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HOUSE BILL 1866

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State of Washington

67th Legislature

2022 Regular Session

**By** Representatives Chopp, Riccelli, Macri, Bateman, Davis, Fey, Goodman, Leavitt, Ortiz-Self, Peterson, Ramel, Ryu, Santos, Orwall, Wylie, Cody, Simmons, Slatter, Valdez, Wicks, Pollet, Taylor, Stonier, Ormsby, Hackney, Harris-Talley, and Frame

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1 AN ACT Relating to assisting persons receiving community support  
2 services through medical assistance programs to receive supportive  
3 housing; amending RCW 36.22.176; adding new sections to chapter 74.09  
4 RCW; adding new sections to chapter 43.330 RCW; creating new  
5 sections; making appropriations; and declaring an emergency.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** (1) The legislature finds that:

8 (a) The epidemic of homelessness apparent in communities  
9 throughout Washington is creating immense suffering. It is  
10 threatening the health of homeless families and individuals, sapping  
11 their human potential, eroding public confidence, and undermining the  
12 shared values that have driven our state's prosperity, including  
13 public safety and access to public streets, parks, and facilities;

14 (b) In seeking to identify the causes of this epidemic, a large  
15 proportion of those unsheltered also suffer from serious behavioral  
16 health or physical health conditions that will inevitably grow worse  
17 without timely and effective health care;

18 (c) Housing is an indispensable element of effective health care.  
19 Stable housing is a prerequisite to addressing behavioral health  
20 needs and lack of housing is a precursor to poor health outcomes;

1 (d) A home, health care, and wellness are fundamental for  
2 Washington residents;

3 (e) Reducing homelessness is a priority of the people of  
4 Washington state and that reducing homelessness through policy  
5 alignment and reform lessens fiscal impact to the state and improves  
6 the economic vitality of our businesses;

7 (f) The impact of this epidemic is falling most heavily on those  
8 communities that already suffer the most serious health disparities:  
9 Black, indigenous, people of color, and historically marginalized and  
10 underserved communities. It is a moral imperative to shelter  
11 chronically homeless populations; and

12 (g) Washington state has many of the tools needed to address this  
13 challenge, including a network of safety net health and behavioral  
14 health care providers in both urban and rural areas, an effective  
15 system of health care coverage through apple health, and excellent  
16 public and nonprofit affordable housing providers. Yet far too many  
17 homeless families and individuals are going without the housing and  
18 health care resources they need because these tools have yet to be  
19 combined in an effective way across the state.

20 (2) It is the intent of the legislature to treat chronic  
21 homelessness as a medical condition and that the apple health and  
22 homes act address the needs of chronically homeless populations by  
23 pairing a health care problem with a health care solution.

24 NEW SECTION. **Sec. 2.** A new section is added to chapter 74.09  
25 RCW to read as follows:

26 The definitions in this section apply throughout sections 3 and 4  
27 of this act unless the context clearly requires otherwise.

28 (1) "Community support services" means active search and  
29 promotion of access to, and choice of, appropriate, safe, and  
30 affordable housing. The term includes, but is not limited to,  
31 services to medical assistance clients who are homeless or at risk of  
32 becoming homeless through outreach, engagement, and coordination of  
33 services with shelter and housing.

34 (2) "Coordinating entity" means a private organization under  
35 contract with the authority to coordinate community support services  
36 as well as supportive housing functions as required under sections 3  
37 and 4 of this act.

38 (3) "Homeless" means living in a safe haven, an emergency  
39 shelter, or a place not meant for human habitation.

1 (4) "Housing benefit authorization" means a statement from the  
2 coordinating entity to the office that a client receiving community  
3 support services has been determined to meet the eligibility  
4 standards under section 3 of this act to qualify for supportive  
5 housing and includes an assessment of the client's housing needs to  
6 assure that a supportive housing placement is appropriate and safe.

7 (5) "Office" means the office of health and homes created in  
8 section 5 of this act.

