SENATE BILL REPORT
SB 6467

As of February 2, 2004

Title: An act relating to revising distribution of funds for operating and maintenance of very low-income housing projects.

Brief Description: Revising distribution of funds for operating and maintenance of very low-income housing projects.

Sponsors: Senators Fairley and Kohl-Welles.

Brief History:
Committee Activity: Financial Services, Insurance & Housing: 2/2/04.

SENATE COMMITTEE ON FINANCIAL SERVICES, INSURANCE & HOUSING

Staff: Fara Daun (786-7459)

Background: Current law imposes a surcharge of $10 per instrument recorded with the county auditor in addition to other authorized charges. This surcharge does not apply to assignments or substitutions of previously recorded deeds of trust. The county auditor may retain up to 5 percent of the funds generated to administer collection of the funds. Of the remaining money, 40 percent goes to the Housing Trust Fund to support building operation and maintenance costs for housing units affordable for persons with extremely low incomes and 60 percent is retained by the county to support housing projects or units for persons with very low incomes. The money retained by a county is allocated between the county and the cities within the county according to an inter-local agreement.

For purposes of these provisions, extremely low incomes are those at or below 30 percent of the area median and very low incomes are those at or below 50 percent of the area median.

Subject to being affordable housing for the designated population, the funds may be used to acquire, construct, or rehabilitate housing units; support building operation and maintenance costs for projects built with Housing Trust Fund moneys; provide rental assistance vouchers; or operate emergency shelters and overnight youth shelters. Use of the funds for construction of new housing in a county is not permissible at any point that the vacancy rate for available low income housing in the county exceeds 10 percent. The housing vacancy rate is measured by a standard developed by the Center for Real Estate Research at Washington State University.

Rental assistance vouchers funded by this surcharge are to be administered, consistent with federal Section 8 standards, by a local housing authority or organization that has an existing rental assistance voucher program.

Summary of Bill: The 5 percent county retention is also for administration and local distribution of the funds and is retained by the county, rather than the county auditor.

There is no restriction on the construction of new affordable housing based on rental vacancy rates and the Center for Real Estate Research at Washington State University is not required to develop a county vacancy measurement.

Rental assistance vouchers include vouchers for payment of first and last month's rent and security and other deposits on the same basis as collected from other tenants. Administration of rental assistance vouchers under this program is no longer limited to public housing authorities or other local organization with existing rental assistance voucher programs.

Appropriation: None.

Fiscal Note: Not requested.

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