



Snohomish County

Human Services

November 2023

Housing and Behavioral Health Capital Fund

**An Investment Plan to Preserve and Build Affordable Housing and
Behavioral Health Facilities in Snohomish County**

*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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Letter from the Executive

Greetings –

Two of the foremost challenges we face as a state – and nation – are the housing and behavioral health crises. Across the country, housing costs have risen astronomically over the last two decades, resulting in displacement and – in the worst circumstances – individuals and families becoming homeless. During the same timeframe, we have seen a rise in unmet behavioral health needs with inadequate treatment facilities and services available locally.

Snohomish County is not immune to these twin crises. According to the most recent analysis of housing needs for the County's 2024 Comprehensive Plan, we must add 67,585 units of housing for very low and extremely low-income households by 2044 to meet projected demand. The number of people experiencing homelessness has been steadily increasing as well. The 2023 Point in Time count found 1,285 individuals experiencing homelessness in Snohomish County on the night of January 23, 2023, including 691 individuals living without any form of shelter.

The data related to behavioral health in the Snohomish County Health Department's *2022 Community Health Assessment* paints an equally daunting picture. The percentage of adults in Snohomish County who met a widely recognized definition for Serious Mental Illness (SMI) roughly doubled from 2015 to 2020. In 2021, 39.1 percent of students in the eighth through 12th grades indicated they had felt sad or hopeless almost every day for two weeks or more in a row in the last year and 37.4 percent of students reported feelings of nervousness, anxiety, and being on-edge at least half the days in the last two weeks. Both measures have increased significantly since 2016.

Crises of this scale and human impact require urgent, bold action. That's why Snohomish County Executive Dave Somers directed Human Services and partners to use our one-time federal pandemic recovery allocation to make significant capital investments to increase our emergency housing and behavioral health capacity. Ultimately, we need ongoing resources both to continue and to expand these efforts.

To that end, in December 2021 Executive Somers proposed, and the County Council approved, implementing a 0.1 percent sales tax authorized by the state legislature, the majority of which will fund affordable housing and behavioral health capital investments. With this new fund source, Snohomish County estimates that we will be able to build 700 new units of affordable housing including permanent supportive housing in the next five years as we also expand the number and type of behavioral health facilities available locally.

Once the County Council authorized this new revenue source, Human Services developed a draft business plan to guide investments. The department then conducted several months of community engagement to further shape and refine our data-informed plan that reflects best practices.

This final document – **the Housing and Behavioral Health Capital Fund** – is an investment plan to preserve, build, and maintain affordable housing and behavioral health facilities. As you read further, you'll find a comprehensive spending plan along with projected impacts and timelines so we can remain accountable to the public we serve.

Snohomish County is committed to working collaboratively on the equitable and timely distribution of these funds. The impact that these investments will have on our Snohomish County communities is immense, but ultimately, our partners at the federal and state levels must dramatically increase investments to truly meet the scale of need. In the meantime, we will act to relieve human suffering and help our residents.

In partnership,

A handwritten signature in blue ink that reads "Lacey Harper". The signature is written in a cursive, flowing style.

Lacey Harper
Executive Director, Snohomish County

Executive Summary

In the 2019-2020 Legislative Session, the Washington State Legislature passed HB 1590 which allows for a county to councilmanically 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. These funds can be coupled with revenues also made available in the 2019 Legislative Session through HB 1406.

This Housing and Behavioral Health Capital Fund Investment Plan (Investment 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 Investment 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 in the Snohomish County Comprehensive Plan currently being updated for 2024 as well as by HART in its report and recommendations which may be found at <https://www.snohomishcountywa.gov/5422/HART>. Challenges include 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 and continuing 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 49.8 percent increase from 2018 to 2023 in the Snohomish County Point in Time (PIT) Count. 691 youth, young adults, and adults were identified as unsheltered in the 2023 PIT Count; 665 of these individuals were adults. Of the adults counted, 49.2 percent reported a serious mental illness and 54.9 percent reported a substance use disorder.

In response, this Investment Plan has been developed for use of HBs 1406 and 1590 funds to include:

- Use of 81 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 **\$92,728,750** over the first five years. Of this, **\$64,252,000** will be allocated to affordable housing and **\$28,476,750** will be allocated to emergency bridge and permanent supportive housing.
- Use of 7 percent of the **\$114,824,440** expended to be used for the delivery of housing-related services for a total investment of **\$8,511,750**.

Executive Summary

- Use of 9 percent of the funds expended to create a local reserve fund earmarked for the construction of behavioral health facilities for a total investment of **\$10,000,000**.
- Use of 3 percent of the funds expended for administration of the fund and evaluation of this Investment Plan for a total investment of **\$3,583,940**.
- Creation of an unassigned fund balance of **\$20,326,681** over the five-year period to be assigned as needed to ensure that land acquisition, preservation, and 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 150 units of emergency bridge and permanent supportive housing and 550 units of affordable housing over the first five years. They will also expand the number and type of behavioral health facilities. Taken together, these investments will make 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 1406 which created a local revenue sharing program for participating jurisdictions that allows for a portion of local sales and use tax credited against the State sales tax to be used for acquiring, rehabilitation, and constructing affordable housing, operations and maintenance of new affordable housing facilities, including supportive housing, and rental housing. The housing must be for households with incomes at or below 60 percent of the Area Median Income (AMI). In the 2023 Session, the Legislature expanded the allowable uses for larger counties and cities to include use of the funds to pay for rental assistance. In the same session, the Legislature passed HB 1590 which allows for the councilmanic 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 \$146,500, therefore the above populations must have an income at or below 60 percent of AMI, or \$57,550 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							
FY2023 Snohomish County AMI	1	2	3	4	5	6	7	8
\$146,500	\$57,550	\$65,750	\$74,000	\$82,200	\$88,800	\$95,350	\$101,950	\$108,500

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.

In late 2021, the Snohomish County Human Services Department prepared the draft BH 1590 Business Plan to Fund Affordable Housing, Behavioral Health Facilities, and Related Services for review by the Snohomish County Executive Office, Snohomish County Council, and the public.

Following release of the draft Business Plan, the Snohomish County Human Services Department engaged in a comprehensive effort to garner community input for the Business Plan. Nine listening sessions were held between April 5, 2022 and September 20, 2022. Members of these groups represented many different organizations and vantage points.

Additionally, members of the general public were invited to send written feedback to the Housing Affordability Regional Taskforce (HART) email address. Information about the feedback process was also made the Human Services Department website under the Public Meetings section at <https://www.snohomishcountywa.gov/1091/Public-Notices>.

The Snohomish County Human Services Department also reviewed and incorporated feedback on housing and behavioral health services gathered during the Office of Recovery and Resilience's (ORR) pandemic recovery engagement efforts in the spring of 2022. The above sources of information have all informed the refinement of this plan, which has been renamed as the Housing and Behavioral Health Capital Fund Investment Plan (Investment Plan).

Snohomish County responses to the questions, comments, and recommendations shared through these information gathering efforts are presented in **Appendix A** of the Investment Plan. The names and dates of the nine listening sessions follow:

Session Title	Date Held
Housing Affordability Regional Taskforce	April 5, 2022
Housing Affordability Regional Taskforce	June 2, 2022
Housing Consortium of Everett and Snohomish County	July 6, 2022
Veterans Assistance Fund Executive Board	July 15, 2022
Community Services Advisory Council	July 15, 2022
Chemical Dependency and Mental Health Sales Tax Advisory Board	August 17, 2022
Partnership to End Homelessness Racial Equity Board	August 17, 2022
Partnership to End Homelessness	September 12, 2022
Snohomish County Cities	September 29, 2022

