## REVISED STAFF REPORT

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| **Agenda Item:** | 6 | **Name:** | Andy Micklow |
| **Proposed No**.: | 2021-0355 | **Date:** | November 2, 2021 |

**COMMITTEE ACTION**

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| ***Proposed Substitute Ordinance 2021-0355.2 establishing housing engagement policies and annual reporting regarding housing-related investments, passed out of committee on November 2, 2021, with a “Do Pass” recommendation. The Ordinance was amended in committee with Amendment 1 to require the Executive consult with rather than coordinate with Council during the stages of the procurement process.*** |

**SUBJECT**

An ordinance establishing housing engagement policies and annual reporting regarding housing-related investments and adding a new chapter to King County Code (KCC) Title 24.

**SUMMARY**

Proposed Ordinance 2021-0355 would establish housing engagement policies and annual reporting criteria for housing-related investments. This would be accomplished by adding a new chapter to KCC Title 24, which deals with housing and community development.

The Council added a proviso and accompanying expenditure restriction to the 2019/20 Biennial Budget requiring that the Executive transmit a proviso report with a plan for engaging the Council in housing-related procurement processes, including proposed changes to Title 24.[[1]](#footnote-1) The Council removed the proviso requirements through supplemental budget Ordinance 18930. In 2019, the Executive transmitted a Housing Engagement Plan and the Council passed Motion 15445, which accepted the Plan. The Plan included proposals to consult with the Council on the distribution and administration of housing-related procurement processes as well as notification processes for after awards are complete. The Plan noted that code updates to Title 24 to codify the principles of the Plan would be forthcoming.

Proposed Ordinance 2021-0355 would codify the principles outlined in the Housing Engagement Plan, noting that the Executive shall coordinate with the Council in various stages of housing-related procurement processes, including priority setting; public stakeholder and community meetings; review of draft competitive housing procurement documents; review and selection of applications by the department; and award-decision notifications. The Proposed Ordinance would also codify a reporting mechanism to track progress of housing-related requests for proposals (RFPs) after they are awarded, in the form of either a system performance dashboard or annual memorandum.

**BACKGROUND**

**2019/20 Budget Housing Engagement Plan Proviso** In August 2018, the Executive announced three housing pilot projects[[2]](#footnote-2) to test modular housing options[[3]](#footnote-3) through the acquisition of modular units for both temporary and permanent shelter. The pilot programs were proposed to include modular congregate shelter, modular micro-dwelling units, and modular permanent supportive housing. Shortly after, the Executive announced a slate of emergency housing strategies, which included the purchase of modular housing units to create dormitory-style bridge housing for up to 160 individuals.[[4]](#footnote-4)

During the Council’s 2019/20 Budget deliberations, in a briefing to Budget Panel 1—Combating our Housing Crisis—on October 31, 2018[[5]](#footnote-5), Executive staff noted the purchase of 20 refurbished modular units from Texas to house up to 160 individuals for purchase, rehabilitation, and transportation costs of approximately $2.35 million, and that an ordinance to authorize the expenditure through the Convention Center Affordable Housing dollars would be forthcoming.

Subsequently, the Council included several provisos and expenditure restrictions in Ordinance 18835, which adopted the 2019/20 Biennial Budget, to promote Council engagement in planning for upcoming policy and funding decisions related to housing and homeless services. Specifically, the Council restricted the expenditure of $4.75 million of the statutorily required distribution by the Washington State Convention Center Public Facilities District[[6]](#footnote-6) to implement a Council-approved investment plan and housing engagement plan.

In Ordinance 18835, the Housing Engagement Plan was required to include at least the following components:

*1) A proposal to engage the council in planning for upcoming policy and funding decisions related to housing and homeless services, including:*

* + Changes to K.C.C. Title 24 to outline a process by which the council will be formally engaged in planning for new or increased funding sources, as well as for the distribution and administration of funds within the housing and community development fund;
  + An increased role for the council in the proposed reorganization of the All Home governance structure;
  + Regular reports to the council focused on planning for new or increased funding sources and new or expanded policy initiatives; and
  + Periodic meetings of the interbranch task force to review plans for new or increased funding sources or new or expanded policy initiatives.

*2) Proposals to consult with the council on the distribution and administration of funds, including increased opportunities for councilmembers or their designees, who shall be from the councilmember's personal, district support, or constituent staff, to participate in:*

* + Planning processes for new or expanded programs;
  + Procurement processes for affordable housing projects, shelter projects, homeless services, or supportive services; and
  + Program evaluation or administration, such as by participating in workgroups convened to review data collected from the homeless management information system or other data dashboards.

*3) Proposals to notify the council about project awards for affordable housing projects, shelter projects, homeless services, or supportive services, including:*

* + Notification of each grant or loan awarded, either before the awards are made or on a quarterly basis to summarize all awards made within the preceding quarter; and
  + Regular reports to the council about project awards through verbal presentations at council committee meetings.

Proviso P4 was amended through Ordinance 18930 to disaggregate the requirements of the Housing Investment Plan and the Housing Engagement Plan and remove the Housing Engagement Plan from Proviso P4.

