



Committee of the Whole

Cynthia Foley

Council Initiated:

Yes

No

ECAF: 2024-2563

Motion: 24-425

Type:

- Contract
- Board Appt.
- Code Amendment
- Budget Action
- Other

Requested Handling:

- Normal
- Expedite
- Urgent

Fund Source:

- General Fund
- Other
- N/A

Executive Rec:

- Approve
- Do Not Approve
- N/A

Approved as to

Form:

- Yes
- No
- N/A

Subject: Housing and Behavioral Health Capital Fund Plan:
2024 Housing Awards

Scope: The 2023 Housing and Behavioral Health Capital Fund Plan (approved in Motion 23-492 by Council) included \$15,000,000 for affordable housing projects. The motion approving the plan stipulates that projects will be reviewed by the Technical Advisory Committee (TAC) and Policy Advisory Board (PAB) process and final approval for the issuance of capital contracts shall be made by Council.

Of the \$15,000,000 allocated for affordable housing, \$13,000,000 was made available for projects through a notice of funding opportunity. The remaining \$2,000,000 are planned to be spent on projects proposed by housing authorities.

The 2024 affordable housing awards recommended by the TAC and PAB are:

- **Integra Property Group - \$3,250,000**
Integra Property Group will acquire the Stillaguamish II Apartments located at 18324 Smokey Point BLVD., in Arlington, WA, to preserve its use as housing for seniors and/or low-income persons with disabilities. This property is an expiring rural development project at risk of becoming market rate and unaffordable for the current residents. The building is a three-story building constructed in 1989 with 42 apartments.
- **Housing Authority of Snohomish County (HASCO) - \$2,180,000**
The Housing Authority of Snohomish County (HASCO) owns two parcels on 200th St. in Lynnwood. HASCO will demolish two existing residential buildings with 57 units and redevelop the sites to create 100 newly constructed units of affordable housing, community gathering spaces, ample onsite parking, and open spaces for residents. The project will serve 50% AMI levels of affordability. These units will increase affordable housing available to individuals who exceed 30% AMI. These individuals are excluded from receiving emergency support and their housing is becoming ever more precarious.
- **Catholic Housing Services (CHS) of Western Washington - \$1,358,513**
CHS proposes site and building improvements at the historic Monte Cristo Apartments (built in 1925) in downtown Everett. The subject site is located at 1507 Wall ST, Everett, WA., and has 69 low income apartments. The property was brought up to code in the 1990s to meet ADA and 504 accessibility requirements. These were the last major systems updates. The project will involve the rehabilitation of structural support, roofing, plumbing, electrical, heating, ventilation, and the air condition systems.
- **Housing Hope - \$6,211,487**
The project is new construction of a multifamily housing development on 0.64-acre parcels located at Everett United Church of Christ at 2624 Rockefeller Ave, in Everett, WA. The site will be owned by Housing Hope. The project is a senior-focused development. It will be a 7-story multifamily residential building with 66 units. The project contemplates securing State Housing Trust Fund funding

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from the Fall 2024 NOFA round, and 2024 9% Tax Credits from the Washington Housing Finance Commission's December 2024 tax credit NOFA round. Financing closing is projected for November 2025 and construction is anticipated to start that month.

The fiscal impact table in the ECAF was corrected to include funds from the Affordable Housing and Behavioral Health Sales Tax (known as HB 1590 funding) and Affordable and Supportive Sales Tax Credit (known as HB 1406 funding). Both funds are included in the 2023 Housing and Behavioral Health Capital Fund plan. Allowed uses for each funding type is shown in the **Exhibits** section.

