

March 24, 2026

MEMORANDUM

To: City Council
From: Jennifer LaBrecque & Ketil Freeman, Legislative Analysts
Subject: Three proposed Council Bills Related to Increasing Shelter Units

Introduction

This memo describes three Council Bills (CBs), one of which will be going to the Land Use and Sustainability Committee (Land Use Committee) and two of which will be going to the Finance, Native Communities and Tribal Government Committees (Finance Committee). Because all three bills are part of the Executive's strategy to quickly create new shelter units they are being discussed together in one memo. The three bills are shown in the table below.

Table 1: Legislation, Committee and Schedule

CB Number	Committee	Schedule	Description
None (not yet introduced)	Land Use	- Will be an information item on 4/1 Land Use Committee agenda - Future schedule TBD	Would increase census count, which is the number of allowed persons, for transitional encampments.
CB 121184	Finance Committee	- IRC on 3/24 1st Committee on 3/30 2nd Committee and potential vote on 4/7	For sites being used as a transitional encampments, would allow the Director of the Department of Finance and Administrative Services (FAS) to execute leases for larger sites and would eliminate the maximum lease limit.
CB 121185	Finance Committee	- IRC on 3/24 1st Committee on 3/30 2nd Committee and potential vote on 4/7	Would allocate \$4.9 million of unused funding for new shelters.

This memo addresses the following:

1. Executive Plan to Increase Shelter Units
2. Summary and Analysis of the Three Pieces of Legislation
3. Policy Considerations
4. Timeline and Amendments

1. Executive Plan to Increase Shelter Units

The Executive has stated their goal is to increase shelter units by 1,000 in 2026, with the goal of standing up 500 by June 1, 2026, before World Cup games begin. One of the Executive's main strategies to accomplish this goal is to increase the number and size of micro-modular shelters, sometimes known as tiny home villages. In summary, these three bills are intended to support an increase in micro-modular shelters by: (1) providing the Executive with the authority to secure larger sites for micro-modular shelters, (2) increasing the number of people allowed in transitional encampments, which include micro-modular shelters, and (3) allocating some funding for the first 500 units of new shelter.

Current Micro-modular Shelters

The City currently funds 16 micro-modular shelters, as shown in Table 2, comprising 621 shelter units. The Low-Income Housing Institute (LIHI) operates 13 sites, Catholic Community Services (CCS) operates one, and Nickelsville operates two. The two Nickelsville sites use a self-management model with fewer supportive services. The other fourteen offer 24/7 staffing, case management, and many offer behavioral health services. Currently, the King County Regional Homelessness authority (KCRHA) manages funding for all City-funded shelters, including micro-modular shelters.

Table 2: Current Micro-modular Shelters

Site	Provider	Square Feet	Units	District
Camp Second Chance	LIHI	30,000	69	1
Georgetown	LIHI	30,000	45	1
Henderson	LIHI	24,500	42	2
Interbay	LIHI	37,000	76	7
Maple Leaf	LIHI	22,000	40	5
New Rosie's	LIHI	21,000	37	5
Olympic Hills	LIHI	22,000	45	5
Southend	LIHI	21,500	40	2
TC Spirit	LIHI	12,000	24	3
True Hope	LIHI	13,500	33	3
Northlake Village	Nickelsville	7,500	19	4
Raven	LIHI	8,500	22	6
Central District Village	Nickelsville	5,000	14	3
Brighton	LIHI	6,200	15	2
Junction Point	CCS	55,000	85	5
Whittier Heights	LIHI	7,000	15	6
Average:		20,169	621	

The average utilization rates for micro-modular shelters averaged 86 percent (not weighted), reflecting that they are often a desired form of shelter due to privacy, a door that locks, and

their ability to accommodate couples, families and pets. Reasons for the utilization rate being less than 100 percent include the time needed to turnover the unit to be ready for a new person. Exit rates for existing micro-modular shelters in 2025 ranged from 19 percent to 61 percent.¹ The average length of stay ranged from 106 – 177 days. Exit rates and length of stay can depend on a number of factors, including if new Permanent Supportive Housing (PSH) came online during the time period of analysis and the acuity needs of population being served.

