



King County
Metropolitan King County Council
Budget and Fiscal Management Committee

Panel 3 – Health, Housing, and Human Services
Tuesday, October 21, 2025 – 9:30 a.m.

Councilmembers:

Teresa Mosqueda, Chair;

Jorge Barón and Rod Dembowski

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Briefing No. 2025-B0140
Briefing on Proposed 2026-2027 Biennial Budget – Health, Housing, and Human Services

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EMPLOYMENT AND EDUCATION RESOURCE

ANALYST: MIRANDA LESKINEN

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget, Biennialized	\$50,060,624	\$49,155,786	38.0	0.0
2026-2027 Base Budget Adjust.	(\$4,456,330)	(\$2,809,080)	0.0	0.0
2026-2027 Decision Packages	\$629,898	(\$981,440)	7.0	0.0
2026-2027 Proposed Budget	\$46,235,000	\$45,366,000	45.0	0.0
% Change from prior biennium, biennialized	(7.6%)			
Dec. Pkg. as % of prior biennium, biennialized	1.2%			
Major Revenue Sources: Federal, State, General Fund, intragovernmental, interfund transfers, Best Starts for Kids levy, other				

DESCRIPTION

The Employment and Education Resources (EER) program of the Department of Community and Human Services (DCHS) provides education, job placement, training, and other services to youth and adults through a combination of contracted services and services provided directly by King County employees. Populations served by EER programs include youth who have dropped out of high school, youth in danger of dropping out of high school, gang-involved youth, low-income adult job seekers, homeless families, young parents with children, individuals with limited English proficiency, adults with prior criminal justice involvement, and displaced workers.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2026-2027 proposed Employment and Education Resource budget is approximately \$46.2 million with 45.0 FTEs. Notable proposed changes for the 2026-2027 biennium include the following proposed decision packages.

KCYDI Implementation. The proposed budget would add 3.0 FTEs and remove approximately \$1.7 million in spending authority to implement the King County Youth Diversion and Intervention (KCYDI) program to provide diversion services for youth referred by the Prosecuting Attorney's Office (PAO), replacing and revising the County's Restorative Community Pathways (RCP) program.¹ The KCYDI program would entail reduced General Fund support compared to the RCP program by no longer serving

¹ The RCP program is the County's community-led response to diversion and was funded as part of the 2020-2021 budget (program referrals began in November 2021). Program goals centered on diverting youth away from the juvenile legal system to a restorative justice process and providing community members who experienced harm an opportunity for support services and restitution moneys.

felony cases and serving community-referred youth as resources allow. The added FTEs would provide initial participant outreach and program reporting functions. Of note, this item corresponds to decision packages in the GF Transfer to DCHS and the Best Starts for Kids (BSK) appropriation units.

According to the Department, adjusting the RCP program implementation model is responsive to feedback from the community, PAO, and programmatic evaluation. The goals of this adjustment include strengthened referral and consortium coordination and enhanced data collection and reporting. In terms of timeline, Executive staff indicate that DCHS will implement a request for proposals (RFP) to select new contracts for the KCYDI program and anticipates completing the RFP process and having new contracts in place by August 2026 as the contracts for the existing RCP program wind down, with the KCYDI program anticipating beginning accepting participants in September 2026.

Federal and state funding reductions. The proposed EER budget would reduce expenditures and revenues due to decreased Workforce and Innovation and Opportunity Act federal funding (decrease of approximately \$2 million, partially offset by \$800,000 in BSK support via a corresponding decision package in the BSK appropriation unit) and due to a reduced State contract award for the Division of Vocational Rehabilitation program² (decrease of approximately \$0.4 million).

DCHS Overhead Contributions. The proposed EER budget would appropriate approximately \$82,000 in a department overhead contribution/cost share for internal controls and audit response and approximately \$52,000 in a department overhead contribution/cost share for office space needs. Corresponding decision packages for both items are included in the DCHS Administration appropriation unit.

TLT to FTE conversions. The proposed EER budget would add FTE authority to convert 2.0 revenue-backed TLT positions to FTEs in the Learning Center Seattle program at Seattle Central College and to convert 2.0 revenue-backed TLT positions to FTEs at the Open Doors program's Tukwila YouthSource site.

Other notable items. The proposed EER budget also includes a central rate adjustment and various technical changes to align anticipated revenues and expenditures, make vacancy and temporary account adjustments, and adjust interfund transfers from the BSK Fund (corresponding decision package in the BSK appropriation unit) and the General Fund (corresponding decision package in the Community Services Operating/CSO appropriation unit).

² The DVR program provides job readiness training and internships to young people ages 16-21.

KEY ISSUES

ISSUE 1 – KCYDI IMPLEMENTATION

The Council's decision whether to fund the King County Youth Diversion and Intervention (KCYDI), as proposed, presents a policy choice.

RESPONSE TO COUNCIL INQUIRIES

Question 1: IS THERE AN ANTICIPATED TRANSITION PROCESS FROM THE RCP PROGRAM TO THE KCYDI PROGRAM?

ANSWER: Yes, a transition has been proposed. The Executive proposed several changes to RCP, including a new name (King County Youth Diversion and Intervention Program (KCYDI)). The Executive proposes moving the roles of referral administration and consortium coordination from a community organization into DCHS to coordinate participant outreach and referral to KCYDI services. DCHS proposes to launch the new KCYDI request for proposals in January 2026 and have executed contracts for services in place by September 2026. Additionally, DCHS proposes to onboard new referral, coordination, and evaluation staff by April 2026. To ensure continuity of services for youth and adequate time for transition, DCHS would therefore extend contracts with current providers hosting RCP navigators through August 2026. The contract for RCP central operations roles would be extended through March 2026.

Question 2: WHAT IS THE SCOPE OF THE JUVENILE LEGAL SYSTEM OUTCOMES STUDY IN THE PROPOSED PSB BUDGET?

ANSWER: PSB plans to develop a full scope for the juvenile legal system outcomes study in collaboration with the Prosecuting Attorney's Office and Superior Court beginning in late 2025. Depending on data availability and other factors, PSB anticipates the final report will be available in 2027. The intent is to broaden understanding of system-based juvenile legal system programs. PSB plans to include analysis of legal system outcomes for youth receiving services from Juvenile Probation Counselors (JPCs). JPCs serve youth with filed charges, youth placed on community supervision, youth booked into detention, and those referred to diversion programs managed by the Court.

Question 3: WHAT IS THE PAO'S POSITION ON THE PROPOSED KCYDI PROGRAM?

ANSWER: Provided below is a response from the PAO on the proposed KCYDI.

"The King County Prosecuting Attorney's Office (PAO) appreciates the partnership and open communication demonstrated by the Office of the Executive and the Department of Community and Human Services (DCHS) in seeking input from our Juvenile Division regarding planned improvements to the Restorative Community Pathways (RCP) program, now renamed the King County Youth Diversion and Intervention Program (KCYDI). We value this collaborative approach and the shared goal of creating a youth diversion system that is transparent, accountable, helps decrease racial disproportionality, helps harmed parties and those accused of causing harm,

produces meaningful and measurable outcomes, are independently evaluated for effectiveness, and are cost effective and sustainable.

Under Washington State law, most juvenile misdemeanors are subject to mandatory diversion. It is therefore critical that King County preserve diversion as an effective and viable option for case referrals. Diversion programs must be accountable to the community and demonstrate meaningful impact in reducing recidivism, addressing racial disproportionality, supporting harmed parties, and providing opportunities for accountability and growth among youth who have caused harm.

