**Summary of Investments – 2017-0406.3**

**Senior Centers:** This transition plan allocates $3,500,000 for potential awards to senior centers in King County in 2018.

**Summary of Proposed Technical Assistance and Capacity Bldg. Investments**

|  |  |  |  |
| --- | --- | --- | --- |
| Investment | Senior Centers | Current VHSL Providers (not senior centers) | DCHS or contractor to assist small organizations, partnerships and groups applying for VSHSL funds after Implementation Plan adoption |
| Unincorporated | Other |
| Awards | $30,000 max. per award | $30,000 max. per award | $20,000 max. per award | None |
| Total Allocation | $250,000 | $225,000 | $50,000 |

|  |
| --- |
| Summary of VSHSL Transition Plan’sNew Housing Stability Strategy Allocations |
|  | **Veterans**IAW Ord. 18555, §4.B.1 | **Senior Veterans**IAW Ord. 18555, §4.B.2 | **Seniors**IAW Ord. 18555, §4.B.2 | **Vulnerable****Pops.**IAW Ord. 18555, §4.B.3 |
| Housing Stability Strategy 1:Capital & Operating Funds[[1]](#footnote-1) | **$5,005,000** | **$4,500,000** | **$1,460,000** | **$5,505,000** |
| Housing Stability Strategy 2:Master Leasing & Shallow Rent Subsidies | **$2,110,000** | **$2,625,000** | **$405,000** | **$2,185,000** |
| Housing Stability Strategy 3:Age-In-Place Supports | **$30,000** | **$1,415,000** | **$780,000** | **$10,000** |
| Housing Stability Strategy 4:Enhanced Shelter Partnership |  |  |  | **$1,000,000** |
| Housing Stability Strategy 5:Preventing Inappropriate Housing Loss | **$400,000** |  | **$400,000** |  |
| Housing Stability Strategy 6:KCVP Rental & Financial Assistance | **$400,000** |  |  |  |
| Housing Stability Strategy 7:Promoting Home Ownership | **$500,000** |  |  |  |
| Cost of Continued Services from Current VHSL that Promote Housing Stability  | $2,247,000 |  |  | $3,532,000 |



**Additional Analysis Background**

**The Veterans Seniors and Human Services Levy (VSHSL).** Ordinance 18555, enacted in July 2017, placed before the voters a proposition to provide regional health and human services to residents of King County by replacing the existing VHSL2 that is due to expire at the end of 2017 with a new six-year levy, the Veterans, Seniors and Human Services Levy (VSHSL). King County voters approved the ballot measure on November 7, 2017. The VSHSL will be a property tax that will be levied at a rate of $0.10 per $1,000 of assessed valuation, with an increase of up to three and a half percent for each of the five subsequent years of the levy—2019 through 2023.[[2]](#footnote-2) This levy will provide additional funding to add services for veterans and military servicemembers and their respective families, seniors and their caregivers, and vulnerable populations.

Based on OEFA’s August 2017 forecast and presuming a 3.5 inflator in each year after the first, the total projected revenue over the levy period is an estimated $354 million. The projected collection in 2018 is $52,366,358.

Veterans, Seniors and Human Services Levy Allocations.

The VSHSL Ordinance 18555 describes authorized expenditures of levy proceeds. These are summarized below.

Annually, the following funds are to be set aside:

* At least 1% for technical assistance and capacity building and
* $300,000 to mitigate the potential impacts of prorationing[[3]](#footnote-3)

The rest of the proceeds are then to be divided into equal thirds, which are to be used to plan, provide, administer and evaluate a wide range of regional health and human services and capital facilities for three population-based allocations:

* Veterans Allocation: Veterans, military servicemembers and their respective families
* Seniors Allocation: Seniors (defined as a person 55 or over) and their caregivers
* Vulnerable Populations Allocation[[4]](#footnote-4)

Within each allocation, the levy ordinance sets out minimum expenditure requirements for the first year and for subsequent years of levy proceeds that must be spent on capital facilities and regional health and human services that promote housing stability as follows:

* First year – at least 50% of proceeds within each population-based allocation
* Second year and onward – at least 25% of proceeds within each population-based allocation

Ordinance 18555 includes an additional condition that mandates expenditure of at least 50% of the Seniors Allocation to fund capital facilities and regional health and human services for seniors who are also veterans (or their families or caregivers) until either one of two conditions are met.

