Ordinance 21-098: Authorizing a Sales and Use tax for Affordable Housing and Behavioral Health; providing for administration of the tax.

Department/Council Staff Q&A – Supplement to Staff Report

Council Staff Question	***Answer***
In creating the business plan, did Human Services identify the numbers of staff they would need to implement these dollars/programs?	*No - We did not include staff costs at this time but those could be funded through the reserve build up. To the extent possible, we want to try to run these funds through existing processes.*
How would the dollars be put into the community – through county-managed programs or contracts with service providers in the community or both?	*Both - Construction and operations and maintenance would be completed through contracts with service providers. It is possible that the county would use some funds to purchase more motels although that is envisioned as a Tranche 2 activity under ARPA at this point in time. In those instances, the county would contract out management of the facilities although might retain some operations and maintenance responsibilities in the Fleet and Facilities Department. Services would be provided through a combination of county staff and subcontractors.*
Do you anticipate utilizing existing ILA's and agreements as vessels for distributing these funds or will they be new ILA's/agreements that would come before Council for consideration?	*Both - We have identified various processes that could be used but would recommend using or modifying existing processes rather than establishing entirely new ones since we want to ensure synchronicity between these investments and other housing and behavioral health investments.* *We suggest having a more detailed discussion on those options before making a firm recommendation.*
Would these funds be combined with ARPA funding for purchasing power or used alongside for additional purchases?	*Potentially, yes - The plan calls for funds to start being collected in April, 2022 and made available for projects in 2023. The ARPA funds must be fully obligated in 2024 and expended in 2026 so some combining of funds to increase numbers could take place.* *For example, during the first two years, these funds could be combined with ARPA Tranche 2 funds and HOME funds for acquisition of some facilities, but the business plan was built to be able to "stand alone" since Council has not made Tranche 2 appropriations and we have not held a HOME citizen participation process as is required by statute.*

Council Staff Question	*Answer*
If these funds are combined with other funds (HOME, Housing Trust Fund, etc), would these sales tax funds take on the “requirements” or “restricted uses” of the other funds and then fall under those same requirements?	*Mostly No (contingent on various factors described below) - The 1590 funds would not take on the requirements of HOME, Housing Trust Fund, or other funds with the exception of Low-Income Housing Tax Credits (LIHTCs) which help fund most housing projects at either the 4% or 9% level. LIHTCs apply to an entire capital housing project and any associated requirements would apply as an overlay to all other funding for the project.* *Beyond that, a specific number of units can be designated as HOME and meet the HOME requirements, as HTF and meet the HTF requirements, etc. Within that framework, a specific number of units could be designed as 1590 if that were needed given the mix of funding although we were envisioning all units being 1590 units regardless of any other contributions to the project. That would mean that the units designated as being funded by another program, e.g., HOME, the requirements for both HOME and 1590 would apply as well as the requirements from the LIHTCs.* *In addition to capital funding, we need to address operating and maintenance costs. We built the business plan on the assumption that all units would be 1590 units and that we would pay for all operating and maintenance costs for all units in a given project with 1590 funds. If some of these costs were to be covered with Section 8 or Project Based Vouchers from the housing authorities, that could add another level of requirements.* *However, given the scarcity and complexity of adding vouchers to the mix, we assumed that all associated operating and maintenance costs for the units built in the first 5 years would be covered with 1590 funds in perpetuity.*
For the Hotels/Motels in years 1 and 2, what cities would be targeted?	*We have not targeted any cities outside of Everett but the Office of Recovery and Resiliency is leading conversations with cities in each district to determine if any are interested in co-investing in this or other sheltering strategies. While some have expressed interest, this process of information gathering is still underway. (Some have expressed interest in exploring co-contributing to a regional facility.) In all of these conversations, staff have made clear that we are seeking partnerships on projects that are mutually supported.*
How does the plan propose to ensure that the	*This is a standard process for all our needs-based programs and the requirements are written into our Requests for Proposals and contracts with the agency operating a facility*

Council Staff Question	*Answer*
populations indicated by RCW are met?	*being responsible for intake and eligibility determination for the referrals made. Human Services staff provide the training and technical assistance and monitor contracts for compliance with these requirements. Please note that the population to be served is considerably larger than the population of individuals experiencing unsheltered homelessness and would include, for example, low-income families with children who are unstably housed or experiencing literal homelessness.*
How many beds are anticipated as a result of the Behavioral Health investment	*TBD - We are proposing to put the funds into a reserve account to be able to contribute to the construction of new facilities as opportunities arise. We do not have an estimated number of beds that can be built with these funds since we would need to take into account not only our investment but all funding sources contributing to the effort which generally include state capital appropriations, etc.* *Note: The cost to all sources of producing the 32 beds in DJJC was approximately $550,000 per bed but our funds were not the only funds that contributed to that effort and we do not anticipate that the 1590 and CDMH funds placed into the reserve account would be the only funds contributing to any new behavioral health facility construction.*
Are there sub-sets of those populations that the plan prioritizes for serving?	*TBD - We have not established priority sub-populations. In most instances, these funds will be combined with other funds (HOME, Housing Trust Fund, Tax Credits, etc.) that carry additional requirements so it is important that these funds be used to provide optimal flexibility for "braiding" with these other fund sources.*
Am I correct to assume that a request for additional appropriation would come before Council with details on exact expenditure categories and plans?	*For capital projects, yes - We anticipate that any capital projects would come before Council for approval and that we would produce an annual report of all expenditures as we do for the CDMH funds.*
When would the quarterly reports begin?	*The reports could being following Q2 of 2022 although we don't anticipate being able to report on obligations and expenditures until Q3 of 2023.*
Will cities no longer be able to adopt the tax if the	*Yes - The statute only provides for one instance in which a municipality may pass the tax and receive a tax credit and that*

Council Staff Question	*Answer*
County voted to implement the tax?	*is if they pass it after September 30, 2020 but before the county in which they are located passes the tax.*