*The PAO strongly supports the proposed improvements that emphasize **school engagement and re-engagement**. Research and experience show that consistent connection to education is one of the most powerful protective factors against future justice system involvement. We appreciate that DCHS has incorporated the PAO's recommendation to include a dedicated school liaison role within the KCYDI framework, and we look forward to partnering on efforts to measure educational outcomes as part of the program's success metrics.*

*The PAO also supports enhancements to **data transparency and evaluation**, including improved data sharing between DCHS and the PAO, integration of recidivism and law enforcement data, and independent evaluation of program effectiveness. These steps will help ensure that diversion in King County remains credible, measurable, and responsive to community expectations.*

Our youth deserve opportunities to succeed. Harmed parties deserve opportunities to heal. Taxpayers deserve cost-effective programs that create meaningful improvement. Everyone deserves diversion programs that demonstrate positive results and enhance community safety.

The King County Prosecuting Attorney's Office remains committed to working with the Office of the Executive, DCHS, and our community partners to continue building and strengthening youth diversion in King County to benefit all our communities."

Clarification to staff response provided during 10/9/25 meeting: During the October 8th budget panel meeting, Council staff stated in response to a panel member question that there is no Expenditure Restriction on proposed KCYDI program funding that would limit [program] referrals to just misdemeanors. In their response, Council staff failed to clarify that the proposed budget does include an expenditure restriction (Proposed Ordinance 2025-0288, Section 106/EER, Expenditure Restriction ER1) which states that *"Of this appropriation, moneys may not be encumbered or expended to provide felony diversion to youth."*

PUGET SOUND TAXPAYER ACCOUNTABILITY ACCOUNT

ANALYST: MIRANDA LESKINEN

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget, Biennialized	\$19,843,506	\$10,220,000	7.0	0.0
2026-2027 Base Budget Adjust.	\$79,902	\$0	0.0	0.0
2026-2027 Decision Packages	\$1,251,475	\$11,730,000	0.0	0.0
2026-2027 Proposed Budget	\$21,175,000	\$21,950,000	7.0	0.0
% Change from prior biennium, biennialized	6.7%			
Dec. Pkg. as % of prior biennium, biennialized	6.3%			

Major Revenue Sources: State revenue from the State Puget Sound Taxpayers Accountability Act Fund

DESCRIPTION

The Puget Sound Taxpayers Accountability Account (PSTAA) is funding solely supported by State moneys associated with a sales tax offset assessed on Sound Transit 3 projects. PSTAA proceeds are to be distributed to King, Pierce, and Snohomish Counties proportionately based on the population of each county that lives within Sound Transit's jurisdictional boundaries. A July 2025 forecast by Sound Transit estimated that the County will receive approximately \$318 million in funding between 2019 and 2035 to be invested in early learning facilities, the King County Promise (post-secondary educational support), and community-based support for K-12 learning. The Council adopted Motion 15492 in August of 2019 that allocates funding over the life of the fund and approved an implementation plan (Motion 15673) in September of 2020 that further governs how the moneys will be used.

SUMMARY OF PROPOSED BUDGET AND CHANGES

Motion 15492 requires that up to 7% of proceeds over the life of the account be used for evaluation and administrative costs. Of that, up to 10% of each year's evaluation and administration moneys will be used to provide for technical assistance and capacity building for small organizations, partnerships, and groups to provide services like legal, accounting, human resources, and leadership development support.

The remaining proceeds would then be distributed over the 15-year life of the fund among the three priority areas identified in Motion 15492 as follows:

- 52% for Early Learning, including up to 7.5% for home care provider dedication
- 38% for King County Promise, distributed as follows:

- 45% to K-12
- 45% to Postsecondary
- 10% to Community Based Organizations
- 10% for K-12 Community Based Organizations (identified as Love and Liberation in the implementation plan)

The 2026-2027 proposed PSTAA budget is approximately \$21.2 million, which is a 6.7% increase from the 2025 revised biennialized budget. The proposed budget includes a technical adjustment to align revenues and expenditures based on the most recent Sound Transit revenue projections from July 2025. The proposed budget also includes a one-time private grant for King County Promise evaluation costs, as well as allocated costs for internal controls and audit response and office space needs, which correspond with proposed decision packages in the DCHS Administration appropriation unit.

Table 1, provided by Executive staff, shows planned PSTAA spending across implementation plan categories through 2027, including RFP commitments for Early Learning Facilities planned for 2027 that will likely not be spent out within the biennium (which is reflected in the PSTAA financial plan reserve line item for committed expenditures).

Table 1. PSTAA Expenditures (by Category) through 2027

IP Investment Area	Expenditures and Funding Commitments Through 2027	% of commitments	Target	
Administration and Evaluation	\$8.0M	14%	7%	% of total spend
Early Learning Facilities (ELF)	\$22.1M ¹	45%	52%	% of program spend
King County Promise	\$17.0M	34%	38%	
Community-Based Organizations Supports for K-12	\$10.3M	21%	10%	

As noted by Executive staff:

- The cumulative spending through 2027 represents only ~17% of lifetime anticipated PSTAA revenues.
- The allocations through 2027 in the table were designed in partnership with stakeholders to support PSTAA programming goals and equity considerations following revenue reductions reported by Sound Transit in 2021.

¹ This amount includes approximately \$3 million in RFP commitments for Early Learning Facilities planned for 2027 that will likely not be spent out before the biennium.

KEY ISSUES

ISSUE 1 – REVENUE MONITORING

Council may desire to regularly track the progress of PSTAA revenue projections and investments during the biennium and beyond.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: PLEASE DEVELOP A PROVISO TO REGULARLY TRACK THE PROGRESS OF PSTAA REVENUE PROJECTIONS AND INVESTMENTS DURING THE BIENNIUM.

ANSWER: DRAFT proviso language provided below.

PX PROVIDED THAT:

Of this appropriation, \$100,000 shall not be expended or encumbered until the executive transmits two reports describing the current revenue projections and implementation status of investments in King County funded by the Puget Sound Taxpayer Accountability Account (PSTAA). Moneys shall be unencumbered in \$50,000 increments upon receipt of each report filed by the executive to the clerk of the council.

The reports shall include, but not be limited to, an updated PSTAA fund financial plan, a table identifying current King County PSTAA revenue projections for 2019 through 2036, and an update on implementation status for both ongoing and 2026-2027 planned PSTAA-funded investments for each PSTAA funding category identified in Motion 15492.

The executive should electronically file the first report required by this proviso no later than August 31, 2026, and the second report required by this proviso no later than August 31, 2027, with the clerk of the council, who shall retain an electronic copy and provide an electronic copy to all councilmembers, the council chief of staff, and to the lead staff for the health, housing, and human services committee, or its successor.

QUESTION 2: PLEASE DESCRIBE THE PSTAA COMMUNITY-BASED SUPPORT FOR K-12 LEARNING ALLOCATION.

ANSWER: This funding category, which is identified as “Love & Liberation” in the PSTAA implementation plan, includes funding for programming for K-12 students to help close educational achievement gaps and increase high school completion for PSTAA prioritized populations.

The PSTAA implementation plan envisioned an initial pilot (originally scheduled to end in 2023 but has been extended through 2026) where organizations would perform direct work with youth including out-of-school time or expanded learning opportunities, access to physical education, mentoring, and case management, in accordance with Motion 15492. United Way King County (UWKC) serves as the administrator for the Love & Liberation pilot, with DCHS providing oversight of Love & Liberation related activities.