9 (6) "Program" means the apple health and homes program  
10 established in section 3 of this act.

11 (7) "Regional service area" means a regional service area  
12 established pursuant to RCW 74.09.870.

13 (8) "Supportive housing" means subsidized housing that  
14 prioritizes people who need comprehensive support services to retain  
15 tenancy and utilizes admissions practices designed to use lower  
16 barriers to entry than would be typical for other subsidized or  
17 unsubsidized rental housing, especially related to rental history,  
18 criminal history, and personal behaviors. Supportive housing is  
19 paired with on-site or off-site voluntary services designed to  
20 support a person living with a complex and disabling behavioral  
21 health or physical health condition who was experiencing homelessness  
22 or was at imminent risk of homelessness prior to moving into housing  
23 to retain their housing and be a successful tenant in a housing  
24 arrangement, improve the resident's health status, and connect the  
25 resident of the housing with community-based health care, treatment,  
26 or employment services. Supportive housing is subject to all of the  
27 rights and responsibilities defined in chapter 59.18 RCW.

28 NEW SECTION. **Sec. 3.** A new section is added to chapter 74.09  
29 RCW to read as follows:

30 (1) The apple health and homes program is established to provide  
31 a supportive housing benefit in renewable 12-month periods for  
32 persons enrolled in medical assistance programs under this chapter  
33 and receiving community support services. The program shall operate  
34 through the submission of housing benefit authorizations issued by a  
35 coordinating entity to the office on behalf of persons who meet the  
36 eligibility standards established in subsection (2) of this section,  
37 as may be adjusted in accordance with federal standards for providing  
38 funding for community support services.

1 (2) To be eligible for a housing benefit authorization under  
2 subsection (3) of this section, a person must:

3 (a) Be 18 years of age or older;

4 (b) Be enrolled in a medical assistance program under this  
5 chapter and eligible for community support services;

6 (c) Have been assessed:

7 (i) By a licensed behavioral health agency to have a behavioral  
8 health need which is defined as meeting one or both of the following  
9 criteria:

10 (A) Having mental health needs, including a need for improvement,  
11 stabilization, or prevention of deterioration of functioning  
12 resulting from the presence of a mental illness; or

13 (B) Having substance use disorder needs indicating the need for  
14 outpatient substance use disorder treatment which may be determined  
15 by an assessment using the American society of addiction medicine  
16 criteria or a similar assessment tool approved by the authority;

17 (ii) By the department of social and health services as needing  
18 either assistance with at least three activities of daily living or  
19 hands-on assistance with at least one activity of daily living and  
20 have the preliminary determination confirmed by the department of  
21 social and health services through an in-person assessment conducted  
22 by the department of social and health services; or

23 (iii) To be a homeless person with a long-continuing or  
24 indefinite physical condition requiring improvement, stabilization,  
25 or prevention of deterioration of functioning, including the ability  
26 to live independently without support; and

27 (d) Have at least one of the following risk factors:

28 (i) (A) Be homeless at the time a housing benefit authorization is  
29 submitted on behalf of the person for the program and have been  
30 homeless for 12 months prior to the submission of the housing benefit  
31 authorization; or

32 (B) Have been homeless on at least four separate occasions in the  
33 three years prior to a housing benefit authorization being submitted  
34 on behalf of the person for the program, as long as the combined  
35 occasions equal at least 12 months;

36 (ii) Have a history of frequent or lengthy institutional contact,  
37 including contact at institutional care facilities such as jails,  
38 substance use disorder or mental health treatment facilities,  
39 hospitals, or skilled nursing facilities;

1 (iii) Have a history of frequent stays at adult residential care  
2 facilities or residential treatment facilities;

3 (iv) Have frequent turnover of in-home caregivers; or

4 (v) Have at least one chronic condition and have been determined  
5 by the authority to be at risk for a second chronic condition as  
6 determined by the use of a predictive risk scoring tool that  
7 considers the person's age, gender, diagnosis, and medications.

