



LAKEWOOD CITY COUNCIL STUDY SESSION AGENDA

Monday, February 24, 2020

7:00 P.M.

City of Lakewood

City Council Chambers

6000 Main Street SW

Lakewood, WA 98499

Page No.

CALL TO ORDER

ITEMS FOR DISCUSSION:

- (3) 1. Review of Buildable Lands Report. – (Memorandum)
- (9) 2. Review of Annual Housing Report. – (Memorandum)
- (42) 3. Review of SHB 1406 funding for affordable and supportive housing and review of chemical dependency and mental health sales tax. – (Memorandum)

ITEMS TENTATIVELY SCHEDULED FOR THE MARCH 2, 2020 REGULAR CITY COUNCIL MEETING:

- 1. Youth Council Report.
- 2. Clover Park School District Report.
- 3. Authorizing the award of a construction contract to Northwest Cascade, Inc., in the amount of \$1,148,148, for the construction of the Steilacoom Blvd - 88th Street SW overlay project. – (Motion – Consent Agenda)
- 4. Authorizing the execution of a collective bargaining agreement with the Lakewood Police Management Guild. – (Motion – Consent Agenda)
- 5. Relating to local sales or use taxes and authorizing 0.1% sales or use tax for chemical dependency or mental health treatment services or therapeutic courts. – (Ordinance – Regular Agenda)
- 6. Transportation Capital Improvement Program Update. – (Reports by the City Manager)
- 7. Parks Capital Improvement Program Update. – (Reports by the City Manager)

The Council Chambers is accessible to persons with disabilities. Equipment is available for the hearing impaired. Persons requesting special accommodations or language interpreters should contact the City Clerk, 253-983-7705, as soon as possible in advance of the Council meeting so that an attempt to provide the special accommodations can be made.

8. Review code updates regarding the Legal Department. – (Reports by the City Manager)

REPORTS BY THE CITY MANAGER

CITY COUNCIL COMMENTS


ADJOURNMENT

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TO: City Council

FROM: Tiffany Speir, Long Range & Strategic Planning Manager
Dave Bugher, Assistant City Manager for Development Services

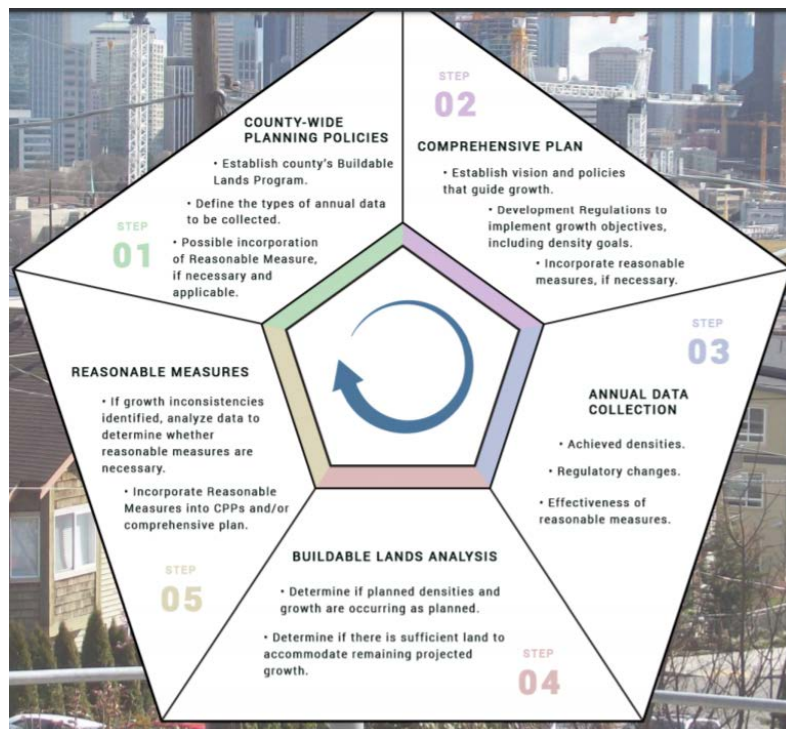
THROUGH: John Caulfield, City Manager 

DATE: February 24, 2020

SUBJECT: Buildable Lands Report Status

BACKGROUND

Included as a component of the Growth Management Act (GMA) in 1997, the Review and Evaluation Program under RCW 36.70A.215 is often referred to as the “Buildable Lands Program.” It requires that Clark, King, Kitsap, Pierce, Snohomish, Thurston and Whatcom (as of 2017) Counties and the cities within them complete a Buildable Lands Report (BLR) every eight years. The BLRs are a look back at actual development to determine if cities and counties have designated adequate amounts of residential, commercial, and industrial lands to meet the growth needs incorporated in their comprehensive plans. The most recent BLR was issued in 2014; the next is due in 2021.



Source: Department of Commerce *2018 Buildable Land Guidelines*

DISCUSSION

2014 Buildable Lands Report

The 2014 BLR concluded that Lakewood had sufficient housing capacity through 2030:



Pierce County

Buildable Lands Report **2014**

Table 7 - City of Lakewood: Housing Unit Needs

2010 Total Housing Units ¹	2030 Total Housing Units Needed ²	Additional Housing Needed (2010-2030)	Displaced Units	Total Housing Units Needed
26,548	34,284	7,736	1,829	9,565

¹2010 Census.

²Adopted by Pierce County Ordinance No. 2011-36s.

Table 8 - City of Lakewood: Housing Unit Capacity

Zoning District	Adjusted Net Acres	Assumed Density	Unit Capacity	One Dwelling Unit per Vacant (Single Unit) Lot	Housing Capacity
R-1	47.97	1.45	70	3	73
R-2	132.76	2.2	292	12	304
R-3	376.08	4.8	1,805	43	1,848
R-4	71.28	6.4	456	5	461
MR-1	21.65	8.7	188	0	188
MR-2	60.65	14.6	885	3	888
MF-1	46.54	22	1,024	0	1,024
MF-2	67.44	35	2,360	0	2,360
MF-3	31.44	54	1,698	0	1,698
ARC	13.23	15	198	0	198
NC-1	1.70	22	37	0	37
NC-2	15.28	35	535	0	535
TOC	12.78	54	690	0	690
CBD	11.35	54	613	0	613
Total Housing Capacity					10,919

*Numbers are rounded and may not calculate correctly as shown.

The 2014 BLR concluded that Lakewood was 3,845 units short in employment capacity for 2030 (additional employment needs of 12,907 less current employment capacity of 9,062) (see charts below.) In response, Lakewood commissioned Berk & Associates to analyze the assumptions and data used for the 2014 BLR, and published corrected information in its own 2017 report.

**Table 10 - City of Lakewood: Employment Needs**

2010 Total Employment Estimate ¹	Adopted 2030 Total Employment Target ²	Total Employment Growth (2010-2030)	Adjusted Employment Growth ³	Displaced Employees	Additional Employment Needs
25,259	38,336	13,077	11,495	1,413	12,907

¹PSRC Land Use Targets 2010 Employment Estimate.²Adopted by Ordinance No. 2011-36s.³The total employment allocations are reduced by 12.1% to account for mobile workers and work-at-home employees for the commercial/industrial land needs analysis.**Table 11 - City of Lakewood: Employment Capacity**

Type	Zoning District	Net Acres	Employees per Acre	Employment Capacity
Commercial	NC-1	6.87	28.34	195
	NC-2	57.68	28.34	1,635
	TOC	29.22	28.34	828
	CBD	22.19	28.34	629
	C-1	17.10	28.34	485
	C-2	58.78	28.34	1,666
	IBP	68.73	28.34	1,948
	AC-1	12.66	28.34	359
	PI	28.39	28.34	805
Industrial	I-1	1.99	15	30
	I-2	32.34	15	485
Total Employment Capacity				9,062

*Numbers are rounded and may not calculate correctly as shown.

As shown in Exhibit 6 from the BERK 2017 Memorandum below, Lakewood's "blended approach" assumes lower employment densities than the Pierce County BLR in most zones, but it anticipates much higher levels of employment in the Transit Oriented Commercial (TOC) and Central Business District (CBD) zones, reflecting the purpose of these zones as regional-serving commercial districts and the intensity of development allowed under current development regulations. The blended approach demonstrates that there is sufficient employment capacity to meet Lakewood's 2030 and 2035 employment targets – there is a surplus of 2,528 jobs by 2030.

The 2018 Downtown Subarea Plan and Planned Action reinforces the City's intent for higher employment density within the CBD zone, and includes planning for 58-69 activity units per acre and a total of 7,369 jobs within the subarea boundaries.

Exhibit 6. Lakewood Employment Capacity – Blended FAR and Employment Density Model

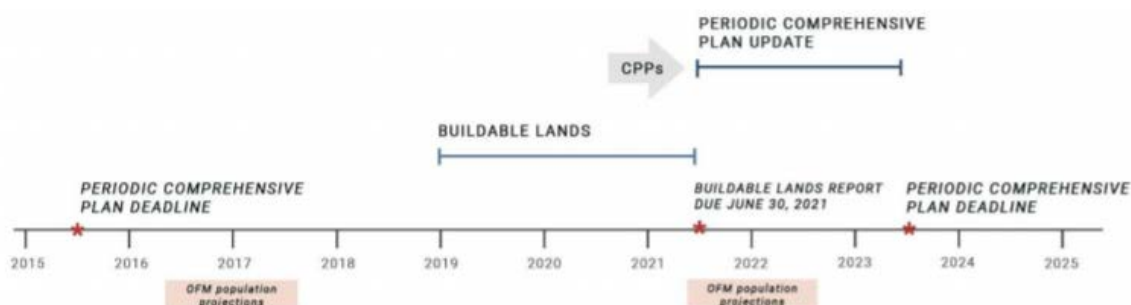
Zone	Net Commercial Acres	Employees per Acre	Corrected Baseline Capacity	Adjusted Employees per Acre	Employment Capacity: FAR and Employment Density Method
AC1	12.66	28.34	359	12.00	152
AC2	-	28.34	-	12.00	-
ARC	7.58	28.34	215	25.00	243
C1	16.08	28.34	456	25.00	485
C2	58.78	28.34	1,666	25.00	1,754
C3	-	28.34	-	25.00	-
CBD	22.19	28.34	629	FAR	6,927
I1	28.39	15.00	426	15.00	535
I2	1.99	15.00	30	15.00	39
IBP	94.81	28.34	2,687	15.00	1,565
NC1	6.87	28.34	195	25.00	206
NC2	57.68	28.34	1,635	25.00	1,803
PI	3.83	28.34	109	20.00	100
TOC	31.04	28.34	880	45.00	1,627
Total	341.88		9,284		15,436
2010 - 2030 Employment Need:					12,908
2010 - 2035 Employment Need:					15,428
2030 Surplus/Deficit			(3,624)		2,528
2035 Surplus/Deficit			(6,144)		8

Source: Pierce County, 2014; City of Lakewood, 2016; BERK Consulting, 2017

2021 Buildable Lands Report

The next Pierce County BLR is due on June 30, 2021 and its data and conclusions will be incorporated into the GMA-required 2023 periodic updates to local Comprehensive Plans.

Figure 4. Review & Evaluation Program Context Timeline – King, Pierce, and Snohomish Counties



Source: Department of Commerce 2018 Buildable Land Guidelines

Pierce County is the lead agency to draft Buildable Lands Reports (BLRs) for its cities and itself. The County is hiring a consultant to develop the 2021 BLR; the scope of the contract will entail coordination and analysis related to 3 components of the County's Buildable Lands Program: 1) coordinating and providing analytical support in the development of population, housing, and employment targets, 2) completing a consistency analysis for Pierce County and each city and town to determine if the adoption of "reasonable measures" is warranted, and 3) further analyze, with stakeholder input, previously identified public surplus lands for affordable housing opportunities.

To date, Lakewood has provided the County with requested housing construction and economic development data, and has staff serving on the Planning & Public Works Department's BLR task force supporting the project.

