



Earlier this year, Washington made unprecedented investments to combat the unsheltered homelessness crisis across the state. While we are making progress, we know much work remains. Gov. Jay Inslee proposes investing another \$800 million to find solutions for individuals living without shelter and help those at risk of becoming homeless.

Combating Washington's homelessness crisis

Before the COVID-19 pandemic, about 30 of every 10,000 Washingtonians were experiencing homelessness — well above the national average. Since the state has not been able to carry out its annual point-in-time count of unsheltered people since 2020, we do not yet know how the pandemic fully impacted the number of people living outside. However, a data sharing partnership between the Department of Commerce and the Department of Social and Health Services suggests a 2% increase in people experiencing homelessness from January 2020 to January 2021. We also know that the pandemic put more people at risk of becoming homeless, and it has frustrated and challenged the state's efforts to respond to the homelessness crisis.

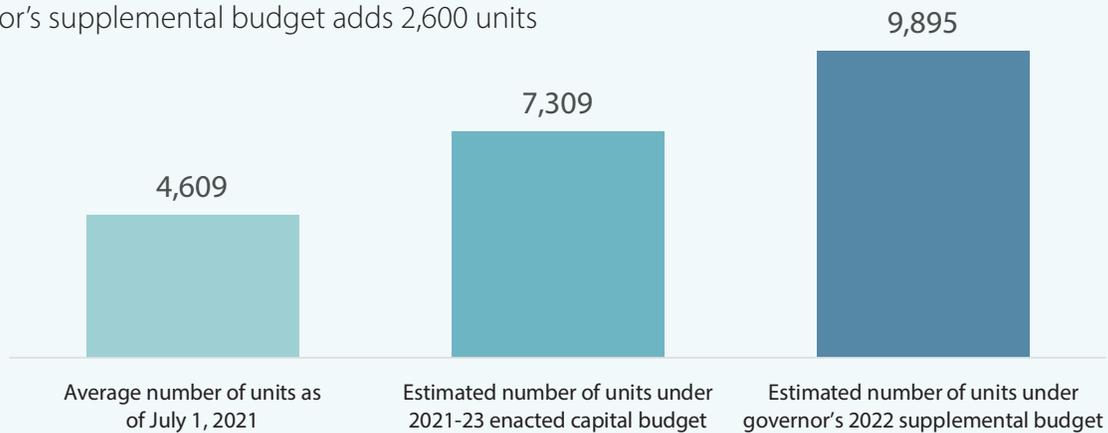
As of October, a high number of Washington households – over 80,000 – reported they were likely facing eviction or foreclosure in the next two months, according to the Census Bureau Household Pulse survey. Meanwhile, due to social distancing requirements to prevent the spread of COVID-19, local shelter capacity has been squeezed.



The [Walla Walla Alliance for the Homeless](#) Sleep Center provides a safe place for nearly half of the valley's unsheltered homeless population. On most nights, about 45 people find respite there.

Permanent supportive housing

Governor's supplemental budget adds 2,600 units



There are a wide variety of factors driving our state's homelessness crisis. The reasons most often cited by those experiencing homelessness include: the lack of affordable housing, unemployment, poverty, mental illness and lack of services, substance abuse and lack of services, domestic violence and disabilities.

Earlier this year, Inslee and the Legislature approved an unprecedented investment of nearly \$2 billion for housing and homelessness programs across the state. That included more than \$1 billion in federal relief funds that went to rental, utility and mortgage assistance. A new document recording fee that the Legislature adopted will generate hundreds of millions of dollars in new, ongoing revenue for housing and homelessness programs. Meanwhile, the state added \$175 million to the Housing Trust Fund to preserve aging affordable housing units and build new housing to shelter individuals experiencing homelessness. The state set aside another \$120 million to acquire existing buildings that can be converted to shelters or permanent housing.

Since the state enacted the 2021–23 budget, agencies have distributed the new funding and launched new programs focused primarily on pandemic disaster response. It will take time to fully understand how these investments and program changes will help individuals and families who experience homelessness, or how many evictions and foreclosures we averted through new state and federal aid programs.

But there are urgent housing-related issues that we know we must address now. For the 2022 supplemental operating and capital budgets, the governor proposes we address key gaps in facilities and services to:

- Pursue new avenues to help families and individuals remain in their homes.
- Secure more facilities to provide tiny homes, enhanced shelters, permanent supportive housing and permanent affordable housing.
- Expand supportive services for people with behavioral health needs.
- Transition people encamped on the public right of way to permanent housing solutions.
- Restore the range of affordable housing types in our cities.

The governor also proposes investing about \$815 million to implement this plan; \$320 million from the operating budget and \$495 million from the capital budget. More than two-thirds of this investment will be covered by federal relief funding from the American Rescue Plan Act.

