

# SENATE BILL REPORT

## SHB 2060

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As Reported By Senate Committee On:  
Labor, Commerce & Financial Institutions, February 25, 2002  
Ways & Means, March 4, 2002

**Title:** An act relating to funds for operating and maintenance of low-income housing projects and for innovative housing demonstration projects.

**Brief Description:** Providing funds for housing projects.

**Sponsors:** House Committee on Finance (originally sponsored by Representatives Dunn, Cooper, Haigh, Edmonds and Fromhold).

**Brief History:**

**Committee Activity:** Labor, Commerce & Financial Institutions: 2/25/02 [DP, DNP].  
Ways & Means: 3/1/02, 3/4/02 [DPA, DNPA].

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### SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

**Majority Report:** Do pass.

Signed by Senators Prentice, Chair; Keiser, Vice Chair; Fairley, Franklin, Gardner, Rasmussen, Regala and Winsley.

**Minority Report:** Do not pass.

Signed by Senator Benton.

**Staff:** Dave Cheal (786-7576)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass as amended.

Signed by Senators Brown, Chair; Regala, Vice Chair; Fairley, Vice Chair; Fraser, Hewitt, Kline, Kohl-Welles, Long, Rasmussen, Roach, B. Sheldon, Snyder, Spanel, Thibaudeau and Winsley.

**Minority Report:** Do not pass as amended.

Signed by Senator Zarelli.

**Staff:** Erin Hannan (786-7708)

**Background:** Affordable housing needs continue to outstrip available resources. Existing housing programs and projects experience occasional very high maintenance or remodel needs that threaten their continuation.

County auditors currently collect \$5 for the first page of each instrument recorded, and \$1 for each additional page. Some multiple transactions contained in one instrument generate a lesser fee. Fees are also charged for producing both certified and uncertified copies.

Other document fees include: recording of plats, recording emergency and nonstandard documents, issuing of marriage licenses, searching records and administering oaths and taking affidavits.

**Summary of Amended Bill:** A surcharge of \$10 must be charged by the county auditor for each instrument recorded. This charge is in addition to other charges authorized by law. The revenue collected is distributed as follows: 5 percent may be retained by the auditor for administrative costs; of the remaining funds, 40 percent is transmitted to the housing trust account, and 60 percent is retained by the county, to be used by the county and its cities, pursuant to an interlocal agreement, for housing projects affordable to extremely low-income people, such as farmworkers and the developmentally disabled. Construction of new housing is an allowable use of funds only if the vacancy within the county is below 10 percent.

Permitted uses for the amount retained by counties are (1) operating assistance for properties where the rent income cannot cover those costs, (2) acquisition, new construction and rehabilitation, (3) rental assistance voucher programs that meet federal guidelines, and (4) operating costs for emergency shelters and overnight youth shelters. All uses must be to assist households whose income is at or below 50 percent of area median income.

The 40 percent of revenue directed to the housing trust account is used for maintenance and operation costs for housing that is affordable to persons whose income is at or below 30 percent of the area median income. Housing may include emergency shelters and overnight youth shelters.

The recording of assignments of previously recorded deeds of trust is excluded from the surcharge.

The Office of Community Development of the Department of Community, Trade, and Economic Development must conduct a statewide housing market analysis. The Real Estate Research Center at Washington State University must develop a vacancy rate standard for low-income housing.

**Amended Bill Compared to Substitute Bill:** The permitted uses of the revenue by OCD and counties are expanded to include emergency shelters and overnight youth shelters.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For (Labor, Commerce & Financial Institutions):** The bill is now supported by all public and private interest groups, including realtors, apartment owners, housing advocates and the Association of Counties. The bill provides some critical support, such as operation and maintenance for low and extremely low income housing, that may be forced

out of existence without this assistance. Currently, there is no ongoing source of revenue for housing assistance at the local level that is within the discretion of local government.

**Testimony Against (Labor, Commerce & Financial Institutions):** None.

**Testified (Labor, Commerce & Financial Institutions):** Ray Price, Office of Community Development (pro); Bob Mitchell, WA Association of Realtors (pro); Nick Federici, WA Low-Income Housing Congress (pro); Seth Dawson, State Coalition for the Homeless (pro).

**Testimony For (Ways & Means):** This bill is carefully constructed among a diverse group of stakeholders (business, banks, realtors, agriculture, local governments) who have worked on the provisions for several sessions. It provides operating and maintenance funding for extremely low-income persons, such as farmworkers and the developmentally disabled, who cannot even access the current low-income programs based on 30 percent of income. The bill also provides a consistent funding source for local governments to address local housing needs, addresses affordability and makes multi-home apartments under Section 8 available to more people. OCD proposes to restore cuts in the Governor's budget to emergency shelters and overnight youth shelters and will conduct a housing market analysis to identify needs and avoid saturating certain areas or types of housing.

**Testimony Against (Ways & Means):** None.

**Testified (Ways & Means):** Nick Federici, WA Low-Income Housing Congress (pro); Scott Merriman, OCD (pro); Bob Mitchell, WA Assoc. of Realtors (pro); Seth Dawson, WA State Assoc. for Community Action (pro).