

June 12, 2018

MEMORANDUM

To: Finance and Neighborhoods Committee
From: Alan Lee, Legislative Analyst
Subject: Council Bill 119275 – Bridge Housing Investment Strategy

[Council Bill 119275](#) would move \$6,320,000 of appropriations from Finance General to the Human Services Department (HSD) and Department of Finance and Administrative Services (FAS) to fund the Executive’s bridge housing investment strategy. The appropriations in Finance General are from the sale of the “Comm Shop” earlier this year, approved by the Council in [Ordinance 125533](#); modifications to 2018 appropriations related to the proceeds from the Comm Shop sale are described in the ordinance. This memo provides background information on the Comm Shop sale and describes the bridge housing strategy. Discussion of Council Bill 119275 is scheduled in Committee for June 13, 2018, with vote anticipated.

Background

Comm Shop sale and renegotiation

The Comm Shop property had an initial sale price of \$11 million. These funds were appropriated for: (1) the relocation of the Comm Shop, (2) design and planning of a new South Lake Union Seattle Fire Department facility, (3) a homelessness prevention pilot, and (4) the development of a bridge housing investment strategy. The appropriations for the bridge housing strategy (\$5.32 million) are held in Finance General pending the Council’s approval of a bridge housing plan.

After the passage of Ordinance 125533 authorizing the sale, the Executive negotiated an additional \$1 million to the Comm Shop sale price. This \$1 million, in addition to \$934,000 in REET funds, is added to the proposed bridge housing strategy for a total of \$7.25 million.

Interim Report

Ordinance 125534 stipulates that at least one immediate bridge housing project should be operational by May 31, 2018. The Executive submitted an interim report (Attachment A) to the Council on April 16 of this year describing the Whittier Heights Women’s Village, a homeless encampment, and is using appropriations (\$450,000) provided by the Council for encampments as specified in [Green Sheet 282-1-C-1-2018](#).

Bridge Housing Proposal and Analysis

Overview of Proposal

The Executive's proposal is comprised of investments in three types of homelessness emergency service interventions, including basic shelter, enhanced shelter and encampments. Table 1 shows the proposal's impact on the City's homelessness investments.

Table 1: Council Bill 119275 Proposed Funding for Homelessness Intervention Strategies

Homelessness Intervention	2018 Adopted	2018 Bridge Housing	2018 Total
Diversion	\$1,993,301	\$0	\$1,993,301
Emergency Services (shelter & hygiene)	\$20,964,082	\$4,219,065	\$25,183,147
Encampment	\$2,332,418	\$3,035,459	\$5,367,877
Outreach and Engagement	\$4,599,787	\$0	\$4,599,787
Prevention	\$6,503,912	\$0	\$6,503,912
Permanent Supportive Housing	\$13,221,995	\$0	\$13,221,995
Rapid Re-Housing	\$7,157,112	\$0	\$7,157,112
Transitional Housing	\$2,992,899	\$0	\$2,992,899
Other	\$5,892,570	\$0	\$5,892,570
Total Services	\$65,658,076	\$7,254,524	\$72,912,600
Administration	\$5,236,029	See note*	\$5,236,029
Total	\$70,894,105	\$7,254,524	\$78,148,629

*CB 119275 adds position authority for four full-time equivalencies (FTEs). Further discussion of administrative costs is below. **Bolded line items indicate changes.**

These investments would fund new projects, augment current projects, and maintain certain existing projects that would otherwise go offline due to lack of funding. The next table show how these investments would be distributed among the various strategies. The ongoing cost for these investments beyond 2018 is approximately \$9.5 million.

Table 2: Council Bill 119275 Spending Plan Summary

Strategies	Basic Shelter			Enhanced Shelter			Encampments		
	Projects	2018	Beds	Projects	2018	Beds	Projects	2018	Structures
New Programs	1	\$447,600	120	1	\$1,265,000	100	3	\$3,035,459	100
Program Augmentation	0	\$0	0	0	\$0	0	0	\$0	0
Maintenance of Existing Programs	3	\$716,000	163	0	\$0	0	0	\$0	0
To be determined	0	\$0	0	TBA	\$1,790,465	TBA	0	\$0	0
Total	4	\$1,163,600	283	TBA	\$3,055,465	TBA	3	\$3,035,459	100

Basic and Enhanced Shelter

The proposed investments would increase the total City-funded basic shelter beds from 588 to 871, and enhanced shelter beds from 1,185 to 1,285. The City is currently negotiating agreements for to-be-determined enhanced shelter projects at a cost of \$1.79 million. Using an estimated rate of \$16,435 per enhanced shelter bed, the outcome of the negotiations for the to-be-determined enhanced shelter projects will raise the number of enhanced shelter beds, possibly by up to 107 beds, or 1,392 beds overall.