The BLR consultant is anticipated to be hired and working by April 2020, and the project's tasks are described below for reference:

Tasks	Description	End Date
	20201 Buildable Lands Report Development	
Task 1	Collect and analyze development data and establish assumptions	
Task 1.1	Collect and review annual development data for the cities, towns, and unincorporated county from January 1, 2013 through December 31, 2019	6/30/2020
Task 1.2	Collect pipeline data	6/30/2020
Task 1.3	Collect and review annual development data for the cities, towns, and unincorporated county from January 1, 2019 through December 31, 2020	6/30/2021
Task 1.4	Calculate and summarize observed development trends	6/30/2020
Task 1.5	Coordinate with cities and towns on development trend analysis and to establish assumptions based on trends	6/30/2020
Task 1.6	Establish unincorporated county assumptions	6/30/2020
Deliverable 1.1	Development data spreadsheets (1/1/13 to 12/31/19)	6/30/2020
Deliverable 1.2	Development data spreadsheets (1/1/19 to 12/31/20)	6/30/2021
Deliverable 1.3	Summary of development trends and assumptions in the Buildable Lands Report	6/30/2021
Task 2	Finalize and adopt updated Countywide Planning Policies and Buildable Lands Procedures	
Task 2.1	Develop final draft of updated Countywide Planning Policies and Buildable Lands Procedures documents	6/30/2020
Task 2.2	Legislative process to adopt CPPs	6/30/2021
Deliverable 2.1	Updated CPPs and Procedures document	6/30/2021
Task 3	Develop inventory and calculate capacity	
Task 3.1	Produce GIS housing inventory	6/30/2020
Task 3.2	Update/run GIS model for Buildable Lands inventory	6/30/2020
Task 3.3	Review/QC inventory results	6/30/2020
Task 3.4	Coordinate with cities and towns on inventory	6/30/2021
Task 3.5	Calculate capacity	6/30/2021
Task 3.6	Coordinate with cities and towns on results	6/30/2021
Deliverable 3.1	GIS shapefile with inventory	6/30/2021
Deliverable 3.2	Capacity calculation spreadsheets	6/30/2021
Deliverable 3.3	Capacity calculation tables and summaries in the Buildable Lands Report	6/30/2021

Tasks	Description 20201 Buildable Lands Report Development	End Date
Task 4	Establish and adopt population, housing, and employment targets	
Task 4.1	Further analyze results/trends from non-policy-adjusted growth forecast/projections	6/30/2020
Task 4.2	Participate in Vision 2050 update review	6/30/2020
Task 4.3	Establish the countywide and unincorporated county targets	6/30/2021
Task 4.4	Coordinate with cities and towns to establish their respective jurisdiction's targets	6/30/2021
Task 4.5	Legislative process to adopt targets	6/30/2021
Deliverable 4.1	Final report on non-policy adjusted growth forecast/projections	6/30/2020
Deliverable 4.2	Ordinance for Pierce County targets (appendix to CPPs)	6/30/2021
Task 5	Consistency analysis	
Task 5.1	Compare assumed capacity and targets and analyze/summarize potential need for reasonable measures	6/30/2021
Task 5.2	Compare observed trends with planned densities and analyze/summarize potential need for reasonable measures	6/30/2021
Task 5.3	Coordinate with cities and towns on results of consistency analysis and potential need for reasonable measures	6/30/2021
Deliverable 5.1	Consistency analysis summary in the Buildable Lands Report	6/30/2021
Task 6	Develop report	
Task 6.1	Compile information into the Buildable Lands Report and summarize results by jurisdiction	6/30/2021
Deliverable 6.1	Buildable Lands Report	6/30/2021
Task 7	Coordination with Growth Management Coordinating Committee and Buildable Lands Ad-Hoc Subcommittee	
Task 7.1	Meet with GMCC	6/30/2021
Task 7.2	Meet with GMCC Buildable Lands Ad-Hoc Subcommittee	6/30/2021
Deliverable 7.1	Meeting materials and presentations	6/30/2021
Task 8	Affordable housing	
Task 8.1	Identify strategies to reduce infrastructure cost for new housing	6/30/2020
Task 8.2	Develop model codes for cluster cottage housing and accessory dwelling units	6/30/2021
Task 8.3	Conduct site feasibility of targeted surplus public lands to determine affordable housing development potential	6/30/2020
Deliverable 8.1	Report on strategies to reduce infrastructure cost for new housing	6/30/2020
Deliverable 8.2	Draft model codes for cluster cottage housing and accessory dwelling units	6/30/2021
Deliverable 8.3	Report on site feasibility of targeted surplus public lands to determine affordable housing development potential	6/30/2020
Task 9	Project management	
Task 9.1	Administer and provide reports as necessary	6/30/2021
Task 9.2	Monitor fiscal status of grant and expenditures	6/30/2021
Task 9.3	Prepare consultant scope of work and administer contract with consultant	6/30/2020
Task 9.4	Regular check-ins with consultant	6/30/2021
Task 9.5	Monitor and update schedule	6/30/2021
Deliverable 9.1	Progress reports to Commerce	6/30/2021
Task 10	General Buildable Lands Tasks	
Task 10.1	Conduct work as needed to further the 2021 Buildable Lands Report, which may include Reasonable Measures monitoring, general stakeholder outreach, and mapping assistance.	6/30/2021



TO: Mayor and City Councilmembers

FROM: David Bugher, Assistant City Manager for Development Services

THROUGH: John J. Caulfield, City Manager *John J. Caulfield*

DATE: February 24, 2020 (Council Study Session)

SUBJECT: Annual Housing Report

Each year, the Planning Commission and City Council receive a report on housing activity from the previous year. The report reviews the amount of housing construction and the level of platting activity. This year the report has been expanded to include other information: 1) a discussion on population and housing projections; 2) the cost of housing; 3) a brief review of incentives; and 4) what to expect in the coming years. The report has been prepared in a PowerPoint format.



City of Lakewood Annual Housing Report – 2019

February 24, 2020



What is this?

- Each year, the community and economic development department publishes a report on housing development.
- The 2019 Lakewood Annual Housing Report is a snapshot of recent housing activities.
- This report discusses projected growth and future housing trends, and the affordability of renting or owning a home.

Why is this important?

- Assists the City Council, advisory boards, and community members to understand the dynamics of local housing market, track production and diversity of housing, and assess the affordability of housing.
- Important for implementing policies and programs aimed to meet local housing needs, maintain affordability as much as possible, and encouraging housing diversity and community inclusion.

Contents

- Review of population & housing growth targets.
- Actual population & housing inventory in Lakewood.
- Housing – permitted construction, 2019.
- New residential single family lots, 2019.
- Cost of renting and/or owning a home in Lakewood, 2019.
- What to expect in 2020 & in future years.

Where's the starting point?



Pierce County Ordinance (2017-24s)

July 10, 2017

County Ordinance modified the Adopted Growth Management Act population, housing unit, and employment targets for Select Cities and Towns for the Year 2030

LAKEWOOD	'08 Estimates	'08 – '30 Growth	'30 Allocation
Population	58,780	13,220	72,000
Housing	25,904	8,380	34,284
LAKEWOOD	'08 Total Employment Estimate	'30 Total Employment Target	Total Employment Growth
Employment	29,051	38,336	9,285

How Ord. 2017-24s translates into Lakewood's projected growth targets



Year	Population (Assumes a 1% growth rate annually)	New Population Per Year	Housing Units (Assumes 2.27 person per household unit)	New Housing Units Per Year
2008	58,780		25,904	
2009	59,368	588	26,153	249
2010	59,961	594	26,415	262
2011	60,561	600	26,679	264
2012	61,167	606	26,946	267
2013	61,778	612	27,215	269
2014	62,396	618	27,487	272
2015	63,020	624	27,762	275
2016	63,650	630	28,040	278
2017	64,287	637	28,320	280
2018	64,930	643	28,603	283
2019	65,579	649	28,889	286
2020	66,235	656	29,178	289
2021	66,897	662	29,470	292
2022	67,566	669	29,765	295
2023	68,242	676	30,062	298
2024	68,924	682	30,363	301
2025	69,613	689	30,667	304
2026	70,310	696	30,973	307
2027	71,013	703	31,283	310
2028	71,723	710	31,596	313
2029	72,440	717	31,912	316
2030	73,164	724	32,231	319
Totals		14,384		6,327

Actual population 2010 through 2019

City	Census 2010	Est. 2011	Est. 2012	Est. 2013	Est. 2014	Est. 2015	Est. 2016	Est. 2017	Est. 2018	Est. 2019
Lakewood	58,163	58,190	58,260	58,310	58,360	58,400	58,800	59,280	59,350	59,670

State of Washington Population Trends
Forecasting & Research Division
Office of Financial Management
August 2019

Housing – 2016 to 2019

2015 Est. Total Housing Units	2015 Est. 1-Unit Housing Units	2015 Est. 2+ Housing Units	2015 Est. Mobile Home & Special Housing Units	2016 Est. Total Housing Units	2016 Est. 1-Unit Housing Units	2016 Est. 2+ Housing Units	2016 Est. Mobile Home & Special Housing Units	2017 Total Housing Units	2017 Est. 1-Unit Housing Units	2017 Est. 2+ Housing Units	2017 Est. Mobile Home & Special Housing Units
26,676	13,530	11,696	1,450	26,757	13,549	11,760	1,448	26,784	13,560	11,774	1,450
2018 Total Housing Units	2018 Est. 1-Unit Housing Units	2018 Est. 2+ Housing Units	2018 Est. Mobile Home & Special Housing Units	2019 Total Housing Units	2019 Est. 1-Unit Housing Units	2019 Est. 2+ Housing Units	2019 Est. Mobile Home & Special Housing Units				
26,776	13,562	11,764	1,450	26,835	13,613	11,772	1,450				

2019 new housing construction

Type	No. of building permits issued	No. of residential units
SFR's	25	25
Duplexes	0	0
Triplexes	0	0
Mf	1	10
Totals	26	35



Why has Lakewood not met its growth targets?

- Historically, the adopted targets have been unrealistic.
- Residential development is restricted to infill lots.
- There are no 'greenfields' in Lakewood. The last 'greenfields' were developed in the early and mid-90s (prior to incorporation) with large apartment complexes.
- Land assembly frictions (holdouts & often parcels are at different stages in their life cycle which results in higher prices).
- Infill economics are challenging. Projects must be more profitable (either through lower costs or higher returns) to make them competitive with the 'greenfield' proposals.
- Infill lots have underlying problems with infrastructure &/or environmental issues.
- SF homeowners are overwhelmingly opposed to new residential subdivisions & higher densities.
- McChord Field Air Installation Compatible Use Zone (AICUZ) restrictions (northeast Lakewood).

Quick review of the City's MFTE program

Purpose under state law -

- Encourage increased residential opportunities in cities planning under GMA where there is insufficient housing opportunities, including affordable housing.
- Stimulate the construction of new multifamily housing and the rehabilitation of existing vacant and underutilized buildings for multifamily housing in urban centers having insufficient housing.

(RCW 84.14.007)

2019/20 MFTE update

final certificates issued & pending MFTE's projects

Name	Location	Final Certificate Issued	Pending	No. of units	Market Rate	Afford. Units
Rainier Terrace	4110 108 th St SW	Y	N/A	11	11	0
Springbrook SPE, LLC	12535 Bridgeport Way	Y	N/A	208	208	0
Two Ironmen, LLC	5903 Lake Grove St SW	N	Y	30	24	6
Totals				249	243	6

Overall MFTE program findings

- Program has been in place since 2006.
- A total 5 projects & 482 units have been approved.
- All 5 projects possessed difficult site constraints.
- 1 project was a greenfield, the remaining 4 projects were infill.
- Units are almost entirely market-rate.