8 (3) Once a coordinating entity verifies that a person has met the  
9 eligibility criteria established in subsection (2) of this section,  
10 it must conduct a suitable housing assessment to determine the  
11 person's specific housing needs to assure that the housing is  
12 appropriate and safe for the person. The coordinating entity must  
13 submit the housing benefit authorization, including the suitable  
14 housing assessment, to the office.

15 (4) A housing benefit authorization is valid for 12 months and  
16 must be renewed annually in accordance with the eligibility standards  
17 in subsection (2) of this section, except that the standards related  
18 to homelessness shall be replaced with an assessment of the person's  
19 likelihood to become homeless in the event that the housing benefit  
20 authorization expires. The coordinating entity must adopt procedures  
21 to conduct annual housing benefit authorization renewals, according  
22 to authority standards, and submit the results to the office.

23 NEW SECTION. **Sec. 4.** A new section is added to chapter 74.09  
24 RCW to read as follows:

25 (1) To establish and administer section 3 of this act, the  
26 authority shall:

27 (a) (i) Establish a contract with a coordinating entity to:

28 (A) Assure the availability of access for potential supportive  
29 housing recipients to eligibility determination services;

30 (B) Verify that persons meet the eligibility standards of section  
31 3(2) of this act;

32 (C) Coordinate enrollment in medical assistance programs for  
33 persons who meet the eligibility standards of section 3(2) of this  
34 act, except for actual enrollment in a medical assistance program  
35 under this chapter; and

36 (D) Coordinate with the office to arrange suitable housing for  
37 persons with a housing benefit authorization and assist the person  
38 with case management services to assure that the housing is

1 appropriate to the person's needs and that supportive housing  
2 services are provided to the person.

3 (ii) The primary role of the coordinating entity is  
4 administrative and operational, while the authority shall establish  
5 the general policy parameters for the program and the work of the  
6 coordinating entity.

7 (iii) In selecting the coordinating entity, the authority shall  
8 choose an organization that is capable of providing both community  
9 support services and supportive housing to persons enrolled in  
10 medical assistance programs under this chapter;

11 (b) Establish metrics for the ongoing monitoring of the program,  
12 including the program's effect on providing persons with supportive  
13 housing, moving people into independent housing, improving health  
14 outcomes for people in the program, estimated reduced health care  
15 spending to the state on persons enrolled in the program, and  
16 outcomes related to social determinants of health; and

17 (c) Adopt any rules necessary to implement the program.

18 (2) The authority, in collaboration with the office, shall  
19 implement the program in phases as funding and housing is available.  
20 If either funding or supportive housing is not adequate to provide  
21 full access to the benefit, the authority, in collaboration with the  
22 office, may limit the enrollee size for a regional service area to  
23 remain within budgeted amounts or the availability of supportive  
24 housing within the regional service area. No later than:

25 (a) January 1, 2023, the program must be available in at least  
26 three regional service areas. One regional service area must be the  
27 most populous single county regional service area in the state. The  
28 other two regional service areas must be the two regional service  
29 areas with the greatest number of counties within their boundaries.  
30 In implementing the program in the first phase, the authority must  
31 work with the office to address the ability to establish all program  
32 elements required by this chapter, including contracting with a  
33 coordinating entity to collaborate housing benefit authorizations  
34 with the office and establishing an adequate supply of supportive  
35 housing to meet anticipated demand by January 1, 2023;

36 (b) July 1, 2024, the program must be available in at least four  
37 regional service areas; and

38 (c) July 1, 2025, the program must be available in all regional  
39 service areas.

1 (3) (a) The authority and the department may seek and accept funds  
2 from private and federal sources to support the purposes of the  
3 program.

4 (b) The authority shall seek approval from the federal department  
5 of health and human services to:

6 (i) Receive federal matching funds for administrative costs and  
7 services provided under the program to persons enrolled in medicaid;  
8 and

9 (ii) Align the eligibility and benefit standards of the  
10 foundational community supports program established pursuant to the  
11 waiver, entitled "medicaid transformation project" and initially  
12 approved November 2017, between the authority and the federal centers  
13 for medicare and medicaid services, as amended and reauthorized, with  
14 the standards of the program, including extending the duration of the  
15 benefits under the foundational community supports program to 12  
16 months.