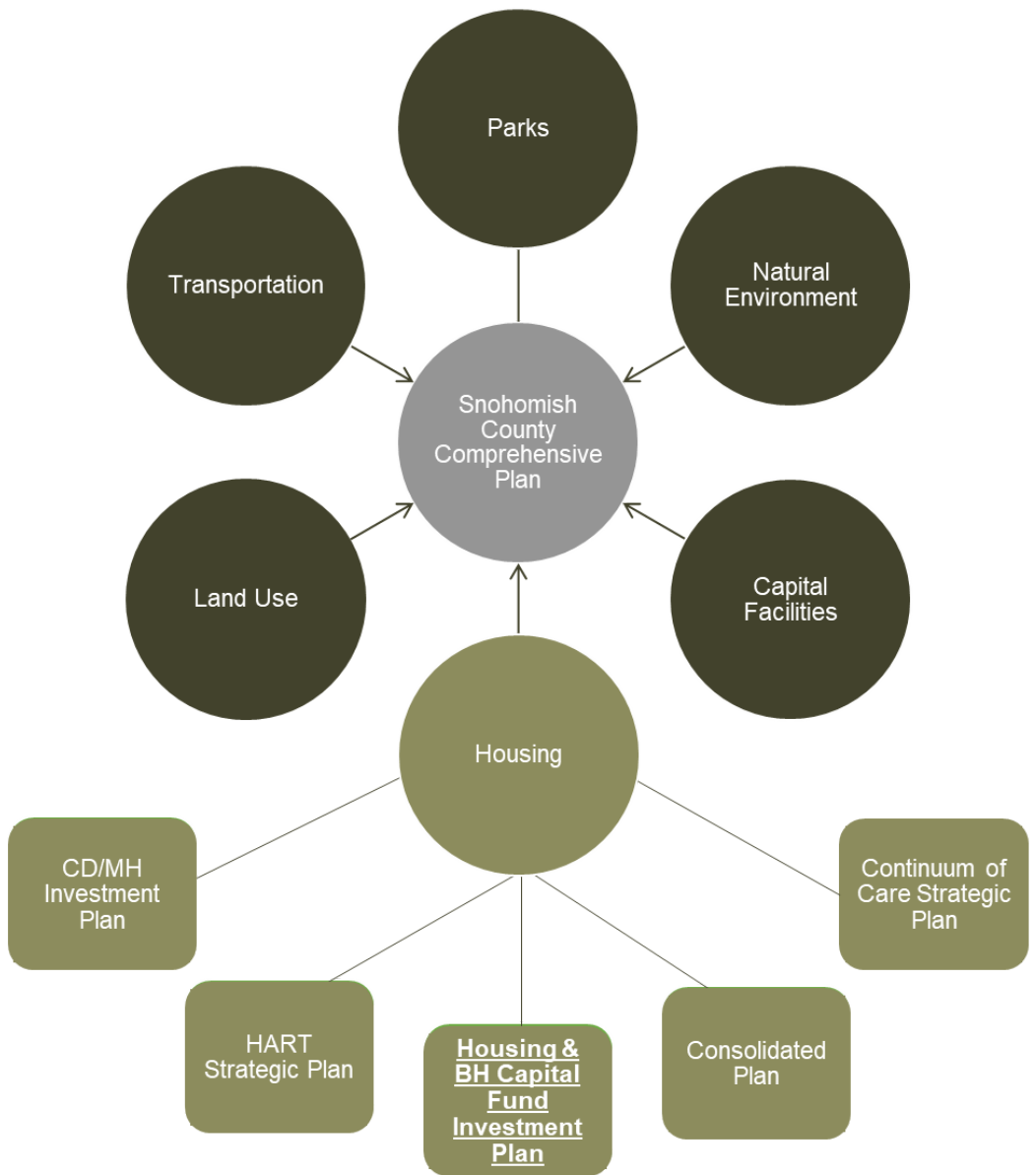
At one of the HART listening sessions, the HB 1590 funding initiative was described by Executive Somers and Everett Mayor Cassie Franklin as exciting and open to new ideas, public-private partnerships, and strategic leveraging of resources. During each of the sessions, there was frequent acknowledgement that attendees want the same things for their communities and all are facing important decisions which they will work together to resolve. Listening session attendees were reminded that the Business Plan they were reviewing was focused on investments in brick and mortar rather than on stand-alone services by statute. As a result, some recommendations made regarding stand-alone services will inform future request for proposals instruments focused on service delivery.

Based on the above, an analysis of needs and recommendations related to these possible uses of HB 1406 and 1590 funds as well as the Investment Plan for uses of the first five years of revenues are provided on the following pages.

It is important to acknowledge that the Investment Plan is a living document that will be analyzed and updated annually based on the most recent data available from the Point in Time Count, the Low-Income Needs Assessment, the Area Plan on Aging, and the Housing Inventory Chart among other sources.

It should also be noted that the listening sessions were focused on the 1590 funding. Given the intersection between the allowable use of HBs 1406 and 1590 funds, however, the Investment Plan incorporates both revenues sources to optimize efficiency for administrators, developments, and operators.

A graphic showing how the Investment Plan and other related plans relates to Snohomish County's overarching Comprehensive Plan is provided below.



Purpose

In addition to being developed to address the challenges identified by local elected officials, this Investment 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 within the context of the 2024 Comprehensive Plan update process currently underway as well as other intersecting planning processes.

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 Snohomish County Comprehensive Plan, HART, and NSBH-ASO, this Investment 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 HBs 1406 and 1590 requirements while maximizing the leverage of other resources and existing plans
- **Equity** 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 HBs 1406 and 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

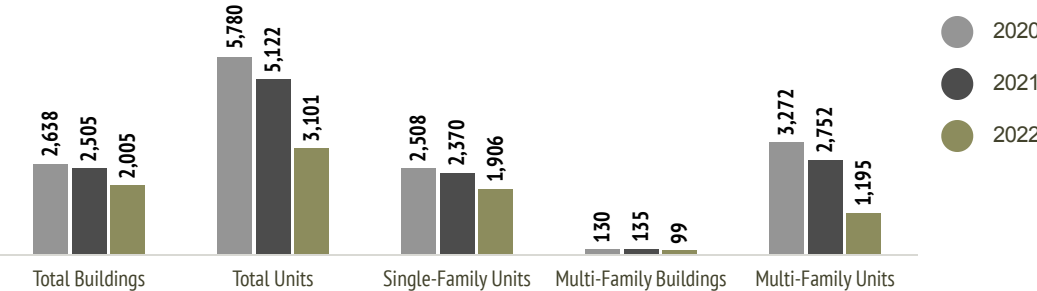
There are several factors driving the lack of affordable housing in Snohomish County. These issues are well documented in the Housing Affordability Regional Taskforce in its report and recommendations which may be found at <https://www.snohomishcountywa.gov/5422/HART>. A high-level summary is provided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

High Housing Demand, Low Stock

Snohomish County currently has an estimated rental vacancy rate of 4.3 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 11.3 percent to 37.3 percent by 2040.

Based on the Washington State Department of Commerce All Planning Tool, for no household to spend more than 30 percent of their income toward housing, Snohomish County will need 143,182 additional affordable housing units by 2044 to accommodate pent up demand and this projected growth. New housing will need to be built at more than twice the current rate, across all income levels, to meet the current shortfall and projected demand. The U.S. Census Bureau Building Permits Survey shows a local decline in the number of new privately-owned residential construction:

Snohomish County Building Permits for Privately-Owned Residential Construction



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.

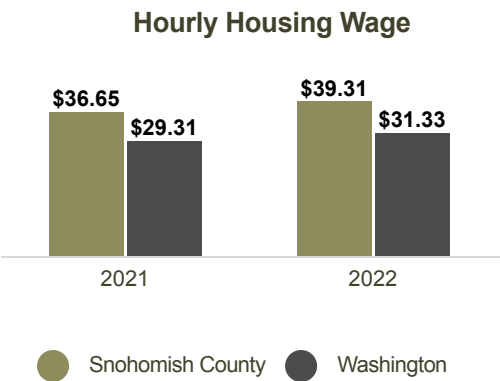
Gap Between Housing Costs and Wages

During FY2022 in Snohomish County, the Fair Market Rent (FMR) for a two-bedroom apartment was \$2,044. To afford this level of rent and utilities, without paying more than 30 percent of income on housing, a household must earn \$6,813 monthly or \$81,760 annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into an hourly housing wage of \$39.31. To afford a two-bedroom apartment at minimum wage, a household would have to work nearly 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	2022 Fair Market Rent	Income Needed	Hourly Income Needed
Efficiency	\$1,674	\$66,960	\$32.19
1-Bedroom	\$1,739	\$69,560	\$33.44
2-Bedroom	\$2,044	\$81,760	\$39.31
3-Bedroom	\$2,796	\$111,840	\$53.77
4-Bedroom	\$3,285	\$131,400	\$63.17

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 2012 to 2022, the HUD-determined fair market rent for a 2-bedroom unit increased 86.2 percent while the median income only increased by 53 percent.



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

Overall, Washington State ranks 6th 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, 32.4 percent of Snohomish County households are housing cost-burdened with a substantially larger percentage of renters being cost-burdened than homeowners as shown below.

24.8% **Cost-burdened by mortgage payments**

68.3% of Snohomish County residents are homeowners

48.9% **Cost-burdened by rent payments**

31.7% 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	\$131,143
White (Non-Hispanic or Latinx)	\$113,232
Native Hawaiian/Pacific Islander	\$103,850
Multiracial	\$102,783
American Indian/Alaskan Native	\$96,563
Hispanic or Latinx	\$85,571
Black or African American	\$79,356
Some Other Race	\$69,805

Median Family Income by Race/Ethnicity, Inflation Adjusted: U.S. Census Bureau Tables B19113B-I, 2017-2021 ACS 5-Year Estimates

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 Black or African Americans and residents who identify as "Some Other Race" cannot support a 2-bedroom rental in Snohomish County without the household being housing cost-burdened. And less than \$4,000 annually puts Hispanic and Latinx residents at risk of being cost-burdened.

Many Types of Households Struggle with Housing Costs

Fair Market Rent for a two-bedroom apartment in Snohomish County was \$2,044 for 2022.