2019 platting activity

Type	No.	No. of lots
Short plats, applications pending	6	18
Short plats approved, but not finaled	21	67
Short plats finaled	13	47
Short plats denied	0	0
Preliminary plats, applications pending	0	0
Preliminary plats approved, but not finaled	1	16
Preliminary plats finaled	1	15
Preliminary plats denied	1	-21
Totals	43	142



Changing subjects – housing affordability *(Out-of-date)*

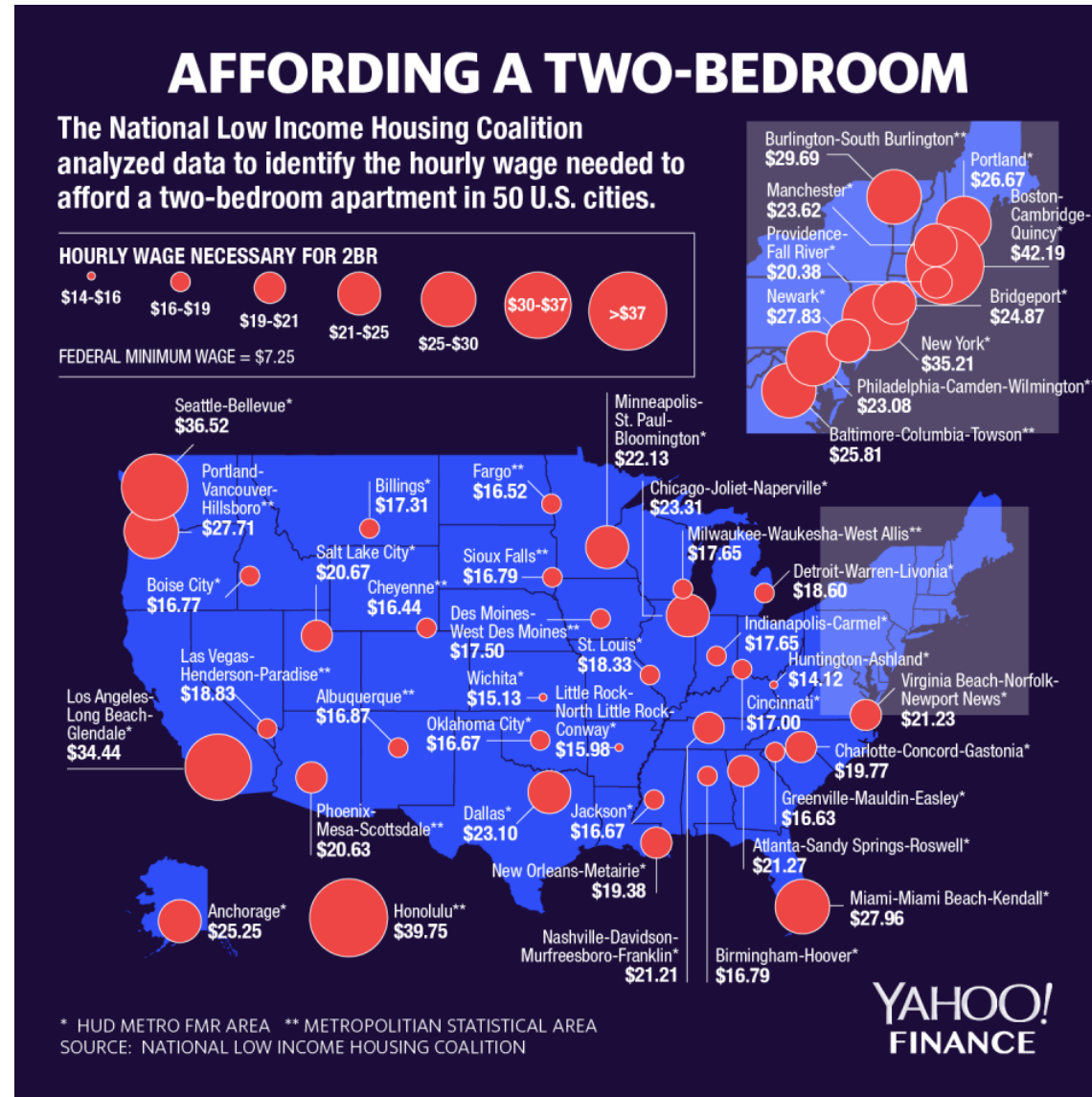
Owner-occupied housing unit rate, 2014-2018	44.4%
Median value of owner-occupied housing units, 2014-2018	\$248,200
Median selected monthly owner costs – with a mortgage, 2014-2018	\$1,735
Median gross rent, 2014-2018	\$971
City of Lakewood, United States Census Bureau	

Housing is a national problem

- The 5.9 million single family homes built between 2012 and 2019 do not offset the 9.8 million new households formed during that time, according to an analysis by realtor.com
- Even with an above average pace of construction, it would take builders between four and five years to get back to a balanced market.

HOWEVER,

- Construction costs are rising.
- Labor pool has not recovered from the Great Recession.



In Washington State, it looks like this...

<div>234,362</div> <div>Or</div> <div>22%</div> <div>Renter households that are extremely low income.</div>	<div>\$25,480</div> <div>Maximum income for a 4-person extremely low income household (state level).</div>	<div>-165,345</div> <div>Shortage of rental homes affordable and available for extremely low income renters.</div>	<div>\$55,886</div> <div>Annual income needed to afford a two-bedroom rental home at HUD's Fair Market Rate.</div>	<div>71%</div> <div>Percent of extremely low income rental households with severe cost burden.</div>
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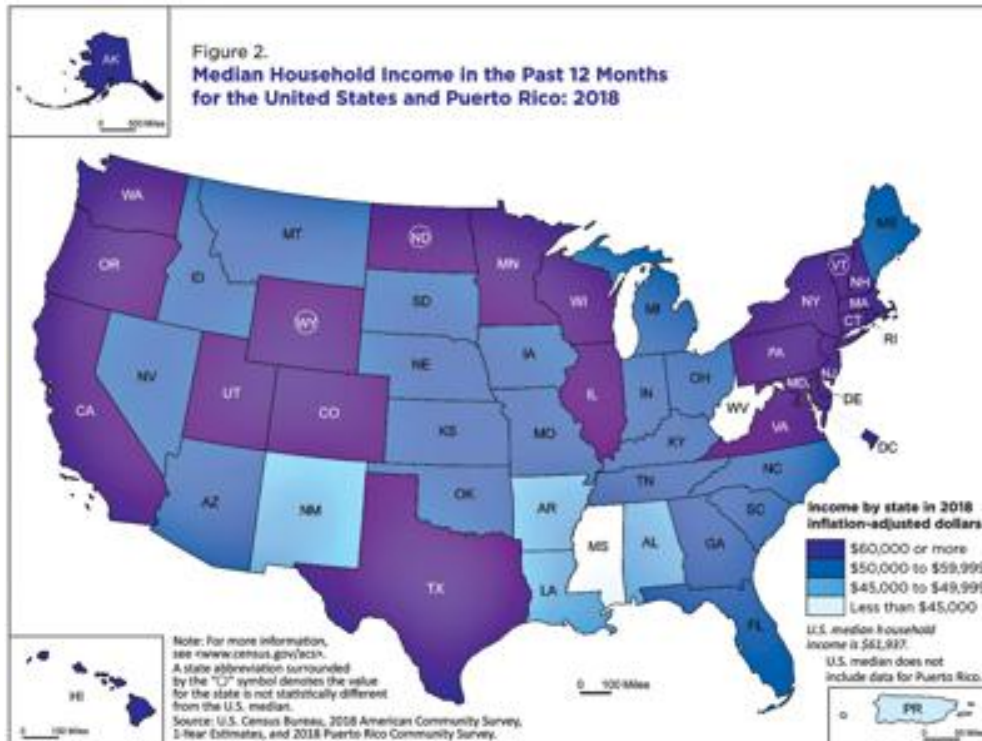
National Low Income Housing Coalition
based on 2017 ACS PUMS

Lakewood household income (ACS 2018 5-year)

Median household income
\$50,175

Per capita income \$28,115

Household Income	
Less than \$10,000	1,889
\$10,000 to \$14,999	1,083
\$15,000 to \$19,999	1,176
\$20,000 to \$24,999	1,500
\$25,000 to \$29,999	1,430
\$30,000 to \$34,999	1,559
\$35,000 to \$39,999	1,233
\$40,000 to \$44,999	1,274
\$45,000 to \$49,999	1,058
\$50,000 to \$59,999	2,320
\$60,000 to \$74,999	2,611
\$75,000 to \$99,999	2,893
\$100,000 to \$124,999	1,681
\$125,000 to \$149,999	1,250
\$150,000 to \$199,999	917
\$200,000 or more	646



Lakewood poverty levels

- 17.4% of Lakewood's population lives below the poverty line (10,383).
- 27.6% of children living in poverty.
- 7.3% of seniors living in poverty.
- Lakewood's poverty level is double the rate in the Seattle-Tacoma-Bellevue, WA Area (9.6%).
- About 1.5 times the rate in Washington State (11.5%).

The current cost of renting, Wellstone Apartments (Springbrook Neighborhood)

Unit Type	Area (SF)	Per Unit/Month
Studio	600	\$1,430
Open 1 bedroom	600	\$1,550
1 bedroom/1 bath	775	\$1,775
1 bedroom/1bath/1 den	800	\$1,735
2 bedroom/2 bath	1,100	\$1,955

