



Snohomish County Council

Committee: LJHS
ECAF: 22-0712
Proposal: Mot. 22-330

Analyst: Heidi Beazizo
Date: August 2, 2022

Consideration

The Executive's Office requests Council consider approving proposed Motion 22-330 which would approve and authorize a purchase and sale agreement between the County and Harman Investment Group.

Background

As the availability of single occupancy housing options decline and the number of individuals experiencing homelessness or the threat of homelessness continues to increase, the County is considering alternative options for bridge and permanent supportive housing.

Per the Municipal Research and Services Center (MRSC), King County began to replace or add space for existing congregate shelters by placing individuals experiencing homelessness into group hotels in April 2020 (prompted by public health advice about the risk of COVID-19 transmission in congregate shelters). A University of Washington study, Impact of Hotels as Non-Congregate Emergency Shelters¹, utilized a combination of interviews and administrative data to understand the effects of the hotel model on individuals' housing, health and economic outcomes in addition to curtailing the spread of COVID-19.

Their findings indicated that hotels provided: Increased feelings of stability; Improved health and well-being; Reduced interpersonal conflict; More time to think about and move towards goals of securing permanent housing, a job or additional education; Higher exits to permanent housing and indications of greater engagement with homeless housing services.

Currently, Snohomish County rents 115 hotel rooms for bridge housing; the rental of the rooms and provision of services are conducted by a combination of third-party contractors and the County. The average cost of these rooms per night is \$85.00. If paid nightly, the annual cost of room rental for a single individual is \$31,025. For the current 115 individuals served through room rentals, that equates to an annual rental cost of \$3,567,875.

Current Proposal

Scope: Motion 22-330, if approved, authorizes the following:

1. Approval of the Real Estate Purchase and Sale Agreement for Parcel ID 28051800400600²; and
2. Authorizes the Property Officer to sign the agreement on behalf of the county; and
3. Authorizes the Property Office to sign all documents necessary to effectuate the sale and transfer of the property to the County.

¹ [Impact of Hotels as Non-Congregate Emergency Shelters \(kcrha.org\)](https://www.kcrha.org/impact-of-hotels-as-non-congregate-emergency-shelters)

² 76-room hotel located at 1602 SE Everett Mall Way

Items of note in the agreement:

- **Section 4.** Agreement is subject to the County completing due diligence items which may include title review, property condition assessment, Environmental Site Assessment, methamphetamine testing in every room and review of Seller's books and records, including any environmental reports or property condition reports in Seller's possession; the County has sixty (60) days from the effective date to give notice terminating the agreement under this condition.
- **Section 6.** Utilities for basic needs including electric, gas, and water service shall be taken over by the County with the service provider in order to maintain uninterrupted service.
- **Section 12.** In the event of Seller's default (Section 3.3 Title or Section 5 representations and warranties), the County can seek specific performance, seek damages or terminate.

Note: This property will require a change of use approved by the City of Everett; process currently unknown and dependent on a full project permit submittal package to the City.

Duration: Date of closing shall occur on or before October 28, 2022 (this date may be extended if rooms are occupied – any extension must be mutually agreed upon in writing). Closing is also subject to successfully passing methamphetamine testing (testing entity to be selected by competitive bid).

Fiscal Implications: \$10,823,000 – Utilizing CLFR³ ARPA⁴ Funds (\$500,000 earnest money deposit).

2022 Budget: YES. Appropriation authority exists in various programs and is consolidated via Motion 22-314.

Future Budget Impacts: YES. Unknown.

At this time, it is the intent of Human Services to sub-contract out the Property Management and the provision of services to third-party entities; it is anticipated that those agreements will be executed through the bid process.

Additionally, the Operating and Managements costs of this housing option is estimated at \$1,480,000 per year and will be covered with currently available surge funding anticipating the use of HB 1590 revenue in future years. For long-term planning, Human Services, based on covenants put into place by Treasury in similar circumstances, is using a twenty-year horizon for total cost impact projections.

Handling: URGENT.

Approved-as-to-form: YES.

Risk Management: YES.

Executive Recommendation: APPROVE.

Attachments:

- CLFR Fact Sheet.pdf
- Parcel Map Days Inn 4-006.pdf
- HB 1590 Business Plan 7.12.2022.pdf

³ Coronavirus Local Fiscal Recovery Funds

⁴ American Rescue Plan Act

Analysis: A full understanding of the long-term fiscal and policy implications is dependent on future council approval of the HB 1590 business plan and an analysis of property management and service provider agreements.

Request: Move this motion to GLS on August 17 for Council to consider taking action.