



Committee of the Whole

Written by: Cynthia Foley Reviewed by: Deb Bell

Council Initiated:

Yes

No

ECAF: 2024-2500

Motion: 24-417

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: The 2024 Housing and Behavioral Health Capital Fund Plan

Scope: A Housing and Behavioral Health Capital Fund Plan is approved annually in conjunction with the budget. A visual comparison of the 2023 Plan and the 2024 Plan is in the Exhibits section.

Summary of Significant Changes in the 2024 Plan:

- Plans to deliver 300 units of supportive/bridge housing and 750 units of affordable housing by 2030.
- The unassigned fund balance is going from \$20.3M in 2026 to \$5.4M in 2030.
- Annual spending on new units for Affordable Housing is cut in half for 2025-2026.
- Growth in the cost of services and operations, which were not included in the 2023 plan, are included in the proposed 2024 plan.
- Carries forward contract execution authority and stipulations for the Human Services Director (see Authority Granted section).

Further Detail:

Fund Sources

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. Last year's plan showed \$20,326,681 in unassigned fund balance in 2026. The 2024 Plan shows \$5,384,164 in unassigned fund balance in 2030.

Capital Projects

- **Affordable Housing:** The 2024 Plan spreads out the rate of investment in new units over a longer period of time. Annual spending on new units of affordable is cut in half in the 2025-2026 biennium, reducing expenditure by \$10,000,000 per year. This results in estimated delivery of 450 units of affordable housing by 2026, rather than 550 units. There are 750 units of affordable housing planned by 2030. Inflation is not factored into this cost category.
- **Supportive Housing:** The 2024 Plan includes 300 units of bridge and supportive housing by 2030. The 300 units includes 120 units at the New Start Centers (purchased with ARPA funds). Spending in this category is increased to \$10,000,000 in 2025 and then drops to \$3,000,000 in 2026. The prior plan funded this category at \$5,000,000 in 2025 and 2026. Inflation is not factored into this cost category.
- **Behavioral Health:** The 2024 Plan includes \$3,000,000 annual investment in behavioral health facilities. Annual spending is unchanged from the prior plan.

Operating Costs

The HBH fund pays for supportive services, operations, and maintenance, in addition to capital investments. Operating costs are planned to increase as new housing units

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become operational. The 2024 Plan estimates that operation costs will increase annually by 3.25%. Operations and services cost growth was not factored into the 2023 Plan. Based on plan assumptions, the rate of investment in capital projects will decline in 2031 as operation costs limits investment in new facilities.

The 2024 Plan reorganizes categories of operations spending. Operations and Maintenance costs at the New Start Centers is a stand alone cost category and reflects the Bridge Housing Operations and Maintenance Plan¹. Operations costs for all other housing units and housing preservation costs are combined into another cost category.

Duration: The HBH Plan is updated annually, due to Council by October 1.

Fiscal Impact: Current Year Multi-Year N/A

Authority Granted: Motion 24-417 approves the 2024 Housing and Behavioral Health Capital Fund Investment Plan.

It also authorizes the Director of Human Services to execute all appropriate documents requisite to implementing the plan provided that:

- A. The funding authority each year or biennium will be established through the County budget process and an updated business expenditure plan will come before Council for approval by motion annually by October 1st; and
- B. Final approval for the issuance of capital contracts shall be made by Council; and
- C. Except for ILAs with a housing authority (approved by ordinance by Council), all capital contracts will undergo review in the Technical Advisory Committee/Policy Advisory Board Process with additional review from interested jurisdictions and the Chemical Dependency and Mental Health Advisory Board;
- D. The Human Services Director shall provide the Council with quarterly reports starting in 2024, with each report issued within sixty days of the end of a given quarter, and an annual report within ninety days at the end of a calendar year. The quarterly report shall include information on all executed agreements in the prior quarter to include, at a minimum:
 - a. agreement recipient,
 - b. agreement not-to-exceed amount,
 - c. scope of work,
 - d. expenditures to date broken down by capital and operations,
 - e. and maintenance expenses.

¹ [2024-1085 - Bridge Housing Operations and Maintenance Plan \(legistar.com\)](#)

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

- On October 14, 2019, the Snohomish County Council passed Ordinance 19-062², 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 82.14.540³ (passed as HB 1406 in 2019).
- On December 15, 2021, Council established a one-tenth of one percent sales and use Tax in Ordinance 21-098⁴ (in accordance with RCW 82.14.530⁵ and passed in HB 1590) to provide for affordable housing and behavioral health facilities creation, operations, maintenance, and associated services. SCC 4.126.060⁶ 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 23-492⁷. 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 24-231⁸.

Requested Action: Add to the budget adoption order of consideration when it is scheduled.

