



Snohomish County Council

Committee: LJHS
ECAF: 21-1012
Proposal: Ord. 21-098

Analyst: Heidi Beazizo
Date: Nov. 29, 2021

Consideration

The Executive's Office requests Council consider approving proposed Ordinance 21- 098 which would approve and authorize the creation of a new chapter in Title 4 of Snohomish County Code authorizing the collection of a 0.1% sales and use tax for housing, behavioral health facilities, and related services.

Background

HB 1590 & ESHB 1070

On March 31, 2020 the Washington Legislature passed [HB 1590](#) (see RCW 82.14.530) authorizing counties and/or cities to approve the collection of a 0.1% sales and use tax for housing, behavioral health facilities, and related services. Governor Inslee further clarified the allowable uses of the funds through [ESHB 1070](#), signed on April 14, 2021. The tax could be authorized through a ballot measure approved by the majority of persons voting (at a special or general election) or by councilmanic authority.

If not imposed by council authority on or before September 30, 2020, any city legislative authority could impose the tax by those same methods (ballot measure or city authority). In doing so, a city reserves the 0.1% sales and use tax attributable to their city as a "credit" should the county authorize the tax a later date. (The City of Snohomish (City) adopted the 0.1% sales and use tax for the city on November 15, 2021 via Ordinance 2427¹.)

The law requires that at least 60% of the moneys collected should be used on:

- Construction or acquisition of affordable housing (includes emergency, transitional, and supportive housing and new units of affordable housing within an existing structure, and facilities providing housing-related services or acquiring land for these purposes);
 - Individuals receiving housing under this sub-section must have an income that is at or below 60% of the median income in Snohomish County and be a member of one of the following population 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; or
 - Domestic violence survivors.

¹ [_11162021-1111 \(snohomishwa.gov\)](#)

- Construction or acquisition of behavioral health related facilities or land for that purpose; and
- Funding the operations and maintenance costs of new affordable housing, facilities where housing-related programs are provided or newly constructed evaluation and treatment centers.

Up to **40%** of the moneys collected may be used for the operation, delivery or evaluation of behavioral health treatment programs and services or housing-related services. Of the total moneys collected, no more than 10% may be used to supplant existing local funds.

Prior to the county constructing or acquiring facilities within city limits, the county must consult with the city and must provide the city in or near a facility the opportunity to utilize at least 15% of the units.

Snohomish County Housing Affordability Regional Taskforce (HART)

HART was created by County Executive Dave Somers and began work in 2019, bringing together elected leaders from cities across Snohomish County and the County Council (membership [here](#)). The purpose of HART was to “collaboratively develop a five-year plan that identifies priorities for County and City governments to accelerate our collective ability to meet the affordable housing needs of all County residents, and set a foundation for continued success through 2050.”²

In January 2020, HART published the [HART Report and Five-Year Action Plan \(Plan\)](#). The Plan describes the process by which the report was developed and includes: Getting grounded in the data; narrowing and framing while engaging partners; and confirming the action plan (this process is described in detail beginning on page 11). The final Plan includes eight (8) “early action” items with 37 other action items to support five (5) framework goals (the goals and their sub-goals begin on page 25):

1. Promote greater housing growth and diversity of housing types at all levels of affordability and improve jobs/housing connection;
2. Identify and preserve existing housing at risk of rapid rent escalation or redevelopment balancing this with the need for more density;
3. Increase housing density on transit corridors and/or in job centers, while also working to create additional housing across the entire county;
4. Implement outreach and education programs for use countywide and by individual jurisdictions to raise awareness of housing affordability challenges and support for action; and
5. Track progress and support ongoing regional collaborations.

Business Plan to Fund Affordable Housing, Behavioral Health Facilities, and Related Services

In response to the goals and challenges identified in the HART plan, as well as the North Sound Behavioral Health-Administrative Services Organization, the Snohomish County Department of Human Services developed a Business Plan for funding. The plan was developed to recommend use of funds collected by HB 1590, if authorized by Snohomish County. The high-level summary recommends the creation of 100 units of emergency

² [Housing Affordability Regional Taskforce \(HART\) Purpose | Snohomish County, WA - Official Website \(snohomishcountywa.gov\)](#)

bridge and permanent supportive housing and 300 units of affordable housing in the first five years.

The funding would be allocated in this way (detailed through recommendations beginning on page 20 of the Business Plan):

- Use of **82%** on acquisition, rehabilitation, construction, operation and maintenance of newly acquired and created affordable, emergency bridge and permanent supportive housing. Initial five-year investment of **\$79,464,349**.
 - \$48,375,811 of this would be allocated to affordable housing
 - \$38,452,811 in the creation of affordable housing and
 - \$9,923,000 in operations and maintenance of additional affordable housing
 - \$31,088,538, allocated to emergency bridge and permanent supportive housing.
 - \$21,122,500 would be invested in the creation of housing (motels/hotels in years 1 and 2) and
 - \$9,966,038 in operations and maintenance of emergency and permanent supporting housing.
- Use of **18%** on delivery of services and the creation of a local reserve fund for the construction of behavioral health facilities. Initial five-year investment of **\$17,950,361**. \$13,929,270 of this would be allocated to the delivery and evaluation of services with the remainder, \$4,021,091, being placed into the local reserve fund.
 - \$13,140,820 would be invested in the delivery of needed services to residents in emergency bridge and permanent supportive housing and
 - \$788,449 would be invested in the evaluation of those services.
 - The reserve amount of \$4,021,091 is proposed to be matched with an equal amount of CDMH funds for the acquisition, rehabilitation and construction of behavioral health facilities in Snohomish County.
- **\$23,042,383** would be remain unassigned to be used as needed to ensure construction activities and the creation of units can continue while assuring that operations and maintenance costs can be absorbed over time.

Current Proposal

Scope: Ordinance 21-098 creates a new chapter in Title 4 of Snohomish County Code. This new section authorizes:

1. The imposition of the sales and use tax of 0.1% pursuant to RCW 82.14.530 and authorizes the county executive to execute any contracts with the state Department of Revenue that may be necessary to collect or administer the tax;
2. Creates the Affordable housing and behavioral health program fund, managed by the director of human services) to manage the funds collected;
3. Requires quarterly and annual reports to the county executive and council on programs supported with the funds; and
4. Provides for a credit to any cities who imposed the sales tax prior previously.

The Ordinance also directs county offices and agencies to take all necessary steps to implement the ordinance.

Duration: Effective date is based on [County Charter Section 2.110](#) and will continue until otherwise amended or repealed.

Fiscal Implications: Using Attachment A to the Business Plan as an estimate, five-year projected receipts would equal: \$116,560,505 (Attachment A is located on page 34 of the Business Plan).

2021 Budget: NO

Future Budget Impacts: If authorized prior to January 1, 2022, 2022 budget year projection, per Attachment A is \$16,525,554 (collections would begin April 1, 2022).

Handling: Normal – December 1, 2021

Approved-as-to-form: Yes

Risk Management: n/a

Executive Recommendation: Approve

Attachments: 1590 5-Year Business Plan 11.15.21.pdf

Amendments: None

Request: Set a time and date for a public hearing of December 15, 2021 at GLS on December 1, 2021. Hold a Public Hearing on December 15, 2021 for Council to consider taking action.



Snohomish County

Human Services

Published November 2021

HB 1590

Business Plan to Fund Affordable Housing, Behavioral Health Facilities, and Related Services

The mission of Human Services is to help all persons meet their basic needs and develop their potential by providing timely, effective human services and building community.



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Executive Summary

In the 2019-2020 Legislative Session, the Washington State Legislature passed HB 1590 which allows for a county to councilmatically impose a local sales and use tax of up to 1/10 of 1 percent for affordable housing and behavioral health facilities creation, operations and maintenance, and associated services. At least 60 percent must be used for construction and operations and maintenance of facilities and no more than 40 percent may be spent on associated services to individuals in those facilities.

This Business Plan has been developed to address the challenges identified by local elected officials as well as achieve the goals and strategies identified by the Snohomish County Housing Affordability Regional Taskforce (HART) and the North Sound Behavioral Health-Administrative Services Organization (NSBH-ASO). The Plan has been designed to be data-informed, fiscally responsible, equitable, transparent and accountable, and sustainable in its response to the pressing issues of housing affordability, behavioral health, and the intersection between the two.