The increased capacity does not involve changing the operational model of shelters. A notable project is at Haddon Hall, which is to be an enhanced shelter targeting homeless single adults on the waitlist for permanent supportive housing using a master lease model. It is unclear whether referrals to other bridge housing stock will be exclusively made by the Navigation Team.

Encampments

The proposal would expand the total number of City-funded authorized encampments from six to nine, increasing the total number of encampment structures (e.g., tiny houses) from 259 (accommodating up to 323 people) to 359 (accommodating up to 448 people). The Whittier Heights encampment, one of the three new proposed encampments, which provides low-barrier services exclusively to women who are homeless, is open. Cost estimates for the three additional sites reflect programmatic changes to the City's encampment model, wherein enhanced low-barrier services have been added to increase acceptance of services by unsheltered homeless on the street and in unauthorized encampments and exits to permanent housing.

Staffing

CB 119275 adds four positions to the Division of Homeless Strategy and Investment (HSI), including a Strategic Advisor, Senior Grants and Contracts Specialist, Planning and Development Specialist II, and Human Services Program Supervisor. The proposal does not contain further budget information for these positions, but total costs ranges from \$422,732 to \$515,037 at 2018 rates; prorating the positions to begin mid-July, the costs range from \$193,752 to \$236,059.

The Executive during the last budget cycle expressed concerns regarding HSD's capacity to effectively manage grants and contracts for all programs, noting at the time that grant revenues had increased by 35 percent since 2012 while staffing increased by three percent during the same time. The HSI Program within HSI has increased staffing at a higher rate, from 19.5 FTE in 2012 to 31.0 FTE in 2018. CB 119275 would increase the HSI program FTE total to 35.0 FTE.

HSD service contracts now contain a 13 percent administrative cost. The estimated cost for the four positions in CB 119275 is well below 13 percent, or approximately \$912,000, of the service costs of the proposed bridge housing strategy.

Alignment with Current Homelessness Strategy

The investments overall are consistent with the City's approach to homelessness. No pilot programs or changes to existing intervention models are involved. The strategy reflects the City's deeper investment in the enhanced shelter model and the continued expansion of low-barrier services to address the City's "hardest to serve," or chronically homeless single adults. These investments would likely be held to the same performance standards outlined for shelter and encampments in the 2017 Homeless Investments Request for Proposals, and accordingly should be reported to the Human Services, Equitable Development, and Renter Rights Committee on a quarterly basis.

Options:

- A. Pass CB 119275
- B. Do not pass CB 119275

Please let me know if you have any questions. Thank you.

Attachment:

- A. Interim Report on Bridge Housing Investment Strategy 20180416

cc: Kirstan Arestad, Central Staff Director
Amy Tsai, Supervising Analyst



City of Seattle

Mayor Jenny A. Durkan

Date: 4/16/2018

To: Councilmember Sally Bagshaw, Chair of Finance and Neighborhoods Committee
Kirstan Arestad, Council Central Staff Director

From: Innovative Housing Solutions Subcabinet:
Deputy Mayor David Moseley
Human Services Department (HSD) Director Catherine Lester
Office of Housing (OH) Director Steve Walker
Finance and Administrative Services (FAS) Director Fred Podesta
Seattle Dept. of Construction and Inspections (SDCI) Director Nathan Torgelson
Department of Neighborhoods (DON) Director Kathy Nyland
Office of Planning and Community Development (OPCD) Director Sam Assefa

RE: Interim Report on Bridge Housing Investment Strategy

Background

The sale of the Communications Shop property, as authorized by [Ordinance 125534](#), will generate \$5.32M to invest in increasing the supply of bridge shelter and bridge housing options for people living unsheltered. The sale of the Comms Shop property is on track and is anticipated to take place by the end of September 2018

Ordinance 125534 directs the Innovative Housing Solutions Subcabinet comprised of the departments listed above to analyze wood-frame sheds, hygiene infrastructure, portable modular bunkhouses or cabins, backyard cottages, and the master leasing or purchase of existing buildings for occupancy as housing or shelter with the primary goal of increasing the capacity of bridge housing and shelter options for people living unsheltered.