The Love & Liberation pilot is made up of a range of programs and services led by 14 BIPOC-led nonprofit organizations in the Racial Equity Coalition (REC). The REC works to create communities of belonging for youth of color, offering after-school and school-

based programming that celebrates their cultural identities and equips them with tools to stay engaged in school. Of note, Love & Liberation utilizes a participatory grantmaking framework, through which REC organizations decide how to invest resources across their organizations to achieve improved outcomes for young people of color. Additional information regarding initial key learnings from the initial pilot phase are available at this [link](#).

QUESTION 3: IS IT FEASIBLE TO BOND SOME OF THE EXPECTED PSTAA REVENUES?

ANSWER: PSTAA revenues require State action to appropriate the funding, and the amount can be highly variable. This makes bonding against the revenues challenging, since there is no guarantee that the funds would be available 5-10 years from now to pay the future debt service. Since G.O. Bonds issued by the County are backed by the General Fund, any shortfall in revenues would need to be paid for by General Fund revenues. Given the volatility of the PSTAA revenues, this exposes the General Fund to risk in future years to pay the ongoing debt service.

VETERANS, SENIORS, AND HUMAN SERVICES LEVY (VSHSL)

ANALYST: MIRANDA LESKINEN

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget, Biennialized	\$286,921,594	\$173,533,020	77.7	0.0
2026-2027 Base Budget Adjust.	(\$115,121,735)	\$0	0.0	0.0
2026-2027 Decision Packages	\$16,691,492	\$13,937,800	3.0	0.0
2026-2027 Proposed Budget	\$188,492,000	\$187,471,000	80.7	0.0
% Change from prior biennium, biennialized	(34.3%)			
Dec. Pkg. as % of prior biennium, biennialized	5.8%			
Major Revenue Sources: Levy lid lift				

DESCRIPTION

In August 2023, King County voters approved a six-year (2024-2029) renewal VSHSL.¹ The levy is currently projected to generate approximately \$554.5 million over its six-year collection period.² The renewal VSHSL will continue to provide funding for regional health and human services throughout the county for veterans and servicemembers and their families, seniors and their caregivers, and resilient communities (VSHSL's priority populations). Additionally, the new levy establishes funding for regional impact initiatives that provide or support responses to issues that affect all three of these populations and which regional health and human services can help address.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The VSHSL 2026-2027 budget is proposed at approximately \$188.5 million with 80.7 FTEs, which represents a decrease of 34% in expenditures from the 2025 biennialized total but a 3.0 FTE authority increase.

Notable proposed changes for the proposed 2026-2027 budget include:

- One-time funding of \$5.2 million to backfill the biennial gap in the State's Consolidated Homelessness System Demonstration Grant, which provides resources to communities to support homeless crisis response systems.³ These one-time levy moneys would be used to support emergency, transitional, and rapid rehousing, the County's Homelessness Management Information System

¹ Ordinance 19604 placed the 2024-2029 VSHSL proposal on the ballot for voter approval.

² Based on the July 2025 revenue forecast.

³ Grant funding sources include the State's General Fund and document recording fees. King County is the local recipient and passes moneys through to the King County Regional Homelessness Authority.

(HMIS), and coordinated entry. There is a corresponding proposed decision package in the Housing and Community Development appropriation unit.

- \$863,144 and 3.0 FTEs to convert two TLT positions (program managers supporting the Incarcerated Veterans Case Management and the Reentry Spanning Services programs, respectively) to FTEs and to add an evaluator position to support measurement, data analysis, and reporting functions for levy-funded programs.
- Allocated costs for internal controls and audit response (totaling \$294,440) and office space needs (totaling \$188,443), which correspond with proposed decision packages in the DCHS Administration appropriation unit.
- Central rate and various technical adjustments relating to revenue and vacancy rate adjustments, aligning the base budget to match the levy's implementation plan, and carrying forward underspent 2025 moneys (totaling \$1 million) for levy strategy HL-12 (Addressing Regional Gun Violence).

Additionally, the proposed budget would continue funding for 2026-2027 for two strategies included in the levy's implementation plan that were unfunded subject to the availability of uncommitted levy proceeds. Proposed funding levels for these two levy strategies are summarized in the following table.

HL-16 and HL-17 Estimated Funding

Strategy Name	2025	2026	2027
HL-17 Assessing Opportunities to Promote Health Insurance Coverage for Newly Eligible Populations	300,000	315,000	330,750
HL-16 Support Food Security	450,000	472,500	496,125
Total	750,000	787,500	826,875

KEY ISSUES

ISSUE 1 – HL-16 SUPPORT FOOD SECURITY EXPENDITURE RESTRICTION

The 2025 adopted budget (Ordinance 19861) included an expenditure restriction on the VSHSL appropriation unit (ER1) to allocate the \$450,000 in food security grants by Council District. Whether to use this same approach for 2026 and 2027 (i.e., allocating strategy HL-16 funding for food security grants by Council District) represents a policy choice.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: PLEASE PROVIDE A SUMMARY OF THE BASE BUDGET ADJUSTMENTS.

ANSWER: The VSHSL base expenditures carried forward from 2025 were adjusted to remove 2025 one-time changes and update personnel rates to reflect current position classifications and 2026-2027 salary and benefit rates. Below is a summary table that clarifies the base budget adjustments.

Exec Proposed Budget Summary Table	Annual	x 2 (Biennialized)
2025 Budget	143,460,797	286,921,594
Base Budget Adjustments - Removal of One-time \$\$	(58,329,627)	(116,659,254)
TA_003 in 2025 Adopted (Reappropriation)	32,760,594	65,521,188
S1_001 in 2025 1st Omnibus (Reappropriation)	25,569,033	51,138,066
Base Budget Adjustments - GWI	768,760	1,537,519
Base Budget Adjustments - Total	(57,560,868)	(115,121,735)

Question 2: PLEASE PROVIDE A SUMMARY OF WHAT THE HL-17 FUNDING FOR 2026-2027 IS PROJECTED TO BE SPENT ON.

ANSWER: HL-17: Assessing Opportunities to Promote Health Insurance Coverage for Newly Eligible Populations seeks to assess opportunities to promote health insurance coverage for residents who are newly eligible to purchase and obtain health insurance coverage through Washington Healthplanfinder or Apple Health due to eligibility changes that went into effect in 2024. The 2026-2027 funding is projected to be spent on assessment and implementation of activities to promote health insurance coverage, such as determining interest among potential enrollees, identifying possible strategies for and conducting outreach and community engagement, and determining need for financial assistance for related expenses, such as monthly premiums and cost-sharing for care received. DCHS will work in partnership with Public Health – Seattle & King County to implement this strategy since they have a program already doing this work. DACA sponsorships are an example of anticipated activities.

Strategy Name	2026	2027
HL-17 Assessing Opportunities to Promote Health Insurance Coverage for Newly Eligible Populations	\$315,000	\$330,750

Question 3: CAN HL-17 MONEYS BE USED TO HELP PEOPLE RETAIN MEDICAID, AND WHAT OPPORTUNITIES DOES THE COUNTY HAVE TO RESPOND TO MEDICAID CUTS?