FY2022 Area Median Income (AMI) = \$134,600*

*The median is based on a four-person household

0-30% AMI

Annual Household Salary:
\$0 - \$38,800

Extremely Low Income

Avg. Social
Security Income
\$19,884



Full-Time 2022
Min. Wage Worker
\$30,139



Affordable Monthly Housing Costs
\$0 - \$970

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

31-50% AMI

Annual Household Salary:
\$38,801 - \$64,700

Very Low Income

Receptionist
\$40,840



Two Full-Time
Min. Wage Workers
\$60,278



Affordable Monthly Housing Costs
\$971 - \$1,618

"Not many
livable wage jobs here
& wages have not kept up
with inflation; wages do not
match the cost of living."
-Community Needs
Assessment Voice

51-80% AMI

Annual Household Salary:
\$64,701 - \$95,300

Low Income

Mental Health/Substance
Use Social Worker
\$65,410



Affordable Monthly Housing Costs
\$1,619 - \$2,383

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

81-120% AMI

Annual Household Salary:
\$95,301 - \$155,300

Moderate to Middle Income

Registered Nurse
\$99,310



Aerospace
Engineer
\$135,040



Affordable Monthly Housing Costs
\$2,384 - \$3,883

Above 120% AMI

Annual Household Salary:
More than \$155,300

Upper Middle Income +

Dentist
\$173,990



Computer Information
Systems Manager
\$185,210



Affordable Monthly Housing Costs
\$3,884 +

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

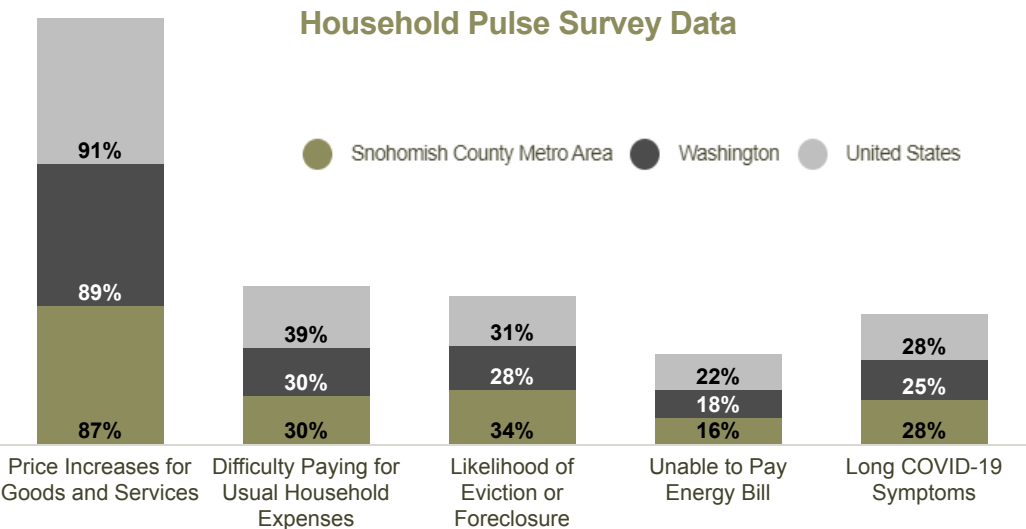
	2016 Base-Year Unmet Need	Projected 2030 Unmet Need
Psychiatrists	-380	-550
Clinical, Counseling, and School Psychologists	-400	-210
Addiction Counselors	-30	-1,010
Mental Health Counselors	10	-850

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.”

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, collected March 29 - April 10, 2023, 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.



Additional impacts are discussed in more detail below.

The Effects of Social Isolation are Increasingly Evident

Pandemic behavioral health repercussions persist, despite May 11, 2023 marking the end of the national public health emergency. DOH warns that “in the long-term, recovery processes related to behavioral health may be extensive and complex, particularly as regional and local disasters and critical events continue to occur and layer with pandemic cascade effects.” Many families and individuals are still grappling with the impacts of social isolation, especially youth, older adults, and people who are immunocompromised. DOH 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. Additionally, a [U.S. Surgeon General Advisory](#) was issued May 2023 calling attention to the public health crisis of loneliness, isolation, and lack of connection.

COVID-19 created an increase concern of suicide risk in youth, resulting in a statewide Provider Alert. Snohomish County is home to approximately 247,400 youth and young adults (aged 24 and under). Social isolation was one of the factors putting Washington youth at an increased risk for suicide attempts, suicidal ideation, and psychological distress. The effects also resulted in Governor Inslee signing an emergency proclamation March of 2021 recognizing the mental and behavioral health emergency among Washington's youth. DOH's 2022 fourth quarter Statewide High-Level Analysis of Forecasted Behavioral Health Impacts from COVID-19 report highlights that youth have been faced with increased social isolation, disruptions in school, and loss of connection. Behavioral health services, especially crisis services, have remained higher for youth across the State than before the pandemic. Emergency departments also reported a surge in youth presenting with suicidal ideation and self-harm at the beginning of the school year.

Older adults are also struggling from the effects of social isolation. The U.S. Surgeon General warns that in older adults, both social isolation and loneliness have been shown to independently increase the likelihood of depression or anxiety. Snohomish County's Aging and Disability Services, within the Human Services Department, surveyed residents 55 and older in January 2021 and again in January 2023 to better understand the unique difficulties Snohomish County's 228,266 older adults experience. The majority of comments left by older adults in 2021 were about their struggles with social isolation. In 2023, similar comments were left regarding the need for social connection and access to mental health services.

Hardcopies of the latest survey reached at least 11 percent of residents 55 and older with a 95 percent confidence level +/- 2 percent margin of error; results related to social isolation can be seen on the next page:

Snohomish County Residents 55 and Older

1 in 5



20% Continue to be Kept from
Visiting with a Loved One



18% Feel Anxious, Nervous,
or On Edge Most Days

40% Worry About
Contracting COVID-19



30% Feel Unsafe
When Leaving Home



15% Feel Lonely

14%

Have No
Social Support



9% Don't Have Someone
to Talk to Every Day

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

The stress, anxiety, and depression associated with ongoing COVID-related impacts are resulting in unhealthy coping strategies such as substance use, 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. Latest results estimate that number has jumped to 82.5 million in 2021. This impact is not anticipated to be short-lived: DOH predicts substance use 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 April 2023 was 2.7 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 suspected suicides in youth aged 6-17, accounting for 40 percent of youth exposures in 2021. From 2019 to 2021, cases of self-harm or suspected suicide increased 58 percent for youth aged 6-12 and 37 percent for youth aged 13-17. In addition, the WAPC reported that 57 percent of the State's reported opioid exposures in those aged 13-20 were due to suicide or self-harm in 2020.

The opioid epidemic has had a devastating effect across the State, and it is no different in Snohomish County. From 2017 through 2022, Snohomish County experienced 13.2 percent of all opioid-related deaths in Washington while the County represents 10.8 percent of the State population. Fentanyl has been increasingly becoming an issue in Snohomish County with 14.4 percent of all state-wide fentanyl deaths during the same period.

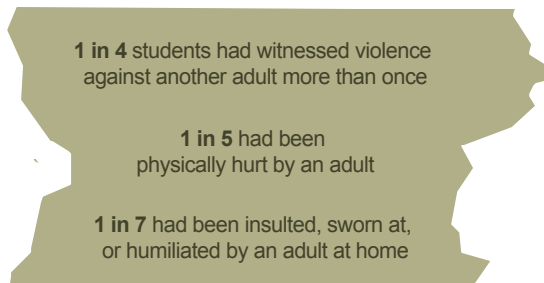
It is clear that the impacts of COVID-19 have exacerbated the existing opioid crisis. Opioid-related deaths in 2022 have more than doubled in Snohomish County compared to the number of deaths in 2017. There has also been an increase in fentanyl-related deaths in Snohomish County. Data for 2022 indicates that fentanyl has been involved in 91.7 percent of all opioid-related deaths.

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 have been likely underreported. Vicci Hilty, former 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 negatively impact each and every Snohomish County resident and our community as a whole. This intersection is 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 49.8 percent increase from 2018 to 2023 in the Snohomish County Point in Time (PIT) Count. 691 youth, young adults, and adults were identified as unsheltered in the 2023 PIT Count; 665 of these individuals were adults. Of the adults counted, 49.2 percent reported a serious mental illness and 54.9 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 71.4 percent between 2018 and 2023 (367 compared to 629 respectively). Individuals in that category has steadily comprised a larger percentage of Snohomish County's homeless population over time. In 2018, chronically homeless persons accounted for 42.8 percent of the homeless population compared to 48.9 percent in 2023. 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 450 chronic homeless persons were unsheltered.

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 following Investment Plan for the use of HBs 1406 and 1590 funds to address the above challenges and achieve the desired outcomes as discussed in the following section.

The Proposed Investment 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 HB1406 and 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 B** to this Investment Plan. Our projected revenues are anticipated to be **\$130,556,122** including interest. Our 5-year projected expenditures are **\$114,824,440**.

Recommendation #1

Of that amount, we recommend that 81%, 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: **\$92,728,750**.

Recommendation #2

We recommend a 69%/31% split of the \$92,728,750 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 over the course of five years:

\$64,252,000 allocated to affordable housing including operating and maintenance

\$28,476,750 allocated to emergency bridge and permanent supportive housing operating and maintenance

Recommendation #3

We recommend that 7% of the \$114,824,440 expended be used for the delivery of housing-connected services.

TOTAL Investment Years 1 through 5: **\$8,511,750**.

Recommendation #4

We recommend that 9% of the funds expended be used to create a local reserve fund for the construction of behavioral health facilities. These funds will be braided with other funds for this purpose.

TOTAL Investment Years 1 through 5: **\$10,000,000**

Recommendation #5

Given the number of comments related to data collection, evaluation, and accountability received, we recommend that 3% of the \$114,824,440 expended be allocated to the administration and evaluation of this Investment Plan.

TOTAL Investment Years 1 through 5: **\$3,583,940**

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

Recommendation #6

Assuming that the revenue and expenditure projections are accurate, and adding-in an anticipated under-expenditure of 4% of planned expenditures each year, the HBs 1406 and 1590 fund would accrue an unassigned fund balance of **\$20,326,681** over the 5-year period. We recommend that these funds be held in reserve to be assigned to land acquisition for eligible projects with a reasonable expectation of completion; low-rent housing acquisition and preservation; 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 HBs 1406 and 1590 funds is explored in more detail in each of the proposed investment areas in the following sections.