17 (4) (a) By December 1, 2022, the authority and the office shall  
18 report to the governor and the legislature on preparedness for the  
19 first phase of program implementation, including the estimated  
20 enrollment, estimated program costs, estimated supportive housing  
21 unit availability, funding availability for the program from all  
22 sources, and any statutory or budgetary needs to successfully  
23 implement the first phase of the program.

24 (b) By December 1, 2023, the authority and the office shall  
25 report to the governor and the legislature on the progress of the  
26 first phase of program implementation and preparedness for the second  
27 phase of program implementation.

28 (c) By December 1, 2024, the authority and the office shall  
29 report to the governor and the legislature on the progress of the  
30 first two phases of program implementation and preparedness for the  
31 final phase of program implementation.

32 (d) By December 1, 2026, the authority and the office shall  
33 report to the governor and the legislature on the full implementation  
34 of the program, including the number of persons served by the  
35 program, available supportive housing units, estimated unmet demand  
36 for the program, ongoing funding requirements for the program, and  
37 funding availability for the program from all sources. Beginning  
38 December 1, 2027, the authority and the office shall provide annual  
39 updates to the governor and the legislature on the status of the  
40 program.

1        NEW SECTION.    **Sec. 5.**    A new section is added to chapter 43.330  
2    RCW to read as follows:

3        (1) There is created the office of health and homes within the  
4    department.

5        (2) Activities of the office of health and homes must be carried  
6    out by a director of the office of health and homes, supervised by  
7    the director of the department or his or her designee.

8        (3) The office of health and homes is responsible for leading  
9    efforts under this section and sections 3 and 4 of this act to  
10   coordinate a spectrum of ongoing and future funding, policy, and  
11   practice efforts related to acquiring, producing, and providing  
12   housing to eligible recipients identified in section 3 of this act.

13        (4) The office of health and homes shall:

14        (a) Acquire or create supportive housing units sufficient in  
15   number to fulfill housing benefit authorizations approved by the  
16   coordinating entity under section 3 of this act to provide approved  
17   persons with supportive housing;

18        (b) Contract with appropriate organizations to acquire, build,  
19   and operate the housing units, including but not limited to nonprofit  
20   community organizations, local counties and cities, public housing  
21   authorities, and public development authorities;

22        (c) Receive approved housing benefit authorizations and suitable  
23   housing assessments from the coordinating entity and identify an  
24   available supportive housing unit that meets the approved person's  
25   needs;

26        (d) Reevaluate the suitability of a person's supportive housing  
27   unit upon renewal of the housing benefit authorization by the  
28   coordinating entity;

29        (e) Collaborate with the authority on administrative functions,  
30   oversight, and reporting requirements, as necessary to implement the  
31   apple health and homes program established under section 3 of this  
32   act; and

33        (f) Adopt procedures to assist persons whose housing benefit  
34   authorizations are not renewed to transition to an independent  
35   housing arrangement and coordinate supports.

36        (5)(a) The office of health and homes shall regularly consult  
37   with an advisory committee, comprised of 13 members, including  
38   advocates, at least two legislators, a representative from the health  
39   care authority, a representative from a county that provides local  
40   county dollars for affordable housing, a councilmember or designee



1 from a city or jurisdiction that provides local dollars for  
2 affordable housing, a nonprofit developer of housing supported by the  
3 bond or tax credit program from western Washington, a nonprofit  
4 developer of housing supported by the bond or tax credit program from  
5 central Washington, a nonprofit developer of housing supported by the  
6 bond or tax credit program from eastern Washington, a person with  
7 lived experience with chronic homelessness, two service providers,  
8 and other stakeholders knowledgeable in the provision of services to  
9 homeless individuals. The advisory committee shall provide guidance  
10 and recommendations to the office of health and homes regarding  
11 funding, policy, and practice gaps within and among state programs.