ANSWER: Funds from Strategy HL-17 cannot be used to directly retain Medicaid eligibility or pay for Medicaid coverage. Medicaid does not allow local jurisdictions to “buy in” or pay to maintain an individual’s eligibility. This is because Medicaid eligibility and funding are governed by federal and state regulations, which determine who qualifies and how services are financed. That said, while this strategy cannot offset

reductions in Medicaid funding, DCHS can partner with community-based organizations and Public Health to help inform and educate residents about upcoming eligibility changes, provide guidance on how to maintain coverage, and connect individuals to alternative health insurance options.

Question 4: DOES THE COUNTY HAVE DISCRETION IN BACKFILLING THE \$5.2M GRANT GAP FROM THE DISCONTINUED CONSOLIDATED HOMELESSNESS SYSTEM DEMONSTRATION GRANT?

ANSWER: Yes. The County has discretion in addressing the \$5.2M gap resulting from the reduced Consolidated Homelessness System Demonstrated Grant. If this gap were not filled, this would reduce the transfer to the King County Regional Housing Authority (KCRHA) and result in reducing existing services for KCRHA-contracted homelessness services. As for funding source, the General Fund is eligible to fund this gap. However, due to constraints on General Fund resources, the Executive proposes to use one-time resources in VSHSL to close this gap instead.

COMMUNITY AND HUMAN SERVICES ADMINISTRATION

ANALYST: OLIVIA BREY

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget Biennialized	\$28,193,994	\$33,323,970	47.0	0.0
2026-2027 Base Budget Adjust.	(\$154,100)	(\$6,380,126)	0.0	0.0
2026-2027 Decision Packages	\$10,714,795	\$11,004,713	12.0	0.0
2026-2027 Proposed Budget	\$38,755,000	\$37,949,000	59.0	0.0
% Change from prior biennium, biennialized	37.5%			
Dec. Pkg. as % of prior biennium, biennialized	38.0%			

Major Revenue Sources: Interfund transfers

DESCRIPTION

Community and Human Services Administration provides oversight for all the programs and services within the Department of Community and Human Services (DCHS). It also includes costs and revenues associated with the DCHS Director's Office, which provides general oversight for all department programs and services and critical business functions such as finance, payroll, human resources, communications, emergency/disaster response, legislative coordination, and data and evaluation. This function is set up like an internal service fund, with funds to support the Director's Office activities coming from a cost allocation formula applied to all the funds in DCHS.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed 2026-2027 DCHS Administration budget is approximately \$38.8 million (a 37.5% increase from the biennialized 2025 revised budget) with 59.0 FTEs. The 59.0 FTEs is 12.0 more than the 2025 budget. However, of the 12.0 additional FTE, a net of 3.0 FTEs are transferring from other DCHS divisions and corresponding reductions are found in those appropriation units. As a result, only 9.0 FTE are for newly created positions or TLT conversions.

A summary of the transferred FTEs can be found below.

Table 1. Proposed FTE Transfers to and From DCHS Admin

Number of FTEs	Purpose	Transferring Funds	Costs
1.0	Data and Evaluation Manager – develop and maintain datasets; track and analyze internal operations; prepare reports to inform decisions	From Mental Illness and Drug Dependency (MIDD) to DCHS Admin	\$424,250
1.0	Director of Strategic Partnerships – organize, align, and oversee department's policies and initiatives	From Crisis Care Center (CCC) Levy to DCHS Admin	\$501,128
(1.0)	Contract Specialist – technical specialist to provide dedicated program support for Best Starts for Kids (BSK)	From DCHS Admin to BSK	(\$367,103)
2.0	Grant Administrator – supports fiscal compliance across the department	From BSK to DCHS Admin	\$0 ¹

Several of the requests for new FTEs aim to address or are a direct response to the DCHS Audit that was released in August 2025, which will be discussed in Key Issue 1. A summary of the requests for new FTEs can be found below.

¹ Executive staff noted that this shift represents a net-zero cost for DCHS. Analysis on this item is ongoing.

Table 2. Proposed 9.0 FTE Additions

Number of FTEs	Purpose	Costs
1.0	Training Coordinator – TLT conversion to support design and implement department-wide ERSJ and leadership development training	\$312,941
1.0	Human Resources Analyst – TLT conversion to support recruitment and other HR functions	\$317,643
2.0	Compliance Staff – includes Grant Administrator and Grant Supervisor for fiscal monitoring of grantees (discussed in Key Issue 1; Table 3)	\$773,231
2.0	Contract Specialist – TLT conversions to support procurement and contracting activities (discussed in Key Issue 1; Table 4)	\$650,103
2.0	Functional Analyst – support the Agiloft contracting and management tool including supporting existing and increasing user base, improving training/documentation, and addressing user requests and backlog items (discussed in Key Issue 1; Table 4)	\$635,287
1.0	Fiscal Operations Manager – support fiscal planning, financial oversight, and operations; responsible for ensuring fiscal stability, internal controls and compliance (discussed in Key Issue 1; Table 4)	\$471,184

Additional notable changes are summarized below.

Consulting Services for Agiloft [\$450,000 including \$300,000 for system enhancements and \$150,000 for user licenses]. This appropriation would fund enhancements to and user licenses for the contract management system, Agiloft, which is already in use by DCHS. According to Executive staff, DCHS anticipates continuing review of the system capabilities and may implement future investments in the application. Additional functionality may include supporting contract monitoring and compliance and enhanced dashboards and reporting.

Professional Development and Training [\$658,500]. According to Executive staff, this training will build on currently required ERSJ training and aim to strengthen facilitation skills. Analysis for this item is ongoing.

Executive staff noted that the department's ERSJ facilitation team will play a key role in delivering equity-focused training that aligns with DCHS' workplan priorities. The overarching goal is to foster a culture of inclusion and belonging across the organization by equipping staff with knowledge, tools, and shared language needed to advance equity in everyday practice.

Office Space [\$1,000,000]. This appropriation would support the buildout of an additional floor in the Chinook building, including creating collaboration space. The cost for leasing the space is included in the proposed central rate adjustment. According to Executive staff, DCHS currently has just enough office space to meet existing in-person work requirements and if the rotating in-office schedule is maintained, the additional space would allow for additional staff growth.

Several technical adjustments are included in the proposed budget, including vacancy rate, base budget, and central rate adjustments.

KEY ISSUES

ISSUE 1 – RESPONSE TO DCHS AUDIT

The proposed budget includes a number of proposals related to DCHS's internal controls and contract oversight. One decision package, itemized in Table 3, was included specifically to address the recommendations made in the DCHS Audit, released in August 2025.

Table 3. Proposed FTE Additions

Number of FTEs	Purpose/Role	Costs
2.0	Compliance Staff	\$773,231
1.0 (added to Prosecuting Attorney Office)	General Counsel	\$559,000
N/A	External Consultant	\$2,000,000
TOTAL		\$3,332,231

Executive staff identified additional decision packages included in the proposed budget that address audit issues generally. The decision packages are included in the DCHS Administration budget, as well as others, as shown in Table 4.