2. Summary and Analysis of Legislation

Legislation to Increase Census Count at Transitional Encampments

This legislation would allow one interim-use encampment per Council District to have 250 people. This increase would not apply to encampments located on property owned or controlled by a religious organization. The bill would also increase the limit for all other transitional encampments, whether interim use or on property owned or controlled by a religious organization, to 150. Transitional encampments, as defined in the Land Use Code, include both micro-modular shelters, such as tiny home villages, Recreational Vehicle safe lots, and tent cities.² The Executive has indicated that their primary focus is on micro-modular shelters and to some extent RV safe lots; they do not have plans at this time to expand the number of tent cities.

Transitional encampments are currently authorized in the city through two primary regulatory processes: (1) as interim uses and (2) as uses on property owned or controlled by a religious organization.³ Key development standards associated with each process are summarized in Table 3. Fewer requirements apply to transitional encampments located on sites owned or controlled by religious organizations because of freedom-of-conscience limitations on local government regulation.⁴

¹ Analysis excludes shelters that closed in 2025 or early 2026, shelters that opened in 2025 and the two Nicklesville micro-modular shelters.

² Transitional encampment” as defined in the Seattle Municipal Code means a use having tents or a similar shelter, including vehicles used for shelter, that provides temporary quarters for sleeping and shelter. The use may have common food preparation, shower, or other commonly-used facilities that are separate from the sleeping shelters [Seattle Municipal Code \(SMC\) 23.84A.038](#).

³ Transitional encampments can also be permitted for renewable 6-month periods as temporary uses. However, that permit pathway has not been utilized as frequently since regulations for encampments accessory to religious organizations and interim use encampments were codified. Those regulations were initially codified in 2011 and 2015, respectively, and have been amended numerous times. Substantive provisions were most recently amended in 2020.

⁴See *City of Woodinville v. Northshore United Church of Christ*. 166 Wn.2d 633 (2009).

Table 3. Summary of Current Land Use Code Regulations for Transitional Encampments

Development Standard	Interim Use	Religious Organization Accessory Use
Duration	• 1 year, may be renewed	• Any length of time
Location and Dispersion	• Any zone • Must be at least 1 mile from other transitional encampments	• Any zone
Census	• No more than 100 residents per encampment	• No more than 100 residents per encampment
Maximum Number Permitted Citywide	• No more than 40 interim use encampments operating at any one time	• No limit
Development Standards	• Screening along each property boundary • Encampment facilities must be set back from adjacent lots by 5-10 feet, depending on the zone • Site must be at least 5,000 square feet with 100 square feet of space per resident	• No more than 100 residents per encampment • Life-safety standards
Outreach and Notice Requirements	• Encampment operator must conduct a public meeting 14 days prior to applying for a permit • Encampment operator must convene a community advisory committee to provide input on encampment operations	• None required
Type of Permit	• Type I, non-appealable	• No permit required

Typically legislation that would amend the Land Use Code would require a review under the State Environmental Policy Act (SEPA) prior to Council taking final action. However, this legislation is being proposed as interim legislation, citing an imminent threat to public health and safety, and is only in effect for one year. The legislation includes a workplan from SDCI to complete SEPA review and develop and transmit permanent regulations in Winter 2027, prior to expiration of the interim legislation. The emergencies cited to justify the interim legislation include the 2015 Homelessness Emergency Order, which remains in effect, as well as the recent threats to federal Housing and Urban Development (HUD) Continuum of Care funding (CoC), especially for permanent supportive housing.

The Executive has cited several reasons for increasing the census count. First, there are some publicly owned sites available below market or at no cost that have the capacity to serve more than 100 people, but cannot due to the current census limit. Second, the Executive anticipates that larger sites can offer economies-of-scale. For example, 24/7 staffing is one of the main cost drivers of a micro-modular shelter. The number of staff during non-business hours, including

the night shift, could remain constant regardless of the number of people. Other positions – such as case managers or behavioral health specialists – would be variable based on the number of people.

