

# SENATE BILL REPORT

## E2SSB 5936

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As Reported By Senate Committee On:  
Labor, Commerce & Financial Institutions, February 5, 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:** Senate Committee on Ways & Means (originally sponsored by Senators Prentice, Winsley, Costa, Thibaudeau, Jacobsen, Regala, Gardner, Kline, Spanel, Shin, Rasmussen, Fraser and Kohl-Welles; by request of Department of Community, Trade, and Economic Development).

**Brief History:**

**Committee Activity:** Labor, Commerce & Financial Institutions: 2/20/01, 3/5/01 [DPS-WM, DNP]; 1/17/02, 2/5/02 [DP3S-WM, DNP].  
Ways & Means: 3/8/01 [DP2S, DNP]; 1/22/02 [w/oRec-LCF].  
Passed Senate: 3/14/01, 36-11.

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

**Majority Report:** That Third Substitute Senate Bill No. 5936 be substituted therefor, and the third substitute bill do pass and be referred to Committee on Ways & Means.

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

**Minority Report:** Do not pass.

Signed by Senators Hochstatter and Honeyford.

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

**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 Third Substitute 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 low income housing projects.

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, and (3) rental assistance voucher programs that meet federal guidelines. All uses must be to assist households whose income is at or below 50 percent of area median income.

The recording of assignments of previously recorded deeds of trust are 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.

**Third Substitute Bill Compared to Second Substitute Bill:** The third substitute bill changes the surcharge on recorded documents to \$10, and allows the auditor to retain 5 percent for administrative costs. Of the remaining funds, 40 percent is directed to the state housing trust account. 60 percent is retained by the county, and directed to (1) new construction or rehabilitation, (2) operating costs in buildings where the rent income cannot cover those costs, and (3) voucher programs that meet federal guidelines. All local uses must serve households with incomes at or below 50 percent of area median income.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** Great need exists for operating and maintenance assistance for very low income properties where the rent income can't cover those costs. Operating assistance is an efficient way to preserve those projects. The revenue is shared between the housing trust fund and local governments. This will serve the need for flexibility and innovation at the local level.

**Testimony Against:** (Concerns) The basic goal of the bill is worthy, but some of the proceeds should be directed to voucher programs, particularly in areas where the vacancy rate is high.

**Testified:** Ray Price, Office of Community Development (pro); Chris Cheney, WA Growers League (pro); Nick Federici, Lynn Davison, WA Low-Income Housing Congress (pro); Mark Gjurasic, Chris Benis, WAA (con); Doug Neyhart, AASK (con); Seth Dawson, WA State Coalition for the Homeless (pro).