Committee of the Whole Heidi Beazizo

| Council | Initiated: |
|---------|------------|
| □Yes | |
| ⊠No | |

| ECAF: 2025-3168 Motion: 25-461 | <u>Subject:</u> | 2025 Affordable Housing and Behavioral Health (AHBA) Capital Fund Plan Update. |
|--|------------------|---|
| <u>Type:</u> | Scope: | An update to the AHBA plan is reviewed and approved annually in conjunction with the budget. |
| □ Contract □ Board Appt. □ Code Amendment □ Budget Action | | The plan is broken into two sections. Section 1 (reviewed in this staff report) covers the Human Services portion of the plan and Section 2 focuses on Facilities and Fleet (see associated Staff Report by Deb Bell). |
| Other Requested Handling: | | A comparison of the 2024 Adopted Plan (Motion 24-417) and the proposed update is attached in Exhibit A. |
| Normal□ Expedite□ Urgent | | Substantive Changes from the prior year include: Revenue adjustment due to lower than anticipated sales tax receipts |
| Fund Source: ☐ General Fund | | Accounting for two \$1 million investments to two Public Housing Authorities previously approved in 2023 |
| ⊠Other □N/A | | Adjusted anticipated spending in Supportive Housing Services to better reflect actual costs based on current service contract negotiations |
| Executive Rec: ⊠Approve | | Removal of 2026 funding for Housing Operations and Maintenance (O&M) at non-County owned facilities due to units not coming online until 2027 |
| □ Do Not Approve □ N/A | | Redistribution of \$3 million approved in the 2025-2026 Adopted Budget for Secure Withdrawal Management (SWM) but not |
| Approved as to Form: ☐ Yes ☐ No ☑ N/A | | Introduction of \$1.06 million to fulfill a \$4 million funding ILA with Everett Gospel Mission to increase bed capacity (initial funding provided through CDMH). Movement assists in balancing CDMH due to similarly impacted sales tax receipts |
| △N/A | | Estimated number of housing units for the six-year period: 626 Affordable Units 121 NSC Units 215 Non-County Owned Supportive Units |
| | <u>Duration:</u> | The AHBA Plan is updated annually in conjunction with the budget. |
| | Fiscal Impa | act: □Current Year □Multi-Year ☑N/A |

<u>Authority Granted:</u> Motion 25-461 approves the 2025 Housing and Behavioral Health Capital Fund Investment Plan and is substantively similar to Motion 24-417 with the following administrative corrections:

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- Removes the September 15th due date for the annual plan update and aligns delivery with the Executive's Proposed Budget
- Adds a reference to a funding set aside for the two Public Housing Authorities and allows the two associated ILAs to bypass the Technical Advisory Committee/Policy Advisory Board consistent with Council's approval in <u>Motion</u> 23-492.

Background: A one-tenth of one percent sales tax comprises most of the plan funding (known as HB 1590 dollars) and is deposited into the Affordable Housing and Behavioral Health Program Fund. The plan is also funded through the Affordable and Supportive Housing Tax Credit Fund (known as HB 1406 funding), which credits state collected sales taxes back to the County.

On October 14, 2019, the Snohomish County Council passed <u>Ordinance 19-062</u>, adding a new Chapter 122 to the Title 4 SCC, allowing a credit to be deducted from the amount of tax otherwise required to be collected or paid to the Department of Revenue to be utilized for the acquisition, rehabilitation, construction, operations, and maintenance of affordable or supportive housing. These funds are credited to the County pursuant to RCW 82.14.540 (passed as HB 1406 in 2019).

On December 15, 2021, Council established a one-tenth of one percent sales and use Tax in <u>Ordinance 21-098</u> (in accordance with <u>RCW 82.14.530</u> and passed in HB 1590) to provide for affordable housing and behavioral health facilities creation, operations, maintenance, and associated services. <u>SCC 4.126.060</u> requires ongoing quarterly reporting to Council on programs supported by the fund.

Prior Year's Plans:

2024 – <u>Motion 24-417</u> 2023 – <u>Motion 23-492</u> (first year)

Other Related Actions:

Motion 24-231 approved the Bridge Housing Operations and Maintenance Plan authorizing the hiring of six FTE's in Facilities and Fleet to manage/maintain the NSC's.

Requested Action: Consider taking action

EXHIBIT A TO 2025-3168

Affordable Housing and Bevahioral Capital Fund Plan Comparison

| ADOPTED 2025-2026 Beinnial Fund Plan Approved by Motion 24-417 | | | | | | | | | | | | | |
|--|----|------------|----|------------|----|----------------|--|----|-----------|--|--|--|--|
| Revenue | | 2025 | | 2026 | | Biennial Total | | | 2025-2 | | | | |
| 1590 Sales Tax | \$ | 24,587,911 | \$ | 25,817,306 | \$ | 50,405,217 | | \$ | 167,244, | | | | |
| 1406 Sales Tax | \$ | 1,820,704 | \$ | 1,911,739 | \$ | 3,732,443 | | \$ | 12,067, | | | | |
| Interest | \$ | 357,948 | \$ | 311,449 | \$ | 669,397 | | \$ | 1,584,9 | | | | |
| REVENUE TOTAL | \$ | 26,766,563 | \$ | 28,040,494 | \$ | 54,807,057 | | \$ | 180,897,6 | | | | |