Table 2 on page two of this memo shows the number of units at the 16 existing City-funded micro-modular shelters. The City does not currently have a census count for micro-modular shelters, but the Executive has provided assumptions that shelter serving individuals and couples would generally have 1.3 people per unit and a shelter serving families would have three people per unit. The micro-modular shelter with the most units is Junction Point (85 units), and it is estimated to serve between 85-100 people at any one time. The King County Regional Homelessness Authority estimates that in 2025, a little less than 20 percent of the units were used to house more than one person, indicating that micro-modular shelters do serve couples and families.

CB 121184 – Change Executive Authority to Allow Execution of Leases for Larger Sites that will be Used as Transitional Encampments

Under the current Seattle Municipal Code (SMC), the Director of Finance and Administrative Services is allowed to execute a lease agreement, without Council approval, for unimproved real estate if the site does not exceed 18,000 square feet (SF). CB 121184 would allow the FAS Director to execute leases for unimproved sites up to 65,000 SF. The justification for the 65,000 SF limit is that it is consistent with the recent SEPA exemption legislation⁵ adopted by Council, in which site-specific projects under 65,000 do not require SEPA review. Additionally, the legislation allows the FAS Director to negotiate a price per SF that is “consistent with market rate” rather than being limited to \$9.50⁶ per SF as currently required in the SMC. The Executive has stated that market prices currently range from \$2 - \$12 per SF.

If CB 121184 passes, the City would do the work of securing a site, obtaining permits, and, in some cases, completing necessary infrastructure upgrades before awarding funding to a provider for operations and services. Currently, a non-profit shelter provider is expected to secure a site, obtain permits and complete infrastructure upgrades after competing in a competitive process for a funding award. Identifying sites for micro-modular shelters has consistently been cited as one of the major, although not the only, challenge in establishing new micro-modular shelters. Having the City do this work– rather than individual providers – is intended to expedite the opening of a new shelter. Both the City and provider would do community outreach, with the provider responsible for any outreach required under the SMC.

As noted above, currently the FAS Director is only authorized to sign lease agreements for sites that are at or below 18,000 SF. However, most micro-modular shelters, even at the current census limit of 100 people, are larger than that. Of the 16 City funded micro-modular shelters, 9 of those are above 18,000 SF (ranging from 21,000 – 55,000). It should be noted that, especially

⁵ [Ordinance 127391](#).

⁶ SMC 3.127.020 limited rental payments to \$6 per SF plus an inflationary adjustment beginning in 2011 and every year thereafter.

for publicly owned land, the site sizes may be bigger than is needed for the current unit count. The size needs for a site would increase if the census limit for the site also increases. If the Executive needed to obtain Council approval for sites larger than 18,000, that would likely slow down the process of standing up new shelter and may make it difficult to compete with other parties on the market, who could execute a lease more quickly.

CB 121185 – Re-allocate \$4.9 million of Unused Funding for New Shelter Units

The Executive has identified \$17.5 million in funding for new shelter units. They estimate that this is sufficient for partial year operations and start-up costs for at least 500 new shelter units. With this funding, the Executive is considering master leasing one or two apartment buildings as emergency housing, creating new micro-modular shelters and/or expanding existing shelters (both micro-modular and other shelter types).

At this point, there is no certainty about the number of units that will be created with this \$17.5 million and the ongoing operating cost obligations. Actual operating costs will depend on a number of factors such as acuity of population served, services offered, and cost of renting the site or apartment building. The Executive has stated an average per-unit operating cost of \$28,000, citing lower costs due to free or reduced public land and cost efficiencies for larger sites. A 2024 Central Staff analysis found that the average per-unit operating cost for micro-modular shelters ranged from a low of \$22,000 to a high of \$56,000 per unit, with an average per unit cost of \$35,000⁷. Assuming an annual operating cost of \$35,000, the total ongoing operational cost for a full year would be \$17.5 million. Operating costs in 2026 will be lower since these sites will be stood up mid-year and thus only have part-year operating costs. The Executive has estimated one-time capital costs to be between \$10,000-\$30,000 per unit depending on site condition and project type.

Table 4 on page seven of this memo shows the projected fund sources for the \$17.5 million, including those in CB 121185.

