Housing Committee

HB 1629

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

Sponsors: Representatives O'Brien, Dunn, Murray, Chase and Darneille.

Brief Summary of Bill

- Changes language regarding allocation of funds.
- Changes restrictions on when funds may be used for new construction.
- Adds additional permissible uses for which local funds may be used.
- Requires that equal consideration be given to all permissible uses for local funds
- Allows vouchers, payable to the landlord, to be used for various deposits.
- Specifies which of the U.S. Department of Housing and Urban Development's (HUD) standards apply to administration of the rental assistance voucher program.

Hearing Date: 2/8/05

Staff: Cece Clynch (786-7168).

Background:

County auditors are required by statute to record deeds and other instruments that are to be filed and recorded with the county. The fees to be charged for recording are set forth in statute. In 2002, there was a $10 surcharge for low-income housing projects added for recordings of certain documents.

The auditor is allowed up to five percent "of these funds collected". "Of the remaining funds" the Housing Trust Fund receives "forty percent of the revenue generated". "Sixty percent of the revenue generated" is to be turned over to the counties. This allocation language can be read to allocate one hundred and five percent of the funds collected.

The law provides that the funds generated with the surcharge shall not be used for new construction if *at any time* the vacancy rate for available low-income housing within the county rises above ten percent.

The law sets forth a limited number of permissible uses for the portion of the money which is distributed to the counties. There is no hierarchy established among the permissible uses.

Summary of Bill:

The bill amends the language with respect to distribution of funds to counties. Rather than stating that a county is to receive sixty percent of the revenue generated, the bill provides that a county will receive all of the remaining funds after the auditor and CTED have received their distributions.

This bill also amends the parameters with respect to when funds generated with the surcharge may be used for new construction. For purposes of determining whether new construction is allowed or not, it is the vacancy rate *at the time the funds are dedicated* for new construction that is critical rather than the vacancy rate *at any time*. An exception is made to the prohibition on new construction when the general vacancy rate is above ten percent. New construction built specifically for particular populations such as disabled persons or the homeless is allowed even if the general vacancy rate is above ten percent if it is determined through a public review process that these particular housing needs are not being adequately served by existing housing stock.

Changes are made with respect to permissible uses for the monies distributed to the counties. First, the bill specifies that *equal* consideration shall be given to the permissible uses listed. New permissible uses are added to the list:

- rental assistance vouchers payable to a landlord may be used for payment of first and last month's rent and security and other deposits required of all other new tenants by a landlord; and
- operating and maintenance costs for housing projects or units affordable to very low income persons which are eligible to receive but were not built with housing trust funds and which require funds in addition to rental payments to cover these costs

The bill deletes the requirement that the rental voucher program must be administered by a local public housing authority or other organization that has an existing rental assistance voucher program. With respect to a rental voucher program, the bill specifies which HUD Section 8 standards are applicable.

Appropriation: None.

Fiscal Note: Requested on February 2, 2005.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.