



TO: Hyun Kim, City Manager
FROM: Toni Esparza, Director, Neighborhood and Community Services
 Caleb Carbone, Homeless Strategy, Systems and Services Manager, Neighborhood and Community Services
COPY: City Council and City Clerk
SUBJECT: Resolution – 2027 Commerce Document Recording Fee Backfill Funds
DATE: June 1, 2026

SUMMARY AND PURPOSE:

A resolution authorizing the acceptance and appropriation of \$3,000,000 in Fiscal Year (FY) 2027 Document Recording Fee (DRF) Backfill funding from the Washington State Department of Commerce Housing Division under Contract No. 26-46108-250, Amendment A, for continuation of emergency shelter operations and related homelessness response services.

BACKGROUND:

This department’s recommendation is based on the need to maintain existing emergency shelter capacity and prevent disruption of services for individuals and households experiencing homelessness in Tacoma.

On July 1, 2025, the City entered into an agreement with the Washington State Department of Commerce to administer DRF Backfill funding intended to preserve emergency and temporary shelter operations. These funds were incorporated into the City’s FY 2026 budget and supported contracted emergency shelter and safe parking programs serving community members experiencing homelessness.

The proposed FY 2027 funding will allow continuation of these existing services through contracted providers and help maintain critical shelter capacity within the community, preventing the closure of emergency and temporary shelter beds and maintaining access to resources for community members experiencing homelessness.

Tacoma Strategic Plan 2035:

Equity and Accessibility: (Mandatory)

This legislation reduces disparities by providing low-barrier, accessible shelter and services to individuals experiencing homelessness, a population disproportionately composed of people of color and individuals with disabilities. The program is accessible to individuals with both physical and mental disabilities. It also prioritizes equitable access to basic needs and housing pathways.

Housing and Homelessness

This proposal aligns with the City’s Housing and Homelessness strategic priority by maintaining emergency shelter capacity while supporting pathways to housing stability.

ALTERNATIVES:

Presumably, your recommendation is not the only potential course of action; please discuss other alternatives or actions that City Council or staff could take. Please use table below.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Do not accept Commerce funding.	The City would not assume the administrative responsibilities	<ul style="list-style-type: none"> The City would forgo \$3,000,000 in state funding designated to



	associated with the FY2027 Commerce award.	<p>support emergency shelter operations, potentially placing additional strain on General Fund GF and Mental Health & Substance Use Disorder (MHSUD) funding due to the cost impact of shelter standdown activities.</p> <ul style="list-style-type: none"> Existing shelter and safe parking programs may require closure unless alternative funding sources are identified. Loss of shelter capacity will reduce 205 available shelter beds and add stress to the existing gaps within the shelter system.
2.		
3.		

EVALUATION AND FOLLOW UP:

The success of this funding will be evaluated through performance measures required by the Washington State Department of Commerce and tracked through the Homeless Management Information System (HMIS). Key performance indicators include shelter utilization, bed nights provided, case management engagement, reduction in barriers to housing and successful exits to permanent housing or other stable living situations.

The City will continue to monitor program performance through contract oversight, program reporting and review of HMIS data. Performance information may be provided to the City Council upon request.

STAFF/SPONSOR RECOMMENDATION:

Staff recommends the adoption of the resolution to accept funding for continued services.

FISCAL IMPACT:

Maintains current service level with no additional local funding required.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1. 1185-NCS Misc. Grants & Revenues	858700	4334360	\$3,000,000



City of Tacoma

City Council Action Memorandum

TOTAL		\$3,000,000
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What Funding is being used to support the expense?

2027 Document Recording Fee (DRF) Backfill funding from the Washington State Department of Commerce Housing Division

Are the expenditures and revenues planned and budgeted in this biennium's current budget?

YES

Included in the City Manager mid-modification budget package.

Are there financial costs or other impacts of not implementing the legislation?

YES

Will the legislation have an ongoing/recurring fiscal impact?

No

Will the legislation change the City's FTE/personnel counts?

No