

AFFORDABLE HOUSING & HOMELESSNESS

January 2021

Executive Summary

The connection between access to housing and the corresponding impact on health outcomes has been [increasingly acknowledged](#) among stakeholders in both the health and housing sectors, as well as policy makers. Access to safe and affordable housing, the supports needed to maintain housing, and services for those people experiencing housing instability and homelessness are one of the clearest and most critical social determinants of health. Health impacts are especially compounded when people experience a repeating cycle of housing instability due to extreme poverty, violence, behavioral health issues, substance use disorder, and other chronic health conditions.

This policy brief provides a discussion of the importance of housing as a social determinant of health; an overview of state-level programs and services related to affordable housing and homelessness; the impact of the COVID-19 pandemic on housing and people experiencing homelessness; and an overview of anticipated efforts related to housing and homelessness during the 2021 legislative session. While efforts related to affordable housing and homelessness span local, state, and federal levels, this report will focus on state level policies and programs.

Housing & Homelessness as a Social Determinant of Health

The Centers for Disease Control and Prevention highlight ‘Housing Instability’ as one of [the key social determinants of health](#), which are “conditions in the places where people live, learn, work, and play that affect a wide range of health and quality-of life-risks and outcomes.” Extensive research has been done that shows the direct relationship between housing interventions and health outcomes. Substandard housing, housing instability and homelessness, and housing affordability can all undermine health in various ways:¹

- **Substandard housing** could mean that there are health and safety hazards in the home or neighborhood, which can result in illness, injury, and death. Such hazards tend to have a more direct impact on health such as respiratory conditions, exposure to neurotoxins such as lead, and accidents and injuries due to structural issues.
- **Housing affordability** can lead to eviction, housing instability, and potential homelessness. In addition, it can create a strain on household financial stability with people having to choose between rent/mortgage payments and healthcare, food, and child care. Such financial strain can also lead to behavioral health issues, such as anxiety and depression, and can exacerbate other health problems.

¹ *Housing Interventions to Improve Health Outcomes*. Altarum Healthcare value Hub. Research Brief No. 36. April 2019.
<https://www.healthcarevaluehub.org/advocate-resources/publications/housing-interventions-improve-health-outcomes>

- **Housing instability and homelessness** have a significant impact on health including increased risk of developing illnesses and reduced access to health care, which combined result in greater usage of acute hospital services, poor health outcomes, and a higher morbidity and mortality rates.

Access to housing can also have a ripple effect on other social determinants of health. For example, if a person is unhoused, they have an increased risk of unstable employment, food security, access to education, and poverty. If a family is struggling to stay housed, they likely will also be struggling to access child care. This in turn creates an impact on the next generation's social determinants of health including high school graduation, language and literacy, and access to higher education. Ensuring access to quality, affordable housing is a linchpin issue that might not fix other social determinants of health, but it does have the potential to improve circumstances in many of these areas.

Ensuring people have access to safe, affordable, and stable housing is a critical approach to improving health outcomes. And when the systems and interventions have failed to keep a person or family housed, strong programs and services need to be in place to support people experiencing homelessness and have a path to get them re-housed.

Overview of Affordable Housing & Homelessness Programs in Washington

There are many different programs and services that aim to improve access to housing, prevent housing instability, and support those who are experiencing homelessness. While the need still greatly outweighs the resources available, there is significant work being done in these areas. There are programs and services across Washington supported by the local, state and federal levels. However, this policy brief will focus on those funded at the state level.