The Innovative Housing Solutions Subcabinet has been asked to provide an interim report to Council by April 16, 2018 and complete its analysis and final recommendations, including a budget proposal for the Bridge Housing Investment Strategy, by May 31, 2018. The \$5,320,000 appropriated to Finance General Reserves by Ordinance 125534 will need to be appropriated in departments by future ordinance.

Whittier Heights Women's Village

Ordinance 125534 directs the Innovative Housing Solutions Subcabinet to prioritize the implementation of at least one immediate bridge housing project with a goal of serving residents no later than May 31, 2018. In response to this direction, the City is standing up the Whittier Heights Village for Women, located on City of Seattle owned property at 8030 15th Ave. NW Seattle, WA 98103. The program will be operated and managed by the Low Income Housing Institute

Attachment A - Interim Report on Bridge Housing Investment Strategy 20180416

(LIHI). The program model includes 24/7 security staff, an on-site program manager and one case manager who will focus on supporting the women as they transition from chronic unsheltered homelessness into permanent housing.

The village will shelter up to 20 single women, same-sex women couples, expecting mothers, postpartum women, seniors and women with pets in 14-16 insulated and heated 8’ x 12’ sleeping structures. An unused building on the property is being renovated to house a community kitchen and hygiene center with showers and toilets.

The Navigation Team will refer homeless women who may be frail, chronically homeless, suffer from alcoholism, chemical dependency, mental illness, or living with developmental and physical disabilities. The harm reduction model for this village means that a person is not expected to abstain from using alcohol or other drugs so long as she does not engage in these activities in public while in the village and their behavior is respectful of other campers, staff and community members. Case managers will be onsite to connect the women with the services they might need, including access to substance use disorder treatment. Construction on the kitchen and hygiene center will begin the week of April 16, 2018. The program could begin accepting early referrals in mid-May, with an end of May target for official opening.

Structure Evaluation

The IHS Subcabinet has evaluated nine shelter/housing structures including shelter tents, small wooden structures, Home Depot Tuff Sheds, The Block Project, manufactured tiny structures, pallet shelter, manufactured stackable container structures, FEMA trailers, and construction trailers using the following core principles and objectives as criteria:

1. Rapid deployment
2. Cost effectiveness
3. Maximizing capacity of safe alternatives to living unsheltered
4. Proof of concept
5. Ability to scale production of structures

For each structure type evaluated, a red/yellow/green code has been applied to each criterion to show how well the structure meets the objectives relative to other structures. Beyond this initial assessment, we are also looking at master-leasing of apartment buildings, micro-trailers and others.

Tiny Wooden Structures	
	<p>Tiny Wooden Structures are the model currently used at the City’s 6 authorized encampments. These volunteer build structures allow for a strong element of community involvement. This model has evolved and now include limited electrical connections, insulation, and heating with portable heaters. They are built primarily by volunteers with both donated labor and materials. They have locking doors, a window and are typically occupied by 1-2 people.</p>
Criterion	Assessment
Rapid deployment	<p>● A structure takes 3 days to complete using 2 skilled carpenters and 6 volunteers</p> <ul style="list-style-type: none"> ● Materials are generally purchased from retail home improvement centers such as Home Depot. ● No building permit required. ● No permanent foundation required. ● Limited site preparation needed ● Will require rapid deployment of volunteer labor or contracting with skilled carpenters