The lack of affordable housing and services is well documented by HART in its report and recommendations which may be found at <https://www.snohomishcountywa.gov/5422/HART> including high housing demand coupled with low stock, the gap between local housing costs and wages, the high number of housing-cost burdened households, and the disproportionality between housing costs and wages by race and ethnicity.

The lack of behavioral health facilities and services is also well documented and includes a shortage of behavioral health facilities and professionals and the profound impact of the COVID-19 pandemic on behavioral health reflected in a rise in social isolation, substance abuse, self-harm, suicide rates, and domestic violence and neglect.

The single most pervasive and visible indicator of the intersection between the lack of affordable housing and lack of behavioral health facilities and services is homelessness among Snohomish County residents. Homelessness is on the rise as illustrated by a 36.6 percent increase from 2015 to 2020 in the Snohomish County Point in Time (PIT) Count. Of the 673 individuals identified as unsheltered in the 2020 PIT Count, 46.4 percent reported a serious mental illness and 40.7 percent reported a substance use disorder.

In response, this Business Plan has been developed for use of HB 1590 funds to include:

- Use of 82 percent of the funds expended on acquisition, rehabilitation, construction, and operations and maintenance of newly acquired and created affordable, emergency bridge, and permanent supportive housing for a total investment of \$79,464,349 over the first five years. Of this, \$48,375,811 would be allocated to affordable housing and \$31,088,538 would be allocated to emergency bridge and permanent supportive housing.
- Use of 18 percent of the funds expended for the delivery of services and the creation of a local reserve fund for the construction of behavioral health facilities for a total investment of \$17,950,361 over five years with \$13,929,270 being spent on the delivery and evaluation of services and \$4,021,091 being placed into the local reserve fund.

Executive Summary

- Creation of an unassigned fund balance of \$23,042,383 over the five-year period to be assigned as needed to ensure that construction activities and the creation of units can continue while assuring that operations and maintenance costs can be absorbed over time.

These investments will create 100 units of emergency bridge and permanent supportive housing and 300 units of affordable housing over the first five years, making a significant impact on our collective ability to address these critical needs in Snohomish County for years to come.

Introduction

In the 2019-2020 Legislative Session, the Washington State Legislature passed HB 1590 which allows for the councilmatic imposition of a local sales and use tax of up to 1/10 of 1 percent for affordable housing and behavioral health facilities creation, operations and maintenance, and associated services. The Bill allows for a city to impose this tax or the balance of this tax in those instances where the county in which the city is located does not impose the full 1/10 of 1 percent allowed or a portion thereof by September 30, 2020.

The Bill requires that a minimum of 60 percent of revenues collected must be used for the following:

1. Constructing or acquiring affordable housing, which may include new units of affordable housing within an existing structure, and facilities providing housing-related services, or acquiring land for these purposes
2. Constructing or acquiring behavioral health-related facilities, or acquiring land for these facilities
3. Funding the operations and maintenance costs of new units of affordable housing and facilities where housing-related services are provided and newly constructed behavioral health facilities

Affordable housing and facilities providing housing related services may only serve individuals in the following cohorts with incomes below 60 percent of area median income:

<i>Persons with behavioral health challenges</i>	<i>Homeless, or at-risk of being homeless persons, including families with children</i>
<i>Veterans</i>	<i>Unaccompanied homeless youth or young adults</i>
<i>Senior residents</i>	<i>Domestic violence survivors</i>
<i>Individuals with disabilities</i>	

In Snohomish County, the area median income ("AMI") is \$115,700, therefore the above populations must have an income at or below 60% of AMI, or \$48,600 for a household of one. The following table illustrates the area median income benchmarks by family size:

	60% Area Median Income							
	Number of Persons in Family							
SnoCo Median Family Income	1	2	3	4	5	6	7	8
\$115,700	\$48,600	\$55,550	\$62,500	\$69,400	\$74,950	\$80,550	\$86,100	\$91,650

The remaining revenues collected from the local sales and use tax under HB 1590, up to 40 percent, must be used for the delivery and evaluation of housing-related and/or behavioral health services.

HB 1070 was enacted following the 2021-2022 Legislative Session and clarified the allowable uses of local tax revenues enacted under HB 1590 to include the acquisition and construction of affordable housing and facilities, as well as the acquisition of land for these purposes. A county planning to construct a facility within a city within its boundaries must consult with the city in which the facility is to be located. Further, a requirement was added that the county must designate at least 15 percent of the units in an acquired facility within a city for serving individuals living in or near that city to the extent it does not jeopardize United States Department of Housing and Urban Development Continuum of Care funding.

Further, HB 1070 clarified the definition of affordable housing to include emergency, transitional, and supportive housing.

An analysis of needs and recommendations related to these possible uses of HB 1590 funds as well as a Business Plan for use of the first five years of revenues are provided on the following pages.

Purpose

In addition to being developed to address the challenges identified by local elected officials, this Business Plan has been developed to advance the goals and strategies of two distinct bodies that are charged with addressing the twin needs of affordable housing and behavioral health in Snohomish County.

The Snohomish County Housing Affordability Regional Taskforce

The Snohomish County Housing Affordability Regional Taskforce (HART) is a body created by Snohomish County Executive Dave Somers to bring together elected leaders from cities across Snohomish County with the County Executive Office and the County Council to collaboratively develop a five-year action plan that identifies priorities for county and city governments to accelerate their collective ability to meet the housing affordability needs of all Snohomish County residents and set a foundation for continued success. The body created a five-year housing affordability action plan with eight early action items as well as thirty-seven other action items to support five framework goals:

1. Promote greater housing growth and diversity of housing types at all levels of affordability and improve jobs/housing connection
2. Identify and preserve existing housing at risk of rapid rent escalation or redevelopment balancing this with the need for more density
3. Increase housing density on transit corridors and/or in job centers, while also working to create additional housing across the entire county
4. Implement outreach and education programs for use countywide and by individual jurisdictions to raise awareness of housing affordability challenges and support for action
5. Track progress and support ongoing regional collaborations



The North Sound Behavioral Health Administrative Services Organization

While Snohomish County conducts its affordable housing development planning as a single geographic area, behavioral health planning is conducted through the North Sound Behavioral Health Administrative Services Organization (NSBH-ASO) which is a regional governance body charged with planning and investing in behavioral health services across Skagit, Whatcom, San Juan, and Island Counties in addition to Snohomish County. The NSBH-ASO envisions a regional system of care that is shaped by the voices of participating communities and people using behavioral health services. It's mission is to empower individuals and families to improve their health and well-being. To that end, it's strategic goals are to:

1. Fully operationalize the HCA-NSBH-ASO contract
2. Support continuous improvement of the Crisis Services System
3. Effectively manage other non-Medicaid funded programs
4. Support regional planning for behavioral health services
5. Support advocacy for funding and strategies to meet the behavioral health needs of all at-risk North Sound persons



Strategic Commitments

In addition to a commitment to alignment of investment strategies in a manner that advances the vision, mission, and goals of local elected officials, the HART, and NSBH-ASO, this Business Plan has been developed with strategic commitments to be:

- **Data-informed** in iterative use of quantitative and qualitative data, including feedback from people with lived experience, to drive investments
- **Fiscally Responsible** in use of funds in conformance with HB 1590 requirements while maximizing the leverage of other resources and existing plans
- **Equitable** in investment in strategies that address disproportionality by race, ethnicity, and among individuals living with mental illness, families with children experiencing homelessness, veterans, unaccompanied homeless youth, seniors, survivors of domestic violence, and persons with disabilities
- **Transparent and Accountable** in reporting on investments and outcomes in a clear and accountable manner to elected officials, community partners, and the individuals most impacted by these investments in Snohomish County
- **Sustainable** in achieving lasting impact and enhancing future resilience of individuals, families, neighborhoods, jurisdictions, and our county as a whole

How these commitments will be applied to address the affordable housing and behavioral health needs of Snohomish County and its jurisdictions through strategic investment of HB 1590 revenues is explored in the following sections.



The Data

The following analysis provides a closer look at how Snohomish County is impacted by the issues of a lack of affordable housing and behavioral health services as well as the intersection between the two.

Lack of Affordable Housing and Services

There are several factors driving the lack of affordable housing in Snohomish County. These issues are well documented in the Housing Affordability Regional Taskforce in its report and recommendations which may be found at <https://www.snohomishcountywa.gov/5422/HART>. A high-level summary is provided below.

