a growing share of Hispanic/Latino and foreign-born residents. Additionally, Lacey's aging population is expanding at a faster rate than Thurston County, suggesting a need for targeted senior services and amenities.

The rental housing market also tells two stories: 1) the housing stock is slightly more affordable compared to the rest of Thurston County, making it attractive for workers in the region, and 2) there are many senior living communities that meet a specific demand.

However, Lacey's workforce patterns demonstrate a heavy reliance on nearby employment centers, with most residents commuting outside Lacey for work, especially in health care and government sectors. Moreover, the largest employers in Lacey are in retail, government, and education industries, and there is a greater concentration of industrial space (i.e., warehousing and distribution) in Lacey compared to other areas of Thurston County. These economic patterns indicate a continued need for transportation investments to support Lacey's economic growth. They also suggest a potential need to diversify the employment base by attracting higher-wage jobs.

## Economic Development Market Analysis

**Table 6: Selected Economic Characteristics** (Lacey ACS 2023)

| Label | Estimate | Percent |
|---|---|---|
| **EMPLOYMENT STATUS** | | |
| Population 16 years and over | 46,066 | 46,066 |
| In labor force | 28,240 | 61.3% |
| Civilian labor force | 26,106 | 56.7% |
| Employed | 24,772 | 53.8% |
| Unemployed | 1,334 | 2.9% |
| Armed Forces | 2,134 | 4.6% |
| Not in labor force | 17,826 | 38.7% |
| Civilian labor force | 26,106 | 26,106 |
| Unemployment Rate | (X) | 5.1% |
| Females 16 years and over | 24,261 | 24,261 |
| In labor force | 13,512 | 55.7% |
| Civilian labor force | 13,058 | 53.8% |
| Employed | 12,470 | 51.4% |
| **COMMUTING TO WORK** | | |
| Workers 16 years and over | 26,317 | 26,317 |
| Car, truck, or van -- drove alone | 18,502 | 70.3% |
| Car, truck, or van -- carpooled | 2,643 | 10.0% |
| Public transportation (excluding taxicab) | 636 | 2.4% |
| Walked | 439 | 1.7% |
| Other means | 302 | 1.1% |
| Worked from home | 3,795 | 14.4% |
| Mean travel time to work (minutes) | 26.1 | (X) |
| **OCCUPATION** | | |
| Civilian employed population 16 years and over | 24,772 | 24,772 |
| Management, business, science, and arts occupations | 9,503 | 38.4% |
| Service occupations | 4,800 | 19.4% |
| Sales and office occupations | 6,137 | 24.8% |
| Natural resources, construction, and maintenance occupations | 1,446 | 5.8% |
| Production, transportation, and material moving occupations | 2,886 | 11.7% |
| **INDUSTRY** | | |
| Civilian employed population 16 years and over | 24,772 | 24,772 |
| Agriculture, forestry, fishing and hunting, and mining | 313 | 1.3% |

| | | |
|---|---|---|
| Construction | 1,630 | 6.6% |
| Manufacturing | 1,102 | 4.4% |
| Wholesale trade | 413 | 1.7% |
| Retail trade | 3,261 | 13.2% |
| Transportation and warehousing, and utilities | 1,675 | 6.8% |
| Information | 404 | 1.6% |
| Finance and insurance, and real estate and rental and leasing | 1,568 | 6.3% |
| Professional, scientific, and management, and administrative and waste management services | 2,096 | 8.5% |
| Educational services, and health care and social assistance | 5,321 | 21.5% |
| Arts, entertainment, and recreation, and accommodation and food services | 2,090 | 8.4% |
| Other services, except public administration | 953 | 3.8% |
| Public administration | 3,946 | 15.9% |
| **CLASS OF WORKER** | | |
| Civilian employed population 16 years and over | 24,772 | 24,772 |
| Private wage and salary workers | 17,118 | 69.1% |
| Government workers | 6,701 | 27.1% |
| Self-employed in own not incorporated business workers | 942 | 3.8% |
| Unpaid family workers | 11 | 0.0% |

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### Table 7: Educational Attainment by Employment Status: Population 25-64

(Lacey ACS 2023)

| Label | Estimate |
| --- | --- |
| Total: | 29,363 |
| **Less than high school graduate:** | 1,910 |
| In labor force: | 1,138 |
| In Armed Forces | 0 |
| | |
| Civilian: | 1,138 |
| Employed | 1,138 |
| Unemployed | 0 |
| Not in labor force | 772 |
| **High school graduate (includes equivalency):** | 6,630 |
| In labor force: | 4,679 |
| In Armed Forces | 19 |
| Civilian: | 4,660 |
| Employed | 4,448 |
| Unemployed | 212 |
| Not in labor force | 1,951 |
| **Some college or associate's degree:** | 11,638 |
| In labor force: | 9,044 |
| In Armed Forces | 641 |
| Civilian: | 8,403 |
| Employed | 7,954 |
| Unemployed | 449 |
| Not in labor force | 2,594 |
| **Bachelor's degree or higher:** | 9,185 |
| In labor force: | 7,895 |
| In Armed Forces | 955 |
| Civilian: | 6,940 |
| Employed | 6,691 |
| Unemployed | 249 |
| Not in labor force | 1,290 |

**Table 8: Age by Educational Attainment** (Lacey ACS 2023)

| Label | Estimate |
|---|---|
| **Population 18 to 24 years** | 4,848 |
| Less than high school graduate | 327 |
| High school graduate (includes equivalency) | 1,802 |
| Some college or associate's degree | 2,141 |
| Bachelor's degree or higher | 578 |
| **Population 25 years and over** | 40,202 |
| Less than 9th grade | 1,017 |
| 9th to 12th grade, no diploma | 1,662 |
| High school graduate (includes equivalency) | 9,372 |
| Some college, no degree | 10,311 |
| Associate's degree | 4,901 |
| Bachelor's degree | 8,053 |
| Graduate or professional degree | 4,886 |
| High school graduate or higher | 37,523 |
| Bachelor's degree or higher | 12,939 |
| **Population 25 to 34 years** | 9,563 |
| High school graduate or higher | 8,941 |
| Bachelor's degree or higher | 3,146 |
| **Population 35 to 44 years** | 7,945 |
| High school graduate or higher | 7,544 |
| Bachelor's degree or higher | 2,503 |
| **Population 45 to 64 years** | 11,855 |
| High school graduate or higher | 10,968 |
| Bachelor's degree or higher | 3,536 |
| **Population 65 years and over** | 10,839 |
| High school graduate or higher | 10,070 |
| Bachelor's degree or higher | 3,754 |

**Table 9: Median Earnings in the Past 12 Months (in 2023 Inflation-Adjusted Dollars)**

| Label | Estimate |
|---|---|
| Population 25 years and over with earnings | $55,489 |
| Less than high school graduate | $28,889 |
| High school graduate (includes equivalency) | $45,625 |
| Some college or associate's degree | $53,215 |
| Bachelor's degree | $62,117 |
| Graduate or professional degree | $82,460 |

**Based on the Business Activity table above, what are the major employment sectors within your jurisdiction?**

According to the City's latest annual economic report, the largest employers in Lacey are in the following industries[1]:

- Retail (12.1 percent of local employment): For example, Amazon, PetSmart, Harbor Wholesale, Medline Industries, and Walmart
- Government (8.4 percent): State of Washington and City of Lacey
- Education (7.7 percent): North Thurston Public Schools and St. Martin's University

However, Lacey residents work in a variety of industries, as shown in Table 6. About half work in these sectors: retail, government (public administration), education, or health care industries. The other half works in other industries like professional, scientific, and technical services or construction.

**Describe the workforce and infrastructure needs of the business community:**

Lacey's workforce patterns demonstrate a heavy reliance on nearby employment centers, with most residents commuting outside Lacey for work, especially in healthcare and

[1] *2023 Annual Comprehensive Financial Report.* City of Lacey, WA, 2023.

government sectors. Moreover, the largest employers in Lacey are in retail, government, and education industries, and there is a greater concentration of industrial space (i.e., warehousing and distribution) in Lacey compared to the rest of Thurston County. These economic patterns indicate a continued need for transportation investments to support Lacey's economic growth. They also suggest a potential need to diversify the employment base by attracting higher-wage jobs.

**Describe any major changes that may have an economic impact, such as planned local or regional public or private sector investments or initiatives that have affected or may affect job and business growth opportunities during the planning period. Describe any needs for workforce development, business support, or infrastructure these changes may create.**

The Nisqually Indian Tribe's development of Quiemuth Resort and Village could add retail spaces while improving retail diversity. Moreover, it could be a catalyst for other developments in Northeastern Lacey. Construction and development proposals exist for retail, hotel, and residential uses on surrounding properties. In the short term, these developments could generate new jobs from construction and furnishing activities. In the long term, they can add to Lacey's workforce, including in the retail and lodging sectors. New housing and retail would also generate more jobs. When more information about the proposed Quiemuth Resort and Village development is available, the City will re-evaluate the mix of retail, residential, and non-residential uses and consider complementary land uses and economic opportunities that could be located around the Quiemuth Resort and Village projects.

Multiple multi-family and single-family housing projects are being built in Lacey, which will increase construction jobs and provide more affordable workforce housing. Over 300 units are being built in Midtown Lacey, where commercial space will be converted to residential housing, supporting a growing workforce.

**How do the skills and education of the current workforce correspond to employment opportunities in the jurisdiction?**

Educational attainment has stayed relatively stable since 2013. Thurston County showed a slight increase in higher education levels, particularly in bachelor's degrees. However, Lacey showed a slight increase in associate's degrees. This trend suggests that while educational attainment is slowly changing in the region, Lacey's educational profile is slightly different. This may have implications for the types of jobs and skillsets that are growing.

Around 20% of Lacey residents have at least a bachelor's degree and 24% of Lacey residents have a high school diploma or GED. This fits well with the current employment opportunities in Lacey including education, government and retail (including warehouses).

**Describe any current workforce training initiatives, including those supported by Workforce Investment Boards, community colleges and other organizations. Describe how these efforts will support the jurisdiction's Consolidated Plan.**

South Puget Sound Community College (SPSCC) offers specialized professional and technical training. PAC Mountain Workforce Development Council (WDC) invests in various training to support growing business sectors in Lacey. The Lacey MakerSpace is being considered for a potential training facility for industrial and manufacturing jobs, providing training in OSHA 10, OSHA 30, Forklift Driver, Blueprint Reading, CAD programming, etc. In the future, a manufacturing apprenticeship program could also lead to higher-paying jobs in the aerospace industry.

**Does your jurisdiction participate in a Comprehensive Economic Development Strategy (CEDS)?**

The City recently published a summary of current demographic and economic conditions that will help shape Lacey's future growth and development. This analysis is the first step in a broader study of Lacey's economic landscape. The next steps involve interviews with business community members and developing an economic development strategy. This work also aligns with the timeline and goals of Lacey's ongoing Comprehensive Plan update.

**If so, what economic development initiatives are you undertaking that may be coordinated with the Consolidated Plan? If not, describe other local/regional plans or initiatives that impact economic growth.**

We have partnered with the Thurston Economic Development Council (EDC) to create an economic development district that includes Thurston, Mason, Pacific, and Grays Harbor Counties. This will form a federally recognized economic development district, which will allow for more funding opportunities to serve our LMI community members with job training and placement. This is a regional Comprehensive Economic Development Strategy.

### A-50 Market Analysis Discussion

**Are there areas where households with multiple housing problems are concentrated? (include a definition of "concentration")** Because Lacey's CHAS data is not yet available via HUD CPD Maps, the City used Thurston County's 2024 CHAS data. According to this data, there are three areas with a higher concentration (above 50%) of Low Income (LI) households with any of 4 severe housing problems (figure 1).

**Are there any areas in the jurisdiction where racial or ethnic minorities or low-income families are concentrated? (include a definition of "concentration")** Lacey has two LMI areas that are qualified LMI census tracts. Concentration is defined as having 51% or more of households earning less than 80 percent of the median income. According to the 2020 Census Demographic Data Map, Lacey has two Census tract areas where Asian alone race is higher than 10% of the population in that Census Tract (Figure 2).

**What are the characteristics of the market in these areas/neighborhoods?** In LMI neighborhoods, there is a trend of building higher-density and multifamily developments with more affordable apartments in areas with access to services and transit nearby.

**Are there any community assets in these areas/neighborhoods?** These areas have community assets such as Huntamer Park, the Lacey Transit Center, the Lacey Veterans Services Hub, many behavioral help organizations, a behavioral hospital, and an emergency care facility. The South Puget Sound Community College Lacey Campus is also located in this area. In addition, the future Lacey Museum will be located here.

**Are there other strategic opportunities in any of these areas?** Yes, more mixed-use development, pedestrian improvements, and roundabouts to help slow down traffic. The City is working with Saint Martin's Abbey to open St. Martin's University to the community. This may include an expansion of the Lacey MakerSpace, if additional resources are allocated. This could be done with workforce development dollars. Daycare access is an economic necessity for LMI families. If single-parent families cannot afford daycare, they may be forced to stay out of the workforce. Adding more affordable child care could be a strategic opportunity.

**MA-60 Broadband Needs of Housing occupied by Low- and Moderate-Income Households - 91.210(a)(4), 91.310(a)(2)**

**Describe the need for broadband wiring and connections for households, including low- and moderate-income households and neighborhoods.**

During the COVID Pandemic, the North Thurston Public Schools (NTPS) sent out requests to families to see if they needed assistance getting internet connectivity due to a lack of broadband connectivity or financial hardships. A total of 132 families requested wireless hotspots. The top five schools requesting hotspots were River Ridge, North Thurston, Lydia Hawk, Nisqually, and Mountain View. Just those five schools accounted for over half of all requests.

Currently, NTPS has 71 families using wireless hotspots due to a lack of connectivity related to limited broadband access or financial hardships. River Ridge, North Thurston, Chinook, Salish, and Lydia Hawk have the highest number of participants, with those five schools accounting for nearly half of all hotspots in use.

From speaking with families in the past and looking over our hotspot request trends; the areas of the NTPS district that have had the greatest need have been nearby or north of Martin Way and nearby or east of Marvin. This matches up to some of the area’s lower income and/or more rural populations that attend NTPS, who either don't have access to broadband connectivity or the families are unable to afford the service.

**Describe the need for increased competition by having more than one broadband Internet service provider serve the jurisdiction.**

Other internet options could be satellite-based, such as Dish Network or Starlink. 5G wideband data service could also be an option, but that is limited by proximity to a high-speed antenna in the neighborhood. While these could technically be competitors to the major internet providers (Comcast), each has issues with latency, lack of sustained data transmission, low bandwidth caps, etc. Ziply, a fiber network company, recently received a franchise with the City and is providing internet services in select locations. However, in many communities, cable providers offer lower prices than fiber.

## MA-65 Hazard Mitigation - 91.210(a)(5), 91.310(a)(3)

### Describe the jurisdiction's increased natural hazard risks associated with climate change.

In 2020, Thurston County and the cities of Lacey, Olympia, and Tumwater worked with the Thurston Regional Planning Council to craft a strategic framework for reducing climate-polluting greenhouse gases while maintaining—and even improving—our quality of life. The Lacey City Council adopted the Thurston County Climate Mitigation Plan on September 16, 2021, as part of its 2021 Comprehensive Plan Amendments.

In summary this report noted:

The region's average annual air temperature will continue to rise over the 21st Century. While there will continue to be variability from year to year, due in part to atmospheric cycles like El Nino and La Nina, we can generally expect to experience hotter, drier summers and warmer, wetter winters.

These changes are anticipated to worsen existing hazards—like floods, landslides, and wildfires—and introduce new threats—like invasive plants, insects, and infectious diseases.

**Risks and Impacts**

- Shrinking snowpack - changes streamflow timing, affecting groundwater recharge and fish habitat.
- Changing oceans (acidification and temperature) - threaten local subsistence and commercial fisheries.
- Rising sea levels - exacerbate coastal flooding and erosion, and undermine infrastructure and wells.
- Warming lakes and streams - threaten water quality, increase algae blooms, impacting human health and aquatic species.
- Intensifying storms - increase flood damage to structures and endanger people.
- Deepening droughts - spur water shortages, wildfires, crop and livestock losses.
- Expanding wildfires - endanger people and property and increase health impacts from air pollution.

**Describe the vulnerability to these risks of housing occupied by low- and moderate-income households based on an analysis of data, findings, and methods.**

The Thurston County 2020 Climate Mitigation Plan outlines that "Though climate change affects everyone, not all people are impacted equally. Communities of color, immigrants, lower-income populations, and the elderly are often more vulnerable to climate impacts like increased heat, flooding, food insecurity, and air quality impacts. The same people may experience multiple, overlapping structural, social, and biological factors that limit their ability to respond and adapt to climate change. The result is that populations that have contributed the least to create the climate crisis are set to bear the most significant burden of its impacts. The vision of the Thurston Climate Mitigation Plan begins with the principle that all jurisdictions must protect vulnerable communities by reducing their local contributions to climate change.

In addition, the Thurston Climate Mitigation Plan identifies strategies and actions that can support low-income and marginalized communities while reducing greenhouse gas emissions, including in the areas of:

**Housing—**Support for more and greater varieties of housing in urban hubs and along transit corridors, paired with anti-displacement policies to maintain affordable housing options.

**Energy costs—**Increased financing options for energy efficiency improvements that reduce energy costs, especially in rental housing, which disproportionately serves lower-income residents and people of color.

**Middle-density housing—**Reevaluate and change zoning as needed to allow for a range of housing types to promote socioeconomic integration of housing near our region's urban centers or moderate-density zones

The Thurston County Hazards Mitigation Plan (TCHMP) was approved by FEMA on February 15, 2024, and is effective through February 14, 2029. A key tenet of this plan addresses the increased flooding and wildfire risks caused by climate change. Vulnerable populations, such as the elderly and low-income households, need equitable hazard mitigation strategies to reduce risks.

In the TCHMP, the variables used to determine Social Vulnerability, such as population with a disability, population with no health insurance, or housing units without a vehicle, are reported by jurisdiction in (figure 1) from the TCHMP appendix. Lacey, in general, is more diverse, younger, and less dense than other areas in Thurston County. Roughly 43% of the

Lacey households are renters, 5% live in manufactured homes, and 14% live in structures with 10 or more units. A relatively small percentage (7%) of households do not have a vehicle. Approximately 37% of Lacey households are cost-burdened, which represents over a third of the population. 15% of households are severely cost burdened and 18% have income below 150% of the poverty line. These social vulnerability variables will impact the climate mitigation strategy and influence Lacey's climate resiliency plans.

# Strategic Plan

## SP-05 Overview

### Strategic Plan Overview

This Strategic Plan sets priority needs and goals for the City of Lacey for the next three years. The City of Lacey was previously part of a CDBG Consortium with Thurston County. Lacey was included in the Thurston County/City of Olympia 2024-2027 Consolidated Plan and Annual Action Plan. That plan is located at 2023-2027 Con Plan-Thurston County / Olympia. The goals for that plan are to increase affordable housing, preserve and improve existing and affordable housing, provide services and assistance to improve housing and economic outcomes, and provide public facilities and infrastructure.

As an entitlement community, the City must complete a revised 3-year Consolidated Plan and Annual Action Plan. The City remains part of the HOME Consortium with Thurston County and Olympia and will collaborate with both entities on an updated Consolidated Plan in 2028.

The City aims to build on the strategic directions outlined in its Affordable Housing Strategy and continue investing in local and regional plans to create more affordable new rental housing and homeownership opportunities and establish broader anti-displacement measures. The City remains committed to all goals outlined in the plan(s) and will pursue those goals through investment in projects through the Regional Housing Council and HOME Consortium.

This Strategic Plan outlines ways the City can be responsive to priority needs over the next three years by continuing to pursue existing strategies and goals outlined in the 5-year plan. In particular there is an ongoing need for a wide range of public improvements in Lacey which include improvements to sidewalks, parks, community centers, lighting, crosswalks and more.

The Strategic Plan also outlines ways the City can provide services and assistance to improve housing and economic outcomes. The City will continue to perform outreach and engagement around human needs to develop a human services strategic plan, which will inform existing and future priorities.

**Goal 1 of the Five-Year Plan: Increase Affordable Housing Supply**

Increasing the affordable housing supply is identified as the top need for Lacey, Thurston County and the City of Olympia. The need for housing is across the entire spectrum of housing, from housing the homeless to housing affordable to families earning median income.

**The priorities for increasing the supply of affordable housing are based on the greatest need:**

- Additional supply of permanent housing for those persons previously homeless
- Rental housing affordable to extremely low- to moderate-income households (<30% AMI to 80% AMI)
- Home ownership for moderate-income and workforce households

**Strategies to increase the supply of affordable housing include:**

- Provide funding to those agencies which will increase the supply of housing for those that are homeless
- Provide funding to those agencies which will increase the supply of rental housing for those earning 80% AMI or less but prioritize increasing the supply of rental housing for those earning 60% AMI or less
- Provide funding to provide financial assistance to low- or moderate-income homebuyers
- Support ways to improve the production of affordable housing units through development incentives, financial incentives and permit streamlining



**Goal 2 of the Five-Year Plan: Preserve and Improve Existing Affordable Housing**

There is a broad need to preserve and improve existing affordable housing. Rental assistance and access to affordable housing is identified as a high priority. Preserving and improving housing due to the age of the housing stock, the impact of climate change on housing (e.g., heating and cooling), the cost of energy, and the special needs of a population that is aging, are all part of this goal.

**The priorities for preserving and improving existing affordable housing include:**

- Rental assistance to ensure households are not cost-burdened
- Ensuring that housing is safe from structural defects, electrical hazards, roofing, water or sewer problems, or lead-based paint hazards

- Ensuring that housing is efficient by addressing weatherization, solar opportunities, mechanical equipment and household appliances
- Ensuring that housing is accessible to those with disabilities
- Making housing more resilient to climate change

**Strategies to preserve and improve existing affordable housing include:**

- Provide rental assistance to obtain decent, safe, sanitary and affordable housing
- Provide funding to those agencies that rehabilitate existing housing stock for low- or moderate-income households
- Provide funding to provide accessible housing to those with disabilities
- Provide funding to help make homes more energy efficient
- Provide funding to address lead-based paint hazards

**Goal 3 of the Five-Year Plan: Provide Services and Assistance to Improve Housing and Economic Outcomes** Providing supportive services, including drug and alcohol treatment and behavioral health services, to individuals exiting homelessness will increase the success rate of individuals who remain housed. These individuals should also be provided assistance to improve the economic conditions of the household through education, job training, small business assistance, and other supportive services.



**The priorities for providing services and assistance to improve housing and economic outcomes include:**

- Supportive services for people experiencing homelessness or a behavioral health crisis
- Addressing gaps in services provided in the community, which improve the economic condition of low-income households
- Improving the economic outcomes of low- or moderate-income persons, including the small business community (e.g., microenterprise)

**Strategies to improve housing and economic outcomes include:**

- Provide funding to those agencies that provide supportive housing services
- Provide funding to improve economic conditions of low-income persons through education, job training, small business (e.g., microenterprise) assistance, access to broadband, and other supportive services
- Provide funding to support low-income youth and families, and provide access to healthy food
- Ensure consideration is given to avoiding the concentration of poverty when providing funding assistance

**Goal 4 of the Five-Year Plan: Provide Public Facilities and Infrastructure Improvements.**

This goal supports the other three goals. Increasing the supply of affordable housing, preserving the existing housing supply, and providing services to improve outcomes can depend on ensuring adequate public facilities and infrastructure are provided. In addition, low—or moderate-income neighborhoods within Lacey have facility and infrastructure gaps or problems, such as access to local parks and community centers.

**The priorities for providing public facilities and infrastructure improvements include:**

- Improvements to public facilities and infrastructure that support housing for low- or moderate-income households
- Improvements to public facilities and infrastructure to support low- or moderate-income neighborhoods
- Improvements to low-income neighborhoods to reduce the concentration of poverty
- Improvements to low- or moderate-income neighborhoods to address public health and safety problems
- Improvements to public facilities and infrastructure to increase or improve access to services for low- or moderate-income households

**Strategies to provide public facilities and infrastructure improvements include:**

- Provide funding for public facilities and improvements, such as sidewalks, streetlights, water and sewer, and parks
- Provide funding to address public health and safety problems in low- or moderate-income neighborhoods
- Provide funding for low- or moderate-income neighborhood improvements to parks, other recreational amenities, or community facilities.

The Lacey City Council will set funding priorities annually for the use of federal entitlement funds. General priorities will be aligned with the Consolidated Plan and opportunities to leverage funds from other sources when possible. Priorities further reflect direction in two areas: 1) providing public facilities and infrastructure, and 2) providing assistance to improve housing and economic outcomes. General fund dollars also support public services.

**SP-10 Geographic Priorities - 91.415, 91.215(a)(1)**

**Geographic Area**

**General Allocation Priorities**

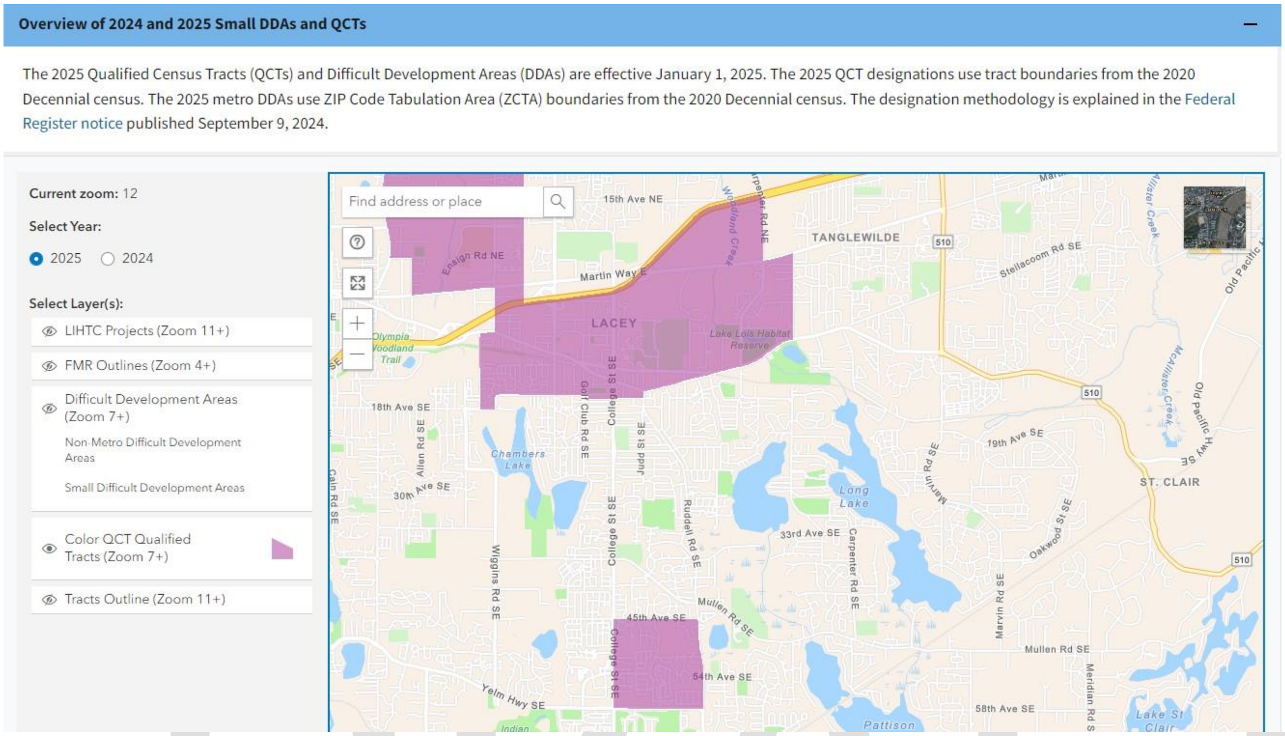
**Describe the basis for allocating investments geographically within the City.**

Based on research, program experience, and administrative capacity, the City plans to designate CDBG funding on City capital project(s) for the first few years. **Table 10** provides a matrix of potential CDBG-eligible City Capital Projects. **Figure 1** contains the Qualified Census Tracts in Lacey.