| Expenditure Cost Category | 2025 | 2026 | Biennial Total |
|---|------------------|------------------|------------------|
| Affordable Housing Construction/Acquisition | \$ 10,000,000 | \$ 10,000,000 | \$ 20,000,000 |
| Permanent Supportive Housing Construction/Acquisition | \$ 10,000,000 | \$ 3,000,000 | \$ 13,000,000 |
| BH Facility Construction/Acquisition | \$ 3,000,000 | \$ 3,000,000 | \$ 6,000,000 |
| Supportive Housing Services | \$ 3,810,000 | \$ 4,770,150 | \$ 8,580,150 |
| Housing Preservation and O&M | \$ 3,420,000 | \$ 6,133,050 | \$ 9,553,050 |
| New Start Center O&M | \$ 2,539,540 | \$ 2,717,308 | \$ 5,256,848 |
| Operations, Evaluation and Administration | \$ 1,570,492 | \$ 1,436,019 | \$ 3,006,511 |
| EXPENDITURE TOTAL | \$ 34,340,032 | \$ 31,056,527 | \$ 65,396,559 |

| 2025-2030 |
|-------------------|
| \$ 60,000,000 |
| \$ 25,000,000 |
| \$ 18,000,000 |
| \$ 38,472,391 |
| \$ 64,798,082 |
| \$ 17,038,376 |
| \$ 9,232,710 |
| \$ 232,541,559 |
| |

| PROPOSED 2025-2026 Mid-Biennium Plan Update | | | | | | | | | | | | | |
|---|----|---------------|----|---------------|----|----------------|----|----------------|--|----|----------------|----|-------------------|
| Revenue | | 2025 | | 2026 | | Biennial Total | | Variance | | | 2025-2030 | • | Six-Year Variance |
| 1590 Sales Tax | \$ | 23,167,903.00 | \$ | 23,977,289.00 | \$ | 47,145,192.00 | \$ | (3,260,025.00) | | \$ | 153,036,633.00 | \$ | (14,208,192.00) |
| 1406 Sales Tax | \$ | 1,383,573.00 | \$ | 1,438,916.00 | \$ | 2,822,489.00 | \$ | (909,954.00) | | \$ | 8,990,352.00 | \$ | (3,077,512.00) |
| Interest | \$ | 536,648.00 | \$ | 384,233.00 | \$ | 920,881.00 | \$ | 251,484.00 | | \$ | 2,028,110.00 | \$ | 443,149.00 |
| REVENUE TOTAL | \$ | 25,088,124.00 | \$ | 25,800,438.00 | \$ | 50,888,562.00 | \$ | (3,918,495.00) | | \$ | 164,055,095.00 | \$ | (16,842,555.00) |

| Expenditure Cost Category | 2025 | 2026 | Biennial Total | Variance |
|---|------------------|------------------|------------------|-------------------|
| Affordable Housing Construction/Acquisition | \$ 18,391,487 | \$ 12,000,000 | \$ 30,391,487 | \$ 10,391,487 |
| Permanent Supportive Housing Construction/Acquisition | \$ 14,192,234 | \$ 3,000,000 | \$ 17,192,234 | \$ 4,192,234 |
| BH Facility Construction/Acquisition | \$ 6,000,000 | \$ 3,000,000 | \$ 9,000,000 | \$ 3,000,000 |
| Supportive Housing Services | \$ - | \$ 6,000,000 | \$ 6,000,000 | \$ (2,580,150) |
| Housing Preservation and O&M | \$ 4,608,513 | \$ - | \$ 4,608,513 | \$ (4,944,537) |
| New Start Center O&M | \$ 2,539,540 | \$ 2,717,308 | \$ 5,256,848 | \$ - |
| Operations, Evaluation and Administration | \$ 1,570,492 | \$ 1,436,019 | \$ 3,006,511 | \$ - |
| EXPENDITURE TOTAL | \$ 47,302,266 | \$ 28,153,327 | \$ 75,455,593 | \$ 10,059,034 |

| 2025-2030 | Change |
|-------------------|--------------------|
| \$ 70,391,487 | \$ 10,391,487 |
| \$ 29,192,234 | \$ 4,192,234 |
| \$ 21,000,000 | \$ 3,000,000 |
| \$ 37,598,461 | \$ (873,930) |
| \$ 27,299,370 | \$ (37,498,712) |
| \$ 17,038,376 | \$ - |
| \$ 9,232,710 | \$ - |
| \$ 211,752,638 | \$ (20,788,921) |

| Fund Balance | | | | | | | | | | | | | | |
|--------------------|----|------------|------|------------|----|------------|----|------------|---------------|----|------------|--|--|--|
| | | 2025 | | 2026 | | 2027 | | 2028 | 2029 | | 2030 | | | |
| ADOPTED 2025-2026 | \$ | 41,526,541 | \$ 3 | 39,752,769 | \$ | 35,474,414 | \$ | 28,404,863 | \$ 18,443,237 | \$ | 5,384,164 | | | |
| PROPOSED 2025-2026 | \$ | 51,231,081 | \$ 5 | 50,004,325 | \$ | 50,172,417 | \$ | 47,453,904 | \$ 41,686,262 | \$ | 32,325,696 | | | |