High Housing Demand, Low Stock

Snohomish County currently has an estimated rental vacancy rate of 1.9 percent. The housing supply in Snohomish County is not keeping up with population growth. The Office of Financial Management estimates that the County population will grow 26 percent by 2040.

For no household to spend more than 30 percent of their income toward housing, Snohomish County would need 127,215 additional affordable housing units by 2040 to accommodate pent up demand and this projected growth. New housing would need to be built at more than twice the current rate, across all income levels, to meet the current shortfall and projected demand.

As shown in the following section, lower-income households, those making 60 percent or less of Area Median Income, are particularly challenged by the lack of housing which typically is being built by the private sector without government incentives or subsidy.

Gap Between Housing Costs and Wages

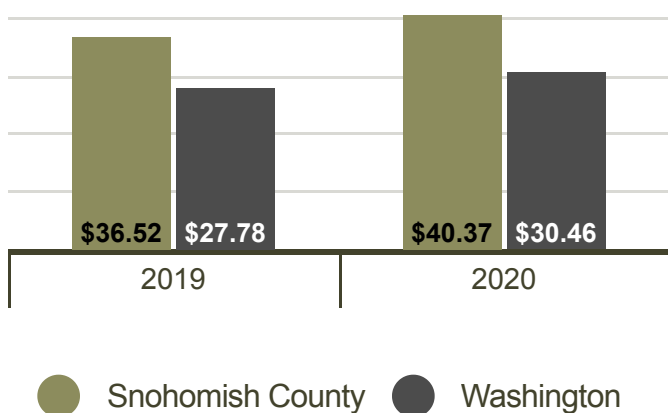
During 2020 in Snohomish County, the Fair Market Rent (FMR) for a two-bedroom apartment was \$2,099. To afford this level of rent and utilities, without paying more than 30 percent of income on housing, a household must earn \$6,997 monthly or \$83,960 annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into an hourly housing wage of \$40.37. To afford a two-bedroom apartment at minimum wage, a household would have to work three full-time jobs. Additionally, there has been a 50-67 percent decline in low rent housing in our region from 2011 to 2017 and new construction has not made up for these declines.

This gap between housing costs and wages exists for all housing sizes as shown in the following chart.

Snohomish County	2020 Fair Market Rent	Income Needed	Hourly Income Needed
Efficiency	\$1,627	\$65,080	\$31.29
1-Bedroom	\$1,741	\$69,640	\$33.48
2-Bedroom	\$2,099	\$83,960	\$40.37
3-Bedroom	\$2,993	\$119,720	\$57.56
4-Bedroom	\$3,524	\$140,960	\$67.77

As shown below, this challenge is not abating but continuing to grow as rent costs continue to outpace income and wages in Snohomish County. From 2010 to 2019, the HUD-determined fair market rent for a 2-bedroom unit increased 79.8 percent while the median income only increased by 30.7 percent.

Hourly Housing Wage



Snohomish and King Counties are both tied for the highest housing wage in all 39 Washington Counties.

Overall, Washington State ranks 7th in the Nation for the highest housing wage.

Housing Cost-Burdened Households

Based on the above, there are thousands of households in Snohomish County who are considered to be housing cost-burdened. The Department of Housing and Urban Development (HUD) defines a household as being housing cost-burdened if it spends more than 30 percent of its income on housing, including utilities. Using this definition, 32.1 percent of Snohomish County households are housing cost-burdened with a substantially larger percentage of renters being cost-burdened than home owners as shown below.

28.6%

Cost-burdened by mortgage payments

67.1% of Snohomish County residents are homeowners

49.3%

Cost-burdened by rent payments

32.9% of Snohomish County residents are renters

Disproportionality in Housing Costs and Wages

While affordability challenges exist for all households of all races and ethnicities in Snohomish County, the challenges are greater for some residents than others given that the median income earned by Snohomish County residents varies by race and ethnicity as shown below.

Snohomish County Earners by Race/Ethnicity

Snohomish County Median Income

Asian	\$113,116
White (Non-Hispanic or Latinx)	\$104,367
American Indian/Alaskan Native	\$86,964
Multiracial	\$85,191
Native Hawaiian/Pacific Islander	\$80,226
Black or African American	\$78,140
Hispanic or Latinx	\$70,343

These income disparities across race and ethnicity make it harder for Snohomish County residents of color to afford housing. For example, the median family income for Hispanics/Latinx, Black or African Americans, and Native Hawaiian/Pacific Islanders cannot support a 2-bedroom rental in Snohomish County without the household being housing cost-burdened.

Many Types of Households Struggle with Housing Costs

Fair Market Rent for a two-bedroom apartment in Snohomish County was \$2,099 for 2020.

0-30% AMI

Annual Household Salary:
\$0 - \$33,200

*Government support needed
in all markets*

Avg. Social Security Income	Full-Time 2020 Minimum Wage Worker
\$18,036	\$28,080



Affordable Monthly Housing Costs
\$0 - \$830

31-50% AMI

Annual Household Salary:
\$33,201 - \$55,350

*Government support needed
in many markets*

Receptionist	Auto Mechanic
\$35,969	\$52,240



Affordable Monthly Housing Costs
\$831 - \$1,384

51-80% AMI

Annual Household Salary:
\$55,351 - \$88,250

*Government incentives needed
in some markets*

Two Full-Time Minimum Wage Workers	Firefighter
\$50,594	\$86,229



Affordable Monthly Housing Costs
\$1,385 - \$2,206

*"Stable housing ties into and improves quality of life across the board."
-Danielle, CCS*

*"For me, it was that stability of a home that started everything."
-Shante, HASCO*

81-125% AMI

Annual Household Salary:
\$88,251 - \$135,750

Permissive zoning or zoning flexibility needed in some markets

Post-Secondary Teacher	Nurse Practitioner
\$90,575	\$116,492



Affordable Monthly Housing Costs
\$2,207 - \$3,394

Above 125% AMI

Annual Household Salary:
More than \$135,750

Market Rent & Home Ownership

Lawyer	Dentist
\$150,244	\$171,339



Affordable Monthly Housing Costs
\$3,395 +

Lack of Behavioral Health Facilities and Services

Serious mental illness can impact an individual's ability to tend to essential self-care, form and maintain relationships, manage a household, and perform everyday social functions.

There are several challenges to addressing behavioral health needs as outlined below.

Shortage of Behavioral Health Facilities and Professionals

Nationally, the closing of state psychiatric institutions began in the 1980s without a concomitant increase in community behavioral health services. The situation is particularly acute in Washington State. In 2020, Washington State's behavioral health system was ranked 46th in the nation due to higher prevalence of adult mental illness and lower rates of access to care. For youth, Washington State ranked 43rd in the nation. This situation is being dramatically exacerbated by COVID-19 as discussed below.

In addition to decreases in availability of psychiatric hospital beds in the face of rising demand as discussed in the following sections, there has been a shortage in the supply of several critical behavioral health occupations to meet an increasing need. There are several positions for which it is projected Washington State will have workforce shortages related to behavioral health including psychiatrists, clinicians, and counselors and school psychologists. The most substantial shortages are projected for addiction counselors and mental health counselors as shown in the table below.