Affordable Housing and Homelessness Programs in Washington

The most upstream approach to addressing housing and homelessness is ensuring people have access to quality, affordable housing in the first place. If people live in an area where housing options are not affordable, that puts them at risk for housing instability and potential homelessness. The primary goal is always to prevent individuals and families from entering into homelessness in the first place. But affordable housing availability is insufficient to meet demand, which is often leading to individuals and families experiencing crises that can result in them becoming unhoused. In those cases, it is critical to have robust programs and resources to support people experiencing homelessness and try to stabilize their situation so they can transition to having housing.²

Housing & Essential Needs

The [Housing and Essential Needs](#) (HEN) program was established in 2011 and provides help to individuals referred by the Department of Social and Health Services who are

² *Homeless Services Terminology*. City of Seattle.

https://www.seattle.gov/Documents/Departments/HumanServices/Homeless%20Services%20Terminology_Final.pdf

unable to work for at least 90 days due to a physical and/or mental incapacity. Services provided include:

- Time-limited rent and utility assistance
- Services connected to housing stability, such as move-in costs
- Limited essential needs items, such as personal hygiene, cleaning products, and transportation

Eligible participants have a disability, are low income, and are experiencing homelessness or are at-risk of becoming homeless. The HEN program is a temporary support system that seeks to prevent long-term homelessness. The program works to either transition low-income individuals back to work if their disability is short-term, or to federal Supplemental Security Income (SSI) for longer-term assistance. In 2018, 5,283 households at-risk of homelessness received rent assistance through HEN. Of the households previously at-risk of homelessness who left the program that year, 71% exited to stable housing.³

Emergency Housing – Basic & Enhanced Shelters

The homeless crisis response system includes funding for local governments and nonprofits to respond to the immediacy and urgency of homelessness. There are different types of shelters including basic and enhanced:

- Basic shelters often have more limited hours and provide services focused on basic needs and respite from being outdoors, like basic bedding and a restroom.
- Enhanced shelters have extended or 24/7 hour service and provide many services such as meals, hygiene services, storage, and staffing to support leaving a shelter for permanent housing.

A person successfully exits a shelter program when they have left the shelter to move to a permanent home.

Transitional Housing

Transitional Housing: Transitional Housing assists homeless individuals who need more intensive services before moving into permanent housing. Transitional Housing offers housing and supportive services for up to two years. It best serves young adults, people in recovery, and people fleeing domestic violence. Residents in transitional housing programs are still considered homeless by federal definitions but are no longer eligible for other homeless housing programs.

Permanent Supportive Housing

Permanent Supportive Housing pairs affordable housing with comprehensive supportive services for people who suffer from a disabling medical condition such as chronic mental illness or substance use disorders. Residents receive housing and services permanently.

³ *Providing Housing Assistance for People With Short-Term Incapacity*. Washington State Department of Commerce. <https://www.commerce.wa.gov/program-index/housing-essential-needs-hen/>

With Permanent Supportive Housing, there is a need not just for capital dollars to build facilities, but also operating dollars for operations, maintenance, and services.

Office of Homeless Youth/Homeless Youth Programs

Created by the legislature in 2015 through [SB 5404](#), the [Office of Homeless Youth Prevention and Protection Program](#) leads the statewide efforts to reduce and prevent homelessness for youth and young adults through five priority service areas to ensure our youth and young adults have:

- Stable Housing – Every youth has a safe and healthy place to sleep at night.
- Family Reconciliation – Families are reunited when safe and appropriate.
- Permanent Connections – Youth have opportunities to establish positive, healthy relationships with adults.
- Education and Employment – Youth have opportunities to advance in their education or training and obtain employment.
- Social and Emotional Well-Being – Youth have access to behavioral and physical health care; services nurture each youth’s individual strengths and abilities.

To meet these needs, the Office of Homeless Youth works with partners and communities to provide programs such as crisis residential centers, street youth services, young adult housing programs, and more.

State Funding Sources for Housing and Homelessness Programs

Housing Trust Fund

Through the capital budget, the legislature appropriates funds to the Department of Commerce and directs how to invest the funds. Housing Trust Fund dollars are provided to affordable housing projects through annual competitive loans and grants. Projects funded through the program can house people with incomes less than 80% of the Area Median Income, but most properties house people and families with special needs or income below 30% of Area Median Income. Projects need to serve the target group or income level for a minimum of 25 years. It is important to note that while this program is being listed under the category of ‘creating affordable housing’, it does fall into other categories in that families experiencing homelessness and people in need of supportive housing are all served by housing that is funded by the Housing Trust Fund. The Housing Trust Fund has invested more than \$1 billion in capital funding since 1986 and has helped build or preserve more than 50,000 units of affordable housing in Washington.⁴