Pursue new avenues to help families and individuals remain in their homes

Address utility arrearages

Loss of electricity and water due to unpaid bills results in an unsafe and unhealthy living situation. Yet under

current law, unpaid bills can be cited as a reason to evict someone. Utility arrearages can be a barrier for landlords renting a vacant unit because utility companies often require that overdue amounts be paid before they will restore utility services. Through a grant program administered by the Department of Commerce, we can preserve tenancies by helping with utility arrearages, which will help renters obtain and maintain housing. (\$100 million Coronavirus State Fiscal Recovery Fund-Federal)

Respond to increased demand for landlord assistance program

The Landlord Mitigation program within the Department of Commerce provides an incentive and added security for landlords to work with tenants who receive rental assistance. However, the number of applications for this program outpaces its available revenue. Increasing program funding will ensure that it remains an option for landlords this biennium, and it will maintain housing units that are rented to individuals who receive rental assistance. (\$11.3 million General Fund-State)

Secure more facilities to provide tiny homes, enhanced shelters, permanent supportive housing and permanent affordable housing

Housing Trust Fund

The governor's capital budget will help build about 1,500 permanent supportive housing and permanent affordable housing units. These will serve a spectrum of vulnerable populations. It includes individuals with chronic mental illness who need supportive housing and case management services, homeless families, youths and individuals, veterans, farmworkers, seniors and individuals with special needs.

The governor's proposed investment will produce high-quality, affordable housing developments across our urban, suburban and rural communities. These investments will serve low-income and very low-income populations for the next 40-50 years. They also employ design models that use multiple construction methods, site layouts and energy modeling that

will create energy-efficient housing for low-income Washingtonians. (\$100 million Coronavirus State Fiscal Recovery Fund-Federal)

Rapidly acquire capital housing

Studies show that supportive housing is the gold standard for preventing the chronically homeless from returning to the streets. Some homeless individuals require a temporary accommodation to bridge the gap from homelessness to permanent housing. But the lack of siting for constructing new, affordable housing is a common problem.

Capital budget funding would help us acquire real property, including tiny homes, with about 2,460 units. We could rapidly convert acquired property into enhanced emergency shelters, permanent supportive housing and other permanent solutions for low-income and extremely low-income people who are experiencing sheltered and unsheltered homelessness. Approximately 60% of the units will be prioritized to safely transition people into safe and habitable spaces, and toward permanent housing solutions. This could include people living in unsanctioned encampments, the public right of way or public spaces. Funding will provide permanent supportive housing and case-management services for people with chronic mental illness in each of the Health Care Authority's 10 regional service areas, with at least one high-quality project in each area.

This funding pays for property and building retrofits, electrical and plumbing system updates, and would convert properties into a suitable housing environment. (\$284.7 million Coronavirus State Fiscal Recovery Fund-Federal; \$50 million bonds)

Crisis stabilization facilities

For individuals who experience chronic behavioral health conditions — particularly the homeless — this investment offers a short-term housing solution and a safe place for them to reside while they seek urgently-needed care. This will expand the capacity for one 16-bed crisis triage and stabilization facility in each of HCA's 10 regional service areas. (\$60 million Coronavirus State Fiscal Recovery Fund-Federal)

Expand supportive services for people with behavioral health needs

The housing and homelessness crisis has significantly impacted our vulnerable populations, particularly those with mental health and substance use disorder needs. These individuals need access to long-term and transitional supports, including housing and employment services. Once they're housed and obtain employment, keeping them housed is essential to long-term success. To accomplish this, we must offer a multipronged approach and a full continuum of care that supports and provides long-term stability.

A central part of this care is to include medical and psychiatric support while reducing the barriers that often prevent people with behavioral health needs from being housed or employed. With an eye on long-term stability, the budget will expand the suite of supportive services that someone can access once they are housed. This includes mobile outreach, medical respite and specialized medical care within permanent supportive housing. We will also:

- Extend supportive housing and employment benefits to those not eligible for Medicaid.
- Provide technical and financial assistance to landlords to maintain housing for people in a behavioral health crisis.
- Improve existing benefits and transition planning for people with behavioral health needs who leave our state institutions or who are engaged in supportive employment.

This suite of programs and services will increase access to supportive housing and employment opportunities and build strategies to help people maintain their housing and employment, even during behavioral health crises. (\$48.6 million GF-S and GF-F)

Supporting the community behavioral health system and its workforce is also critical to this endeavor. Both have been strained for years and the pandemic only exacerbated this. Without this system and the workers who support it, the programs and services we need to help individuals with their behavioral health cannot

thrive. In addition to the investments mentioned above, the budget will provide a general rate increase to behavioral health providers as well as flexible funding designed to quickly bolster the community behavioral health system and its workforce.

Transition people encamped on the public right of way to permanent housing solutions

Anytime during the year, more than 10,000 people in Washington experience unsheltered homelessness, with many residing in unsanctioned encampments on the public right of way.

The state will work collaboratively with local governments and community leaders to help people in these situations transition into permanent housing solutions. A team at the Department of Social and Health Services will establish cross-agency collaboration and support local jurisdictions and key stakeholders in accomplishing this.

This approach will include flexible funding designed to support alternative response teams in local communities. The state can use these funds to pay for the administrative costs of these teams, additional pay for direct service workers, and the costs to transition someone to permanent housing. This includes acquiring identification, initial medical assessments, transportation and storage needs, immediate sheltering, move-in expenses and basic household items.