The Affordable Housing Plan

Under HBs 1406 and 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 Recommendations #1 and #2, **\$64,252,000** will be invested in the creation and operations and maintenance of additional affordable housing for HB 1406 and 1590-eligible individuals and households with incomes below 60 percent of AMI including those 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 550 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 HBs 1406 and 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 \$18,000/unit/year adjusted for inflation starting in Year 4 for the first 150 units and adding 400 units in subsequent years with costs being fully absorbed with HBs 1406 and 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 HBs 1406 and 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. This Investment Plan does not assume any other contributions to operations and maintenance.

Assumption #6: The projects will be selected starting in Year 3 for launching in Year 4 and beyond.

Assumption #7: Some of these conventionally financed affordable housing units could be designated as permanent supportive housing thereby increasing the housing stock shown in the following section. In such instance, wrap-around services for that housing 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.

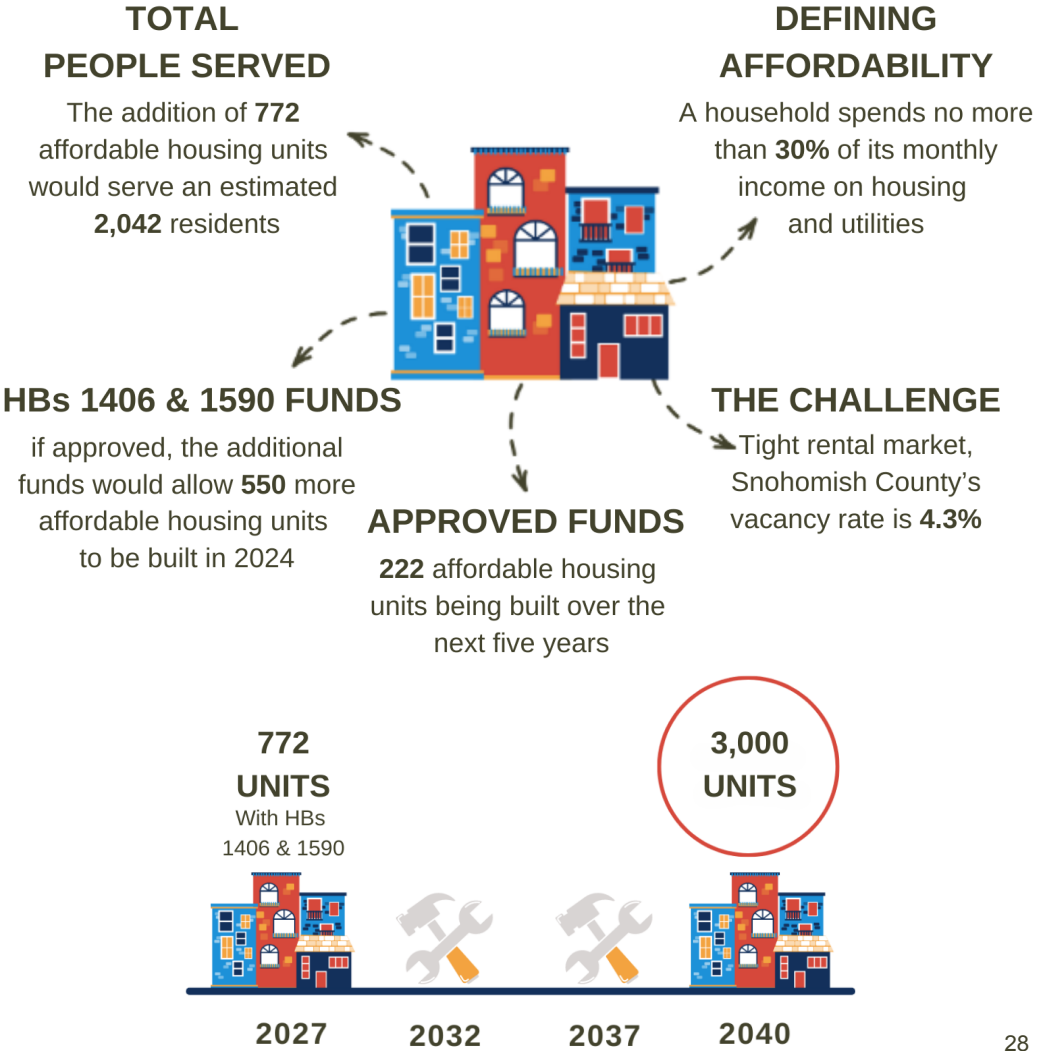
Benefits

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 550 additional affordable housing units over the next five years, this investment would represent an increase in the number of affordable housing units constructed over the past five years and supported with County funding by a factor of 2.5. 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 region economy during an intensifying labor shortage to the benefit of the individuals, households, neighborhoods, and communities served.



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.

Of these two types of housing, permanent supportive housing represents a subset of affordable housing. This Plan separates the cost of permanent supportive housing from other affordable housing and combines it with emergency bridge housing since the cost of operations and maintenance of this subset of affordable housing is substantially higher than for other affordable housing and is comparable to the cost of operations and maintenance of emergency bridge housing. Additionally, the cost of 24/7 services must be factored into both permanent supportive and emergency bridge housing as a separate cost category.

Investments

Over the course of five years under Recommendations #1 and #2, **\$28,476,750** will be invested in the creation and operations and maintenance of emergency bridge and permanent supportive housing for HBs 1406 and 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 150 units of emergency bridge and permanent supportive housing by the end of Year 5 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 has been fully financed with ARPA funds in Years 1 and 2 to create 120 units. An additional 150 permanent supportive housing units will be created in years 3 through 5 with HBs 1406 and 1590 funds.

Assumptions

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 HBs 1406 and 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 HBs 1406 and 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. This Investment Plan does not assume any other contributions to operations and maintenance of the emergency bridge and permanent support housing units developed.

Assumption #6: New projects will be selected in Year 3 for launching in Year 4 and beyond.

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.

Benefits

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.

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 150 additional housing units could transition 330 chronically homeless individuals from literal street homelessness to emergency or permanent housing, representing nearly 48 percent of the number of individuals who were experiencing literal homelessness countywide in the 2023 Point-in-Time Count.

Homelessness in Snohomish County

BASED ON THE POINT-IN-TIME COUNT OF TUESDAY, JANUARY 24, 2023



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



The Housing-Related Services 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 #3 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 #3, **\$8,511,750** will be invested in the delivery of needed services to residents in emergency bridge and permanent supportive housing.

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 \$27,000/resident/year adjusted for inflation starting in Year 4. Funds from other sources will be available to support the delivery of services in Year 3 and a portion of Year 4.

Assumptions

Assumption #3: The level of services could be increased if the average cost/resident to the HBs 1406 and 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 Behavioral Health Facilities Plan

Recommendation #4 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 will set aside \$10,000,000 in HB 1590 funds over five years to be matched with a \$3,000,000 investment 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 will place the HB 1590 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 will create the greatest opportunity for potential developers to identify opportunities and develop these much-needed facilities on an ongoing basis.

The Administration and Evaluation Plan

The need for strong administration with accountability as well as a data-driven approach and strong evaluation plan has been the focus of much of the feedback from listening sessions and discussions with elected officials. In response, this Investment Plan includes the allocation of resources specifically to address these related concerns as outlined in Recommendation #5 by investing 3%, \$3,583,940, of the funds expended over the course of the first five years to support the activities outlined below.

Administration

Consistent with the process for administering the Chemical Dependency and Mental Health fund, The Snohomish County Human Services Department will administer the Housing and Behavioral Health Capital Fund on behalf of the Snohomish County Executive and Council. Key administrative duties will include, but not be limited to:

- Conducting of research of best and most promising practices related to the investments being made;
- Developing request for proposals instruments and processes;
- Adhering to the governance process for selecting of apparently successful bidders (to be developed);
- Executing contracts with successful bidders;
- Conducting ongoing monitoring of contract compliance and performance;
- Preparing budgets and 5-year projections for use of the Fund;
- Creating a performance dashboard;
- Establishing a Fund website;
- Conducting ongoing evaluation of the efficacy of the investments made and developing recommendations for future investments; and
- Providing regular updates on Fund performance to the Executive, Council, and the community.

Evaluation

Consistent with other Snohomish County practices, the Human Services Department will systematically and frequently evaluate the effectiveness of activities funded through the Housing and Behavioral Health Capital Fund. Such evaluation will include formative and summative evaluations as well as an analysis of quantitative and qualitative data that includes input from contractors and people with lived experience.

The key metrics that will be used to evaluate the overall efficacy of the investments made at the programmatic level will include, but not be limited to:

- The number, type, and location of housing units developed;
- The cost of housing per household per year by type of unit and target population;
- The number, type, and location of behavioral health facilities developed including the number of in-patient beds;
- The need for and access to other services by type and location; and
- The extent to which needs are being addressed by location;

The key metrics that will be used to evaluate the broader, systemic changes resulting from the investments will include, but not be limited to:

- Changes in the Point in Time Count;
- Changes in the Housing Inventory Count;
- Changes in the Community Needs Assessment; and
- Changes in the Comprehensive Health Assessment related to behavioral health indicators.