Table 4. Proposed FTE and Other Additions Throughout DCHS and PH

Appropriation Unit	FTE	Purpose/Role	Costs
DCHS Administration	2.0	Contract Specialist (TLT conversion)	\$650,103
	2.0	Functional Analyst	\$635,287
	1.0	Fiscal Operations Manager	\$471,184
	N/A	Consulting Services for Agiloft	\$300,000
Best Starts for Kids (BSK)	2.0	Contract Management	\$719,852
	1.0	Contract Management (in Public Health)	\$330,418
	1.0	Administrator for Fiscal Support and Contract Review (in Public Health)	\$318,218
	1.0	Administrator for Cross-Departmental Support (in Public Health)	\$278,793
	1.0	Program/Project Manager; consultant support; trainings; and TLT extension	\$1,099,385
Behavioral Health	4.0	BHRD Fiscal Structure Update	\$1,171,176
	N/A	Behavioral Health Administration Services Organization (BHASO) Fund Creation	\$0
BHASO	1.0	Fund Manager	\$379,045
Development Disabilities	1.0	Business and Finance Officer	\$345,277
TOTAL			\$6,698,738

ISSUE 2 – GENERAL COUNSEL POSITION

The Executive has proposed a new General Counsel position to help agencies within DCHS manage legal matters and work as a senior policy advisor embedded in DCHS's senior leadership team. According to Executive staff, DCHS's Prosecuting Attorney's Office (PAO) central rate is \$124,000. Executive staff do not anticipate any reduction in the central rate, as this would be a new body of work. The Council may wish to consider whether a General Counsel position, paid for by DCHS interfund transfers, is a budget priority.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: REGARDING THE REQUEST FOR ADDITIONAL OFFICE SPACE, IS IT FOR ADDITIONAL STAFF THAT ARE BEING ADDED IN THE PROPOSED BUDGET OR IS IT FOR EXISTING STAFF?

ANSWER: Executive staff stated, "DCHS currently has just enough office space to meet its existing in-person work requirements: all staff are expected to be in-office at least one day per week, extended leadership a minimum of two days, and senior leadership

at least three days. About 20% of DCHS staff are required to be in-office daily to perform their job functions."

When asked if there will be room for additional staff if more are added in the future, Executive staff stated, "If DCHS continues a rotating in-office schedule, the space would allow for additional staff growth in the future (beyond the new FTEs being added in the 2026-2027 budget process)."

QUESTION 2: WHAT IMPACT DOES ORDINANCE 19978 (COUNCILMEMBER DUNN'S DCHS ADMIN LEGISLATION) HAVE ON THE PROPOSED BUDGET?

ANSWER: Executive staff stated, "Overall costs will vary depending on the scale and pace of implementation across the department's audit response activities. Several efforts are already underway and are being carried out using existing staff and resources, while others, particularly those requiring additional staffing, system integration, or ongoing data analysis will require incremental investments in 2026 and 2027. Overall, any shifts adding administration or resources internally will be less resources for DCHS to contract out to the community."

QUESTION 3: WHAT ADDITIONAL OFFICE SPACE IS REQUIRED AS A RESULT OF ORDINANCE 19978?

ANSWER: Executive staff stated, "Based on DCHS's preliminary assessment of the ordinance requirements, the department believes the additional needed positions can be accommodated within the department's existing physical office space."

QUESTION 4: WILL THE TRAINING AND TRAINING-RELATED FTE REQUESTS CONTRIBUTE TO THE TRAINING REQUIREMENTS IDENTIFIED IN ORDINANCE 19978?

ANSWER: Executive staff stated, "The Training Coordinator (AC_001) and Professional Development and Training Pilot (AC_012) decision packages were developed in response to Department staff input on needing a consistent Departmental approach to staff training and professional development. DCHS can evaluate opportunities where these resources may be leveraged to support internal training requirements, however, these resources are not sufficient to address the external organizational training that arise out of requirements identified in Ordinance 19978."

QUESTION 5: CAN YOU PROVIDE INFORMATION ON THE PERCENT OF ADMINISTRATIVE FUNDING VS PROGRAMMATIC FUNDING IN DCHS OVER TIME?

ANSWER: A response to this question was not provided in time for inclusion in this staff report. Analysis of this issue is ongoing.

HOUSING AND COMMUNITY DEVELOPMENT

ANALYST: OLIVIA BREY, APRIL SANDERS

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget Biennialized	\$997,413,094	\$706,977,174	74.0	2.0
2026-2027 Base Budget Adjust.	(\$157,395,386)	(\$141,849,794)	0.0	(2.0)
2026-2027 Decision Packages	(\$141,701,606)	(\$18,635,574)	1.0	0.0
2026-2027 Proposed Budget	\$698,317,000	\$546,492,000	75.0	0.0
% Change from prior biennium, biennialized	(30.0%)			
Dec. Pkg. as % of prior biennium, biennialized	(14.2%)			
Major Revenue Sources: Recording fees, State, federal, interfund transfers, TOD bond, HtH bond, Lodging (Hotel/Motel) tax, short-term hotel tax, SHB 1406 moneys				

DESCRIPTION

The Housing and Community Development (HCD) fund provides a mechanism for King County to administer several federal, State, and local funding sources that support homelessness prevention, housing repair, low-income, and special needs housing development, and community development.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed 2026-2027 Housing and Community Development budget is \$698.3 million (a 30% decrease from the biennialized 2025 revised budget) with 75 FTEs (including 1 new FTE). Notable changes are summarized below.

The proposed budget would include a net zero budget adjustment for the King County Regional Homlessness Authority (KCRHA). Supplemental materials transmitted with the budget indicated a 34% reduction in State and federal funding¹ that was included in King County's contribution to the KCRHA. There are several decision packages that would direct additional moneys to KCRHA to maintain service levels:

- **Homeless shelters and outreach [\$11.4 million]** – funded by General Fund (GF), and Document Recording Fees (DRF).
- **Veterans, Seniors, and Human Services (VSHSL) Backfill [\$5.3 million]** – one-time backfill.
- **Federal Way Red Lion Emergency Shelter Operations [\$1.2 million]** – funded by DRF.

¹ This metric does not include one-time moneys from the State, Document Recording Fee Backfill, that were designed to partially mitigate decreased local revenue and are projected to be \$37 million for 2026-2027.

- **Inflation support for homeless providers [\$2.6 million]** – funded by DRF. This would constitute a 3.57% inflationary adjustment for homelessness service providers. Note that beyond homelessness service providers, DCHS Inflation Policy guides inflationary adjustments to providers' contracts where funding is available. In the 2026-2027 proposed budget, contracts in the Community Services Operating (CSO), VSHSL, Best Starts for Kids (BSK), Developmental Disabilities, Health Through Housing, and Mental Illness and Drug Dependency (MIDD) funds, among others, include inflationary adjustments.

Table 1 shows the full proposed KCRHA budget, which includes the decision packages previously discussed. The proposed KCRHA budget represents a 5.4% decrease from the biennialized 2025 revised budget, which Executive staff attribute to the service reduction related to the end of the SoDo Lighthouse lease (discussed in Key Issues).

Table 1. Proposed 2026-2027 KCRHA Budget

Source	Grant Information	Amount
Federal	Community Development Block Grant (CDBG)	\$757,068
	CDBG – CARES Act	\$1,000,000
	Emergency Solutions Grant (ESG)	\$560,970
State	Consolidated Homeless Grant	\$14,936,666
	Emergency Housing Fund	\$26,185,316
	ESG	\$1,761,574
Federal and State	Various for Administration	\$3,366,736
Local	GF for ARPA shelters and outreach (one-time)	\$3,049,616
	DRF for ARPA shelters and outreach (one-time)	\$8,359,355
	VSHSL to backfill state funding reductions (one-time)	\$5,269,854
	DRF for Federal Way Red Lion Emergency Shelter Operations	\$1,200,000
	DRF for inflation support for homelessness providers	\$2,683,542
	DRF for shelters	\$5,081,852
	DRF for admin	\$1,977,942
	DRF backfill for shelters	\$1,000,000
	VSHSL for shelter support	\$3,000,000
	Homeless Youth Lodging Tax for youth and young adult programs	\$1,381,200
	DRF for the Regional Affordable Housing Program (RAHP) established by SHB 2060 in 2002	\$639,400
	TOTAL	\$82,211,091

Additional notable changes are summarized below.