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Tiny Wooden Structures, continued	
Cost effectiveness and maximizing capacity	<ul style="list-style-type: none"> ● Cost of materials = approx. \$2,500 per structure ● Volunteer labor = \$0 cost, Paid Labor = \$2,500 Delivery of these structures is done by a flatbed tow truck.
Proof of concept	<ul style="list-style-type: none"> ● Approximately 190 tiny wooden structures of various designs in place at all LIHI-sponsored encampments (including the new Whittier program).
Ability to scale production of structures	<ul style="list-style-type: none"> ● Currently production of structures and placement at encampments is approximately equal. ● Network of local trade schools or high schools collectively produce up to 4 structures per week if materials provided. ● Production could be significantly increased by <ul style="list-style-type: none"> ○ Providing long-term access to warehouse space to store materials and organize volunteer groups ○ Providing materials and technical assistance to volunteer groups ○ Increasing engagement with building trade groups

Buddy Shelter



Buddy Shelter are tiny wooden structures produced in a manufacturer's facility in Arlington. Structures can be built to a customer's specifications. This includes simple designs that mirror the features of the volunteer produced tiny wooden structures or more complicated designs that include bathrooms and kitchens.

Criterion	Assessment
Rapid deployment	<ul style="list-style-type: none"> ● First 6 structures delivered within 90 days of contract execution and receipt of initial payment, and then 12 structures per week until the order is completed. ● Delivery would be done by the manufacturer. ● No building permit required (if < 120 sf). ● No permanent foundation required. ● Limited site preparation needed
Cost effectiveness and maximizing capacity	<ul style="list-style-type: none"> ● Cost: \$8,275 per structure includes delivery, sales tax, and a one year manufactures warranty (cost based on a quote for 50 structures) ● The community could be involved in interior and exterior painting, interior furnishings.
Proof of concept	<ul style="list-style-type: none"> ● LIHI will be deploying a limited number of Buddy Shelter structures in addition to the volunteer built tiny wood structures at the Whittier Heights encampment.
Ability to scale production of structures	<ul style="list-style-type: none"> ● Buddy Shelter estimates 12 structures per week. ● 120 days from contract execution to delivery of 50 structures. ● Production can be controlled to keep pace with new encampment sites coming online.

The Block Project

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	<p>The BLOCK Project invites single family homeowners to host a BLOCK Home in their backyard, with the goal of placing a BLOCK Home on every residentially zoned block within the City of Seattle. These backyard cottages are considered full housing units with kitchens and bathrooms and are intended to serve as permanent housing for the residents. If a homeowner decides to no longer host the home, the structure will be relocated to a new site.</p>
<p>Criterion</p>	<p>Assessment</p>
<p>Rapid deployment</p>	<p>●</p> <ul style="list-style-type: none"> • First house built in 12 weeks. With new warehouse space and lessons from the first build, the BLOCK Project expects future production to take roughly 3-4 weeks per home. • Intended to be a semi-permanent structure that is subject to the DADU land use and building codes. • Dimensions and layout of backyard must be considered.
<p>Cost effectiveness and maximizing capacity</p>	<p>●</p> <ul style="list-style-type: none"> • \$35,000 to \$80,000 per structure. Donated labor and materials are necessary to achieve the low end of the price range.
<p>Proof of concept</p>	<p>●</p> <ul style="list-style-type: none"> • One home produced to date.
<p>Ability to scale production of structures</p>	<p>●</p> <ul style="list-style-type: none"> • Organizational goal of 15-20 by the end of 2018 and 150 per year by 2022 as the program ramps up. • A backyard cottage model by definition is a less scalable opportunity.

Shelter Tents

	<p>The San Diego Housing Commission has contracted with three local service providers to rapidly stand up three interim shelters, using Sprung structures. Each structure has space for bunk beds, storage, meals (twice daily), laundry, showers, restrooms and wash stations. Amenities as well as security are provided 24/7.</p>
<p>Criterion</p>	<p>Assessment</p>
<p>Rapid deployment</p>	<p>●</p> <ul style="list-style-type: none"> • 2 weeks for delivery, 4 weeks for construction.
<p>Cost effectiveness and maximizing capacity</p>	<p>●</p> <ul style="list-style-type: none"> • \$265K for the structure and delivery • Approximately \$325K for site preparation, utilities and build out. • All in capital costs \$1,700 to 4,000 to per person