Document Recording Fee

The document recording fee is a surcharge on real estate transactions that was established in 2002 through [HB 2060](#) to be used to provide housing and shelter, operations and maintenance for affordable housing programs serving extremely low-income people and related programs. The original fee was set at \$10. The fee does not

⁴ Housing Trust Fund, The Department of Commerce. <https://www.commerce.wa.gov/building-infrastructure/housing/housing-trust-fund/>

apply to certain documents such as those recording a birth, marriage, divorce, or death. Since it was originally established, there have been multiple successful efforts to increase the fee⁵, and in turn increases the amount of funding available for affordable housing programs and to support those experiencing homelessness. The current document recording fee is \$85.50 for state and local programs for affordable housing and homelessness programs. Revenue generated by the document recording fee supports community-based non-profit organizations, faith-based organizations, and local governments under the guidance of local housing plans.

Legislative Authority for Local Options

Another lever the state legislature has to increase access to affordable housing is to provide authority for local funding options for affordable housing. In 2015 the legislature created the option for cities and counties to implement a local 0.1 percent sales and use tax in order to fund housing and related services. When this option was created, it was required to pass via ballot measure. To increase access and usage of this important funding option for affordable housing, in 2020 the legislature passed [HB 1590](#), which among other things allows the sales and use tax for affordable housing to be implemented by councilmanic vote rather than ballot measure. It was estimated that the passage of HB 1590 will result in around \$150 million for affordable housing and related services across the state.

Housing & Homelessness During the COVID-19 Pandemic

The COVID-19 pandemic has intensified the homelessness crisis in communities across the state and country, and the economic impacts have put many people at risk for financial and housing instability as people struggled to pay rent and meet their mortgages. There has been a concerted effort during the pandemic to prevent more people and families from falling into homelessness while also taking action to prevent outbreaks of COVID-19 among those experiencing homelessness.

Eviction Moratorium

Early in the pandemic, Governor Inslee issued [Proclamation 20-19](#) that placed a temporary moratorium on evicting renters for nonpayment of rent. The moratorium, which has been extended several times as the public health emergency continues, has been instrumental in keeping people housed during the pandemic. The moratorium is [currently](#) extended through March 31, 2021. While this has created an essential safety net for housing security, there is concern about a potential ‘tsunami’ of evictions when the moratorium ultimately expires and some people are left with a backlog of rent payments they can’t meet.

⁵ Legislation that successfully passed increased the Document Recording Fee over the years includes HB 2163 in 2005, HB 1359 in 2007, HB 2331 in 2009, HB 2578 and HB 1570 in 2018, and HB 1923 in 2019.

Mortgage Forbearance

Similar to the eviction moratorium, there has been an effort to help people who own their homes and are struggling to make mortgage payments due to the economic impacts of COVID-19. The federal [CARES Act](#) included protections for federally backed and federally sponsored mortgages, which meant that those lenders were required to offer [forbearance](#) options. Forbearance is when a mortgage servicer allows a person to pause or reduce their mortgage payments for a limited time. The CARES Act allows for up to two consecutive 180-day forbearance periods. Homeowners who receive forbearance under the CARES Act are not required to repay their skipped payments in a lump sum once the forbearance period ends, but rather can work with their lender on a repayment plan that works for them.

Shifting from Congregate Shelters

As COVID-19 started to spread through communities, there was an immediate concern about people living in congregate settings including homeless shelters. With people living in such close quarters, a single case of COVID-19 in a shelter could quickly turn into a widespread outbreak. In an effort to prevent this scenario from happening, there was quick action to move people living in congregate shelters to living situations where people were spaced out, preferably in separate rooms. Using CARES Act dollars, local governments purchased facilities such as hotels and quickly transitioned the people to the new locations. While there of course have been cases of COVID-19 among the homeless population, outbreaks have been smaller and more contained than they otherwise would have been. There has also been the added benefit that many people who were previously in congregate shelters are [improving](#) physically, behaviorally, and mentally in the new living situations. While this shift from congregate shelters to a more supportive housing approach has been successful on multiple fronts, there is concern about the sustainability as federal dollars run out and meet the timeline for having to be spent.