*“(a) seventy-five percent of the number of those seniors, who are also veterans or military servicemembers in King County and who as of the enactment date of this ordinance are homeless, obtain housing or (b) a total of twenty-four million dollars from the levy proceeds, except those levy proceeds described in subsection B.1. of this section, or from other funds administered by King County or both are spent to house seniors who are also veterans or military servicemembers in King County, whichever comes first...”*

Lastly, Ordinance 18555 imposes a limit within each of the three population-based allocations of a maximum of 5% to fund planning and administration of the regional health and human services and capital facilities in each of these allocations.

Ordinance 18555 Transition Plan Requirement.

Ordinance 18555 required that, by September 29, 2017, the Executive develop and transmit for Council adoption by ordinance, and contingent on voter approval of the ballot measure, a transition plan to govern expenditures of the Veterans and Human Services Levy during a transition period. Under Ordinance 18555, Section 7.C. expenditure of VSHSL levy proceeds is limited as follows:

*“Until the council adopts by ordinance the transition plan referenced in subsection A. of this section, subject to appropriation, levy proceeds may only be expended to continue service provided in 2017 at 2017 service levels and such expenditures shall be governed by the Service Improvement Plan 2012-2017 – Veterans and Human Services Levy adopted by Ordinance 17236. No levy proceeds may be expended for new regional health and human services or capital facilities until the council adopts by ordinance the transition plan referenced in subsection A. of this section.”*

Further, under Ordinance 18555, Section 7.C. the adopted Transition Plan shall govern expenditure of levy proceeds until the adoption of an Implementation Plan, due to Council by March 16, 2018, at which point the Transition Plan will have no force or effect.

**Planning and Administration.** Ordinance 18555 required that the VSHSL Transition Plan include definitions for planning and administration as these would be used to calculate the 5% limit on planning and administration of the wide range of regional health and human services and capital facilities per population-based levy allocation.[[5]](#footnote-5) Ordinance 18555 also required that the amount that would be used for planning and administration within the three population-based levy allocations be identified.

The transmitted Transition Plan defined administration as: “staff positions and their related activities that oversee, direct or enable the operation of multiple VSHSL programs or the VSHSL as a whole.”[[6]](#footnote-6) The transmitted Transition Plan defined planning as: “staff positions and their related activities that research, design, prepare for and execute the fiscal, human resources and management level direction-setting and supervision of the VSHSL as a whole.”[[7]](#footnote-7) These positions, according to the Transition Plan, have responsibilities across multiple VSHSL programs. According to the transmitted Transition Plan, excluded from the definition of administration and planning activities are staff positions and their related activities that evaluate the VSHSL and its programs, provide support for the oversight boards, manage community partnerships and communications about the VSHSL or that provide or implement VSHSL-funded capital and regional health and human services.

Based on these definitions, the Transition Plan noted that it limits planning and administration costs to five percent of each third of population-based levy allocations for veterans, seniors and vulnerable populations.[[8]](#footnote-8) Based on additional financial information received from Executive Staff, Council Staff has confirmed that planning and administration activities proposed in the Transition Plan do not exceed the 5% levy ordinance limitation within each population-based allocation.

**Staffing Plan.** Ordinance 18555, Section 7.A.2. requires the Transition Plan to include any proposed new staffing and planning activities required to plan for and administer the VSHSL during the transition period and prior to adoption of the Implementation Plan required under Section 7.B. of the levy ordinance. The transmitted Transition Plan includes a staffing plan.

* During the transition period, the Transition Plan proposes for the continuation of current VHSL Full Time Equivalent staff, 16 FTEs, into the new levy period.
* Addition of staff required to plan for, administer, implement, operate and evaluate new levy programs and activities.
* Staff costs totals in the transmitted financial plan.

The transmittal included an attachment with position summaries for proposed VSHSL-funded positions.[[9]](#footnote-9)

**Housing Stability Definition.** Ordinance 18555, Section 7.A.3. requires that the Executive develop and include a definition for housing stability in the Transition Plan that addresses the following factors:

* The appropriate percentage that housing costs should represent of a person’s income as compared to costs of other necessities such as food, clothing, transportation, and medical care;
* Risk factors for housing instability or housing insecurity; and
* Housing safety and quality.

