## STAFF REPORT

|  |  |  |  |
| --- | --- | --- | --- |
| **Agenda Item:** | 6 | **Name:** | April Sanders  Sam Porter  Sherrie Hsu |
| **Proposed No**.: | 2021-0330 | **Date:** | November 10, 2021 |

**SUBJECT**

Proposed Ordinance 2021-0330 would adopt the Initial Health through Housing Implementation Plan to govern the expenditure of sales and use tax proceeds authorized by K.C.C. chapter 4A.503 and RCW 82.14.530 from 2022 through 2028. The Proposed Ordinance would also create the Health through Housing advisory committee and add a new section to K.C.C. chapter 4A.300.

**SUMMARY**

Proposed Ordinance 2021-0330 would adopt the Initial Health through Housing Implementation Plan (the Plan) as required by Ordinance 19236. The Plan would govern expenditures of Health through Housing (HtH) dollars from 2022 through 2028. Collections in 2021 went primarily towards financing acquisitions and improvements of HtH sites throughout the county. Beginning in 2022, the Plan proposes to spend revenue primarily on emergency and permanent supportive housing operations. Eligibility requirements for individuals and households seeking emergency and permanent supportive housing are governed by state law and refined further in Ordinance 19236.

The paramount goal of the Plan is defined in K.C.C. 24.30.030 as "the creation and ongoing operation of 1,600 units of affordable housing with housing-related services for eligible households in King County that are experiencing chronic homelessness or that are at risk of experiencing chronic homelessness." The Plan proposes various supporting goals in addition to the paramount goal.

The Plan further identifies six proposed strategies intended to accomplish the paramount and supporting goals. These strategies range from capital financing and improvements of HtH sites and evaluation and performance measurement. Proposed allocations from 2022 and 2028 are broken down by strategy.

In addition to the Plan, the Proposed Ordinance includes a set of code changes to add a new section to K.C.C. 2A.300 establishing the HtH Advisory Committee. The Advisory Committee would be created to advise the Executive and Council and report annually to the Council and community on accomplishments and effectiveness of the sales tax.

The Proposed Ordinance was dual referred to the Regional Policy Committee (RPC) and the Committee of the Whole (COW). Executive staff briefed RPC on the proposed Initial HtH Implementation Plan on September 8, 2021. The RPC discussed the proposed plan on October 13th and Council staff briefed COW on November 3rd.

If passed before the end of the year, the Plan would guide spending beginning in January 2022. If passed after that point, the Executive would be able to spend HtH revenue in accordance with state law, Ordinance 19179 and 19236 and the 2021-22 Biennial Budget until an Implementation Plan is adopted.

**BACKGROUND**

**Health through Housing Sales Tax.**

House Bill 1590 and RCW 82.14.530. During the 2020 legislative session, the legislature passed House Bill 1590[[1]](#footnote-1), which amended RCW 82.14.530. Previously, this housing sales tax was required to go to the ballot for authorization from voters before enactment, but House Bill 1590 provided the option for the tax to be councilmanic. In 2021, the legislature amended the law again through Engrossed Substitute House Bill (ESHB) 1070, clarifying that acquiring units of new affordable housing is an eligible use of proceeds.[[2]](#footnote-2)

Counties were given until September 30, 2020 to impose the tax countywide. After that date, cities could impose the tax (either by ballot or councilmanic). According to the statute, if a county imposes the tax after one or more cities have already done so, the county must provide a credit to those cities for the full amount collected within each jurisdiction.

State statute specifies the activities and services for which the tax may be used. Table 1 below provides an overview of the statute’s spending requirements.

**Table 1. Overview of Spending Allocation Requirements**

|  |  |
| --- | --- |
| **Allocation** | **Requirements** |
| At least 60% of proceeds | 1. Constructing affordable housing – including new units within an existing structure and facilities providing housing-related services; 2. Constructing mental and behavioral health-related facilities; 3. Funding operations and maintenance of new affordable housing and facilities where housing-related programs are provided, or newly constructed evaluation and treatment centers |
| Remaining Funds | 1. Used for operation, delivery or evaluation of mental and behavioral health treatment programs and services or housing-related services |

Only the following population groups with at or below 60% median income for King County may be provided affordable housing and facilities providing housing-related programs generated using housing sales tax revenue:

1. Persons with behavioral health disabilities;
2. Veterans;
3. Homeless, or at-risk of being homeless, families with children;
4. Unaccompanied homeless youth or young adults;
5. Persons with disabilities; or
6. Domestic violence survivors.

Counties who impose the tax must consult with cities when siting facilities within jurisdictional boundaries. Additionally, the county must spend at least 30% of revenue collected within any city with a population over 60,000 within that jurisdiction. Currently, the following cities have populations over 60,000: Seattle, Bellevue, Kent, Renton, Federal Way, Kirkland, Auburn, Redmond, and Sammamish.

The state statute allows for the county to issue general obligation or revenue bonds and pledge up to 50% of the monies collected for bond repayment. Bonded revenue may finance provision or construction of affordable housing, facilities where housing-related programs are provided, or evaluation and treatment centers.

Ordinance 19179. On October 13th, 2020, Council passed Ordinance 19179[[3]](#footnote-3), imposing a sales and use tax of 1/10th of 1% for housing and related services, as authorized in RCW 82.14.530, discussed above. Proceeds from the tax are deposited into the Health through Housing fund, which was established through Ordinance 19180[[4]](#footnote-4).

According to Ordinance 19179, proceeds are required to be spent on the uses outlined in state statute as described above, prioritizing those within the specified population groups in RCW 82.14.520(2)(b) and whose income does not exceed 30% of the King County area median income (AMI). Additionally, proceeds are required to be allocated with the objective of reducing racial and ethnic disproportionality among those experiencing chronic homelessness.

The Ordinance also provides the County with the authority to issue bonds and use up to 50% of the monies collected for repayment of those bonds.