**Table 10 – Sample Potential CDBG Eligible City Capital Projects**

| Table B | | | | | |
|---|---|---|---|---|---|
| **Sample Potential CDBG Eligible City Capital Projects** | | | | | |
| **#** | **Project** | **Eligibility** | **Timeline** | **Brief** | **Est. Cost** |
| 1. | Huntamer Park Improvements | Qualified Census Track | Near-term 2026 - 2028 | Updates to park, including sidewalks | $1.8M |
| 2. | ADA sidewalk updates | Qualified Census Track | Near-term 2026+ | Update sidewalks throughout areas | Scalable |
| 3. | Senior Center Expansion | Potential LMI Qualifier | Near-term 2027+ | Expand approx. 3,000 sq. ft. to meet the needs of the growing senior community | $4.3M |
| 4. | Brooks Park Enhancements | Qualified Census Track | Near-term 2027+ | Add new amenities, e.g., playground | $615K |
| 5. | Other public infrastructure improvements (lighting, septic, etc.) | Qualified Census Track | Near-term 2026 - 2028 | Varies | Scalable |
| 6. | Rainier Vista Park Improvements | Qualified Census Track | Long-term 2028+ | Add new amenities, e.g., playgrounds, courts, etc. | $1M |
| 7. | Lacey Museum & Cultural Center | Qualified Census Track | Long-term 2028+ | Construct new museum and cultural center | $14+M |
| 8. | College St. Sidewalk and Pedestrian Crossing Improvements | Qualified Census Track | Long-term 2028+ | Improve crossing infrastructure | $1M+ |

## Figure 1


Overview of 2024 and 2025 Small DDAs and QCTs
The 2025 Qualified Census Tracts (QCTs) and Difficult Development Areas (DDAs) are effective January 1, 2025. The 2025 QCT designations use tract boundaries from the 2020 Decennial census. The 2025 metro DDAs use ZIP Code Tabulation Area (ZCTA) boundaries from the 2020 Decennial census. The designation methodology is explained in the Federal Register notice published September 9, 2024.
Current zoom: 12
Select Year:
2025
2024
Select Layer(s):
LIHTC Projects (Zoom 11+)
FMR Outlines (Zoom 4+)
Difficult Development Areas (Zoom 7+)
Non-Metro Difficult Development Areas
Small Difficult Development Areas
Color QCT Qualified Tracts (Zoom 7+)
Tracts Outline (Zoom 11+)
Find address or place
15th Ave NE
TANGLEWILDE
Martin Way E
LACEY
Lake Lois Habitat Reserve
18th Ave SE
Chambers Lake
19th Ave SE
ST. CLAIR
Long Lake
33rd Ave SE
45th Ave SE
54th Ave SE
Mullen Rd SE
58th Ave SE
Yelm Hwy SE
Pattison

**SP-25 Priority Needs - 91.415, 91.215(a)(2)**

**Table 11 – Priority Needs Summary**

| Priority Needs<br><br>Priority Need Name | Priority Level | Population | Geographic Areas Affected | Associated Goals | Description | Basis for Relative Priority |
|---|---|---|---|---|---|---|
| **Public Facilities and Infrastructure Improvements** | High | Extremely Low, Moderate, Middle | Lacey Qualified Census Tracts | This aligns with **Goal 4 of** the five-year plan: Provide Public Facilities and Infrastructure Improvements. | Improvements to public facilities and infrastructure that support housing for low- or moderate-income households<br><br>• Improvements to public facilities and infrastructure to support low- or moderate-income neighborhoods<br><br>• Improvements to low-income neighborhoods to reduce the concentration of poverty<br><br>• Improvements to low- or moderate-income neighborhoods to | This priority supports the other three areas. Increasing the supply of affordable housing, preserving existing housing supply and providing services to improve outcomes can be dependent on ensuring that adequate public facilities and infrastructure are provided. In addition, low- or moderate-income neighborhoods within Lacey have facility and infrastructure gaps or problems, such as safe drinking water, local |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | address public health and safety problems<br><br>• Improvements to public facilities and infrastructure to increase or improve access to services for low- or moderate-income households | parks and community centers. |

| Priority Needs<br><br>Priority Need Name | Priority Level | Population | Geographic Areas Affected | Associated Goals | Description | Basis for Relative Priority |
|---|---|---|---|---|---|---|
| **Housing: Increase and Improve Affordable Housing** | High | Extremely Low, Moderate, Middle | Not Geographic Specific | This aligns with **Goal 1 and 2 of** the five-year plan: Provide Public Facilities and Infrastructure | Increase affordable housing by funding additional projects, adding development incentives, providing economic assistance to renters and homeowners, improving the quality, climate resiliency, and accessibility of existing housing stock. | Increasing and improving the affordable housing supply was identified as a top need for Thurston County and the City of Olympia in the five-year plan. The need for affordable housing goes across the entire spectrum of income levels. |





OMB Control No: 2506-0117 (exp. 09/30/2021)

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | Improvements. | | |

| Priority Needs<br><br>Priority Need Name | Priority Level | Population | Geographic Areas Affected | Associated Goals | Description | Basis for Relative Priority |
|---|---|---|---|---|---|---|
| **Public Services** | Medium | Extremely Low<br>Low<br>Moderate<br>Middle<br>Large Families<br>Families with Children<br>Elderly<br>Public Housing Residents<br>Rural<br>Chronic Homelessness<br>Individuals<br>Families with Children<br>Mentally Ill<br>Chronic | Lacey | This aligns with Goal 3.<br><br>Community and Economic Development | Services include:<br>• Supportive services for people experiencing homelessness or mental health crisis<br>• Services to support children and families, including food insecurity and child care<br>• Services to improve economic opportunities for low-income households | Services are always in high need. The CDBG cap on service dollars limits the reach of this programming, so it was placed as a medium priority. |

Substance
Abuse
veterans
Persons with
HIV/AIDS
Victims of
Domestic
Violence
Unaccompa
nied Youth
Elderly
Frail Elderly
Persons with
Mental
Disabilities
Persons with
Physical
Disabilities
Persons with
Developmen
tal
Disabilities
Persons with
Alcohol or
Other
Addictions
Persons with
HIV/AIDS

and their
Families
Victims of
Domestic
Violence
Non-housing
Community
Developmen
t

**Narrative (Optional)**

The City has several planned facility expansions, park improvements, and infrastructure improvements located in LMI census tract neighborhoods. The growing demand for parks exceeds our capacity at the current levels. The Lacey Senior Center is at maximum capacity and lacks adequate parking and programming space. For more detailed information, see the complete Lacey Parks, Culture and Recreation (LPCR) Strategic Plan is at PARKSLPCR_Sections_01-09-ToC_LS.pdf. This plan includes extensive community outreach that was done to prioritize future needs.

The City continues to emphasize a multimodal transportation system. Many of the City's streets include sidewalks, bicycle lanes, and new standards for pedestrian improvements, making non-motorized travel a viable alternative to cars. Current standards require non-motorized elements on all new or redeveloped portions of roadways to close any gaps in the existing system. Additionally, Transportation Demand Management (TDM) strategies include provisions for additional active transportation facilities (e.g., bicycle and pedestrian) and long-term efforts to promote multimodal transportation options and implement transit-oriented development. Improvements located in the LMI census track neighborhoods could help meet Consolidated Plan goals and priorities. For more detailed information, see the complete Lacey 2030 Transportation Plan.

The City provides and supports a broad range of local human services to community members. The services are targeted to alleviate hardships and help individuals to access community resources. The City engages in this work in four (4) distinct ways:

- Direct social service outreach and clean-up response;
- Coordinated efforts with regional and community partners;
- Providing funding to support the work of non-profit and other governmental entities; and
- Advocacy for more comprehensive solutions to homelessness at state and federal levels.

  Through this work, the goal of the City is to provide and support services in the community that are done with compassion, enhance public safety and wellbeing for all, and are legal.

The City coordinates its affordable housing and anti-poverty strategies through long-range planning, inter-jurisdictional investment and collaboration, and human services strategic planning. The City aims to build on the strategic directions outlined in its Affordable Housing Strategy and continue investing in local and regional plans to create more affordable new rental housing and homeownership opportunities and establish broader anti-displacement measures.

**SP-35 Anticipated Resources - 91.420(b), 91.215(a)(4), 91.220(c)(1,2)**

**Introduction**

The amount expected in Year 1 is based on:

- Annual allocation to Lacey from HUD Entitlement grants

The amount expected to be available in the remaining two years of the Consolidated Plan is based on a similar allocation to year 1. The City does not have prior year resources or program income.

**Table 12 - Anticipated Resources**

| Program | Source of Funds | Uses of Funds | Expected Amount Available Year 1 | | | | Expected Amount Available Remainder of ConPlan $ | Narrative Description |
|---|---|---|---|---|---|---|---|---|
| | | | Annual Allocation: $ | Program Income: $ | Prior Year Resources: $ | Total: $ | | |
| **CDBG** | **Public – Federal** | Acquisition<br>Admin and Planning<br>Economic Development<br>Housing<br>Public Improvements<br>Public Services | **348,393** | | | | **696,786** | The City received an award letter dated May 14, 2025 |

**Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied**

CDBG entitlement dollars do not require matching funds. Some City capital projects may require additional funding to complete. These funds may be from additional federal sources, local, or state dollars.

**If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan**

The City owns and operates most of the public infrastructure and parks within its boundaries. City-owned and operated facilities and infrastructure include, but are not limited to, Huntamer Park, Lacey Senior Center, Lacey ADA Sidewalk and Pedestrian Crossings, Brooks Park, Lacey Streetlights, Rainier Vista Community Park, and the Lacey Museum and Cultural Center.

**Discussion**

The City will continue to evaluate human services needs, including housing, homeless services, and special population needs throughout this three-year plan. As part of the Human Services Strategic Planning process, the City will continue to incorporate CDBG-related outreach and engagement to align with HUD's national objectives.

**SP-40 Institutional Delivery Structure - 91.415, 91.215(k)**

Explain the institutional structure through which the jurisdiction will carry out its consolidated plan including private industry, non-profit organizations, and public institutions.

**Table 13 - Institutional Delivery Structure**
**Assess of Strengths and Gaps in the Institutional Delivery System**

| Responsible Entity | Responsible Entity Type | Role | Geographic Area Served |
|---|---|---|---|
| Lacey | Government | Homelessness<br>Non-homeless special needs and Community Development<br>Public Facilities<br>Neighborhood Improvement<br>Public services<br>Economic Development<br>Planning | Jurisdiction |
| THURSTON COUNTY | Government | Affordable Housing Ownership<br>Rental | Jurisdiction |
| Non-Profit Providers | Non-Profit | Homelessness<br>Non-homeless special needs<br>Community Development<br>Public services<br>Economic Development | Jurisdiction |

There is a strong commitment in the community to work on issues affecting low- and moderate-income persons. Housing affordability and human services are a high priority, and the institutional delivery system has been modified in recent years to help address these issues. The changes include:

- Additional local funding to create and preserve affordable housing, and support behavioral health services

- Coordination and help getting additional state and federal funds for affordable housing and mental health
- Affordable Housing Strategy
- Coordination with other local governments and nonprofits
- Regional Housing Council
- Homelessness Work Group
- Human Services Work Group
- Human Services Commission

Some gaps identified are a lack of behavioral health care access, additional public housing vouchers, more financial assistance for individuals who are homeless and not veterans, and more affordable housing options.

**Availability of services targeted to homeless persons and persons with HIV and mainstream services**

**Describe how the service delivery system including, but not limited to, the services listed above meet the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth)**

**Table 14 - Homeless Prevention Services Summary**

| Homelessness Prevention Services | Available in the Community | Targeted to Homeless | Targeted to People with HIV |
|---|---|---|---|
| **Homelessness Prevention Services** | | | |
| Counseling/Advocacy | X | X | |
| Legal Assistance | X | | |
| Mortgage Assistance | | | |
| Rental Assistance | X | X | |
| Utilities Assistance | X | X | |
| **Street Outreach Services** | | | |
| Law Enforcement | X | X | |
| Mobile Clinics | X | X | |
| Other Street Outreach Services | X | X | |
| **Supportive Services** | | | |
| Alcohol & Drug Abuse | X | X | |
| Child Care | X | | |
| Education | X | | |
| Employment and Employment Training | X | X | |
| Healthcare | X | X | |
| HIV/AIDS | X | | |
| Life Skills | X | X | |
| Mental Health Counseling | X | X | |
| Transportation | X | X | |
| **Other** | | | |
| Other | | | |

The City recognizes there is an ongoing crisis and those who are most vulnerable to the impacts of homelessness are the individuals who experience it on a regular or infrequent basis.

The City also recognizes that cities are ill-equipped to address the root causes and resulting consequences of homelessness. That being said, the City strives to work collaboratively with community partners to provide social service resources to individuals experiencing homelessness in Lacey, as well as services to prevent homelessness from occurring.

The Lacey Human Services Grant Program (HSGP) provides a competitive annual allocation of $300,000 to non-profit entities that provide direct services to homeless persons (particularly chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth**).** Learn more about the HSGP: **Human Services Grant Program**

The Lacey Veterans Services Hub (LVSH) offers wrap-around services that cover most of the services listed in Table 14. The LVSH strives to provide a one-stop shop for Veterans, active-duty military, and their families in Thurston County and beyond. Learn more about the LVSH: **Lacey Veterans Services Hub**

The City's Lacey Police Department offers the **Community Resources Unit (CRU**). CRU provides outreach services to Lacey's most vulnerable community members. Currently, the CRU has two police officers who respond to people who are homeless and in need of behavioral health and/or social services. The program aims to help unsheltered individuals enter, engage, and complete the necessary steps to achieve a safe residence and a return to stability, health, and productivity in the community.

In response to the need for outreach services to address the increase in homelessness, public display of behavioral health issues, and people in crisis within the City, on July 15, 2021, the City Council approved the creation of a Mobile Outreach Team (MOT). The MOT began on August 23, 2021, and works collaboratively with the CRU. The team consists of two crisis clinicians and two peer specialists.



**Describe the strengths and gaps of the service delivery system for special needs population and persons experiencing homelessness, including, but not limited to, the services listed above**

The City has closed some of the gaps in service delivery by increasing staffing, enhancing programming, and offering community engagement concerning programs, policies, and investments.

**Examples of improvements to delivery system of services:**

The City created the MOT and CRU after feedback from the Homelessness Work Group. This is an ongoing investment to improve the services delivery system listed in Table 14.

The City invested in a full-time human services coordinator to oversee human services grants and programs, including CDBG funds.

The City created a human services work group to advise the Lacey City Council on allocating Human Services Grant Funds (up to $300,000 in general funds) to local non-profits who provide direct services listed in Table 14.

The City created a permanent Human Services Commission to advise the Lacey City Council on allocating Human Services Grant Funds (up to $300,000 in general funds) to local non-profits who provide direct services listed in Table 14 and other policy and programmatic recommendations.

The City created a permanent City position to provide daily oversight of services and strategic planning for the Lacey Veterans Services Hub.

With these investments, the City has reduced some gaps in affordable housing, public housing, services for re-entry clients, and behavioral health needs, but others remain.

The City has greatly improved its service delivery and will continue to do so.

**Provide a summary of the strategy for overcoming gaps in the institutional structure and service delivery system for carrying out a strategy to address priority needs**

The City will continue to work with other local governments, nonprofit organizations, and the public to overcome gaps in the system and address priority needs.

**SP-45 Goals - 91.415, 91.215(a)(4)**

### Table 15 – Goals Summary

**SP-45 Goals - 91.415, 91.215(a)(4)**

**Table 15 – Goals Summary**

| Sort Order | Goal Name | Start Year | End Year | Category | Geographic Area | Needs Addressed | Funding | Goal Outcome Indicator |
|---|---|---|---|---|---|---|---|---|
| **1** | Provide Public Facilities and Infrastructure | **2025** | **2027** | Affordable Housing<br>Homeless<br>Non-Homeless Special Needs<br>Non-Housing Community Development | **City of Lacey LMI Census Tract Areas** | Housing, Community and Economic Development<br>Special Needs | **1,045,179** | Public Facility or Infrastructure Activities for Low/Moderate Income Neighborhoods. |
| **2** | Provide Public Services | **2025** | **2027** | Homeless<br>Non-Homeless Special Needs | **Lacey** | Housing Services<br>Community and Economic Development<br>Special Needs | **TBD** | Public service activities other than Low/Moderate Income Housing Benefit: |

**SP-45 Goals - 91.415, 91.215(a)(4)**

### Table 15 – Goals Summary

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **3** | Increase and Improve Affordable Housing | **2025** | **2027** | Affordable Housing Homeless Non-Homeless Special Needs Non-Housing Community Development | **Lacey** | Housing Services Community and Economic Development Special Needs | **TBD** | Housing Activities with Low/Moderate Income Housing Benefit: |

### SP-45 Goals - 91.415, 91.215(a)(4)

**Table 15 – Goals Summary**

| Goal Descriptions Goal Name | Goal Description |
|---|---|
| Provide Public Facilities and Infrastructure | This goal includes the following priority needs:<br>• Improvements to public facilities and infrastructure which support housing for low-income households<br>• Improvements to public facilities and infrastructure to support low-income neighborhoods<br>• Improvements to low-income neighborhoods to reduce the concentration of poverty<br>• Modifications to provide accessibility |
| **Goal Descriptions Goal Name** | **Goal Description** |
| Public Services | This goal includes the following priority needs:<br>• Supportive services for people experiencing homelessness or behavioral health crisis<br>• Services to support children and families, including food insecurity and child care<br>• Services to improve economic opportunities for low-income households |

**SP-45 Goals - 91.415, 91.215(a)(4)**

### Table 15 – Goals Summary

| | |
|---|---|
| | • Services to support access to homeownership<br>• Assistance to small business community (microenterprise)<br>• The housing and health needs of the senior population<br>• The needs of those persons with a disability<br>• Modifications in housing and infrastructure to provide accessibility |
| **Goal Descriptions Goal Name** | **Goal Description** |
| Affordable Housing | This goal includes the following priority needs:<br>• Additional supply of permanent housing for those persons previously homeless<br>• Rental housing affordable to extremely low- to moderate-income households (<30% AMI to 80% AMI)<br>• Home ownership for moderate-income and workforce households<br>Rental assistance to ensure households are not cost-burdened |

**SP-45 Goals - 91.415, 91.215(a)(4)**

## Table 15 – Goals Summary

| | |
|---|---|
| | • Ensuring that housing is safe from structural defects, electrical hazards, roofing, water or sewer problems, or lead-based paint hazards<br><br>• Ensuring that housing is efficient by addressing weatherization, solar opportunities, mechanical equipment and household appliances<br><br>• Ensuring that housing is accessible to those with disabilities<br><br>• Making housing more resilient to climate change |

**Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.315(b)(2)**

Lacey is part of the Thurston County HOME Consortium. The 5-year estimate for the HOME plan is to help 300 families or households.

**SP-65 Lead-based Paint Hazards - 91.415, 91.215(i)**

**Actions to address LBP hazards and increase access to housing without LBP hazards**

Any infrastructure or facility rehabilitation project under EPA and Washington State rules for Lead-Based Paint Risk Assessments will require that any hazards be remediated or abated by certified contractors using safe work practices to prevent lead contamination. The community will receive additional education if lead-based paint hazards are discovered before or during remediation.

**How are the actions listed above integrated into housing policies and procedures?**

Federal rules implemented by the U.S. Environmental Protection Agency (EPA) apply to any project that disturbs lead-based paint in homes and child-occupied facilities built before 1978. The City adheres to these policies in our programs and projects. The State of Washington also has Lead-Based Paint regulations that the City must adhere to. The City will incorporate these policies into CDBG Program Policies and Procedures as they are developed.

**SP-70 Anti-Poverty Strategy - 91.415, 91.215(j)**

**Jurisdiction Goals, Programs and Policies for reducing the number of Poverty-Level Families**

The City's strategy for reducing the number of poverty-level families is through direct service, government and public-sector partnerships, and funding community-based organizations that provide critical social services. Examples of these are:

- Direct outreach to unhoused individuals – either in encampments, living in vehicles, or living on the street
- Funding to non-profit agencies who provide emergency financial assistance, job training and placement, youth programs, emergency home repairs, emergency supplies for school, rapid re-housing, food access, homegrown food or gardening classes, home sharing programs, and more.
- Funding and managing the Lacey Veterans Services Hub, which provides emergency financial assistance, rapid rehousing, direct housing vouchers, food and hygiene supplies, job training and placement, education counseling and placement, access to Veterans benefits, wrap-around intensive case management, and more.

**How are the Jurisdiction poverty reducing goals, programs, and policies coordinated with this affordable housing plan**

The City coordinates its affordable housing and anti-poverty strategies through long-range planning, inter-jurisdictional investment and collaboration, and human services strategic planning. These plans inform one another and can potentially fill gaps in each area as they become apparent through community engagement.

**SP-80 Monitoring - 91.230**

**Describe the standards and procedures that the jurisdiction will use to monitor activities carried out in furtherance of the plan and will use to ensure long-term compliance with requirements of the programs involved, including minority business outreach and the comprehensive planning requirements**

The City will monitor all federal funding recipients according to the best practices outlined in the HUD Guidebooks for CDBG.

As an entitlement grantee, the City is responsible for monitoring the day-to-day operations of its subrecipient activities to ensure compliance with all applicable federal requirements at 24 CFR 570 and 24 CFR 576, individual project goals, and local CDBG program requirements.

This is the first year of direct entitlement funds, so the City does not anticipate sub-recipients at this time. However, as the CDBG program evolves, the City may develop a monitoring handbook, guidelines, and schedule for monitoring sub-recipient programs and projects, as needed.

# 2025 CDBG Action Plan


DRAFT June 2025

# Expected Resources

**AP-15 Expected Resources - 91.420(b), 91.220(c)(1,2)**

**Introduction**

The amount expected in Year 1 is based on:

- Annual allocation to City from HUD CDBG Entitlement grants

The amount expected to be available in the remaining two years of the Consolidated Plan is based on the 2025 allocation estimate.

**Anticipated Resources**

**Table 1 - Expected Resources – Priority Table**

| Program | Source of Funds | Uses of Funds | Expected Amount Available Year 1 | | | | Expected Amount Available Remainder of ConPlan $ | Narrative Description |
|---|---|---|---|---|---|---|---|---|
| | | | Annual Allocation: $ | Program Income: $ | Prior Year Resources: $ | Total: $ | | |
| **CDBG** | **Public-Federal** | Acquisition<br>Admin and Planning<br>Economic Development<br>Housing<br>Public Improvements<br>Public Services | **$348,393** | **$0** | **$0** | **$348,393** | **$696,786** | |

**Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied.**

The City of Lacy (City) will leverage its CDBG funds with local, private, and State funds.

**If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan**

The City owns and operates the public infrastructure and public parks within the City boundaries. These facilities and infrastructure include but are not limited to: Huntamer Park, City Senior Center, City ADA Sidewalk and Pedestrian Crossings, Brooks Park, City Streetlights, Rainier Vista Park and the City Museum and Cultural Center.

**Discussion**

The City will continue to evaluate community needs, including, but not limited to, housing, homelessness, human services, and special populations throughout this three-year plan. As part of the Human Services Strategic Planning process, the City will continue to incorporate CDBG-related outreach and engagement to align with HUD's national objectives.

**Annual Goals and Objectives**

**AP-20 Annual Goals and Objectives - 91.420, 91.220(c)(3)&(e)**

**Goals Summary Information**

**Table 2 – Goals Summary**

| Sort Order | Goal Name | Start Year | End Year | Category | Geographic Area | Needs Addressed | Funding | Goal Outcome Indicator |
|---|---|---|---|---|---|---|---|---|
| **1** | Provide Public Facilities and Infrastructure | **2025** | **2027** | Affordable Housing Homeless Non-Homeless Special Needs Non-Housing Community Development | **Lacey LMI Census Tract Areas** | Housing, Community and Economic Development Special Needs | **$348,393** | Public Facility or Infrastructure Activities for Low/Moderate Income Neighborhoods. |

Table 2 – Goals Summary

**Goal Description**

| Goal Name | Goal Description |
| --- | --- |
| **Provide Public Facilities and Infrastructure** | This goal includes the following priority needs:<br>• Improvements to public facilities and infrastructure that support housing for low-income households<br>• Improvements to public facilities and infrastructure to support low-income neighborhoods<br>• Improvements to low-income neighborhoods to reduce the concentration of poverty<br>• Modifications to provide accessibility |

**AP-35 Projects - 91.420, 91.220(d)**

**Introduction**

The City has a number of planned facility expansions, park improvements, and infrastructure improvements located in LMI census tract neighborhoods. Growing demand for parks exceeds our capacity at the current levels. The Lacey Senior Center is at maximum capacity and lacks adequate parking and programming space. For more detailed information, see the complete City Parks, Culture and Recreation (LPCR) Strategic Plan is at PARKSLPCR_Sections_01-09-ToC_LS.pdf. This plan includes extensive community outreach that was done to prioritize future needs.

The City has emphasized and continues to emphasize a multimodal transportation system. Many of the City's streets include sidewalks and bicycle lanes as well as new standards for pedestrian improvements, making non-motorized travel a viable alternative to cars. Current standards require non-motorized elements on all new or redeveloped portions of roadways, in order to close any gaps in the existing system and expand its network further. Additionally, Transportation Demand Management (TDM) strategies include provisions for bicycle and pedestrian facilities, as well as long-term efforts to promote multimodal transportation options and implement transit-oriented development. Improvements located in the LMI census track neighborhoods could help meet Consolidated Plan goals and priorities. For more detailed information, see the complete City 2030 Transportation Plan.

**Table 31 – Project Information**

| # | Project Name |
|---|---|
| 1 | City Facility or Infrastructure Project |
| 2 | Planning and Administrative |

**Describe the reasons for allocation priorities and any obstacles to addressing underserved needs**

The City has a number of projects planned in LMI Census tract areas. In year-one of entitlement status, the City plans to focus leveraging CDBG dollars for capital projects. Due to administrative availability and reporting timelines, the City feels this is the most reasonable path toward utilizing CDBG funds in PY25.

## Table 4 – Project Summary

### AP-38 Project Summary

**Project Summary Information**

A PY25 Project Summary can be found in the attached list of potential projects.

| Table B | | | | | |
|---|---|---|---|---|---|
| **Sample Potential CDBG Eligible City Capital Projects** | | | | | |
| **#** | **Project** | **Eligibility** | **Timeline** | **Brief** | **Est. Cost** |
| 1. | Huntamer Park Improvements | Qualified Census Track | Near-term 2026 - 2028 | Updates to park, including sidewalks | $1.8M |
| 2. | ADA sidewalk updates | Qualified Census Track | Near-term 2026+ | Update sidewalks throughout areas | Scalable |
| 3. | Senior Center Expansion | Potential LMI Qualifier | Near-term 2027+ | Expand approx. 3,000 sq. ft. to meet the needs of the growing senior community | $4.3M |
| 4. | Brooks Park Enhancements | Qualified Census Track | Near-term 2027+ | Add new amenities, e.g., playground | $615K |
| 5. | Other public infrastructure improvements (lighting, septic, etc.) | Qualified Census Track | Near-term 2026 - 2028 | Varies | Scalable |
| 6. | Rainier Vista Park Improvements | Qualified Census Track | Long-term 2028+ | Add new amenities, e.g., playgrounds, courts, etc. | $1M |
| 7. | Lacey Museum & Cultural Center | Qualified Census Track | Long-term 2028+ | Construct new museum and cultural center | $14+M |
| 8. | College St. Sidewalk and Pedestrian Crossing Improvements | Qualified Census Track | Long-term 2028+ | Improve crossing infrastructure | $1M+ |

**Table 4 – Project Summary**

| Project Name | Target Area | Goals Supported | Needs Addressed | Funding | Description | Target Date | Estimate the number and type of families that will benefit from the proposed activities | Location Description | Planned Activities |
|---|---|---|---|---|---|---|---|---|---|
| **City Facility or Infrastructure Project** | **LMI Census Tract Area** | Provide Public Facilities and Infrastructure | • Improvements to public facilities and infrastructure that support housing for low-income households<br>• Improvements to public facilities and infrastructure to support low-income neighborhoods<br>• Improvements to low-income neighborhoods to reduce the concentration of poverty<br>Modifications to provide accessibility | **$348,393** | Infrastructure and facility improvements in low- and moderate-income neighborhoods in City. | **8/31/2026** | **9226** | **See attached LMI Chart** | The facility and infrastructure improvements may include park renovations, sidewalk ADA improvements, Crosswalks, lighting, etc. |

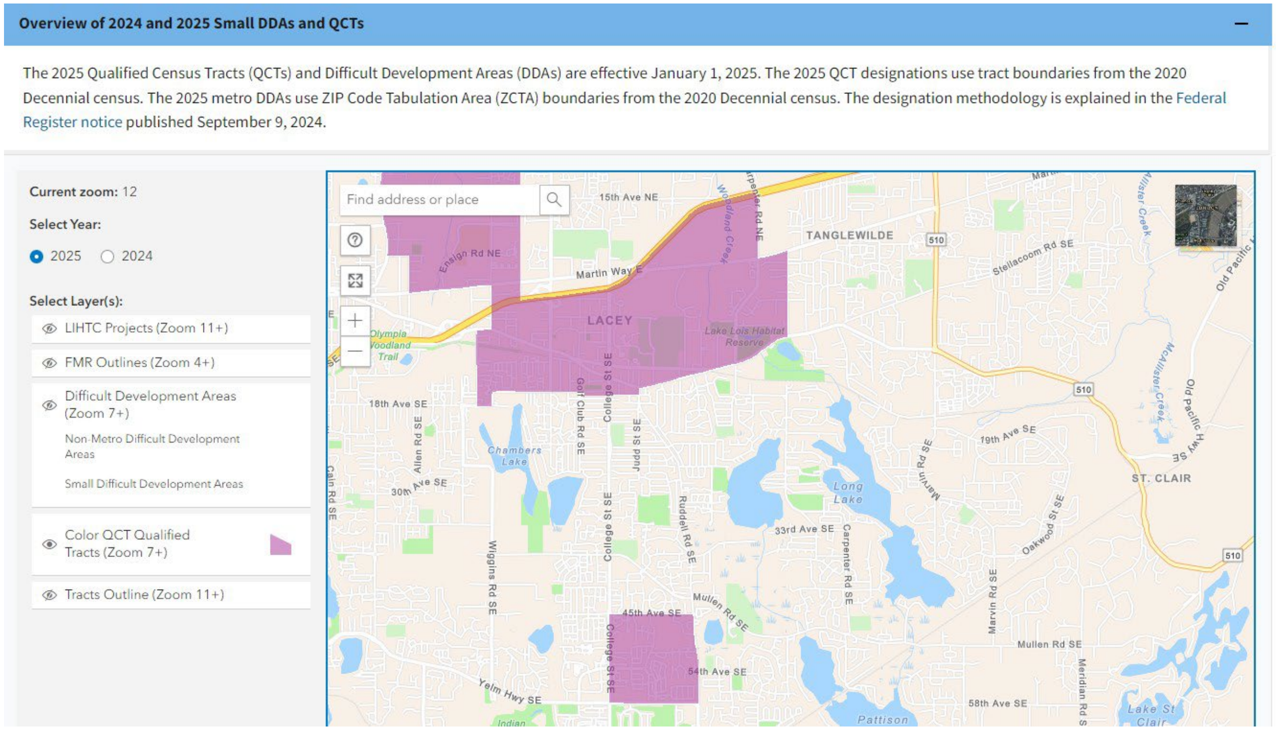

Overview of 2024 and 2025 Small DDAs and QCTs
The 2025 Qualified Census Tracts (QCTs) and Difficult Development Areas (DDAs) are effective January 1, 2025. The 2025 QCT designations use tract boundaries from the 2020 Decennial census. The 2025 metro DDAs use ZIP Code Tabulation Area (ZCTA) boundaries from the 2020 Decennial census. The designation methodology is explained in the Federal Register notice published September 9, 2024.
Current zoom: 12
Select Year:
2025
2024
Select Layer(s):
LIHTC Projects (Zoom 11+)
FMR Outlines (Zoom 4+)
Difficult Development Areas (Zoom 7+)
Non-Metro Difficult Development Areas
Small Difficult Development Areas
Color QCT Qualified Tracts (Zoom 7+)
Tracts Outline (Zoom 11+)
Find address or place
15th Ave NE
TANGLEWILDE
Martin Way E
LACEY
18th Ave SE
Chambers Lake
30th Ave SE
Long Lake
33rd Ave SE
19th Ave SE
ST. CLAIR
45th Ave SE
54th Ave SE
Mullen Rd SE
58th Ave SE
Yelm Hwy SE
Pattison
Lake St Clair

**Figure 1**

**AP-50 Geographic Distribution - 91.420, 91.220(f)**

**Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed**

**Table 52 - Geographic Distribution**

| Target Area | Percentage of Funds |
|---|---|
| Census Tract 112 Thurston County, WA | **TBD** |
| Census Tract 116.25 Thurston County, WA | **TBD** |

**Rationale for the priorities for allocating investments geographically**

Based on research, program experience, and administrative capacity, the City plans to designate CDBG funding for City capital project(s) for the first few years. **Table B** provides a matrix of CDBG funding considerations.