Expenditure Restriction ER9 within the Housing and Community Development fund was left unamended, which restricts $4.75 million from the statutorily required tax revenue distribution by the Washington State Convention Center Public Facilities District to implement the council-approved investment plan and housing engagement plan.[[7]](#footnote-7)

**Interbranch Task Force** The 2019/20 biennial budget ordinance also adopted provisos P2, P3, and P4 within the Housing and Community Development fund, which required the creation of an Interbranch Taskforce (IBTF) to consider and resolve questions relating to the Housing and Community Development fund. As a result, the Executive and Council created the IBTF utilizing the membership outlined in the provisos—the King County Executive or designee and the chairs of the Budget and Fiscal Management Committee, the Health, Housing and Human Services Committee, and the Regional Affordable Housing Task Force, or designees.[[8]](#footnote-8)

The IBTF met for three meetings to agree to the components of the Housing Engagement Plan, which was transmitted through Motion 15445 as outlined below.

**Motion 15445 – Housing Engagement Plan** The Executive transmitted a motion to adopt a Housing Engagement Plan[[9]](#footnote-9), which was adopted by the Council on July 10, 2019. The Plan outlined various actions, which are organized below utilizing the three components called for in the original Proviso P4.

*1) A proposal to engage the council in planning for upcoming policy and funding decisions related to housing and homeless services.*

* Code Changes: The Plan committed to transmit code changes to Title 24 of the King County Code reflecting the principles of the Housing Engagement Plan.
* Priority Setting Meeting: The Plan stated that Executive staff will convene a priority setting meeting during the first quarter of each year with invitations to each Council office for the purpose of establishing priorities for the year's housing-related procurements. The Plan further states that, should there be an emergent need for additional RFPs not contemplated during the priority-setting meeting, the Executive will invite all Council offices to an additional priority-setting meeting to jointly identify priorities and policy direction.

*2) Proposals to consult with the council on the distribution and administration of funds.*

* Stakeholder/Community Meetings: The Plan states that Executive staff will invite all Council offices to all stakeholder and community meetings used to gather feedback and inform housing investment procurement processes.
* RFP Draft Review: The Plan committed DCHS to providing all Councilmembers with a copy of procurement documents five days prior to the release of a competitive housing procurement. Councilmembers and staff would then have three days to provide comment.
* RFP Review Committee Participation: The Plan articulated Executive staff's commitment to invite all Council offices to attend housing procurement review committees as non-voting members.

*3) Proposals to notify the council about project awards for affordable housing projects, shelter projects, homeless services, or supportive services.*

* RFP Award Notifications: The Plan committed to providing final award decisions to all councilmembers three days prior to sending out the final funding decision letters to applicants.

The Council passed Motion 15445 on July 10, 2019.

**ANALYSIS**

Per the commitment the Executive outlined in the Housing Engagement Plan in Motion 15445, Proposed Ordinance 2021-0355 would add a new chapter to KCC Title 24: Housing and Community Development to reflect the principles of the Plan.

The new chapter to Title 24 in the Proposed Ordinance would establish requirements related to coordination with the Council on procurement processes and annual reporting.

**Council Coordination in Housing Procurement Processes** The Proposed Ordinance would require that the Executive coordinate with the Council regarding DCHS housing-related procurement processes during each of the following stages:

1) Priority-setting;

2) Public stakeholder and community meetings;

3) Review of draft competitive housing procurement documents;

4) Review and selection of applications by the department; and

5) Award-decision notifications.

The Housing Engagement Plan states that, on an annual basis, King County Executive staff shall invite all Council District offices to a meeting for the purpose of reestablishing priorities for the year's housing-related procurement processes. However, the Proposed Ordinance does not detail how the Executive would coordinate “priority setting.” The Council may wish to codify the requirement for an annual meeting in order to specify this as a method of Council involvement in priority setting.

**System Performance Dashboard or Memo** In the second segment of the new chapter proposed for Title 24, DCHS would commit to reporting to the Council annually regarding housing-related awards by the Department during the prior year. The reporting would either be done through a memorandum or a system performance dashboard.

The memorandum or dashboard would have information on each project receiving funding, including its location, the number of dwelling units or individuals served, the amount awarded by the County, the estimated total development cost for each project or annual award for each contract, and the eligible income levels for residents. The memorandum or dashboard would also provide an update on previously awarded projects still under development until the projects have been certified for occupancy.

**AMENDMENT**

Amendment 1 would make a change recommended by the code reviser and legal counsel that the Executive would consult with, rather than coordinate with, the Council during the stages of the procurement process.

1. Ordinance 18835, Section 101, P4. [↑](#footnote-ref-1)
2. <https://kingcounty.gov/elected/executive/constantine/news/release/2018/August/21-modular-homeless.aspx> [↑](#footnote-ref-2)
3. The press release defines modular as a type of housing in which the components are manufactured elsewhere and then assembled at the building site. [↑](#footnote-ref-3)
4. <https://kcemployees.com/2018/10/11/new-package-of-emergency-housing-strategies-in-time-for-winter/> [↑](#footnote-ref-4)
5. <http://king.granicus.com/MediaPlayer.php?view_id=4&clip_id=7232> [↑](#footnote-ref-5)
6. Ordinance 18546 approved the sale of the Metro Transit-owned property known as the Convention Plan State to the Washington State Convention Center Authority (WSCC) for construction of an expansion to the convention center. In addition to the purchase price, the WSCC agreed to contribute $14 million to housing ($5 million to King County and $9 million to Seattle). [↑](#footnote-ref-6)
7. Ordinance 18835, Section 101, Expenditure Restriction ER9 [↑](#footnote-ref-7)
8. Ordinance 18835, Section 101, Provisos P2, P3 and P4. [↑](#footnote-ref-8)
9. Motion 15445, Attachment A: Housing Engagement Plan is included as Attachment 5 to this staff report. [↑](#footnote-ref-9)