

ESHB 1866 - S COMM AMD
By Committee on Ways & Means

ADOPTED AND ENGROSSED 3/3/2022

1 Strike everything after the enacting clause and insert the
2 following:

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

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

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

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

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

19 (e) Reducing homelessness is a priority of the people of
20 Washington state and that reducing homelessness through policy
21 alignment and reform lessens fiscal impact to the state and improves
22 the economic vitality of our businesses;

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

28 (g) Washington state has many of the tools needed to address this
29 challenge, including a network of safety net health and behavioral
30 health care providers in both urban and rural areas, an effective
31 system of health care coverage through apple health, and excellent
32 public and nonprofit affordable housing providers. Yet far too many

1 homeless families and individuals are going without the housing and
2 health care resources they need because these tools have yet to be
3 combined in an effective way across the state.

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

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

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

12 (1) "Community support services" means active search and
13 promotion of access to, and choice of, appropriate, safe, and
14 affordable housing and ongoing supports to assure ongoing successful
15 tenancy. The term includes, but is not limited to, services to
16 medical assistance clients who are homeless or at risk of becoming
17 homeless through outreach, engagement, and coordination of services
18 with shelter and housing. The term includes benefits offered through
19 the foundational community supports program established pursuant to
20 the authority's federal waiver, entitled "medicaid transformation
21 project," as amended and reauthorized.

22 (2) "Community support services provider" means a local entity
23 that contracts with a coordinating entity to provide community
24 support services. A community support services provider may also
25 separately perform the functions of a housing provider.

26 (3) "Coordinating entity" means one or more organizations,
27 including medicaid managed care organizations, under contract with
28 the authority to coordinate community support services as required
29 under sections 3 and 4 of this act. There may only be one
30 coordinating entity per regional service area.

31 (4) "Department" means the department of commerce.

32 (5) "Homeless person" has the same meaning as in RCW 43.185C.010.

33 (6) "Housing provider" means a public or private organization
34 that supplies permanent supportive housing units consistent with RCW
35 36.70A.030 to meet the housing needs of homeless persons. A housing
36 provider may supply permanent supportive housing in a site-based or
37 scattered site arrangement using a variety of public, private,
38 philanthropic, or tenant-based sources of funds to cover operating

1 costs or rent. A housing provider may also perform the functions of a
2 community support services provider.

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

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

7 (9) "Permanent supportive housing" has the same meaning as in RCW
8 36.70A.030.

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

11 (1) Subject to the availability of amounts appropriated for this
12 specific purpose, the apple health and homes program is established
13 to provide a permanent supportive housing benefit and a community
14 support services benefit through a network of community support
15 services providers for persons assessed with specific health needs
16 and risk factors.

17 (a) The program shall operate through the collaboration of the
18 department, the authority, the department of social and health
19 services, local governments, the coordinating entity or entities,
20 community support services providers, local housing providers, local
21 health care entities, and community-based organizations in contact
22 with potentially eligible individuals, to assure seamless integration
23 of community support services, stable housing, and health care
24 services.

25 (b) The entities operating the program shall coordinate
26 resources, technical assistance, and capacity building efforts to
27 help match eligible individuals with community support services,
28 health care, including behavioral health care and long-term care
29 services, and stable housing.

30 (2) To be eligible for community support services and permanent
31 supportive housing under subsection (3) of this section, a person
32 must:

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

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

36 (ii) (A) Have a countable income that is at or below 133 percent
37 of the federal poverty level, adjusted for family size, and
38 determined annually by the federal department of health and human
39 services; and

1 (B) Not be eligible for categorically needy medical assistance,
2 as defined in the social security Title XIX state plan; or

3 (iii) Be assessed as likely eligible for, but not yet enrolled
4 in, a medical assistance program under this chapter due to the
5 severity of behavioral health symptom acuity level which creates
6 barriers to accessing and receiving conventional services;

7 (c) Have been assessed:

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

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

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

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

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

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

29 (i) (A) Be a homeless person at the time of the eligibility
30 determination for the program and have been homeless for 12 months
31 prior to the eligibility determination; or

32 (B) Have been a homeless person on at least four separate
33 occasions in the three years prior to the eligibility determination
34 for the program, as long as the combined occasions equal at least 12
35 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; or

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

3 (3) Once a coordinating entity verifies that a person has met the
4 eligibility criteria established in subsection (2) of this section,
5 it must connect the eligible person with a community support services
6 provider. The community support services provider must:

7 (a) Deliver pretenancy support services to determine the person's
8 specific housing needs and assist the person in identifying permanent
9 supportive housing options that are appropriate and safe for the
10 person;

11 (b) Fully incorporate the eligible person's available community
12 support services into the case management services provided by the
13 community support services provider; and

14 (c) Deliver ongoing tenancy-sustaining services to support the
15 person in maintaining successful tenancy.

16 (4) Housing options offered to eligible participants may vary,
17 subject to the availability of housing and funding.

18 (5) The community support services benefit must be sustained or
19 renewed in accordance with the eligibility standards in subsection
20 (2) of this section, except that the standards related to
21 homelessness shall be replaced with an assessment of the person's
22 likelihood to become homeless in the event that the community support
23 services benefit is terminated. The coordinating entity must adopt
24 procedures to conduct community support services benefit renewals,
25 according to authority standards.

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

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

30 (a)(i) Establish or amend a contract with a coordinating entity
31 to:

32 (A) Assure the availability of access to eligibility
33 determinations services for community support services benefits and
34 permanent supportive housing benefits;

35 (B) Verify that persons meet the eligibility standards of section
36 3(2) of this act;

37 (C) Coordinate enrollment in medical assistance programs for
38 persons who meet the eligibility standards of section 3(2) of this

1 act, except for actual enrollment in a medical assistance program
2 under this chapter; and

3 (D) Coordinate with a network of community support services
4 providers to arrange with local housing providers for the placement
5 of an eligible person in permanent supportive housing appropriate to
6 the person's needs and assure that community support services are
7 provided to the person by a community support services provider.

8 (ii) The primary role of the coordinating entity or entities is
9 administrative and operational, while the authority shall establish
10 the general policy parameters for the work of the coordinating entity
11 or entities.

12 (iii) In selecting the coordinating entity or entities, the
13 authority shall: Choose one or more organizations that are capable of
14 coordinating access to both community support services and permanent
15 supportive housing services to eligible persons under section 3 of
16 this act; and select no more than one coordinating entity per region
17 which is served by medicaid managed care organizations;

18 (b) Report to the office for the ongoing monitoring of the
19 program; and

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

21 (2) The authority shall establish a work group to provide
22 feedback to the agency on its foundational community supports program
23 as it aligns with the work of the housing benefit. The work group may
24 include representatives of state agencies, behavioral health
25 administrative services organizations, the coordinating entity or
26 entities, and contracted agencies providing foundational community
27 supports services. Topics may include, but are not limited to, best
28 practices in eligibility screening processes and case rate billing
29 for foundational community supports housing, regional cost
30 differentials, costs consistent with specialized needs, improved data
31 access and data sharing with foundational community supports
32 providers, and requirements related to the use of a common practice
33 tool among community support services providers to integrate social
34 determinants of health into service delivery. The authority, in
35 consultation with foundational community supports providers and their
36 stakeholders, shall engage each region on case management tools and
37 programs, evaluate effectiveness, and inform the appropriate
38 committees of the legislature on the use of case management tools.
39 Case management shall also be a regular item of engagement in the
40 work group. The authority shall convene the work group at least once

1 each quarter and may expand upon, but not duplicate, existing work
2 groups or advisory councils at the authority or other state agencies.

