

MEMORANDUM

TO: Satpal Sidhu, County Executive

FROM: Tyler Schroeder, Deputy Executive

RE: Opportunity Council
Laurel and Forest Project – Senior Housing

DATE: July 1, 2022

Whatcom County and the Opportunity Council, have been partnering on a low-income housing and Child Care facility to redevelop the County owned property at Laurel and Forest (1000N. Forest Street). This memo is intended to provide background, purpose and an update on the purchase and sales agreement and amount that the County will be compensated for the transfer of the property

The final Purchase and Sales Agreement is to transfer the property consistent with RCW 39.33.015, which allows the transfer of property for public benefit purposes (affordable housing) at no cost. The County will be utilizing \$800,000 of the American Rescue Plan Act funds originally identified to financially support the project and will reduce the contract award amount this amount and then transfer the budget authority (\$800,000) to a new cost center that will be used to account for expenditure of ARPA revenue loss. Ultimately, a transfer will be made from the ARPA revenue loss cost center to the NW Annex Redevelopment Fund, as originally contemplated. The property has been appraised at \$1,230,000. The Opportunity Council and County believe that this is an agreement that allows both parties to be recognize their goals. The project is adequately funded and the County is able to be compensated for the land at a fair amount recognizing the overall goal of accomplishing the project.

▪ **Background**

- November 2020:
 - Opportunity Council proposes to partner with Whatcom County in the development of the Laurel and Forest St Project, which will repurpose the building to provide 56 affordable one-bedroom apartments, along with a child care facility.
- December 2020:
 - Whatcom County executes a “Transfer Option Agreement” with the Opportunity Council recognizing the intent to transfer the property within 5 years if the project can be fully funded to develop the project.
- September-November 2021:

- Whatcom County and the Opportunity Council sign an “Amended and Restated Transfer Option Agreement” stating that the property transfer will be consistent with RCW 39.33.015 and the transfer will be for an amount not to exceed the appraised value of \$1,230,000
- Whatcom County Council passed a budget supplemental that included \$4,000,000 of American Rescue Plan Act funds to financially support the project.
- A portion of these funds were intended to be used to compensate the County for the cost to transfer the property
- December 2021
 - Whatcom County executes contract #202111036 for \$3,000,000 to provide funding for a portion of the affordable housing project.
 - Whatcom County executes contract #202111035 for \$1,000,000 to provide funding for a portion of the child care project.
- April 2022
 - Opportunity Council is awarded \$773,000 from the State of Washington for the development of the Child Care facility
- May 2022
 - Whatcom County Council passed a resolution declaring the Laurel and Forest property to be surplus
 - Whatcom County Council held a public hearing on transferring the Laurel and Forest Property to the Opportunity Council and held that resolution for consideration until an agreement on the amount the County will be compensated for the transfer.
- June 2022
 - Whatcom County and Opportunity Council agree that the most straight forward way to move forward with the transfer of property is through RCW 39.33.015 by updating the Purchase and Sales Agreement at no or little (\$10) cost.
 - In review of the overall budget, understanding of the additional award by the State for the child care facility, and with a better understanding of the ARPA final guidance from US Treasury; Whatcom County and the Opportunity Council agree to amend the contract award by an agreed upon reduced amount of \$800,000
 - Whatcom County will use these ARPA funds, consistent with the guidelines by budgeting these funds through “revenue loss”, and fund a portion of the capital project at Northwest Annex, which was set up using the funds anticipated from the transfer of the Laurel and Forest project.

▪ **Next Steps**

1. County Council will consider and adopt the final Purchase and Sales Agreement as outlined above (AB2022-369)
2. County Council will consider and adopt the resolution authorizing the transfer of Whatcom County surplus property for Laurel and Forest. (AB2022-283)
3. County Council will consider and adopt the amended contract with the Opportunity Council to reduce the amount of funds that will be used to (AB2022-393)
4. The Administration will transfer the budget authority (\$800,000) from the original project cost center of the ARPA fund to a new cost center that will be used to account for expenditure of ARPA revenue loss. Ultimately a transfer will be made from the ARPA revenue loss cost center to the NW Annex Redevelopment Fund.