## AP-85 Other Actions - 91.420, 91.220(k)

### Introduction

### Actions planned to address obstacles to meeting underserved needs

The City has prioritized human services by investing in programs and staffing to address community needs. The City provides and supports a broad range of efforts. Services include, but are not limited to, direct outreach to our unhoused community members, direct funding to non-profits that provide human services funding, managing the City Veterans Services Hub, and supporting and Enhanced Shelter in City, Maple Court. To learn more about our human services efforts, please visit our **Human Services Web Page**.

### Actions planned to foster and maintain affordable housing

The City aims to build on the strategic directions outlined in its Affordable Housing Strategy, to continue investing in local and regional plans to create more affordable new rental housing and homeownership opportunities, and to establish broader anti-displacement measures. The City remains committed to all goals outlined in the plan(s) and will pursue those goals through investment in projects through the Human Services Grant Program, Regional Housing Council, HOME Consortium, and other opportunities as they arise.

### Actions planned to reduce lead-based paint hazards

Any infrastructure or facility rehabilitation project that falls under EPA and Washington State rules for Lead-Based Paint Risk Assessments will ensure that any hazards are remediated or abated by certified contractors using safe work practices to prevent lead contamination. If lead-based paint hazards are discovered before and during remediation, the community will be educated further.

### Actions planned to reduce the number of poverty-level families

The City's strategy for reducing the number of poverty-level families is through direct service, government and public-sector partnerships, and funding community-based organizations that provide critical social services. Examples of these are:

- Direct outreach to unhoused individuals, including individuals in encampments, living in vehicles, or living on the street
- Funding to non-profit agencies who provide emergency financial assistance, job training and placement, youth programs, emergency home repairs, emergency supplies for school, rapid re-housing, homegrown food supplies and gardening classes, home sharing programs, and more.

- Funding and managing the City Veterans Services Hub, which provides emergency financial assistance, rapid rehousing, direct housing vouchers, food and hygiene supplies, job training and placement, education counseling and placement, access to Veterans benefits, wrap-around intensive case management, and more.

**Actions planned to develop institutional structure**

There is a strong commitment in the community to work on issues affecting low-and moderate-income persons. Housing affordability and human services are a high priority and the institutional delivery system has been modified in recent years to help address these issues.

The changes include:

- Additional local funding to create and preserve affordable housing and mental health
- Coordination and help getting additional state and federal funds for affordable housing and mental health
- Adopting the Affordable Housing Strategy
- Coordination with other local governments and nonprofits
- Participating in the Regional Housing Council
- Convening and working with the Homelessness Work Group
- Convening and working with Human Services Work Group
- Convening and working with Human Services Commission

**Actions planned to enhance coordination between public and private housing and social service agencies**

The City will continue to partner with social service agencies, and public and private housing initiatives through:

- Funding and maintaining its Human Services Grant Program, which fosters collaboration with non-profits that provide direct services, including housing services
- Participation in the Regional Housing Council
- Remaining in the Thurston County HOME Consortium
- Managing the City Veterans Services Hub and acting as a primary site for weekly coordinated entry
- Helping the Maple Court Enhanced shelter transition to Permanent Supportive Housing with State, County, and other partners.
- Continued work with the Housing Authority of Thurston County and other local non-profits
- Providing local tax incentives for new affordable housing

**Discussion**

## Program Specific Requirements

### AP-90 Program Specific Requirements - 91.420, 91.220(l)(1,2,4)

### Introduction

### Community Development Block Grant Program (CDBG)
### Reference 24 CFR 91.220(l)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

| | |
|---|---|
| 1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed | $0 |
| 2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan | $0 |
| 3. The amount of surplus funds from urban renewal settlements | $0 |
| 4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan. | $0 |
| 5. The amount of income from float-funded activities | $0 |
| Total Program Income | $0 |

### Other CDBG Requirements

| | |
|---|---|
| 1. The amount of urgent need activities | $0 |

# LACEY CITY COUNCIL WORKSESSION
**July 22, 2025**

**SUBJECT:** **Thurston County District Court Interlocal Agreement – Violations Bureau**

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**RECOMMENDATION:** **At a future meeting, consider authorizing amendment No. 1 to the Interlocal Agreement Establishing District Court Filing and Jury Trial Fees, allowing for the transfer of all Violations Bureau functions to Thurston County.**

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**STAFF CONTACT**: Rick Walk, City Manager RW
Troy Woo, Finance Director TW
Shannon Kelley-Fong, Assistant City Manager SKF
Kristy Wolf, Financial Services Manager K

**ORIGINATED BY**: Finance Department

**ATTACHMENTS**: Draft Amendment No. 1 to Interlocal Agreement – District Court Filing Fees

**FISCAL NOTE:** 2025 - $32,000
2026 - $74,000

**WORK PLAN GOAL AND STRATEGY:** None

**PRIOR REVIEW**: None

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**BACKGROUND:**

The City of Lacey currently manages its Violations Bureau through the Utility Billing Division. While this structure serves the administrative purpose of Lacey Municipal Code (LMC) Title 7 Animals and Title 10 Vehicles and Traffic, the responsibilities of the Violations Bureau are increasingly misaligned with the core functions and strategic direction of the Utility Billing Division, which primarily focuses on customer service and utility account management.

To improve operational efficiency and ensure more effective handling of violations-related matters, the City has conducted numerous discussions with Thurston County District Court regarding a potential transfer of all Violations Bureau functions to the County. Under this arrangement, Thurston County would assume full responsibility for processing, adjudicating, and administering all Violations Bureau cases originating from the City of Lacey.

The current interlocal agreement currently contemplates filing fees for the Lacey violations that are presented directly to the Thurston County District Court. The proposal would increase the Thurston County filings by an estimated 900 to 1,000 filings per year. The annual cost is expected to begin at $74,000. Assuming the transfer of all Lacey violations beginning on October 1, 2025, the estimated remaining 2025 costs will be $32,000, which includes $14,000 to transfer and process all current outstanding Violation Bureau filings.

The benefits of the proposed change include:

- Operational Alignment: It would allow the Utility Billing Division to focus exclusively on its core service responsibilities, minimizing cross-functional burdens and increasing internal efficiency.

- Expertise and Consistency: Thurston County District Court is better positioned to manage such legal and administrative functions with established procedures and judicial resources.

- Customer Service Improvement: More consistent and streamlined processing of violation cases through the Court's established systems.

It is recommended that the City Council authorize staff to finalize an amendment to the District Court interlocal agreement, which will be presented for authorization at a future City Council meeting.

# AMENDMENT NO. 1 TO
# INTERLOCAL AGREEMENT
# ESTABLISHING DISTRICT COURT FILING AND JURY TRIAL FEES
# FOR THE CITY OF LACEY



THIS AMENDMENT is made and entered into as of the date of the last signature hereon for the purpose of amending the above referenced Interlocal Agreement dated December 28, 2022 by and between the County of Thurston, hereinafter referred to as County, and the City of Lacey, hereinafter referred to as City;

WHEREAS, the Lacey Violations Bureau processes all infractions cited for violations of City of Lacey ordinances that are not otherwise required to be heard in open court; and

WHEREAS, the City is reducing the operations of the Lacey Violations Bureau and intends to send all infraction filings to Thurston County District Court for processing as of October 1, 2025; and

WHEREAS, Thurston County District Court has the necessary experience and capability to accept the City's infractions; and

WHEREAS, infraction fees are to be determined pursuant to an Agreement between the City and the County as provided for in Chapter 39.34 RCW, the Interlocal Cooperation Act; and

WHEREAS, the December 28, 2022 Interlocal Agreement between the County and the City establishes filing fees for infractions filed in Thurston County District Court; and

WHEREAS, the County and the City are desirous of establishing adjusted Annual Caps at a mutually acceptable rate for Thurston County District Court to accept all of the City's infractions, including those that previously were processed by the Lacey Violations Bureau.

NOW, THEREFORE, the County and City, in consideration of the mutual terms, conditions, covenants, and provisions contained herein, and the mutual benefits received hereunder, mutually agree to amend the above referenced Interlocal Agreement as follows:

A. **Annual Cap.** There shall be an annual cap on the total filings and jury trial fees in Section 2.1 and 2.3 as follows

| **Year** | **Original Annual Cap** | **Additional Filing Fees** | **Adjusted Annual Cap** |
|---|---|---|---|
| 2023 | $430,000 | No change | No change |
| 2024 | $440,000 | No change | No change |
| 2025 | $450,000 | $32,000* | $482,000 |
| 2026 | $460,000 | $74,000 | $534,000 |
| *2025: Beginning October 1, 2025, the City will file all of its infractions at Thurston County District Court. The Adjusted Annual Cap includes an increase of $18,000 for 3 | | | |

| |
|---|
| months of new filings, and $14,000 to transfer and process all existing Lacey Violations Bureau filings to District Court regardless of status (e.g., active, collections, etc.). |

B. **No other amendments.** Except as provided by this amendment, all other terms and conditions of the 12/28/2022 Interlocal Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed this _____ day of ______________________, 2025.

CITY OF LACEY

BY: ____________________________
Rick Walk, City Manager

ATTEST:

BY: ____________________________
Elissa Fontaine, City Clerk

APPROVED AS TO FORM:

BY: ____________________________
David Schneider, Lacey City Attorney

THURSTON COUNTY, WASHINGTON

BY: ______________________________
Leonard Hernandez, County Manager

ATTEST:

BY: ______________________________
Clerk of the Board

APPROVED AS TO FORM:

BY: ______________________________
Seth Dickey, Prosecuting Attorney

# LACEY CITY COUNCIL WORKSESSION
**July 22, 2025**

**SUBJECT:** Disposition of Surplus City-Owned Property – 5025 Mullen Rd. SE

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| | |
|---|---|
| **RECOMMENDATION:** | Consider the disposition of surplus property located at 5025 Mullen Rd. SE for the purpose of developing affordable housing. |

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| | |
|---|---|
| **STAFF CONTACT**: | Rick Walk, City Manager RW<br>Vanessa Dolbee, Community and Economic Development Director VD |
| **ORIGINATED BY**: | Community & Economic Development Department |
| **ATTACHMENTS**: | 1. Property Map<br>2. Assessor Parcel Data<br>3. Title Report<br>4. Appraisal Report<br>5. Draft Memorandum of Understanding<br>6. Draft Property Covenant |
| **FISCAL NOTE:** | ($451,321.15) from the General Fund |
| **WORK PLAN GOAL AND STRATEGY:** | Vibrant Place To Live, Work & Play – (D)(5–8) |
| **HOUSING ACTION PLAN:** | Goal 1: Partner with low-income housing developers<br>Goal 5(c): Identify and develop partnerships |
| **PRIOR REVIEW**: | N/A |

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**BACKGROUND:**

The City of Lacey owns a parcel of land located at 5025 Mullen Rd. SE, Lacey, WA, totaling approximately 5.32 acres. The property lies within city limits, in proximity to existing neighborhoods, schools, and services. The Thurston County Assessor's Tax Parcel Number for this property is 11828320203. The legal description is available in Attachment 2.

The City purchased the property from LOTT Clean Water Alliance and officially became the property owner on June 30, 2025, for a total cost of $451,322.15, following execution of a Purchase and Sale Agreement in April 2025.

The City now seeks to surplus the property through direct negotiation with the Housing Authority of Thurston County (HATC), a nonprofit 501(c)(3) agency, for the purpose of developing affordable housing. HATC will be required to enter into a Memorandum of Understanding (MOU) with the City. The MOU will require HATC to host a neighborhood meeting to gather community feedback prior to submitting a formal land use application for the proposed project.

The parcel is currently zoned Open Space Institutional (OS-I), and is proposed for a re-zone to Low-Density Residential as a part of the Comprehensive Plan Update process, allowing for residential site development. There are no federal or state grant restrictions governing the property's disposal.

No existing recorded easements, deed restrictions, or covenants limit the City's authority to dispose of the property (see Attachment 3, Schedule B for existing easements recorded on the property). As a part of the disposition, a covenant requiring that the property be used exclusively for the development of affordable housing in accordance with RCW 39.33.015 will be recorded. This covenant will run with the land and ensure long-term compliance (Attachment 6).

The Thurston County Assessor's current valuation is $1,286,700. An independent appraisal completed in May 2025 estimated the market value at $700,000.

Staff recommends disposing of the property through direct negotiation with HATC, given their nonprofit status and alignment with affordable housing goals. This method is consistent with both state law and LMC 2.74 for surplus property designated for affordable housing.

Staff recommends the sale price to be $1 (one dollar) in recognition of the affordability requirements and public benefit derived from the partnership with HATC. The covenant and memorandum of understanding will ensure an affordable housing project and community engagement process consistent with community priorities.

Disposition of the property for affordable housing would require the adoption of a resolution, which would be brought for Council consideration at a future Council meeting.

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**NEXT STEPS:**

**Option 1:** Direct staff to develop a Resolution to declare the Mullen Road Property Surplus, pursuant to LMC Chapter 2.74 *Disposal of Surplus Real Property for Affordable Housing,* to the Housing Authority of Thurston County.

**Option 2**: Direct Staff to review property surplus and disposition through alternative means as noted in LMC Chapter 2.74.

**Option 3:** Do not authorize the surplus and disposition of the property.

**Option 4:** Some other option not contemplated in the above options.

**Property Location | 5025 Mullen Rd. SE, Lacey**

**Thurston County Assessor**

**Parcel Number: 11828320203** **Date: 7/8/2025**

| | |
|---|---|
| **Situs Address:** | UNKNOWN |
| **Owner:** | LOTT ALLIANCE |
| **Address:** | 500 ADAMS ST SE<br>OLYMPIA, WA 98501 |
| **Taxpayer:** | CITY OF LACEY |
| **Address:** | 420 COLLEGE ST SE<br>LACEY, WA 98503 |
| **Abbreviated Legal:** | Section 28 Township 18 Range 1W Quarter SW SW DAF: COM SW COR SEC 28 THENCE N01-38-58E 1319.22F TO NORTH LINE SW SW, THENCE S87-59-28E 660.01F TO EAST LINE SW SW, THENCE S01-38-58W 108.85F TO X S |

| | |
|---|---|
| **Sect/Town/Range:** | 28 18 1W |
| **Size:** | 5.32 Acres |
| **UseCode:** | 91 Undeveloped Land |
| **TCA Number:** | 241 |
| **Neighborhood:** | 28ID |
| **Property Type:** | XMP |
| **Taxable:** | YES |
| **Active Exemptions:** | Government Property - Property is exempt from property tax and the assessed value may not represent market value. |
| **Fire District:** | FIRE DISTRICT #03 |
| **School District:** | NORTH THURSTON S.D. #3 |

## Market Values

| **Tax Year** | **2025** | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** |
|---|---|---|---|---|---|---|---|---|---|---|
| **Assessment Year** | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** | **2015** |
| Market Value Land | $1,286,700 | $1,127,500 | $943,400 | $765,000 | $1,121,700 | $1,465,200 | $505,400 | $438,000 | $246,700 | $206,600 |
| Market Value Buildings | | | | | | | | | | |
| **Market Value Total** | **$1,286,700** | **$1,127,500** | **$943,400** | **$765,000** | **$1,121,700** | **$1,465,200** | **$505,400** | **$438,000** | **$246,700** | **$206,600** |

## Land Characteristics

| | |
|---|---|
| **Land Flag** | 5860 |
| **Lot Square Footage** | 231727 |
| **Lot Acreage** | 5.32 |
| **Effective Frontage** | Not Listed |
| **Effective Depth** | Not Listed |
| **Water Source** | Not Listed |
| **Sewer Source** | Not Listed |

**Land Influence(s)**

LT-LIGHT TRAFFIC
SP-SHAPE
FE-FAIR EXPOSURE

## Sales

| | |
|---|---|
| **Sale Date:** | 12/06/2006 |
| **Price:** | $450,000 |
| **Excise:** | 359022 |
| **Sale Type:** | STATUTRY WARNTY DEED |
| **Recording Number:** | 3888295 |
| **Seller:** | SCHOOL DISTRICT #3 |
| **Buyer:** | LOTT ALLIANCE |
| **Multiple Parcel Sale:** | N |



## Office of the Assessor

**Steven J. Drew, Assessor**

3000 Pacific Ave SE, Olympia WA 98501

**Customer Service (360)867-2200 -- Fax (360)867-2201 -- TDD (360)754-2933**

# COMMITMENT FOR TITLE INSURANCE

THURSTON COUNTY TITLE

105 8th Ave SE
Olympia, WA 98501
Phone: 360-943-7300 Fax: 360-786-9315

How to Read a
Preliminary Title Report

# ALTA COMMITMENT FOR TITLE INSURANCE

Issued by OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY

## NOTICE

**IMPORTANT—READ CAREFULLY:** THIS COMMITMENT IS AN OFFER TO ISSUE ONE OR MORE TITLE INSURANCE POLICIES. ALL CLAIMS OR REMEDIES SOUGHT AGAINST THE COMPANY INVOLVING THE CONTENT OF THIS COMMITMENT OR THE POLICY MUST BE BASED SOLELY IN CONTRACT.

THIS COMMITMENT IS NOT AN ABSTRACT OF TITLE, REPORT OF THE CONDITION OF TITLE, LEGAL OPINION, OPINION OF TITLE, OR OTHER REPRESENTATION OF THE STATUS OF TITLE. THE PROCEDURES USED BY THE COMPANY TO DETERMINE INSURABILITY OF THE TITLE, INCLUDING ANY SEARCH AND EXAMINATION, ARE PROPRIETARY TO THE COMPANY, WERE PERFORMED SOLELY FOR THE BENEFIT OF THE COMPANY, AND CREATE NO EXTRACONTRACTUAL LIABILITY TO ANY PERSON, INCLUDING A PROPOSED INSURED.

THE COMPANY'S OBLIGATION UNDER THIS COMMITMENT IS TO ISSUE A POLICY TO A PROPOSED INSURED IDENTIFIED IN SCHEDULE A IN ACCORDANCE WITH THE TERMS AND PROVISIONS OF THIS COMMITMENT. THE COMPANY HAS NO LIABILITY OR OBLIGATION INVOLVING THE CONTENT OF THIS COMMITMENT TO ANY OTHER PERSON.

## COMMITMENT TO ISSUE POLICY

Subject to the Notice; Schedule B, Part I—Requirements; Schedule B, Part II—Exceptions; and the Commitment Conditions, Old Republic National Title Insurance Company, a Florida corporation, (the "Company"), commits to issue the Policy according to the terms and provisions of this Commitment. This Commitment is effective as of the Commitment Date shown in Schedule A for each Policy described in Schedule A, only when the Company has entered in Schedule A both the specified dollar amount as the Proposed Amount of Insurance and the name of the Proposed Insured.

If all of the Schedule B, Part I—Requirements have not been met within six months after the Commitment Date, this Commitment terminates and the Company's liability and obligation end.

Issued through the office of:
**Thurston County Title Company as agent for Old Republic National Title Insurance Company**

Mark D. Sw

*Authorized Officer or Agent*

**OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY**
*A Stock Company*
*1408 North Westshore Blvd., Suite 900, Tampa, Florida 33607*
*(612) 371-1111 www.oldrepublictitle.com*

By C Monroe President

Attest David Wold Secretary

*This page is only a part of a 2021 ALTA Commitment for Title Insurance issued by Old Republic National Title Insurance Company. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I—Requirements; and Schedule B, Part II—Exceptions; and a counter-signature by the Company or its issuing agent that may be in electronic form.*

## COMMITMENT CONDITIONS

**1.** DEFINITIONS

a. "Discriminatory Covenant": Any covenant, condition, restriction, or limitation that is unenforceable under applicable law because it illegally discriminates against a class of individuals based on personal characteristics such as race, color, religion, sex, sexual orientation, gender identity, familial status, disability, national origin, or other legally protected class.

b. "Knowledge" or "Known": Actual knowledge or actual notice, but not constructive notice imparted by the Public Records.

c. "Land": The land described in Item 5 of Schedule A and improvements located on that land that by State law constitute real property. The term "Land" does not include any property beyond that described in Schedule A, nor any right, title, interest, estate, or easement in any abutting street, road, avenue, alley, lane, right-of-way, body of water, or waterway, but does not modify or limit the extent that a right of access to and from the Land is to be insured by the Policy.

d. "Mortgage": A mortgage, deed of trust, trust deed, security deed, or other real property security instrument, including one evidenced by electronic means authorized by law.

e. "Policy": Each contract of title insurance, in a form adopted by the American Land Title Association, issued or to be issued by the Company pursuant to this Commitment.

f. "Proposed Amount of Insurance": Each dollar amount specified in Schedule A as the Proposed Amount of Insurance of each Policy to be issued pursuant to this Commitment.

g. "Proposed Insured": Each person identified in Schedule A as the Proposed Insured of each Policy to be issued pursuant to this Commitment.

h. "Public Records": The recording or filing system established under State statutes in effect at the Commitment Date under which a document must be recorded or filed to impart constructive notice of matters relating to the Title to a purchaser for value without Knowledge. The term "Public Records" does not include any other recording or filing system, including any pertaining to environmental remediation or protection, planning, permitting, zoning, licensing, building, health, public safety, or national security matters.

i. "State": The state or commonwealth of the United States within whose exterior boundaries the Land is located. The term "State" also includes the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, and Guam.

j. "Title": The estate or interest in the Land identified in Item 3 of Schedule A.

**2.** If all of the Schedule B, Part I—Requirements have not been met within the time period specified in the Commitment to Issue Policy, this Commitment terminates and the Company's liability and obligation end.

**3.** The Company's liability and obligation is limited by and this Commitment is not valid without:

a. the Notice;

b. the Commitment to Issue Policy;

c. the Commitment Conditions;

d. Schedule A;

e. Schedule B, Part I—Requirements;

f. Schedule B, Part II—Exceptions; and

g. a counter-signature by the Company or its issuing agent that may be in electronic form.

**4.** COMPANY'S RIGHT TO AMEND

The Company may amend this Commitment at any time. If the Company amends this Commitment to add a defect, lien, encumbrance, adverse claim, or other matter recorded in the Public Records prior to the Commitment Date, any liability of the Company is limited by Commitment Condition 5. The Company is not liable for any other amendment to this Commitment.

**5.** LIMITATIONS OF LIABILITY

a. The Company's liability under Commitment Condition 4 is limited to the Proposed Insured's actual expense incurred in the interval between the Company's delivery to the Proposed Insured of the Commitment and the delivery of the amended Commitment, resulting from the Proposed Insured's good faith reliance to:

i. comply with the Schedule B, Part I—Requirements;

ii. eliminate, with the Company's written consent, any Schedule B, Part II—Exceptions; or

iii. acquire the Title or create the Mortgage covered by this Commitment.

b. The Company is not liable under Commitment Condition 5.a. if the Proposed Insured requested the amendment or had Knowledge of the matter and did not notify the Company about it in writing.

c. The Company is only liable under Commitment Condition 4 if the Proposed Insured would not have incurred the expense had the Commitment included the added matter when the Commitment was first delivered to the Proposed Insured.

d. The Company's liability does not exceed the lesser of the Proposed Insured's actual expense incurred in good faith and described in Commitment Condition 5.a. or the Proposed Amount of Insurance.

e. The Company is not liable for the content of the Transaction Identification Data, if any.

f. The Company is not obligated to issue the Policy referred to in this Commitment unless all of the Schedule B, Part I—Requirements have been met to the satisfaction of the Company.

g. The Company's liability is further limited by the terms and provisions of the Policy to be issued to the Proposed Insured.

**6.** LIABILITY OF THE COMPANY MUST BE BASED ON THIS COMMITMENT; CHOICE OF LAW AND CHOICE OF FORUM

a. Only a Proposed Insured identified in Schedule A, and no other person, may make a claim under this Commitment.

b. Any claim must be based in contract under the State law of the State where the Land is located and is restricted to the terms and provisions of this Commitment. Any litigation or other proceeding brought by the Proposed Insured against the Company must be filed only in a State or federal court having jurisdiction.

c. This Commitment, as last revised, is the exclusive and entire agreement between the parties with respect to the subject matter of this Commitment and supersedes all prior commitment negotiations, representations, and proposals of any kind, whether written or oral, express or implied, relating to the subject matter of this Commitment.

d. The deletion or modification of any Schedule B, Part II—Exception does not constitute an agreement or obligation to provide coverage beyond the terms and provisions of this Commitment or the Policy.

e. Any amendment or endorsement to this Commitment must be in writing and authenticated by a person authorized by the Company.

f. When the Policy is issued, all liability and obligation under this Commitment will end and the Company's only liability will be under the Policy.

**7.** IF THIS COMMITMENT IS ISSUED BY AN ISSUING AGENT

The issuing agent is the Company's agent only for the limited purpose of issuing title insurance commitments and policies. The issuing agent is not the Company's agent for closing, settlement, escrow, or any other purpose.

**8.** PRO-FORMA POLICY

The Company may provide, at the request of a Proposed Insured, a pro-forma policy illustrating the coverage that the Company may provide. A pro-forma policy neither reflects the status of Title at the time that the pro-forma policy is delivered to a Proposed Insured, nor is it a commitment to insure.

**9.** CLAIMS PROCEDURES

This Commitment incorporates by reference all Conditions for making a claim in the Policy to be issued to the Proposed Insured. Commitment Condition 9 does not modify the limitations of liability in Commitment Conditions 5 and 6.

**10.** CLASS ACTION

All claims and disputes arising out of or relating to this commitment, including any service or other matter in connection with issuing this commitment, any breach of a commitment provision, or any other claim or dispute arising out of or relating to the transaction giving rise to this commitment, must be brought in an individual capacity. no party may serve as plaintiff, class member, or participant in any class or representative proceeding. any policy issued pursuant to this commitment will contain a class action condition.

Thurston County Title Company
105 8th Ave SE, Olympia, WA  98501
Phone:   360-943-7300  Fax:  360-208-1153

Agent for

# Old Republic National Title Insurance Company

**ALTA COMMITMENT FOR TITLE INSURANCE 2021**

**SCHEDULE A**

Title Officer:  **Jody Coots** — Order No.:  **TH46172**
Escrow Officer:  **Jennifer Dempsey** — Loan ID No.:
Ref: **LOTT CLEAN WATER ALLIANCE / CITY OF LACEY**
Issuing Office ALTA Registry ID:  **1063433**

**1.** COMMITMENT DATE: **June 10, 2025 at 8:00 AM.**

**2.** POLICY OR POLICIES TO BE ISSUED:

a. **ALTA 2021 STANDARD OWNER'S POLICY** — Amount **$450,000.00**
Proposed Insured:
**CITY OF LACEY, a Washington Municipal Corporation**

b. — Amount
Proposed Insured:

c. — Amount
Proposed Insured:

PREMIUM INFORMATION:

| | | | | | | |
|---|---|---|---|---|---|---|
| a. **GENERAL SCHEDULE RATE** | **$1,286.00** | Tax: | **$126.03** | Total: | **$1,412.03** |
| b. | | Tax: | | Total: | |
| c. | | Tax: | | Total: | |

**3.** THE ESTATE OR INTEREST IN THE LAND DESCRIBED HEREIN AND WHICH IS COVERED BY THIS COMMITMENT IS:

**FEE SIMPLE**

**4.** THE ESTATE OR INTEREST REFERRED TO HEREIN IS AT DATE OF COMMITMENT VESTED IN:

**LOTT CLEAN WATER ALLIANCE WHO ACQUIRED TITLE AS LOTT ALLIANCE, A WASHINGTON NON-PROFIT CORPORATION**

**5.** THE LAND REFERRED TO IN THIS COMMITMENT IS SITUATED IN THE COUNTY OF THURSTON, STATE OF WASHINGTON AND IS MORE FULLY DESCRIBED AS FOLLOWS:

**SEE ATTACHED EXHIBIT "A"**

## SCHEDULE B - SECTION I

**REQUIREMENTS:**

ALL OF THE FOLLOWING REQUIREMENTS MUST BE MET:

1. THE PROPOSED INSURED MUST NOTIFY THE COMPANY IN WRITING OF THE NAME OF ANY PARTY NOT REFERRED TO IN THIS COMMITMENT WHO WILL OBTAIN AN INTEREST IN THE LAND OR WHO WILL MAKE A LOAN ON THE LAND. THE COMPANY MAY THEN MAKE ADDITIONAL REQUIREMENTS OR EXCEPTIONS.

2. PAY THE AGREED AMOUNT FOR THE ESTATE OR INTEREST TO BE INSURED.

3. PAY THE PREMIUMS, FEES, AND CHARGES FOR THE POLICY TO THE COMPANY.

4. DOCUMENTS SATISFACTORY TO THE COMPANY THAT CONVEY THE TITLE OR CREATE THE MORTGAGE TO BE INSURED, OR BOTH, MUST BE PROPERLY AUTHORIZED, EXECUTED, DELIVERED, AND RECORDED IN THE PUBLIC RECORDS.

5. A LEGAL DESCRIPTION WAS NOT INCLUDED IN THE APPLICATION FOR TITLE INSURANCE. THE LEGAL DESCRIPTION CONTAINED HEREIN WAS TAKEN FROM THE RECORD AND PRESUMED INTENTION OF THE PARTIES TO THE TRANSACTION. SAID DESCRIPTION MUST BE EXAMINED AND APPROVED BY ALL PARTIES PRIOR TO CLOSING.

6. EVIDENCE OF THE IDENTITY AND AUTHORITY OF THE OFFICERS OF LOTT CLEAN WATER ALLIANCE, A WASHINGTON NON-PROFIT CORPORATION TO EXECUTE THE FORTHCOMING INSTRUMENT SHOULD BE SUBMITTED.

**END OF SCHEDULE B - SECTION I REQUIREMENTS**

**SCHEDULE B - SECTION II**
**EXCEPTIONS FROM COVERAGE**

**Some historical land records contain Discriminatory Covenants that are illegal and unenforceable by law. This Commitment and the Policy treat any Discriminatory Covenant in a document referenced in Schedule B as if each Discriminatory Covenant is redacted, repudiated, removed, and not republished or recirculated. Only the remaining provision of the document will be excepted from coverage.**

The Policy will not insure against loss or damage resulting from the terms and conditions of any lease or easement identified in Schedule A, and will include the following Exceptions unless cleared to the satisfaction of the Company:

**STANDARD EXCEPTIONS:**

A. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.

B. Any facts, rights, interests, or claims that are not shown by the Public Records at Date of Policy but that could be (a) ascertained by an inspection of the Land, or (b) asserted by persons or parties in possession of the Land.

C. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records at Date of Policy.

D. Any encroachment, encumbrance, violation, variation, easement, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records at Date of Policy.

E. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water; (d) Indian tribal codes or regulations, Indian treaty or aboriginal rights, including easements and equitable servitudes, whether or not the matters excepted under (a), (b), (c) or (d) are shown by the Public Records.

F. Any lien or right to a lien for services, labor, material or equipment unless such lien is shown by the Public Records at Date of Policy.

G. Any claim to (a) ownership of or rights to minerals and similar substances, including but not limited to ores, metals, coal, lignite, oil, gas, uranium, clay, rock, sand, and gravel located in, on, or under the Land or produced from the Land, whether such ownership or rights arise by lease, grant, exception, conveyance, reservation, or otherwise; and (b) any rights, privileges, immunities, rights of way, and easements associated therewith or appurtenant thereto, whether or not the interests or rights excepted in (a) or (b) appear in the Public Records or are shown in Schedule B.

**END OF SCHEDULE B SECTION II STANDARD EXCEPTIONS**

**SPECIAL EXCEPTIONS:**

1. **LIEN OF EXCISE TAX, IF UNPAID.**

   **EXCISE TAX RATE IS A GRADUATED, MARGINAL RATE BASED ON SALES PRICE (PLUS $5.00 STATE TECHNOLOGY FEE):**

   | | |
   |---|---|
   | **$525,000 OR LESS** | **1.60%** |
   | **$525,000.01 - $1,525,000.00** | **1.78%** |
   | **$1,525,000.01 - $3,025.000.00** | **3.25%** |
   | **$3,025,000.01 OR MORE** | **3.50%** |

   **CALCULATION IS MARGINAL (FIRST $525,000.00 IS AT LOWER RATE, PLUS AMOUNT OF PRICE ABOVE $525,000.00 AT HIGHER RATE).**

   **EXCEPTIONS TO ABOVE RATES:**

   - **CITY OF RAINIER (IF AREA CODE 310):**

     | | |
     |---|---|
     | **$525,000.00 OR LESS** | **1.35%** |
     | **$525,000.01 - $1,525,000.00** | **1.53%** |
     | **$1,525,000.01 - $3,025,000.00** | **3.00%** |
     | **$3,025,000.01 OR MORE** | **3.25%** |

   - **AGRICULTURAL LAND/TIMBERLAND EXCISE TAX IS 1.78% REGARDLESS OF SALES PRICE.**

2. **EASEMENT FOR STORMWATER DRAINAGE SYSTEM FOR THE BENEFIT OF LOT 4 OF SOUTHPARK DIVISION 5, AS CONVEYED BY INSTRUMENT RECORDED JANUARY 7, 1991 UNDER AUDITOR'S FILE NO. 9101070214.**

3. **EASEMENT AND THE TERMS AND CONDITIONS THEREOF:**

   | | |
   |---|---|
   | **GRANTEE:** | **PUGET SOUND POWER & LIGHT COMPANY, A WASHINGTON CORPORATION** |
   | **PURPOSE:** | **UNDERGROUND ELECTRIC TRANSMISSION AND/OR DISTRIBUTION SYSTEM** |
   | **RECORDED:** | **October 15, 1991** |
   | **AUDITOR'S FILE NO.:** | **9110150185** |
   | **AREA AFFECTED:** | **SAID PREMISES** |

4. **EASEMENT AND THE TERMS AND CONDITIONS THEREOF:**

   | | |
   |---|---|
   | **GRANTEE:** | **CITY OF LACEY, A MUNICIPAL CORPORATION** |
   | **PURPOSE:** | **WATER SERVICE** |
   | **RECORDED:** | **November 12, 1992** |
   | **AUDITOR'S FILE NO.:** | **9211120230** |
   | **AREA AFFECTED:** | **SAID PREMISES** |

**5. EASEMENT OR QUASI-EASEMENT, INCLUDING THE TERMS, COVENANTS AND PROVISIONS THEREOF, AS GRANTED BY INSTRUMENT;**

| | |
|---|---|
| **RECORDED:** | **November 30, 1992** |
| **AUDITOR'S FILE NO.:** | **9211300057** |
| **IN FAVOR OF:** | **CITY OF LACEY, STATE OF WASHINGTON** |
| **FOR:** | **THE RIGHT TO MAKE NECESSARY SLOPES FOR CUTS OR FILLS UPON THAT PORTION OF SAID PREMISES ABUTTING MULLEN ROAD SE** |

**END OF SCHEDULE B - SECTION II SPECIAL EXCEPTIONS**

**NOTES:**

a. ACCORDING TO THE RECORDS OF THURSTON COUNTY ASSESSOR, THE CURRENT VALUE OF SAID PREMISES IS AS FOLLOWS:

| | |
|---|---:|
| TAX ACCOUNT NO.: | 118-28-320203 |
| LAND: | $1,286,700.00 |
| IMPROVEMENTS: | $0.00 |
| TOTAL: | $1,286,700.00 |

b. THE FOLLOWING ABBREVIATED LEGAL DESCRIPTION IS PROVIDED AS A COURTESY TO ENABLE THE DOCUMENT PREPARER TO CONFORM WITH THE REQUIREMENTS OF RCW 65.04.045, PERTAINING TO STANDARDIZATION OF RECORDED DOCUMENTS.

ABBREVIATED LEGAL DESCRIPTION:

PTN SW1/4 SW1.4 28-18-1W

c. GENERAL TAXES FOR 2025 IN THE SUM OF $11.97, ARE PAID IN FULL. TAX ACCOUNT NO. 118-28-320203. (AREA CODE 241, FIRST HALF TAXES ARE DELINQUENT MAY 1. LAST HALF TAXES ARE DELINQUENT NOVEMBER 1.) (SAID TAXES CONTAIN A GOVERNMENT PROPERTY EXEMPTION PER THE THURSTON COUNTY TREASURER TAX ROLLS)

d. THERE ARE NO CONVEYANCES AFFECTING SAID PREMISES RECORDED WITHIN THE LAST 24 MONTHS.

THE LAST RECORDED TRANSFER OR AGREEMENT TO TRANSFER THE LAND DESCRIBED HEREIN IS AS FOLLOWS:

| | |
|---|---|
| INSTRUMENT: | STATUTORY WARRANTY DEED |
| GRANTOR: | NORTH THURSTON PUBLIC SCHOOL DISTRICT NO. 3, A WASHINGTON MUNICIPAL CORPORATION |
| GRANTEE: | LOTT ALLIANCE, A WASHINGTON NON-PROFIT CORPORATION |
| RECORDED: | December 15, 2006 |
| AUDITOR'S FILE NO.: | 3888295 |

e. WE FIND NO PERTINENT MATTER OF RECORD AGAINST CITY OF LACEY, THE FORTHCOMING BUYER(S)/BORROWER(S).

**END OF SCHEDULE B - SECTION II NOTES**

Mark D. [signature]

Authorized Signature

jg

**EXHIBIT "A"**

**THAT PORTION OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 28, TOWNSHIP 18 NORTH, RANGE 1 WEST, W.M. MORE PARTICULARLY DESCRIBED AS FOLLOWS:**

**COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 28, THENCE NORTH 01°36'58" EAST ALONG THE WEST LINE OF SAID SECTION 28, ACCORDING TO THE SURVEY RECORDED IN VOLUME 27 OF SURVYS, PAGE 152, UNDER THURSTON COUNTY AUDITOR'S FILE NUMBER 9101150177 A DISTANCE OF 1319.22 FEET TO THE NORTH LINE OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 28; THENCE SOUTH 87°59'28" EAST ALONG SAID NORTH LINE 660.01 FEET TO THE EAST LINE OF THE WEST 660 FEET OF SAID SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER; THENCE SOUTH 01°38'58" WEST ALONG SAID EAST LINE OF THE WEST 660 FEET A DISTANCE OF 108.85 FEET TO THE INTERSECTION WITH THE SOUTH RIGHT-OF-WAY MARGIN OF MULLEN ROAD EXTENSION AS DESCRIBED IN RIGHT-OF-WAY DEDICATION DEED RECORDED UNDER THURSTON COUNTY AUDITOR'S FILE NO. 9211300057 AND THE TRUE POINT OF BEGINNING;**

**THENCE CONTINUING SOUTH 01°38'58" WEST ALONG SAID EAST LINE OF THE WEST 660 FEET OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER 580.65 FEET TO THE NORTH LINE OF THE SOUTH 300 FEET OF THE NORTH THREE-QUARTERS OF SAID SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER;**
**THENCE SOUTH 87°58'59" EAST ALONG SAID NORTH LINE OF THE SOUTH 300 FEET A DISTANCE OF 652.82 FEET TO THE EAST LINE OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 28;**
**THENCE NORTH 01°32'03" EAST ALONG SAID EAST LINE A DISTANCE OF 97.79 FEET TO THE SOUTH RIGHT-OF-WAY MARGIN OF MULLEN ROAD EXTENSION AS DESCRIBED IN RIGHT-OF-WAY DEDICATION DEED RECORDED UNDER THURSTON COUNTY AUDITOR'S FILE NO. 9211300057;**
**THENCE NORTH 49°25'00" WEST ALONG SAID SOUTH RIGHT-OF-WAY MARGIN 584.01 FEET TO THE BEGINNING OF A CURVE TO THE LEFT HAVING A RADIUS OF 860.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 15°29'33" AN ARC DISTANCE OF 232.54 FEET TO THE POINT OF BEGINNING.**

**IN THURSTON COUNTY, WASHINGTON.**

OLD REPUBLIC TITLE

| FACTS | WHAT DOES OLD REPUBLIC TITLE DO WITH YOUR PERSONAL INFORMATION? |
|---|---|

| | |
|---|---|
| **Why?** | Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do. |
| **What?** | The types of personal information we collect and share depend on the product or service you have with us. This information can include:<br>• Social Security number and employment information<br>• Mortgage rates and payments and account balances<br>• Checking account information and wire transfer instructions<br><br>When you are *no longer* our customer, we continue to share your information as described in this notice. |
| **How?** | All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Old Republic Title chooses to share; and whether you can limit this sharing. |

| Reasons we can share your personal information | Does Old Republic Title share? | Can you limit this sharing? |
|---|---|---|
| **For our everyday business purposes** — such as to process your transactions, maintain your account(s), or respond to court orders and legal investigations, or report to credit bureaus | **Yes** | **No** |
| **For our marketing purposes** — to offer our products and services to you | **No** | **We don't share** |
| **For joint marketing with other financial companies** | **No** | **We don't share** |
| **For our affiliates' everyday business purposes** — information about your transactions and experiences | **Yes** | **No** |
| **For our affiliates' everyday business purposes** — information about your creditworthiness | **No** | **We don't share** |
| **For our affiliates to market to you** | **No** | **We don't share** |
| **For non-affiliates to market to you** | **No** | **We don't share** |

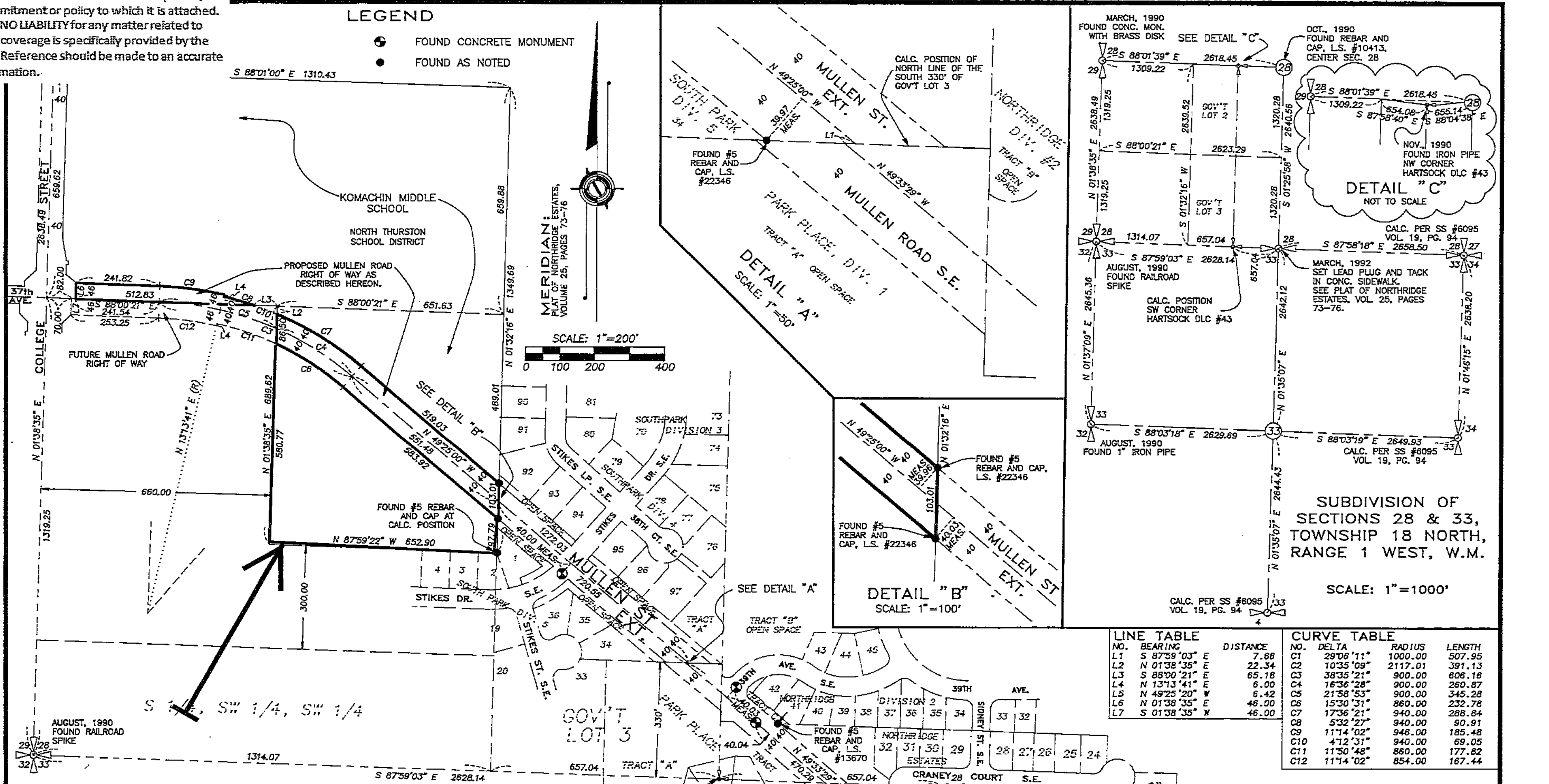
| Questions | Go to www.oldrepublictitle.com *(Contact Us)* |
|---|---|

| Who we are | |
|---|---|
| Who is providing this notice? | Companies with an Old Republic Title name and other affiliates. Please see below for a list of affiliates. |

| What we do | |
|---|---|
| **How does Old Republic Title protect my personal information?** | To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. For more information, visit http://www.oldrepublictitle.com/privacy-policy. |
| **How does Old Republic Title collect my personal information?** | We collect your personal information, for example, when you:<br>• Give us your contact information or show your driver's license<br>• Show your government-issued ID or provide your mortgage information<br>• Make a wire transfer<br>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies. |
| **Why can't I limit all sharing?** | Federal law gives you the right to limit only:<br>• Sharing for affiliates' everyday business purposes - information about your creditworthiness<br>• Affiliates from using your information to market to you<br>• Sharing for non-affiliates to market to you<br>State laws and individual companies may give you additional rights to limit sharing. See the State Privacy Rights Section location at https://www.oldrepublictitle.com/privacy-policy for your rights under state law. |

| Definitions | |
|---|---|
| **Affiliates** | Companies related by common ownership or control. They can be financial and nonfinancial companies.<br>• *Our affiliates include companies with an Old Republic Title name, and financial companies such as Attorneys' Title Fund Services, LLC, Lex Terrae National Title Services, Inc., Mississippi Valley Title Services Company.* |
| **Non-affiliates** | Companies not related by common ownership or control. They can be financial and non-financial companies.<br>• *Old Republic Title does not share with non-affiliates so they can market to you* |
| **Joint marketing** | A formal agreement between non-affiliated financial companies that together market financial products or services to you.<br>• *Old Republic Title doesn't jointly market.* |

| Affiliates Who May be Delivering This Notice | | | | |
|---|---|---|---|---|
| **American First Abstract, LLC** | **American Guaranty Title Insurance Company** | **Attorneys' Title Fund Services, LLC** | **Compass Abstract, Inc.** | **eRecording Partners Network, LLC.** |
| **Genesis Abstract, LLC** | **Guardian Consumer Services, Inc.** | **iMarc, Inc.** | **L.T. Service Corp.** | **Lenders Inspection Company** |
| **Lex Terrae National Title Services, Inc.** | **Lex Terrae, Ltd.** | **Mississippi Valley Title Services Company** | **National Title Agent's Services Company** | **Old Republic Branch Information Services, Inc.** |
| **Old Republic Diversified Services, Inc.** | **Old Republic Escrow of Vancouver, Inc.** | **Old Republic Exchange Company** | **Old Republic National Ancillary Services, Inc.** | **Old Republic Title and Escrow of Hawaii, Ltd.** |
| **Old Republic Title Insurance Company** | **Old Republic Title Company** | **Old Republic Title Companies, Inc.** | **Old Republic Title Company of Conroe** | **Old Republic Title Company of Indiana** |
| **Old Republic Title Company of Nevada** | **Old Republic Title Company of Oklahoma** | **Old Republic Title Company of Oregon** | **Old Republic Title Company of St. Louis** | **Old Republic Title Company of Tennessee** |
| **Old Republic Title Information Concepts** | **Old Republic Title Insurance Agency, Inc.** | **Old Republic Title, Ltd.** | **RamQuest Software, Inc.** | **Republic Abstract & Settlement, LLC** |
| **Sentry Abstract Company** | **Surety Title Agency, Inc.** | **Trident Land Transfer Company, LLC** | | |




| LINE TABLE | | |
|---|---|---|
| NO. | BEARING | DISTANCE |
| L1 | S 87°59'03" E | 7.66 |
| L2 | N 01°38'35" E | 22.34 |
| L3 | S 88°00'21" E | 65.18 |
| L4 | N 13°13'41" E | 6.00 |
| L5 | N 49°25'20" W | 6.42 |
| L6 | N 01°38'35" E | 46.00 |
| L7 | S 01°38'35" W | 46.00 |

| CURVE TABLE | | | |
|---|---|---|---|
| NO. | DELTA | RADIUS | LENGTH |
| C1 | 29°06'11" | 1000.00 | 507.95 |
| C2 | 10°35'09" | 2117.01 | 391.13 |
| C3 | 38°35'21" | 900.00 | 606.16 |
| C4 | 16°36'28" | 900.00 | 260.87 |
| C5 | 21°58'53" | 900.00 | 345.28 |
| C6 | 15°30'31" | 860.00 | 232.78 |
| C7 | 17°36'21" | 940.00 | 288.84 |
| C8 | 5°32'27" | 940.00 | 90.91 |
| C9 | 11°14'02" | 946.00 | 185.48 |
| C10 | 4°12'31" | 940.00 | 69.05 |
| C11 | 11°50'48" | 860.00 | 177.82 |
| C12 | 11°14'02" | 854.00 | 167.44 |

SURVEY PERFORMED USING A SIX SECOND THEODOLITE AND EDM

METHOD OF SURVEY: FIELD TRAVERSE

## DESCRIPTION OF A PORTION OF THE PROPOSED MULLEN ROAD RIGHT OF WAY:

COMMENCING AT THE RAILROAD SPIKE MONUMENT MARKING THE SOUTHWEST CORNER OF SECTION 28, TOWNSHIP 18 NORTH, RANGE 1 WEST, W.M.; THENCE NORTH 01°38'35" EAST ALONG THE WEST LINE OF SAID SECTION 28 A DISTANCE OF 1319.25 FEET TO THE SOUTH LINE OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER; THENCE SOUTH 88°00'21" EAST ALONG SAID SOUTH LINE 82.00 FEET TO THE EAST MARGIN OF COLLEGE STREET AND THE TRUE POINT OF BEGINNING; THENCE NORTH 01°38'35" EAST ALONG SAID EAST MARGIN 46.00 FEET TO THE NORTH LINE OF THE SOUTH 46.00 FEET OF SAID NORTHWEST QUARTER OF THE SOUTHWEST QUARTER; THENCE SOUTH 88°00'21" EAST ALONG SAID NORTH LINE 241.82 FEET TO A TANGENT CURVE TO THE RIGHT HAVING A RADIUS OF 946.00 FEET; THENCE EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 11°14'02" AN ARC LENGTH OF 185.48 FEET; THENCE SOUTH 13°13'41" WEST 6.00 FEET TO A NON-TANGENT CURVE TO THE RIGHT, THE RADIUS POINT OF WHICH BEARS SOUTH 13°13'41" WEST 940.00 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 27°21'19" AN ARC LENGTH OF 448.80 FEET; THENCE SOUTH 49°25'00" EAST 519.03 FEET TO THE EAST LINE OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 28; THENCE SOUTH 01°32'16" WEST ALONG SAID EAST LINE 103.01 FEET TO A POINT 80.00 FEET SOUTHWESTERLY WHEN MEASURED AT RIGHT ANGLES TO THE AFORESAID LINE; THENCE NORTH 49°25'00" WEST 583.92 FEET TO A TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 860.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 27°21'19" AN ARC LENGTH OF 410.60 FEET; THENCE SOUTH 13°13'41" WEST 6.00 FEET TO A NON-TANGENT CURVE TO THE LEFT, THE RADIUS POINT OF WHICH BEARS SOUTH 13°13'41" WEST 854.00 FEET; THENCE WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 11°14'02" AN ARC LENGTH OF 167.44 FEET TO THE SOUTH LINE OF THE NORTH 46.00 FEET OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 28; THENCE NORTH 88°00'21" WEST ALONG SAID SOUTH LINE 253.25 FEET TO THE EAST MARGIN OF COLLEGE STREET; THENCE NORTH 01°38'35" EAST 46.00 FEET ALONG SAID EAST MARGIN TO THE SOUTH LINE OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 28; THENCE SOUTH 88°00'21" EAST ALONG SAID SOUTH LINE 12.00 FEET TO THE TRUE POINT OF BEGINNING. EXCEPTING THEREFROM THAT PORTION LYING WITHIN THE EAST 660.00 FEET OF THE NORTH THREE QUARTERS OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 28.

SITUATE IN THE CITY OF LACEY, THURSTON COUNTY, WASHINGTON.

### AUDITOR'S CERTIFICATE

Filed for record this 1st day of OCT, 1992 at 9:59 AM. in book 31 of Surveys at page 72 at the request of JEFF S. PANTIER

SAM S. REED — THURSTON COUNTY AUDITOR

[signature] — DEPUTY

### SURVEYOR'S CERTIFICATE

This map correctly represents a survey made by me or under my direction in conformance with the requirements of the Survey Recording Act at the request of CITY OF LACEY

[signature] AUG. 28, 1992

JEFF S. PANTIER — DATE

REGISTERED PROFESSIONAL LAND SURVEYOR — CERT. #28073

JEFF S. PANTIER, STATE OF WASHINGTON, REGISTERED PROFESSIONAL LAND SURVEYOR, 28073, EXPIRES 5/21/94

**JAMES A. PANTIER & ASSOC., INC.**
**LAND SURVEYORS**
*A Professional Services Corporation*
6326 MARTIN WAY SUITE G
LACEY, WA 98516
491-9744

| DRAWN BY: L.D.P. | CHECKED BY: J.S.P. | JOB NO: 2408 |
|---|---|---|

### AUDITOR'S INDEXING DATA

| QUARTER | SECTION | TOWNSHIP | RANGE |
|---|---|---|---|
| NW 1/4 OF NE 1/4 AND NE 1/4 OF NW 1/4, AND | 33 | 18 N. | 1 W. |
| GOV'T LOT 3 AND SE 1/4 OF SW 1/4 AND SW 1/4 OF SW 1/4 | 28 | | W. M. |

JOB № 2408

# Appraisal Report

**Mullen Road SE Land**
**XXXX Mullen Road SE**
**Lacey, Washington**
**Purchase Order 1425**

**Prepared For:**

**LOTT Clean Water Alliance**

ANDERSON APPRAISAL, INC.
Real Estate Appraisers and Consultants

ANDERSON APPRAISAL, INC.
EIN: 91-1486688 • TELEPHONE (360) 943-8400 • EMAIL: DEREKJ@ANDERSONAPPRAISALINC.COM
P. O. BOX 2694 • OLYMPIA, WASHINGTON 98507

Date of Report: May 2, 2024

Mr. Justin Long
LOTT Clean Water Alliance
500 Adams Street NE
Olympia, WA 98501

Re: Mullen Road SE Land
XXXX Mullen Road SE
Lacey, Washington
File No. 6476-24ADS

Dear Mr. Long:

In accordance with our engagement, Anderson Appraisal, Inc. evaluated the above referenced property, utilizing best practice appraisal standards for this property type. The appraisal was conducted in compliance with our understanding of the following: Uniform Standards of Professional Appraisal Practice (USPAP), appraisal guidelines of LOTT Clean Water Alliance, and all applicable state and federal laws and regulations including licensing and registration. The undersigned hereby certifies that no attempt was made by the client or any third party to influence the valuation through coercion, extortion, collusion, compensation, inducement, intimidation, bribery, or in any other manner.

The purpose of this appraisal is to develop an opinion of the Market Value of the subject property's Fee Simple Estate. The Appraisal Report is as defined by USPAP Standards Rule 2-2(a). The following table conveys the final opinions of market value that are developed within the body of the report.

| Value Type | Value Premise | Value Perspective | Interest Appraised | Effective Date | Indicated Value |
|---|---|---|---|---|---|
| Market Value | As Is | Current | Fee Simple | 4/23/2024 | $700,000 |

The appraisal report has been prepared for the exclusive benefit of LOTT Clean Water Alliance. It may not be used or relied upon by any other party without our written consent. The reader's attention is directed to the Underlying Assumptions and Limiting Conditions, on page 53. We appreciate the opportunity to serve you, and if you have any questions regarding this report, please feel free to call.

Sincerely,

Derek R. Jolliff, MAI

# TABLE OF CONTENTS

# Summary of Salient Facts and Conclusions

*Introduction:*

The subject is a 5.32-acre parcel, currently zoned Open Space-Institutional. It was purchased from the school district by LOTT Alliance in 2006 for use as a water reclamation site. It was, however, deemed to be surplus and eligible for disposition. The site has good residential development potential but would need to be rezoned. It is expected to be rezoned by the City of Lacey in 2025 as part of the 2025 rewrite of the Comprehensive Plan.

| | |
|---|---|
| *Property Identification:* | Mullen Road SE Land. |
| *Parcel Number(s):* | 11828320203. |
| *Ownership:* | LOTT Alliance. |
| *Property Type:* | Land Other. |
| *Land Area:* | 5.32 acres or 231,727 SF. |
| *Zoning:* | OS-I, Open Space Institutional. |
| *Highest & Best Use:* | Residential Development. |
| *Type of Appraisal:* | As requested, this is an Appraisal Report, which is USPAP compliant. |
| *Effective Date(s) of Value:* | April 23, 2024. |
| *Date of Report:* | May 2, 2024. |
| *Rights Appraised:* | Market Value of the Fee Simple Estate. |
| *Client & Intended Use:* | The client (intended user) is LOTT Clean Water Alliance. The function (intended use) of this appraisal is to evaluate the real property for a selling decision. |

| ***Value Indicated By:*** | |
|---|---|
| **Cost Approach:** | Not Applicable |
| **Sales Comparison Approach** | $700,000 |
| **Income Approach:** | Not Completed |
| **FINAL ESTIMATE OF MARKET VALUE:** | **$700,000** |

# Subject Photographs


Aerial View


Subject Street View


Mullen Rd, Looking SE

Mullen Rd, Looking NW


Subject Interior, Looking S


Subject Interior, showing slope


Subject Interior, Looking SW

SE corner, looking SW along boundary

Subject Interior, Looking W

Subject S portion, showing residential use to S

Subject Interior, Looking E

Subject Interior, Looking NNE

Subject Interior


W boundary, Looking S


W portion, Looking N


SW corner, Looking E

# Introduction

*Type of Property:* Mullen Road SE Land.

*Address of Property:* XXXX Mullen Road SE, Lacey, Washington.

*Location:* South side of Mullen Road SE approximately 700' southeast of the intersection with College Street SE in the City Limits of Lacey in Thurston County.

*Owner of Record:* LOTT Alliance.

# Legal Description

No title report has been furnished. The legal description shown in public records is as follows:

"Section 28 Township 18 Range 1W Quarter SW SW DAF: COM SW COR SEC 28 THENCE N01-38-58E 1319.22F TO NORTH LINE SW SW, THENCE S87-59-28E 660.01F TO EAST LINE SW SW, THENCE S01-38-58W 108.85F TO X S".

# Purpose of Appraisal

The purpose of this appraisal was to estimate the Market Value a buyer would be justified in paying for the subject property, Fee Simple Estate, as of April 23, 2024.

# Intended Use of Appraisal

This appraisal report is intended for the sole and exclusive use of LOTT Clean Water Alliance to evaluate the real property for a selling decision..

## Definition of Client

The term "Client" is defined in USPAP as:

> "The party or parties who engage an appraiser (by employment or contract) in a specific assignment."

The client (intended user) of this appraisal report is LOTT Clean Water Alliance.

## Unavailability of Information

The following information was not provided or available to the appraisers:

Title Report
Environmental Reports

## Extraordinary Assumptions

The subject is in an area designated as "More Preferred" Mazama Pocket Gopher soils which are indicative of possible Mazama Pocket Gopher habitat. Mazama Pocket Gophers are an endangered species and the presence of active habitat could significantly impact the subject. It is unknown if the subject has active Mazama Pocket Gopher Habitat thus there is an Extraordinary Assumption that there is no Mazama Pocket Gopher habitat located on the subject. The use of this Extraordinary Assumption may have affected the assignment results.

## Hypothetical Conditions

None.

# Definitions

***Market Value[1]***

*The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:*

- *Buyer and seller are typically motivated;*
- *Both parties are well informed or well advised, and acting in what they consider their best interests;*
- *A reasonable time is allowed for exposure in the open market;*
- *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- *The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994).*

***Fee Simple Estate[2]***

*Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.*

# Property Rights Appraised

The Fee Simple Estate is appraised herein, subject to zoning, easements, and other governmental restrictions of record.

[1] The Dictionary of Real Estate Appraisal, Appraisal Institute, Sixth Edition, Page 142.
[2] The Dictionary of Real Estate Appraisal, Appraisal Institute, Sixth Edition, Page 90.