Washington State Demand for Behavioral Health Occupations: 2016-2030

	2016 Base-Year Unmet Need	Projected 2030 Unmet Need
Psychiatrists	-380	-550
Clinical, Counseling, and School Psychologists	-400	-210
Addiction Counselors	-30	-1,010
Mental Health Counselors	10	-850

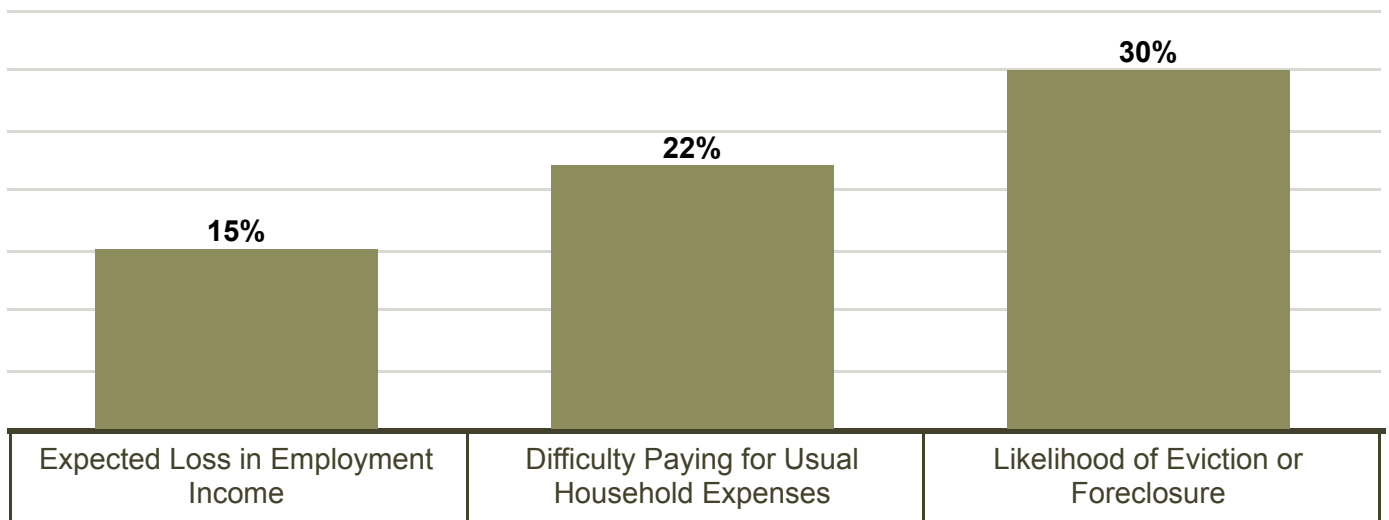
Coronavirus Impacts on Behavioral Health

Increasing equitable access to behavioral health services is critical given the emerging research findings on the wide-ranging and long-term impacts of COVID-19 on behavioral health. The pandemic has exacerbated existing behavioral health challenges and domestic neglect and violence. The abrupt change in norms that COVID-19 has forced upon communities has created behavioral disruptions that are having profound impacts on health and well-being.

Due to the unique characteristics of the pandemic, every individual and community is affected in some way. Many Snohomish County residents are dealing with illness, loss, disconnects from social circles and supports, and economic hardship as everyday stressors. While experienced by all, the impacts of COVID-19 are not being experienced equitably across all populations. The Washington State Department of Health (DOH) advises that “certain populations, such as ethnic and racial minorities, disadvantaged groups with limited access to healthcare resources, those of lower socioeconomic status, and essential workers are experiencing disproportionately more behavioral health impacts than their counterparts.” Anecdotal evidence and emerging trend data indicate that this is consistent with impacts on Snohomish County residents.

To better understand the social and economic impacts the pandemic has had on American families, the U.S. Census Bureau launched the Household Pulse Survey. The following data is a snapshot of the Seattle, Tacoma, and Bellevue metro area, which includes Snohomish County and demonstrates the prevalence of key stressors that impact behavioral health.

Household Pulse Survey Data



Additional impacts are discussed in more detail below.

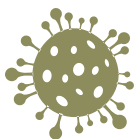
The Effects of Social Isolation are Increasingly Evident

In an effort to slow the spread of COVID-19, daily life as we know it has been disrupted. Social connections are often encouraged to promote mental well-being however recent restrictions have called for social distancing and isolation, even impacting the ability to visit loved ones and mourn those we have lost. DOH particularly warns that experiences of social isolation are associated with increased behavioral health problems such as depression, anxiety, mood disorders, psychological distress, post-traumatic stress disorder (PTSD), insomnia, fear, stigmatization, low self-esteem, and lack of self-control.

People of all ages are experiencing negative effects from social isolation but the impact is particularly profound for youth and seniors.

As discussed more fully below, the Washington State Health Care Authority (HCA) recently released a Provider Alert regarding increased concern of suicide risk in youth during COVID-19. Social isolation was one of the factors putting Washington youth at an increased risk for suicide attempts, suicidal ideation, and psychological distress. In addition, DOH released the COVID-19 Youth Behavioral Health Impact Situation Report in May 2021 indicating that "youth behavioral health is of particular concern as family, school, and social interactions continue to be affected by the COVID-19 pandemic." The report notes that youth emergency department visits for psychological distress, suicidal ideation, suspected suicide attempts, and suspected overdoses exceed the rates of visits in the corresponding week of 2019.

Seniors are also struggling with social isolation. Snohomish County's Aging and Disability Services, within the Human Services Department, surveyed residents 55 and older in December 2020 and January 2021 to better understand the unique difficulties seniors in the County are facing. The survey reached nearly 10 percent of the County's senior population. The majority of comments left by seniors were about their struggles with social isolation. Survey results related to social isolation can be seen below:



82% of Seniors Kept from Visiting with a Loved One



1 in 4 Seniors Feel Lonely



69% of Seniors Worried about Contracting COVID-19

Substance Abuse, Self-Harm, and Suicides are on the Rise

The stress, anxiety, and depression associated with COVID-related hardships are resulting in unhealthy coping strategies such as substance abuse, self-harm, and suicide. Prior to the pandemic, the Substance Abuse and Mental Health Services Administration's (SAMHSA) annual National Survey on Drug Use and Health (NSDUH) estimated that there were 61.2 million Americans living with mental and/or substance use disorders in 2019, resulting in a 5.9 percent increase since 2018. This impact is not anticipated to be short-lived: DOH predicts substance abuse disorders will surpass typical post-disaster levels due to the extended timeline of the pandemic.

Job losses, evictions, and displacements caused by recessions have historically increased suicides. For every 1 percent increase in the unemployment rate, there is a corresponding 1.6 percent increase in the suicide rate and an increase of one drug overdose death per 300,000 people. Snohomish County's monthly unemployment rate for September 2021 was 5.1 percent. While the unemployment rate has continued to inch down, recovery is anticipated to be protracted as other economic factors impact the cost of living and earnings.

Data released from the Washington Poison Center (WAPC) shows increasing trends of self-harm and suicidal intent via self-poisoning and intentional abuse of drugs through August 12, 2020 specifically among youth ages 13-17. Suspected self-harm and suicide cases in youth has increased 5 percent and intentional abuse of drugs has increased 34 percent since 2019. In addition, the WAPC reported that 57 percent of the State's reported opioid exposures in 13-20 year old Washingtonians were due to suicide or self-harm in 2020.

While the opioid epidemic has had a devastating effect across the State, it has had a disproportionate impact in Snohomish County. From 2017 through quarter three of 2020, Snohomish County experienced 15.7 percent of all opioid-related deaths in Washington even though the County represents only 10 percent of the State population. Fentanyl has been increasingly becoming an issue in Snohomish County with 20.9 percent of all state-wide fentanyl deaths during the same period.

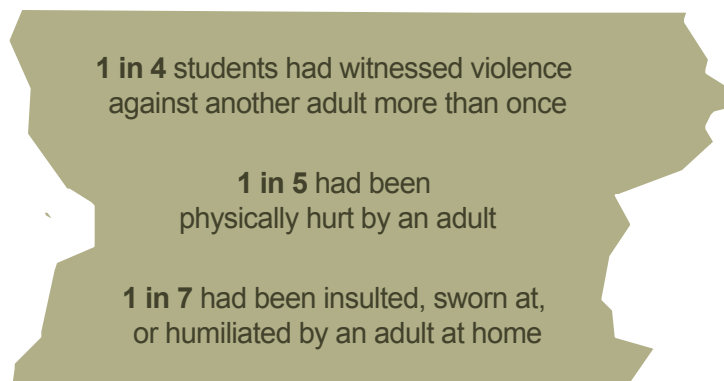
It is clear that the impacts of COVID-19 have exacerbated the existing opioid crisis. Opioid-related deaths in 2020 have nearly doubled in Snohomish County compared to the number of deaths in 2016. There has also been an increase in Fentanyl-related deaths and overdoses in Snohomish County. Current data for 2021 indicates that Fentanyl has been involved in 74.1 percent of all opioid-related deaths so far.

Domestic Violence and Neglect are on the Rise

The World Health Organization (WHO) warns that violence against women increases after every type of disaster or emergency. At the start of the pandemic, the National Domestic Violence Hotline began collecting data to track COVID-19's impacts on those affected by relationship abuse. During the first two months of the pandemic, contacts to the hotline increased by 9 percent compared to the same period in 2019. Ninety percent of all individuals reported experiencing emotional or verbal abuse in which their abuser used threats, intimidation, and/or humiliation to gain power and control. Nearly one in four (24 percent) of all individuals reported that economic or financial abuse was present in their situation.