3 (3) To support the goals of the program and the goals of other
4 statewide initiatives to identify and address social needs, including
5 efforts within the 1115 waiver renewal to advance health equity and
6 health-related supports, the authority shall work with the office and
7 the department of social and health services to research, identify,
8 and implement statewide universal measures to identify and consider
9 social determinants of health domains, including housing, food
10 security, transportation, financial strain, and interpersonal safety.
11 The authority shall select an accredited or nationally vetted tool,
12 including criteria for prioritization, for the community support
13 services provider to use when making determinations about housing
14 options and other support services to offer individuals eligible for
15 the program. This screening and prioritization process may not
16 exclude clients transitioning from inpatient or other behavioral
17 health residential treatment settings. The authority shall inform the
18 governor and the appropriate committees of the legislature on
19 progress to this end.

20 (4) (a) The authority and the department may seek and accept funds
21 from private and federal sources to support the purposes of the
22 program.

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

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

27 (ii) Align the eligibility and benefit standards of the
28 foundational community supports program established pursuant to the
29 waiver, entitled "medicaid transformation project" and initially
30 approved November 2017, between the authority and the federal centers
31 for medicare and medicaid services, as amended and reauthorized, with
32 the standards of the program, including extending the duration of the
33 benefits under the foundational community supports program to not
34 less than 12 months; and

35 (iii) Implement a medical and psychiatric respite care benefit
36 for certain persons enrolled in medicaid.

37 (5) (a) By December 1, 2022, the authority and the office shall
38 report to the governor and the legislature on preparedness for the
39 first year of program implementation, including the estimated
40 enrollment, estimated program costs, estimated supportive housing

1 unit availability, funding availability for the program from all
2 sources, efforts to improve billing and administrative burdens for
3 foundational community supports providers, efforts to streamline
4 continuity of care and system connection for persons who are
5 potentially eligible for foundational community supports, and any
6 statutory or budgetary needs to successfully implement the first year
7 of the program.

8 (b) By December 1, 2023, the authority and the office shall
9 report to the governor and the legislature on the progress of the
10 first year of program implementation and preparedness for the second
11 year of program implementation.

12 (c) By December 1, 2024, the authority and the office shall
13 report to the governor and the legislature on the progress of the
14 first two years of program implementation and preparedness for
15 ongoing housing acquisition and development.

16 (d) By December 1, 2026, the authority and the office shall
17 report to the governor and the legislature on the full implementation
18 of the program, including the number of persons served by the
19 program, available permanent supportive housing units, estimated
20 unmet demand for the program, ongoing funding requirements for the
21 program, and funding availability for the program from all sources.
22 Beginning December 1, 2027, the authority and the office shall
23 provide annual updates to the governor and the legislature on the
24 status of the program.

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

27 (1) Subject to the availability of amounts appropriated for this
28 specific purpose, there is created the office of apple health and
29 homes within the department.

30 (2) Activities of the office of apple health and homes must be
31 carried out by a director of the office of apple health and homes,
32 supervised by the director of the department or their designee.

33 (3) The office of apple health and homes is responsible for
34 leading efforts under this section and coordinating a spectrum of
35 practice efforts related to providing permanent supportive housing,
36 including leading efforts related to every aspect of creating
37 housing, operating housing, obtaining services, and delivering those
38 services to connect people with housing and maintain them in that
39 housing.

1 (4) The office of apple health and homes shall:

2 (a) Subject to available funding, allocate funding for permanent
3 supportive housing units sufficient in number to fulfill permanent
4 supportive housing needs of persons determined to be eligible for the
5 program by the coordinating entity or entities under section 3 of
6 this act;

7 (b) Collaborate with department divisions responsible for making
8 awards or loans to appropriate housing providers to acquire, build,
9 and operate the housing units, including but not limited to nonprofit
10 community organizations, local counties and cities, public housing
11 authorities, and public development authorities;

12 (c) Collaborate with the authority on administrative functions,
13 oversight, and reporting requirements, as necessary to implement the
14 apple health and homes program established under section 3 of this
15 act;