This program should complement the capital investment in rapid housing acquisition by prioritizing some of those units to the chronically homeless who are currently encamped on the public right of way. As we safely transition people to permanent housing solutions, the state will work with local and community partners to clean up and restructure former encampment sites and reduce the likelihood of future encampments.

The Department of Transportation will get new resources to coordinate and work with local government officials and social service organizations

on this issue. The department will help remediate encampment sites after someone secures housing and prevent future encampments from forming on highway rights of way. (\$50.9 million GF-S)

Restore the range of affordable housing types in our cities

Over the last two decades, housing supply in Washington has failed to keep pace with growth. Despite the dire need for additional housing stock and a greater variety of housing types, we continued to build low-density, detached residential homes and units at about double the rate of other high-density housing types. That is largely due to most cities in Washington enacting restrictive ordinances, which drastically limit the areas where duplexes, triplexes and other types of “middle housing” are allowed. This reserves closed-in neighborhoods for only the largest and most expensive housing.

Passing a new statewide policy to allow a variety of “middle housing” types in our cities is one of the most impactful things we can do to restore housing supply and encourage affordable homeownership. We will increase housing by allowing duplexes, triplexes and quads on all lots within a half mile of major transit stops in large cities. We will also allow lot-splitting and duplexes on all lots in large and midsize cities and support anti-displacement measures required under recently enacted legislation (HB 1220). The state will provide technical assistance, including a model ordinance, to help cities implement these required measures. Increasing “middle housing” opportunities will make it easier for front-line workers to live within the communities they serve, for seniors to age in place, and it will address community equity and environmental objectives. (\$3.5 million GF-S)

Other items

Continue Enhanced Sheltering Grant program

In 2020, the governor proposed and the Legislature adopted, a large new investment toward expanding homeless shelter capacity. This investment was spread over three years and was aimed at funding more

equitable and creative approaches to bring people inside quickly. At the onset of the COVID-19 pandemic, we diverted a portion of these funds to support the immediate need to shelter people in isolation and quarantine housing, and expand shelter capacity to meet social distancing requirements. Sheltering needs continue as the state recovers from the pandemic, and as we bring people inside and move them into permanent housing.

Shelter program grant funding is set to lapse June 2023. A one-time deposit into the Home Security Fund Account will ensure that this program can continue into future biennia (\$100 million GF-S)

Youth and young adult homelessness

More than 1,400 young people typically experience homelessness within one year of exiting state care systems such as foster care, inpatient behavioral health treatment or juvenile rehabilitation. A 2018 law set a goal that any unaccompanied youth exiting a publicly-funded care system in our state would be discharged into stable housing. To achieve that goal, we will make new investments into the Office of Homeless Youth’s ‘System of Care’ grant program. This will expand the program into new regions and provide additional case managers, peer navigators, housing and rent assistance and other direct support services. We will also set additional funding aside for youth getting discharged from inpatient behavioral health settings.

Department of Commerce agency-request legislation will, if enacted, extend eligibility for service in the Independent Youth Housing program for two additional years. The bill also allows young adults who are enrolled in extended foster care to access the program, and will expand eligibility to individuals who were in foster care at any age. Additional resources will increase the number of youth and young adults who can access the program. (\$6 million GF-S)

Homelessness strategic agenda table

Summary of investments, 2022 supplemental budget

Focus Area	Items	Agency	Amount
Help families and individuals remain in their homes	Utility Assistance	Commerce	\$100,000,000
	Landlord Mitigation Program	Commerce	\$11,271,000
Total			\$111,271,000
Secure more permanent housing and shelter facilities	Rapid Capital Housing	Commerce	\$334,700,000
	Housing Trust Fund	Commerce	\$100,000,000
	Crisis Stabilization Facilities	Commerce	\$60,000,000
	Total		\$494,700,000
Expand supportive behavioral health services	Glidepath for supported employment	Health Care Authority/ Commerce	\$4,547,000
	Expand housing and employment access	Health Care Authority	\$16,596,000
	Medical respite	Health Care Authority	\$11,153,000
	Specialized landlord support	Health Care Authority	\$2,110,000
	Master leasing incentive	Health Care Authority	\$490,000
	Provide crisis response in permanent supportive housing	Health Care Authority	\$4,905,000
	Expand housing first opportunities	Health Care Authority	\$8,036,000
	Reduce discharge to homelessness	Health Care Authority	\$775,000
	Total		\$48,612,000

Focus Area	Items	Agency	Amount
Transition people living on right of way to permanent housing	Alternative Response Outreach Teams	Social and Health Services	\$5,437,000
	Flexible funding/right of way outreach	Commerce	\$40,600,000
	Right of way site remediation	Transportation	\$5,000,000
Total			\$51,037,200
Restore range of affordable housing types	Middle housing legislation	Commerce/local governments	\$3,500,000
Total			\$3,500,000
Other items	Youth and young adult housing	Commerce	\$6,018,000
	Continue Shelter Grant Program	Commerce	\$100,000,000
Total			\$106,018,000
Grand Total			\$815,138,000