Domestic violence cases during the pandemic has been likely underreported. Vicci Hilty, the CEO of Domestic Violence Services of Snohomish County stated that “when people are living with an abuser in a lockdown situation, they can't call. Domestic violence really leaves a trail of emotional pain. And when we say things like ‘stay home, stay safe,’ for some people, that's not an option. For them, it's stay home and try to survive.”

SAMHSA warns that “children are specifically vulnerable to abuse during COVID-19. Research shows that increased stress levels among parents is often a major predictor of physical abuse and neglect of children.” Consequently, children already experiencing abuse before the pandemic may endure escalating violence from their abuser. Domestic violence was a significant issue prior to the outbreak when Snohomish County students reported experiencing the following indicators:



The lack of affordable housing and behavioral health services are not social issues that exist in isolation. The profound social impacts of the intersection between the two which negatively impact each and every Snohomish County resident and our community as a whole are briefly explored in the following section.

Intersectionality between Affordable Housing & Behavioral Health

The single most pervasive and visible indicator of the intersection between the lack of affordable housing and lack of behavioral health services is homelessness among Snohomish County residents. And, homelessness is on the rise as illustrated by a 36.6 percent increase from 2015 to 2020 in the Snohomish County Point in Time (PIT) Count.

Of the 673 individuals identified as unsheltered in the 2020 PIT Count, 46.4 percent reported a serious mental illness and 40.7 percent reported a substance use disorder. Trend data from PIT Counts clearly demonstrates that the complexity of needs of individuals experiencing homelessness in Snohomish County has been increasing. Persons experiencing long periods of homelessness in addition to having one or more disabling condition are defined as chronically homeless and the number of persons meeting that status has increased more than 3.5 times between 2015 and 2020 (160 compared to 583 respectively). Individuals in that category has steadily comprised a larger percentage of Snohomish County's homeless population over time. In 2015, chronically homeless persons accounted for 19.3 percent of the homeless population compared to 51.5 percent in 2020. For many of these individuals living with a mental or physical disability combined with a long history of trauma while homeless, the most effective response is the development and operation of long-term housing with intensive supportive services, known as permanent supportive housing. While there are nearly 2,000 beds of emergency bridge and permanent supportive housing in Snohomish County, there are not enough to cover the need as shown by the last PIT Count in which 583 chronic homeless persons were unhoused.

This is of particular concern since the behavioral health challenges so prevalent among chronically homeless individuals substantially impede the ability to maintain steady employment and pay housing costs on a regular basis. They also contribute to increased use of hospital emergency departments and arrests. According to the National Alliance on Mental Illness (NAMI) Washington, 6 percent "of those with a mental health condition are homeless or in jail."

Not only do the lack of integrated affordable housing and behavioral health services contribute to an increase in homelessness but an increase in homelessness exacerbates both these conditions in turn, resulting in an increased proportion of government investment being made toward addressing the immediate emergency, leaving fewer resources for investment in long-term solutions.

To both address this imbalance in the investment of government resources and prevent and end homelessness, it is imperative to examine the various factors that may cause an individual or family to become homeless. As noted above, the causes of homelessness in Snohomish County are nuanced and complex. As may also be seen from the above discussion, a focus on investing government resources in remediating the lack of affordable housing coupled with behavioral health services will garner the most significant and lasting gains.

Snohomish County Executive Office and Human Services Department staff have developed the proposed Business Plan for the use of HB 1590 funds to address the above challenges and achieve the desired outcomes as discussed in the following section.

The Proposed Plan

As may be seen from the above discussion there are major gaps in the availability of affordable housing and behavioral health services in Snohomish County. If councilmanic action were to be taken to pass a 1/10 of 1 percent sales and use tax as allowed under HB 1590, Snohomish County Executive Office and Human Services Department propose a model that would impact both challenges and their intersection with homelessness as described below. This recommendation for the first five calendar years of investments is made with a caveat: given the extreme fluidity in the federal and state funding environment in the wake of the COVID-19 pandemic, these recommendations are, of necessity, iterative at this time. These recommendations are based on our 5-year projections provided in **Attachment A** to this Plan. Our projected revenues are anticipated to be **\$116,560,505** including interest. These revenue projections are based on the assumption that Calendar Year 1 revenues will begin being collected on April 1, 2022. Our 5-year projected expenditures are **\$97,414,710**.

Recommendation #1

Of that amount, we recommend that 82%, adjusted for inflation and actual revenues collected, be used for the acquisition, rehabilitation, construction, and operations and maintenance of newly acquired and created affordable, emergency bridge, and permanent supportive housing. This exceeds the statutory requirement that a minimum of 60% of revenues be utilized for these purposes.

TOTAL Investment Years 1 through 5: **\$79,464,349**.

Recommendation #2

We recommend a 60%/40% split of the \$79,464,349 between creation/construction of affordable housing and associated operations and maintenance and creation/construction of emergency bridge and permanent supportive housing and associated operations and maintenance as follows over the course of five years based on the front-end loading of investments into emergency bridge and permanent supportive housing in Years 1 and 2 and shifting to affordable housing in Years 3 through 5:

\$48,375,811 allocated to affordable housing including operating and maintenance

\$31,088,538 allocated to emergency bridge and permanent supportive housing operating and maintenance

Recommendation #3

We recommend that 18% of the \$97,414,710 expended be used for the delivery and evaluation of housing-related and behavioral health services and the creation of a local reserve fund for the construction of behavioral health facilities as opportunities are identified.

TOTAL Investment Years 1 through 5: **\$17,950,361.**

Recommendation #4

We recommend a 78%/22% split of the \$17,950,361 between services and evaluation, and creation of a local reserve fund for the construction of behavioral health facilities as follows in **Years 1 through 5:**

\$13,929,270 allocated to delivery and evaluation of services

\$4,021,091 allocated to a local reserve fund for construction of behavioral health facilities to be added to a comparable allocation from the 1/10 of 1% Chemical Dependency/Mental Health Sales Tax fund

This recommended distribution of expenditures is depicted in the charts on the following page.

Recommendation #5

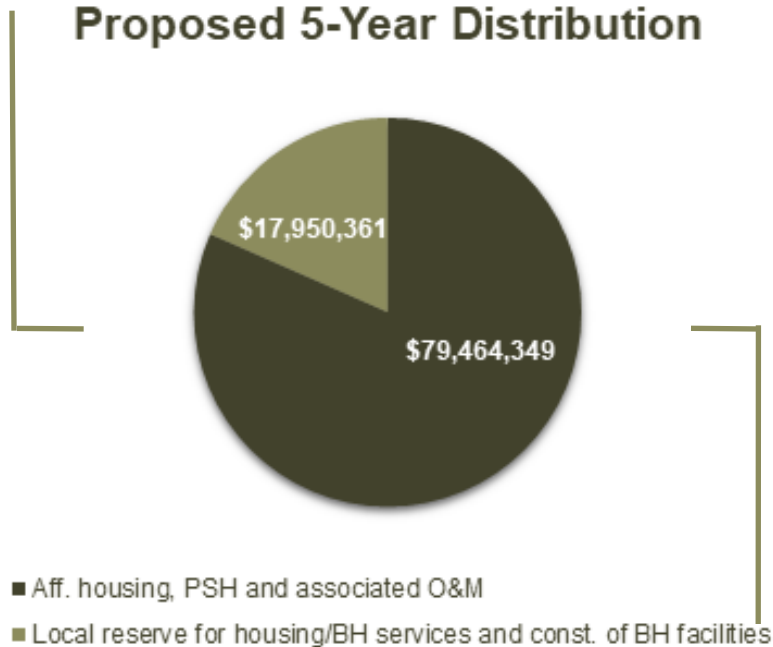
Assuming that the revenue and expenditure projections are accurate, and adding-in an anticipated under-expenditure of 4% of planned expenditures each year, the HB 1590 fund would accrue an unassigned fund balance of **\$23,042,383** over the 5-year period. We recommend that these funds be held in reserve to be assigned to emergency bridge, permanent supportive, and affordable housing construction, behavioral health facility construction, and operations and maintenance and services based on ongoing analysis of needs. It is particularly important that this assignment be made in a manner that ensures construction activities and the creation of units can continue while assuring that we can address the operations and maintenance of those units and the delivery of services over time.