Trueblood Grant [\$4,709,000, including 1.0 FTE]. The proposed budget includes additional revenue and expenditures resulting from the settlement of the Trueblood lawsuit. The proposal includes a request for 1.0 FTE responsible for managing the award and improving system integration to increase housing stability of class members

and others. The rest of the appropriation will go towards permanent supportive housing, limited emergency and high support temporary housing, and other labor costs.

Several technical adjustments are included in the proposed budget, including vacancy rate adjustments, and revenue and expenditure adjustments to reflect the latest OEFA forecasts. The proposed budget also includes corrections due to one-time capital expenditures and one-time homeless housing expenditures that were erroneously double-budgeted.

KEY ISSUES

ISSUE 1 – EXPENDITURE RESTRICTION 1

ER 1, included in the proposed budget ordinance, would require \$2.6 million for one-time contracts with the following organizations:

- \$800,000 for Friends of Youth
- \$700,000 for Mary's Place
- \$46,000 for New Horizons
- \$52,000 for ROOTS Young Adult Shelter
- \$142,000 for Valley Cities
- \$800,000 for YMCA of Greater Seattle
- \$60,000 for YouthCare

The ER is proposed to be funded with General Fund moneys. The Council may wish to consider if funding for these organizations are a budget priority.

ISSUE 2 – FEDERAL WAY RED LION

The proposed budget would appropriate \$2 million (in addition to \$1.2 million for KCRHA operations) to fund capital rehabilitation and expansion of the Federal Way Red Lion emergency shelter, funded by Document Recording Fee revenue. This facility is expected to provide 56 units for adult individuals experiencing homelessness. The requested funding would support 25 additional units, bringing the total to 81 units.

The Council approved the purchase of the Federal Way Red Lion through the 2nd Omnibus of the 2021-2022 Biennial Budget, but at the time, plans for the site were unknown. The purchase amount was \$10.96 million (including \$8.9 million from a State grant and \$2 million from Document Recording Fees and State ARPA moneys). Since then, there have been \$7 million in additional investments.

Executive staff indicate that the site is expected to open in December 2025 with 56 units. If the proposed \$2 million is approved, the procurement and construction process would take nine to 12 months to complete.

ISSUE 3 – SHORT-TERM LODGING TAX DOLLARS

In previous years, decision packages and Council priorities would utilize short-term lodging tax dollars, a flexible funding source authorized by RCW 36.100.040² that provides the County broad authority to use their portion of revenues³ “to support affordable housing programs, as determined by the County, in its sole discretion.” Due to the flexible nature of these dollars, several programs previously backed by the General Fund have shifted over the past biennium to be supported by the short-term lodging tax (e.g., A Regional Coalition for Housing, the Regional Affordable Housing Program, among others).

Table 2 below details how short-term lodging tax revenue would be allocated in the proposed 2026-2027 budget. According to Executive staff, there are no revenues to support additional Short-Term Lodging Tax bonding authority in the 2026-2027 budget and this revenue source could see a deficit of approximately \$665,000 by the end of the biennium. The Council may wish to consider shifting the funding of any of the programs listed in Table 2 to other sources. With no carry forward revenues expected in the 2028-2029 biennium and depending on short-term lodging tax revenues, shifts to other revenue sources may also be needed in the future.

Table 2. Proposed Utilization of Short-Term Lodging Tax

<i>Projected Revenue: 2026</i>	<i>\$7,586,403</i>
<i>Projected Revenue: 2027</i>	<i>\$7,087,736</i>
<i>2025 Carry Forward</i>	<i>\$3,626,536</i>
Total Revenue	\$18,300,675
\$25M GO Bond Debt Service	\$6,842,442
Other Debt Service Costs	\$507,714
2025 budget approved 3 FTE for Regional Affordable Housing Program	\$2,821,514
PPSP TLT – Leg Session	\$166,133
2025 approved FTE and TLTs	\$4,673,464
Comprehensive plan implementation consultant	\$400,000
DCHS Admin	\$829,199
Community Engagement PPM I TLT	\$284,788
Legal services for capital projects (Pacifica and PAO)	\$1,300,954
Mary's Place shelter hotline	\$658,000
ARCH Dues	\$481,230
Total Commitments	\$18,965,438
2026-2027 Deficit:	(\$664,763)

² [2015-S2.SL.pdf \(wa.gov\)](#)

³ Note, the short-term lodging tax is imposed by a public facilities district and RCW 36.100.040 establishes requirements for what funding must be distributed to the city and county in which the convention and trade center is located.

ISSUE 4 – USE OF ONE-TIME MONEYS

Due to State and federal funding cuts, declining sales tax projects, and the expiration of Coronavirus Local Fiscal Recovery (CLFR) funding, the Executive proposes to make use of several one-time funding sources to continue existing programs and maintain services levels, as indicated in Table 1, including VSHSL fund balance, DRF State backfill, and the General Fund.

According to Executive staff, the use of VSHSL fund balance is one-time, as the available fund balance is not likely to continue without reductions in other VSHSL allocations. Additionally, it is unknown whether the State will continue to be able to provide Document Recording Fee Backfill in the outyears.

The Council may wish to consider options for either continuing these programs at current service levels utilizing a more consistent revenue source (likely the General Fund) or reconsider the continuation of these programs.

ISSUE 5 – SoDo LIGHTHOUSE SHELTER

The SoDo Lighthouse Shelter provides 269 shelter beds. According to Executive staff, under the current arrangement, King County pays 35% of the lease and the City of Seattle pays 65% of the lease. KCRHA is responsible for operations of the facility.

The proposed 2026-2027 budget includes lease payments through the end of the lease term, May 2027, at which time the Executive proposes the shelter will cease operations.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: ARE ANY OF THE INFLATIONARY INCREASES GOING TOWARD KCRHA ADMINISTRATION?

ANSWER: Executive staff stated that there are no inflationary increases going toward KCRHA administration in this decision package or others. The inflationary increases in the decision package accrue to contracts for homelessness response projects and not to KCRHA.

QUESTION 2: HOW WILL DCHS ADDRESS FEDERAL-LEVEL ISSUES INCLUDING, HOW THE COUNTY WILL BE ABLE TO RESPOND TO HUD RESTRICTIONS ON CoC DOLLARS; INCLUDING THE ABILITY TO SUSTAIN OR DELIVER ON OPERATIONS? HAS DCHS GIVEN THOUGHT TO PRIORITIZING INVESTMENTS IN LIGHT OF THOSE HUD RESTRICTIONS AND ANY INTEREST IN SHIFTING FUNDING TO MAINTAIN OPERATIONS FUNDING?