The Unassigned Fund Balance Plan

Under Recommendation #6, the unassigned fund balance of \$20,326,681 is intended to accelerate and create sustainability for the Investment Plan by allowing for the just-in-time reallocation to land acquisition for affordable housing projects with a reasonable expectation of completion, acquisition of low-rent housing to be maintained as affordable, 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 Investment Plan for using the HBs 1406 and 1590 funds collected over the next five years is summarized on the Housing and Behavioral Health Capital Fund 5-year projections analysis provided in **Appendix B**.

Next Steps

Upon approval of the final Housing and Behavioral Health Capital Fund Investment Plan, there are several steps that will be taken immediately to transition from planning to implementation.

Key steps include:

- Engagement of staff to initiate administrative activities once 2024 budget is approved;
- Presentation of a recommendation for the governance structure for making funding decisions regarding the bids submitted by community partners;
- Development of request for proposals processes for each type of investment;
- Development of plan and annual timeline for updating and amending the Plan;
- Presentation of the Plan for review by other jurisdictions within Snohomish County.

It is anticipated that the request for proposals instrument and process for housing will be incorporated into the current Notice of Funding Opportunity (NOFO) process through which most capital housing funds are currently made available between May and July, 2024. The actual date is predicated on the date that the United States Department of Housing and Urban Development makes funding available through its programs. The reason for incorporating this funding into a single “super-NOFO” with other housing funding streams is first and foremost to streamline the application process for developers and secondarily to provide reviewers with the most complete picture possible of a given proposed project. Since this process also includes the State Combined Funders Application, it will also facilitate the ability for developers to apply to the State for additional funding.

It is anticipate that the “standing” request for proposals instruments for behavioral health facilities, land acquisition for projects with a reasonable expectation of completion, and projects for the acquisition of low-rent housing to be retained as affordable will be posted in the first quarter of 2024.

Summary

This is an investment plan for the use of new resources being made available to address the needs for more affordable housing and behavioral health facilities and their impact on homelessness, housing stability, and behavioral health. It represents the first wave of investment of new resources, most of which are being made available in perpetuity to address these concerns. Data-driven strategies will inform ongoing priorities actions as will the diverse voices in our county in alignment with updates to the Comprehensive and Consolidated Plans and emerging practices in the field. Throughout this process, Snohomish County will remain open to new ideas and partnerships.

As may be seen from the above discussion, the passage of HBs 1406 and 1590 by Snohomish County and strategic investment of the revenues generated will 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 HBs 1406 and 1590 funds will improve the quality of life for us all.

Appendix A

Investment Plan Community Feedback Report

The Snohomish County Human Services Department engaged in a comprehensive effort to garner community feedback on the draft 1590 Business Plan that was issued in November 2021. In response to a Snohomish County Council request, eight listening sessions were held between April 5, 2022 and September 29, 2022. Members of these groups included elected officials and representatives of many different organizations and vantage points.

Listening sessions were facilitated by Marketing Solutions, Inc. and documentation was provided, coded, and consolidated by Business Government and Community Connections with the assistance of Snohomish County staff.

Snohomish County responses to the questions, comments, and recommendations shared through the information gathering efforts are presented on the following pages. The names of the groups and dates of the eight listening sessions follow:

Session Title	Date Held
Housing Affordability Regional Taskforce	April 5, 2022
Housing Affordability Regional Taskforce	June 2, 2022
Housing Consortium of Everett and Snohomish County	July 6, 2022
Veterans Assistance Fund Executive Board	July 15, 2022
Community Services Advisory Council	July 15, 2022
Chemical Dependency and Mental Health Sales Tax Advisory Board	August 17, 2022
Partnership to End Homelessness Racial Equity Board	August 17, 2022
Partnership to End Homelessness	September 12, 2022
Snohomish County Cities	September 29, 2022

At one of the HART listening sessions, the 1590 funding initiative was described by Executive Somers and Everett Mayor Cassie Franklin as exciting and open to new ideas, public-private partnerships, and strategic leveraging of resources. During each of the sessions, there was frequent acknowledgement that attendees want the same things for their communities and all are facing important decisions which they will work together to resolve.

Listening session attendees were reminded that the Plan is first and foremost an investment plan focused on investments in brick and mortar facilities. The Plan also outlines the intent to support the vision and strategies articulated in the Comprehensive Plan as updated, the HART, the North Sound Behavioral Health Administrative Services Organization Strategic Plan, and to support ongoing operations and maintenance of and services offered in the facilities built and rehabilitated as needed and appropriate. They were also advised that recommendations related to services during the meeting will provide valuable information for various competitive procurement processes focused on service delivery.

Additionally, other groups and members of the general public were invited to send letters and written feedback to the HART email address. Information about the feedback process was also available on the Human Services Department website, under the Public Meetings section at <https://www.snohomishcountywa.gov/1091/Public-Notices>.

In addition, the Snohomish County Human Services Department reviewed and incorporated feedback on housing and behavioral health services gathered during the Office of Recovery and Resilience's (ORR) pandemic recovery engagement efforts in the spring of 2022. The above sources of information have informed the refinement of this Plan.

Tables depicting the questions and comments generated through the eight facilitated listening sessions are provided below. An additional table depicting the comments gleaned through email comments, surveys, and letters from external constituents is also provided. Finally, two letters, one from the City of Monroe and one from the Housing Consortium of Everett and Snohomish County, are also provided.

Taken together, this feedback clearly supports the need for the types of investments identified in the Plan and has provided additional information that has helped refine and shape the final Plan for the use of HBs 1406 and 1590 resources during the first five years of operation.

The Human Services Department would like to thank the hundreds of individuals and organizations that contributed to this final Investment Plan which is and will remain a living document, subject to refinement and improvement as we collectively advance on our journey to ensure every resident of our county has access to high quality and timely behavioral health services and has a safe and stable place to call home.

INVESTMENT PLAN EXTERNAL COMMENTS

CATEGORY	COMMENT	RESPONSE
<i>A number of additional comments regarding the draft Business Plan were received through the listening sessions and are identified below.</i>		
Eligible Populations	Seniors and children should be eligible for housing and services.	This is allowable under the Plan provided they meet the eligibility criteria.
Eligible Populations	Refugees from Afghanistan and Ukraine should be eligible for housing and services.	This is allowable under the Plan provided they meet the eligibility criteria.
Eligible Populations	People who speak a first language other than English should be eligible for housing and services.	This is allowable under the Plan provided they meet the eligibility criteria.
Eligible Populations	Employed individuals should be eligible for workforce housing and services.	This is allowable under the Plan provided they meet the eligibility criteria.
Allowable Construction	Behavioral health day and residential facilities are needed for youth.	This is an allowable activity under the Plan.
Allowable Construction	Housing that supports sobriety is needed.	This is an allowable activity under the Plan.
Allowable Construction	Housing that helps individuals transition from jail to the community, including the provision of behavioral health medications, is needed.	This is an allowable activity under the Plan.
Allowable Construction	Retain Affordable Housing	This is incorporated into the Plan.
Allowable Construction	Retain behavioral health facilities and integrate 1590 funds with other related funds.	This is incorporated into the Plan.
Allowable Construction	Allow for construction of affordable housing in mixed-income developments.	This is allowable under the Plan.
Allowable Construction	Allow for an array of short-term and permanent supportive housing options.	This is allowable under the Plan.
Allowable Construction	Allow for construction of low-cost, small footprint housing.	This is allowable under the Plan.

CATEGORY	COMMENT	RESPONSE
Allowable Construction	Allow for construction of hygiene facilities.	This is allowable under the Plan provided it is incorporated into a development that increases the amount of affordable housing and/or behavioral health facilities.
Allowable Construction/Services	Retain short-term, supportive Bridge Housing options.	This is incorporated into the Plan.
Allowable Construction/Services	Retain Permanent Supportive Housing	This is incorporated into the Plan.
Allowable Services	Legislative actions are needed to increase the number of qualified mental health professionals	While this very clear and present need is outside the scope of the Plan, it is an important consideration.
Allowable Services	Individuals need to be able to stay in Bridge Housing as long as is necessary to make a successful transition to permanent housing.	This is allowable under the Plan.
Allowable Services	Individuals need to be provided the tools necessary (furnishings, utensils, etc.) once in permanent housing.	This is allowable under the Plan.
Allowable Services	Emphasize fair housing to increase diversity, equity, and inclusion including for people with disabilities.	This is incorporated into the Plan.
Allowable Services	Use 1590 funds to “gap” health insurance funding for behavioral health services.	While this need is outside the scope of the Plan, it is an important consideration.
Other Allowable Costs	Funding should be available for mobile behavioral health units.	
Other Allowable Costs	The provision of funds to support operations and maintenance of the housing constructed is critical.	This is incorporated into the Plan.