This high-level overview of the recommended uses of 1590 funds is explored in more detail in each of the proposed investment areas in the following sections.

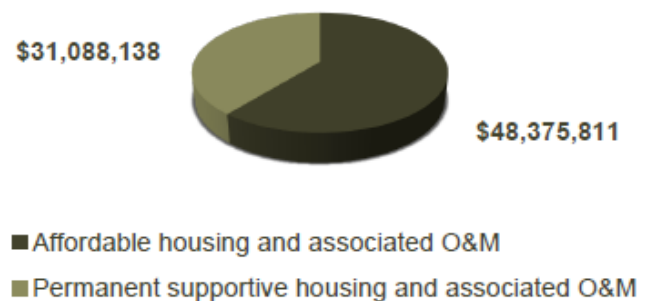
Proposed Distribution to Services and BH Facility Reserve



Proposed 5-Year Distribution



Proposed Housing Distribution



The Emergency Bridge and Permanent Supportive Housing Plan

Emergency bridge and permanent supportive housing is intended for the most vulnerable people in a community. It is a highly effective strategy that combines affordable housing with intensive wrap-around services and is intended for people who need housing-related supportive services to maintain their housing. At all times, 24 hours a day, 7 days a week, staff are on-site and available off-site to support residents in emergency bridge and permanent supportive housing. These include navigators, social workers, job coaches, counselors, and behavioral and physical health professionals. Residents receive services that help them build life skills to promote independence and health while reducing their use of hospitals and care facilities and the possibility of incarceration for various status offenses.

Residents in emergency bridge and permanent supportive housing have multiple opportunities to participate in services. Because treatment services are site-based and/or highly accessible, attendance is strong. The wrap-around services, life skills, and tenancy skills residents gain are very effective at helping them move from a persistent state of housing instability and/or homelessness to one of housing stability and independent living. Emergency bridge and permanent supportive housing is an evidence-based and proven solution that individuals facing a host of life challenges lead lives of greater dignity to their benefit as well as that of the community as whole.

Investments

Under Recommendation #2, **\$21,122,500** would be invested in the creation and **\$9,966,038** in operations and maintenance of emergency bridge and permanent supportive housing for HB 1590-eligible individuals who are literally homeless and living with mental illness and/or disabilities over the course of five years. It is anticipated that this investment would expedite the sustainable creation of at least 100 units of emergency bridge and permanent supportive housing by the end of Year 2 based on the assumptions outlined below.

Assumptions

Assumption #1: *Time is of the essence.* The acquisition of motels/hotels and their rehabilitation for this purpose will be fully financed with HB 1590 funds in Years 1 and 2 at an average cost/unit of \$211,225.

Assumption #2: The annual cost of operations and maintenance for these units will be \$24,000/unit/year adjusted for inflation starting in Year 2 and will be fully absorbed with HB 1590 funds into the future.

Assumption #3: The number of units could be increased if the average cost/unit were lower but would require the allocation of unassigned fund balance to support operations and maintenance.

Assumption #4: The number of units could be increased if HB 1590 funds were not the only source of financing but would require the allocation of unassigned fund balance to operations and maintenance.

Assumption #5: The number of units could be increased if Public Housing Authority project-based vouchers or other resources were available to absorb the operations and maintenance costs.

Assumptions

Assumption #6: The projects will be selected in Year 1 for launching in Year 2 with “forward funding” from another source to be replenished from the HB 1590 fund.

Assumption #7: The funds designated for housing-related and behavioral health services as described below will provide wrap-around services to the individuals in these units.

Assumption #8: While emergency bridge and permanent supportive housing development is underway, relationships with the neighborhood will be cultivated and sustained to ensure effective integration of the housing and its residents into the community.

Benefits

Emergency bridge and permanent supportive housing contributes to human development, community development, and economic development in the neighborhoods where it is located.

Human Development: Emergency bridge and permanent supportive housing improves people’s lives and generates cost savings to public systems including homeless shelters, hospitals, emergency rooms, jails, and prisons.

Community Development: Emergency bridge and permanent supportive housing also benefits communities as neighborhoods are safer. Well-maintained new or rehabilitated facilities stabilize and increase property values.

Economic Development: Emergency bridge and permanent supportive housing is a boon to neighborhoods, businesses, and employers. The development process itself creates construction jobs, local governments gain revenue via permitting fees, and nearby businesses profit from the sale of building materials and transportation of these materials to construction sites. It generates a significant impact by not only creating jobs during the construction phase but also later during the maintenance phase. The entire housing ecosystem; comprised of architects, developers, builders, and property managers; benefit.

Emergency bridge and permanent supportive housing also provides housing stability. In those instances where rent is charged, it is typically adjusted based on a given individual’s or household’s income and subsidies. Rental rates can change depending on fair market rents, local rent adjustments, and allowances. Within these market conditions, however, the amount an individual or household pays is governed by clear parameters and is predictable. Emergency bridge and permanent supportive housing has consistently been demonstrated to be effective in reducing homelessness and offering housing stability to individuals and households furthest from opportunity.

Benefits

Finally, even at this proposed production rate, coupled with current appropriations of American Rescue Plan Act Section 9901 State and Local Fiscal Recovery Funds for sheltering (120 units) and City of Everett pallet housing (60 units), the creation of 100 additional housing units could transition 280 chronically homeless individuals from literal street homelessness to emergency or permanent housing, representing nearly 42 percent of the number of individuals who were experiencing literal homelessness countywide in the 2020 Point-in-Time Count.

Homelessness in Snohomish County

BASED ON THE POINT-IN-TIME COUNT OF THURSDAY, JANUARY 23, 2020

1,099

number of unsheltered people counted
and people in emergency shelters

186

Under 18

68

18 - 24

845

Over age 24

61% WERE UNSHELTERED

**Utilizing the Emergency Bridge and
Permanent Supportive Housing Proposed
Plan to Reduce Homelessness**

120 + 60 + 100

OF HOUSING UNITS
APPROPRIATED BY ARPA

OF PALLET HOUSING
IN THE CITY OF EVERETT

OF EMERGENCY BRIDGE &
PERMANENT SUPPORTIVE
HOUSING FUNDED BY HB 1590

TOTAL
280
HOUSING UNITS

=

42%

REDUCTION IN
UNSHeltered
RESIDENTS

INVESTMENT OUTCOME

The Affordable Housing Plan

Under HB 1590, affordable housing, defined as housing that requires a household to spend no more than 30% of its income on housing and utilities, is intended to meet the needs of individuals and families who do not have enough income to rent or purchase homes at market rates. The number of individuals and families impacted by the rising cost of housing has grown since the onset of the COVID-19 pandemic and a growing percentage of Snohomish County residents can't afford to pay their rent and meet other critical needs. Existing low-rent housing is being demolished more rapidly than anywhere else in the nation. The number of homebuyers who have had to defer payments on their mortgages has grown. And, builders of multi-family homes are experiencing construction delays due to supply chain disruptions and workforce attrition. Taken together, these challenges are creating a "perfect storm" at a critical point in time when our county's population is growing at a rapid pace.

The construction of affordable housing is essential to supporting the quality of life for all our residents during this period of rapid growth. Given that housing is a critical social determinant of health, affordable housing will contribute to a healthier population, including healthier children. This is particularly important given that children who grow up in substandard housing and unstable housing are more likely to experience increased behavioral health problems and developmental delays. Housing instability is associated with higher baseline symptoms of depression and anxiety. Children who are unstably and inadequately housed are more likely to have chronic health conditions and their performance in school is negatively impacted. In short, housing has a profound influence on the lives and economic futures of children, following them from birth into adulthood.

In contrast, affordable housing is an evidence-based and proven solution that helps individuals and households furthest from opportunity gain the stability they need to advance in their lives, support the well-being and healthy development of their children, and contribute to the community in which they reside.

Investments

Over the course of five years, under Recommendation #2, **\$38,452,811** would be invested in the creation and **\$9,923,000** in operations and maintenance of additional affordable housing for HB 1590-eligible individuals and households with incomes below 60 percent of area median income who are living with mental illness and/or disabilities, families with children and unaccompanied youth experiencing homelessness, survivors of domestic violence, veterans, and seniors. It is anticipated that this investment would expedite the sustainable creation of at least 300 units of affordable housing by the end of Year 5 based on the assumptions outlined below.

