

June 26, 2017

## **CITY COUNCIL STUDY SESSION ITEM**

### **SUBJECT**

King County Veterans, Seniors and Human Services Property Tax Levy.

### **STAFF CONTACT(S)**

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### **POLICY ISSUES**

The Veterans and Human Services Levy was originally approved by the voters in November 2005 for a six-year period (2006-2011) and was renewed in August 2011 for another six-year period (2012-2017). The levy expires at the end of the year and unless a new levy is approved by the voters, services funded by the levy will expire.

On May 22, 2017, the King County Executive Dow Constantine introduced an ordinance to significantly increase the levy rate and expand the levy to include services for older adults. If approved by the King County Council, the levy proposal will be placed on the November 2017 countywide ballot.

### **DIRECTION NEEDED FROM COUNCIL**

**ACTION**



**DIRECTION**



**INFORMATION ONLY**



No formal action is required tonight. Council will receive a briefing by King County staff and will have an opportunity to ask questions, discuss issues and provide feedback to the Mayor (as the City's representative on the Regional Policy Committee), King County staff, and City staff.

### **BACKGROUND/ANALYSIS**

King County staff will brief Council on the proposed renewal of the Veterans and Human Services Levy (VHSL). The VHSL was first approved by King County voters in November 2005 and was renewed in 2011 with an expiration date of December 31, 2017. This property tax levy was initially passed and renewed at a rate of \$0.05 per \$1,000 in assessed valuation (AV). Under the current levy, proceeds are split 50-50 across services for two groups: (1) veterans, military service members, and their families; and (2) general human services.

On May 22, 2017, the King County Executive transmitted a proposed ordinance to place a six-year (2018-2023) Veterans, Seniors and Human Services Levy renewal (VSHSL) on the November ballot to replace the expiring levy. The basic levy outline is as follows:

- The rate of the new levy would be \$0.12 per \$1,000 of AV (initial 2018 rate), up from \$0.05 per \$1,000 of AV (initial 2012 rate) under the current VHSL (the current levy rate is \$0.04/\$1,000 based on the increase in the county's AV).
- The new levy would generate about \$60.7 million in 2018 compared to \$18.6 million in 2017 under the current levy.
- Under the \$0.12 initial rate, a homeowner with an AV of \$450,000 (King County median AV) would pay \$54 in the first year of this property tax, compared to \$18 at the current levy rate.
- In the first year, no less than 50% of all proceeds (50% from each category) would be dedicated to promote housing stability, including capital facilities. In subsequent years, the housing distribution would fall to 25% across all categories.

Under the Executive's proposal, Bellevue homeowners would be assessed a total of \$5.89 million during the first year of the levy compared to \$1.96 million in 2017. A Bellevue homeowner with a median AV of \$690,000 would pay \$83 in the first year of the proposed levy compared to \$28 in 2017.

To address concerns that the levy may negatively impact the populations it is intended to help, the County Executive intends to work with the King County Assessor to ask the Legislature to allow local governments to exempt some lower-income households from levy lid-lift assessments, including the VHSL. The Executive is also proposing to offer full rebates to low-income individuals impacted by the levy until such time as a bill is introduced and enacted by the Legislature. As of this time, no bill has been introduced in the Legislature.

### **Categories for Levy Funding**

The new levy would provide funding for three categories of services: (1) veterans, military service members and their families; (2) vulnerable populations; and (3) seniors. Each category would receive one third of the funding. The proposed levy would:

- 1) Double the current funding from \$9.3 to \$20.16 million for veterans, military service members and their families. Services include:
  - Employment programs that capitalize on skills veterans bring from their services;
  - Increased access to legal services and housing supports; and
  - Shelters and coordination centers with supportive services for veterans.
- 2) Double the current funding from \$9.3 to \$20.16 million for services to support vulnerable populations (defined as "persons, peoples and communities who are susceptible to reduced health, housing, financial, or social stability or outcomes because of current experience of or historical exposure to trauma, violence, poverty, isolation, bias, racism, stigma, discrimination, disability or chronic illness"), including:
  - Increased access to legal and housing resources for survivors of domestic violence and sexual assault;
  - Provide new mobile medical vans to increase access to essential services for isolated, homebound or homeless persons;
  - Support individuals with disabilities and their caregivers; and
  - Prevent individuals from discharging from treatment or releasing from incarceration into homelessness by increasing housing that promotes recovery and reentry into society.