***And don't forget the
additional monthly fees!***

Carport, \$55

Garage, \$250

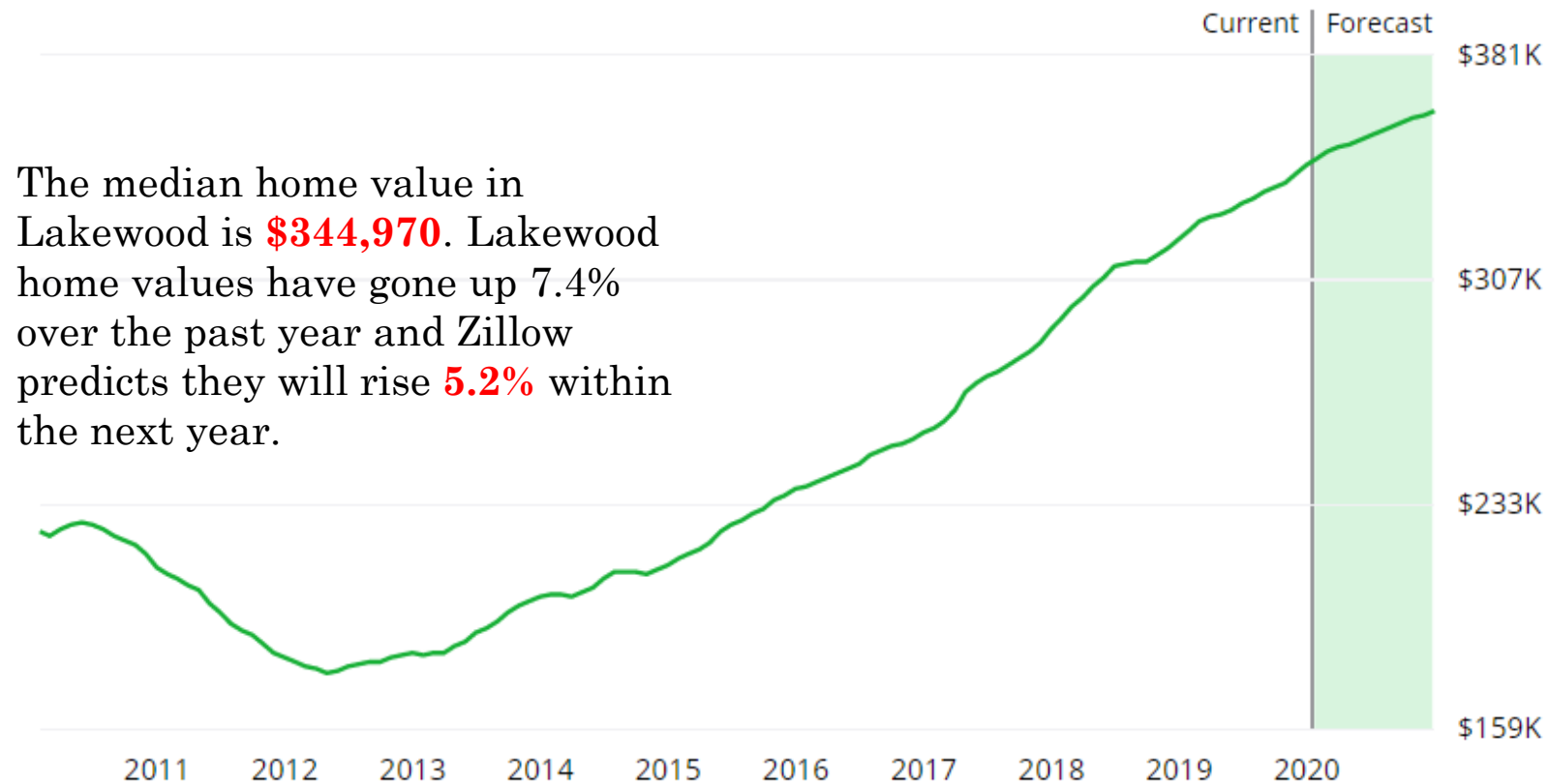
Pet rent, \$45

Top floor premium, \$25

Zillow Lakewood market overview

home value index

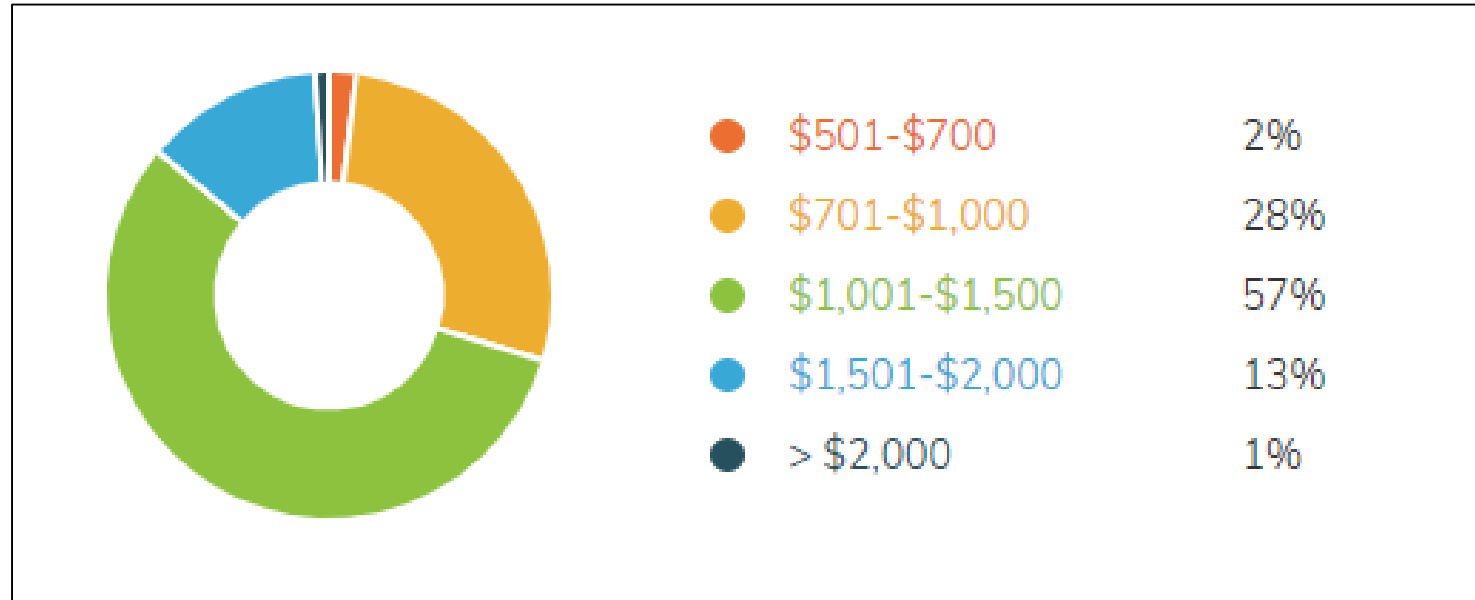
Dec 2020 — Lakewood \$363K



Home values nearby cities/ communities

Name	Median Zillow Home Value	Name	Median Zillow Home Value	Name	Median Zillow Home Value
Fox Island	\$598,800	Fircrest	\$340,700	Tacoma	\$251,000
Ruston	\$376,100	Steilacoom	\$330,600	Midland	\$242,200
University Place	\$362,600	Spanaway	\$257,300	Parkland	\$238,100
Puyallup	\$388,600	Sumner	\$311,000	DuPont	\$374,095

Lakewood apartment rent ranges

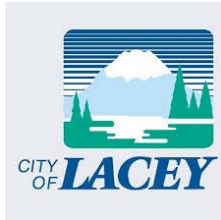


Average monthly apartment rent:	\$1,207
Year-to-year change:	6%
Average apartment size:	801 sq. ft.

Data provided by Rent Cafe



How Lakewood compares to other communities



City	Average Rent	Year-to-year change
Lakewood	\$1,207	6%
Puyallup	\$1,530	7%
Tacoma	\$1,345	6%
Spanaway	\$1,080	-5%
University Place	\$1,231	6%
Gig Harbor	\$1,551	4%
Lacey	\$1,258	3%
Olympia	\$1,250	4%

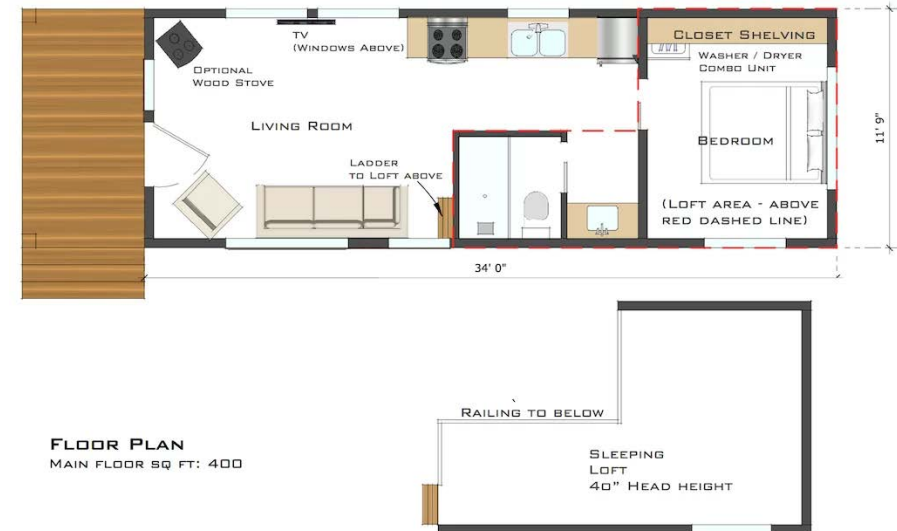
Rent Affordability Calculator

Monthly gross income	Monthly debts (credit card debt, loans, etc.)	Monthly savings	Utilities	Rent you can afford (30% of gross income)	Number Lakewood rentals available within this budget (Feb 6, 2020)
\$2,436 (\$29,232)	\$100	\$100	\$180	\$730	0
\$3,750 (\$45,000)	\$100	\$100	\$180	\$1,125	13
\$4,181 (\$50,172)	\$100	\$100	\$180	\$1,254	19
\$4,976 (\$59,711)	\$100	\$100	\$180	\$1,492	27
\$5,834 (\$70,000)	\$100	\$100	\$180	\$1,750	99

Data provided by Rent Cafe

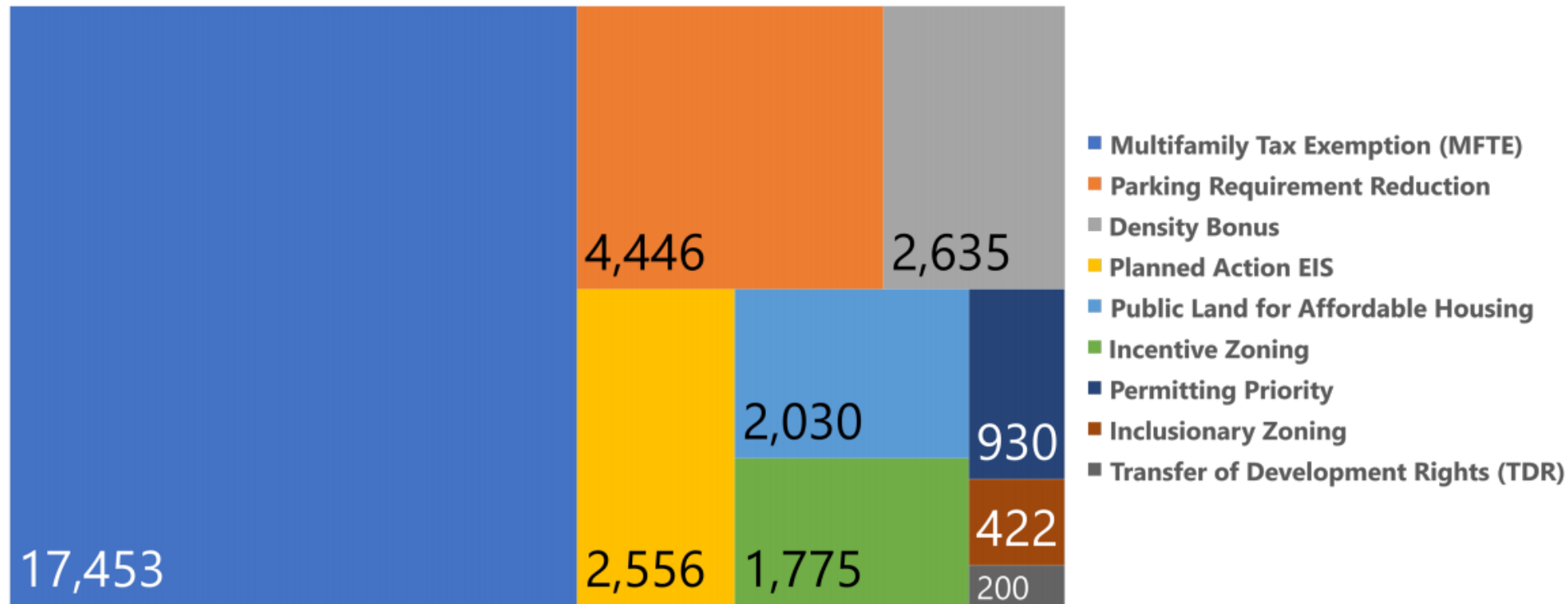
PSRC survey top housing incentives (69 cities, 4 counties)

Ranking	Incentives
30	Density Bonus (✓)
29	Parking Requirement Reduction (✓)
26	Multifamily Tax Exemption (MFTE) (✓)
20	Planned Action EIS (✓)
17	Incentive Zoning (✓ - Downtown Plan)
15	Use of Public Lands for Affordable Housing
15	Transfer of Development Rights (TDRs)
14	Inclusionary Zoning
13	Permitting Priority



PSRC - MFTE accounts for more units than all other incentives combined

Number of units built as a result of incentives in responding jurisdictions, 2009-2019*



*Unit count is an estimate and may not capture all new units and/or double count units that use multiple incentives

What to expect in 2020...

- Lakewood home prices will continue to rise.
- Lakewood apartment vacancy rates will remain at or below 3 percent.
- Apartment rents will increase throughout Pierce County.
- Rents are relatively high throughout Pierce County, but significantly less expensive than King County. The least expensive community in Pierce County is Spanaway.
- New single family housing construction will remain limited given the community's built-out nature.
- The Downtown Subarea Plan provides an efficient means to increase housing supply through densification and economies of scale.
- The housing cost burden is rising.
- Nationally and regionally, the cost of housing may push some families to relocate, or place them into poverty and potentially homelessness.

What to expect in 2020...

- Possible state legislative changes to residential zoning requirements.
- Expect roommate arrangements in apartment complexes.
- Some level of overcrowding may be occurring.
- Multi generational housing is going to become the new norm.
- The State's new energy conservation codes will increase housing costs.
- CEDD is experiencing an increase in the illegal conversion of single family residences into multifamily housing.
- Lakewood may see micro-unit projects; these are allowed under current code regulations.
- Mobile home park housing remains a challenging subject, although with proactive measures initiated through CSRT, there has been some improvement in living conditions.

What to expect in 2020...

- As part of the 18A Update that occurred in 2019, some technical changes have been proposed to the Accessory Dwelling Unit (ADU) requirements.
- PDD code changes pursuant to the Council's 2020 CPA Docket.
- CEDD will be requesting some changes to the MFTE program.
- Perhaps one senior housing project (140-units).

And in 2021?

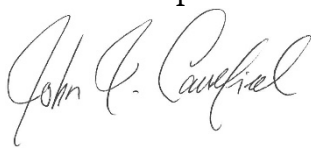
- If the State adopts local affordable housing set-aside mandates, &/or requires climate mitigation through SEPA, it could impact housing supply.
- Lakewood Station District Subarea Plan.
- Codification of changes in residential zoning standards pursuant to action of Washington state in 2020. (?)
- Development of regional housing policies & objectives pursuant to PSRC requirements.