Assumptions

Assumption #1: The acquisition, rehabilitation, and/or construction will be financed at the average cost/unit of \$100,000 with HB 1590 funds in Years 3 through 5, serving as "first in funds" for other sources of financing such as Low-Income Housing Tax Credits, Housing Trust Fund dollars, Community Development Block Grant funds, HOME Investment Partnership Program funds, and funds from other sources.

Assumptions

Assumption #2: The annual cost of operations and maintenance for these units will be \$16,000/unit/year adjusted for inflation starting in Year 3 for the first 100 units and adding 100 units each subsequent year with costs being fully absorbed with HB 1590 funds into the future.

Assumption #3: The number of units could be increased if the average cost/unit were lower but would require the allocation of unassigned fund balance to support operations and maintenance.

Assumption #4: The number of units could be increased if HB 1590 funds represented a smaller percentage of total financing but would require the allocation of unassigned fund balance on operations and maintenance. It should be noted that the \$100,000/unit proposed represents an approximately 50% increase in the per unit amount contributed by Snohomish County into the most recent multi-family housing development completed. The increased contribution can both facilitate the attraction of other investments to a project and expedite its completion.

Assumption #5: The number of units could be increased if Public Housing Authority project-based vouchers or other resources were available to absorb the operations and maintenance costs.

Assumption #6: The projects will be selected starting in Year 1 for launching in Year 3 and beyond with the possibility of “forward funding” from another source to be replenished from the HB 1590 fund.

Assumption #7: Some of these conventionally financed affordable housing units could be designated as permanent supportive housing in which case, wrap-around services would need to be financed with unassigned fund balance dollars.

Assumption #8: While affordable housing development is underway, relationships with the neighborhood will be cultivated and sustained to ensure effective integration of the housing and its residents into the community.

Benefits

Affordable housing contributes to human development, community development, and economic development in the neighborhoods where it is located.

Human Development: Affordable housing improves lives and creates opportunity for individuals and families to become stable members of their community, both contributing to and benefitting from the common good. It is a pathway to educational achievement among children and parents alike, to homeownership, and to financial asset-building.

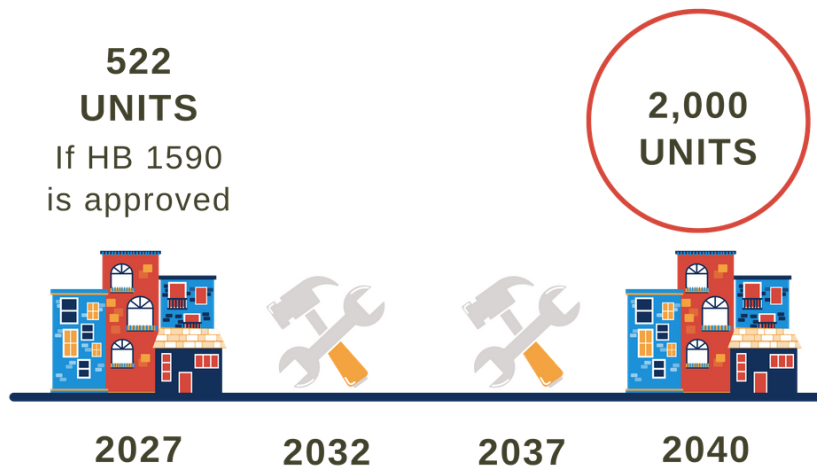
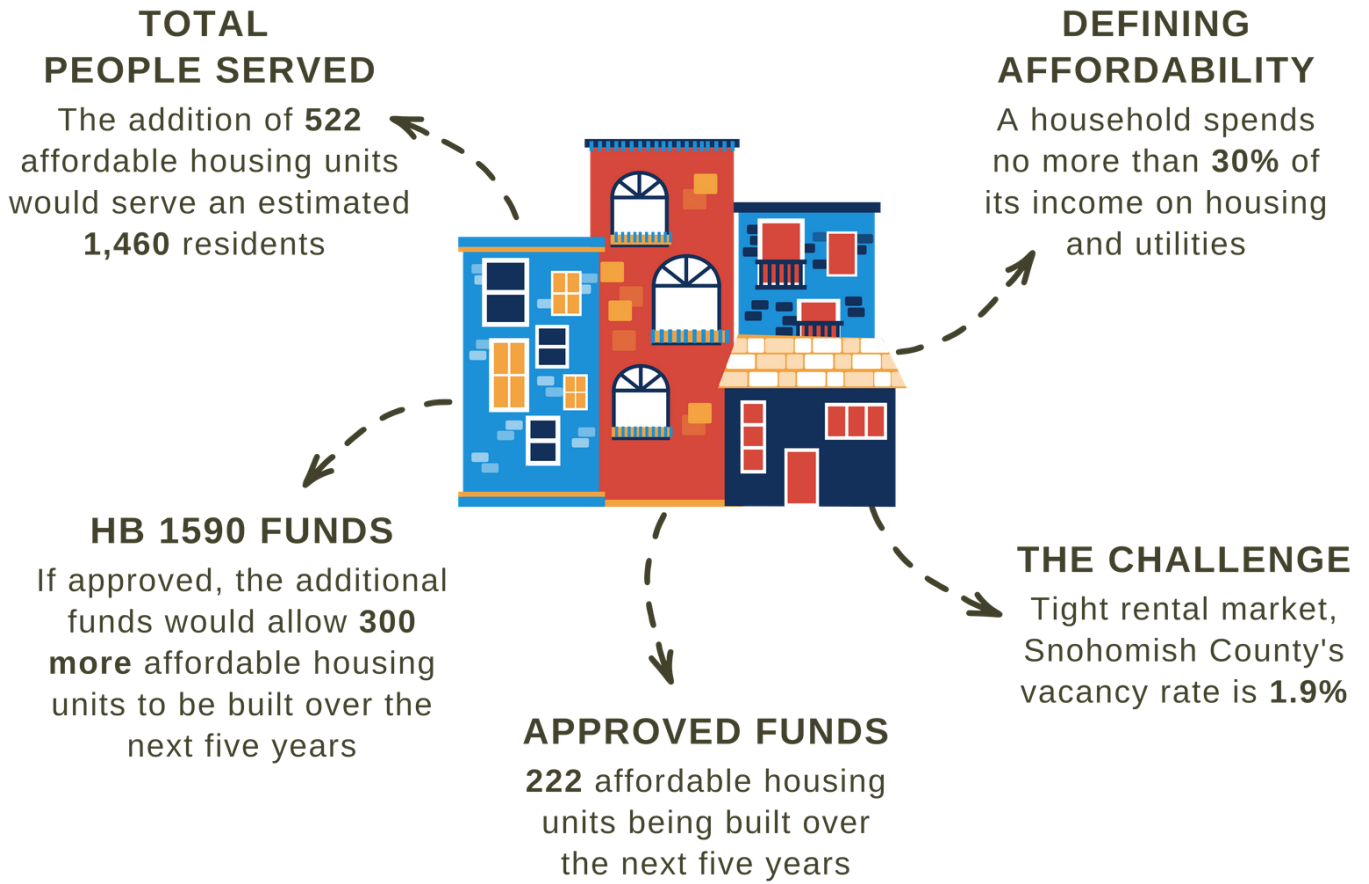
Benefits

Community Development: Affordable housing also benefits communities as neighborhoods are safer. Well-maintained new or rehabilitated facilities stabilize and increase property values. Affordable housing also promotes diversity, equity, and inclusion in neighborhoods including transit-oriented neighborhoods, creating a broader potential labor pool for the regional economy, and promotes income stability as rental rates remain relatively steady during economic fluctuations.

Economic Development: Affordable housing is also a boon to neighborhoods, businesses, and employers. The development process itself creates construction jobs, local governments gain revenue via permitting fees, and nearby businesses profit from the sale of building materials and transportation of these materials to construction sites. It generates a significant impact by creating jobs during the construction phase and by residents' contributions to the local tax base. The entire housing ecosystem; comprised of architects, developers, builders, and property managers; benefit as well.