Ordinance 19236. Adopted in February 2021, Ordinance 19236 outlines the content and development approach for the HtH Implementation Plan and defines how revenues are to be spent. Per Ordinance 19236, the Executive is required to develop the Implementation Plan in consultation with the Affordable Housing Committee and the Chief Executive Officer of the King County Regional Homelessness Authority and transmit the plan to Council, along with legislation to establish the HtH Advisory Committee, no later than June 30, 2021.

Ordinance 19236 requires that the Implementation Plan include goals, strategies, performance measures, reporting requirements, a process for siting HtH funded affordable housing and behavioral health facilities, and a detailed annual spending plan for the first eight years of the tax. The required goals to be included in the Implementation Plan are:

* The creation and ongoing operation of one thousand six hundred units of affordable housing with housing-related services;
* An annual reduction of racial and ethnic demographic disproportionality among persons experiencing chronic homelessness in King County; and
* The creation and operation of a mobile behavioral health intervention program with access for its clients to be created, operated, or otherwise funded by proceeds.

Ordinance 19236 requires that legislation establishing the HtH Advisory Committee be transmitted with the Implementation Plan. The Committee would be tasked with providing advice to the Executive and Council and producing an annual report on the accomplishments and effectiveness of HtH sales tax expenditures. The Committee's responsibilities are to be described in the implementation plan and the membership would be required to include representatives of the following demographics:

* Individuals who have experienced homelessness;
* Racial and ethnic communities disproportionately represented among people experiencing chronic homelessness;
* Residents of cities with populations greater than sixty thousand;
* Residents of the unincorporated areas; and
* Representatives from county, city, and subregional boards, commissions or committees pertaining to King County human services investments.

**County Plans and Policies.**

*King County Strategic Plan.* In 2010, the County enacted Ordinance 16897 to establish the King County Strategic Plan.[[5]](#footnote-5) In 2015, Motion 14317[[6]](#footnote-6) revised the County’s vision, mission, guiding principles, and goals. According to the proposed Initial HtH Implementation Plan, HtH would support the following Strategic Plan guiding principles or goals:

* Addressing the root causes of inequities: the Plan states that HtH would focus on reducing disproportionality among people experiencing chronic homelessness;
* Increasing access to quality housing that is affordable to all: the Plan proposes that HtH would coordinate regional efforts to expand housing and services in the region for people experiencing chronic homelessness; and
* Improving health and well-being to create thriving communities:the Plan claims that this goal would be accomplished through housing and behavioral health components of the HtH initiative.

*Equity and Social Justice Strategic Plan.* Under the 2016-2022 ESJ Strategic Plan[[7]](#footnote-7), King County seeks to eliminate racially disparate health and human services outcomes in the region.According to the proposed Initial HtH Implementation Plan, HtH would support the ESJ Strategic Plan by directly targeting racial-ethnic disproportionality among people experiencing homelessness, incorporating a pro-equity approach, focusing on people and places with the greatest needs, and targeting funding to address specific affordable housing needs through housing interventions.

*King County Regional Affordable Housing Task Force Five-Year Action Plan*. In 2016 and 2017, Motions 14754[[8]](#footnote-8) and 14873[[9]](#footnote-9) established the Regional Affordable Housing Task Force (RAHTF), which convened regional elected officials and stakeholders over 18 months to produce the RAHTF Five-Year Action Plan.[[10]](#footnote-10) This Plan was accepted by Motion 15372[[11]](#footnote-11) in 2019 and includes seven goals. According to the proposed Plan, HtH would support the following goals from the Five-Year Action Plan:

* Goal 2: Increase construction and preservation of affordable homes for households earning less than 50% of AMI; and
* Goal 7: Better engage local communities and other partners in addressing the urgent need for and benefits of affordable housing.

*Affordable Housing Committee.* King County’s Affordable Housing Committee (AHC) is a regional advisory body, established by the Growth Management Planning Council in 2019, that leads interjurisdictional work to implement the RAHTF Five-Year Action Plan. The overall goal of the AHC is to strive to eliminate housing cost burden for households with 80% of AMI or below, with a priority to serve households at or below 50% of AMI.[[12]](#footnote-12) All HtH homes would serve persons with incomes at or below 30% of AMI.

**Homelessness in King County.**

Proclamation of Emergency. In November 2015, Executive Constantine and Seattle Mayor Ed Murray announced local proclamations of emergency[[13]](#footnote-13) due to homelessness and proposed new investments. The initial investment related to this proclamation was $2 million in additional funding to address root causes of homelessness.

Executive Constantine's proclamation called for the federal and state governments to respond by investing in affordable housing, mental health treatment and addiction services. The proclamation also included specific actions that King County will take to combat homelessness, including securing at least 50 additional shelter beds in Seattle, providing 20 new housing vouchers for those exiting drug court, increasing incentives for landlords to rent to veterans, among others.

King County Regional Homelessness Authority. On December 11, 2019, Council passed Ordinance 19039[[14]](#footnote-14), authorizing the Executive to enter into an interlocal agreement (ILA) with the City of Seattle for the establishment of the King County Regional Homelessness Authority (KCRHA), with the mission to "significantly decrease the incidence of homelessness throughout King County, using equity and social justice principles".[[15]](#footnote-15)

Since the creation of the KCRHA, the blocs[[16]](#footnote-16) have appointed members to the Governing Committee and Implementation Board, the Authority has hired Chief Executive Officer Marc Dones, and a staffing plan has been developed, among other things.

The KCRHA was established with the following purposes:

* Providing consolidated, aligned services for individuals and families who are experiencing homelessness or who are at imminent risk of experiencing homelessness in the jurisdictional boundaries of King County;
* Receiving revenues from King County, the City of Seattle, funders and other public and private sources for the purposes of the Authority, and applying such revenues; and
* Providing other services as determined to be necessary to implement the ILA.