12 (b) The advisory committee must be staffed by the department.

13 (c) The members of the advisory committee must be appointed by  
14 the governor, except for the legislators who must be appointed by the  
15 speaker of the house of representatives and the president of the  
16 senate.

17 (d) The advisory committee shall have its initial meeting no  
18 later than March 1, 2023.

19 (6) The office of health and homes must be operational no later  
20 than January 1, 2023. The department shall assure the coordination of  
21 the work of the office of health and homes with other offices within  
22 the department with similar or adjacent authorities and functions.

23 (7) For the purposes of this section:

24 (a) "Coordinating entity" has the same meaning as in section 2 of  
25 this act.

26 (b) "Housing benefit authorization" has the same meaning as in  
27 section 2 of this act.

28 (c) "Supportive housing" has the same meaning as in section 2 of  
29 this act.

30 NEW SECTION. **Sec. 6.** A new section is added to chapter 43.330  
31 RCW to read as follows:

32 The health and homes account is created in the state treasury.  
33 All receipts from the state's portion of the surcharge established in  
34 RCW 36.22.176(1)(c)(i) must be deposited into the account. Moneys in  
35 the account may be spent only after appropriation. Expenditures from  
36 the account may be used only for supportive housing programs  
37 administered by the office created in section 5 of this act,  
38 including acquisition and development of supportive housing units,  
39 operations, maintenance, and services costs of supportive housing

1 units, project-based vouchers, and rapid rehousing. At least 25  
2 percent of the expenditures from the account must be allocated to  
3 organizations that serve and are substantially governed by  
4 marginalized populations to pay the costs associated with program  
5 outreach.

6 **Sec. 7.** RCW 36.22.176 and 2021 c 214 s 1 are each amended to  
7 read as follows:

8 (1) Except as provided in subsection (2) of this section, a  
9 surcharge of \$100 must be charged by the county auditor for each  
10 document recorded, which is in addition to any other charge or  
11 surcharge allowed by law. The auditor must remit the funds to the  
12 state treasurer to be deposited and used as follows:

13 (a) Twenty percent of funds must be deposited in the affordable  
14 housing for all account for operations, maintenance, and service  
15 costs for permanent supportive housing as defined in RCW 36.70A.030;

16 (b) From July 1, 2021, through June 30, 2023, four percent of the  
17 funds must be deposited into the landlord mitigation program account  
18 created in RCW 43.31.615 for the purposes of RCW 43.31.605(1).  
19 Thereafter, two percent of funds must be deposited into the landlord  
20 mitigation program account created in RCW 43.31.615 for purposes of  
21 RCW 43.31.605(1); ~~((and))~~

22 (c) The remainder of funds must be distributed ~~((to the home  
23 security fund account, with 60))~~ such that:

24 (i) Thirty percent of funds are distributed to the health and  
25 homes account created in section 6 of this act; and

26 (ii) Thirty percent of funds are distributed to the home security  
27 fund account to be used for project-based vouchers for nonprofit  
28 housing providers or public housing authorities, housing services,  
29 rapid rehousing, emergency housing, or acquisition. Priority for use  
30 must be given to project-based vouchers and related services, housing  
31 acquisition, or emergency housing, for persons who are chronically  
32 homeless, including families with children. At least 50 percent of  
33 persons receiving a project-based voucher, rapid rehousing, emergency  
34 housing, or benefiting from housing acquisition must be living  
35 unsheltered at the time of initial engagement. In addition, funds may  
36 be used for eviction prevention rental assistance pursuant to RCW  
37 43.185C.185, foreclosure prevention services, dispute resolution  
38 center eviction prevention services, rental assistance for people  
39 experiencing homelessness, and tenant education and legal assistance.