16 (d) Establish metrics and collect racially disaggregated data
17 from the authority and the department related to the program's effect
18 on providing persons with permanent supportive housing, moving people
19 into independent housing, long-term housing stability, improving
20 health outcomes for people in the program, estimated reduced health
21 care spending to the state on persons enrolled in the program, and
22 outcomes related to social determinants of health;

23 (e) Develop a publicly accessible dashboard to make key program
24 outcomes available to the public. Key program outcomes include, but
25 are not limited to, the number of people served by the program and
26 the number of housing units created by the office;

27 (f) Create work plans and establish milestones to achieve the
28 goal of providing permanent supportive housing for all eligible
29 individuals; and

30 (g) Oversee the allocation of community support services provider
31 and housing provider capacity-building grants to further the state's
32 interests of enhancing the ability of community support services
33 providers and housing providers to deliver community support services
34 and permanent supportive housing and assure that an initial
35 infrastructure is established to create strong networks of community
36 support services providers and housing providers.

37 (5) The office of apple health and homes must be operational no
38 later than January 1, 2023. The department shall assure the
39 coordination of the work of the office of apple health and homes with

1 other offices within the department with similar or adjacent
2 authorities and functions.

3 (6) For the purposes of this section:

4 (a) "Community support services provider" has the same meaning as
5 in section 2 of this act.

6 (b) "Coordinating entity" has the same meaning as in section 2 of
7 this act.

8 (c) "Housing provider" has the same meaning as in section 2 of
9 this act.

10 (d) "Permanent supportive housing" has the same meaning as in
11 section 2 of this act.

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

14 The apple health and homes account is created in the state
15 treasury. Moneys in the account may be spent only after
16 appropriation. Expenditures from the account may be used only for
17 permanent supportive housing programs administered by the office
18 created in section 5 of this act, including acquisition and
19 development of permanent supportive housing units, operations,
20 maintenance, and services costs of permanent supportive housing
21 units, project-based vouchers, provider grants, and other purposes
22 authorized by appropriations made in the operating budget. The
23 department must prioritize allocating at least 10 percent of the
24 expenditures from the account to organizations that serve and are
25 substantially governed by individuals disproportionately impacted by
26 homelessness and behavioral health conditions, including black,
27 indigenous, and other people of color, lesbian, gay, bisexual, queer,
28 transgender, and other gender diverse individuals. When selecting
29 projects supported by funds from the account, the office shall
30 balance the state's interest in quickly approving and financing
31 projects, the degree to which the project will leverage other funds,
32 the extent to which the project promotes racial equity, and the
33 extent to which the project will promote priorities of this act on a
34 statewide basis, including in rural areas and in geographically
35 diverse parts of the state.

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

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

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

9 (b) From July 1, 2021, through June 30, 2023, four percent of the
10 funds must be deposited into the landlord mitigation program account
11 created in RCW 43.31.615 for the purposes of RCW 43.31.605(1).
12 Thereafter, two percent of funds must be deposited into the landlord
13 mitigation program account created in RCW 43.31.615 for purposes of
14 RCW 43.31.605(1); ~~((and))~~

15 (c) (i) The remainder of funds must be distributed to the home
16 security fund account, with no less than 60 percent of funds to be
17 used for project-based vouchers for nonprofit housing providers or
18 public housing authorities, housing services, rapid rehousing,
19 emergency housing, ~~((or))~~ acquisition, or operations, maintenance,
20 and service costs for permanent supportive housing as defined in RCW
21 36.70A.030 for persons with disabilities. Permanent supportive
22 housing programs administered by the office of apple health and homes
23 created in section 5 of this act are also eligible to use these
24 funds. Priority for use must be given to ~~((project-based vouchers and~~
25 ~~related services, housing acquisition, or emergency housing, for))~~
26 purposes intended to house persons who are chronically homeless or
27 maintain housing for individuals with disabilities and prior
28 experiences of homelessness, including families with children. ((At
29 ~~least 50 percent of persons receiving a project-based voucher, rapid~~
30 ~~rehousing, emergency housing, or benefiting from housing acquisition~~
31 ~~must be living unsheltered at the time of initial engagement.))~~ In
32 addition, funds may be used for eviction prevention rental assistance
33 pursuant to RCW 43.185C.185, foreclosure prevention services, dispute
34 resolution center eviction prevention services, rental assistance for
35 people experiencing homelessness, and tenant education and legal
36 assistance.