CATEGORY	COMMENT	RESPONSE
Strategies	Provide adequate funding for administration of the fund including communications, robust metrics, and review processes.	This is incorporated into the Plan.
Strategies	Increase funding for behavioral health facilities.	This is incorporated into the Plan.
Strategies	Emphasize funding of affordable housing.	This is incorporated into the Plan.
Strategies	Housing First shelter needs to be available.	This is incorporated into the Plan.
Strategies	Recovery housing needs to be available.	This is allowable under the Plan.
Strategies	There needs to be outreach and ongoing communication regarding the Plan.	Recognition of this need has been incorporated into the Plan.
Strategies	Education needs to be provided for housing developers to consider development in east County jurisdictions.	While this need is outside the scope of the Plan, it is an important consideration.
Strategies	The Plan should include information about how relationships will be cultivated at the neighborhood level.	This will be incorporated into competitive procurement processes.
Strategies	The Plan should clearly articulate the allowable uses of funds and associated metrics.	This is incorporated into the Plan.
Strategies	The Plan should optimize the flexible use of 1590 funds to facilitate integration with more restrictive funds.	This is incorporated into the Plan and will be incorporated into competitive procurement processes.
Strategies	The Plan should describe the role of cities in identifying buildable land.	While this need is outside the scope of the Plan, it is an important consideration.
Strategies	The Plan should clearly delineate how much of the Affordable Housing funding is for Permanent Supportive Housing.	This is incorporated into the Plan.
Strategies	The Plan should not assume the availability of housing vouchers	The Plan does not assume the availability of housing vouchers.
Strategies	The Plan should articulate how it supports HART strategies.	This is incorporated into the Plan.

CATEGORY	COMMENT	RESPONSE
Strategies	The Plan should articulate the behavioral health facilities assumptions.	This is incorporated into the Plan.
Strategies	Recommendation #2 could be adjusted to substantially increase the number of new affordable housing units built during the 5-year period.	This is incorporated into the Plan.
Date, Evaluation, and Reporting	The Plan should provide detailed data on a jurisdictional level and housing development goals for the County as a whole as well as individual jurisdictions.	This will be incorporated into or referenced in the Plan and on the Plan website through the Comprehensive Plan Update development process.
Data, Evaluation, and Reporting	The cost projections should be based on confirmed data.	The cost projections are based on confirmed data.
Data, Evaluation, and Reporting	There should be a cost benefit analysis for the cost of Bridge Housing and Permanent Supportive Housing relative to other emergency services.	There are extensive analyses of the cost benefit of these services relative to other emergency services and the Plan was predicated on such analyses.
Management and Governance	The Technical Advisory Committee and associated tools and processes need to be modified to include voices from cities such as Everett, which are not currently part of that effort.	The governance options presented to the Snohomish County Council for consideration will provide for the involvement of all cities, towns, and tribes in the county.
Management and Governance	Retain the Unassigned/Reserved Fund.	This is incorporated into the Plan.
Management and Governance	Retain an open-ended application process for behavioral health facilities construction.	This is incorporated into the Plan.
Management and Governance	The tools and processes for reviewing behavioral health facilities applications need to include voices from cities.	The governance options presented to the Snohomish County Council for consideration will provide for the involvement of all cities, towns, and tribes in the county.

INVESTMENT PLAN LISTENING SESSION QUESTIONS

CATEGORY	COMMENT	RESPONSE
<i>The first series of questions relate to the use of terminology in the Investment Plan.</i>		
Definitions	What is the definition of affordable housing?	For the purposes of the Investment Plan, affordable housing means that the household does not pay more than 30% of its income on rent/mortgage plus utilities.
Definitions	How does the Plan categorize housing units in motels?	The Investment Plan uses the term “Bridge Housing” rather than any other widely used term, such as “Shelter” since those terms have technical meanings that vary from one funder to another. The intent of this housing is to provide each household the time needed to become more stable and able to successfully transition to permanent affordable or supportive housing.
Definitions	Should the term equitable investment be reworded as equity in investment?	Yes, and the change has been made.
<i>The next series of questions relate to who is eligible to be served in housing facilities created with HBs 1406 and 1590 funds.</i>		
Eligible Populations	Will the 60% Area Median Income (AMI) criterion be adjusted at the jurisdiction, Census Tract, or Census Block level?	No, the State applies this criterion at the County level.
Eligible Populations	Can people at risk of homelessness be eligible for HBs 1406 and 1590 services if they meet all other eligibility requirements?	Yes.
Eligible Populations	Is the housing built with 1590 funds for eligible renters, homeowners, or both?	Housing may be constructed for renters and homeowners who meet the eligibility requirements.
Eligible Populations	Will HBs 1406 and 1590 funds be used to help people who move to Snohomish County from places around the world?	Yes, these funds can be spent for this purpose provided they meet the other eligibility requirements.

CATEGORY	COMMENT	RESPONSE
Eligible Populations	Are undocumented people eligible for HBs 1406 and 1590 housing ?	Yes, provided they meet the other eligibility criteria.
Eligible Populations	May HBs 1406 and 1590 funds be used for people in need of substance use disorder treatment?	Yes, provided they meet the other eligibility criteria.
Eligible Populations	Youth have a huge need for housing. Is this need identified in the Investment Plan, especially when tied to preventing homelessness?	Unaccompanied homeless youth and young adults are an identified eligible population provided they meet the other eligibility criteria.
Eligible Populations	Are children identified as a target population?	Families with children who are homeless or at-risk of homelessness are an identified target population provided they meet the other eligibility criteria.
Eligible Populations	Could certain populations such as veterans and seniors and persons with high intensity mental health needs be prioritized for HBs 1406 and 1590 funds?	Veterans and seniors are both identified target populations provided they meet the other eligibility criteria.
Eligible Populations	Are all units primarily for single homeless people, and people on the street who have behavioral problems, as opposed to families?	Single people experiencing at at-risk of homelessness are members of a larger target population that also includes families experiencing and at-risk of homelessness. Both may be served provided they meet the other eligibility criteria.
<i>The next two questions relate to the geographic distribution of affordable housing development.</i>		
Geographic Distribution	Does Snohomish County already have a sense of where they want to put units, or is there a goal to spread them across Snohomish County?	Snohomish County is committed to making funding for affordable housing available countywide and not in a particular area or jurisdiction.
Geographic Distribution	Does Snohomish County dictate where 1590-funded housing will be built?	No, the siting of affordable housing development will be determined through an open competitive process.

CATEGORY	COMMENT	RESPONSE
<i>The next series of questions relate to the types of construction that are allowed using HBs 1406 and 1590 funds.</i>		
Allowable Construction	May Plan funding be used for housing preservation?	Yes.
Allowable Construction	May Plan funds be used for solar grant programs?	Plan funds would only be allowed if solar installations/upgrades are part of an eligible affordable housing development being funded in whole or part with HBs 1406 and/or 1590 funds. Plan funds cannot be used for freestanding solar installation/upgrade projects.
Allowable Construction	Do HBs 1406 and 1590 allow for the construction of ADA special needs units?	Yes.
Allowable Construction	Pediatric facilities, as well as family facilities that serve children, are needed.	Facilities that provide family and pediatric services are allowable if part of a behavioral health facility.
<i>The next series of questions relate to the types of services that may be financed with HB 1590 funds in buildings constructed in whole or in part with HBs 1406 and/or 1590 dollars.</i>		
Allowable Services	How may 1590 funds be used for homeownership programs?	HBs 1406 and 1590 funds are for the construction, operations and maintenance, and services related to affordable housing and may be used to provide homeownership services to eligible households seeking to purchase housing constructed in whole or in part with HB 1406 and/or 1590 funds.
Allowable Services	Can 1590 funding be used for eviction prevention?	This is not an allowable use of 1590 funds.
Allowable Services	Can 1590 funds be used to incentivize individuals to prepare for and pursue jobs in specific industries?	This service may be provided with 1590 funds to individuals residing in Bridge Housing and Permanent Supportive Housing developed in whole or in part with HB 1406 and/or 1590 funds.
Allowable Services	Are 1590 funds intended for Family Resource Centers?	This is not an allowable use of these funds unless 1590 funds are being used to construct eligible housing or a behavioral health facility within a Family Resource Center.

CATEGORY	COMMENT	RESPONSE
Allowable Services	May 1590 funds be used to address food insecurity?	This service may be provided to eligible individuals and households residing in Bridge Housing and Permanent Supportive Housing developed in whole or in part with HBs 1406 and 1590 funds.
Allowable Services	Are peer empowerment strategies allowable?	Yes, provided these services are provided in a facility constructed or rehabilitated in whole or in part with HBs 1406 and 1590 funds.
<i>The following is a question related to other allowable costs.</i>		
Other Allowable Costs	Can HBs 1406 and 1590 funds be used to fund program managers?	Yes, as long as program managers are in facility based programs and providing support to people in those facilities.
<i>The following is a question related to allowable strategies.</i>		
Strategies	Is the intent of HB 1590 funds to integrate funding?	Yes, it is the intent of the HB 1590 Plan to complement and not to duplicate other funding but rather to align with and leverage other resources. This is evidenced by the integration of HBs 1406 and 1590 funds in this Plan.
Strategies	Could 1590 funds be used to build family facilities tied to schools?	Yes, provided these facilities provide behavioral health services and/or housing for children from eligible families.
Strategies	Will cultural outreach be conducted to diverse communities to advise them of HBs 1406 and 1590 funding opportunities?	Yes.
Strategies	Which population is the Plan initially focusing on serving?	The Plan initially focuses on serving people with immediate needs, beginning with unhoused people.
Strategies	Have conversations with property managers, property owners, and developers occurred?	Yes, there has been discussion with and involvement of the Housing Consortium of Everett and Snohomish County, Public Housing Authorities, and owner/operators of affordable housing.