Current Conditions. The proposed Initial Implementation Plan states that, in December 2019, Homelessness Management Information System (HMIS) data shows more than 4,600 households were chronically homeless.[[17]](#footnote-17) Subsequently, the January 2020 Point-in-Time Count identified more than 5,500 individuals living unsheltered.[[18]](#footnote-18) The COVID-19 pandemic has prevented more recent comprehensive counts on homelessness.

**2021 HtH Expenditures.**

In 2021, HtH revenue expenditures primarily went toward purchasing properties under Strategy 1: Capital Financing and Improvement of HtH Sites. At time of transmittal, King County has closed on purchases or entered into purchase and sale agreements for nine properties totaling 859 units of housing in Seattle, Renton, Redmond, Auburn, and Federal Way. These properties are described in Figure 5 on pages 18 through 24 of the Implementation Plan. According to the Plan, King County anticipates acquiring an additional three locations by 2022 adding 296 more units and 95 operations-only units of permanent supportive housing.

Table 2 below shows the approximate allocations for 2021. To date, Executive staff indicate that $170.87 million has been expended under Strategy 1 and $600,000 has been expended for administrative costs.

**Table 2. 2021 Approximate Allocation in Millions by Strategy**

|  |  |
| --- | --- |
|  | **2021** |
| *Strategy 1*  **Capital Financing and Improvements for HtH Sites** | $264.3 |
| *Strategy 2*  **Emergency and Permanent Supportive Housing Operations** | $9.6 |
| *Strategy 3*  **Behavioral Health Services Outside HtH Sites** | $0.6 |
| *Strategy 4*  **Capacity Building Collaborative** | $0.6 |
| *Strategy 5*  **Evaluation and Performance Measurement** | $0.9 |
| *Strategy 6*  **Future Acquisition of Additional Facilities** | $0.0 |
| *Initiative Administration* | $2.9 |
| *Bond Financing Cost* | $0.6 |
| *HtH Reserve*[[19]](#footnote-19) | $18.3 |
| ***Total Expenditures*** | **$297.8** |

**Other Cities in King County.** Before the Council passed the HtH sales tax, 8 cities chose to impose the sales tax within their own jurisdictions[[20]](#footnote-20). According the HB 1590, the county must provide a credit to those cities for the full amount collected within each jurisdiction.

Based on Office of Economic and Financial Analysis (OEFA) projections from 2016 to 2019, revenue generated within these 8 jurisdictions constitute 26% of total countywide revenue collections.

Executive staff indicate that they are in active conversations with 4 of these jurisdictions—Bellevue, Issaquah, Kent, and Renton—for potential HtH partnerships moving forward. At this time, Executive staff only anticipate a HtH project in the City of Renton, who they say has agreed to site a HtH building in a former Extended Stay.

**ANALYSIS**

Proposed Ordinance 2021-0330 would adopt the Initial Health through Housing Implementation Plan to govern the expenditure of sales and use tax proceeds authorized by K.C.C. 4A.503 and RCW 82.14.530 from 2022 through 2028. The Proposed Ordinance would also create the Health Through Housing Advisory Committee and add a new section to K.C.C. 4A.300.

**Initial Health through Housing Implementation Plan.** The proposed Initial Health through Housing Implementation Plan can be found in Attachment A of the Proposed Ordinance.

*Proposed Eligibility Requirements.* Eligibility requirements laid out in the Plan are based on RCW 82.14.530 and K.C.C. 4A.503 and 24.30. Based on state law and county code, eligibility for HtH requires individuals or households to meet the following criteria:

* Income at or below 30% of AMI
* Experiencing or at-risk of chronic homelessness
* Household member or members in one or more of the following groups:
  + Persons with behavioral health disabilities
  + Veterans
  + Senior citizens
  + Persons who are homeless or at-risk of being homeless, including families with children
  + Unaccompanied homeless youth or young adults
  + Persons with disabilities
  + Domestic violence survivors

*Proposed Implementation Plan Goals.* The Plan describes a "goal" as an outcome that the Plan is designed to accomplish. The paramount goal of the Plan is defined in K.C.C. 24.30.030 as "the creation and ongoing operation of 1,600 units of affordable housing with housing-related services for eligible households in King County that are experiencing chronic homelessness or that are at risk of experiencing chronic homelessness." The Plan states that acquisition and ongoing operations of 1,155 affordable emergency or permanent supportive homes across and 445 units of operations-only funding for permanent supportive homes will satisfy the paramount goal.

The remaining goals are called "Supporting Goals", which are laid out below. The first two supporting goals reflect outcomes required by K.C.C. 24.30.030.

* Supporting Goal 1: Annually reduce racial and ethnic disproportionality among persons experiencing chronic homelessness in King County (required by K.C.C. 24.30.030.A.1)
* Supporting Goal 2: Create and operate a mobile behavioral health intervention program with access for its clients to housing created, operated, or otherwise funded by HtH proceeds (required by K.C.C. 24.30.030.A.5)
* Supporting Goal 3: Increase HtH resident health by providing health care system enrollment and access on-demand to integrated healthcare for all HtH property residents while they reside in a HtH building
* Supporting Goal 4: Convert (through rehabilitation or “rehab”) into permanent supportive housing by December 31, 2028 at least 50% of HtH units that enter the portfolio as emergency housing
* Supporting Goal 5: Increase the number of organizations who can operate emergency, supportive, or other affordable housing who also specialize in serving a demographically overrepresented population or community amongst King County’s chronically homeless population
* Supporting Goal 6: Establish and maintain an online, publicly reviewable “dashboard” depicting current and historical performance data and information about the Health through Housing initiative
* Supporting Goal 7: Publish by December 31, 2026, an in-depth evaluation of the HtH initiative’s effectiveness

*Proposed 2022-2028 Annual Expenditure Plan.*

Revenue. Updated HtH revenue through the scope of this Plan[[21]](#footnote-21) is laid out in Table 3 below based on OEFA forecasts from July 2021. The table reflects $260 million in bonded revenue in 2021[[22]](#footnote-22), which is under the $400 million in bonded revenue appropriated by the Council in the 2021-2022 Biennial Budget. The Plan proposes to bond $60 million in 2024 to fund costs of converting emergency supportive housing units within the HtH portfolio to permanent supportive housing.