## Date of Inspection

The last date of physical property inspection was April 23, 2024. Present during the inspection were the following individuals: Alison Anderson Snodgrass, Assistant Appraiser, Derek Jolliff, Appraiser.

During the inspection, the appraiser visually surveyed the subject by walking the site perimeter, road frontages, and portions of the interior. The appraiser is not a surveyor, environmental, or geotechnical specialist. The client is urged to retain such if so desired. Should there be physical characteristics not commensurate with the observed areas that are later discovered, we reserve the right to modify the report and value conclusions presented within.

## Property History

The subject, a 5.32-acre undeveloped parcel, was purchased from the Lacey School District by LOTT Clean water Alliance for a potential water reclamation satellite site. The LOTT 2050 Master Plan identified the ability to expand capacity at existing site, rendering the subject parcel, among others, surplus. The parcel is on a list with several parcels in the neighborhood with OS or similar zoning to be evaluated by the Long Range Planning Department and the Planning Commission for rezoning according to their highest and best use and city goals. Discussions with the City of Lacey Planning Department indicated the site will likely be rezoned to LD, Low Density residential, but they could not guarantee that until the Planning Commission begins the process. There are reported discussions of a possible purchase of the property by the City of Lacey, but there is not a public memorandum of understanding or contract for the property available.

The subject has not sold in the three years prior to the date of value and is not currently under contract or being marketed for sale.

## Scope of Work

This report has been prepared in conformance with the current Uniform Standards of Professional Appraisal Practice (USPAP), as formulated by the Appraisal Foundation.

The subject property is appraised based on the following Scope of Work:

- The property is identified as: Mullen Road SE Land.
- The property was inspected on April 23, 2024.
- The research of the local and regional economy and Thurston County Land market data included reference to various sources that include Thurston County Assessor, Washington

State Office of Financial Management, CoStar, Washington State Department of Labor and Industry, and our in-house surveys of the market.

- Specific data concerning the subject was obtained from various sources including the property owner, City of Lacey (zoning), and Thurston County (assessed values and real estate taxes).

- Data compiled in the analysis of the building sales and leases was obtained from Thurston County Assessor, NWMLS, CoStar, CBA (Commercial Broker Association), as well as our own in-house data files.

- All of the sales data were confirmed with a party involved in the transaction and/or through public records.

- The Sales Comparison Approach was fully developed.

- The reconciliation and final value estimate(s) are based on an overview of the weight applied to each approach by buyers and sellers in the current market, also taking into consideration the quality of the data available for each.

- Alison Anderson Snodgrass, License #21018996, provided significant real property appraisal assistance to the person signing this report by assisting in the: defining of the appraisal problem, performing preliminary analysis and planning, selecting and collecting data, performing an analysis of the subject property, estimating the subject's highest and best use, developing the approaches to value, reconciling value indicators, reaching defined value conclusions and reporting value conclusions as defined.

## Exposure Time

"The time a property remains on the market. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market."[3]

The following information was taken into consideration to develop an estimate of exposure time for the subject property: recent comparable sale and current listing experience (i.e. days on market), interviews with real estate brokers/agents with experience marketing this property type, interviews with lenders who finance this type of real estate, and the subject property's overall physical and locational characteristics.

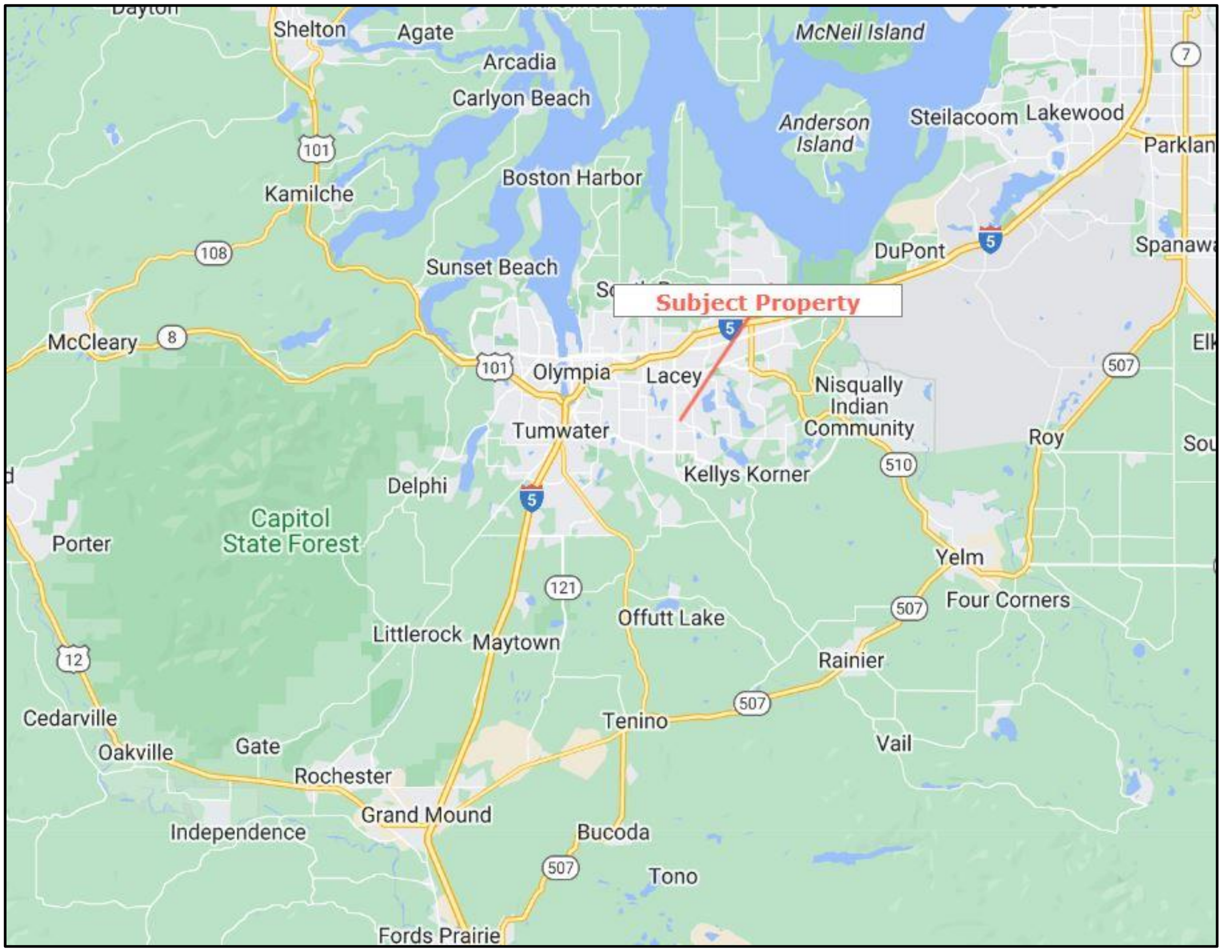
Based upon our research for this assignment, required marketing periods ranging between 17 days and 203 days were observed, with at least two properties having extended feasibility periods that delayed closing. Considering all of the preceding factors, the exposure period has

[3] The Dictionary of Real Estate Appraisal, Appraisal Institute, Sixth Edition, Page 83.

been estimated at approximately six months or less.  Exposure time is always presumed to occur prior to the effective date of the appraisal.

# Market Area Summary

A market area is defined as "the geographic or locational delineation of the market for a specific category of real estate, i.e., the area in which alternative, similar properties effectively compete with the subject property in the minds of probable, potential purchasers and users."[4]




## Location

The subject is in the City Limits of Lacey which is part of the Olympia-Lacey-Tumwater metro area in Thurston County. Thurston County lies near the middle of a corridor running down the east side of Puget Sound that extends straight south to the Columbia River. This corridor consists of ten counties and holds approximately 69 percent of Washington State's population, with Thurston County projected as one of the fastest growing through the year 2015. Seattle is located about one hour's driving time to the North, and Portland is about two hours to the South via Interstate Highway 5.

## Infrastructure and Public Services

The major transportation route in Thurston County is Interstate 5 which nearly bisects the county north-south and is the major north-south transportation corridor on the west coast. Other

[4]Dictionary of Real Estate Appraisal, Appraisal Institute, Sixth Edition, Page 139.

connecting major routes include US Highway 101 to the north, State Highway 8 providing east-west connection with Grays Harbor County, State Highway 507 providing access to Yelm and State Highway 12, in the southeast portion of the county. Intercity Transit (IT) is the region's public transit provider with regular fixed-route bus service throughout the County and inter-county service in conjunction with Pierce, Mason and Grays Harbor Transits. Thurston County is served by four rail companies, three freight and one passenger service, Amtrak.

Thurston County features one main marine terminal, Port of Olympia, a deep water port offering service for loading and unloading of international vessels. The Port of Olympia's Tumwater facility is the Olympia Airport and New Market Industrial Campus, totaling about 1,500 acres. Charter airline service is available at the airport, but scheduled airline service has been difficult to sustain over the years for a variety of reasons.

Thurston County has two hospitals, Providence St. Peter Hospital and Capital Medical Center. The two hospitals function as the regional medical center for five counties, both offering numerous specialty clinics and treatment centers. There are also numerous small medical clinics in the area.

Law enforcement is provided by municipal police departments in the major Thurston County cities and by the Thurston County Sheriff's Department in the smaller rural communities and unincorporated areas of the County. Residents of Thurston County are served by 16 fire districts and the three city fire departments of Olympia, Tumwater and Bucoda. Lacey fire protection is provided by contract with Thurston County Fire District #3.

## Population

Thurston County has been one of the fastest growing counties in the State since the 1960's, consistently exceeding the State's overall rate of growth and is currently ranked the sixth most populous county in the State. From 2010 to 2020 (actual census numbers), the county population has increased 16.9%. The Olympia population increased 19.2%, Tumwater 47.2%, and Lacey was up 26.3% for the same time period. The city of Yelm has grown the fastest at 55.0%.[5]

| County Municipality | Census 2020 | Estimate 2021[1] | Estimate 2022 | Estimate 2023 |
|---|---|---|---|---|
| **Thurston** | **294,793** | **297,800** | **300,500** | **303,400** |
| Unincorporated | 144,856 | 145,255 | 143,760 | 143,980 |
| Incorporated | 149,937 | 152,545 | 156,740 | 159,420 |
| Bucoda | 600 | 595 | 610 | 620 |
| Lacey | 53,526 | 54,850 | 58,180 | 59,430 |
| Olympia | 55,382 $ | 55,960 | 56,370 | 56,900 |
| Rainier | 2,369 | 2,440 | 2,510 | 2,555 |
| Tenino | 1,870 | 2,010 | 2,030 | 2,045 |
| Tumwater | 25,573 $ | 26,050 | 26,360 | 27,100 |
| Yelm | 10,617 | 10,640 | 10,680 | 10,770 |

$ represents corrected Federal Census numbers

## Employment

The unemployment rate has remained low and nonfarm payrolls have expanded consistently over the year. Government employment in the county has remained steady and strong

[5] OFM Forecasting, State of Washington, April, 2023; US Census, 2020

with no reason to see this trend not continuing. Ground has been broken on many new projects, including a craft brewing and retail sector in Tumwater which will include craft brewing space, distillery space and South Puget Sound Community College classrooms, as it launches new craft brewing and distillery classes. New hotels have been built or renovated and rooms are being filled on a regular basis.

## Economy

In the case of Thurston County, state government has had a major role, and with its status as State Capitol, this is expected to continue. Unless the local economic base diversifies, employment and overall economic growth will continue to be dependent upon growth in State government and the continuation of the county becoming a regional trade and service center for neighboring counties.

*Residential Development*

As in much of the U.S., new residential activity boomed in Thurston County during 2003-2007, in both urban and rural areas. The nationwide "great" recession, which officially began Fall, 2007, severely impacted this area as well. Median home prices plummeted and took until 2013 to regain 2007 values.

Since 2013 home values continued to rise and began to skyrocket the past two years. The increase is mostly due to very low inventory of homes on the market and the new construction market unable to keep up with the demand. In addition, there has been an influx of people being outpriced in King and Pierce Counties and purchasing homes further south, in spite of the commute.

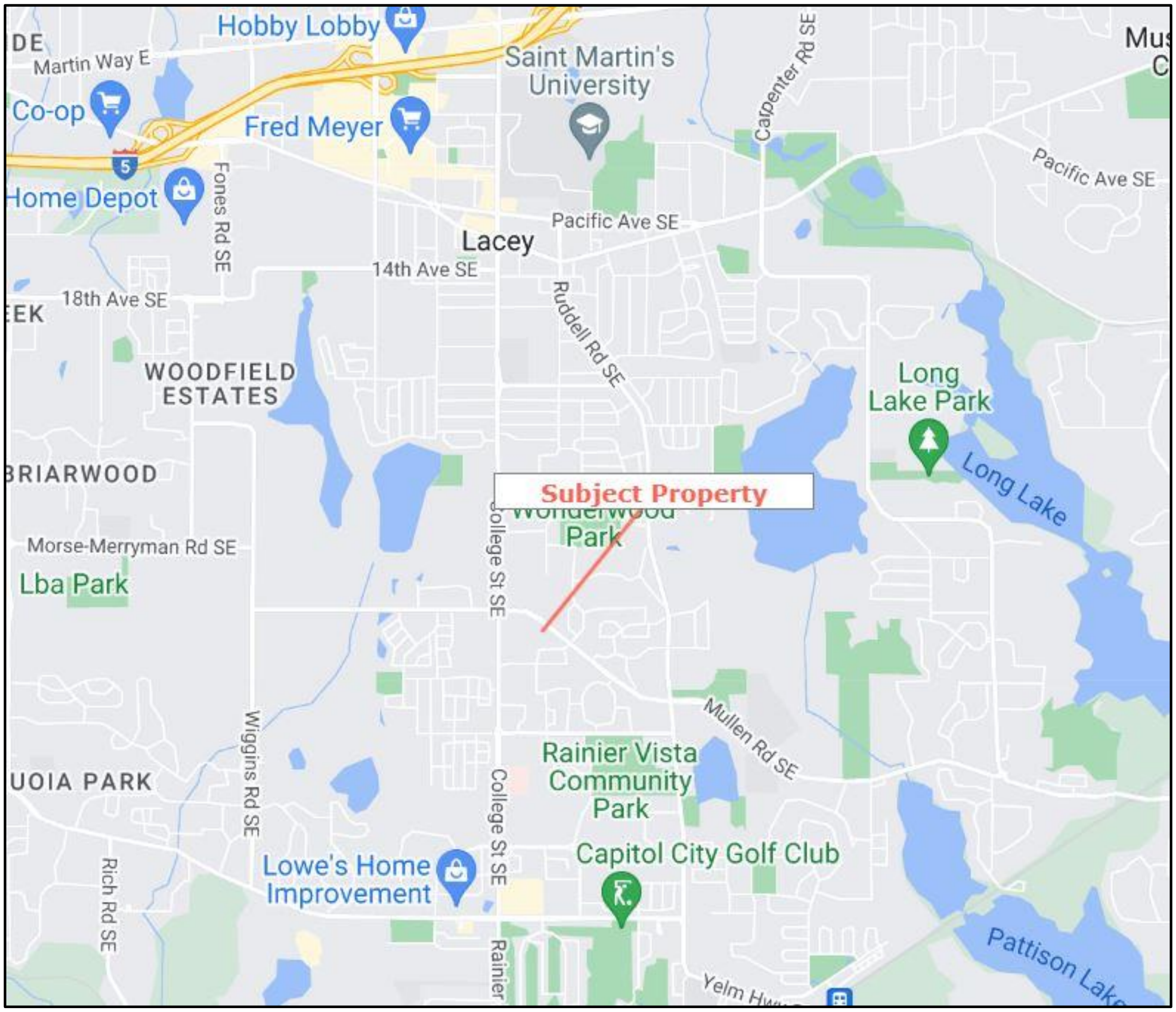
## Summary

At this time, growth appears to be driven by the in-migration of people wanting to escape the more heavily urbanized communities to the north and continued spin-off of opportunities from being situated on Interstate 5, which continues to grow in traffic volume. In addition to being the center of state government, the Olympia/Tumwater/Lacey area is also a regional shopping and medical center for the more rural counties of Mason, Grays Harbor and Lewis. Regional economic issues such as Boeing's up and down-market impacts, typically aren't felt as strongly in Thurston County because of the insulating effects of its state government core.

The economy continues to draw new warehousing/manufacturing concerns, especially to the Hawk's Prairie/Meridian Campus northeast of Lacey. Growth throughout the county is expected to continue well into the future.

# Neighborhood and/or District Summary

A neighborhood is defined as "a group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises."[6] A district is defined as "a market area characterized by homogeneous land use, e.g. apartment, commercial, industrial, agricultural."[7]




| **Boundaries** | |
|---|---|
| North: | Lacey Blvd |
| South: | Yelm Hwy |
| East: | Ruddell Rd |
| West: | Chehalis Western Trail |

[6] Dictionary of Real Estate Appraisal, Appraisal Institute, Sixth Edition, Page 156.
[7] Dictionary of Real Estate Appraisal, Appraisal Institute, Sixth Edition, Page 68.

## Environmental Influences

| | |
|---|---|
| *Construction Types, Ages:* | Predominately single family residential interspersed with institutional and multifamily developments; the neighborhood is bounded on the north and south by predominantly commercial development. Construction is mostly wood frame residential and masonry or metal frame institutional and commercial with ages ranging from early 1970s to present. |
| *General Maintenance:* | Overall maintenance in the neighborhood is considered average to good. |
| *New Development & Construction:* | There are no active developments in the permitting process in the neighborhood. There is some single-family and multifamily construction north and east of the subject neighborhood. |
| *Life Cycle:* | The neighborhood experienced infill from the late 2000s to the late 2010s. The neighborhood is largely built out with little to no vacant land that is currently zoned for development. |
| *Nuisances & Hazards:* | None noted. |
| *Public Utilities & Infrastructure:* | Typical public utilities are all available throughout the neighborhood. |
| *Linkages:* | College St SE and Ruddell Rd SE provide north/south linkage to large retail developments along Lacey Blvd and I-5 to the north and Retail goods and services along Yelm Hwy to the south. Lacey Blvd and Yelm Hwy provide good east/west linkages. |
| *Street Patterns:* | Neighborhood arterial and feeder streets. |
| *Public Transportation:* | The neighborhood is served by Intercity Transit with the following routes 64, 66, 67, 94. |
| *Goods & Services:* | The majority of typical goods and services, as well as amenities, are available at the northern and southern edges of the neighborhood. |

## Governmental Influences

| | |
|---|---|
| *Zoning & Land Use Policy:* | City of Lacey. The primary zoning in the neighborhood is low to moderate density residential. |
| *Protective Services:* | City of Lacey police and fire protection . |

| | |
|---|---|
| *Tax Burden, LID's, etc.:* | No detrimental tax burdens or LID's noted |
| *Environmental Regulations:* | No adverse environmental regulations exist in the neighborhood. |

**Economic Influences**

| | |
|---|---|
| *Income Characteristics:* | Household median income within a 2-mile radius of the subject is estimated at $72,025 in 2023 (CoStar Properties 2-mile radius). |
| *Owner Occupancy:* | The owner occupancy rate in the neighborhood is 57% and renter occupancy is 42% in 2023 according to CoStar Properties 3-mile radius. |
| *Industry Employment:* | Approximately 32% of employees in the neighborhood are employed in Education and Health Services, 16% Trade Transportation and Utilities, and 12% in both Financial Activities and Professional and Business Services (CoStar Properties 2-mile radius). |
| *Population Density:* | Moderate density with 5.84 persons per acre. |
| *Quality of Community Services:* | Considered average to good. |

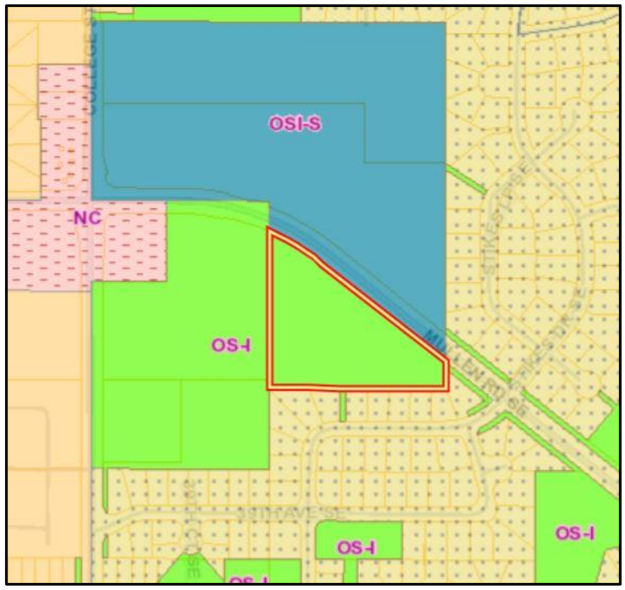
**Summary and Conclusions:**

The neighborhood is characterized by the residential developments sandwiched between recreational amenities to the east and south of the neighborhood. It is considered to have good access to goods, services, and employment hubs. It has mostly single-family residential focus with some multifamily residential interspersed, as well as schools and religious institutions. The neighborhood is entirely in the Lacey city limits and has all typical associated utilities and services. It has good linkages to I-5 in the north, retail to the north and south, and employment to the west and north, and recreation to the east and south.

## Site Summary

No site plan has been furnished. The exhibit below is a depiction of the site from Thurston County GIS, showing the basic orientation and configuration. The following description is based upon public records and/or a personal inspection of the site.


*Zoning:* The subject property is zoned OS-I, Open Space Institutional, under the City of Lacey zoning ordinance. The most relevant aspects of the designation is reprinted or summarized below.




*Intent:* Protect and preserve certain areas of land devoted to existing and future use for civic, cultural, educational and similar facilities.

*Allowed Uses:* Parks, greenways and open space for active or passive recreation or enjoyment; Government buildings or offices such as city hall, fire stations, schools and colleges, hospitals, community meeting or recreation halls; Libraries, museums, or similar cultural facilities; Churches; Residential uses as an incidental use to the permitted use; Urban agricultural uses.

*Development Standards*: Max Height: 80'; Max Bldg Cvrg: 35%; Front Setback: 35'; Side Yard: 15'-25'; Rear Yard: 15'-25'.

*Conclusion:* Development under current zoning is restricted to institutional use. Discussions with Ryan Andrews, a Long Range Planner with the City of Lacey, indicated it is on a list of parcels to be considered for rezoning in 2025. He stated that based on unofficial internal discussions, the department's opinion of the subject's highest and best use was more likely Low Density residential use, allowing up to 6 units per acre given the LD zoning to the south and east. There is a less likely possibility the subject could be zoned Medium Density residential, allowing 8-16 units per acre.

*Location:* South side of Mullen Road SE approximately 700' southeast of the intersection with College Street SE in the City Limits of Lacey in Thurston County.

*Abutting Subject Property:*

| Abuts | Description |
|---|---|
| *North:* | Mullen Rd, thence Komachin Middle School |
| *South:* | Single-Family Residential use |
| *East:* | Mullen Rd, thence Single-Family use |
| *West:* | House of Worship |

*Shape:* Triangular. The northern and eastern boundaries are created by Mullen Rd, allowing good frontage. The shape may minimally impact full utilization of the land area.

*Size:* 5.32 acres; 231,727 SF.

*Visibility Rating:* Average. The subject has approximately 850'+ of frontage on Mullen Rd SE.

*Access Rating:* Good. The subject is vacant with no built access, but frontage along Mullen would allow multiple points of ingress/egress.

*Frontage:*

| Street/Attribute | Descriptor |
|---|---|
| Mullen Rd SE | Neighborhood arterial |
| Direction | East/West |
| Lanes | Two, divided, with bike lanes |
| Sidewalks/Lights | Yes |
| On-Street Parking | No |
| Traffic Volume | Moderate |
| Speed Limit | 35 mph |

*Topography:* Level. The site has a very slight slope, from 236' in the southwest corner down to 228' at the site's center.

*Soils:* No soil tests were provided. No settling or other disturbance noted in immediately surrounding area. It is an assumption of the report that the soil qualities are adequate to support the Highest and Best Use of the subject property.

*Drainage:* The site is vacant. There are storm drains in Mullen Rd in front of the subject.

*Utilities:*

| | Provider |
|---|---|
| *Electricity:* | Puget Sound Energy |
| *Gas:* | Puget Sound Energy |
| *Sewer:* | City of Lacey |
| *Water:* | City of Lacey |

*Site Improvements & Coverage:* The subject site is vacant. There is, however, already street improvements in place along Mullen Rd.

*Environmental Concerns:* No site environmental assessment information has been furnished.

There was no visual evidence of solid waste materials dumping, soil erosion, overuse of pesticides or other hazardous elements. This statement does not mean that Anderson Appraisal, Inc. warrants the non-existence of any potential environmental concerns, but rather that none were visually evident on the date of inspection. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

*Flood Zone:* According to FEMA Community Panel No. 53067C0189F, effective 09-02-2016, subject site is part of a larger surrounding area all designated "Flood Zone X: Areas Determined to be Outside the 0.2% Annual Chance Floodplain".

*Earthquake Zone:* The International Building Code (IBC) is the newly adopted building code effective in the state of Washington. The IBC uses the Seismic Design Category (SDC), which is a function of ground motion, soil type, and building occupancy, to classify areas of expected ground shaking. Most buildings in Puget Sound region would fall under category D or greater. The categories range from A to F, with A having the lowest structural requirements and F having the highest structural requirements.

A seismic study has not been provided and the appraisers do not possess the expertise in seismic or structural engineering.

*Critical Areas:* According to public mapping, there are no wetlands, wetland buffers, hydric soils, stream or shoreline setback the property. The subject is in an area of more preferred gopher soils, but it is an extraordinary assumption of this report that there are no pocket gophers on the site.

*Easements:* There are no known detrimental easements.

*Covenants, Conditions & Restrictions:* There are no known detrimental covenants, conditions, or restrictions.

**Summary and Conclusions:**

The subject parcel is located in a residential area that is largely built out, with the most recent infill neighborhoods built in the 2010s. The subject was once part of a larger parcel owned by Thurston County schools. However, when Mullen Rd was constructed, it was separated from the school property. However, the subject parcel and the parcels directly adjacent to the west, retain the Open Space- Institutional zoning. The parcels directly to the west are developed with houses of worship. The City of Lacey indicated that the city would be open to rezoning the parcel, that it is on a list of OS and similarly zoned parcels to be evaluated for upzoning in 2025. It is most likely that the parcel could be rezoned LD, Low Density single family residential, giving it the same zoning as parcels to the south and east. The parcel has approximately 850' of frontage along Mullen Road, which already has all typical utilities installed and street frontage in place. The frontage is enough to allow two points of ingress/egress for the creation of residential access streets. All these things make the parcel a good candidate for rezoning to LD, single-family residential use, which could allow up to 25-30 homesites.

## Assessed Valuation and Tax Load

The subject property is currently assessed for real estate taxes as shown below:

| Tax Parcel No. (s) | Tax Land Value | Tax Buildings Value | Tax Market Value | Tax Amount |
|---|---|---|---|---|
| 11828320203 | $1,127,500 | $0 | $1,127,500 | $12.00 |
| **Totals** | **$1,127,500** | **$0** | **$1,127,500** | **$12.00** |

The subject property has a tax exemption due to its current ownership and the exemption indicates that the assessed value may not represent market value. The assessed value has fluctuated significantly over the last ten years ranging from $206,600 to $1,465,200. The current total assessed value is significantly higher than the conclusion reached in this appraisal and may put it at risk of a greater tax load in the event that it is not tax exempt.

# Market Study

"An analysis of the market conditions of supply, demand, and pricing for a specific property type in a specific area." [8]

## Product Definition

There are a number of characteristics that determine the marketability of any property. The characteristics generally fall under the broad categories of legal, physical (site and improvements) and locational. To understand how the market perceives the subject, it is necessary to compare it to similar properties in its market area. The following table rates the subject's primary characteristics in comparison to similar competitive properties.

| Subject - Property Rating | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Impact on Productivity** | **Inferior** | | | **Market Standard** | **Superior** | | |
| | **High** | **Moderate** | **Slight** | **Neutral** | **Slight** | **Moderate** | **High** |
| **Legal Characteristics** | | | | | | | |
| Zoning | | | X | | | | |
| **Site Characteristics** | | | | | | | |
| Accessibility | | | | X | | | |
| Visibility | | | | | X | | |
| Site Improvements/Parking | | | | X | | | |
| Utilities | | | | | X | | |
| Topography/Shape | | | | X | | | |
| Critical Areas | | | | X | | | |
| **Locational Characteristics** | | | | | | | |
| Linkages | | | | X | | | |
| Proximity to Goods & Services | | | | X | | | |
| Proximity to Employment Drivers | | | | X | | | |
| Quality of the Neighborhood | | | | X | | | |

*Conclusion*

The subject is currently zoned for Open Space, which would not allow development. However, according to the City of Lacey Planning Department, it is a reasonable possibility that the subject could be rezoned low density, allowing up to 6 units per acre. Also possible, but less likely, is medium density zoning, allowing 8-16 units per acre. Unofficial, precursory discussions in the long range planning department give more likelihood to low density zoning, given the adjacent development to the south and east. However, a buyer would have to incur the cost of rezoning or wait for the city to do so.

There are preferred gopher soils in the area; however, it is an extraordinary assumption of this report that there are no gophers present on the subject property. It is not impacted by any other

[8] The Dictionary of Real Estate Appraisal, Appraisal Institute, Sixth Edition, Page 140.

critical areas. All typical utilities are already in Mullen Rd. The neighborhood and immediate surrounding neighborhoods are all predominately single-family residential use with some multifamily development interspersed. The neighborhood is established, largely built out, as considered to be in average to good condition. The subject has good frontage along Mullen Rd that would allow for two points of residential ingress/egress. It already has utilities available in the street and street frontage installed.

Therefore, it is likely the subject would have above average competitiveness as a single-family or possibly multifamily development site, depending on how the city ultimately allowed it to be rezoned. The subject is not yet zoned for low density residential but discussions with the City of Lacey Long Range Planning Department indicated that the rezoned was likely to occur in 2025.

## Market Delineation

The market delineation in this marketability study includes determination of the market area, and the most likely buyer and user of the property.

*Market Area*

The market area can be considered the geographic area that contains the subject and all of its competition. The market area is the Olympia-Lacey-Tumwater area and to a lesser extent the rest of Thurston County.