The transmitted Transition Plan included two slightly different definitions of housing stability. Executive staff have indicated that, of these, the correct definition of housing stability is: “a household’s ability to gain and maintain safe, habitable housing in a community of one’s choice for less than approximately 40 percent of household income.”[[10]](#footnote-10) The plan notes that forty percent is an approximation and that it is not an eligibility threshold for households to receive VSHSL-funded housing stability services. The plan also discusses risk factors for housing insecurity, though these are not included in the definition.[[11]](#footnote-11)

**Addressing Geographic Differences in Housing Costs.** Ordinance 18555, Section 7.A.3. requires that the Transition Plan include and utilize criteria that addresses geographic differences and trends in housing stability, including housing costs, to assess the need for and to allocate housing stability investments. The transmitted Transition Plan states that subregional variations in measures and indices of household income, as well as variations in measures or indices of typical housing costs, will be a consideration in all RFPs for housing stability. The Plan notes that the Executive will work with stakeholders to finalize appropriate criteria and that these may vary by housing stability strategy.[[12]](#footnote-12)

The Transition Plan notes that some subregions of King County may be within regions that have high average or median incomes and higher housing costs and that these may masque concentrations of poverty. The plan further notes that considering subregional variations in household income and housing costs in RFP processes will avoid unduly disfavoring these subregions.

**Homeless Senior Veterans Definition, Number and Tracking.** Ordinance 18555, Section 7.A.4. requires that the Transition Plan include a methodology to determine the number of seniors who are also veterans or military servicemembers and who are homeless as of the date of the enactment of Ordinance 18555 and to track the number of veterans and military servicemembers who obtain housing over the term of this levy and the plan to implement that methodology and tracking.

The Transition Plan indicates that, as of July 21, 2017, there were 422 actively homeless veterans[[13]](#footnote-13) 55 years of age or older in King County. Seventy-five percent of 422, is 317. The methodology for calculating this number entailed reconciling and de-duplicating data from the King County Homeless Management Information System (HMIS) and Coordinated Entry for All System (CEA) with reporting data from the U.S. Department of Veterans Affairs Puget Sound Health System. As indicated in the Plan, DCHS evaluation staff will monthly track the number of homeless senior veterans who obtain housing against the identified 317 goal[[14]](#footnote-14), and will regularly provide status updates to Council through quarterly memoranda.[[15]](#footnote-15)

**Streamlined Process for Review and Approval of Capital Facilities.** Ordinance 18555, Section 7.A.3. requires that the Transition Plan include a process to streamline the review and approval of capital facilities designed to promote housing stability for veterans, servicemembers and their respective families, seniors and vulnerable populations so that resources are made available in an expeditious and responsible manner while also reducing administrative costs. The transmitted Transition Plan contains a proposed streamlined process that will modify project review and underwriting processes. Subsequent to transmittal, the Executive has indicated that the proposed streamlined process would reduce administrative costs by reducing the duration of the credit committee process, therefore reducing facilitation staff time. The proposal would also improve the ability of the committee to identify proposal defects, which, if not identified, could cause procurement or project delays later in the process. According to Executive Staff, the proposal would also reduce the number of insufficient proposals earlier in the process; this would in turn reduce the workload for the credit committee’s post-screen review of projects.

**Supplantation.** Under state law[[16]](#footnote-16), a levy lid lift proposition, such as the Veterans, Seniors and Human Services Levy, may only be used for the specific limited purpose of the levy, as identified in the ballot title. In addition, state law allows for levy funds to be used to provide for existing programs and services, provided the levy funds are used to supplement, but not supplant existing funds. Existing funding is determined based on actual spending in the year in which the levy is placed on the ballot; in the case of the VSHSL levy, existing funding would be determined using actual expenditures in 2017. Existing funding excludes (i.e. exceptions not counted from 2017 actual expenditures include) lost federal funds, lost or expired state grants or loans, extraordinary events not likely to reoccur, changes in contract provisions beyond the control of the taxing district receiving the services, and major nonrecurring capital expenditures.

For the VSHSL, this prohibition on supplantation means that levy funds may be used for entirely new programs and services—in any amount over the life of the levy—and to fund existing programs and services, but only in an amount additional to the amounts the County spent on those programs or services in 2017, unless one of the exceptions noted earlier applies. Staff has not identified supplantation issues at this time.

**Reserves.** The transmitted fiscal note accompanying the Transition Plan notes that the VSHSL fund will carry a 60-day rainy day reserve. This is consistent with the information in Proposed Ordinance 2017-0470. The proposal aims to fully fund the reserve by the 2019-2020 biennium, which may lead to a possible reserve shortfall at the end of 2018 as the financial plan and Transition Plan prioritize housing stability RFPs.