1 (2) The surcharge imposed in this section does not apply to: (a)  
2 Assignments or substitutions of previously recorded deeds of trust;  
3 (b) documents recording a birth, marriage, divorce, or death; (c) any  
4 recorded documents otherwise exempted from a recording fee or  
5 additional surcharges under state law; (d) marriage licenses issued  
6 by the county auditor; or (e) documents recording a federal, state,  
7 county, city, or water-sewer district, or wage lien or satisfaction  
8 of lien.

9 NEW SECTION. **Sec. 8.** The sum of \$500,000,000 is appropriated  
10 for the fiscal biennium ending June 30, 2023, from the coronavirus  
11 state fiscal recovery fund to the office of financial management for  
12 expenditure into the health and homes account created in section 6 of  
13 this act.

14 NEW SECTION. **Sec. 9.** The sum of \$500,000,000 is appropriated  
15 for the fiscal biennium ending June 30, 2023, from the health and  
16 homes account created in section 6 of this act to the department of  
17 commerce for the purpose of a rapid supportive housing acquisition  
18 program to issue competitive financial assistance to eligible  
19 organizations under RCW 43.185A.040 and to public development  
20 authorities established under RCW 35.21.730 through 35.21.755, for  
21 the acquisition and development of supportive housing units, subject  
22 to the following conditions and limitations:

23 (1) Grants provided under this section may be used to acquire  
24 real property for quick conversion into supportive housing units or  
25 for predevelopment activities, renovation, and building update costs  
26 associated with the establishment of the acquired facilities. Grants  
27 provided under this section may not be used for operating or  
28 maintenance costs associated with providing supportive housing,  
29 supportive services, or debt service.

30 (2) Units acquired or developed under this section must serve  
31 individuals eligible for a supportive housing benefit through the  
32 apple health and homes program, as established in section 3 of this  
33 act.

34 (3) The department of commerce shall establish criteria for the  
35 issuance of the grants, which must follow the guidelines and  
36 compliance requirements of the housing trust fund program and the  
37 federal coronavirus state fiscal recovery fund. The criteria must  
38 include:

1 (a) The date upon which structural modifications or construction  
2 would begin and the anticipated date of completion of the project;

3 (b) A detailed estimate of the costs associated with the  
4 acquisition and any updates or improvements necessary to make the  
5 property habitable for its intended use;

6 (c) A detailed estimate of the costs associated with opening the  
7 units; and

8 (d) A financial plan demonstrating the ability to maintain and  
9 operate the property and support its intended tenants through the end  
10 of the grant contract.

11 (4) The department of commerce shall provide a progress report on  
12 its website by June 1, 2023. The report must include:

13 (a) The total number of applications and amount of funding  
14 requested; and

15 (b) A list and description of the projects approved for funding  
16 including state funding, total project cost, number of units, and  
17 anticipated completion date.

18 (5) The funding in this section is not subject to the 90-day  
19 application periods in RCW 43.185.070 or 43.185A.050. The department  
20 of commerce shall dispense funds to qualifying applicants within 45  
21 days of receipt of documentation from the applicant for qualifying  
22 uses and execution of any necessary contracts with the department in  
23 order to effect the purpose of rapid deployment of funds under this  
24 section.

25 (6) If the department of commerce receives simultaneous  
26 applications for funding under this program, proposals that reach the  
27 greatest public benefit, as defined by the department, must be  
28 prioritized. For the purposes of this subsection (6), "greatest  
29 public benefit" must include, but is not limited to:

30 (a) The greatest number of qualifying supportive housing units;

31 (b) Whether the project has federally funded rental assistance  
32 tied to it;

33 (c) The scarcity of the supportive housing units applied for  
34 compared to the number of available supportive housing units in the  
35 same geographic location; and

36 (d) The housing trust fund program's established funding  
37 priorities under RCW 43.185.070(5).

38 NEW SECTION. **Sec. 10.** This act may be known and cited as the  
39 apple health and homes act.

1        NEW SECTION.    **Sec. 11.**    This act is necessary for the immediate  
2    preservation of the public peace, health, or safety, or support of  
3    the state government and its existing public institutions, and takes  
4    effect immediately.

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