37 (ii) The department shall provide counties with the right of
38 first refusal to receive grant funds distributed under this
39 subsection (c). If a county refuses the funds or does not respond
40 within a time frame established by the department, the department

1 shall identify an alternative grantee. The alternative grantee shall
2 distribute the funds in a manner that is in compliance with this
3 chapter.

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

12 NEW SECTION. Sec. 8. Subject to amounts appropriated from the
13 apple health and homes account created in section 6 of this act the
14 department of commerce shall establish a rapid permanent supportive
15 housing acquisition and development program to issue competitive
16 financial assistance to eligible organizations under RCW 43.185A.040
17 and to public development authorities established under RCW 35.21.730
18 through 35.21.755, for the acquisition or the construction of
19 permanent supportive housing units, subject to the following
20 conditions and limitations:

21 (1) Awards or loans provided under this section may be used to
22 construct permanent supportive housing units or to acquire real
23 property for quick conversion into permanent supportive housing units
24 which may include predevelopment or development activities,
25 renovation, and building update costs. Awards or loans provided under
26 this section may not be used for operating or maintenance costs
27 associated with providing permanent supportive housing, supportive
28 services, or debt service.

29 (2) Projects acquired or constructed under this section must
30 serve individuals eligible for a community support services benefit
31 through the apple health and homes program, as established in section
32 3 of this act.

33 (3) The department of commerce shall establish criteria for the
34 issuance of the awards or loans, including but not limited to:

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

37 (b) A detailed estimate of the costs associated with the
38 construction or acquisition and any updates or improvements necessary
39 to make the property habitable for its intended use;

1 (c) A detailed estimate of the costs associated with opening the
2 units; and

3 (d) A financial plan demonstrating the ability to maintain and
4 operate the property and support its intended tenants through the end
5 of the award or loan contract.

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

8 (a) The total number of applications and amount of funding
9 requested; and

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

13 (5)(a) The funding in this section shall be allocated on an
14 ongoing basis until all funds are expended. The department of
15 commerce shall dispense funds to qualifying applicants within 45 days
16 of receipt of documentation from the applicant for qualifying uses
17 and execution of any necessary contracts with the department in order
18 to effect the purpose of rapid deployment of funds under this
19 section.

20 (b) The department of commerce shall ensure that proposals that
21 reach the greatest public benefit, as defined by the department, are
22 prioritized. For the purposes of this subsection, "greatest public
23 benefit" must include, but is not limited to:

24 (i) The greatest number of qualifying permanent supportive
25 housing units created by the state investment, determined by
26 comparing simultaneous applications for funding from the same
27 geographic region; and

28 (ii) Equitable geographic distribution, to the extent possible,
29 relative to need, as determined by the establishment of regional
30 targets.

31 NEW SECTION. **Sec. 9.** A new section is added to chapter 44.28
32 RCW to read as follows:

33 The joint committee must review the efficacy of the apple health
34 and homes program established by this act and report its findings to
35 the appropriate committees of the legislature by December 1, 2027.
36 The review must include a recommendation on whether this program
37 should be continued without change or should be amended or repealed.

1 NEW SECTION. **Sec. 10.** This act may be known and cited as the
2 apple health and homes act."

ESHB 1866 - S COMM AMD
By Committee on Ways & Means

ADOPTED AND ENGROSSED 3/3/2022

3 On page 1, line 3 of the title, after "housing;" strike the
4 remainder of the title and insert "amending RCW 36.22.176; adding new
5 sections to chapter 74.09 RCW; adding new sections to chapter 43.330
6 RCW; adding a new section to chapter 44.28 RCW; and creating new
7 sections."

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