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Shelter Tents, continued		
<p>Proof of concept</p>  <p>CCS Tacoma Tent Shelter</p>	<p align="center">●</p>	<ul style="list-style-type: none"> • Several communities including Tacoma, Multnomah County, Los Angeles, San Francisco, and New York City have attempted or are planning larger-scale shelter models, with varying degrees of service/amenities enhancement and use of existing or new structures. • Viability must include an evaluation of the likelihood that a high volume of unsheltered households would come into a Sprung structure from the outdoors. <ul style="list-style-type: none"> ○ San Diego notes that their own model was in rapid response to a health crisis, and that unsheltered homeless were highly motivated to come indoors and avoid contracting Hepatitis A ○ Catholic Community Services operates a mass shelter tent in the City of Tacoma. Instead of bunks, CCS provides individual spaces in tents within the tent.
<p>Ability to scale production of structures</p>	<p align="center">●</p>	<ul style="list-style-type: none"> • Limited by inventory manufacturers/suppliers or the pace of production if the shelter tent is custom made. Both are unknown currently.

Manufactured Containerized Stackable Units	
	<p>Fully contained residential unit that is an alternative to on-site stick-built housing. Units are prefabricated in a manufacturing facility and then delivered to the site. Manufacturers include Guerdon Enterprise and Blokable.</p>
<p>Criterion</p>	<p>Assessment</p>
<p>Rapid deployment</p>	<p align="center">●</p> <ul style="list-style-type: none"> • Local manufacturers quote a timeline of 6-9 months for production. • The timeline is ultimately determined by the manufacturer's production schedule. There are no off the shelf type units. • Local experience has been that modular housing saves approximately 3 to 5 months in construction time versus traditional on-site stick-built housing.
<p>Cost effectiveness and maximizing capacity</p>	<p align="center">●</p> <ul style="list-style-type: none"> • \$70 K per unit for the modular unit, with all in costs including site infrastructure at approximately \$125-225K • Extensive site work required including foundations, water, sewer and electrical hookups. • Sites may not be zoned industrial • Depending on program, structure could be regulated like a rental unit (e.g. subject to Residential Landlord Tenant Act). • Requires sites large enough for staging of modular units before they are set in place.

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Manufactured Containerized Stackable Units, continued		
Proof of concept	●	<ul style="list-style-type: none"> Vancouver B.C. has some experience with modular housing being used in a temporary application, but the sites used are being held for future, on-site stick built affordable housing. Zoning issues and utilities accommodate both types of structures. Valley Cities and Edmunds are currently engaged in projects with Blokable. The first unit is expected to be delivered in May 2018.
Ability to scale production of structures	●	<ul style="list-style-type: none"> The timeline for delivery of modular units is ultimately determined by the manufacturer's production schedule.

FEMA Trailers		
	FEMA purchases camper trailers directly from the available inventory of local recreational vehicle suppliers in the event of a natural disaster.	
Criterion	Assessment	
Rapid deployment	●	<ul style="list-style-type: none"> Would depend on the dealer or manufacture's inventory paired against the number trailers purchased. Limited number of trailers could be deployed rapidly.
Cost effectiveness and maximizing capacity	●	<ul style="list-style-type: none"> \$30,000 to \$50,000 per trailer Trailers are designed to utilize water, sewer and electrical hookups which will increase encampment operating costs. Site work and multiple utility connections needed.
Proof of concept	●	<ul style="list-style-type: none"> Proven model by FEMA in response to a natural disaster. Cost considerations make this option infeasible as a bridge housing option.
Ability to scale production of structures	●	<ul style="list-style-type: none"> Limited by inventory of local manufacturers/suppliers Supply can be increased but adds significant cost for delivery.

Construction Trailers		
	Construction site job trailers that are rented directly from a supplier's inventory. Trailers are insulated and designed for office use. Overhead lights, a heating/air condition unit, and electrical outlets are included. Trailers come in a variety of sizes.	
Criterion	Assessment	
Rapid deployment	●	<ul style="list-style-type: none"> Ultimately depends on supplier's inventory of trailers. Trailers are extremely portable to any location.