² [Public Hearings - Oct 14th, 2019 \(granicus.com\)](#)

³ [RCW 82.14.540: Affordable and supportive housing—Sales and use tax. \(wa.gov\)](#)

⁴ [SNOHOMISH COUNTY COUNCIL \(legistar.com\)](#)

⁵ [RCW 82.14.530: Sales and use tax for housing and related services. \(wa.gov\)](#)

⁶ [ch. 4.126 Sales and Use Tax for Affordable Housing and Behavioral Health | Snohomish County Code](#)

⁷ [2023-1347 - Amended Motion 23-492 \(legistar.com\)](#)

⁸ [Snohomish County Council - File #: 2024-1085 \(legistar.com\)](#)

Housing and Behavioral Health Capital Fund Plan:
A Comparison of the 2023 (approved) and 2024 (proposed) HBH Plans

2023 HBH Fund Plan (approved last year)			Color Key	
Cost Category	2025	2026		
Affordable Housing Construction/Acquisition	\$20,000,000	\$20,000,000	Const./Acquisition	
Permanent Supportive Housing Construction/Acquisition	\$5,000,000	\$5,000,000	Housing Preservation and O&M	
BH Facility Construction/Acquisition	\$3,000,000	\$3,000,000	Supportive Services	
Affordable Housing O&M	\$2,700,000	\$6,552,000	New Start Center O&M	
Permanent Supportive Housing O&M	\$1,350,000	\$2,808,000	Administration	
Bridge and Permanent Supportive Housing Services	\$2,193,750	\$6,318,000		
Housing Preservation and O&M	\$0	\$0		
Bridge Housing O&M	\$3,375,000	\$3,510,000		
Operations, Evaluation, and Administration	\$1,148,788	\$1,177,508		
Total Expenditure	\$38,767,538	\$48,365,508		

2024 HBH Fund Plan (proposed)				23/24 Plan Differences	
Cost Category	Adopted 2024	2025	2026	2025	2026
Affordable Housing Construction/Acquisition	\$ 15,000,000	\$ 10,000,000	\$ 10,000,000	\$ (10,000,000)	\$ (10,000,000)
Supportive Housing Construction/Acquisition	\$ 5,000,000	\$ 10,000,000	\$ 3,000,000	\$ 5,000,000	\$ (2,000,000)
BH Facility Construction/Acquisition	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ -	\$ -
Supportive Housing Services	\$ 433,750	\$ 3,810,000	\$ 4,770,150	\$ 1,616,250	\$ (1,547,850)
Housing Preservation and O&M	\$ 1,315,263	\$ 3,420,000	\$ 6,133,050	\$ (630,000)	\$ (3,226,950)
New Start Center O&M	\$ 634,737	\$ 2,539,540	\$ 2,717,308	\$ (835,460)	\$ (792,692)
Operations, Evaluation, and Administration	\$ 1,095,769	\$ 1,570,492	\$ 1,436,019	\$ 421,704	\$ 258,511
Total Expenditure	\$ 26,479,519	\$ 34,340,032	\$ 31,056,527	\$ (4,427,506)	\$ (17,308,981)

Year	2025	2026	2027	2028	2029	2030
Operating Costs (Services, Preservation, and O&M)	\$ 9,769,540	\$ 13,620,508	\$ 17,613,142	\$ 21,850,910	\$ 26,345,530	\$ 31,109,219
Percent of budget used for operating costs	28%	44%	50%	55%	60%	64%

*With current planned assumptions, investments in new capital projects will decline in 2031 to fund ongoing operations.

Housing and Behavioral Health Capital Fund Plan:
A Comparison of the 2023 (approved) and 2024 (proposed) HBH Plans

Deliverables Comparison	2023 Plan Total (2022-2026)	2023 Plan Deliverables by 2026	2024 Plan Total (2024-2030)	2024 Plan Deliverables by 2030
Affordable Housing Construction/Acquisition	\$55,000,000	550 units @ \$100,000/unit.	\$ 75,000,000	750 units @ \$100,000/unit.
Supportive Housing Construction/Acquisition	\$15,000,000	120 units at the New Start Centers and 150 additional units. Total of 270 units.	\$ 30,000,000	120 units at the New Start Centers and 180 additional units. A total of 300 units are planned.
BH Facility Construction/Acquisition	\$10,000,000		\$ 21,000,000	
Supportive Housing Services	\$8,511,750	\$27k/person/yr	\$ 38,906,142	\$27k/person/yr with 3.25% growth
Housing Preservation and O&M	\$14,750,263	Aff Housing - \$18k per unit and Supportive Housing - \$24k per unit	\$ 66,113,344	Aff Housing - \$18k/unit and Supportive Housing - \$24k/unit with 3.25% annual growth
New Start Center O&M	\$7,978,487	\$24k/unit	\$ 17,673,113	\$21k/unit with with 3.25% annual growth (New Start units only)
Operations, Evaluation, and Administration	\$3,583,940		\$ 10,328,478	
Total	\$114,824,440		\$ 259,021,077	
Ending Fund Balance	\$20,326,681		\$ 5,384,164	

*Inflation is not factored into construction costs.

*Supportive Housing category includes 180 additional units estimated at \$100k/unit. This leaves an additional **\$12,000,000** in this category.