**Suppression Set-Aside.** The transmitted fiscal note sets aside the required $300,000 from each year’s levy proceeds, which will accrue within the fund until appropriated by the Council for mitigation of prorationing of suppressed park or fire districts as directed under Ordinance 18555.[[17]](#footnote-17)

**Evaluation.** The Transition Plan proposes that current levy services and contracts that would be continued in 2018 be evaluated using the same practices as in the 2012-2017 period and that the Levy Evaluation Implementation Plan and the Levy Activity Evaluation Templates for 2017 be updated for 2018. Executive staff indicate that the Implementation Plan due to Council in March 2018 will include an evaluation section that would propose evaluation for new programs as well as continuing programs beyond 2018.

**Regional Policy Committee Amendments – November 15, 2017**

In addition to a striking amendment offered by the Chair of the Regional Policy Committee to address the issues delineated in the November 15, 2017 staff report on this item for the Regional Policy Committee meeting, the following additional amendments to the striking amendment were also adopted, creating 2017-0406.2.

* An amendment that added policy language to prioritize collective impact in county housing stability investments.
* An amendment that included board support as part of the definition of planning and administration.
* An amendment that required a housing oversight coordination report within a year after enactment of the ordinance adopting the VSHSL Transition Plan and an update on the development of this report six months after enactment of this ordinance
* An amendment creating a new housing stability strategy in the Veteran's allocation, a revolving loan fund for purchasing and foreclosure assistance; this is the Veterans Housing Stability Strategy 7: Promoting Home Ownership.
* An amendment dedicating a portion of the allocation for shallow rent subsidies for individuals who have had involvement in the criminal justice system and who reside in affordable housing units supported by King County transit-oriented-development bonds and/or affordable housing units in other publicly-funded affordable housing programs that target persons at 0-30% of area median income (AMI)
* An amendment expanding the Preventing Inappropriate Housing Loss housing stability strategy by adding housing counseling services as eligible services under this strategy area
* An amendment including community centers with specific senior programs in the definition of senior centers for the purpose of new senior center investments and technical assistance and capacity building (TA/CB) investments
* An amendment making the maximum senior center TA/CB award $30,000 for all senior centers, regardless of where they are located.

**Health, Housing and Human Services Committee Amendments – November 21, 2017**

The following changes were made through the Chair's amendment, creating PO 2017-0406.3:

