



Snohomish County Council

Committee: LJHS
ECAF: 22-0764
Proposal: Mot. 22-338

Analyst: Heidi Beazizo
Date: August 9, 2022

Consideration

The Executive's Office requests Council consider approving proposed Motion 22-338 which would approve and authorize a purchase and sale agreement between the County and Sang Mok Kim and Chun Ok Kim, husband and wife, and Kwang H. Kim, as his separate estate.

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 22-338, if approved, authorizes the following:

1. Approval of the Real Estate Purchase and Sale Agreement for Parcel ID 27042900302400²; and
2. Authorizes the Property Officer to sign the agreement on behalf of the county; and

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

² 54 unit hotel located at 22127 Highway 99, Edmonds WA

3. Authorizes the Property Office to sign all documents necessary to effectuate the transfer of the property to the County.

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 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 may require a change of use approved by the City of Edmonds; 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: \$9,075,000 and \$272,250 earnest money deposit (\$7 million will come from DEM ARPA funds and the remainder will come from Non-Departmental ARPA funds).

2022 Budget: YES. Appropriation Authority exists.

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, there will be Operating and Managements cost incurred annually, which are indeterminate due to the lack of available information at this time.

Handling: URGENT.

Approved-as-to-form: YES.

Risk Management: YES.

Executive Recommendation: APPROVE.

Attachments:

- CLFR Fact Sheet.pdf
- Parcel Map Americas Best Value Inn.pdf
- HB 1590 Business Plan 7.12.2022.pdf
- ABVI -PSA Exhibit C – signed by sellers

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: Reassign to COW at Admin on August 16th and consider moving the motion to GLS on August 17 for Council to consider taking action.