ANY
QUESTIONS
?



TO: City Council

FROM: Tiffany Speir, Long Range & Strategic Planning Manager David Bugher, Assistant City Manager for Development Services

THROUGH: John Caulfield, City Manager 

DATE: February 24, 2020

SUBJECT: SHB 1406 Funding in Lakewood

ATTACHMENTS: Examples of other Jurisdictions' Use of 0.1% Mental Health Tax Funds (Attachment A); draft Ordinance enabling collection of SHB 1406 funds by Lakewood (Attachment B); draft Ordinance for 0.1% mental health and chemical dependency sales tax (Attachment C)

BACKGROUND

In the 2019 legislative session, Washington adopted SHB 1406 that approved a local sales tax revenue sharing program for cities that can be used for: acquiring, rehabilitating, or constructing affordable housing; operations and maintenance of new affordable or supportive housing facilities; and, for smaller jurisdictions, rental assistance. An SHB 1406 authorizing ordinance must be adopted by Lakewood no later than July 27, 2020 to qualify for the credit. To maximize the available SHB 1406 funding for Lakewood (i.e., increasing the city's share from 0.0073% to 0.0146%), the City Council needs to adopt a "qualifying local tax" prior to adopting its 1406 ordinance.

On January 13, the City Council directed that the following be prepared:

- Additional information regarding City Council-manic adoption of a 0.1% tax for mental health and therapeutic court services (MHCD tax) as an SHB 1406 qualifying local tax;
- Information about how other jurisdictions have used their respective MHCD taxes (included in **Attachment A**); and
- An SHB 1406 enabling ordinance for review and action (included in **Attachment B**.)

Also included in **Attachment C** is a draft ordinance to adopt the MHCD tax. This tax is authorized for counties only, except for Pierce County cities with a population over 30,000 (Lakewood, Puyallup, Tacoma and University Place) if Pierce County has not adopted it.

DISCUSSION

SHB 1406 Process and Timing

Because Pierce County has taken advantage of SHB 1406 funds via Resolution No. R2019-103 and Ordinance 2019-57s, Lakewood could qualify for up to 0.0146% if it also adopts one of four possible “qualifying local taxes” prior to adopting its SHB 1406 Ordinance. Included below are MRSC estimates of the potential SHB 1406 revenue for Lakewood and Pierce County at the 0.0073% and 0.0146% levels. The lower table includes the City’s internal revenue estimates for each of the possible qualifying local taxes.

CITY or COUNTY	2019 Sum Of Taxable Funds	0.0073% annual cap	0.0073% over 20 years	0.0146% annual cap w qualifying local tax in place	0.0146% over 20 years
Lakewood	\$1,195,429,873	\$97,571	\$1,951,417	\$195,142	\$3,902,834
Pierce County	\$3,733,777,060	N/A	N/A	\$545,131	\$10,902,629

Source: MRSC (per Dept. of Revenue data re taxable local retail sales for state fiscal year 2019 (7/1/18 to 6/30/19).)

Note: Scenarios do not account for limitations if County imposes.

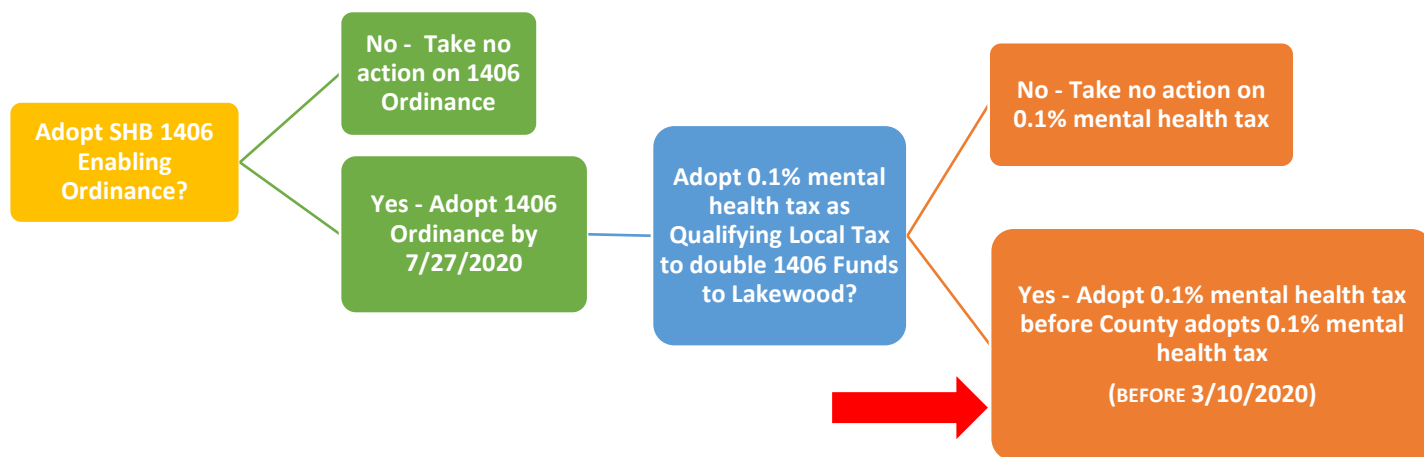
02/10/2019

Affordable Housing Levy / 84.52.105 / Max 10 Years									
		Revenue Scenarios Based on Levy Amount							
		Max \$0.50	\$0.45	\$0.40	\$0.35	\$0.30	\$0.25	\$0.20	\$0.15
Levy Increase		\$0.50	\$0.45	\$0.40	\$0.35	\$0.30	\$0.25	\$0.20	\$0.15
2020 Regular Levy		\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97
Total Levy		\$ 1.47	\$ 1.42	\$ 1.37	\$ 1.32	\$ 1.27	\$ 1.22	\$ 1.17	\$ 1.12
Estimated Annual Revenue Generated		\$ 3,728,000	\$ 3,356,000	\$ 2,983,000	\$ 2,610,000	\$ 2,237,000	\$ 1,864,000	\$ 1,491,000	\$ 1,119,000
Property Tax Levy Increase / RCW 84.55.050 / Subject to Statutory Limit \$1.60 / Max 6 Years									
		Revenue Scenarios Based on Levy Amount							
		Max \$0.60	\$ 0.50	0.45	0.4	0.35	0.3	0.25	0.2
Levy Increase	\$ 0.63	\$ 0.50	\$ 0.45	\$ 0.40	\$ 0.35	\$ 0.30	\$ 0.25	\$ 0.20	\$ 0.15
2020 Regular Levy	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97
Total Levy	\$ 1.60	\$ 1.47	\$ 1.42	\$ 1.37	\$ 1.32	\$ 1.27	\$ 1.22	\$ 1.17	\$ 1.12
Estimated Annual Revenue Generated	\$ 4,676,000	\$ 3,728,000	\$ 3,356,000	\$ 2,983,000	\$ 2,610,000	\$ 2,237,000	\$ 1,864,000	\$ 1,491,000	\$ 1,119,000
Affordable Housing & Related Sales Tax / 82.14.530									
	Max 0.10%	Min 0.05%							
Estimated Annual Revenue Generated	\$ 1,123,000	\$ 561,000							
Chemical Dependency/Mental Health Tax / RCW 82.14.460									
	Max 0.10%								
Estimated Annual Revenue Generated	\$ 1,123,000								

Estimates for the RCW 82.14.530 and RCW 82.14.460 funds are based upon MRSC’s estimated 1406 revenue for Lakewood.

The 0.1% MHCD sales tax may be imposed council-manically and does not require voter approval. If the City Council wishes to use the MHCD as the qualifying local tax to maximize Lakewood's SHB 1406 funds, the City Council would need to adopt the City's MHCD tax ordinance prior to the Pierce County Council adopting a County MHCD tax ordinance. The County Council has scheduled action on its MHCD tax ordinance for March 10, 2020. (More information about the County's MHCD tax is included below.)

Included here is a summary graphic explanation of next steps for the City Council:



Other Jurisdictions' Use of MHCD

23 counties and the City of Tacoma have authorized the 0.1% mental health and chemical dependency (MHCD) sales tax. Details about several of the programs are included in Attachment A.

Generally speaking, MIDD programs' complexity and scope depend on revenues available:

- King County = \$67 million annually
- Snohomish County = \$15 million annually
- Kitsap County = \$6.64 million annually
- Pacific County = \$208,411 collected in 2017 with an additional \$595,000 in in-kind/match funds secured
- City of Tacoma = \$6.29 million in 2020.

Pierce County Consideration of 0.1% Tax for Behavioral Health and Therapeutic Courts

On February 18, the Pierce County Council's Human Services Committee held a public hearing on Proposal 2020-24 that would adopt a county level 0.1% sales tax for behavioral health services and therapeutic courts and creating a Behavioral Health Coordinating Commission (BHCC.) After the committee took a unanimous vote to forward Proposal 2020-24 without a recommendation, the proposal is scheduled for action by the full Pierce County Council on March 10, 2020. More details on Pierce County Proposal 2020-24 are included in Attachment A.

OUTCOME OF ADOPTING SHB 1406 ORDINANCE AND MHCD TAX ORDINANCE

SHB 1406

The City Council has discussed dedicating SHB 1406 funds toward several areas, including use in conjunction with Lakewood's CDBG Major Home Repair Program, CDBG Major Home Repair and Sewer Loan Program, and HOME Housing Rehabilitation Loan Program. There is a high demand for home repair and rehabilitation loans in the City; Lakewood would need to track and administer SHB 1406 funds separately from CDBG and HOME funds, but the funds could be used in conjunction with each other to increase the amount available to low income residents to maintain their homes.

In addition, the City Council allocates CDBG and HOME funds among various City programs, and has the authority, if it desired to do so, to allocate up to 100% of those funds (aside from administrative costs and the dollars dedicated to loan repayment) to home repairs and rehabilitation efforts.

0.1% MHCD Tax

If Lakewood were to enact a 0.1% MHCD tax per RCW 82.14.460 as the qualifying local tax for SHB 1406 funds (taking action prior to Pierce County adopting a 0.1% MCHD tax), it could not only maximize SHB 1406 funds, but also generate an estimated \$1.123 million annually for providing for the operation or delivery of "chemical dependency or mental health treatment programs and services" (treatment services, case management, transportation, and housing that are a component of a coordinated chemical dependency or mental health treatment program or service) and for the operation or delivery of therapeutic court programs and services.

Many jurisdictions that have adopted a MHCD tax have identified an existing or newly established committee or board that provides recommendations to their Council on how to spend the funds.

Supplanting

Per RCW 86.14.460 (4), all moneys collected under this section must be used solely for the purpose of providing new or expanded programs and services, *except* as follows:

- (b) For . . . a city with a population over thirty thousand, which initially imposes the tax authorized under this section after December 31, 2011, a portion of moneys collected under this section may be used to supplant existing funding for these purposes as follows: Up to fifty percent may be used to supplant existing funding for up to the first three calendar years following adoption; and up to twenty-five percent may be used to supplant existing funding for the fourth and fifth years after adoption.

For instance, Lakewood could supplant some portion of the funding for its Behavioral Health Contact Team for a period of up to 5 years.

ATTACHMENT A
Other Jurisdictions' Use of
0.1% Mental Health and Chemical Dependency Sales Tax (MHCD)

- **King County's** tax (termed “MIDD”) was adopted in 2008 (Ordinances 18406 and 18407) and has been extended to 2025; it collects an average of \$134 million every two years. The MIDD Advisory Committee (authorized by Ordinance 18452) advises the County Executive and Council on matters related to the MIDD. The Committee is a partnership of representatives from the health and human services and criminal justice communities, including providers and other stakeholders.

King County MIDD’s range of initiatives are designed to advance five overarching goals:

- Divert individuals with behavioral health needs from costly interventions, such as jail, emergency rooms, and hospitals;
- Reduce the number, length, and frequency of behavioral health crisis events;
- Increase culturally appropriate, trauma-informed behavioral health services;
- Improve health and wellness of individuals living with behavioral health conditions; and
- Explicit linkages with and further the work of King County and community initiatives.