CATEGORY	COMMENT	RESPONSE
Strategies	How does the inclusion of Verbo and Airbnb properties influence the assumptions presented in the Plan about housing vacancies?	Housing vacancy assumptions are based on data regarding residential rental properties available on the local market.
Strategies	Is the funding model dependent on housing authority vouchers?	No, the funding model assumes that housing vouchers from public housing authorities will not be available.
Strategies	Staff shortages in behavioral health and the cost of funding such staff have increased. Will these types of gaps be factored into the Plan?	The purpose of HB 1590 funding is to construct affordable housing and behavioral health facilities. The cost of operations and maintenance and providing staff for behavioral health facilities are supported through various fee-for-service funding options. The Plan does not assume the funding of these costs.
Strategies	Why does the Plan model include a reserve fund?	A reserve is needed to ensure that all land that is acquired, low-rent properties preserved, and construction that is started is able to be completed and that operations and maintenance and services are adequately funded. Also, a reserve is needed as contingency costs for construction have been on the rise due to the cost of land, labor, and supplies as well as supply chain challenges.
Strategies	How will we ensure that the Plan strategies are innovative?	Points for innovation will be identified in request for proposals instruments posted.
Strategies	How will the Plan ensure that funds will be equitably distributed, and especially targeted to people who have been disproportionately affected by homelessness in the community?	Points for addressing the needs of eligible individuals and households furthest from opportunity will be identified in request for proposals instruments posted.
<i>The following are questions related to data, evaluation, and reporting on the use of Plan funds.</i>		
Data, Evaluation, and Reporting	How will we track and know how Plan funds will be spent?	We will establish a site for Plan information. Data and reports will be presented on a data dashboard on this site.

CATEGORY	COMMENT	RESPONSE
Data, Evaluation, and Reporting	Could a heat-map that shows how housing looks in various areas of the county be included?	Links to the Housing Affordability Regional Task Force, Snohomish County Planning and Development Services, and Alliance for Housing Affordability sites will be provided on the Plan site as will links to other relevant data and sites.
Data, Evaluation, and Reporting	How will the County track what jurisdictions are doing to remove roadblocks to affordable housing in the areas of zoning, permitting, and confronting nimbyism?	These processes will be tracked by entities such as Snohomish County Planning and Development Services, Snohomish County Tomorrow, the Alliance for Housing Affordability, and the Housing Consortium of Everett and Snohomish County.
<i>The following are questions related to the governance structure for decision-making regarding Plan funds.</i>		
Management and Governance	Is the County recommending that funding decisions regarding the programs funded be distributed using the existing Technical Advisory Committee (TAC) and Policy Advisory Board (PAB) process used for HOME and CDBG funding?	Once the Investment Plan is approved by the Snohomish County Council, options for funding decision processes will be presented to Council to decide.
Management and Governance	When did 1590 funds begin being collected and when will they be expended?	1590 funds started being collected on April 1, 2022. Funds are being allocated in the 2024 budget and startup costs will begin being charged to the fund on January 1, 2024. Expenditure of funds on capital projects, operations and maintenance, and services is predicated upon the Council approving the Investment Plan.
Management and Governance	Will there be a process for monitoring revenues and expenses and adjusting plans accordingly?	Yes, the County will use the same process that it uses to monitor revenues and expenses for the 1/10 of 1% Chemical Dependency and Mental Health Sales Tax funds, adjusting its 5-year projections on a quarterly basis on actual revenues and on an annual basis using actual expenses.
Management and Governance	How will the Plan be amended moving forward?	The Plan Amendment process will be determined by the Snohomish County Council.

CATEGORY	COMMENT	RESPONSE
Management and Governance	How often will funding rounds be released?	It is anticipated that funding for affordable housing capital projects will be incorporated into the existing capital housing projects Notice of Funding Opportunity (NOFO) process using the combined funders application with addenda. Funding for operation and maintenance of the units will “follow” the capital awards. There will be a separate, just-in-time application process for behavioral health facility capital projects as well as for land acquisition and acquisition of low-rent housing for preservation. Given the variety of types of funding that may be used, funding for services will be provided through various request for proposals instruments to be determined.
<i>The following are questions not otherwise categorized.</i>		
Other Questions	Does the Plan address Urban Growth Area expansion and concerns about high density?	These policy questions are addressed through the Comprehensive and Consolidated Plan development and update processes which include extensive community feedback opportunities.
Other Questions	Could Snohomish County apply for a 16-bed Federal Waiver for the Institution for Mental Diseases (IMD)?	Washington State currently has an IMD 16-bed waiver. However, Plan funds are not intended for the purchase of services that are not connected to facilities created to fulfill the intent of HB 1590. It is unclear if 1590 funds could be used to construct a facility with more than 16 beds but 1590 funds could be used to construct two contiguous 16-bed facilities.

INVESTMENT PLAN LISTENING SESSION COMMENTS

CATEGORY	COMMENT	RESPONSE
<i>A number of additional comments regarding the draft Business Plan were received through the listening sessions and are identified below.</i>		
Allowable Services	The Plan does not delve in depth into service delivery.	The Plan is an investment plan not intended to provide implementation details. The desired service delivery parameters will be included in competitive procurement documents and proposals to deliver services will be fully evaluated for conformance with those parameters.
Strategies	Problems happen with efforts like this when people don't know what is going on, and/or are concerned about problems they anticipate that they will see.	Having effective communication venues is critical to the success of any new venture and the County is planning to continue reaching out to the community for feedback and to report results.
Strategies	Plan resources should go into a pot and then as property gets attainable, and located well, people can build something, and then as another property becomes available and is allowable this process will be repeated. Eventually, 10, 20 or 30 years all the jurisdictions should have something built.	One of the distinct advantages of the HB 1590 sales tax is that it has been legislated in perpetuity, allowing for the additive impact of the investment of these funds over decades. The current Plan outlines the proposed investment of those funds over the first 5 years, pending approval by Snohomish County Council.
Strategies	The Bridge Housing concept of converting hotels makes sense.	Bridge Housing is one of the Plan investment strategies and priorities. This model, which is research-based, will fill a critical need for extremely vulnerable unhoused persons and the communities in which they reside.

CATEGORY	COMMENT	RESPONSE
Strategies	More resources should be allocated to behavioral health facilities and services.	Currently, there is a 1/10 of 1% Chemical Dependency and Mental Health Sales Tax being collected and dollars from that fund may be used to establish behavioral health facilities and deliver a wide array of behavioral health services. 0.1% of the sales tax is currently allocated to behavioral health. The same amount will be collected under HB 1590. There will ongoing communication between both funds to ensure resources are aligned and strategically balanced.
Strategies	The layers, breadth and high needs of clients call for levels of services that are specifically equipped to meet those who have high intensity mental health issues.	As part of the Plan development efforts, initiatives such as Project HomeKey in California provided cost data of what services will cost. Planners also looked at Snohomish County Point in Time count data and data from other sources to estimate the prevalence and type of behavioral health facilities and services needs to develop cost estimates.
Data, Evaluation, and Reporting	The term data-driven in the plan is appreciated.	The data-driven strategies will include the collection, analysis, and reporting of quantitative and qualitative data. As part of this effort, the experience of people, organizations, developers and cross-system partners engaged in HBs 1406 and 1590 funded activities will be captured and used to assess and improve the work underway. Gathering information on the lived experience of those served by HBs 1405 and 1590 will be a high priority .
Management and Governance	The unexpended reserve balance is a positive feature of the Plan.	The unallocated fund provides a cushion to address unforeseen conditions or needs and provides resources to support continued growth.

CATEGORY	COMMENT	RESPONSE
Management and Governance	The Technical Advisory Committee and associated tools and processes need to be modified to include voices from cities such as Everett, which are not currently part of that effort.	The governance options presented to the Snohomish County Council for consideration will provide for the involvement of all cities, towns, and tribes in the county.



Mayor
Geoffrey Thomas

Councilmembers
*Jason Gamble, Mayor Pro Tem;
Kevin Hanford; Ed Davis;
Kirk Scarboro; Heather Fulcher;
Tami Kinney; & Kyle Fisher*

March 29, 2022

Executive Dave Somers
Snohomish County
3000 Rockefeller Avenue M/S 407
Everett, WA 98201

Re: HB 1590 Business Plan

Dear Executive Somers,

We, the elected leaders of the City of Monroe, want to thank you for your work to find collaborative solutions to address our region's affordable housing and mental/behavior health needs. This is an exciting time to have both the Housing Affordability Regional Taskforce (HART) reconvening and the HB 1590 Business Plan being presented to the Snohomish County Council for their consideration.

We want to take this opportunity, prior to the upcoming HART meeting, to share some initial feedback on the HB 1590 Business Plan. Monroe's Community Human Services Advisory Board provided this input to the Monroe City Council after reviewing the 2020 HART Report and HB 1590 Business Plan. We support these proposed changes. We look forward to working with you and members of the regional taskforce to incorporate these suggestions into our regional response.

