

# Housing/Homelessness

*Housing prices remain one of the greatest challenges for many families and workers in Washington. Washington's strong economy has attracted well-paid workers from around the world, but it's also strained the ability of communities to build enough housing. Recognizing the scale of the challenge, Gov. Jay Inslee and legislators went big on housing in 2023. Historic new investments will create more than 13,200 homes for people with lower incomes over the next six years. Legislators expanded emergency housing and shelter options to support about 2,300 people experiencing homelessness. But the need continues to grow. More renters than ever are facing the prospect of eviction, and the number of people living along public rights of way is still too high. Washington has enacted new housing approaches that work and this budget proposes further housing actions.*

## Affordable housing and homelessness

Washington needs over a million additional housing units by 2044 to keep up with the state's growing population, according to a 2023 Department of Commerce [housing need projection](#). The majority of those homes must be affordable to workers and families earning below their area's median wage. About one-third of households in Washington spend **more than** 30% of their income on housing, which is above the traditionally accepted affordability standard.

Demand for housing is already high — the statewide apartment vacancy rate is 3.8%. While it's much lower than the national average of 5.8%, the demand leaves renters vulnerable to increases in rent and high prices. Over the past two years, eviction rates have steadily increased across Washington, especially in our most populous counties.



Gov. Jay Inslee tours the new Franz Anderson Tiny Home Village in Olympia. The 50-plus unit tiny home village sits on a property purchased by the City of Olympia and Thurston County.

Inslee and legislators have recognized the urgency of Washington's housing challenges. They have steadily increased funding for housing since 2013, with notable new investments in 2021 and 2023. The 2023-25 biennial budgets included historic investments totaling over \$1 billion, including \$400 million into the Housing Trust Fund that will construct nearly 13,200 affordable units over the next six years and preserve 1,000 existing affordable units. The operating budget expanded temporary rental assistance, supported homeless youth programs, and prevented shelters from closing due to lapsing federal COVID-19 relief funding.

Legislators also created the Covenant Homeownership program to address historical harms caused by racially restrictive housing laws. A study is underway investigating housing discrimination against marginalized communities in Washington, the role government institutions had in that discrimination, and potential remedies. Based on the study findings, an additional document recording fee would fund a Special Purpose Credit program.

## **Bolster the state's encampment efforts**

Unfortunately, many traditional housing programs take years or decades to complete buildings. To address the growing challenges facing unhoused populations, Inslee launched his 2022 Rights of Way Safety Initiative, moving unhoused communities living on unsafe state-owned rights of way into transitional housing.

The 2023-25 biennial budgets included \$60 million to continue the program and update its scope to an Encampment Resolution program addressing encampments beyond state rights of way, but the funding was not enough to resolve additional encampments. Since the Right of Way Safety Initiative launched in spring 2022, state agencies and local partners have closed 30 encampments along state freeways and moved more than 1,000 people into safer, supportive housing and shelter options.

The Rights of Way Safety initiative builds on existing Rapid Capital Housing Acquisition (RCHA) efforts. RCHA funding has been one of the most crucial components in the state's ability to rapidly purchase property and convert it into suitable housing. The Department of Commerce works with local partners to purchase hotels for conversion, create tiny home villages, and pursue other projects addressing the immediate housing needs of people living in encampments.

In his supplemental budget, the governor proposes to invest \$100 million for RCHA, which would create an additional 1,350 units for people moving out of encampments. This would bring the total units created through this program to more than 3,300.

## **Department of Commerce Enhance the Rapid Capital Housing Acquisition program**

The RCHA program allows the Department of Commerce to quickly purchase property that can be used to house people experiencing homelessness. The emergency housing available through this program includes hotels converted into apartments, tiny home villages, pallet shelters, enhanced shelters with services, and more. The governor's proposed budget would support an estimated 550 units of permanent supportive or transitional housing, 600 manufactured homes and 200 tiny homes or pallet shelters.

The majority of the funding will pay for converting hotels into apartments equipped with kitchens, retrofitting properties and buildings, updating electrical and plumbing systems, and transforming acquired properties into suitable housing environments. In acquiring manufactured home parks, the RCHA program also preserves existing affordable housing so that current tenants — many elderly — can stay in their homes.

*(\$100 million bonds)*

## Create more housing for people with intellectual and developmental disabilities

A [2022 report on housing needs](#) found many adults with Intellectual and Developmental Disabilities (IDD) in Washington face housing insecurity. Underproduction of affordable housing exacerbates challenging housing conditions for people with intellectual and developmental disabilities. The lack of affordable housing also limits choices for more independent living options and impacts quality of life. To alleviate the problem, the governor's budget funds an additional \$4.5 million for IDD housing that will produce approximately 25 affordable and accessible housing units.

*(\$4.5 million Washington Housing Trust Fund)*

## Department of Transportation Maintain encampment resolution efforts

The governor's supplemental budget includes funding for the Department of Transportation to coordinate efforts to clear debris and hazardous materials from state-owned rights of way and maintain cleared encampment sites. This funding is in addition to \$7 million from the 2023-25 budget and is necessary to continue this work.

This item also appears in the Transportation section of the budget highlights.