MIDD 2 Strategy Areas	SAMPLE ¹ MIDD 2 Performance Measures (to be refined after specific programs/services are selected)
Prevention and Early Intervention <i>People get the help they need to stay healthy and keep problems from escalating</i>	<u>How much? Service capacity measures (Quantity)</u> <ul style="list-style-type: none"> • Increased number of people receiving substance abuse and suicide prevention services • Increased number of people receiving screening for health and behavioral health conditions within behavioral health and primary care settings <u>How well? Service quality measures (Quality)</u> <ul style="list-style-type: none"> • Increased treatment and trainings in non-traditional settings (day cares, schools, primary care) • Increased primary care providers serving individuals enrolled in Medicaid <u>Is anyone better off? Individual outcome measures (Impact)</u> <ul style="list-style-type: none"> • Increased use of preventive (outpatient) services • Reduced use of drugs and alcohol in youth & adults • Increased employment and/or attainment of high school diploma and post-secondary credential • Reduced risk factors for behavioral health problems (e.g., social isolation, stress, etc.)
Crisis Diversion <i>People who are in crisis get the help they need to avoid unnecessary hospitalization OR incarceration</i>	<u>How much? Service capacity measures (Quantity)</u> <ul style="list-style-type: none"> • Increased capacity of community alternatives to hospitalization and incarceration (e.g., crisis triage, respite, LEAD, etc.) <u>How well? Service quality measures (Quality)</u> <ul style="list-style-type: none"> • Increased use of community alternatives to hospitalization and incarceration by first responders <u>Is anyone better off? Individual outcome measures (Impact)</u> <ul style="list-style-type: none"> • Reduced unnecessary hospitalization, emergency department use and incarceration • Decreased length and frequency of crisis events

<p>Recovery and Reentry</p> <p><i>People become healthy and safely reintegrate to community after crisis</i></p>	<p>How much? Service capacity measures (Quantity)</p> <ul style="list-style-type: none"> Increased in affordable, supported, and safe housing Increased availability of community reentry services from jail and hospitals Increased capacity of peer supports <p>How well? Service quality measures (Quality)</p> <ul style="list-style-type: none"> Increased linkage to employment, vocational, and educational services Increased linkage of individuals to community reentry services from jail or hospital Increased housing stability <p>Is anyone better off? Individual outcome measures (Impact)</p> <ul style="list-style-type: none"> Increased employment and attainment of high school diploma and post-secondary credential
	<ul style="list-style-type: none"> Improved wellness self-management Improved social relationships Improved perception of health and behavioral health issues and disorders Decreased use of hospitals and jails
<p>System Improvements</p> <p><i>Strengthen the behavioral health system to become more accessible and deliver on outcomes</i></p>	<p>How much? Service capacity measures (Quantity)</p> <ul style="list-style-type: none"> Expanded workforce including increased provider retention Decreased provider caseloads Increased culturally diverse workforce Increased capacity for outreach and engagement Increased workforce cross-trained in both mental health and substance abuse treatment methods <p>How well? Service quality measures (Quality)</p> <ul style="list-style-type: none"> Increased accessibility of behavioral health treatment on demand Increased accessibility of services via: hours, geographic locations, transportation, mobile services Increased application of recovery, resiliency, and trauma-informed principles in services and outreach Right sized treatment for the individual Increased use of culturally appropriate evidence-based or promising behavioral health practices Improved care coordination MIDD is funder of last resort <p>Is anyone better off? Individual outcome measures (Impact)</p> <ul style="list-style-type: none"> Improved client experience of care
<p>Therapeutic Courts</p> <p><i>People experiencing behavioral health conditions who are involved in the justice system are supported to achieve stability and avoid further justice system involvement</i></p>	<p>How much? Service capacity measures (Quantity)</p> <ul style="list-style-type: none"> Increased access to therapeutic courts <p>How well? Service quality measures (Quality)</p> <ul style="list-style-type: none"> Increased therapeutic court graduation rate Increased use of preventive (outpatient) services <p>Is anyone better off? Individual outcome measures (Impact)</p> <ul style="list-style-type: none"> Reduced incarceration Reduced substance use Improved wellness and social relationships

- **Snohomish County** adopted Ordinance 08-154 on December 3, 2008. The Council provided explicit policy goals to be achieved using the funds generated:
 - Reduce the incidence and severity of chemical dependency and/or mental health disorders in adults and youth;
 - Reduce the number of individuals with chemical dependency and/or mental health disorders using costly interventions such as hospitals, emergency rooms, or jails;
 - Diverge adults and youth with chemical dependency and/or mental health disorders from initial or further involvement with the criminal justice system;
 - Support linkages with other county efforts;
 - Provide outreach to underserved populations; and
 - Provide culturally appropriate service delivery.

Priority populations established in the 2010 Sales Tax Expenditure Plan are understood to be of equal priority and include: aging population, families with children, most costly (high utilizers), the most vulnerable, veterans and their families, and youth.

Priority Programs include:

- Therapeutic Courts, Triage Facility, and Related Services:
 - Family Dependency Drug Court and Other Therapeutic Courts;
 - Snohomish County Triage Facility;
 - Involuntary Treatment Program, Therapeutic Alternatives, and
 - DOSA
- Housing:
 - Housing for Veterans;
 - Housing for Other Sales Tax Priority Populations
- Chemical Dependency and Mental Health Treatment:
 - Chemical Dependency and Mental Health Treatment for Youth;
 - Chemical Dependency and Mental Health Treatment for Other Priority Populations
- Training
- Prevention and Specialist Services

2015 Sales Tax Expenditure Summary

Expenditure Category	2015 Expenditures	Percent of 2015 Expenditures
Sales Tax Priority #1: Therapeutic Courts and Triage Center	\$ 2,942,835	19.6%
Sales Tax Priority #2: Housing	\$ 1,635,058	10.9%
Sales Tax Priority #3: Treatment Programs	\$ 4,617,317	30.7%
Sales Tax Priority #4: Training	\$ 29,470	0.2%
Sales Tax Priority #5: Prevention and Specialist Services	\$ 3,093,982	20.6%
Administrative and Related Expenditures	\$ 2,723,513	18.1%
Total	\$ 15,042,176	100.0%

Snohomish County created a chemical dependency/mental health program advisory board regarding implementation and use of the tax. The board has no more than 13 appointed members including:

- at least two members of the community mental health program advisory board,
- two members of the alcohol and drug abuse advisory board,
- one member of the council on aging,
- one member of the children's commission,
- one member of the veterans' assistance fund executive board,
- one member to represent the county jail,
- one member to represent the superior court,
- one member who personally provides chemical or drug dependency or mental health services to individual clients, and
- one member to represent law enforcement.

The advisory board has the following powers and duties:

- Meet at least annually to provide oversight and review of county actions relating to implementation and use of the tax imposed by this chapter;
- Make recommendations to the executive, legislative, and judicial branches of county government to promote efficient and cost-effective implementation and use of the tax imposed by this chapter;
- When requested by the director of the department of human services or superior court administrator, provide input or other assistance in the preparation of reports required by SCC 4.25.120; and
- Such other duties as the council may assign.

- **Kitsap County** Ordinance 507-2013 authorized a sales and use tax to provide for delivery of Mental Health, Chemical Dependency and/or Therapeutic Court programs and services. Identified strategic policy goals guided by a Behavioral Health Needs Analysis or similar plan(s) included:
 - Improve the health status and well-being of Kitsap County residents;
 - Reduce the incidence and severity of chemical dependency and/or mental health disorders in adults and youth;
 - Divert chemically dependent and mentally ill youth and adults from initial or further criminal justice system involvement;
 - Reduce the number of people in Kitsap County who cycle through the criminal justice systems, including jails and prisons;
 - Reduce the number of people in Kitsap County who use costly interventions including hospitals, emergency rooms, and crisis services; and
 - Increase the number of stable housing options for chemically dependent and mentally ill residents of Kitsap County.

Kitsap County Resolution 103-2013 established an eleven-member Mental Health, Chemical Dependency and Therapeutic Court Citizens Advisory Committee to be appointed by the Kitsap County Board of Commissioners. The citizen advisory committee membership includes:

- A. One (1) member from the Peninsula Regional Support Network Advisory Board
- B. One (1) member from the Kitsap County Substance Abuse Advisory Board
- C. One (1) member from the Commission on Children and Youth
- D. One (1) member from the Area Agency on Aging
- E. One (1) member from Law and Justice programs
- F. One (1) member from Education
- G. Five(5) At-Large members representing a broad spectrum of community members whose background and expertise will enhance the function and effectiveness of the Advisory Committee in fulfilling their responsibilities.

The duties of the Citizens Advisory Committee include, but are not limited to:

- Review the behavioral health strategic planning team's needs assessment, goals, objectives and strategies aimed to meet the behavioral health needs of the community;
- Review applications for the use of funding provided pursuant to KCC 4.33.010 every three years, at minimum, based on the board of commissioners' strategic direction, priorities and criteria for distribution; Upon assessment of the applications, the committee will recommend to the board of commissioners the proposals and funding levels to meet the County's behavioral health service needs;
- Annually review performance measures to determine the success of funded proposals and achievement of county behavioral health goals;

- Submit an annual report to the board of commissioners that lists programs funded, amounts allocated and expended, number of individuals served and performance measures along with recommended program and/or process changes based on the measurement and evaluation data;
- Review the Behavioral Health Strategic Plan every three years, in coordination with the request for proposal process, to assess the overall progress towards achieving Kitsap County's behavioral health goals;
- Reconvene the behavioral health strategic planning team every six years to update the Behavioral Health Strategic Plan; and
- Ensure that the implementation and evaluation of the strategies and programs funded by the Treatment Sales Tax are transparent, accountable and collaborative.

Kitsap County Citizens Advisory Committee 1/10 th FRP Funding Recommendations for 2020				
Submitting Entity	Proposal Title	Number Served	New or Continuation	CAC 2019 Recommendations
Aging and Long-Term Care	Partners in Memory Care	150	Continuation	\$ 90,000.00
Bremerton School District	School and Community Social and Emotional Learning	5,000	Continuation	\$ 257,000.00
City of Poulsbo	Behavioral Health Outreach Program	161	Continuation	\$ 363,858.00
Coffee Oasis	Homeless Youth Intervention	440	Continuation	\$ 303,917.00
Kitsap County District Court	Behavioral Health Court	62	Continuation	\$ 318,156.00
Kitsap County Juvenile Services	Enhancements for Juvenile Therapeutic Courts	122	Continuation	\$ 189,238.00
Kitsap County Prosecuting Attorney's Office	Therapeutic Courts Alternative to Prosecution	328	Continuation	\$ 299,047.00
Kitsap County Sheriff's Office	Crisis Intervention & Triage for Law Enforcement	40	Continuation	\$ 22,500.00
Kitsap County Sheriff's Office	Reentry Program	201	Continuation	\$ 193,538.00
Kitsap County Superior Court	Kitsap County Superior Court Adult Drug Court	175	Continuation	\$ 640,787.00
Kitsap County Superior Court	Kitsap County Superior Court Veterans Court	37	Continuation	\$ 93,428.00
Kitsap Public Health District	Crisis Response and Coordinated Care	100	Continuation	\$ 380,105.00
Kitsap Public Health District	Improving the Health of High-Risk Mothers & Children	60	Continuation	\$ 153,712.00
Olympic Educational Service District	Behavioral Health School Counseling Project	450	Continuation	\$ 733,695.00
West Sound Treatment Center	New Start Program	280	Continuation	\$ 328,500.00
Agape Unlimited	Koinonia Inn Transitional Housing	25	New	\$ 124,129.00
Agape Unlimited	Co Occurring Services	180	New	\$ 121,972.00
Kitsap Community Resources	Recovery Outreach and Stabilization Team (ROAST)	480	New	\$ 768,000.00
Kitsap County Sheriff's Office	Crisis Intervention Coordinator	269,805	New	\$ 123,263.00
Kitsap Mental Health Services	Pacific Hope Supplemental Operations	238	New	\$ 111,194.00
Kitsap Mental Health Services	Pendleton Place Permanent Supportive Housing	70	New	\$ 750,000.00
Peninsula Community Health Services	Fired Up for Health	100	New	\$ 274,749.00
Total				\$6,640,788.00

- **Pacific County Ordinance No. 175 (2015)** – Imposing 0.1% mental health and chemical dependency sales tax.