ANSWER: Executive staff provided the following response: For CoC, DCHS is taking a multi-pronged strategy:

There are indications that HUD may try to limit the amount of CoC funds eligible to go to permanent supportive housing. This would severely impact King County's ability to continue to use CoC funds for renewal projects. DCHS is currently:

- Convening housing providers to understand impact and coordinating with KCRHA, who leads the Continuum, as well as staff from the City of Seattle to understand the full landscape of fund sources and programs serving persons experiencing or exiting homelessness in the county.
 - As part of those conversations, exploring where swaps of funding sources between State, local, and federal may allow the County and its partners to maximize the federal resources still coming to its homelessness response and housing system
- Exploring which local fund sources could be used to backfill any loss of CoC funds and what the impacts of diverting those funds might be. For example, Health through Housing (HTH) fund balance.
 - As part of those conversations, understanding where state legislative changes may be necessary to enable funds sources like HB 1406, HB 1277, or HB 1590 to support existing PSH units.
 - DCHS is committed to maintaining its current HTH portfolio and commitments but is pausing adding any new units to the portfolio.
- Coordinating with the legal team on existing protections from *KC v. Turner*, amending claims and potential future legal action.

Until HUD releases the CoC Notice of Funding Opportunity, it is difficult to determine how much funding may be needed and which strategies will maximize resources available to address housing and homelessness in the county. However, as stated in the Executive's Budget proposal, King County does not have sufficient funds to offset these potential cuts.

QUESTION 3: WHAT ARE THE OVERALL CAPITAL DOLLARS AVAILABLE FOR AFFORDABLE HOUSING IN THE PROPOSED BUDGET?

ANSWER: Executive staff provided the following response: DCHS is not requesting any new housing capital dollars in the 2026-27 budget. The \$28.5M DCHS estimates offering in the 2026-27 biennium comes from remaining TOD bond funds authorized and restricted by prior Council budgets, remaining short-term lodging tax bonds restricted for equitable development, and from existing sources that are directed through Implementation Plans, Interlocal Cooperation Agreements, or the Federal Consolidated Plan.

In 2025, DCHS offered \$38.3M including TOD bond funds with expenditure restrictions for Equitable Development projects, East King County projects, and four specific project allocations. Other funds include short-term lodging bonds restricted for Equitable Development projects, and MIDD, HOME, RAHP, VSHSL, and one-time Jail Divestment funds. As stated in a previous response, awards will be announced in January.

In 2026, DCHS anticipates offering \$22.8M including \$14.7M of remaining 2025 TOD funds restricted to a Metro site in North King County and to TOD preservation projects, as well as a small, estimated amount that may be carried over if it's not awarded in the 2025 funding round. DCHS anticipates awarding all remaining TOD funds, authorized in prior years, by the end of 2026.

In 2027, DCHS estimates a sharp drop in available housing capital funds as all TOD and short-term lodging bond funds previously authorized, and all VSHSL funds for the current levy period will be fully awarded by the end of 2026. This will leave approximately \$5.7M available from HOME, RAHP, and MIDD funds. This estimate assumes the continuation of the 2026 level of HOME and MIDD funding, which are dependent on the federal budget and MIDD levy renewal.

QUESTION 4: CAN YOU PROVIDE AN OVERVIEW OF THE SUPPORTIVE HOUSING (BOTH PERMANENT AND EMERGENCY) OPERATIONS, SERVICES, AND ANY OTHER DOLLARS INCLUDED IN THE PROPOSED (BOTH BASE BUDGET AND DECISION PACKAGES)?

ANSWER: Executive staff provided the following information:

Program	Amount
HTH Operations	\$111,300,000
Continuum of Care	\$65,000,000
Trueblood	\$10,000,000
Operating and Rental Assistant (ORS) including DRF, Homeless Youth LT, MIDD, VSHSL, CHF	\$63,900,000
TOTAL	\$250,200,000

The Executive's proposed 2026-2027 budget for permanent and emergency housing operating and services budget for the biennium of \$250.2 million reflects a base budget adjusted by decision package additions and adjustments.

The base permanent and emergency housing operating and services budget for the biennium continues operations of existing housing and includes Health through Housing, Continuum of Care, Trueblood funding and the mix of fund sources that comprise Operating and Rental Assistance (ORS) including Document Recording Fee, MIDD, VSHSL, lodging tax for youth, and state Permanent Supportive Housing (PSH) for Chronically Homeless Families (CHF) funds.

QUESTION 5: CAN YOU PROVIDE INFORMATION ON WAGE STABILITY AND PAYMENT STABILITY AND HOW IT IS BEING ADJUSTED FOR THIS YEAR?

ANSWER: The decision package, DS_001 reflects a 3.57% inflationary increase for 2026-2027 on the homelessness crisis response contracts administered by KCRHA. When asked if the Executive is planning any human service provider inflationary increases outside of homelessness service providers, Executive staff noted that the DCHS Inflation Policy guides the review of provider contracts and guides inflationary

adjustments to providers contracts where funding is available. In the 2026-2027 budget, contracts in CSO, VSHS, BSK, DD, HTH, and MIDD funds, among others, include inflationary adjustments.

QUESTION 6: LAST YEAR'S BUDGET INCLUDED FUNDING FOR SOUTH KING COUNTY OUTREACH. IS THERE FUNDING FOR SOUTH KING COUNT OUTREACH IN THIS BUDGET?

ANSWER: Executive staff stated, "Yes, the KCRHA 2026-2027 budget does include \$1M for the continuation, through the 2026-2027 biennium, of the South King County Vehicle Outreach program, which connects households living in vehicles to services, shelter, and housing opportunities. The program is operated by The Salvation Army. These funds are included in DS_009."

QUESTION 7: WHAT WOULD THE COST BE TO KEEP THE SoDo LIGHTHOUSE SHELTER OPEN THROUGH 2027?

ANSWER: Executive staff stated, "It would cost King County \$2.2M to continue the contract via KCRHA with the Salvation Army to operate the shelter through the end of the year. As mentioned in previous responses, KC only funds 35% of operations, so there would be Seattle costs to be considered as well."

In addition, while there is not currently an ongoing lease beyond May 2027, King County's portion of the lease for the shelter is 35%, with City of Seattle responsible for 65%. At the current rate and just for the shelter portion of the overall SoDo lease it would cost King County \$2M for our 35% share for remainder of the year."

QUESTION 8: HAS THERE BEEN ANY THOUGHT PUT INTO HOW THE CAPACITY FOR THE SHELTER WOULD BE REPLACED IF/WHEN THE LEASE ENDS IN MAY 2027?

ANSWER: Executive staff stated, "King County, KCRHA and the City of Seattle meet regularly to discuss shelter siting, moves, etc. SoDo Lighthouse is one of the shelters on the list of shelters where there has been awareness of the end of the current lease. KCRHA and the City of Seattle would need to identify a new site if there is not interest in establishing a new lease and would need to assess related costs. King County would provide support in looking for a new site(s)."

QUESTION 9: CAN YOU DELINEATE THE PROGRAMS GETTING ONE-TIME FUNDS? WILL THERE BE A CLIFF OF FUNDING NEXT YEAR ONCE THESE ONE-TIME FUNDING SOURCES ARE NO LONGER AVAILABLE IN THE NEXT BIENNIUM?

ANSWER: Executive staff noted that the following decision packages are funded through one-time funds:

- Inflation support for homeless providers [\$2.6 million]
- Federal Way Red Lion Emergency Shelter Operations [\$1.2 million]
- Homeless shelters and outreach [\$11.4 million]
- Veterans, Seniors, and Human Services (VSHSL) Backfill [\$5.3 million]
- ER1 for Youth and Young Adult Housing Support [\$2.6 million]

Executive staff stated that, "The need for operating funds for these services will continue. The ability of the County to continue current shelter and other homeless services activities beyond this biennium is dependent on the future revenues from local document recording fees (DRF), the continued availability of state DRF backfill funds, or the emergence of additional revenue sources.