- **Include Language requiring geographically fair and equitable distributions of funds across the County.** The HB 1590 Business Plan is missing any reference to equitable distribution of funds. We would like to see that added into the HB 1590 Business Plan. This will ensure that communities throughout the County are provided an opportunity to utilize HB 1590 to help keep their local communities intact and healthy. For example, local supportive housing and services will enable vulnerable people to maintain important connections to their churches, schools, friends, and families, instead of being displaced to geographically distant supportive housing.
- **Provide education for housing developers to expand their horizon to include opportunities for development in East County.** Currently, developers face extra hurdles when working outside of the I-5 corridor, such as coordinating with multiple jurisdictions, and being unfamiliar with East and North County. Educational programs, such as a Development Consortium, would remove informational barriers for developers, as well as detail community demographics and needs. This would support the equitable distribution of resources across the county.
- **Add extra emphasis on fair housing as it relates to diversity, equity and inclusion, including for those with disabilities.** This includes outreach and assistance in multiple

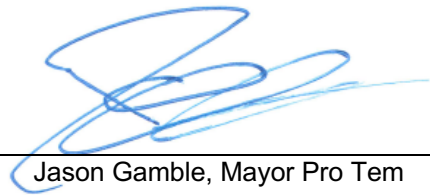
languages, and efforts for integrating affordable housing with the surrounding communities.

- **Include a schedule to revisit and review the business plan in five years.**

Affordable Housing is essential for healthy communities. Reconvening HART along with the HB 1590 Business Plan are powerful tools to provide stable housing and services to people in our community with the greatest needs.

We look forward to working with you, and other regional partners to adopt a Business Plan that equitably serves everyone in need no matter where they live in Snohomish County.

Thank you for your work,



Jason Gamble, Mayor Pro Tem



Kevin Hanford, Councilmember



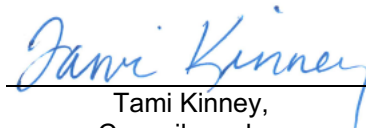
Ed Davis, Councilmember



Kirk Scarboro, Councilmember



Heather Fulcher,
Councilmember



Tami Kinney,
Councilmember



Kyle Fisher,
Councilmember



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March 23, 2022

Thank you for the opportunity to provide feedback on the County's "1590 Draft Business Plan to Fund Affordable Housing, Behavioral Health Facilities, and Related Services". In response to the release of the plan, the Housing Consortium of Everett and Snohomish County convened a work group of local affordable housing developers to review the plan, model the financial assumptions in the plan and submit comments. A list of the members of the work group is at the end of these comments.

The work group used the County's 1590, 5-year, revenue assumption of \$116,560,505 and expenditure assumption of \$97,414,710. The group did some financial modeling based on current costs to build a 60-unit project for extremely low-income households (total household income of <30% of area median income) and a 100-unit project for households at <60% of AMI leveraging 1590 funds with 9% and 4% federal tax credits, WA State Housing Trust Fund awards, private philanthropy and bank loans. This is the typical mix of funding sources for affordable housing. Additionally, the estimated cost of operations and maintenance of those housing units and the cost of providing wrap around services to help those that need them were also reviewed. The cost of acquiring hotels and or motels for emergency bridge housing and the cost of building mental health facilities were considered outside the experience and expertise of this work group and not reviewed.

Summary: The HCESC work group concurs with County recommendations 1, 3, 4, & 5. We suggest adjustments to recommendation #2 which, if implemented, would substantially increase the number of new affordable housing units built in years 1-5.

County Recommendation #1

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.

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

HCESC Comments on County Recommendation #1 – We concur with this recommendation. A home is the foundation upon which people build better lives and communities thrive. Families and individuals who have housing they can afford and services they may need are much more likely to break the cycle of poverty than those who are homeless or housing insecure. Devoting the majority of 1590 funds to building more affordable homes and providing necessary services assures that people with mental health challenges will be able to stabilize their lives, children will do better in school and adults will have better employment outcomes.

County Recommendation #2

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 operations and maintenance

- \$38,452,811 for construction
- \$9,923,000 for operations and maintenance in years 3-5 at \$16K per unit per year

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

- \$21,122,500 for the addition of 100 new units of emergency bridge housing through the acquisition and rehab of hotels/motels.
- \$9,966,038 for operations and maintenance in years 2-5 at \$24K per unit per year

HCESC Comments on County Recommendation #2

- Use the entire \$48,375,811 to fund the construction of new affordable housing. Funding for operations and maintenance is now available through the Department of Commerce. Combined with rental income from the project there is no need to allocate 1590 funds to O&M for new units of housing.
- The Work Group recommends a one-time use of ARPA funds for the Emergency Bridge housing with no backfill from 1590 funds, and that the \$21,122,500 be used for construction of new affordable housing. Permanent, affordable housing with transitional and longer-term services available provides the pathway for the chronically homeless and housing insecure households to stabilize their lives and re-engage with society in a positive manner. Without this pathway, emergency bridge housing too often simply acts as a way station in the cycle of poverty and homelessness.
- The \$9,966,038 of 1590 funds dedicated to operations and maintenance should be used for that purpose. However, the County should work with the Department of Commerce to ascertain whether or not O&M funds might be available in the future.

Adopting these two recommendations allows \$69,498,311 of 1590 funds to be used to build 700 new affordable housing units over 5 years. The 1590 funds will leverage approximately \$280 million of outside funds. The total investment of nearly \$350 million over five years will not only house some of our most vulnerable residents but also create construction jobs helping alleviate the impact of covid on employment in this industry.

County Recommendation #3

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.

HCESC Comments on County Recommendation #3 – We concur with this recommendation

County 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

HCESC Comments on County Recommendation #4 – We concur with the recommendation in the draft plan.

County 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.

HCESC Comments on County Recommendation #5 – We concur with the recommendation in the draft plan. While every effort is made to keep costs as low as possible in order to build as many units as possible with available funding, affordable housing is subject to the same price pressures as private market construction with regard to land, labor and financing. It is important that a contingency fund be available to keep projects moving forward in the face of unanticipated cost increases.

HCESC Work Group Members

Fred Safstrom, Housing Hope

Duane Leonard, Housing Authority of Snohomish County

Steve Yago, Everett Housing Authority

Chris Jowell, Catholic Housing Services

Brian Lloyd, Beacon Development Group

Colin Morgan Cross, Mercy Housing Northwest

Mark Smith, Housing Consortium of Everett and Snohomish County

Appendix B

Housing and Behavioral Health Capital Fund

	Actual 2022	Projected 2023	Projected 2024	Projected 2025	Projected 2026	Total 2022-2026	Growth Rate
REVENUES:							
1590 Sales Tax ¹	\$ 16,858,207	\$ 23,601,490	\$ 24,781,565	\$ 26,020,643	\$ 27,321,675	\$ 118,583,579	5.00%
1406 Sales Tax	\$ 4,554,319	\$ 1,410,439	\$ 1,480,960	\$ 1,555,008	\$ 1,632,759	\$ 10,633,485	5.00%
Interest	61,263	302,551	342,742	351,089	281,413	1,339,057	0.75%
REVENUE TOTAL	\$ 21,475,811	\$ 25,314,480	\$ 26,605,267	\$ 27,926,740	\$ 29,235,847	\$ 130,556,122	
EXPENDITURES:							
Affordable Housing Construction/Acquisition ²	-	-	15,000,000	20,000,000	20,000,000	55,000,000	0.00%
Permanent Supportive Housing Construction/Acquisition ³	-	-	5,000,000	5,000,000	5,000,000	15,000,000	0.00%
BH Facility Construction/Acquisition	-	1,000,000	3,000,000	3,000,000	3,000,000	10,000,000	0.00%
Affordable Housing O&M ⁴	-	-	-	2,700,000	6,552,000	9,252,000	0.00%
Permanent Supportive Housing O&M ⁵	-	-	-	1,350,000	2,808,000	4,158,000	0.00%
Bridge and Permanent Supportive Housing Services	-	-	-	2,193,750	6,318,000	8,511,750	0.00%
Housing Preservation and O&M	-	-	1,340,263	-	-	1,340,263	0.00%
Bridge Housing O&M ⁶	-	-	1,093,487	3,375,000	3,510,000	7,978,487	0.00%
Operations, Evaluation, and Administration ⁷	-	136,875	1,120,769	1,148,788	1,177,508	3,583,940	2.50%
EXPENDITURE TOTAL	\$ -	\$ 1,136,875	\$ 26,554,519	\$ 38,767,538	\$ 48,365,508	\$ 114,824,440	
Anticipated Under-Expenditure	-	45,475	1,062,181	1,550,702	1,934,620	4,592,978	4.00%
FUND BALANCE:							
Increase (Decrease) in Fund Balance	21,475,811	24,223,080	1,112,928	(9,290,097)	(17,195,041)		
Ending Fund Balance ⁸	21,475,811	45,698,891	46,811,819	37,521,722	20,326,681		
Assigned Affordable Housing Construction	-	-	-	-	-		
Assigned Behavioral Health Facility Construction	-	-	-	-	-		
Assigned O&M and Services	-	-	-	-	-		
Unassigned Fund Balance	\$ 21,475,811	\$ 45,698,891	\$ 46,811,819	\$ 37,521,722	\$ 20,326,681		
	100.00%	180.52%	175.95%	134.36%	69.53%		

Notes/Assumptions:

- 1 Collection of the tax began 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 - 2027 at avg. O&M of \$18K/yr./unit (adjusted for inflation).
- 5 50 units completed by the end of 2023 at avg. O&M of \$24K/yr./unit (adjusted for inflation).
- 6 Bridge Housing O&M includes \$659,737 for Facilities based on 2024 budget deliberations plus \$433,750 in start up costs in Q4 2024 for the site operator/service coordinator selected through an RFP process.
- 7 Includes anticipated request for additional HS staff during 2024
- 8 Ending fund balance will be reserved and assigned to one of the three areas identified for expenditure in future periods.



Snohomish County