Pacific County Human Services Advisory Board

0.1% SALES TAX FACT SHEET

IN 2015 THE PACIFIC COUNTY BOARD OF COUNTY COMMISSIONERS (BOCC) ADOPTED THE 0.1% SALES TAX TO SUPPORT EXPANDED MENTAL HEALTH AND SUBSTANCE ABUSE TREATMENT, AND EXPANSION OF THERAPEUTIC COURTS.

WHAT IT SUPPORTS

IN 2016 THE BOCC APPROVED THE FOLLOWING PROJECTS FOR 0.1% FUNDING:

- PERMANENT SUPPORTIVE HOUSING: Landlord tenant liaison program and housing case management to reduce homelessness. *Coastal Community Action Program (CCAP)*
- SUBSTANCE USE PREVENTION FOR K-8TH GRADES: "Second Step" education and intervention program. *Raymond School District*
- COORDINATION AMONG PRIMARY CARE AND MENTAL HEALTH PROVIDERS: Psychotropic prescription education for primary care providers and care coordination. *Ocean Beach Hospital*
- ADDITIONAL PREVENTION/INTERVENTION SERVICES IN SCHOOLS: Full-time substance use prevention/interventionist for youth in Raymond, South Bend, Willapa Valley, and North River School Districts. *ESD 113*
- ADDITIONAL MENTAL HEALTH COUNSELORS IN SCHOOLS: *Ocean Beach, South Bend, & Willapa Valley School Districts*
- ADDITIONAL CRISIS WORKERS: Decrease crisis response times in Pacific County. *Willapa Behavioral Health*
- SPECIALTY COURTS: Family Therapeutic, Drug, and Treatment diversion courts to support treatment. *Pacific County Health & Human Services*

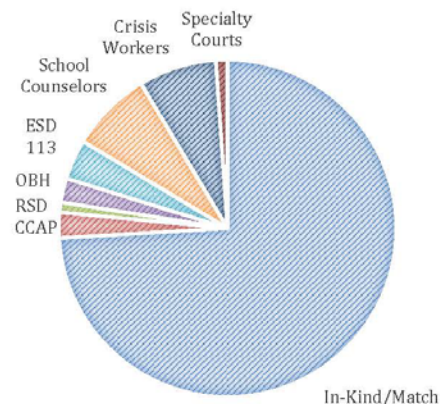
TIME FRAME

0.1% funding is for 24 months and is paid on a reimbursement basis. The current funding cycle began January 2016 and ends December 2018.

FUNDING SNAPSHOT

ANNUAL FUNDING

- CCAP: \$19,600
- RAYMOND SCHOOL DISTRICT: \$7,728
- OCEAN BEACH HOSPITAL: \$18,500
- ESD 113: \$30,883
- SCHOOL COUNSELORS: \$62,700
- CRISIS WORKERS: \$60,000
- SPECIALTY COURTS: \$9,000



LEVERAGING FUNDS

GIVE A LITTLE, GET A LOT: 0.1% funding demonstrates sustainability for future grants and can be used for match. By funding these projects, Pacific County has secured an **additional \$595,000** from other funding sources.

See "In-Kind/Match" in chart above.

"[R]ECOGNIZING THE HEALTH, SOCIAL, COMMUNITY AND ECONOMIC IMPACT OF MENTAL DISORDERS, SUBSTANCE USE DISORDERS AND CO-OCCURRING DISORDERS [...] AND DESIRING TO ACHIEVE THE GOAL OF SUCCESSFUL OUTCOMES AND RECOVERY FOR INDIVIDUALS." - ORDINANCE 175

THE OUTCOMES

SUBSTANCE ABUSE & MENTAL HEALTH

- Increase access, continuity, and quality of treatment and support services.
- Reduce inappropriate use of county, municipal, and county resources.
- Increase case management, community support, and transition services.
- Provide education, screening, and early intervention to reduce long-term costs.

THERAPEUTIC COURTS

- Reduce future involvement in court system.
- Improve permanency placement for children in Family Dependency Treatment Court.

0.1% COMMITTEE

As part of the passage of the tax, the BOCC appointed a citizens advisory committee. The 0.1% Committee is a subcommittee of the Human Services Advisory Board (HSAB) and is made up of community and agency volunteers. As part of their work, they developed and released a Request for Proposals (RFP) in the fall of 2015. From these proposals the committee made recommendations to the BOCC for funding selections.

THE ORDINANCE

ORDINANCE 175 OUTLINED THE NEED FOR INCREASED SERVICES:

- "community children and youth are impacted by mental disorders, substance use disorders and co-occurring disorders [...] often with resulting negative impact on their health, ability to learn, home life and safety, social behavior, and emotional development"
- "services for individuals with co-occurring disorders cost nearly twice as much for clients with single disorders"
- "80% of crime in Pacific County is associated with substance abuse, 80% of those in jail struggle with addiction and 50% of the homeless adult have a substance abuse disorder"

FUTURE FUNDING

The next 0.1% RFP will be released in fall 2017. In addition to the RFP, applicants are required to make an oral presentation during a public meeting.

On-going funding is dependent on adequate progress toward project goals. These goals will be assessed regularly during the project performance period.



ABOUT HSAB

The HSAB meets quarterly on the 1st Monday of the month from 10am-noon, alternating between the South Bend and Long Beach. The meeting is open to the public and is an opportunity to receive up-to-date information about what is happening locally and statewide regarding Pacific County developmental disabilities employment services, chemical dependency treatment, and substance use prevention programs.

For more information about the HSAB, call Katie Lindstrom at 360-642-9349 / 360-875-9343

- **City of Tacoma's** Ordinance No. 28057 imposed a 0.1% sales tax in 2012 dedicated to mental health and chemical dependency (MHCD) services to:
 - address unmet community needs and fund programs and services in the City related to mental health, chemical dependency, and therapeutic courts;
 - establish 1.5 full-time equivalent special project positions to administer the programs related to mental health, chemical dependency, and therapeutic courts; and
 - fund said positions with revenue received through the proposed tax.

The Tacoma City Council's policy goals included:

1. A reduction in the number of mentally ill and chemically dependent youths and adults using costly interventions, such as jail, emergency rooms and hospitals;
2. A reduction of the incidence and severity of chemical dependency and mental and emotional disorders in youths and adults;
3. Linkage with other Council and Department-directed efforts including, the Gang Project, the Plan to End Family Homelessness, and the Youth and Young Adult Continuum Project;
4. A reduction in youths and adults experiencing homelessness in Tacoma; and
5. A strong emphasis on having performance measures and achieving outcomes that encourage service integration (breaking down silos).

Tacoma's MCHD tax has a 2020 projected revenue of \$6.29 million.

Per the Tacoma website:

2019-2020 Budget: Sales taxes represent \$117 million or 23% of General Fund Revenues. Tacoma consumers pay a sales tax rate of 10.1%, of which 0.1% is for the MHCD Services. These revenues are highly variable depending on economic conditions.

The City Council's Community Vitality and Safety Committee provides recommendations to the full council regarding implementation of the MCHD tax-funded activities. Excerpts from the 2012 Implementation Plan are included below.

4.0 OVERARCHING POLICY GOALS

1. A reduction in the number of mentally ill and chemically dependent youths and adults using costly interventions, such as jail, emergency rooms and hospitals.
2. A reduction of the incidence and severity of chemical dependency and mental and emotional disorders in youths and adults.
3. Linkage with other Council and Department-directed efforts including, the Gang Project, the Plan to End Family Homelessness, and the Youth and Young Adult Continuum Project.
4. A reduction in youths and adults experiencing homelessness in Tacoma.
5. A strong emphasis on having performance measures and achieving outcomes that encourage service integration (breaking down silos).

7.0 NEW OR ENHANCED SERVICES



Quality-of-life issues for Tacoma citizens are of prime importance. In addition, cost containment of law enforcement and other emergency responders is of increasing significance.

Funding for new services will embrace either new or innovative strategies, or have an evidence or research-based track record of success. Emphasis will be placed on integrated and coordinated care, cultural as well as ethnic competency, and the ability to provide services in home and community settings.

To be eligible for new funding the City will give great weight to the following factors, consistent with policy goals.

1. All programs will have a focus on preparing those who are able, to maintain gainful and satisfying employment, education, or other activities of daily living which contribute to a more healthy and vital community.
2. Wraparound services for youth and their families who are at risk of or experiencing issues with chemical dependency, mental illness, or criminal justice involvement. Youth and adult services will have the ability to address homelessness, or those at risk of experiencing homelessness (youth and adults).
3. Encourage coordination with existing service providers or programs such as the Gang Project, the Plan to End Family Homelessness, and the Youth and Young Adult Continuum Project, local mental health and chemical dependency providers, whenever appropriate in order to maximize efficiency of the tax dollars expended.
4. Demonstrate the ability to develop formal working agreements with local law enforcement, Municipal Court, the Jail, local hospitals, and allied service providers in order to provide timely effective service wherever the individual may be.
5. Relapse, incarceration for brief periods, episodes of inpatient care, or return to homelessness will not be grounds for termination of services. Rather such episodes will result in an increase of service intensity in order to rapidly return the individual or family to more stable functioning.
6. Emphasis on addressing existing gaps in mental health services.

In 2019 and 2020, the following programs were funded by the MHCD tax:



- Crisis Residential Center
- Youth Co-Occurring Disorder Treatment
- Adult Co-Occurring Disorder Treatment/Shelter Co-Responder
- Youth/Young Adult Drop-in Center & Young Adult Overnight Shelter
- Tacoma Fire Department Cares Program
- Tacoma Police Department Co-Responder
- Tacoma Whole Child Initiative
- Positive Interactions
- Housing First
- Gang Prevention and Intervention
- Domestic Violence

- **Pierce County Consideration of 0.1% MCHD Tax**

On February 18, 2020 the Pierce County Council's Human Services Committee held a public hearing on Proposal 2020-24 that would adopt a county level 0.1% MCHD sales tax and creating a Behavioral Health Coordinating Commission (BHCC.) After the committee took a unanimous vote to forward Proposal 2020-24 without a recommendation, the proposal is scheduled for action by the full Pierce County Council on March 10, 2020.

The Behavioral Health Coordinating Commission would:

- recommend expenditures from the Behavioral Health and Therapeutic Courts Tax Fund and to help coordinate delivery of behavioral health services throughout Pierce County by:
 - A. Creating a strategic plan for system improvements with clearly articulated goals, objectives, outcomes and action steps prioritizing areas for short-, medium-, and long term change including, but not limited to, a focus on community education, prevention and early intervention, community-based services, crisis and inpatient services, outpatient treatment and services for the justice involved;
 - B. Creating or identifying performance and outcome measures to incentivize and assess change with emphasis on accountability and key milestones;
 - C. Engaging community stakeholders in an ongoing, inclusive way to promote a shared vision for a healthy and coordinated system;
 - D. Operating in concert with existing behavioral health initiatives and regional workgroups;
 - E. Working with Washington State to ensure alignment with relevant state initiatives and facilitate implementation of the strategic plan;
 - F. Identifying and pursuing sustainable funding sources to enhance Pierce County's limited prevention, early intervention and treatment system resources;
 - G. Identifying and addressing potential concerns as they emerge to ensure smooth transitions and to prevent disruption in progress; and
 - H. Developing strategies to ensure that system principles are included and that data elements required for system accountability are adopted.

The Behavioral Health Coordinating Commission would be comprised of the following members:

- A staff designee from each of the following departments:
 - A. Sheriff, Superior Court, District Court, and the Tacoma-Pierce County Health Department.
 - B. One staff designee each from the cities of Lakewood, Puyallup and an additional city or town selected by the Pierce County Regional Council.
 - C. One representative each from the following service providers operating in Pierce County:
 - 1. emergency medical service providers;
 - 2. providers of both mental health and chemical dependency services;
 - 3. large hospitals;
 - 4. operators of detox and or evaluation and treatment centers;
 - 5. behavioral health navigator or peer advocates who have been through a Pierce County peer bridger program;
 - 6. providers of homeless and supportive housing; and
 - 7. provider of veteran services.
 - D. A representative each from Elevate Health and the Pierce County National Alliance on Mental Illness.