*Most Likely Buyer/User*

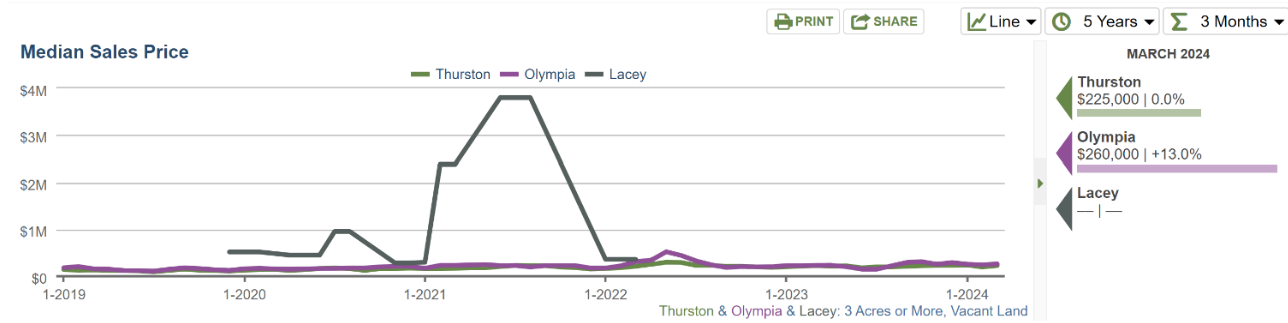
The subject's Highest and Best Use is considered low density residential development. The most likely buyer for the subject is a developer that is willing and able to take on the risk of the entitlement process to build either single family lots or, less likely, multifamily units.

## Current Conditions

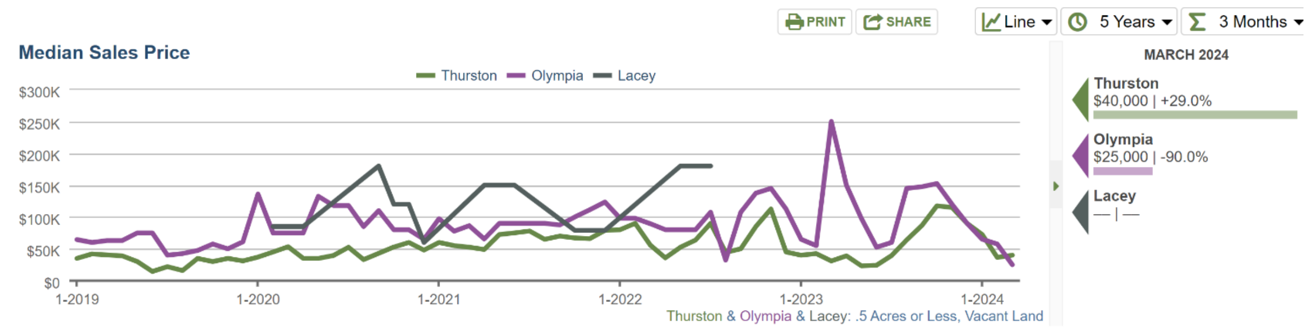
An analysis of county population growth and county residential permit applications from 2015-2019, reported by the Olympian, indicates that, even in the height of building, the population was growing at twice the pace of the housing supply[9]. With the shortage in housing supply and the pandemic allowing many more people to work from home, many people who could not find an existing home turned to building one. As a result of this trend, the median price for land increased over 2021. According to the University of Washington Housing Report, sales of existing homes fell almost 32% year-over-year in the fourth quarter of 2023 in Thurston County. Building permits were down approximately 53%.

Prices per square foot of land utilized for subdivision development that were analyzed for the purpose of this report ranged in density between 2 and 3 units per acre and the sale prices were $0.63 to $2.96 per square foot. The table below displays vacant land sales for Thurston County, Lacey, and Olympia. The prices identified in the table below may be skewed by the land size and/or use allowed by zoning.

[9] The Olympian, Thurston County's housing crisis by the numbers, December 4, 2020

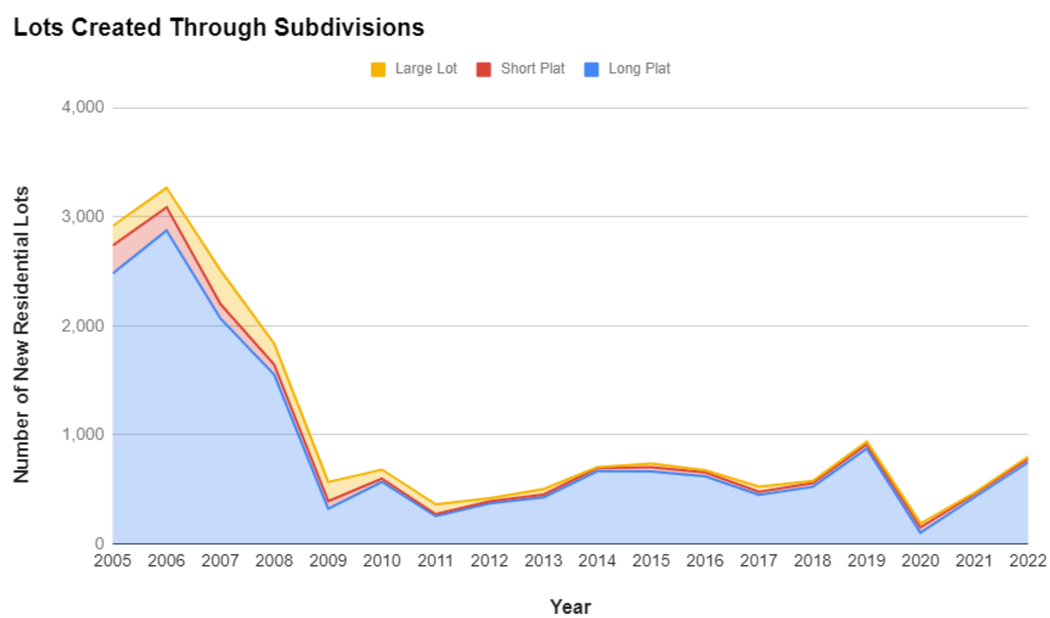



NWMLS InfoSparks ≥ 3acres, 3-Month Rolling Average




NWMLS InfoSparks ≤ .5 ac, 3-Month Rolling Average

The following chart displays lots created through subdivisions in Thurston County over the past 17 years. The largest activity occurred during the previous peak of the market in 2006. There was a small number created at the beginning of the pandemic with a return to typical activity in 2022. There may be some pent-up demand from 2020 that may not be satisfied as of 2022.

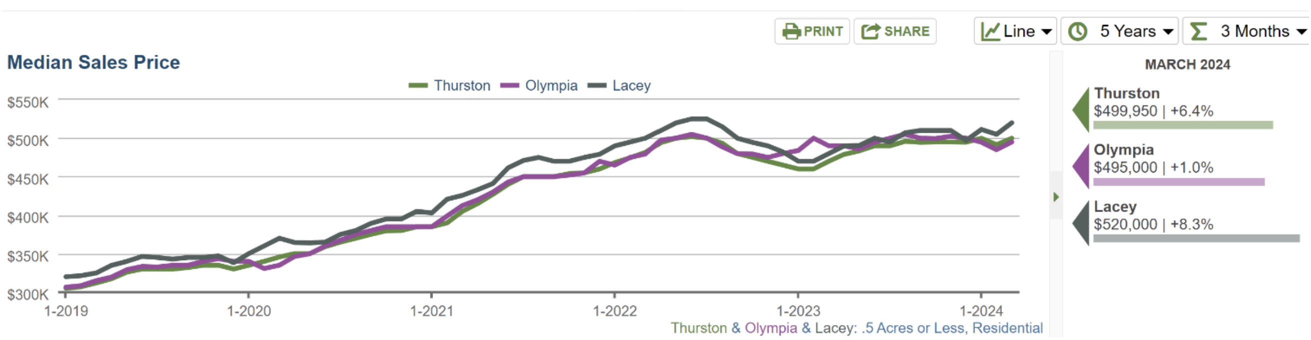



Thurston Regional Planning Council

According to a housing supply shortage study conducted by the Building and Industry Association of Washington, Washington State has an estimated 250,000 housing unit shortage. Thurston County's portion of the shortage is approximately 9,500 units. The housing shortage has contributed to the increasing price of housing. As can be seen in the chart below, prices have doubled since the prior peak in 2007. Leaving nearly 80% of Washington households unable to afford to purchase a median priced home according to an article featuring Greg Lane, BIAW Executive Vice President.

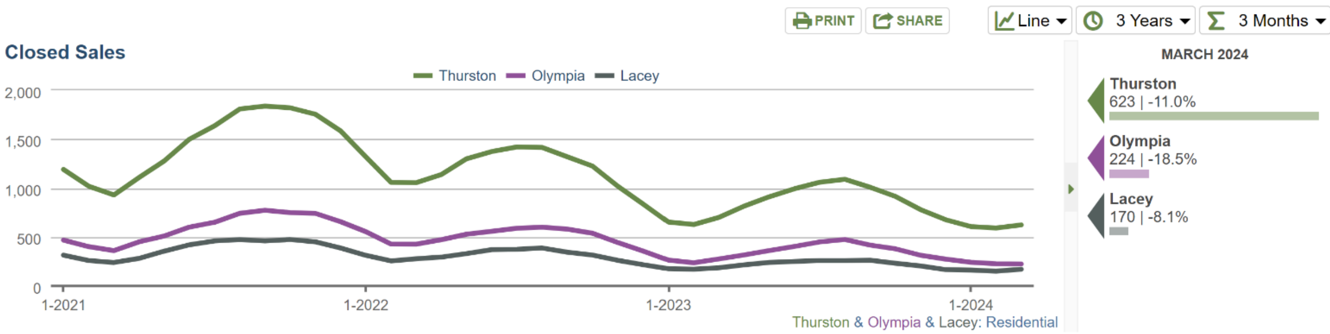

Thurston County Regional Planning Council

Residential sale prices drive subdivision and development of vacant land in the market. The strong median sale prices for single-family residences on half an acre or less for the City of Olympia is over $500,000 and generally trending upward. Based on analysis of sales from the NWMLS of existing homes in the last 6 months, the subject neighborhood has a median home sale price slightly below the median for all of Lacey but the median age of improvements is more than double the median for the entire Lacey market.




NWMLS InfoSparks ≤ .5 ac lot homes, 3-Month Rolling Average

The period of decreasing sale prices coincides with increasing interest rates on 30-Year Fixed Rate Mortgages going from 3% at the beginning of 2022 to around 7% toward the end of that year. Interest rates are currently above 7%. This may also be contributing to the low volume of sales as homeowners are less motivated to sell a home with a low interest rate loan. Closed sale volumes are displayed in the table below.




NWMLS InfoSparks All Residential, 3-Month Rolling Average

## Demand Analysis

*Population Growth*

The following table summarizes population growth in the subject's Market Area (2-mile Radius), Thurston County, and Washington State:

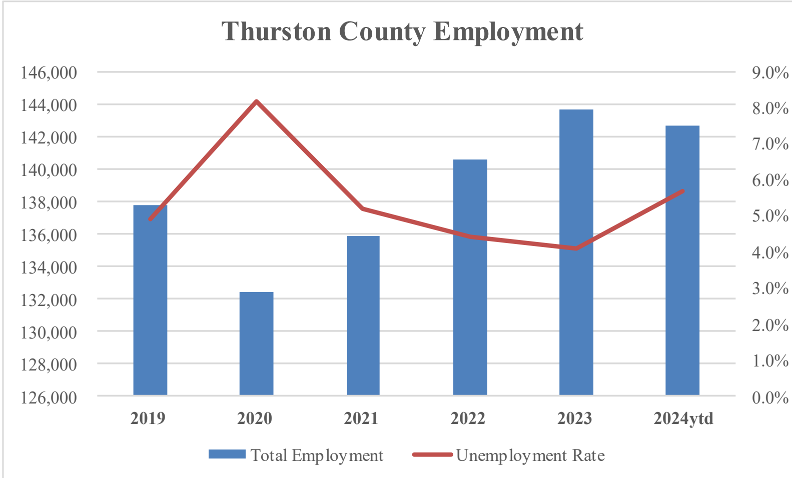
| Current and Projected Population | | | |
|---|---|---|---|
| | | | *Annual Growth Rate* |
| | 2023 | 2028 | 2023-2028 |
| 2 Mile Radius | 46,978 | 48,397 | 0.60% |
| Thurston County | 303,400 | 325,903 | 1.48% |
| Washington State | 7,951,150 | 8,343,906 | 0.99% |

Sources: CoStar, WA State Office of Financial Management

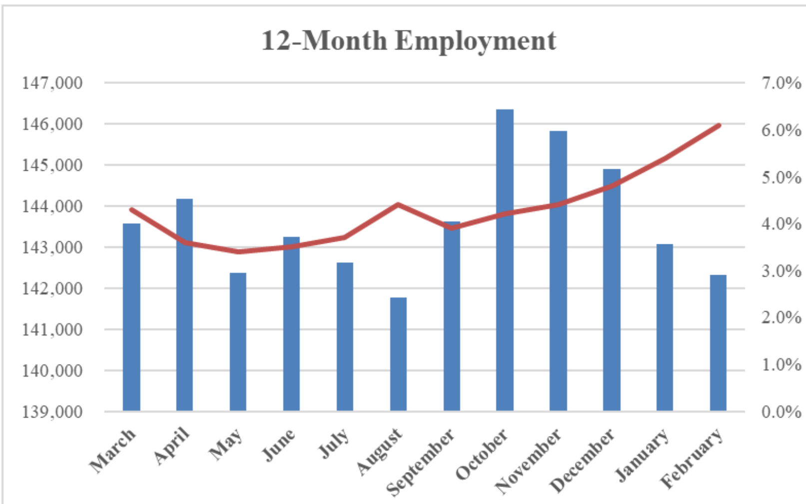
The population in the two-mile radius is projected to grow at a slower rate than Thurston County and near the same rate as Washington State. Utilizing a 2.51 persons per household (US Census Bureau) this indicates an estimated increase in demand for housing in the 3-mile radius by nearly 565 units over the next five years, or 113 units per year. However, the higher median sale price and lack of vacant land sales in the Lacey market indicates there is some chance that Lacey could capture a higher rate of potential buyers than some competing markets.

*Employment*

Historical employment in Thurston County is summarized in the following table:




Source: Washington State Employment Security Dept.




Source: Washington State Employment Security Dept.

Over the last five years, the unemployment rate has been fairly stable, with the exception of a brief spike associated with the Covid 19 pandemic. However, detailed analysis of the previous twelve months indicates some weakness in employment. Of greater concern than the increase in the unemployment rate is the reversal of total employment growth trends seen from mid-2020 until 2023, when total employment began to fluctuate. There has been consistent negative growth in monthly employment since the fourth quarter of 2023.

*Household Income*

The following table summarizes median household income growth in Thurston County and Washington State.

| Current and Projected Median Household Income | | | |
|---|---|---|---|
| | 2021 Est. | 2022 Proj. | *Annual Growth Rate* *2021-2022* |
| Thurston County | $81,544 | $83,358 | 2.22% |
| Washington State | $84,155 | $86,343 | 2.60% |

Source: WA State Office of Financial Management

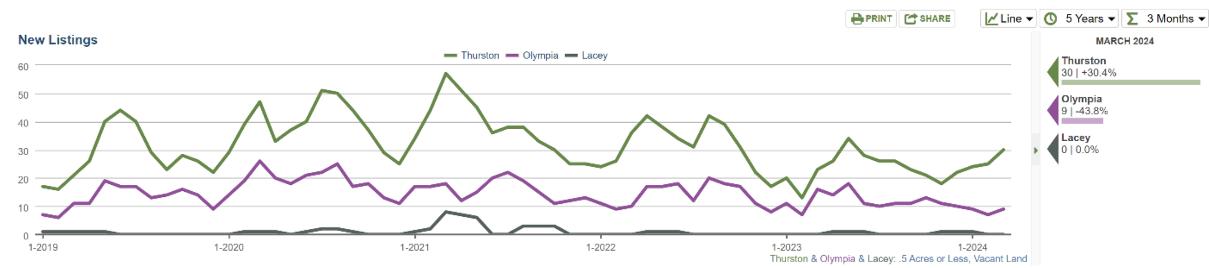
As can be seen in the table above, household income in Thurston County has been increasing at a rate close to Washington State. The three-mile radius income for 2023 is estimated at $**72,025** (CoStar, 2-mi), which is below both Thurston County and Washington State.

## Supply Analysis

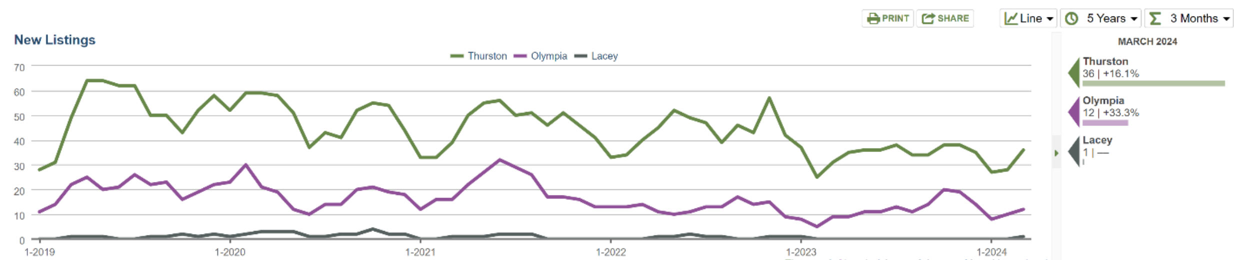
Supply in this market analysis is interpreted from estimates of existing competing properties plus planned and potential construction of competing properties. Single family residential supply directly impacts the demand for large development properties such as the subject.

*Existing Supply*

New listings of vacant land .5 acres or less has fluctuated over the last five years but has been trending downward over the last 18 months. However, Lacey has not had more than one new listing at any given time over the last 24+ months. Land over 3 acres has followed similar trends. However, there has not been a new listing of vacant land in this size range in approximately one year.




NWMLS InfoSparks $\leq$ .5 ac lot, 3-Month Rolling Average




NWMLS InfoSparks $\geq$ 3ac, 3-Month Rolling Average

A more specific breakdown of land sales in Lacey over the last five years is shown below. The low transaction volume limits the value of the data, but some general patterns do emerge. Sale prices, on a per square foot basis, had been increasing until 2023. There have yet to be any closed sales in 2024 to know if the market is adjusting to higher construction costs, interest rates, and inflation or if the market will continue to price in these higher costs by paying less for raw land. Two of the three current listings, if they sell close to the list price will prove the market has adjusted to higher cost expectations. However, the two listings that have list prices well above previous years' sales have been on the market almost six months.

The third listing is priced at $0.84/SF. This listing is approximately one mile east of the subject. It is currently zoned for Open Space, Nature, and Cemetery, similar to the subject. It is marketed as being on the city of Lacey's agenda to potentially rezone in 2025. It is surrounded by schools, open space amenities, a cemetery, and single-family housing. The sale is much larger than the subject and is heavily impacted by slope, wetlands, and does not have the same frontage as the subject. One of the other listings is zoned for medium density and surrounded by medium density development and open space zoning. It has significant frontage like the subject, but is across the street from industrial zoning.

| Year | # Sales | Median Size | Median Price | Median $/SF | Median DOM |
|---|---|---|---|---|---|
| 2019 | 9 | 1.81 | $180,000 | $2.47 | 33 |
| 2020 | 13 | 2.33 | $195,000 | $2.87 | 12 |
| 2021 | 9 | 1.22 | $190,000 | $4.69 | 99 |
| 2022 | 3 | 1.99 | $360,000 | $6.35 | 78 |
| 2023 | 4 | 1.07 | $295,000 | $5.21 | 22 |
| Listings | 3 | 2.28 | $700,000 | $7.48 | 159 |

The following table displays the volume and sale price of residences on a quarter acre lot or smaller over the past few years for the City of Lacey.

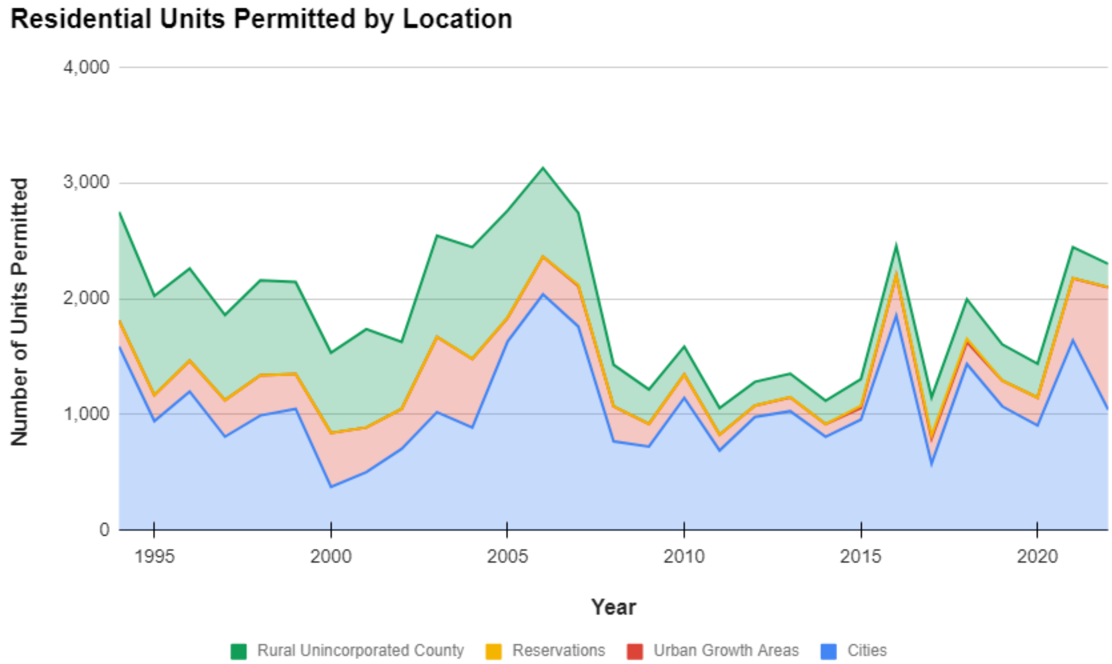
| Single Family Residential Sales 0.25 Acres or Less | | | |
|---|---|---|---|
| Year | # Sales | Median Price | Days on Market |
| 2019 | 851 | $345,000 | 8 |
| 2020 | 859 | $395,500 | 5 |
| 2021 | 878 | $480,000 | 5 |
| 2022 | 746 | $530,000 | 6 |
| 2023 | 529 | $515,900 | 9 |
| 2024 ytd | 121 | $550,000 | 11 |
| Active Listings | 48 | $612,990 | 13 |

NWMLS City of Olympia

Sale prices have been increasing, except for a slight dip in 2023. This may be due to an increase in interest rates which may be somewhat offset by low supply. That is supported by the significant increase in median sale price in 2024 over both 2023 and 2022 prices. Sales volumes were increasing pre-pandemic through early post-pandemic. However, sales volume began decreasing at a double-digit pace in 2022, the same year the Federal Reserve began to increase interest rates. The active listings indicate approximately 4 weeks of supply based on 2023 demand.

*Construction*

An indicator of future supply is the number of residential building permits that have been issued.




Thurston Regional Planning Council

There were 2,300 new homes permitted in 2022, which is down 145 from the previous year. Of the new homes permitted, 91% were in a city or an urban growth area and 74% of all homes permitted were for multifamily units.

There were 639 single-family and multifamily units permitted in Lacey in 2022, only 5.6% of those were single-family homes. There were only 127 single-family and multifamily units permitted in 2023, but 82.6% of those were single-family units. There have been 29 single-family homes and 53 multifamily units permitted in Lacey city limits so far this year.

## Interaction of Supply & Demand

The supply and demand factors in the subject's market indicate that the market is currently undersupplied for residential units. For vacant land in the Lacey market, falling transaction volume but rising prices until 2023 and at least a three- or four-month supply based on demand prior to the Federal Reserve increasing interest rates indicate the market is in balance for the short term. Given the increasing median sale prices of homes in the Lacey market, should the Federal Reserve cut interest rates, demand for residential land could increase in the medium term.

Going forward, economists predict historically high inflation and high interest rates to last into 2025. This may keep capital markets constrained into 2025, in turn constraining the real estate industry, especially higher risk land sales.

## Conclusions

In the near term, the residential market is approaching equilibrium. While there is still a housing shortage, many buyers have been priced out of the build-to-suit market by high construction costs and high interest rates, as well as land prices that have remained high even as interest rates have increased. Median sale prices have dipped slightly in 2023 but prices for existing homes appear to have recovered in 2024, appreciating above 2022 levels. The median sale price in the subject neighborhood is only $10,000, or 2%, less than the median for all of Lacey while the median age is more than double. This likely shows the neighborhood is in good condition and well regarded by the market.

Extremely limited inventory of existing homes and rising prices imply there is still pent-up demand for single-family homes. There are parcels currently on the market, one in the subject neighborhood and one at the very northern edge of it that represent competition for the subject. However, the subject parcel has better positioning in the market: size, road frontage, fewer challenges to development, and surrounding uses make the subject more competitive than current inventory for development of single-family homes, and possibly medium density multifamily.

However, recent inflation reports have put expected interest rate cuts on hold. Falling employment in Thurston County over the last several months will also dampen demand for residential property, both existing homes and residential land. The timing of interest rate cuts will depend on inflation and labor reports in the second and third quarters of 2024. Local demand will depend both on inflation and interest rates and local employment. If inflation and interest rates remain high and local employment remains soft, demand may be below average in the short term. However, the housing shortage and limited residential construction will likely keep supply constrained in the short and possibly into the medium term.

# Highest and Best Use Analysis

"The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, and financially feasible, and that results in the highest value."[10]

*Summarizing the above:*

- The use must be *legal*.
- The use must be *physically possible*.
- The use must be *financially feasible.*
- The use must be *maximally productive* (highest net return to the land).

The definition above applies specifically to the highest and best use of the land. It should be recognized that in cases where a site has existing improvements, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until the land value in its highest and best use exceeds the total value of the property in its existing use.

*Application of the Highest and Best Use Criteria:*

**As Vacant**

*Legal Considerations:*

The site is zoned OS-I, Open Space Institutional. This zone allows development such as schools and houses of worship. The zone is most prohibitive of commercial and residential development. It should be noted that nearby Open Space-zoned parcels are on the Lacey Planning Commission agenda to rezone as part of the Comprehensive Plan in 2025. Discussions with Lacey City Planning indicate it is likely the subject parcel could be rezoned for residential use, most likely Low Density, allowing up to 6 units per acre.

*Physical & Locational Considerations:*

Physical characteristics of a property that may impact the development of a site include the site's physical location, size, shape, topography, and/or location within a floodway or floodplain.

**Size:** 5.32 acres or 231,727 SF.

**Shape:** Irregular. The subject's irregular shape is largely due to Mullen Rd, allowing the subject significant frontage and good visibility.

[10]The Dictionary of Real Estate, Sixth Edition, Page 109.

**Topography:** General level. There is only slight slope from the southwest to the center of the parcel.

**Hazards:** It is an extraordinary assumption of this report that there are no gophers on the subject site. The site is not impacted by any other critical areas or hazards.

**Utilities:** All typical utilities are available in the street.

**Location:** The location provides for good access and ingress/egress for residential streets. It allows access to all utilities. It provides good access to goods, services, and amenities.

Overall, the physical characteristics of the subject site are conducive to most uses allowed by the current zoning and the most likely zone upon a rezone.

*Financial Feasibility:*

The financial feasibility test is a test of the ability of a potential property use to generate enough income to support the use. The following information are market indicators of the most financially feasible uses:

- Population growth in the neighborhood is slower than some competing neighborhoods, Thurston County, and the State.
- Employment is showing signs of weakness over the last six months.
- Neighborhood median income is significantly lower than the county median and lower than some competing neighborhoods.
- There is limited vacant land on the market in the subject neighborhood.
- Home sale transaction volume has been stronger in the subject market area than in immediately surrounding MLS market areas.
- Residential construction has not kept pace with population growth, leading to a housing shortage.
- The subject parcel has few challenges to development of single-family lots and has utilities and street improvements already in place.

*Maximally Productive:*

The current zone is effectively a non-economic zone meant for civic, cultural, and educational uses. A rezone is already being considered and appears likely. Thus, a rezone and residential development emerges as the dominant use based on the legal, physical, and financially feasible tests.

# Valuation Methods

*Cost Approach*

The Cost Approach is based on the understanding that market participants typically relate value to cost. In the Cost Approach, the value of a property is derived by adding the estimated value of the land to the current cost of constructing a reproduction or replacement for the improvements and then subtracting the amount of depreciation (i.e. deterioration and obsolescence) in the structures from all causes. Entrepreneurial profit and/or incentive may be included in the value indication.

*Sales Comparison Approach*

In the Sales Comparison Approach, an opinion of market value is developed by comparing properties similar to the subject property that have recently sold, are listed for sale, or are currently under contract to be sold. [11] The Sales Comparison Approach is most useful when a number of similar properties have recently been sold or are currently for sale in the subject property's market.

*Income Approach*

The Income Approach is based on the concept that an investor who purchases income-producing real estate is essentially trading present dollars for the expectation of receiving future dollars. The income capitalization approach consists of methods, techniques, and mathematical procedures that an appraiser uses to analyze a property's capacity to generate benefits (i.e., usually the monetary benefits of income and reversion) and to convert these benefits into an indication of present value.

*Conclusion:*

The Cost Approach is not utilized in this assignment. The Cost Approach is not applicable because the subject is unimproved land.

The Sales Comparison Approach is utilized in this assignment because it is considered a meaningful indicator of value for the subject property. The quality and quantity of the data available to complete the Sales Comparison Approach was adequate to arrive at a credible opinion of value.

The Income Approach has not been completed. Undeveloped and unentitled land such as the subject is not generally purchased for its income generating potential..

[11] The Appraisal of Real Estate, Fifteenth Edition, (Appraisal Institute, Chicago, Illinois, 2020), page 351.

# Land (or Site) Analysis

The direct sales comparison approach is usually the preferred methodology for developing a land value conclusion. When sales of similar parcels of land are not plentiful enough for the application of sales comparison, alternative methods such as the following, may be used.

- Allocation.
- Extraction.
- Subdivision development analysis.
- Land residual technique.
- Ground rent capitalization.

In this appraisal assignment, the sales comparison approach is the primary method which has been utilized. The most recent comparable land sales are shown in the following summary table. Each sale is then individually described; and is also presented in greater detail in the Comparable Market Data section of the report, including photographs, legal references, and other information.