Expenditures and Strategies. The Plan would include proposed strategies are meant to accomplish the paramount and supporting goals described above. Approximate allocations by strategy from 2021-2028 as described in the section below can be seen in Table 3 at the end of this section.

*Strategy 1: Capital Financing and Improvements for HtH Sites.* This strategy would allow for the operation of a capital finance program necessary to manage bonding of proceeds, initial rehab preparation and repair of housing units for residents, ongoing ownership and maintenance of units, and maximizing use or transfer of properties for additional development, redevelopment or use as affordable housing or behavioral health treatment facilities. Facilities purchased using HtH revenue may qualify immediately as permanent supportive housing if certain amenities are available in-unit, such as a kitchenette. If these amenities are not available upon purchase, the property may be used as emergency housing and converted into permanent supportive housing in the future.

Under HtH Strategy 1, the Implementation Plan indicates that the County will assign a name to each HtH building by December 2023 in consultation with the host jurisdiction and the Advisory Committee. DCHS will send a letter to the Council Chair within 90 days of when these sites are renamed.

Total expenditures for 2021-2028 are anticipated to be approximately $333.7 million with about 80% expended in 2021 primarily due to property acquisition. According to the Plan, the breakdown of this allocation is as follows:

* Property acquisition: $254.5 million
* Initial rehab: $4.8 million
* Conversion rehab: $64.5 million
* Capital reserve: $10 million[[23]](#footnote-23)

*Strategy 2: Emergency and Permanent Supportive Housing Operations.* This strategy would allow for the operations of emergency and permanent supportive housing including staffing, property management, case management and healthcare coordination for residents, street outreach for potential residents, and supports "tailored to communities and persons whose identity, culture, experience, or circumstances warrant particular expertise."[[24]](#footnote-24) Under Strategy 2, the Executive plans to fund 445 "Operations-Only Units." These are units created by other jurisdictions or programs not using HtH monies.[[25]](#footnote-25) According to the Implementation Plan, 350 units would be in the City of Seattle and the remaining 95 would be outside of Seattle in a building funded by King County using non-HtH monies.[[26]](#footnote-26) According to Executive staff, these units will be funded through a competitive procurement, so the exact building and fund sources are not currently determined but could include sources such as the King County Housing Finance Program, the Washington Housing Trust Fund, and Low Income Housing Tax Credit Equity.

The Executive intends to use a two-phased selection process to retain providers for HtH sites who can provide property management, are experienced in trauma-informed care, have multi-system expertise and in-depth knowledge of the population residing at each site. Phase One of the selection process was implemented in 2021 through a Request for Qualifications (RFQ) process to qualify a set of providers to serve HtH facilities through building operations, resident supports, community-based organizations and outreach.[[27]](#footnote-27) Phase Two will be site-specific and involve a Request for Bid (RFB) of the providers identified in Phase One to provide building operations, resident supports, or community-based organization activities for individual HtH facilities. DCHS and the jurisdiction each site is located in will jointly evaluate the bids and select the provider for each facility. According to the Implementation Plan, "Depending on the population that eventually resides in a HtH building and upon available HtH proceeds, DCHS may partner with the host city in completing a secondary RFB process for additional community-based organizations or resident support organizations to enhance operations for residents of the building."[[28]](#footnote-28)

The Implementation Plan also includes three objectives intended to "annually reduce racial-ethnic disproportionality among persons experiencing chronic homelessness."[[29]](#footnote-29) These include "pro-equity" components of an inclusive RFQ process designed to qualify a broad range of service agencies, subregional outreach teams in North/East and South King County, and a provider Capacity Building Collaborative. The Capacity Building Collaborative would provide a learning environment between agencies identified in Appendix E of the IP,[[30]](#footnote-30) experienced housing operators and community-based organizations to "empower and resource community-based organizations to operate housing that best serves their own communities."

Figure 8 of Appendix A[[31]](#footnote-31) shows the projected timing for program startup by site. There is a staggered estimated start time that goes from quarter three of 2021 to quarter three of 2022.

Estimated expenditures under Strategy 2 are anticipated to increase over time with the opening of HtH properties in late 2021 and full ramp up anticipated to occur in 2022-23. According to the Plan, allocations for this strategy are modeled on the assumption that HtH units will have an average cost of $25,000 per unit in 2022, increasing approximately 3% per year thereafter.[[32]](#footnote-32) According to the Executive, if program administration is successful in securing other funding to support HtH units King County may use under-expended Strategy 2 monies in two ways: funding operation-only units above the 1,600-unit goal or adjusting allocations among the strategies. According to the Plan, the Executive can make substantive changes[[33]](#footnote-33) to the funding allocations in the plan. The Plan states that the Executive will notify the Council providing information about the scope and rationale for the change and if Council does not pass a motion rejecting the change within thirty days of the Executive's transmittal, the Executive can proceed with the change as described in the notification letter. The Plan described priorities to be taken into account when reducing allocations due to changes in revenue projections.

Strategy 2 includes a reserve of $3 million with an annual increase of $500,000 each year between 2022-2024 and $200,000 each year thereafter.

*Strategy 3: Behavioral Health Services Outside of HtH Sites.* King County Code[[34]](#footnote-34) requires that at least nine, but no more than 13%, of revenues must be spent on behavioral health services that are not part of the supportive services provided within affordable housing or behavioral health facilities supported by proceeds. The Executive's expenditure plan states that 13% of revenue is dedicated for behavioral health services from 2022-2028 in accordance with King County Code.

This strategy has two sub-strategies: sub-strategy 3A is a mobile behavioral health team and sub-strategy 3B is behavioral health services ineligible for Medicaid funding. The mobile behavioral health team is intended to provide an alternative to the use of law enforcement to respond to behavioral health crises for residents of HtH locations. DCHS intends to stand this program up in 2024 and serve clients through 2028 at the end of the Implementation Plan term. Currently, there are three temporary, non-HtH-funded mobile behavioral health teams in operation. Two are funded through the County's federal American Rescue Plan Act funds and one funded through a state pilot project and partnership with several south King County cities.