The Pierce County Human Services Committee will also hold a hearing on March 3 for Resolution R2020-13 that would create the Office of Behavioral Health Oversight within the Office of the Pierce County Council, which would:

- Assist the County Council develop, oversee and evaluate plans for the expenditure of monies received from the chemical dependency or mental health and therapeutic courts tax;
- provide administrative staff support to the Pierce County Behavioral Health Coordinating Commission; and
- Coordinate with Human Services and any other county departments to provide technical assistance to the Pierce County Behavioral Health Coordinating Commission as requested by the Chair of that Commission.

This Resolution is independent of the Proposal to adopt a 0.1% MHCD tax, meaning the tax could be adopted and implemented without R2020-13 passing.

**ATTACHMENT B
ORDINANCE NO. 72X**

AN ORDINANCE OF THE LAKEWOOD CITY COUNCIL RELATING TO LOCAL SALES OR USE TAXES; AUTHORIZING THE MAXIMUM CAPACITY OF THE TAX AUTHORIZED UNDER THE PROVISIONS OF SUBSTITUTE HOUSE BILL 1406 (HEREINAFTER CHAPTER 338, LAWS OF 2019) FOR AFFORDABLE AND SUPPORTIVE HOUSING; ADOPTING A NEW CHAPTER 3.25 OF THE LAKEWOOD MUNICIPAL CODE, "SALES AND USE TAX - CREDIT AGAINST PRIOR TAX"; AUTHORIZING THE CITY MANAGER TO CONTRACT WITH THE STATE OF WASHINGTON TO COLLECT THE TAX IMPOSED BY THIS ORDINANCE; REQUESTING COMPLIANCE WITH RCW 82.14.055; DIRECTING THE CITY CLERK TO TRANSMIT THE ADOPTED ORDINANCE TO THE DEPARTMENT OF REVENUE; AND REQUESTING THE CITY MANAGER TO REPORT ANNUALLY TO THE DEPARTMENT OF COMMERCE ON THE COLLECTION AND USE OF REVENUES RECEIVED.

FINDINGS

Whereas, Chapter 388, Laws of 2019, relating to encouraging investments in affordable housing was adopted in the 2019 session; and

Whereas, the Lakewood City Council adopted Resolution No. 2019-19 declaring the City's intent to adopt legislation pursuant to Chapter 338, Laws of 2019 to authorize a local sales and use tax credited against the state sales and use tax for affordable or supportive housing as established for cities under that statute; and

Whereas, to collect the tax, a city must adopt an ordinance authorizing the tax within one year of the effective date of the bill, or July 28, 2020; and

Whereas, the City is prepared to coordinate the development of a plan for use of resources consistent with Chapter 338, Laws of 2019;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKEWOOD, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Adoption of City Council Findings. The Findings of the City Council are adopted as part of this Ordinance.

Section 2. A new Chapter 3.25 of the Lakewood Municipal Code, "Sales and Use Tax – Credit Against Prior Tax," is hereby adopted as shown in Exhibit A, which is attached hereto and incorporated herein by reference.

Section 3. The City Manager is hereby requested to contract with the Washington State Department of Revenue to collect the local sales and use tax established by Chapter 338, Laws of 2019 and this Ordinance.

Section 4. City departments are requested to take all necessary steps to implement this Ordinance as soon as possible in accordance with RCW 82.14.055. The City Clerk shall forthwith transmit a copy of this adopted Ordinance to the Washington State Department of Revenue.

Section 5. The City Manager is hereby requested to report annually to the Department of Commerce on the collection and use of the revenues received as provided in Chapter 338, Laws of 2019.

Section 6. Severability. If any portion of this Ordinance or its application to any person or circumstances is held invalid, the remainder of the Ordinance or the application of the provision to other persons or circumstances shall not be affected.

Section 7. Effective Date. This Ordinance shall be in full force and effect thirty (30) days after final passage.

ADOPTED by the City Council of the City of Lakewood this _____ day of _____, 2020.

CITY OF LAKEWOOD

Don Anderson, Mayor

Attest:

Briana Schumacher, City Clerk

Approved as to Form:

Heidi Ann Wachter, City Attorney

EXHIBIT A

NEW CHAPTER LMC 3.25 Sales and Use Tax – Credit Against Prior Tax

Sections:

- 3.25.010 Affordable and Supportive Housing Sales Tax Credit - Definitions.**
- 3.25.020 Affordable and Supportive Housing Sales Tax Credit - Imposition.**
- 3.25.030 Affordable and Supportive Housing Sales Tax Credit - Rate.**
- 3.25.040 Affordable and Supportive Housing Sales Tax Credit - Deduction.**
- 3.25.050 Affordable and Supportive Housing Sales Tax Credit - Expiration.**

3.25.010 Affordable and Supportive Housing Sales Tax Credit - Definitions.

"Nonparticipating City," "Nonparticipating County," "Participating City," "Participating County," and "Qualifying Local Tax" shall have the definitions provided in Section 1, Chapter 338, Laws of 2019.

3.25.020 Affordable and Supportive Housing Sales Tax Credit - Imposition.

Lakewood is a Participating City under Chapter 338, Laws of 2019. There is authorized, fixed and imposed a sales and use tax on every taxable event, as defined in RCW 82.14.020, identified in Chapter 338, Laws of 2019, as appropriate for taxation by a participating city that **has/has not** adopted a qualifying local tax. The tax shall be imposed upon and collected from those persons from whom the state sales or use tax is collected pursuant to Chapters 82.08 and 82.12 RCW and may only be used for affordable and supportive housing purposes as provided in Chapter 338, Laws of 2019.

3.25.030 Affordable and Supportive Housing Sales Tax Credit - Rate.

The rate of the tax imposed by LMC 3.____ shall be the maximum rate permitted cities that **have/have not** adopted a qualifying local tax under Chapter 338, Laws of 2019.

3.25.040 Affordable and Supportive Housing Sales Tax Credit - Deduction.

The tax imposed under this Section must be deducted from the amount of tax otherwise required to be collected or paid to the Department of Revenue under Chapters 82.08 or 82.12 RCW.

3.25.050 Affordable and Supportive Housing Sales Tax Credit - Expiration.

The tax imposed by this Chapter expires 20 years after the date on which the tax is first imposed.

**ATTACHMENT C
ORDINANCE NO. 72X**

**AN ORDINANCE OF THE LAKEWOOD CITY COUNCIL RELATING TO LOCAL SALES OR
USE TAXES AND AUTHORIZING 0.1% SALES OR USE TAX FOR CHEMICAL DEPENDENCY OR
MENTAL HEALTH TREATMENT SERVICES OR THERAPEUTIC COURTS**

FINDINGS

WHEREAS, RCW 82.14.460 provides that any city with a population over 30,000 located in a county with a population over 800,000 may authorize, fix, and impose a sales and use tax for chemical dependency or mental health treatment services or therapeutic courts, so long as the county has not previously imposed such a tax; and

WHEREAS, Pierce County has not imposed such a tax; and

WHEREAS, RCW 82.14.460 further provides that revenue received through the tax must be used to fund programs that operate or deliver programs and services related to chemical dependency, mental health, and therapeutic courts, including, but not limited to, treatment services, case management, and housing; and

WHEREAS, RCW 82.14.460 further provides that, in any city with a population over 30,000, up to fifty percent (50%) of the revenue received through the tax may be used to supplant existing funding for up to the first three calendar years following adoption; and up to twenty-five percent may be used to supplant existing funding for the fourth and fifth years after adoption; and

WHEREAS, those struggling with mental health and chemical dependency issues in our community are underserved in terms of programs and services; and

WHEREAS the proposed amendments to Chapter 3.24 Lakewood Municipal Code (LMC) will establish the new Sections 3.24.025 and 3.24.026 LMC that impose an additional retail sales tax of one-tenth of one percent (0.1%), effective _____, to address unmet

community needs and fund programs and services in the City related to mental health, chemical dependency, and therapeutic courts; and

WHEREAS, pursuant to RCW 82.14.460, the City intends to use a portion of the revenue to supplant existing funding for such programs and services with revenue received through the proposed tax, to protect these vital services from existing financial constraints; and

WHEREAS, the City further intends to propose future legislation establishing the process by which the programs related to mental health, chemical dependency, and therapeutic courts would be implemented with revenue received through the proposed tax; and

WHEREAS, the signed ordinance must be provided to the State of Washington, Department of Revenue by _____, in order for the sales tax increase to be implemented by the beginning of the _____ quarter of 2020; and

WHEREAS [*City staff will conduct a mental health service needs assessment in the spring and summer of 2012, which will be used to develop strategies, priorities, and objectives*]; and

WHEREAS, the proposed amendments have been discussed and reviewed at _____ [*the January 12, 2012, and January 26, 2012, Public Safety, Human Services, and Education Committee ("PSHSE") meetings, and received a "do pass" from the PSHSE at the January 26, 2012 meeting*]; and

WHEREAS, the proposed amendments having been reviewed and approved by the _____, and programs and services in the City related to mental health, chemical dependency, and therapeutic courts having been identified as funding priorities, the set of proposed changes to the local option taxes is now identified as a prudent potential revenue source;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKEWOOD,
WASHINGTON, DO ORDAIN AS FOLLOWS:**

Section 1. Adoption of City Council Findings. The Findings of the City Council are adopted as part of this Ordinance.

Section 2. New Sections 3.24.025 and 3.24.026 of the Lakewood Municipal Code, "Sales Tax," are hereby adopted as shown in Exhibit A, which is attached hereto and incorporated herein by reference.

Section 3. The City Manager is hereby requested to contract with the Washington State Department of Revenue to collect the local sales and use tax established by Chapter 338, Laws of 2019 and this Ordinance.

Section 4. City departments are requested to take all necessary steps to implement this Ordinance as soon as possible in accordance with RCW 82.14.055. The City Clerk shall forthwith transmit a copy of this adopted Ordinance to the Washington State Department of Revenue.

Section 5. The City Manager is hereby requested to report annually to the Department of Commerce on the collection and use of the revenues received as provided in Chapter 338, Laws of 2019.

Section 6. Severability. If any portion of this Ordinance or its application to any person or circumstances is held invalid, the remainder of the Ordinance or the application of the provision to other persons or circumstances shall not be affected.

Section 7. Effective Date. This Ordinance shall be in full force and effect thirty (30) days after final passage.

ADOPTED by the City Council of the City of Lakewood this _____ day of _____, 2020.

CITY OF LAKEWOOD

Don Anderson, Mayor

Attest:

Briana Schumacher, City Clerk

Approved as to Form:

Heidi Ann Wachter, City Attorney

EXHIBIT “A”

Chapter 3.24
SALES TAX

- 3.24.010 Imposition of sales and use tax as authorized by RCW 82.14.030(1).
- 3.24.020 Imposition of sales and use tax as authorized by RCW 82.14.030(2).
- 3.25.025 Additional sales or use tax for mental health treatment-Imposition.
- 3.25.026 Additional sales or use tax for mental health treatment-Rate.
- 3.24.030 Administration – Collection.
- 3.24.040 Inspection of records – Agreement with Department of Revenue.
- 3.24.050 Subject to referendum.
- 3.24.060 Penalty.

* * * * *

3.24.025 Additional sales or use tax for mental health treatment - Imposition.

There is hereby imposed an additional sales or use tax, as the case may be, separate and apart from the tax referred to in Sections 3.24.010 and .020, as authorized by RCW 82.14.460(1)(b), upon every taxable event as defined in RCW 82.14.020, occurring within the City. The tax shall be imposed upon and collected from those persons from whom the state sales tax or use tax is collected pursuant to RCW 82.08 and 82.12. Moneys collected under this subchapter must be used solely, as required by RCW 82.14.460(3) and as hereinafter amended for the purpose of providing for the operation or delivery of chemical dependency or mental health treatment programs and services and for the operation or delivery of therapeutic court programs and services.

3.24.026 Additional sales or use tax for mental health treatment - Rate.

The rate of the tax imposed by Section 3.24.025 of this chapter shall be one-tenth of one percent (0.1%) of the selling price or value of the article used, as the case may be.

* * * * *