*(\$10 million Motor Vehicle Account-State)*

## Department of Natural Resources Bolster the Trust Land Affordable Housing Development project

Housing has not traditionally been pursued by the Department of Natural Resources (DNR). With the growing housing crisis, DNR is looking to advance housing projects on its zoned residential lands that aren't effectively generating revenue for the trust and are best suited for housing development. The



*Quinalt artist Stephan Smith invited Jay Inslee to paint a small portion of his new mural outside the Civic Hotel, now home to more than 70 residents moved out of unsafe roadside encampments and into supportive housing through the Right of Way Safety Initiative.*

governor's budget provides DNR with funding to start improving infrastructure on its Meridian Ave site in Bothell and other sites statewide. This includes connecting up to 150 potential housing units to drinking water and sewer access in areas that greatly need new middle-income housing. This innovation addresses the affordable housing crisis by putting residentially zoned public lands to use in a more meaningful way.

This investment also provides DNR with funding to conduct feasibility studies and pre-design on other DNR lands for potential development and housing partnerships. Ideally, this will generate low- to middle-income housing developments.

*(\$2.3 million bonds)*

## Department of Commerce (Housing Division)

### Create housing emergency fund

Funding would create a new grant for cities, counties and nonprofit organizations supporting individuals needing emergency housing assistance. This support includes short-term rental assistance, covering moving costs and other one-time costs associated with identifying and obtaining housing, or providing

temporary shelter during a crisis or when people have been displaced. Entities that demonstrate how they serve certain populations such as families with children, pregnant individuals or other medically vulnerable individuals will get priority.

The Office of Civil Legal Aid (OCLA) is receiving \$3 million in non-revisable funding to hire additional attorneys. The OCLA provides critical legal aid to low-income tenants facing eviction and has seen a 100% increase in eviction filings.

*(\$2.5 million General Fund-State)*

## Support local housing programs

The document recording fee is a county assessment on property purchases or refinances. It's one of the main sources of revenue used by state and local governments to combat homelessness. The revenue from the document recording fee has declined significantly in recent years and funding in the 2023-25 biennial budget was provided to address this shortfall. However, as costs increase and federal funds lapse, counties still experience resource constraints. Additional funding would provide grants to local governments, preventing the closure of affordable housing and homelessness programs. The department would prioritize grants for local emergency shelters and transitional housing programs that are at the highest risk of closing.

*(\$10 million GF-S)*

## Maintain Landlord Mitigation and Tenant Preservation programs

The Landlord Mitigation program provides landlords with a financial incentive to work with tenants receiving rental assistance. Through the program, landlords can apply for two types of support. One, they can apply to receive up to \$1,000 and a reimbursement of 14 days of lost rent while they make upgrades to units, making them more suitable for living. And two, they can apply to receive up to \$5,000 for damages that the tenant caused.

The Tenancy Preservation portion of the program compensates landlords for back-owed rent during the process of a tenant getting evicted, enabling the tenant to remain housed. The Landlord Mitigation program is funded with a \$3 portion of the document recording fee. Not enough revenue meant the Tenant Preservation program turned away otherwise eligible applicants and has been closed since June 2023 because of insufficient funds. Additional resources will bolster the Landlord Mitigation program and the Tenant Preservation programs. These will serve approximately 240 households, helping individuals remain stably housed.

*(\$7.5 million GF-S)*

## House human trafficking victims

The Office of Crime Victims Advocacy within the Department of Commerce funds programs serving people who have experienced domestic violence, sexual assault, trafficking, and other types of crimes. The proposed funding increases housing support services for these individuals, including rent assistance and other help that advocates provide to reduce housing barriers for victims of labor and sex trafficking. This investment doubles existing housing support funding for human trafficking victims.

*(\$1.5 million GF-S)*

## Design a Youth Direct Cash program

Youth 'direct cash programs' are a proven way to reduce housing instability, boost savings, increase school attendance, and contribute to improved mental health among youth experiencing homelessness. These programs are more cost effective than traditional youth homelessness interventions, require low overhead and are easily accessible. The proposed budget would establish collaboration between key stakeholders and people with lived experience of homelessness by designing a way for Washington youth to have more direct access to cash.

*(\$550,000 GF-S)*

## Housing and homelessness strategic agenda

Summary of investments, 2024 supplemental operating and capital budgets

Focus Area	Items	Agency	Amount
<b>Capital</b>	Rapid Capital Housing Acquisition program	Department of Commerce	\$100,000,000
	Housing for Intellectual & Developmental Disabilities (IDD) Community	Department of Commerce	\$4,500,000
	Trust land affordable housing development project	Department of Natural Resources	\$2,253,000
<b>Total</b>			<b>\$106,753,000</b>
<b>Operating</b>	Housing Emergency Fund	Department of Commerce	\$2,500,000
	Support local housing programs	Department of Commerce	\$10,000,000
	Landlord Mitigation and Tenant Preservation programs	Department of Commerce	\$7,500,000
	Housing for human trafficking victims	Department of Commerce	\$1,500,000
	Youth Direct Cash program	Department of Commerce	\$550,000
	Trust Land Affordable Housing Development	Department of Natural Resources	\$2,000,000
	<b>Total</b>		
<b>Transportation</b>	Rights of Way Initiative	Department of Transportation	\$10,000,000
<b>Total</b>			<b>\$10,000,000</b>
<b>Grand Total</b>			<b>\$140,803,000</b>