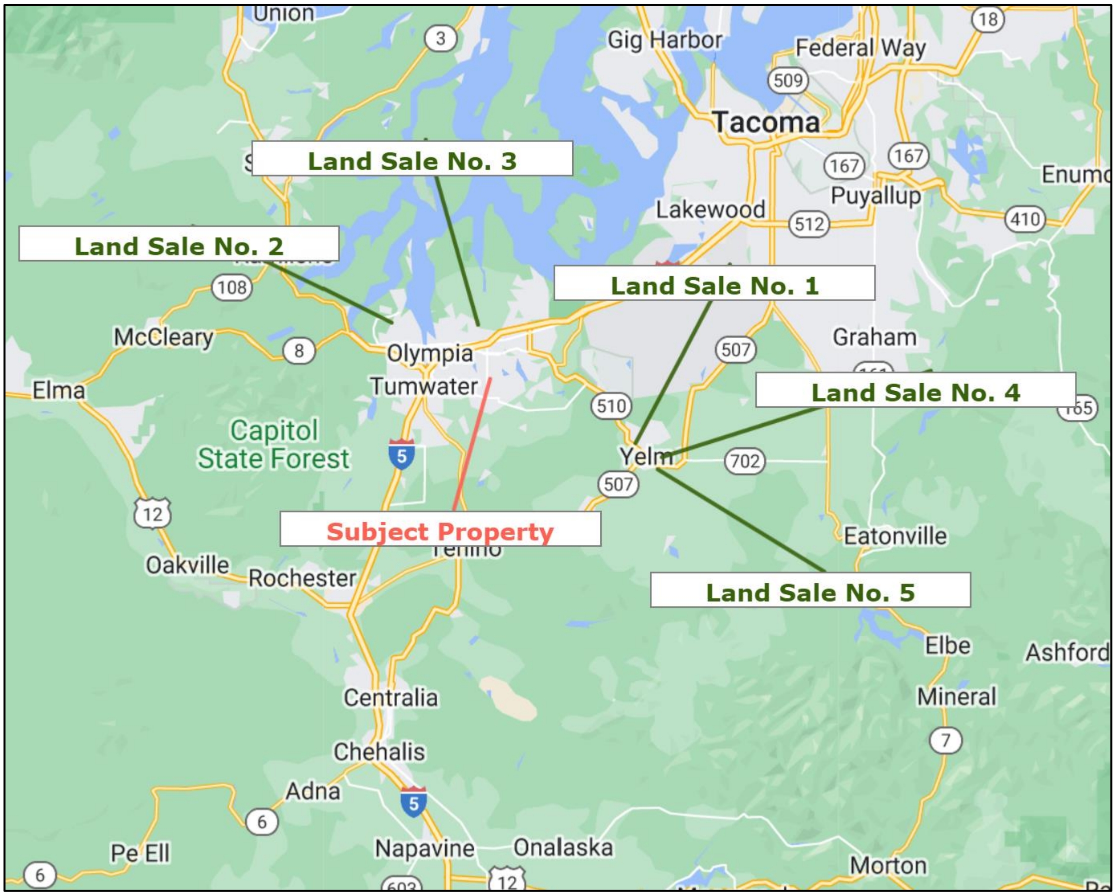
*Comparable Sale Search & Selection*

The search for comparable sales focused on vacant land capable of residential subdivision within Thurston County. More specifically, sales were selected with similar low density residential zoning. Due to the lack of directly comparable recent data, the search was expanded to include sales that occurred up to three and a half years prior to the date of value and with varying levels of entitlements.

*Unit of Comparison*

The unit of comparison utilized herein is the price per square foot. Most buyers, sellers, and other market participants in this market generally refer to similar subdivision land properties on a price per square foot or price per unit basis; however, in this case the price per unit is less reliable due to the wide range of units the subject could potentially support and the uncertain amount of units on some of the comparable sales.

A map showing the location of the pertinent sales, is shown below. Confirmation of each sale has been obtained from buyer, seller, broker, or other parties believed to be knowledgeable about the details of the transaction, whenever possible. When direct verification was not possible, we have relied upon public records or similar data sources.




| Land Sales | | | | | | |
|---|---|---|---|---|---|---|
| | **Subject** | **Sale # 1** | **Sale # 2** | **Sale # 3** | **Sale # 4** | **Sale # 5** |
| Name | Mullen Rd Land | The Hutch Future Subdivision | Cooper's Knoll | Sleater Landing | Proposed Grove Rd Subdivision | Morris Rd Land |
| Address | XXXX Mullen Rd SE | 9306 Mountain View Rd SE | XXX Cooper Crest Drive NW | 2235 Sleater Kinney Rd NE | 10143 Grove Rd SE | XXX Morris Rd SE |
| City | Olympia | Yelm | Olympia | Olympia | Yelm | Yelm |
| Sale Price | N/A | $2,100,000 | $200,000 | $600,000 | $750,000 | $275,000 |
| Date of Sale | N/A | 10/8/2020 | 1/6/2022 | 5/4/2022 | 12/11/20223 | 12/11/2023 |
| Adjusted Sale Price | N/A | $2,100,000 | $200,000 | $1,500,000 | $750,000 | $275,000 |
| Land Sq Ft | 231,727 | 830,254 | 225,205 | 614,632 | 218,275 | 217,800 |
| $ / SF of Land | N/A | $2.63 | $0.89 | $2.44 | $3.44 | $1.26 |
| Land Acres | 5.32 | 19.06 | 5.17 | 14.11 | 5.01 | 5.00 |
| $ / Acre | N/A | $114,376 | $38,685 | $106,308 | $149,674 | $55,000 |

Adjustments must be made for the following ten elements of comparison, which are listed below:

- Real property rights conveyed
- Financing terms
- Conditions of sale
- Expenditures made immediately after purchase
- Market conditions
- Location
- Physical characteristics
- Economic characteristics
- Use/zoning
- Non-realty components of value

The adjustment process includes the consideration of both quantitative and qualitative factors. Quantitative adjustments involve making numerical adjustments to the sales prices of the comparable sales. Qualitative adjustments account for differences between comparable sales that are not quantified.

Due to the limited amount of data available to establish well supported quantitative adjustments, it is necessary to utilize qualitative adjustments for the elements of comparison.

*Real Property Rights Conveyed*

The subject's fee simple rights are being appraised. All of the comparable sales were transactions of fee simple properties rights; thus, no adjustment is necessary for real property rights conveyed.

*Financing terms*

All of the comparable transactions sold based on payment equivalent to cash or financing that was neither superior nor inferior to that which is obtainable in the market; thus, no adjustment for financing is necessary.

*Conditions of sale*

Conditions of sale is an element of comparison that considers the motivation of the buyer and seller. Sale 2 exhibited seller motivation due to a death of an owner. None of the other sales had buyers or sellers that were noted to be unduly motivated, thus, no additional adjustments are necessary.

*Expenditures made immediately after purchase*

A buyer that anticipates having to make an expenditure immediately after purchase will consider this expenditure when agreeing on a price to pay. Some of the sales may have required quantitative adjustments for expenditures made immediately after purchase such as for demolition. Those adjustments are included in the analyzed prices shown in the table above.

*Market conditions*

The comparables sold over a period from October 2020 to December 2023. Market conditions for vacant land similar to the subject increased significantly from 2019. According to the market study, prices began leveling off for vacant land mid 2022 and appear to have remained stable since that time. Thus, Sale 1 requires an upward adjustment for market conditions. Sales 2 through 5 are considered contemporary with no adjustments needed.

*Location*

There is minor locational differences between the sales and the subject. The sales are in residential areas with proximity to schools, goods, services, and highway linkages.

*Physical characteristics*

There are a number of physical characteristics that can affect the value of the comparable sales. The primary characteristics analyzed herein are size, topography, critical areas, site work and infrastructure, utilities, and street frontage requirements.

*Economic characteristics*

Economic characteristics include attributes of a property that directly affect its income. Sale 4 had a leased residence, barn, and pasture that served as an interim use until the entitlement process is complete and the Buyer is ready to build. The economic characteristics of the other sales are the same as the subject and require no adjustment.

*Use/zoning*

There are minor differences between the zonings of some of the sales and the subject. The zoning of the comparable sales and the subject range from 3 to 6 units or 4 to 8 units per acre. The subject is not yet zoned for low density residential but discussions with the City of Lacey Long Range Planning Department indicated that the rezoned was likely to occur in 2025. Therefore, no adjustment is made for comparables with low density residential zoning. This element of comparison also considers any entitlements or other planning/feasibility work completed.

*Non-realty components of value*

Non-realty components include personal property, business value, goodwill, and other items that are not considered part of the real property. The comparable sales were reflective of the real property only. Thus, no adjustment for non-realty components of value is necessary.

***Sale 1 ($2.63/SF)***: is the October 2020 sale of two parcels totaling 19.06-acres located in the northern end of Yelm, approximately 13 miles southeast of the subject. The Yelm market has experienced stronger growth over the last several years than the Lacey or Olympia markets and stronger than the greater Thurston County market. In the past few years, the city approved 5,000 new sewer/water connections and has annexed portions of the UGA into the city to facilitate utility connection and construction activity. Of the 633 homes that have sold in the last 12 months in the Yelm market, 151 of them were built in the last three years. Income and median home price in the market is similar to the subject neighborhood.

The topography is level to mildly sloping. Access is direct off Mountain View Rd SE and Killion Rd SE. Adjacent to the east is a subdivision. City water was not available to the site at time of sale but was expected in 2021 and has since been extended. This did extend the contingency period and lead to a price reduction. The site would need over 600' of road improvements along Mountain View Rd. Site coverage is treed and brush. Zoning allowed up to 6 units per acre and there was an expired approval for a 118-lot subdivision.

| Element | Rating | Comment |
|---|---|---|
| **Market Cond.** | **Slightly Inferior** | Sold almost 4 yrs prior to date of value, but prior to inflation and interest rate increases and as demand for residential land was taking off |
| **Location** | **Slightly Superior** | Sale market has experienced over 2x the growth of subject neighborhood, only slightly higher income and similar median home prices |
| Size | Inferior | Over 3x the size of subject, which tends to decrease the $/SF |
| Topography | Similar | Sale was level to mildly sloping, like subject |
| Critical Areas | Similar | No gopher habitat or critical areas, similar to subject with extraordinary condition |
| Infrastructure | Similar | No clearing, grading, or drainage. |
| Street Frontage | Slightly Inferior | Full street frontage on Killion, would need 600' on Mountain View |
| Utilities | Similar | Utilities expected within a few months of purchase |
| **Physical** | **Inferior** | |
| **Zoning** | **Slightly Superior** | Densities allowed by zoning are similar, sale had expired approvals for 118 lots |
| **Conclusion** | **Inferior** | Sale is slightly inferior due to the large size, older date of sale, and to a lesser extent, the street front requirements outweighing the location in a market that has experienced some of the highest growth in the region and significant development activity. |

***Sale 2 ($0.89/SF)****:* is the January 2022 sale of a 5.17-acre parcel located in west Olympia. The topography is level to rolling. Access is at the terminus of Cooper Crest Drive NW. Adjacent to the east is a subdivision. There are minimal critical areas on the southeast corner. Site coverage is treed and brush. Power, sewer, and water are at the property corner. Zoning is low density single-family 2 to 4 units per acre. Several impact studies had been completed with preliminary approval for 9 lots as of the date of sale.

| Element | Rating | Comment |
|---|---|---|
| **Sale Cond.** | **Inferior** | Seller more than typically motivated. |
| **Market Cond.** | **Similar** | Sale occurred just as market conditions were slowing but before the fed start raising rates. |
| **Location** | **Similar** | Similar distance to goods, services, schools, amenities |
| Size | Similar | Sale and subject are both apprx 5 acres |
| Topography | Similar | Level to gently sloping. |
| Critical Areas | Inferior | Sale is impacted by wetlands and buffers |
| Infrastructure | Similar | No clearing, grading, or drainage. |
| Street Frontage | Similar | Sale has located at end of road, subject has road frontage built out already |
| Utilities | Similar | Power, city sewer and water, in the street. |
| **Physical** | **Inferior** | |
| **Zoning** | **Slightly Inferior** | Sale has lower allowed density |
| **Conclusion** | **Inferior** | The sale is inferior due to the combination of seller motivation, impact from wetlands, and lower allowed density. |

***Sale 3 ($2.44/SF)*** is the May 2022 sale of two parcels totaling 14.11 acres on Sleater Kinney Road NE approximately 4 miles north of the subject. The neighborhood has lower population, largely because it has more undeveloped land, and similar to slightly lower median income, depending on which portion of the neighborhood is polled. It has had higher existing home sales over the last 6 to 12 months and the median sale price of existing homes is higher than the subject neighborhood and has had higher appreciation over the last 12 months. This sale is in the city of Lacey UGA and is zoned for 3 to 6 single family residential units per acre. This property is part of the Sleater Landing subdivision. This development is a total of 45.55 acres and has 212 units indicating a density of 4.65 units per acre. This is a blended density with nearly half the subdivision zoned 3 to 6 units and the other half 6 to 12 units. The density calculation for this parcel is 2.67 units per acre and is zoned for 3 to 6 units. At the time of sale, the buyer had entitlements in process and likely to be approved.

This parcel was mostly level to mildly sloped topography with wetland covering the north third of the parcel adjacent to 26$^{th}$ Avenue NE. Sewer required extension to connect with the existing gravity sewer on Abernethy Street NE via a utility easement along and through 26$^{th}$ Avenue at approximately 1,700 feet. The water is extended from Sleater Kinney Road approximately 500 feet (in front of the neighboring subdivision parcel) and connecting to the existing water main from the subdivision to the south. Street frontage improvements are required on 26$^{th}$ Avenue NE at 400± feet.

| Element | Rating | Comment |
|---|---|---|
| **Market Cond.** | **Similar** | Sold as Fed interest rates began and the land market was flattening |
| **Location** | **Slightly Superior** | North of I-5 in an area of higher investment and development, similar access to goods/services |
| Size | Inferior | Sale is apprx 3x size of subject, which tends to decrease $/SF, buildable area 2x ± size of subject |
| Topography | Similar | Mostly level |
| Critical Areas | Slightly Inferior | Sale impacted by wetlands |
| Infrastructure | Similar | Not cleared |
| Street Frontage | Slightly Inferior | Required 400± feet of street frontage improvements. |
| Utilities | Inferior | Extension of utilities required |
| **Physical** | **Inferior** | |
| **Zoning** | **Superior** | Sale density allows 3 to 6 units/acre and entitlements were nearly complete as of the date of sale. |
| **Conclusion** | **Inferior** | Sale is inferior due to the combination of physical factors- size, critical area impact, need to extend utilities- outweighing the slightly superior location and nearly complete entitlements. |

***Sale 4 ($3.44/SF):*** is the sale of a 5.01-acre parcel located in Yelm. Yelm market has experienced stronger growth over the last several years than the Lacey or Olympia markets and stronger than the greater Thurston County market. In the past few years, the city approved 5,000 new sewer/water connections and has annexed portions of the UGA into the city to facilitate utility connection and construction activity. Of the 633 homes that have sold in the last 12 months in the Yelm market, 151 of them were built in the last three years. Income and median home price in the market is similar to the subject neighborhood. The sale property is surrounded by established lower density single-family homes, an elementary school and senior center, with two larger residential neighborhoods built in the late 2000s approximately 0.25-0.5 miles north and northwest.

It has approximately 230’ of road frontage. The parcel is an irregular, nondetrimental shape. The site was improved with a residence, in fair condition, and a barn at the time of sale. The buyer expected to lease the residence while working through the entitlement process for a 26-lot subdivision. The value contributed by the home was expected to offset some carrying costs during the entitlement process and eventual demolition. A gopher survey did not show any evidence of gophers and there were no other critical areas. Water was available in the street and the property had septic installed at the time of sale but was in the process of being annexed into the Yelm city limits, which, combined with the approval of increased water/sewer connections, would mean sewer would be available in the near future. Sewer was available approximately .25 miles to the north along Grove Rd. Zoning is residential 6 units per acre.

| Element | Rating | Comment |
|---|---|---|
| **Market Cond.** | **Similar** | Sold during a time of similar market conditions |
| **Location** | **Slightly Superior** | Significant investment and development in the area, but farther from major retail and employment nodes |
| Size | Similar | Sale apprx same size as subject |
| Topography | Similar | Level to gently sloping |
| Critical Areas | Similar | No wetlands and no evidence of gophers |
| Infrastructure | Slightly Superior | Sale is cleared, and has fencing |
| Street Frontage | Slightly Inferior | Will require apprx 230’ of frontage |
| Utilities | Slightly Inferior | Power, water, septic on-site, sewer not yet extended down Grove Rd |
| **Physical** | **Slightly Inferior** | |
| **Econ Char** | **Slightly Superior** | Sale has residence that could be leased during entitlement process |
| **Zoning** | **Similar** | Sale density is 6 units per ac, like subject |
| **Conclusion** | **Slightly Superior** | The sale is slightly superior due the location in market with significant development activity and the slight contribution of the interim use while the buyer waits for sewer to be extended and works through the entitlement process. |

***Sale 5 ($1.26/SF)****:* is the December 2023 sale of a 5.00-acre parcel located in Yelm. The strength of the Yelm market has been detailed above. The sale property was located approximately 0.25 miles south of the Yelm Ave and Bald Hill Rd intersection. The parcel was pending for seven months while the buyer arranged a gopher study, got the parcel annexed into the city limits, and completed feasibility for a 20-lot subdivision. The Buyer is the same buyer as Sale 4 and they stated they assigned the purchase contract to a homebuilder for $800,000 after completing the entitlement process.

The parcel is rectangular and very mildly slopes from west to east. The parcel was vacant and covered with brush and trees. It was not impacted by critical areas and the gopher survey showed no evidence of gophers. The parcel had 330' of frontage along Morris Rd but would reportedly not require major street frontage improvements. The utilities would require a short extension. Zoning is Residential, R-6, 6 units per acre.

| Element | Rating | Comment |
|---|---|---|
| **Market Cond.** | **Similar** | Sold during a time of similar market conditions |
| **Location** | **Slightly Superior** | Significant investment and development in the area, but farther from major retail and employment nodes |
| Size | Similar | Sale apprx same size as subject |
| Topography | Similar | Level to gently sloping |
| Critical Areas | Slightly Inferior | No wetlands, buyer had to pay for gopher study |
| Infrastructure | Similar | Sale is brush and trees, like subject |
| Street Frontage | Similar | Sale does not require major street front improvements; subject already has them |
| Utilities | Inferior | Utilities require a short extension |
| **Physical** | **Inferior** | |
| **Zoning** | **Slightly Inferior** | Sale density is 6 units per ac, like subject, Buyer went through time/risk/expense to be sure property was annexed before closing, priced in those costs |
| **Conclusion** | **Inferior** | The sale is inferior due to the need to extend utilities to the parcel. The price negotiated for this sale was due, in part, to the time and expense of the feasibility and entitlement process for the buyer. |

*Additional Market Data*

Comparable Sale 2 sold in January 2022 but was marketed for sale again in February 2023 for $329,000 ($1.46/SF) then reduced in June to $298,500 ($1.32/SF) and ultimately ended up expiring July 2023 with no sale. It was marketed as having site plan and engineering in process for an 8-unit apartment complex.

In June 2023, a Lacey church sold excess land totaling 2.75 acres to a local home builder that owned and was developing neighboring parcels. The parcel sold for $298,500, $2.49/SF, according to Thurston County records. The transaction occurred off-market and parties to the sale did not return calls or could not be reached. The land was just north and west of the Buyer's active development and they had already built a road along the southern edge of the parcel. The parcel was impacted by wetlands in the southwest corner. All utilities were available in the street. The parcel had the same LD zoning as is most likely for the subject.

There is a current listing for a 19-acre parcel approximately 1 mile east of the subject. It is excess land for a cemetery. The parcel has Natural, Open Space, and Cemetery zoning but is expected to be rezoned to LD, Low Density Residential, as part of the 2025 Comprehensive Plan rewrite. The parcel is heavily impacted by steep slopes and is impacted by wetlands. Due to the slopes and wetlands, only a small portion of the 19 acres could be developed, but the actual building envelope is currently unknown and would be the buyer's responsibility. The site has very narrow frontage along 37$^{th}$ Ave SE. All typical utilities are available in the street. It is currently listed at $700,000, or $0.84/SF, and has been on the market for just over one month.

## Conclusion

The goal of the sales comparison approach is to select the most comparable market sales and then adjust for differences that cannot be eliminated within the selection process. Elements of comparison include property rights conveyed, financing terms, conditions of sale (motivation), expenditures made immediately after purchase, market conditions (time), location, physical characteristics (e.g. size, soils, access, shape, frontage, topography), economic characteristics, use (zoning), and non-realty components.

The actual adjustments may be quantitative, where precise dollar or percentage adjustments can be developed from market evidence, or qualitative, where the adjustments may be simply an acknowledgement of a property's superiority or inferiority. In this appraisal, due to the lack of sufficient market evidence with which to support quantitative adjustments, we have utilized a qualitative adjustment process known as "relative comparison analysis", also referred to as "bracketing analysis".

In the following table is a representation of the qualitative adjustment and comparison process, in an effort to estimate a supportable value range for the subject site. It also represents the sequence in which adjustments are made, if necessary, and applicable. Please note that "plus" or "minus" adjustments shown are relative; for example, a physical adjustment may carry more weight than adjustments made to other elements of comparison.

**Land Sale Adjustment Grid**

| Adjustments* | A | B | C | D | E | F | G | H | I | J | </> | Price/SF |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***Sale 1*** | 0 | 0 | 0 | 0 | + | - | +++ | 0 | - | 0 | > | $2.63 |
| ***Sale 2*** | 0 | 0 | ++ | 0 | 0 | 0 | ++ | 0 | + | 0 | > | $0.89 |
| ***Sale 3*** | 0 | 0 | 0 | 0 | 0 | - | +++++ | 0 | -- | 0 | > | $2.44 |
| ***Sale 4*** | 0 | 0 | 0 | 0 | 0 | - | + | - | 0 | 0 | < | $3.44 |
| ***Sale 5*** | 0 | 0 | 0 | 0 | 0 | - | +++ | 0 | + | 0 | > | $1.26 |

***A= Rights Conveyed; B = Financing Terms; C = Sale Conditions; D = Expenditures; E = Market Conditions; F = Location; G = Physical Characteristics; H = Economic Factors; I = Use (Zoning); J = Non-Realty Components***

*Note: + Symbol means inferior to the subject, or, upward adjustment; - Symbol means superior to the subject, or, downward adjustment; > Symbol means "greater than"; < Symbol means "less than"*

Following the comparison and adjustment process, a refined value range of approximately $2.63 to $3.44 per square foot was indicated.

Sale 2 ($0.89/SF) is significantly inferior to the subject due to the impact from wetlands, the seller motivation, and the lower allowed density. Sale 5 ($1.26/SF) is inferior to the subject due to the buyer going to the expense of the gopher study and annexing the property; it is the last parcel along Morris Rd annexed into the city limits. The property is being sold due to deaths in the family and there is some seller motivation due to an impending court date. The Seller's Broker stated she has had a lot of interest until potential buyers talk to the city. The one buyer that started feasibility is a builder. He stated to the Broker that, given the easement at 37th and Appollo, the slope, and the wetlands, it is his opinion the property could only support about 15 lots.

Sale 1 ($2.63/SF), Sale 4 ($3.44/SF) and Sale 5 ($1.26/SF) are all in the Yelm market. The Yelm market has experienced higher growth and residential development investment than many other submarkets in Thurston County. Sale 1 is the oldest sale; however, it occurred as demand for residential land was heating up due to work from home mandates, low interest rates, and low inventory of existing homes. The site was already in the annexation process and utilities were expected to be extended to the area within months. The site also had expired approvals for 118 lots, proving feasibility. Sale 4 was also already in the annexation process and had utilities nearby, but they would require extension. Sale 4, however, was already cleared and was improved with a residence, barn and pasture that was leased and the buyer intended to continue leasing until ready to develop.

Sale 3 ($2.44/SF) is located just north of I-5 in one of the Lacey neighborhoods experiencing strong residential investment. The site was purchased for the purpose of assemblage for subdivision development. As such, the Buyer had initiated the entitlement process prior to closing and made the offer contingent on feasibility. One to four acres were impacted by wetlands and hydric soils. The density for the planned development worked out to around 3 units per acre of total site area.

Overall, a value near the middle of the refined range is estimated for the subject. A value of $3.00 per square foot is estimated and the initial value indication is summarized below.

| Summary, Land Value Conclusion: | | |
|---|---|---|
| (231,727 SF) ($3.00 Per SF) | = | $695,181 |

| **Indication of Value by the Sales Comparison Approach [rounded to]** | **$700,000** |
|---|---|

*Test of Reasonableness*

The prior analysis above was based on price per square foot as the unit of comparison. The price per unit was not used due to the uncertain number of units/lots on the subject and some of the comparable sales. However, when the recently expired, planned, or proposed since closing units are used to analyze each of the above sales, a range of $13,750 to ~$35,000 per unit is found. Sale 3 comes in at the top of the range, but that is based on an average using the larger development assemblage of 45.55 acres and then applied to the sale acreage. The Buyer for Sale 4, of a similar size to the subject, with a similar buildable area, planned to develop 26 lots. That works out to almost $29,000 per lot. But, it also had an interim use. Sale 2, utilizing the 8-unit multifamily development that is in permitting, sold for $25,000 per unit. The subject, when utilizing a 26 lot potential development and a rounded $700,000 comes out to almost $27,000 per lot. This falls well into the range and meets the basic test of reasonableness.

# Reconciliation of Value Indications

Three independent approaches to value were considered by the appraisers. The resultant value indications were:

| | |
|---|---|
| **Cost Approach** | **Not Applicable** |
| **Sales Comparison Approach** | **$700,000** |
| **Income Approach** | **Not Completed** |

The Sales Comparison Approach provides a meaningful indication of value when:

- The amount of available market data is adequate.
- The relative advantages and deficiencies of the property being appraised and the comparative sale properties are not too extensive and have been correctly weighed.

The Sales Comparison Approach is utilized in this assignment. All of the sales are from the general Olympia/Lacey/Yelm area, most were within 2 years of the date of value, and most had generally similar low density residential zoning to what the subject will likely be rezoned in 2025. There were some locational differences and in some of the physical elements of comparison and the level of entitlement work completed as of the date of value. The data utilized is reliable to determine a credible opinion of value. Overall, the Sales Comparison Approach best reflects the analysis of the most likely buyer and is given all weight in reconciliation.

As a result of our investigations and analyses, it is our opinion that the market value of the identified interest in the subject real property, as of April 23, 2024, was:

**Seven Hundred Thousand Dollars**

**($700,000).**

# Certification

We certify that, to the best of my knowledge and belief,

- The statement of fact contained in this report are true and correct.

- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved. We have not performed any services regarding the subject property within the three years preceding acceptance of this assignment.

- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

- Our analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice.

- We have made a personal inspection of the property that is the subject of this report.

- Alison Anderson Snodgrass, License #21018996, provided significant professional assistance to the person(s) signing this report.

- The use of this report is subject to the requirements of the Appraisal Institute, relating to review by its duly authorized representatives.

Derek R. Jolliff, MAI*

*As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.

# Appraiser's Qualifications

**Derek R. Jolliff, MAI**

***Experience:***

- **Appraiser,** Anderson Appraisal, Inc., Olympia, Washington
- **Appraiser**, Capital Valuation Group, Salem, Oregon 1/06 – 10/10

Over a decade of appraising various property types, including office, retail, industrial, multifamily, institutional, vacant land, easements, subdivisions, special use and agricultural properties.

***Education:***

Western Washington University, Bellingham, Washington (BA - Business Administration)

***Appraisal Education:***

Successful completion of the following appraisal courses/seminars:

*Appraisal Institute Courses:*
"Basic Appraisal Procedures"
"Basic Income Capitalization
"Real Estate Finance Statistics and Valuation"
"Report Writing and Valuation Analysis"
"Evaluating Commercial Construction"
"Litigation Appraising: Specialized Topics and Applications"
"Appraising Convenience Stores"
"Fundamentals of Separating Real Property, Personal Property, & Intangible Assets"
"Advanced Sales Comparison and Cost Approach"
"General Appraiser Report Writing and Case Studies"
"General Appraiser Market Analysis and Highest and Best Use"
"General Appraiser Site Valuation and Cost Approach"
"General Appraiser Sales Comparison Approach"
"Advanced Income Capitalization"
"Advanced Applications"
"Uniform Appraisal Standards for Federal Land Acquisitions: Practical Applications"
*Matthew Larabee:*
"Case Studies in Income Property Appraisal"
*McKissock Appraisal Education:*
"USPAP - Uniform Standards of Professional Appraisal Practice"
"Appraisal of Assisted Living Facilities"
"Appraisal of Self-Storage Facilities"
*International Right of Way Association:*
"Appraisal of Partial Acquisitions"
"Easement Valuation"
*American Society of Farm Managers and Rural Appraisers*
"Advanced Rural Case Studies"
"Introduction to the Valuation of Permanent Plantings"

***Business and Professional Organizations:***

Member, Appraisal Institute (#468211)
Washington State Certified General Real Estate Appraiser (#1101978)

# Appraiser's Qualifications

**Alison Snodgrass**

***Experience:***

**Appraisal Assistant,** Anderson Appraisal, Inc., Olympia, Washington
January 2021- Present

**Business Manager,** ProBuild Construction, Tacoma, Washington
One year of experience estimating and procuring materials for small scale residential and assisted living remodeling projects in western Washington.

**Real Estate Analyst,** KLNB, Washington D.C.
One year experience in all aspects of valuation: due diligence, lease abstracting, marketanalysis, and financial modeling, using Argus DCF and Excel.

**Real Estate Analyst Intern**, The Equity Group, Colorado Springs, Colorado
Training in all aspects of valuation and development: due diligence, site selection, valuation, market analysis, and financial modeling, entitlements.

***Education:***

Georgetown University, Washington, D.C. (M.S.- Real Estate Development and Finance)
University of Colorado, Colorado Springs, CO- (B.S.- Finance)

***Appraisal Education:***

Successful completion of the following appraisal courses/seminars:

*Georgetown University:*

“Foundations of Real Estate”
“Foundations of Real Estate Finance”
“Foundations of Real Estate Markets”
“Foundations of Real Estate Law”
“Foundations of Real Estate Accounting”
“Construction Estimating and Procurement”
“Lease and Negotiation”
“Multi-Family and Affordable Housing”
“Software for Real Estate Finance”
“Urban Plan”

*Argus:*

“Argus DCF”

*Appraisal Institute Courses:*

"15-Hour Equivalent USPAP Course 2020-2021"
“Basic Appraisal Principles”
“Basic Appraisal Procedures”
“Supervisory Appraiser/Trainee Appraiser Course”
“Appraising Automobile Dealerships”

***Business and Professional Organizations:***

State Registered Real Estate Appraiser Trainee (#21018996)

# Statement of Limiting Conditions and Assumptions

- One (or more) of the signatories of this appraisal report is a Member or Candidate of the Appraisal Institute.