⁷ HSD-002-D - [CF 314539 - Council Changes to Proposed Budget and CIP](#) (Page 78)

Table 4. Source of Funds for 500 New Units (Start-up Costs and 2026 Operational Costs)

Source	Amount	One-time or ongoing	Council Action Needed
OH Community Development Block Grant (CDBG)	\$3.3	One-time	Included in CB 121185. Per CDBG rules, this funding must be expended before the CDBG-COVID dollars can be expended.
CDBG-Covid	\$2.8	One-time	No Council action needed to spend for this purpose. These dollars expire on 7/16/2026.
Downtown Fund	\$1.6	One-time	Included in CB 121185
KCRHA 2025 Underspend (GF)	\$7.8	One-time	No Council action needed; administrative carry forward.
Proviso for substance use treatment (HSD-060-A-1)	\$2.1	On-going	None if spent according to proviso
Total	\$17.5		

CB 121185 allocates two unused sources of funding to assist the City with the cost of quickly standing up new micro-modular shelter. The first source is \$3.3 million in CDBG; this funding had been in Office of Housing (OH) and was from loan repayments made from two CDBG revolving loan funds, one for homeownership and one for multi-family housing. Council approval is needed to reallocate the \$3.3 million from OH to the Human Services Department (HSD) for shelter. Additionally, the Executive plans to use \$2.8 million in CDBG COVID funding; this does not need to be reallocated. The \$2.8 million in CDBG COVID funding expires in July 2026. According to CDBG rules, the CDBG program income from OH revolving loan repayments must be used first. Thus, the Executive must spend both sources of CDBG by July 2026. CDBG funding comes with multiple rules and regulations; it is possible that the Executive will not be able to identify a site in time that meets those requirements. In that case, the CDBG COVID funding would be lost, but the CDBG program income would continue to be available.

\$1.6 million is from the Downtown Health and Human Service Fund, part of a floor area bonus system for downtown developments, that was established in 1985 by [Ordinance 112602](#). The ordinance states the funds “shall be used solely to assist in the provision of downtown health and human services... for low-income downtown residents and workers.” The Executive’s determination is that the proposed use for new shelters fits this criterion. Funds are currently unallocated.

3. Policy Considerations

Policy Consideration #1: Council is being asked to approve legislation to fund and facilitate the creation of the first 500 new shelter units – but without detail on actual costs and how the City will pay for those ongoing obligations associated with those units.

The Executive would be securing leases and awarding one-time funding for shelter operations without identifying long-term funding. Council would be pre-committing resources to ongoing obligations without understanding what difficult decisions and policy trade-offs will have to be to pay for them. Additionally, Council does not yet have certainty about the number of shelter units created with the \$17.5 million in initial funding or what the ongoing operating obligations will be for those units. Such pre-commitments would be happening in a moment where there is great uncertainty about whether or not King County, and Seattle, will continue to receive \$65 million in federal Continuum of Care Funding for permanent supportive housing projects and other services to support people experiencing homelessness⁸.

Policy Consideration #2: While this package of legislation is likely to help facilitate the faster creation of new shelter units, it is not clear that 500 new shelter units can be accomplished by June 1, which the Executive has stated as their goal.

This package of legislation takes tangible steps to help facilitate faster creation of shelter units, by identifying unused funding that is available now, allowing the City to identify and secure sites for micro-modular shelters rather than shelter providers, and increasing the number of people that micro-modular shelters can serve. However, it is not at all clear that passage of this legislation would result in 500 new units of shelter by June 1, 2026, before World Cup games begin, which is the Executive's stated goal. For example, the Executive has said that it takes 4 months from site control to have a micro-modular village become operational. Even if the Executive were able to secure leases by mid-April, that would put the earliest start date for operations is July 14. There are 6 world cup games in Seattle, 4 in June and 2 in July. The Executive may be able to stand up a modest amount of new shelter before June. In order to do so, the FAS signature authority bill is likely the most critical bill for the Executive to be able to secure sites and stand up new units before June 1, as they would need to secure sites soon to be able to do so.

Council should consider this package of legislation in the context that it will likely help facilitate the faster creation of new units in 2026, but not with the expectation that it will deliver 500 units by early summer.

