



AGENDA MEMO

Needs Legal Review: Yes
Meeting Date: March 23, 2022
Agenda Item: Agreement for Purchase and Sale of Real Estate
Presented By: Marla Keethler, Mayor

Action Required

Authorization for mayor to finalize terms of and sign the Agreement for Purchase and Sale of Real Estate to purchase a portion of Klickitat County Parcel 03111909100200, in keeping with the intent outlined in the Letter of Intent.

Proposed Motion

Move to authorize the mayor to finalize terms of and sign the Agreement for Purchase and Sale of Real Estate to purchase a portion of Klickitat County Parcel 03111909100200, in keeping with the intent outlined in the Letter of Intent.

Explanation of Issue

The city has signed a letter of intent with the property owner of Klickitat County Parcel No. 03111909100200 (located on Main Street south of and adjacent to Gardner Funeral Home) to purchase a portion of the property for the development of 10 townhomes that would create the opportunity for affordable home ownership. The project would be in coordination with the development of the remainder of the property into market-rate lots intended for residential development. By acquiring this property, the city will be able to enter into a partnership with a housing agency, which would undertake the development, management, and administration of the homes for guaranteed long-term affordable home ownership.

The terms of the LOI, which outline what is expected for the Purchase and Sale Agreement, stipulate that the city would make a cash payment of \$380,000, and also agree to:

- contribute to seller at closing the sum of \$84,000 toward the construction cost of the sewer line for a total cash contribution of \$464,000; and
- provide the seller at no additional cost twenty-one (21) residential water connections at a value of \$111,027.

Combined, this results in a total value sale price of \$575,027 in cash and connection credits to be paid to the seller.

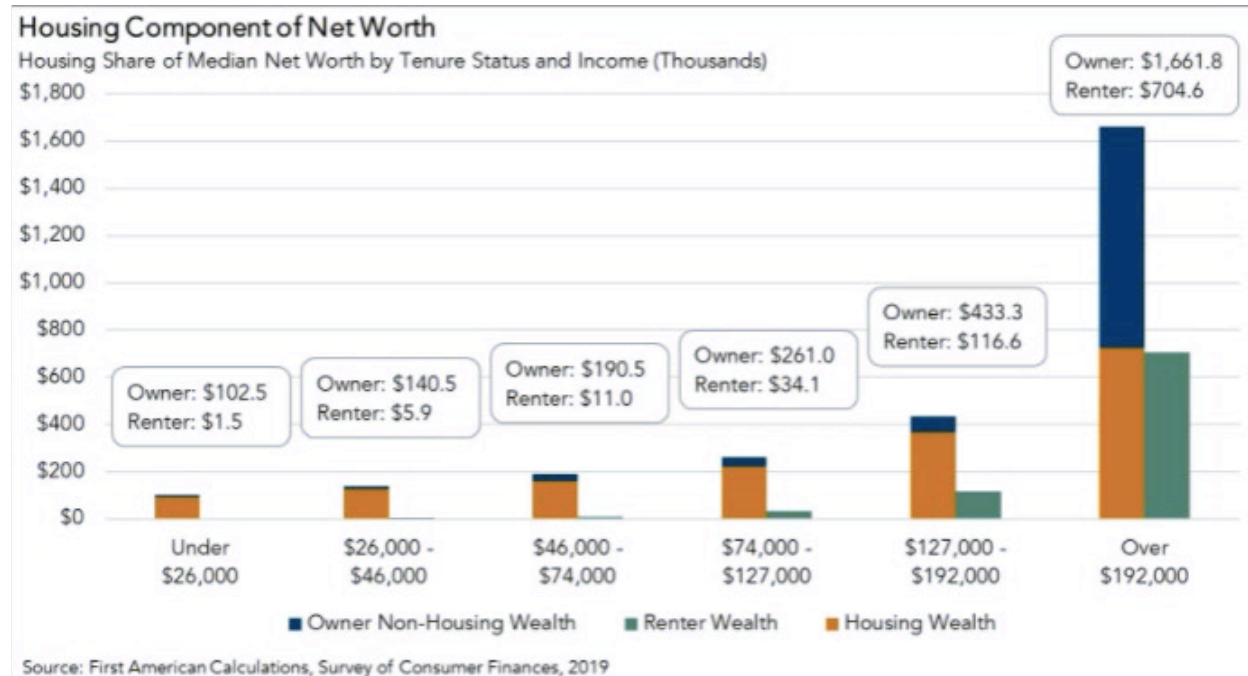
To make this purchase, the administration proposes the allocation of \$380,000 of White Salmon's ARPA funds for the purpose of purchasing this property for the development of affordable housing. Such an allocation meets the requirements for ARPA funds by addressing the unintended consequences of the pandemic on residents from disproportionately impacted communities. The 2020 Urbanization Study found that 38% of White Salmon households are considered asset limited and income constrained, even though they are employed. Further, the adjusted median income for households in White Salmon is \$65,781 (US Census Data). Meanwhile, the median sale price for homes in White Salmon in 2021 was \$590,000.

To offset the outlined water infrastructure improvements, the city anticipates the sale of the Teague Reservoir property to offset those costs, after deductions for the removal of the reservoir from said property. It should also be noted that the expansion of sewer service to this portion of town will also mean the opportunity for existing residences in the vicinity that are on septic to transition to sewer.

Affordable housing is a multi-faceted issue, and overall will require a combination of policies, development, partnerships, and community support to create the varied types of housing options

that will truly alleviate the burden for residents who work and live in White Salmon. However, often the conversation of affordable housing focuses only on rental housing, which can create a bias toward only working on rental solutions. But if the intent is to create an upward trajectory for households in terms of their living situations, the most promising long-term solution to the affordable housing crisis is home ownership.

Affordable homeownership is not the capstone of economic well-being, it is the cornerstone: housing is a critical tool that can facilitate financial success. By creating safe, affordable home ownership opportunities, a community can foster financial stability and mobility for its residents, creating healthier families, better educational outcomes, secure communities, and generational wealth. In support of this, the median net wealth of low-income homeowners is dramatically higher than the median net wealth of low-income renters.



As the city continues to prioritize efforts on affordable housing across a variety of policy approaches, this investment in affordable homeownership will result in an opportunity for qualifying residents to purchase a home, establish housing security, build equity, and ensure that same cycle continues for the next buyer. Affordable homeownership provides the kind of affordability and stability that all households need, especially low-income. In an amenity-rich area such as White Salmon where land value further complicates these types of projects, being able to realize the type of collaboration seen here, between a private property owner, a city government, and a housing agency, further sends a message to the community that the city is aware of and responding to the most heard frustration from residents.

Staff/Administration Recommendation

Administration recommends authorizing the mayor to finalize the terms of and sign the Agreement for Purchase and Sale of Real State to purchase a portion of Klickitat County Parcel 03111909100200.