- 3) Create a new funding category in the amount of \$20.16 million for seniors, the largest growing segment of the county's population. Services for seniors would include:
- Creating and expanding housing programs and providing tax relief to low-income seniors to prevent seniors from aging into poverty;
  - Supporting Meals on Wheels and other food programs; and
  - Helping fund senior activities and programs to promote physical, social and emotional health.

### Current Levy Services Provided in Bellevue

The current VHSL has four overarching strategy areas. The table below shows the number of Bellevue residents served in 2016 in each strategy area:

#### Number of clients from Bellevue zip codes served by VHSL strategy in 2016

<b>Strategy 1:</b> Supporting veterans and their families to build stable lives and strong relationships	171
<b>Strategy 2:</b> Ending homelessness through outreach, prevention, permanent supportive housing and employment	226
<b>Strategy 3:</b> Improving health through the integration of medical and behavioral health services	54
<b>Strategy 4:</b> Strengthening families at risk	695
<b>Total</b>	<b>1,146</b>

Examples of specific levy-funded programs/services located in Bellevue include:

Strategy Area	Activity Description	Agency/Service Site
1	Veterans Employment and Training	WA Department of Veterans Affairs/Bellevue College
1	PTSD treatment	WA Department of Veterans Affairs/Dr. Terry O'Neil, 1800 112 <sup>th</sup> Ave. NE
1	Career Connections	Sophia's Way/Day Center
2	On-site support services	Imagine Housing/Andrew's Glen
2	On-site support services	Congregations for the Homeless/Permanent Housing
3	Behavioral health integration	International Community Health Services/ICHS Bellevue Medical & Dental Clinic
3	Behavioral health integration	Sea Mar Community Health Centers/Bellevue
4	Maternal Depression Reduction	Public Health-Seattle & King County/Eastgate Public Health Center
4	Maternal Depression Reduction	Sea Mar Community Health Centers/Bellevue Behavioral Health
4	Parent Education and Support - Play and Learn Program	Child Care Resources/Newport Way Library
4	Parent Education and Support - Play and Learn Program	Child Care Resources/Lake Hills Library
4	Cultural Navigator Project	CISC/Bellevue Mini City Hall

**Bellevue locations where current VHSL funded capital projects are located:**

<b>Sponsor Agency</b>	<b>Project Name</b>	<b>Population Served</b>
Downtown Action to Save Housing (DASH)	Evergreen Court	Low income seniors/senior vets
Imagine Housing	Andrew's Glen	Homeless families/individuals (including veterans)
Low Income Housing Institute (LIHI)	August Wilson Place	Homeless families/individuals & low-income vets

**VHSL Implementation**

Services provided to the Bellevue community by the new levy will depend on the levy implementation plan. A transition plan is being developed to bridge the time between the existing and the new levy and to guide the investments for the first year. The transition plan will be transmitted by August 23, 2017. The Executive will transmit an implementation plan for the rest of the levy period by March 16, 2018. Next steps in the development of the transition and implementation plans are not yet available.

**Regional Policy Committee Role**

The levy ordinance has been referred to the Regional Policy Committee (RPC) as a “mandatory referral” under the King County Charter rules for regional committees, which means the levy will not advance without action by the RPC. Furthermore, if the King County Council modifies the ordinance after the RPC acts, it must go back to the RPC for another opportunity to further amend and approve the ordinance.

Some members of the Sound Cities Association RPC Caucus have expressed concerns about the proposed levy, especially the lack of an implementation plan before the vote. Also of concern are the level and definition of administrative costs, potential voter fatigue due to the number of recent and future levies, and the lack of specificity regarding the term “housing stability” and how new housing efforts under the levy would be coordinated with other county affordable housing efforts. Some members also expressed concern that tripling the levy rate could endanger the passage of the levy, thereby eliminating the entire funding source when the current levy expires at the end of the year.

On June 14, the RPC amended the ordinance to reduce the rate from \$0.12 to \$0.10 per \$1,000 of AV. The RPC voted 9 – 0 to approve the ordinance as amended without recommendation to the King County Council. The ordinance will be returned to the RPC for further action in July after the County Council makes technical corrections and/or any other changes. The County Council must act before August 1 in order for the levy to be placed on the November countywide ballot.

**ALTERNATIVES**

N/A

**RECOMMENDATION**

N/A

**ATTACHMENT(S)**

N/A