According to the Executive, the $8.7 million allocated to Strategy 3 in 2021-2022 is planned to be transferred to the Behavioral Health Fund to pay for specific programs in alignment with Sub-Strategy 3B with transfers of up to 13% annually continuing after 2022.[[35]](#footnote-35). Executive staff stated that this amount will fill the $8.7 million gap in the Behavioral Health Fund previously funded through state non-Medicaid funding that was identified during the 2021-22 budget. The Executive expects the amount allocated for 2021-2022 to fund the following services:

* $2.8M - Medication Assisted Treatment (MAT) for non-Medicaid clients
* $2.7M - Mental Health Residential Program
* $900,000 - Transitional Support Program
* $200,000 - Next Day Appointment Program
* $700,000 - Homeless Outreach Stabilization and Transition (HOST) Program
* $500,000 - Extraordinary Treatment Program
* $200,000 - Substance Use Disorder (SUD) Recovery/Advocacy Program
* $400,000 - SUD Residential Program
* $300,000 - Crisis Respite Program

*Strategy 4: Capacity Building Collaborative.* This strategy would build the capacity of contracted agencies who represent communities disproportionately experiencing chronic homelessness. Capacity building would be intended to equip such providers with resources and support to provide services in ways that reduce disproportionality among individuals experiencing chronic homelessness. Activities under this strategy could include: training, communities of practice, and funding and promoting partnerships between participating organizations. DCHS intends to initiate this strategy by March 1, 2022.

In alignment with King County Code, the HtH Annual Expenditure Plan designates an average of approximately $460,000 annually ($3.7 million from 2021-2028) for capacity building. According to the Plan, the Capacity Building Collaborative is intended to increase the capacity of existing housing nonprofits to meet the needs of BIPOC people who are overrepresented in the population of people experiencing homelessness and allow community-based organizations to grow in their ability to operate supportive housing.[[36]](#footnote-36)

*Strategy 5: Evaluation.* This strategy would evaluate implementation and assess the effectiveness of HtH initiatives. This strategy is intended to accomplish Supporting Goals 6 (to develop a HtH Dashboard) and 7 (to deliver an in-depth evaluation by the end of 2026). More information on this strategy is provided in the "Evaluation and Performance Measurement" section below. Activities under this strategy could include: collecting and analyzing data, conducting in-depth evaluations and using data to measure the equity, effectiveness and efficiency of HtH strategies.

The HtH Annual Expenditure Plan allocates a total of $5.5 million between 2021-2028 to cover the costs of staff and data infrastructure to support ongoing performance measurement, evaluation, and reporting. This amount includes estimated costs for contracted evaluators and data collection. This is in alignment with King County Code which limits evaluation costs to 1.5% of revenue after bonding and behavioral health expenditures.[[37]](#footnote-37)

*Strategy 6: Future Acquisition of Additional Properties.* This strategy would create additional HtH properties through acquisition or construction. The Plan would not allocate any monies to Strategy 6, as the Executive does not intend to acquire or construct any new HtH properties between 2022 and 2028. The Plan states that if the Executive determines a need for additional acquisition or construction, he will send a letter to the Council. Unless the Council passes a motion rejecting the acquisition or construction within 30 days, the Executive would be able to proceed, pending budget authority. Activities under this strategy could include: acquisition or construction of additional HtH sites.

According to the IP, Strategy 6 is unfunded but may be receive future allocations if Strategy 2 has a substantive underexpenditure. Executive staff also indicated that, "if insufficient buildings are acquired in 2021 to reach the 1,600-unit goal […] savings from Strategy 1 would be deployed as part of Strategy 6 to fund acquisition to achieve the 1,600-unit goal."

**Table 3. Revenue and Approximate Allocations in Millions by Strategy (2021-2028)[[38]](#footnote-38)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027** | **2028** | **Total** |
| *Strategy 1*  **Capital Financing and Improvements for HtH Sites** | 264.3 | 1.0 | 1.0 | 17.1 | 17.1 | 17.1 | 16.1 | 0.0 | **$333.7** |
| *Strategy 2*  **Emergency and Permanent Supportive Housing Operations** | 9.6 | 36.1 | 40.9 | 42.4 | 43.3 | 44.5 | 45.7 | 47.0 | **$309.5** |
| *Strategy 3*  **Behavioral Health Services Outside HtH Sites** | 0.6 | 8.1 | 8.5 | 9.0 | 9.5 | 10.0 | 10.5 | 11.0 | **$67.2** |
| *Strategy 4*  **Capacity Building Collaborative** | 0.6 | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 | 0.5 | 0.5 | **$3.70** |
| *Strategy 5*  **Evaluation and Performance Measurement** | 0.9 | 0.6 | 0.6 | 0.6 | 0.6 | 0.7 | 0.7 | 0.8 | **$5.50** |
| *Strategy 6*  **Future Acquisition of Additional Facilities** | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **$0.0** |
| *Initiative Administration* | 2.9 | 1.9 | 2.0 | 2.0 | 2.2 | 2.3 | 2.5 | 2.7 | **$18.50** |
| *Bond Financing Cost* | 0.6 | 16.8 | 16.7 | 20.6 | 20.6 | 20.6 | 20.5 | 20.5 | **$136.90** |
| *HtH Reserve*[[39]](#footnote-39) | 18.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **$18.30** |
| ***Total Annual Expenditure*** | **$297.8** | **$64.9** | **$70.1** | **$92.1** | **$93.7** | **$95.7** | **$96.5** | **$82.5** | **$893.3** |
| ***Total Annual Revenue*** | **$320.2** | **$62.3** | **$65.9** | **$129.7** | **$73.5** | **$76.8** | **$80.6** | **$84.5** | **$893.5** |