Construction Trailers, continued		
Cost effectiveness and maximizing capacity	●	<ul style="list-style-type: none"> Trailers are rented by the month. A basic 8 × 16 office trailer rents for \$209/month or \$2,508/year. Delivery and set up fee is \$400 for the basic office trailer. Service calls are included in the rental costs. Limited site preparation needed.
Proof of concept	●	<ul style="list-style-type: none"> Construction trailers have not been used as bridge housing in Seattle. Members of the construction industry who were consulted on the concept indicated they thought it was a viable option.
Ability to scale production of structures	●	<ul style="list-style-type: none"> Limited by inventory of local suppliers

Siting of Bridge Housing Options

Using the parameters outlined in [SMC 23.42.056](#) for transitional encampments, FAS has identified multiple potential locations prioritizing the sites that could be available soonest. In general, sites are at least 5,000 square feet to allow 100 square feet per occupant, zoned for commercial or industrial uses, and within a half-mile of public transit and other necessary services. The sites are not environmentally critical areas or places that are designated as a park or usable open space. Cost considerations include leasing costs, the number of people that can be served on a site, site prep and environmental mediation needs, and infrastructure required for utility connections.

The Human Services Department, in partnership with the Department of Neighborhoods, has developed a standard approach to community engagement when standing up authorized encampments. This process involves early notice to community leadership and ongoing engagement with local stakeholders to address questions and concerns. In addition, the Seattle Municipal Code requires at least one open community meeting and the setting up of an ongoing Community Advisory Committee for each location to gather input on encampment operations and address community concerns related to the encampment or its residents.

At least two of the identified sites are in the final stages of evaluation as tiny house villages and could be announced in May. It is expected that a combination of tiny wooden structures, Buddy Shelters, and shelter tents could be deployed as bridge housing, with at least 75 structures at each location.

Operations and Services

The City currently supports the operation of six authorized encampments, with the seventh site, Whittier Heights Women’s Village, opening in May, that together provide safer living alternatives for more than 300 people. The first three sites (Ballard, Interbay, and Othello) were set up with only basic services. The second generation of sites (Georgetown, Myers Way, and Licton Springs) were developed in 2017 and more closely align with the City’s priorities of funding enhanced shelter to increase exits to permanent housing; more effectively serve the unsheltered people referred by the Navigation Team; and are more responsive to addressing public health concerns. Ongoing operating and service costs of encampments have increased accordingly over time. In addition, the City has not been the sole funder of the previous sites.

HSD recommends that new locations be resourced to provide enhanced operations and services, including providing utilities, pest control, hygiene services, meals, and other characteristics of an enhanced shelter consistent with Pathways Home per below:

Health Resources

- Adequately scaled needle disposal programs
- Robust, professional-grade rodent control services
- Onsite medical/nursing, mental health, and addiction services
- Access to healthy food and prepared hot meals

Infrastructure

- Plumbed bathrooms, hand washing stations with hot water, showers, and laundry facilities
- Kitchen areas outfitted with adequate refrigeration, storage and running water
- Accessible common buildings and sleeping structures to accommodate residents with physical disabilities

Personnel

- 24/7 paid staff (program and security) to monitor activities and maintain a safe environment that matches the needs of the residents and neighborhood
- Case management to reflect a case load consistent with Pathways Home recommendations
- Expanded staff and volunteer training including basic CPR, First Aid, overdose (Narcan) and emergency medical response; plus, trauma-informed care, self-care, domestic violence, and disease control.

Bridge Housing Spending Plan

The Bridge Housing Investment Strategy includes \$5.32M in one-time funding from the sale of the Communications Shop property as authorized by Ordinance 125534 and \$450,000 in ongoing funding from Council Green Sheet 282-1-C-1-2018 for additional authorized encampments. At this interim stage, the spending plan includes budgeting for Whittier Heights Village for Woman and 2 potential additional Tiny House Villages. Tiny House Villages have been identified as the most immediate option to increase capacity to address the needs for people living unsheltered.

The funding source for the Bridge Housing effort is entirely from a property sale and thus, one-time funding. In order to provide the necessary services to help people move toward permanent housing, the Bridge Housing effort will require significant ongoing operating and services costs. **To sustain operations and services for Bridge Housing Investments in 2019, a source of additional ongoing funding must be identified.**

Next Steps

The final Bridge Housing Investment Plan and an ordinance to appropriate the \$5.32M in funding will be submitted to City Council no later than May 31, 2018.