* Added language to the Housing Stability Assistance Program to further clarify intent.
* Deleted coordinated housing stability investment oversight reporting requirement.
* Included language acknowledging women as a growing portion of veterans and the need to make veteran's services system adapt to meet the needs of all veterans.
* Made technical correction to update "Summary of VSHSL Transition Plan's New Housing Stability Strategy Allocations" table to include Housing Stability Strategy 7: Promoting Home Ownership, in line with amendments adopted at the Regional Policy Committee on Nov. 15, 2017.
* Corrected allocation amounts in Veterans Allocation by adding $5,000 erroneously deleted in the Capital and Operating Funds Strategy 1.
* Made technical corrections to levy ordinance references.
1. Included in the new housing stability investments described within this section are the current VHSL’s Activity 2.2 capital funds in the amounts of $960,000 for veterans and $1,200,000 for vulnerable populations. The current VHSL awards those capital funds annually through a competitive process. Although Ordinance 18555 authorizes expenditure, subject to appropriation, to continue current VHSL Activity 2.2 capital funds at 2017 levels, those funds are programmed within this section of the transition plan along with the VSHSL’s new Housing Stability investments. Specifically, the amount shown for Capital and Operating Funds for Veterans under Ordinance 18555, Section 4.B.3 includes $960,000 of continued capital funds from VHSL Activity 2.2, and the Capital and Operating Funds for Vulnerable Populations under Ordinance 18555, Section 4.B.1 includes $1,200,000 of continued capital funds from VHSL Activity 2.2. [↑](#footnote-ref-1)
2. Figures based OEFA’s August 2017 forecast. [↑](#footnote-ref-2)
3. Specifically, Section 4.C. provides that the Council may by ordinance authorize expenditure of the annual $300,000 that are set aside to mitigate the levy’s impact on metropolitan park districts and fire districts to the extent their levies may be prorationed as mandated by state law and to the extent prorationing was caused by the VSHSL. Funds disbursed under this provision must be used for health and human services for the three identified levy populations – veterans and military servicemembers and their respective families; seniors and their caregivers; and vulnerable populations. Subsection C. under Section 4 also provides for the use of set-aside funds that are unused at the end of the levy period. [↑](#footnote-ref-3)
4. Ordinance 18555 defines “vulnerable populations” for the purposes of the VSHSL as: “persons or communities that are susceptible to reduced health, housing, financial, or social stability outcomes because of current experience of or historical exposure to trauma, violence, poverty, isolation, bias, racism, stigma, discrimination, disability or chronic illness. Examples of vulnerable populations include, but are not limited to survivors of domestic violence; survivors of sexual assault; survivors of human trafficking, including labor trafficking and sex trafficking; survivors of commercial sexual exploitation; persons who identify as lesbian, gay, bisexual, transgender, queer or intersex; persons with a disability; family caregivers for persons with a disability; African Americans and other persons of color who have been disproportionately impacted by policies and practices resulting in housing instability or housing insecurity; immigrants and refugees; low-income residents of rural communities; persons living in poverty; persons at risk of or experiencing homelessness; youth involved in the child welfare system, including youth in the foster care system, and young adult alumni of the child welfare system; minors who have been separated from both parents and other relatives and are not being cared for by an adult who, by law or custom, is responsible for doing so; persons reentering society from criminal justice system involvement; and persons at risk of criminal justice system involvement due to disproportionate practices of enforcement, mental illness or substance use disorders.” [↑](#footnote-ref-4)
5. Ordinance 18555, Section 7.A.5. [↑](#footnote-ref-5)
6. VSHSL Transition Plan, pg. 8. [↑](#footnote-ref-6)
7. Ibid. [↑](#footnote-ref-7)
8. VSHSL Transition Plan, pg. 6. [↑](#footnote-ref-8)
9. Note that this is not included as part of the Transition Plan document that PO 2017-0406 would adopt. [↑](#footnote-ref-9)
10. Transition Plan, pg. 13. Executive staff have indicated that the language on pg. 8 is a technical error and that the word “habitable” encompass notions of both safety and quality. [↑](#footnote-ref-10)
11. Transition Plan, pg. 8. [↑](#footnote-ref-11)
12. Transition Plan, p. 48. [↑](#footnote-ref-12)
13. For purposes of the methodology, a homeless veteran is defined as a person tracked by these systems who self-identified as a veteran and who, as of July 21, 2017: completed a (CEA) housing assessment but had not yet moved into permanent or transitional housing; were enrolled in a shelter program in HMIS; received a housing voucher or subsidy by had not yet moved into a permanent housing unit; was enrolled in a day shelter or street outreach program within the 90 days preceding July 21, 2017; was enrolled in a homeless prevention or supportive services only program and indicated they were homeless when they entered the program; or left a program in HMIS for a non-permanent housing situation or a place not mean for human habitation within the 90 days preceding July 21, 2017. [↑](#footnote-ref-13)
14. Senior veterans will be counted as housed, as described in the Transition Plan, if they: are placed in housing through VASH or Supportive Services for Veteran Families (as verified by the U.S. Veterans Administration Puget Sound); are enrolled in a transitional housing program; enroll in a permanent housing program; are removed from the Coordinated Entry Community Queue after self-resolving their housing crisis; or successfully exit any program to permanent housing (permanent supportive housing or another permanent housing program, an owned/rented unit (with or without subsidy), or are voluntarily staying permanently with friends or family. [↑](#footnote-ref-14)
15. It is indicated in the Transition Plan that once the 317 goal is achieved, the Executive will transmit a report to Council, for review and accept by motion, certifying that at least 317 homeless senior veterans have obtained housing. [↑](#footnote-ref-15)
16. RCW 84.55.050. [↑](#footnote-ref-16)
17. RCW 84.52.043 establishes a maximum aggregate property tax rate of $5.90 per $1,000 of assessed valuation for counties, cities, fire districts, library districts, and certain other junior taxing districts. Under state law, if a taxing district reaches its statutory rate limitation, reductions are made in accordance with a district hierarchy established under RCW 84.52.010. In general, countywide levies (such as the Veterans, Seniors and Human Services levy) are the most senior taxing districts and would be the last to be reduced, or prorationed, under state law. Ordinance 18555, Section 4.B, 4.C.1. and 4.C.2. provide for $300,000 set-aside per year of collections for the purpose, and subject to the process outlined in the levy ordinance, of suppression mitigation. Section 4.C.2. outlines that unless the council by ordinance otherwise directs, reserved proceeds for prorationing not otherwise expended shall be, no earlier than June 1, 2023, divided in thirds and expended for the purposes set forth in each population-based allocation category. [↑](#footnote-ref-17)