- The legal description furnished the appraisers is assumed to be correct. Title to the property appraised in this report is assumed to be merchantable in the parties stated to be the owners. For the purpose of this report, the property is assumed to be free of liens and encumbrances.

- The information contained in this report, other than facts observable by a physical examination of the property, is from sources considered to be reliable, but such information is in no sense guaranteed.

- No responsibility is assumed because of matters of legal character affecting the property, such as title defects, encroachments, liens, and overlapping property lines. The appraisal is based on the premise that, there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report; further that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority (local, state, federal and/or private entity or organization) have been or can be obtained or renewed for any use considered in the value estimate.

- In computing values, various figures have been rounded off to the nearest significant amount, for the sake of clarity, in arriving at the valuation. The distribution of the total value between land and improvements applies only under the utilization of the property to its Highest and Best Use.

- Compensation for services is dependent only upon delivery of this report. The values found by the appraiser are in no way contingent upon the compensation to be paid for services.

- The Bylaws and Regulations of the Appraisal Institute require each Member and Candidate to control the use and distribution of each appraisal report signed by such Member or Candidate. Therefore, except as hereinafter provided, the party for whom this appraisal report was prepared may distribute copies of this appraisal report, in its entirety, to such third parties as may be selected by the party for whom this appraisal report was prepared; however, selected portions of this appraisal report shall not be given third parties without the prior written consent of the signatories of this appraisal report.

- This report is made in accordance with the Uniform Standards of Professional Appraisal Practice, adopted by the Appraisal Standards Board of the Appraisal Foundation.

- Improvements proposed, if any, on or off-site, as well as any repairs required are considered, for the purposes of this appraisal, to be completed in good and workmanlike manner according to information submitted and/or considered by the appraisers. In cases of proposed construction, the appraisal is subject to revision upon inspection of property after construction is completed. This estimate of market value is as of the date shown, as proposed, as if completed and operating at levels shown and projected.

- Any drawings and/or diagrams are for illustrative purposes only and are not drawn necessarily to scale and should not be construed as surveys or engineering reports.

- It is called to the reader's attention the fact that this report is delivered subject to the stipulation that neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media, without the written consent and approval of the appraisers or review appraiser, particularly as to valuation conclusions, the identity of the appraiser or firm with which he is connected, or any reference to the Appraisal Institute or the MAI designation.

- The opinion of value, as set forth in this report, is based solely upon information available at and prior to the date of valuation, and no responsibility is assumed with respect to facts that may develop subsequent to such date and which might have a bearing on the opinion of value at the date noted as expressed herein.

- The appraisers and/or officers of Anderson Appraisal, Inc. reserve the right to alter statements, analysis, conclusion or any value estimate in the appraisal if there become known to us facts pertinent to the appraisal process that were unknown to us when the report was finished.

- It is assumed that the property which is the subject of this report will be under prudent and competent ownership and management; neither inefficient nor super efficient.

- The estimated market value, which is defined in the report, is subject to change with market changes over time; value is highly related to exposure, time, promotional effort, terms, motivation, and conditions surrounding the offering. The value estimate considers the productivity and relative attractiveness of the property physically and economically in the marketplace.

- The appraiser is not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made.

- The appraiser assumes no responsibility for hidden or unapparent conditions of the property, which would render it more or less valuable, and further assumes no responsibility for surveys or engineering which might be required to discover such factors.

- The above conditions include soil composition, drainage characteristics, load bearing capacity, seasonal or permanent water table elevation, seismic susceptibility, hazardous materials contamination (including, but not limited to hydrocarbons, PCB's, asbestos, radon, urea-formaldehyde foam insulation, pesticides, mold/mildew), radioactivity, emissions or disruptions caused from high voltage transmission lines, the location of underground facilities, illegal dumping, leaking underground storage tanks, and so forth.

- Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on, in or around the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

- The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraisers have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA.

- It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since the appraisers have no direct evidence relating to this issue, possible noncompliance with the requirements of ADA in estimating the value of the property has not been considered.

- Federal Government Regulations: The Federal Government has special requirements for appraisals to be utilized for some types of loans, resulting from Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989. This appraisal was not written in accordance with FIRREA guidelines, unless so stated, in the letter of transmittal.

- Additional research, analysis, and report writing may be required because of the variety of standards and interpretations among certain financial institutions, and appraisal reviewers; and will be undertaken upon client request, at additional fees, for time and costs.

- Where the discounted cash flow analysis has been used it has been prepared on the basis of information and assumptions stipulated in this report. The forecasts, projections, or operating estimates contained herein are based upon current market conditions, anticipated short-term supply and demand factors, and a continued stable economy.

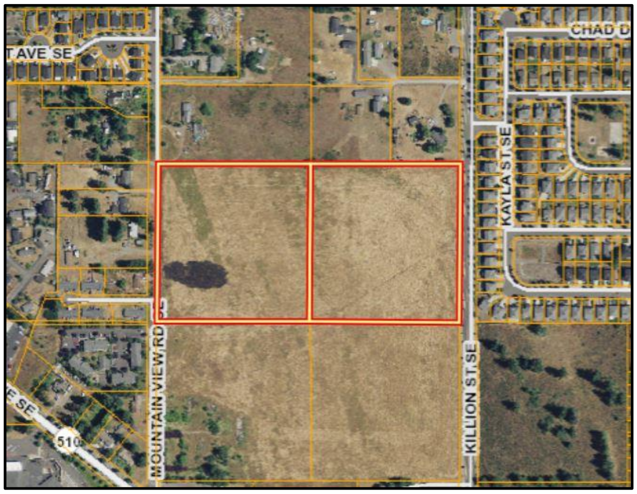
- The achievement of any financial projections will be affected by fluctuating economic conditions and is dependent upon the occurrence of other future events that cannot be assured. Therefore, the actual results achieved may well vary from the projections and such variation may be material.

- This appraisal was obtained from Anderson Appraisal, Inc. or related companies and/or its individuals or related independent contractors and consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b)(4). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

- **APPRAISER LIABILITY EXTENDS ONLY TO STATED CLIENT, NOT SUBSEQUENT PARTIES OR USERS, AND IT IS LIMITED TO THE AMOUNT OF FEE RECEIVED BY THE APPRAISER FOR THIS REPORT. ACCEPTANCE OF AND/OR USE OF THIS APPRAISAL REPORT BY CLIENT OR ANY THIRD PARTY IS PRIMA FACIE EVIDENCE THAT THE USER UNDERSTANDS AND AGREES TO THESE CONDITIONS.**

# Comparable Market Data

# Land Sale No. 1




**Comp ID No. 1678**

| | |
|---|---|
| ***Property Name*** | The Hutch Future Subdivision |
| ***Address*** | 9306 Mountain View Road SE |
| ***City, State Zip*** | Yelm, Washington 98597 |
| ***County*** | Thurston |
| ***Location*** | East of Mountain View Rd SE and west of Killion St SE about 800 feet north of State Route 510 in the City Limits of Yelm. |
| ***Tax ID*** | 21713430200, 21713430300 |
| ***Property Type*** | Subdivision-Residential Land |
| ***Zoning Code*** | R-6, Moderate Density Residential |

## Physical Characteristics

| | | | |
|---|---|---|---|
| ***Land Size*** | 19.06 acres or 830,254 SF | | |
| ***Number of Lots*** | 2 | | |
| ***Shape*** | Rectangular | ***Topography*** | Level to mildly sloping |
| ***Grade*** | At street grade | ***Drainage*** | Adequate |
| ***Landscaping*** | None, vacant land | | |
| ***Frontage Desc.*** | Killion Street SE, paved city street with full frontage improvements. Mountain View Rd SE, paved city street, no frontage improvements. | | |
| ***Utilities*** | All typical public and private utilities available. | | |
| ***Access*** | Paved access point from Killion Road SE | | |
| ***Visibility*** | Average | | |
| ***Site Comments*** | This is a sale of 19.06± acres of vacant land for development of a single family residential subdivision. At time of sale it was covered in grass and some shrubs. Property had some expired approvals for a 118-lot subdivision. No gopher habitat or any other critical areas. Will need over 600' of road frontage improvements on Mountain View Rd SE. City water rights not available but expected in 2021. | | |

## Recording Information

| | | | |
|---|---|---|---|
| ***Sale Date*** | 10-08-2020 | ***Recording No.*** | 4790636 |
| ***Contract Price*** | $2,100,000 | | |
| ***Adjustments $*** | $80,000 | | |
| ***Adjusted Price*** | $2,180,000 | | |
| ***Seller*** | Barbara Hutchinson | | |
| ***Buyer*** | Mitchell Development II LLC | | |
| ***Property Rights*** | Fee Simple Estate | | |
| ***Financing*** | Considered equivalent to cash sale | | |
| ***Market Time*** | See Sale Remarks | | |
| ***Price/SF*** | $2.63 | | |
| ***Price/Acre*** | $114,376 | | |
| ***Price/Lot*** | $1,090,000 | | |

| | |
|---|---|
| ***Sale Comments*** | Property was contingent to sell in January 2018 at about $2,400,000. Contingency period was long waiting for water rights to be awarded to City of Yelm. Approvals expired while waiting and seller lowered price to $2,100,000 to cover costs of entitlements. Onset of pandemic was not a significant concern for buyer. Sale price is adjusted upward by $80,000 for cost of LID (buyer expenditure). |
| ***Overall Remarks*** | |
| ***Confirmed By*** | Seller's Broker Kristie Unkrur 253-222-5936 |

**Comp ID No. 1678**

# Land Sale No. 2



Coopers Knoll Weltands and Buffer area

**Comp ID No. 2679**

***Property Name*** Cooper's Knoll
***Address*** XXX Cooper Crest Drive NW
***City, State Zip*** Olympia, Washington 98502
***County*** Thurston
***Location*** At the Terminus of Cooper Crest Drive NW in the City of Olympia.
***Tax ID*** 12808110200
***Property Type*** Residential (Single-Family) Land
***Zoning Code*** RLI, Residential 2 to 4 units per acre

## Physical Characteristics

***Land Size*** 5.17 acres or 225,205 SF
***Number of Lots*** 1
***Shape*** Rectangular
***Topography*** Level to Hilly
***Grade*** At street grade
***Drainage*** Adequate
***Landscaping*** Minimal
***Frontage Desc.*** Direct on Walnut Road NW, an asphalt paved and striped collector street
***Utilities*** Water, power and sewer all stubbed onto property.
***Access*** Direct on Walnut Road NW
***Visibility*** Average
***Site Comments*** Irregular rectangular shaped parcel with generally level topography. Site coverage is mostly treed with some brush. Density calculations per the preliminary site approval for the low density 2 to 4 units per acre is 1.74 units. Since 2015 the parcel has been rezoned from residential 1 to 5 units to RLI zoning. Studies done prior to sale were wetland, geotech, and traffic impact. Preliminary site approval for 9 lots had been achieved prior to sale.

## Recording Information

***Sale Date*** 01-06-2022
***Recording No.*** 4911172
***Contract Price*** $200,000
***Adjusted Price*** $200,000
***Seller*** Branbar LLC
***Buyer*** TJ Holdings LLC
***Property Rights*** Fee Simple Estate
***Financing*** Considered equivalent to cash sale
***Market Time*** 127days on market; list price $350,000
***Price/SF*** $.89
***Price/Acre*** $38,685
***Price/Lot*** $200,000
***Sale Comments*** A pre submission conference was conducted more than one year after sale for a 2 story 8 unit multifamily development. Seller motivation due to a death of an owner.
***Overall Remarks***
***Confirmed By*** Ron Conard, LAG, 253.677.9999

**Comp ID No. 2679**

# Land Sale No. 3


**Comp ID No. 2496**

***Property Name*** Sleater Landing
***Address*** 2235 Sleater Kinney Road NE
***City, State Zip*** Olympia, Washington 98506
***County*** Thurston
***Location*** Southwest of the intersection of 26th Avenue NE and Sleater Kinney Road NE in the City of Lacey UGA.
***Tax ID*** 11808210300, 11808210800
***Property Type*** Residential (Single-Family) Land
***Zoning Code*** R 3-6, Residential 3 to 6 units per acre

## Physical Characteristics

***Land Size*** 14.11 acres or 614,632 SF
***Number of Lots*** 1
***Shape*** Rectangular
***Topography*** Level to Hilly
***Grade*** At street grade
***Drainage*** Adequate
***Landscaping*** Minimal
***Frontage Desc.*** Direct on Sleater Kinney
***Utilities*** Power is in the street, water and sewer require extension
***Access*** No built access but possibility of access from Sleater Kinney and 26th
***Visibility*** Average
***Site Comments*** Generally square shaped site, mostly level topography and approximately 1 acre of wetland as mapped on Thurston County GIS, but around 4 acres are impacted by hydric soils. Site coverage is mostly treed with some brush. There was a single-family residence on the property at time of sale that required demolition. Water is located south of the subject approximately 500 feet and adjacent to the subject via the subdivision to the south. Sewer is located on Abernethy Street NE and requires extension of approximately 1,700 feet. Street frontage improvements are required, measuring approximately 575 feet. Density calculations per the preliminary site approval for the low density 3 to 6 units per acre is 3 units.

## Recording Information

***Sale Date*** 05-04-2022
***Recording No.*** 4929876
***Contract Price*** $1,500,000
***Adjusted Price*** $1,500,000
***Seller*** Brenda L Curtis, Rodney D Russell, & Linda M Russell
***Buyer*** Pacific Northwest Development and Land Company LLC
***Property Rights*** Fee Simple Estate
***Financing*** Considered equivalent to cash sale
***Market Time*** 203 on market; list price $1,500,000
***Price/SF*** $2.44
***Price/Acre*** $106,308
***Price/Lot*** $1,500,000

| | |
|---|---|
| ***Sale Comments*** | The property was purchased by a developer to assemble with surrounding parcels for subdivision development. The property was originally listed May 2019. The buyers made an offer contingent upon feasibility February 2020, status changed to pending July 2020. An application for Sleater Landing subdivision for 212 lots on 45.55 acres was submitted April 2021. The sale closed May 2022. The application for Sleater Landing Subdivision was approved December 2022. Entitlements were in process by the buyer on the date of sale with likely approval. |
| ***Overall Remarks*** | |
| ***Confirmed By*** | JR Poulsen, LAG, 253.380.5533 |

**Comp ID No. 2496**

# Land Sale No. 4


| | | | |
|---|---|---|---|
| ***Property Name*** | Proposed Grove Road Subdivision | | **Comp ID No. 2733** |
| ***Address*** | 10143 Grove Road SE | | |
| ***City, State Zip*** | Yelm, Washington 98597 | | |
| ***County*** | Thurston | | |
| ***Location*** | West side of Grove Road SE approximately 500' north of 103rd Ave SE in an area of single family residences and a school in Yelm. | | |
| ***Tax ID*** | 51540302700 | | |
| ***Property Type*** | Subdivision-Residential Land | | |
| ***Zoning Code*** | R-6, Residential 6 units per acre | | |

## Physical Characteristics

| | | | |
|---|---|---|---|
| ***Land Size*** | 5.01 acres or 218,275 SF | | |
| ***Number of Lots*** | 1 | | |
| ***Shape*** | Rectangular | ***Topography*** | Level to mildly sloping |
| ***Grade*** | At street grade | ***Drainage*** | Adequate |
| ***Landscaping*** | None, vacant land | | |
| ***Frontage Desc.*** | Typical rural residential frontage | | |
| ***Utilities*** | All typical public and private utilities available. | | |
| ***Access*** | Paved drive off Grove Rd | | |
| ***Visibility*** | Average | | |
| ***Site Comments*** | This is a sale of 5.01± acres improved with a residence and outbuildings for development of a single-family residential subdivision. At time of sale there was a 1,720 SF residence in fair condition constructed in 1967 along with a barn. The rest of the property was an open field with fencing. The parcel was non-detrimental irregular in shape and level. At the time the buyer made an offer, the property was nearing completion of annexation into the Yelm City Limits. There was a gopher survey finding no gopher habitat, nor were there any other critical areas. Will need about 230' of road frontage improvements on Grove Road SE but all utilities were available on the property or in the street. | | |

## Recording Information

| | | | |
|---|---|---|---|
| ***Sale Date*** | 12-11-2023 | ***Recording No.*** | 5000559 |
| ***Contract Price*** | $750,000 | | |
| ***Adjusted Price*** | $750,000 | | |
| ***Seller*** | Jolin Brenda | | |
| ***Buyer*** | Copper Ridge LLC | | |
| ***Property Rights*** | Fee Simple Estate | | |
| ***Financing*** | Considered equivalent to cash sale | | |
| ***Market Time*** | 175 days, original listing price $750,000 | | |
| ***Price/SF*** | $3.44 | | |
| ***Price/Acre*** | $149,674 | | |
| ***Price/Lot*** | $375,000 | | |

| | |
|---|---|
| ***Sale Comments*** | Property was in annexation process when buyer made an offer and by the time it closed it had been completed. Buyer plans to rent the residence for one to two years while proceeding through the entitlement phase for a 26-lot subdivision. Home and improvements will then be demolished. Home is estimated to contribute value to offset eventual demolition. |
| ***Overall Remarks*** | 6468-24A, NWMLS 1978569 |
| ***Confirmed By*** | Seller's Broker Lida Cozzetti 360-789-1562 |

**Comp ID No. 2733**

# Land Sale No. 5


| | | | |
|---|---|---|---|
| ***Property Name*** | Morris Road SE Site | **Comp ID No. 2741** | |
| ***Address*** | XXX Morris Road SE | | |
| ***City, State Zip*** | Yelm, Washington 98597 | | |
| ***County*** | Thurston | | |
| ***Location*** | West of Morris Rd SE approximately 650' south of the intersection with Bald Hill Road SE, in Yelm UGA in an area of low and moderate density single family residential. | | |
| ***Tax ID*** | 22730410000 | | |
| ***Property Type*** | Subdivision-Residential Land | | |
| ***Zoning Code*** | R-6, Residential, 6 Units per Acre | | |

## Physical Characteristics

| | | | |
|---|---|---|---|
| ***Land Size*** | 5.00 acres or 217,800 SF | | |
| ***Number of Lots*** | 1 | | |
| ***Shape*** | Rectangular | ***Topography*** | Level to Sloping |
| ***Landscaping*** | None. | | |
| ***Frontage Desc.*** | No direct frontage on developed road; access via road easement | | |
| ***Utilities*** | Electricity available; public water and sewer required a short extension | | |
| ***Access*** | Road easement | | |
| ***Visibility*** | Average | | |
| ***Site Comments*** | The site is rectangular shaped and is level to mildly sloped. At the time of sale it was unimproved and covered in grass, brush and trees (some minimal timber value). No flood zone or wetlands but gopher indicator soils and so required a gopher study. No street frontage improvements and utilities reportedly needed a short extension. At time of sale it was in UGA, not yet annexed. | | |

## Recording Information

| | | | |
|---|---|---|---|
| ***Sale Date*** | 12-11-2023 | ***Recording No.*** | 5000015 |
| ***Contract Price*** | $275,000 | | |
| ***Adjusted Price*** | $275,000 | | |
| ***Seller*** | Alexander JR Howard | | |
| ***Buyer*** | Copper Ridge LLC | | |
| ***Property Rights*** | Fee Simple Estate | | |
| ***Financing*** | Conventional | | |
| ***Market Time*** | 17 days on market, see remarks | | |
| ***Price/SF*** | $1.26 | | |
| ***Price/Acre*** | $55,000 | | |
| ***Price/Lot*** | $275,000 | | |
| ***Sale Comments*** | The property was pending sale for seven months while buyer got the gopher study (clear), got the property annexed into the City Limits, and completed other feasibility for a 20-lot residential subdivision. Buyer was local who assigned the purchase contract to a homebuilder after getting through the entitlement process for $800,000 (stated). | | |
| ***Confirmed By*** | Seller's Broker Chrissy DeHan 360-789-4093 | | |

**Comp ID No. 2741**

MEMORANDUM OF UNDERSTANDING

BETWEEN THE CITY OF LACEY AND HOUSING AUTHORITY OF THURSTON COUNTY

REGARDING A PURCHASE AND SALE AGREEMENT FOR MULLEN ROAD PROPERTY

This Memorandum of Understanding ("MOU") is made and entered into this ___ day of 2025 by and between the City of Lacey ("City") and the Housing Authority of Thurston County ("HATC"), a body public and politic, referred to collectively as "Parties" or "the Parties."

I. RECITALS

Whereas, the regional housing crisis has shown the need for additional affordable housing in the City; and

Whereas, the City has acquired land from LOTT Clean Water Alliance, with the intention of transferring it to an affordable housing entity for the development of affordable low-income housing; and

**WHEREAS, Lacey Municipal Code 2.74.040 requires, and** LOTT required as a condition of the sale, that Lacey place a restrictive covenant on the property when transferred to an affordable housing entity; and

**WHEREAS**, RCW 39.33.015 and Lacey Municipal Code Chapter 2.74 allows Lacey to transfer the property at less than market value when the use serves a public policy purpose including the development of affordable housing; and

**WHERES,** Lacey intends to transfer the property to the Housing Authority of Thurston County "Housing Authority" with the same intention; and

**WHEREAS,** On the subject site, the Housing Authority will develop and maintain affordable low-income housing occupied by households whose income when adjusted for size, is at or below eighty percent (80%) of the area median income, as annually adjusted by the U.S. Department of Housing and Urban Development.

Whereas, HATC will coordinate multi-generational housing priorities and service relationships with North Thurston Public Schools; and

Whereas, HB 1695: Affordable Housing and Surplus Property, amended RCW 39.33.015 and LMC Chapter 2.74, which allows public agencies to transfer, lease, or dispose of surplus real property at low or no cost to a public, private, or nongovernmental body if this action is for a "public benefit" Described in the state statue as affordable housing proposed to be provided by HATC; and

Whereas, the Parties intend by this document to memorialize steps to be taken in preparation for potentially transferring the property and their understanding concerning the general conditions necessary for the transfer as further set forth below.

NOW, THEREFORE, the Parties agree as follows:

II. STEPS TO BE TAKEN ON DETERMINING FEASIBILITY OF A POTENTIALTRANSFER

A. The Parties will continue due diligence regarding the potential transfer and the benefits provided therein.

B. Upon request, the City shall make available to the HATC copies of any existing studies, reports, surveys, soils tests, reviews, correspondence with all governmental entities, environmental checklists and reports, plans, and other printed or written material (all of which are collectively referred to as “Studies”) prepared or received by, or on behalf of, LOTT and the City with respect to the Property.

C. The Parties agree to advance internal evaluation and discussion of a possible transfer with staff and their respective governing bodies and determine the desire to move forward with a transfer.

D. The Parties will work together in good faith with the mutual goal of defining consideration acceptable to both Parties, as a basis for a potential transfer of the Property.

E. This MOU is confirmation of HATC’s interest in acquiring the Property at a price not to exceed the purchase price of $450,000; however, strongly urging the City to exercise the low or no cost opportunity provided by the aforementioned legislation.

F. The Parties will work together in good faith with the mutual goal of ensuring confirmation of appropriate Comprehensive Plan Land Use Designations and Zoning amendments are completed as promptly as possible for the project.

III. PROPOSED GENERAL CONDITIONS FOR TRANFER

A. Term and Amendment. If a transfer of the Property is not completed on or before September 30, 2025, this MOU will terminate. The Parties may mutually agree to extend any deadline contained in this MOU. Any amendment to this MOU must be in writing and mutually agreed to by both Parties.

B. Legal and Regulatory Requirements. The Parties agree that any transfer arising from this Memorandum must be in accordance with all applicable laws and regulations, including those from the Washington State Auditor’s Office.

C. Consideration. The Parties will work together to determine the form and timing of consideration to be received by the City for the Property. This consideration could involve both cash and non-cash consideration and could be transferred to the City at any point from the date a potential purchase and sale agreement is executed up to the maximum allowed by state law thereafter, subject to legal and regulatory requirements within the context of affordable housing development. Any consideration that is exchanged after the date of any purchase and sale (or similar) agreement shall also include applicable interest, interest at a rate sufficient to ensure compliance with relevant state law.

D. Limitations. During the term of this MOU, the City shall not dispose of the Property to any entity other than HATC without the written consent of HATC, except as otherwise provided herein. The City may enter into a secondary agreement with another entity should the agreement with the HATC not be consummated.

E. Authority. Each Party and each individual signing on behalf of each Party, hereby represents and warrants to the other that it has full power and authority to enter into this MOU and that its execution, delivery, and performance of this MOU has been fully authorized and approved, and that no further approvals or consents are required by either Party to enter into this MOU.

F. Non-Binding Understanding. This MOU is intended only as a memorandum of understanding that will guide the transfer of the Property by the Parties. Except for Section III(D), Limitations, it does not create a legally enforceable agreement. This MOU is not in itself an offer to transfer or a Commitment to purchase the Property. Rather, it is an expression of the Parties' intent to enter into negotiations for such a transfer.

IV. Community Meeting

A. HATC Agrees to hold a public meeting within 300 feet of the project site with the surrounding community, providing notification to all addresses within 500 feet of the site, including the Southpark Div. 5 HOA, and the City's interested parties list to collect feedback and comment on their proposed development project. Community feedback shall be considered in project design prior to formal permit application to the City of Lacey.

City of Lacey
Attn: City Clerk
420 College Street SE
Lacey, WA 98503

| | |
|---|---|
| **Document Title:** | **Restrictive Covenant** |
| **Grantor:** | **Housing Authority of Thurston County** |
| **Grantee:** | **City of Lacey** |
| **Abbreviated Legal Description:** | **Section 28 Township 18 Range 1W Quarter SW SW DAF: COM SW COR SEC 28 THENCE N01-38-58E 1319.22F TO NORTH LINE SW SW, THENCE S87-59-28E 660.01F TO EAST LINE SW SW, THENCE S01-38-58W 108.85F TO X S** |
| **Assessor's Tax Parcel Number:** | **11828320203** |

## RESTRICTIVE COVENANT

### RECITALS

**WHEREAS,** City of Lacey "Lacey" acquired the subject parcel from the LOTT Clean Water Alliance "LOTT" for a price less than market value; and

**WHEREAS**, Lacey acquired the property with the open intention of transferring it to an affordable housing entity for the development of affordable low-income housing; and

**WHEREAS,** Lacey Municipal Code 2.74.040 requires that Lacey place a restrictive covenant on the property when transferred to an affordable housing entity; and

**WHEREAS**, RCW 39.33.015 and LMC 2.74 allows Lacey to transfer the property at less than market value when the use serves a public policy purpose including the development of affordable housing; and

**WHERES,** Lacey will transfer the property to the Housing Authority of Thurston County "Housing Authority"; and

**WHEREAS,** On the subject site, the Housing Authority will develop and maintain affordable low-income housing occupied by households whose income when adjusted for size, is at or below eighty percent (80%) of the area median income, as annually adjusted by the U.S. Department of Housing and Urban Development.

**THEREFORE,** this restrictive covenant benefits both Grantor and Grantee:

## RESTRICTIVE COVENANT

The legal description for the real property and appurtenances to which this Restrictive Covenant applies is as follows:

Section 28 Township 18 Range 1W Quarter SW SW DAF: COM SW COR SEC 28 THENCE N01-38-58E 1319.22F TO NORTH LINE SW SW, THENCE S87-59-28E 660.01F TO EAST LINE SW SW, THENCE S01-38-58W 108.85F TO X S

For consideration mutually exchanged, Grantor and Grantee agree that the above described real property and its appurtenances ("the Property") shall be held, transferred, sold, conveyed, leased, used and occupied subject to the following covenants, conditions and restrictions:

1. The Recitals set forth above are hereby incorporated and made part of this Restrictive Covenant as if fully set forth herein.

2. The Property shall be used for low-income housing occupied by households whose income when adjusted for size, is at or below eighty percent (80%) of the area median income, as annually adjusted by the U.S. Department of Housing and Urban Development or its successors, or in the event of no successor than an appropriate substitute entity as mutually agreed by Lacey and Housing Authority.

3. In consideration for gaining title to the Property at less than market value, the Grantor agrees to use the Property solely for low-income housing as defined in paragraph two above.

4. In the event the Grantor or its successors or assigns fails to use the property for low-income housing as defined herein, the property shall immediately revert back to Grantee.

5. It is the express intent of the Grantor and Grantee that the provisions of this Restrictive Covenant shall be deemed to run with the land and shall pass to and be binding upon Grantor's successors in title, including any subsequent purchaser, grantee, owner, assignee, trustee, trustor, or lessee of any portion of the real property and appurtenances and any other person or entity having any right, title or interest therein and upon the respective heirs, executors, administrators, devisees, successors and assigns of any purchaser, grantee, owner, assignee, trustee, trustor, or lessee of any portion of the real property and any other person or entity having any right, title or interest therein. The terms of this Restrictive Covenant

may be enforced by injunctive relief or other remedies at law. Jurisdiction and venue shall be in Thurston County Superior Court for the State of Washington.

**GRANTOR, HOUSING AUTHORITY OF THURSTON COUNTY:**

_________________________________________ **Date**____________________

**Craig Chance,** Executive Director,
Housing Authority of Thurston County,
a public body corporate and politic of
the state of Washington

STATE OF WASHINGTON )
) ss.
COUNTY OF THURSTON )

I ce1tify that I know or have satisfactory evidence that **Craig Chance,** Executive Director, Housing Authority of Thurston County, a public body corporate and politic of the state of Washington, appeared before me, and that said person acknowledged that he signed this instrument, and on oath stated that he is authorized to execute this instrument, and acknowledged it as his free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this ______ day of _______________2025

______________________________
Signature
Name (typed or printed) ___________________________
NOTARY PUBLIC in and for the state of Washington
Residing at ________________________________
My appointment expires _________________________

**GRANTEE, CITY OF LACEY:**

_______________________________________ Date:_________________________

**Rick Walk,** City Manager,
City of Lacey, a Washington municipal corporation

STATE OF WASHINGTON )
) ss.
COUNTY OF THURSTON )

I certify that I know or have satisfactory evidence that **Rick Walk,** City Manager for the City of Lacey, a Washington municipal corporation, appeared before me, and that said person acknowledged that he signed this instrument, and on oath stated that he is authorized to execute this instrument, and acknowledged it as his free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this ____ day of__________________________2025

_______________________________________
Signature
Name (typed or printed): __________________________
NOTARY PUBLIC in and for the State of Washington
Residing at ___________________________________
My appointment expires: __________________________

**Approved as to legal form:**

_____________________________
**Dave Schneider,** City Attorney