Benefits

Finally, at this proposed production rate of 300 additional affordable housing units over the next five years, this investment would represent a 33 percent increase in the number of affordable housing units constructed over the past five years in developments supported with County funding. It would also serve as a model for future development and attract additional developers. It could catalyze neighborhoods, transit shed areas, and contribute to the regional economy during an intensifying labor shortage to the benefit of the individuals, households, neighborhoods, and communities served.



The Behavioral Health Facilities Plan

Recommendation #3 is based on widespread consensus among elected officials, business leaders, human services professionals, and people with lived experience that we have an inadequate number of behavioral health facilities to meet the Snohomish County residents' needs for on-demand behavioral health evaluation, treatment, and follow up close to home. We are proposing to set aside \$4,021,091 over five years to be matched with an equal amount from the 1/10 of 1 percent Chemical Dependency/Mental Health Sales Tax fund for the acquisition, rehabilitation, and construction of behavioral health facilities in Snohomish County. We are proposing to place these funds in a dedicated fund allowing potential public and private developers the ability to apply for funds at any time through an open-ended application process. This approach would create the greatest opportunity for potential developers to identify opportunities and develop these much-needed facilities on an ongoing basis.

The Services and Evaluation Plan

There is a strong evidence-base and widespread consensus that wrap-around services are essential to supporting individuals living in emergency bridge and permanent supportive housing lead lives of dignity and optimal independence. The range of and intersectionality among life domains in which a given individual may have needs are clearly identified, and can be assessed and evaluated utilizing the Fenn-Jorstad Self-Sufficiency Matrix and include:

<i>English Literacy and Comprehension</i>	<i>Skills for Daily Functioning</i>
<i>Housing</i>	<i>Social and/or Family Support</i>
<i>Food</i>	<i>Security</i>
<i>Transportation</i>	<i>Legal-Civil</i>
<i>Childcare</i>	<i>Legal-Criminal</i>
<i>Children's Education</i>	<i>Healthcare</i>
<i>Employment</i>	<i>Mental Health</i>
<i>Financial/Income</i>	<i>Substance Use</i>

Recommendation #4 is predicated on the documented complexity and intersectionality among these life domains for people experiencing chronic homelessness. It is essential that emergency bridge and permanent supportive housing have helping professionals on-site 24 hours per day, 7 days per week to help residents achieve rapid resolution to crises and develop plans to advance their stability and ability to live independently. While not all services an individual may need will be available on site, it is important that there is just-in-time access to mitigate trauma and ensure continued stability. This access is best assured by being able to financially support those services that cannot be provided by on-site staff or subsidized through existing benefit programs.

Investments

Over the course of five years, under Recommendation #4, **\$13,140,821** would be invested in the delivery of needed services to residents in emergency bridge and permanent supportive housing and **\$788,449** would be invested in the evaluation of those services the assumptions outlined below.

Assumptions

Assumption #1: A customized array of services will be available to each individual residing in emergency bridge and permanent supportive housing.

Assumption #2: The annual average cost of services, including on-site and services made available through referrals will be \$24,000/resident/year adjusted for inflation starting in Year 2.

Assumptions

Assumption #3: The level of services could be increased if the average cost/resident to the HB 1590 fund were lower.

Assumption #4: The level of service could be increased if there were additional federal and state investments in services and benefits programs.

Assumption #5: While development of a service delivery plan is underway, relationships with public, private, philanthropic, and faith communities will be cultivated and sustained to ensure effective integration of services and residents into the community.

Benefits

The effective delivery of customized services contributes to human development, community development, and economic development in the neighborhoods where emergency bridge and permanent supportive housing is located.

Human Development: People experiencing chronic homelessness have unique needs that are best addressed when treatment, housing, and other service needs are concurrently addressed. The delivery of person-centered and trauma-informed services will give residents in emergency bridge and permanent supportive housing the greatest opportunity for creating stability and self-efficacy in their lives.

Community Development: The delivery of the full array of services will help residents in emergency bridge and permanent supportive housing be contributing members and strengthen the fabric of the neighborhoods and communities in which they reside. It will reduce the need for law enforcement intervention and costly medical treatment.

Economic Development: The operation of service-enriched emergency bridge and permanent supportive housing creates jobs and serves as a place where helping professionals become skilled and able to support a wide range of needs to ensure a stable and healthy workforce as well as contribute to quality-of-life considerations for attracting talent.

The Unassigned Fund Balance Plan

As noted above, the unassigned fund balance shown is intended to accelerate and create sustainability for the Business Plan by allowing for the reallocation to affordable housing construction, behavioral health facilities construction, operations and maintenance, and services as needed to ensure that funds can continue to be dedicated to increasing the number of units developed and maintained while providing high-quality services to Snohomish County residents in need both now and into the future.

5-Year Financial Projections

This proposed Business Plan for using the HB 1590 funds collected over the next five years is summarized on the HB 1590 Sales and Use Tax for Housing and Related Services 5-year projections analysis provided in **Attachment A**.

Summary

As may be seen from the above discussion, the passage of HB 1590 by Snohomish County and strategic investment of the revenues generated would have a major and lasting impact on our collective ability to address three of the most severe and persistent challenges faced by our county in the 21st century: the lack of affordable housing, the lack of behavioral health facilities, and the resultant increase in homelessness among our community's most vulnerable residents. Addressing these challenges through the judicious investment of HB 1590 funds would improve the quality of life for us all.

HB 1590 - Sales and Use Tax for Housing and Related Services

	Projected 2022	Projected 2023	Projected 2024	Projected 2025	Projected 2026	Total 2022-2026	Growth Rate
REVENUES:							
1/10th of 1% Sales Tax ¹	\$ 16,515,554	\$ 23,121,775	\$ 24,277,864	\$ 25,491,757	\$ 26,766,345	\$ 116,173,294	5.00%
Interest	10,000	35,094	78,465	116,056	147,597	387,212	0.75%
REVENUE TOTAL	\$ 16,525,554	\$ 23,156,869	\$ 24,356,329	\$ 25,607,812	\$ 26,913,941	\$ 116,560,505	
EXPENDITURES:							
Affordable Housing Construction/Acquisition ²	-	-	12,502,438	12,814,999	13,135,374	38,452,811	2.50%
Permanent Supportive Housing Construction/Acquisition	8,925,000	12,197,500	-	-	-	21,122,500	2.50%
BH Facility Construction/Acquisition	765,000	784,125	803,728	823,821	844,417	4,021,091	2.50%
Affordable Housing O&M ⁴	-	-	1,600,000	3,280,000	5,043,000	9,923,000	2.50%
Permanent Supportive Housing O&M ⁵	-	2,400,000	2,460,000	2,521,500	2,584,538	9,966,038	2.50%
Housing and BH Services	2,500,000	2,562,500	2,626,563	2,692,227	2,759,532	13,140,821	2.50%
Evaluation	150,000	153,750	157,594	161,534	165,572	788,449	2.50%
EXPENDITURE TOTAL	\$ 12,340,000	\$ 18,097,875	\$ 20,150,322	\$ 22,294,080	\$ 24,532,432	\$ 97,414,710	
Anticipated Under-Expenditure	493,600	723,915	806,013	891,763	981,297	3,896,588	4.00%
FUND BALANCE:							
Increase (Decrease) in Fund Balance	4,679,154	5,782,909	5,012,020	4,205,495	3,362,806		
Ending Fund Balance ⁶	4,679,154	10,462,062	15,474,082	19,679,577	23,042,383		
Assigned Affordable Housing Construction	-	-	-	-	-		
Assigned Behavioral Health Facility Construction	-	-	-	-	-		
Assigned O&M and Services	-	-	-	-	-		
Unassigned Fund Balance	\$ 4,679,154	\$ 10,462,062	\$ 15,474,082	\$ 19,679,577	\$ 23,042,383		
	28.33%	45.25%	63.74%	77.20%	86.09%		

Notes/Assumptions:

- ¹ Collection of the tax begins April 1, 2022.
- ² Construction of all units financed at average contribution of \$100,000/unit with other resources comprising remaining cost.
- ³ Construction of all units fully financed.
- ⁴ 100 units completed/yr. between 2024 - 2026 at avg. O&M of \$16K/yr./unit (adjusted for inflation).
- ⁵ 100 units completed by the end of 2023 at avg. O&M of \$24K/yr./unit (adjusted for inflation).
- ⁶ Ending fund balance will be reserved and assigned to one of the three areas identified for expenditure in future periods.



Snohomish County