⁸ [Continuum of Care Update at March 6 Human Services, Labor and Economic Development Committee](https://seattle.legistar.com/View.ashx?M=A&ID=1397376&GUID=886CA644-8E44-438B-AD8C-A6D8E07391FB).
(<https://seattle.legistar.com/View.ashx?M=A&ID=1397376&GUID=886CA644-8E44-438B-AD8C-A6D8E07391FB>)

Policy Consideration #3: Throughput from shelter to permanent housing is a challenge and will be exacerbated by current lack of operating funding for more permanent supportive housing.

Shelter itself has value, as it can provide a secure place for people experiencing unsheltered homelessness and a better opportunity to receive the services and support they need to stabilize. Shelter is also intended to be a temporary solution, with the end goal of a shelter resident moving to permanent housing. One of the major factors determining exit rates to affordable housing is the availability of housing that shelter residents can afford and that supports their long-term stability. Some shelter residents, although not all, have a permanent disability and need PSH in order to receive the services needed to remain stably housed. Others may not need services but do need a unit they can afford with an extremely low income.

Potential changes to the Continuum of Care Program by the federal Housing and Urban Development Department (HUD) will likely impact the availability of permanent housing programs for people exiting homelessness, including for PSH⁹. OH is currently not awarding capital funds to any new PSH projects, due to the uncertainties regarding federal Continuum of Care (CoC) funding for OMS¹⁰, along with uncertainties related to state funding for OMS. There is one PSH project (DESC Birch Grove) that will open this summer; after that no new PSH will open for the foreseeable future. OH does have over 2000 units that have been awarded capital funding in the pipeline, ranging in affordability from 30%-60% AMI. However, in many cases those units are still too expensive for people who are experiencing homelessness or do not offer the services needed to keep a person stably housed.

Council should anticipate future conversations about the need for housing and programs that can transition people out of shelter and into permanent housing.

⁹ [Continuum of Care Update at March 6 Human Services, Labor and Economic Development Committee](https://seattle.legistar.com/View.ashx?M=A&ID=1397376&GUID=886CA644-8E44-438B-AD8C-A6D8E07391FB).

(<https://seattle.legistar.com/View.ashx?M=A&ID=1397376&GUID=886CA644-8E44-438B-AD8C-A6D8E07391FB>)

¹⁰ In 2025, HUD released a CoC Notice of Funding Opportunity (NOFO) that would cap the amount of a CoC award that can be used for permanent housing to 30%. Currently, the King County CoC uses over 90% of its award for permanent housing programs, including operating, maintenance and services (OMS) contracts for PSH and Rapid Rehousing. Rapid Rehousing are programs that provide a short-term voucher (typically 12-18 months) for households exiting out of homelessness. While the HUD 2025 NOFO is currently under a temporary injunction, all indications are that future CoC NOFOs will continue to limit the amount going towards permanent housing.

4. Timeline and Amendments

CB 121184 and CB 121185 will be discussed by the Finance Committee on March 30, with a discussion and possible vote on April 7. **The deadline for amendments is noon on Tuesday, March 31.** Central Staff encourages Councilmembers to reach out as soon as possible with potential amendment ideas, given the short timeframe between the initial discussion and potential vote.

The census count legislation, while not yet introduced, will be an information item at the Land Use Committee on April 1. The remaining schedule has not been finalized.

Central Staff strongly encourages Councilmembers to identify early on any amendments they wish to bring forward and discuss with Central Staff which of the three Council Bills is the best fit for their amendment idea(s). Generally, the subject matter for a potential amendment should be consistent with:

- The scope and purpose of the bill for which the amendment is proposed;
- The modality of municipal power invoked by the bill;¹¹ and
- The authority of the relevant department or office to implement or enforce the intent of the amendment.

For example, the census count legislation deals with the Land Use Code, which is enforced by SDCI. That department can enforce compliance with physical development standards and other Land Use Code procedural standards, but it cannot enforce compliance with the terms of lease agreements or contracts with service providers

cc: Lish Whitson, Director
Calvin Chow, Deputy Director

¹¹ The census count legislation relies on the City's police power authority to protect the public health, safety and welfare. CB 121184 and CB 121185 rely on the legislative departments budget authority and the City's authority to provide general governmental services.