2021 Legislative Session – Governor’s Budget and Other Anticipated Efforts

Governor’s Proposed Budget

Governor Inslee included [prevention of homelessness](#) as a key priority in his [proposed budget](#) that was released in December. The proposal focused on providing support to people at risk of falling into homelessness as a result of the COVID-19 pandemic, while also funding services for those who are living homeless. Related investments in the Governor’s proposed budget include:

Housing Trust Fund Investment in Affordable Housing: \$240 million (capital dollars)

Funding is provided to build affordable housing units to serve a broad spectrum of vulnerable populations. This includes individuals with chronic mental illness who need supportive housing and case management services, homeless families, youth and individuals, veterans, farmworkers, seniors and individuals with special needs.

Property Acquisition Flexible Fund: \$70 million (capital dollars)

The governor's capital budget includes funding for Housing Trust Fund-eligible entities to acquire properties such as hotels or motels at an affordable price for a quicker conversion into shelters, permanent supportive housing or transitional housing units. This funding pays for the property and building retrofit, electrical and plumbing system updates, and converting the property to a suitable housing environment without major changes.

Rental Assistance: \$328 million General Fund-State (operating dollars)

With federal CARES Act funds running out, the governor proposes using state funds to continue rental assistance efforts during this crisis. His plan provides \$164 million for rental assistance through the end of the current biennium (June 30, 2021). His 2021–23 budget provides another \$164 million to continue the assistance in the next biennium. The state estimates nearly 28,000 households will receive rent assistance through June 2021, with that number gradually ramping down to about 1,000 households in June 2022.

Foreclosure Assistance: \$17 million General Fund-State (operating dollars)

The governor's operating budget includes \$17 million to adequately and equitably serve the increased number of homeowners who are expected to seek relief from foreclosure once the federal moratoriums on foreclosure and CARES Act protections expire.

Enhanced Shelters: \$50 million (capital dollars)

The governor's capital budget provides \$50 million to create enhanced shelters — or convert basic shelters to enhanced shelters — as an alternative setting to crowded, congregate shelters. This funding can also be used for facility improvements such as laundries, bathrooms and storage spaces.

Permanent Supportive Housing Operations, Maintenance & Services: \$37 million General Fund-State (operating dollars)

The governor's proposed budget provides continued funding for operations, maintenance and services, such as behavioral health services, at permanent supportive housing facilities.

Other Anticipated Legislative Efforts

In addition to efforts to secure operating and capital dollars to prevent housing instability and support those experiencing homelessness, there will also be legislation this session on related topics.

Document Recording Fee Increase

There is interest in increasing the document recording fee to provide additional resources for programs and services to provide more affordable housing and prevent homelessness. A \$100 increase in the document recording fee would provide approximately \$200 million in additional funding for affordable housing and homeless

services over the biennium. Details will be made available once the proposal is introduced.

Modifying Allowed Uses of Local Tax Revenue for Affordable Housing

Sponsored by Rep Ryu, [HB 1070](#) would expand the use of the local 1/10 of 1% sales tax funding option for affordable housing and behavioral health facilities to include acquiring housing. This is an expansion of the legislative authority for local revenue options that was discussed earlier in this brief.

Conclusion

Housing stability is a critical social determinant of health. Substandard housing, housing instability and homelessness, and housing affordability can all undermine health including having a significant impact on both the physical and behavioral health of individuals and families. Communities across Washington were already experiencing a homelessness crisis before the COVID-19 pandemic, and the public health emergency has exacerbated this crisis and put more families at risk for housing instability. Governor Inslee set the path for strong investments in preventing homelessness in his proposed budget. The legislature will now need to carry the effort to make sure the resources and supports are in place to both deal with the current crisis while also setting a path to improve housing stability in the long term.

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