Yes, there will be a cliff for the 28-29 budget, unless local DRF revenues rebound or the State increases its backfill amounts. The size of the cliff will depend on backfill revenues."

QUESTION 10: REGARDING THE SHORT-TERM LODGING TAX UTILIZATION, CAN YOU PROVIDE DESCRIPTIONS FOR EACH OF THE EXPENDITURES LISTED IN TABLE 2?

ANSWER: Executive staff provided the following information:

Category	Description	Amount
2025 budget approved 3.6 FTE for Regional Affordable Housing Program	Policy Planning and Special Project Team (Affordable Housing Committee Staff, King County Countywide Planning Policies staff, subregional housing planning, etc.). Includes department overhead costs.	\$2,821,514
PPSP TLT – Leg Session	Policy, Planning, and Special Program (PPSP) staff to analyze policy and state legislative proposals. Cost is for one year.	\$166,133
2025 approved FTE and TLTs	5 FTE were approved in the 2025 Adopted Budget: 2 for capital programs, 1 for Director's office, and 2 for comprehensive plan work. 3 TLTs were approved for capital programs. Ongoing costs were approved in the 2025 Budget AC_001 and AC_003.	\$4,673,464
Comprehensive plan implementation consultant	Consultant expenses to implement King County Comprehensive Plan Action Items #3 and #11. Consultant analysis will inform the required staff report and ordinances for both items. Costs added via 2025 Adopted Budget HCD Expenditure Restriction 8.	\$400,000
DCHS Admin	HCD share of DCHS departmental admin costs.	\$829,199
Community Engagement Project Program Manager (PPM) I TLT	Community Program Specialist PPM I (TLT). The position supports HCD Director's Office projects and initiatives that include supporting internal and external communications, staff engagement and supporting partnerships and collaboration related to HCD's portfolio.	\$284,788

Category	Description	Amount
Legal services for capital projects (Pacifica and PAO)	PAO and external legal services for capital contracts and real estate documents (including deeds of trust, covenants, promissory notes). PAO is approximately 65% of costs and remaining 35% of costs are attributable to Pacifica. Housing Finance Program-funded projects are increasingly complicated and more difficult to close, requiring greater legal assistance than in previous years. In addition, the number of funded projects has increased over the past five years. Ongoing PAO costs were approved in 2025 Budget AC_004.	\$1,300,954
Mary's Place shelter hotline	Mary's Place hotline provides a centralized phone number that families seeking shelter can call. A centralized phone number has made finding shelter more accessible to families in crisis. This was covered by General Fund until 2023, when DCHS shifted it to STL due to the GF shortfall.	\$658,000
A Regional Coalition for Housing (ARCH) Dues	The mission of ARCH is to promote the creation of affordable housing in East King County, to recommend allocations of city funds for affordable housing and to assist members with developing and implementing local housing plans and programs. KC is a member per Ordinance 16898 adopted by Council in 2010. This was covered by General Fund until 2023, when DCHS shifted it to STL due to the GF shortfall.	\$481,230

HOUSING AND HOMELESS PROGRAM

ANALYST: OLIVIA BREY

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget Biennialized	\$69,569,554	\$0	0.0	0.0
2026-2027 Base Budget Adjust.	\$0	\$0	0.0	0.0
2026-2027 Decision Packages	(\$17,276,984)	\$0	0.0	0.0
2026-2027 Proposed Budget	\$52,293,000	\$0	0.0	0.0
% Change from prior biennium, biennialized	(24.8%)			
Dec. Pkg. as % of prior biennium, biennialized	(24.8%)			
Major Revenue Sources: Lodging tax dollars				

DESCRIPTION

The Housing and Homeless Program appropriation unit is used for lodging tax expenditures related to Transit-Oriented Development (TOD) affordable housing and Homeless Youth programs. To simplify the administration of lodging tax dollars, four appropriation units were created to track ongoing spending, but only one (the Arts and Culture fund) is used to record revenue, as well as administrative functions.

Ordinance 18788 guides the spending of lodging tax revenues, which allocates 34.9% towards TOD affordable housing and 2.6% for homeless youth programs. DCHS manages the TOD affordable housing and homeless youth programs, including awarding contracts.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed 2026-2027 Housing and Homeless Program appropriation is \$52.3 million (a 24.8% reduction from the biennialized 2025 revised budget) with 0 FTEs. The two proposed decision packages are:

- A \$11.4 million funding adjustment to reflect a decrease in anticipated lodging tax revenues based on the latest Office of Economic and Financial Analysis (OEFA) forecast and to carryover unspent moneys from the 2025 base budget; and
- A central rate adjustment to reflect reductions in debt service costs.

More information on lodging tax collections can be found in the Arts and Culture appropriation unit staff report.

KEY ISSUES

Staff have not identified any key issues for this appropriation unit.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: ARE THERE O&M DOLLARS INCLUDED IN THIS FUND? IF SO, CAN YOU PROVIDE A SUMMARY?

ANSWER: Executive staff noted, "The Lodging Tax revenues for Housing and Homeless Youth programs are effectively pass throughs to DCHS Housing and Community Development (HCD) fund. All program activities reside in the HCD fund. There are no O&M dollars included in this fund.

For Housing – Lodging Tax revenue goes to debt services for TOD bonds and program administration.

For Homeless Youth – Lodging Tax revenue goes to DCHS for provider contracts and program administration."

QUESTION 2: WHAT ARE THE REQUIREMENTS TO QUALIFY FOR TOD MONEYS, LIKE AMI LIMITS OR OTHER ELIGIBILITY REQUIREMENTS?

ANSWER: State law allows funds to finance housing at 0-80% AMI. Traditionally, the Housing Finance Program (HFP) finances rental housing at 0-60% AMI and homeownership housing at 60-80% AMI. Eligible projects are investments for the preservation, acquisition, or development of affordable housing within one-half mile of a transit station. Further requirements are established in legislation guiding TOD bond issuances.

Executive staff provided the following information: "RCW 67.28.180(2)(i) sets the use of TOD funds for "affordable workforce housing within one-half mile of a transit station." It further defines affordable workforce housing as housing for a single person, family, or unrelated persons living together whose income is at or below 80% of the median income, adjusted for household size, for the county where the housing is located.

King County Council adopted the TOD Bond Allocation Plan under Motion 14687 in 2016. The Plan requires that TOD project proposals be evaluated by the standard Housing Finance Program (HFP) RFP process (The HFP is the DCHS program that allocates all affordable housing capital funds). Projects must meet HFP's Affordable Housing Finance Guidelines to ensure the funds produce affordable housing for the long term. Through this underwriting process DCHS evaluates the financial viability of proposed projects and assesses their risks, by looking at a range of factors including the project's financial feasibility, the organization's financial health and credit history, market demand for the housing, capacity of the organization to develop and operate the project for at least 50 years, and whether the organization has secured all needed financing for the project.

TOD funds are permanent financing for housing. While funds can repay costs of acquisition and pre-development during the development process, they are not solely "acquisition" or "pre-development" sources used ahead of development/construction. Through the underwriting process, staff assesses the likelihood that the project will result in permanent affordable housing. If the project meets TOD eligibility requirements

and HFP underwriting criteria, HFP may make an award and then contract the funding when the project has secured all additional financing and permits and is ready to start construction.”