Duration: N/A

Fiscal Impact: Current Year Multi-Year N/A

Expenditures	Current Year	2025	2026	2027	2028	Total
Aff Housing and Behavioral Health Sales Tax (HB 1590)	\$240,000	\$7,760,000				\$8,000,000
Affordable and Supportive Housing (HB 1406)	\$150,000	\$4,850,000				\$5,000,000
Total's	\$390,000	\$12,610,000	0	0	0	\$13,000,000

Revenue	Current Year	2025	2026	2027	2028	Total
Aff Housing and Behavioral Health Sales Tax (HB 1590)	\$240,000	\$7,760,000				\$8,000,000
Affordable and Supportive Housing (HB 1406)	\$150,000	\$4,850,000				\$5,000,000
Total's	\$390,000	\$12,610,000	0	0	0	\$13,000,000

Authority Granted: Motion 24-425 approves \$13,000,000 in AHBH-Capital funding allocated to four affordable housing projects with approval for the Human Services Department to issue contracts.

Background: Two revenue sources (known as HB 1590 and HB 1406 funds) comprise the Housing and Behavioral Health Capital Fund:

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- On October 14, 2019, the Snohomish County Council passed Ordinance 19-062¹, 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 82.14.540² (passed as HB 1406 in 2019).
- On December 15, 2021, Council established a one-tenth of one percent sales and use Tax in Ordinance 21-098³ (in accordance with RCW 82.14.530⁴ and passed in HB 1590) to provide for affordable housing and behavioral health facilities creation, operations, maintenance, and associated services. SCC 4.126.060 requires ongoing quarterly reporting to Council on programs supported by the fund.

On December 13, 2023, Council approved the 2023 Housing and Behavioral Health Capital Fund Investment Plan via Motion 23-492⁵. The Motion established quarterly and annual reporting on implementation of the plan and annual approval of an investment plan by motion. The 2024 [Quarter 1](#) and [Quarter 2](#) reports are filed in Legistar.

On July 2, 2024, Council approved the Bridge Housing Operations and Maintenance Plan in Motion 24-231⁶.

Requested Action: Consider taking action on Motion 24-425.

¹ [Public Hearings - Oct 14th, 2019 \(granicus.com\)](#)

² [RCW 82.14.540: Affordable and supportive housing—Sales and use tax. \(wa.gov\)](#)

³ [SNOHOMISH COUNTY COUNCIL \(legistar.com\)](#)

⁴ [ch. 4.126 Sales and Use Tax for Affordable Housing and Behavioral Health | Snohomish County Code](#)

⁵ [2023-1347 - Amended Motion 23-492 \(legistar.com\)](#)

⁶ [Snohomish County Council - File #: 2024-1085 \(legistar.com\)](#)

Exhibits

HB 1406 Allowable Uses – [RCW 82.14.540](#)

Summary

HB 1406 funding may be used for acquiring, building, and rehabilitating affordable housing or facilities that provide supportive housing services. It may be used for operating and maintaining new units of affordable or supportive housing. This fund may also be used to provide rental assistance¹. Ten percent of the funds may be used for administrative costs.

Housing and services may only be provided to people whose income is at or below 60 percent of the area median income, unless funds are intended to support owner-occupancy housing, in which case housing and services may be provided to people earning 80 percent of the area median income².

Note: HB 1406 dollars are in Fund 124 under Affordable and Supportive Housing.

HB 1590 Allowable Uses - [RCW 82.14.530](#)

Summary

A minimum of 60 percent of HB 1590 funding must be used for:

- Constructing or acquiring affordable, emergency, transitional, and supportive housing or behavioral health facilities (or acquiring land for these purposes).
- The operations and maintenance of new units of housing and housing-related services and newly constructed evaluation and treatment centers.
- Housing and housing-related services provided to people earning less than 60 percent of AMI who also have behavioral health or other disabilities, are persons experiencing or at-risk of homelessness, are unaccompanied youth or young adults, are survivors of domestic violence, are veterans, and/or are seniors.

The remainder of the moneys collected under this section must be used for the operation, delivery, or evaluation of behavioral health treatment programs and services or housing-related services.

Note: HB 1590 dollars are in Fund 124 under Affordable Housing and Behavioral Health Sales Tax.

¹ This use because allowable for Counties with a population greater than 400,000 with the passage of SB 5604 in 2023.

² The income limit was increased for programs designed to support affordable homeownership with the passage of SB 6173 in 2024.