*Evaluation and Performance Measurement.*

According to the Plan, the Executive intends to implement a Results Based Accountability approach to assess HtH strategies using population indicators, performance measurement, and in-depth evaluation. Population level measures would identify needs, set a baseline, and monitor trends of chronic homelessness in King County and racial-ethnic disproportionality among the population of chronically homeless households. Performance measurements will be taken regularly on program outcomes to answer three realms of inquiry, "How much did we do? How well did we do it? Is anyone better off?"[[40]](#footnote-40) According to the Plan, in-depth evaluation activities will "complement performance measurement to deepen learnings" and offer an overall evaluation of the initiative by December 31, 2026.[[41]](#footnote-41)

Executive staff will use the Seattle-King County Homeless Management Information System (HMIS) to set baseline data and track population indicator changes to analyze the extent of chronic homelessness and disproportionality in King County. Executive staff will track the annualized count of households experiencing chronic homelessness and the Point-in-Time estimate of those currently receiving services and experiencing chronic homelessness in order to determine how chronic homelessness is changing in King County. According to the Plan, available demographic data in the HMIS will also allow the County to assess whether HtH programs and services are reducing racial-ethnic disproportionality among the County's chronically homeless population.

The Plan states that performance measures would be developed in collaboration with program staff, providers, and the HtH Advisory Committee and are intended to be presented publicly through an online dashboard showing performance data. Performance metrics would be redefined periodically in consultation with the committee. Executive staff stated that metrics would be "kept consistent whenever possible to facilitate longitudinal analysis. Any periodic refinements to measures would be to align with any substantive changes to the program or services, accommodate changes in the data source (e.g., HMIS updates), or bring in additional measures that come available." Draft performance measures for Strategies 1 and 2 appear in Figure 17 on page 59 of Appendix A and include such measures as number of households enrolled in emergency housing created through HtH, the average length of stay in HtH housing, and the percent of households who maintain or exist to permanent housing from permanent supportive or emergency housing.

Supporting Goal 7 of the Plan is to produce an in-depth evaluation of the overall effectiveness of HtH by December 31, 2026 with questions, timeframe, methodology, and data collection strategies finalized by March 2022. DCHS could contract with external research partners to supplement its own evaluation efforts and will work with the HtH Advisory Committee to select priority areas for evaluation. According to the plan, "the design of the evaluations will be based on what is appropriate for the program's stage of implementation and existing evidence base for effectiveness of the selected program models."[[42]](#footnote-42) The timeline for completing the in-depth evaluation would be based on when baseline data becomes available, enough HtH program participants have reached a outcomes to allow for statistical analysis, and time needed to produce the evaluation. Plans for performance measurement and evaluation activities would be finalized with the HtH Advisory Committee.

*Health through Housing Advisory Committee and Annual Reporting.* According to the proposed Plan, an Advisory Committee would be established to:

* Advise the Executive and Council on matters affecting the HtH initiative;
* Advise DCHS on implementation of the HtH initiative;
* Review performance data of the HtH initiative; and
* Report annually to the Council and the community on the expenditures, accomplishments, and effectiveness of the HtH initiative.

The proposed ordinance would add a section of code to establish the Advisory Committee. Proposed code changes and more detail on committee membership is discussed below under the section "Proposed Code Changes" of this staff report.

The Executive would convene the Advisory Committee by March 31, 2022 and once per quarter thereafter.

The Executive would recruit from:

* Regional and subregional boards or committees focused on human services or housing;
* County boards overseeing human services or housing matters;
* City-level human services or housing commissions or lead staff from departments supporting such boards, with a priority for cities with populations over 60,000; and
* Current and past residents of HtH sites.

Annual Reporting. The Advisory Committee would report annually to the Council and public on expenditures, accomplishments, and effectiveness of the HtH initiative through an online HtH dashboard. According to the initial HtH implementation plan, the purpose of using an online dashboard is to increase community access to reporting, use an online platform to present interactive data, allow faster data updates, and reduce environmental impact of printing reports.

The dashboard would be updated by June 15 each year starting in 2023 and would include, at a minimum:

* A list of Advisory Committee members;
* A map of locations of sites constructed or acquired, and locations and numbers of housing units;
* Demographic data of population residing in HtH-funding housing, including race and ethnicity;
* HtH initiative financial information, including annual revenue, allocation of proceeds for housing and operations to jurisdictions with HtH sites, actual expenditures of previous year’s proceeds among expenditure categories;
* Data on how HtH performs on the following population-level and program performance measures:
  + Cumulative number of people who moved from chronic homelessness into permanent housing via HtH
  + Progress on reducing disproportionality in experience of chronic homelessness
  + Percentage of residents who maintain their housing in HtH or exit to permanent housing from HtH-funded emergency or permanent supportive housing
  + Average length of stay of residents in HtH-funded emergency or permanent supportive housing
  + Percentage of residents who receive physical or behavioral healthcare supports or care while residing in a HtH unit
  + Additional measures of improvements in health or well-being, as data are available

*Communication and Partnership Plan.* The Communication and Partnership Plan section would lay out communication and outreach protocols that King County will use to work with cities and other partners. This Plan would include communication in the following categories:

* Informing jurisdictions across King County about HtH implementation progress. This would be primarily through HtH Advisory Committee meetings, informational updates and annual presentations to the County Council, as well as the ARCH Board, SKHHP Board, and city councils of cities with populations above 60,000.
* Siting of New HtH Sites. The Plan assumes acquisitions to accomplish the paramount goal of 1,600 units will be complete by the end of 2021. However, this section of the Communications and Partnership Plan states that, if additional properties are purchased, DCHS would follow noticing and siting process requirements as outlined in Strategy 6 (discussed above). That strategy states that a city must agree for a site to be acquired within that city.
* Leasing Up and Operating Sites. DCHS would partner with host jurisdictions on leasing and operating specifics, including jointly selecting operators and service providers. HtH sites would also have a code of conduct agreement, referred to in the Plan as a "Good Neighbor Commitment".
* Ongoing Management of HtH Sites. Cities that host HtH sites would receive additional communication with DCHS. HtH site operators and providers would be required to work with DCHS and host jurisdictions on any challenges, including for program outcomes and good neighbor agreements. Additionally, DCHS would commit to at least annual meetings between DCHS, the host jurisdiction and site contractors. DCHS would additionally commit to annual city council briefings for host jurisdictions.

**Proposed Code Changes.**  The proposed ordinance would add a new section to K.C.C. 2A.300 establishing the HtH Advisory Committee. The Advisory Committee would be created to provide advice to the Executive and Council and report annually to the Council and community on accomplishments and effectiveness of the sales tax.

The new section would establish requirements of committee membership, appointments, and reporting:

* Annual reporting would include information on allocation by jurisdiction of sales and use tax proceeds.
* Beginning in 2023, the Committee would send an electronic letter to the Executive and Clerk of the Council by June 15 notifying that annual reporting through a website update is available for review.

The Committee would comprise of 12 to 16 members appointed by the Executive. Membership would include the following:[[43]](#footnote-43)

* Persons who have experienced homelessness;
* Persons representative of racial and ethnic communities that are demographically disproportionately represented among persons experiencing chronic homelessness in King County;
* Residents of cities with populations greater than 60,000 and of unincorporated areas; and
* Representatives from other county, city and subregional boards, commissions, or committees.

The Executive would provide notice to the Council with the name, biography, and term of each proposed member. Under the proposed ordinance, no Council confirmation would be required. Instead, the Council would be able to adopt a motion requesting changes to the proposed appointments within 30 days of receipt of the Executive’s notice. Otherwise, the Executive would be able to proceed with appointments set forth in the notice.

The Executive would establish initial terms of appointment. One-third of positions would have initial terms of 2 years, 1/3 would have initial terms of 3 years, and 1/3 would have initial terms of 4 years. Subsequent terms are 4 years. Members may not serve for more than 4 consecutive years.

**Compliance with Ordinance 19179 and 19236.**  Council staff has reviewed the proposed Plan to confirm inclusion of all components required in Ordinance 19236—the ordinance requiring development of an Implementation Plan—and for compliance with Ordinance 19179, which imposed the sales and use tax. Council staff have not found any missing components that were not included in the transmitted Plan, nor have they found any issues of noncompliance with the ordinance imposing the sales tax. Appendix C of the Plan reviews these requirements in detail.

**Amendment Schedule.** Proposed Ordinance 2021-0330 was introduced on September 7th, 2021 and received a mandatory dual referral to the Committee of the Whole and the Regional Policy Committee.

COW Chair McDermott and RPC Chair von Reichbauer provided direction to committee members via email on September 10, 2021 stating that the deadline for committee members to provide direction to Council policy staff on amendment concepts will be those laid out in Council Rule 16 (K.C.C. 1.24.115)[[44]](#footnote-44), which are laid out below. Additionally, if special meetings are required, the respective Chair will send out a revised amendment deadline schedule for those meetings.

* Deadline for Striking Amendments: A member shall provide direction to staff no later than the end of the 5th business day before the legislation is considered in committee.
* Deadline for Distribution of Striking Amendments: The striking amendment’s sponsor shall distribute the striking amendment to all members of the committee no later than the end of the 3rd business day before the legislation is considered in committee.
* Deadline for Line Amendments: A member shall provide direction to staff no later than the end of the 2nd business day before the legislation is considered in committee.

**INVITED**

* Leo Flor, Director, Department of Community and Human Services
* Mark Ellerbrook, Division Director, Housing, Homelessness and Community Development Division, DCHS
* Mario Williams-Sweet, Special Projects Manager, Department of Community and Human Services
* Kelly Rider, Government Relations, Department of Community and Human Services

**ATTACHMENTS:**

1. Proposed Ordinance 2021-0330 (and its attachments)
2. Transmittal Letter
3. Fiscal Note

1. [1590 HBR APH 20.pdf (wa.gov)](http://lawfilesext.leg.wa.gov/biennium/2019-20/Pdf/Bill%20Reports/House/1590%20HBR%20APH%2020.pdf?q=20200221125034) [↑](#footnote-ref-1)
2. [1070-S.E.pdf (wa.gov)](http://lawfilesext.leg.wa.gov/biennium/2021-22/Pdf/Bills/House%20Bills/1070-S.E.pdf) [↑](#footnote-ref-2)
3. [King County - File #: 2020-0337](https://mkcclegisearch.kingcounty.gov/LegislationDetail.aspx?ID=4652676&GUID=8A31F2EE-23AF-4BA3-9306-CD87CD8B40A0&Options=Advanced&Search=) [↑](#footnote-ref-3)
4. [King County - File #: 2020-0319](https://mkcclegisearch.kingcounty.gov/LegislationDetail.aspx?ID=4648545&GUID=5375B2B2-FED6-43E4-9394-15E081218D29&Options=Advanced&Search=) [↑](#footnote-ref-4)
5. [King County Strategic Plan](https://kingcounty.gov/depts/executive/performance-strategy-budget/performance-strategy/Strategic-Planning/2015-strategic-plan-update.aspx) [↑](#footnote-ref-5)
6. [King County - File #: 2014-0415](https://mkcclegisearch.kingcounty.gov/LegislationDetail.aspx?ID=1912040&GUID=2523ABC0-535F-415D-AB4B-53528CC8E329&Options=Advanced&Search=) [↑](#footnote-ref-6)
7. [King County Equity and Social Justice Strategic Plan](https://kingcounty.gov/elected/executive/equity-social-justice/strategic-plan.aspx) [↑](#footnote-ref-7)
8. [King County - File #: 2016-0537](https://mkcclegisearch.kingcounty.gov/LegislationDetail.aspx?ID=2879280&GUID=50696810-4608-4751-9FC8-1EDDE1273861&Options=Advanced&Search=) [↑](#footnote-ref-8)
9. [King County - File #: 2017-0171](https://mkcclegisearch.kingcounty.gov/LegislationDetail.aspx?ID=3012009&GUID=37A7901A-8BC7-4B0B-AE99-E29B8103DDF5&Options=Advanced&Search=) [↑](#footnote-ref-9)
10. [RAHTF Five-Year Action Plan](https://kingcounty.gov/~/media/initiatives/affordablehousing/documents/report/RAH_Report_Final.ashx?la=en) [↑](#footnote-ref-10)
11. [King County - File #: 2019-0011](https://mkcclegisearch.kingcounty.gov/LegislationDetail.aspx?ID=3821030&GUID=F75728B6-5121-4552-949F-EC46E897BDDB&Options=Advanced&Search=) [↑](#footnote-ref-11)
12. [2019 Affordable Housing Committee Annual Report](https://kingcounty.gov/~/media/depts/community-human-services/housing-homelessness-community-development/documents/affordable-housing-committee/AHC_AnnualReport2019_10-16-2020.ashx?la=en) [↑](#footnote-ref-12)
13. [Executive, Seattle Mayor declare emergencies, announce new investments to respond to homelessness - King County](https://kingcounty.gov/elected/executive/constantine/news/release/2015/November/02-homeless-emergency.aspx#:~:text=Executive%20Constantine%20said%20homelessness%20is%20a%20human-made%20disaster,state%20of%20emergency%20in%20King%20County%20and%20Seattle.) [↑](#footnote-ref-13)
14. [King County - File #: 2019-0478](https://mkcclegisearch.kingcounty.gov/LegislationDetail.aspx?ID=4228198&GUID=7AD532D2-2763-4E9F-8FD1-2687FE1BF165&Options=Advanced&Search=) [↑](#footnote-ref-14)
15. Interlocal Agreement for the Establishment of the King County Regional Homelessness Authority Between King County and the City of Seattle Pursuant to RCW 39.34.030, Article IV, Section 2 [↑](#footnote-ref-15)
16. King County, City of Seattle, Sound Cities Association and individuals with Lived Experience [↑](#footnote-ref-16)
17. <https://kcrha.org/wp-content/uploads/2020/07/Count-Us-In-2020-Final_7.29.2020.pdf> [↑](#footnote-ref-17)
18. <https://kcrha.org/wp-content/uploads/2020/07/Count-Us-In-2020-Final_7.29.2020.pdf> [↑](#footnote-ref-18)
19. The HtH Reserve, funded in 2021, includes funding for a Debt Service Reserve equal to six months of debt service as well as a 60-day Rainy Day Reserve consistent with King County’s Comprehensive Financial Management Policies, <https://kingcounty.gov/~/media/exec/PSB/documents/CompFinMngmtPoliciesDoc.ashx?la=en> [↑](#footnote-ref-19)
20. Bellevue, Covington, Issaquah, Kent, Maple Valley, North Bend, Renton, Snoqualmie [↑](#footnote-ref-20)
21. 2022 through 2028 [↑](#footnote-ref-21)
22. The Plan notes that this bonding may occur in early 2022. [↑](#footnote-ref-22)
23. This reserve is separate from the $18.3M HtH Reserve and can be used for unexpected capital expenses such as the repair of a major system within a HtH building, unexpected maintenance costs, or small variations in actual rehab costs more than this plan’s estimates [↑](#footnote-ref-23)
24. Attachment A, P. 33 [↑](#footnote-ref-24)
25. K.C.C. 24.30.030.A.3 [↑](#footnote-ref-25)
26. Attachment A, P. 34 [↑](#footnote-ref-26)
27. Qualified providers are listed in Appendix E to the Implementation Plan. [↑](#footnote-ref-27)
28. Attachment A, P. 34 [↑](#footnote-ref-28)
29. Attachment A, P. 35 [↑](#footnote-ref-29)
30. Attachment A, P .87 [↑](#footnote-ref-30)
31. Attachment A, P. 35 [↑](#footnote-ref-31)
32. P. 50 [↑](#footnote-ref-32)
33. A change or series of changes within the same calendar year that change an HtH Strategy’s annual allocation by more than the greater of 5% or $150,000 p. 53 [↑](#footnote-ref-33)
34. K.C.C. 24.30.030.A.9.d [↑](#footnote-ref-34)
35. Attachment A, P. 37 [↑](#footnote-ref-35)
36. Attachment A, P. 50 [↑](#footnote-ref-36)
37. K.C.C. 24.30.030.A.9.e [↑](#footnote-ref-37)
38. This table appears in Figure 2 page 8 of the IP, and Figure 12 on page 49. [↑](#footnote-ref-38)
39. The HtH Reserve, funded in 2021, includes funding for a Debt Service Reserve equal to six months of debt service as well as a 60-day Rainy Day Reserve consistent with King County’s Comprehensive Financial Management Policies, <https://kingcounty.gov/~/media/exec/PSB/documents/CompFinMngmtPoliciesDoc.ashx?la=en> [↑](#footnote-ref-39)
40. P. 59 [↑](#footnote-ref-40)
41. P. 56 [↑](#footnote-ref-41)
42. P. 61 [↑](#footnote-ref-42)
43. The proposed Plan further refines the membership criteria to provide the following membership counts:

    • Persons who have experienced homelessness: at least 1/3rd of members;

    • Persons representative of racial and ethnic communities that are demographically disproportionately represented among persons experiencing chronic homelessness in King County: at least half of members;

    • Residents of cities with populations greater than 60,000 and of unincorporated areas: at least 2 members, and prioritizing residents of cities with populations greater than 60,000 that did not separately impose the city level sales tax authority under RCW 82.14.530; and

    • Representatives from other county, city and subregional boards, commissions, or committees: at least 2 members. [↑](#footnote-ref-43)
44. [Title 1 County Council and Elections - King County](https://kingcounty.gov/council/legislation/kc_code/04_Title_1.aspx) [↑](#footnote-ref-44)