

SENATE BILL REPORT

E2SHB 2163

As Reported By Senate Committee On:
Financial Institutions, Housing & Consumer Protection, March 31, 2005
Ways & Means, April 4, 2005

Title: An act relating to preventing and ending homelessness in the state of Washington.

Brief Description: Establishing a homeless housing program.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Ormsby, Holmquist, Miloscia, Williams, Flannigan, Chase, Dickerson, Sells, Ericks, Dunn, Wood, Green, Linville, Springer, Pettigrew, Kenney, O'Brien, Santos, Kagi, Fromhold and Schual-Berke).

Brief History: Passed House: 3/15/05, 51-45.

Committee Activity: Financial Institutions, Housing & Consumer Protection: 3/30/05, 3/31/05[DPA-WM, DNP].

Ways & Means: 4/4/05 [DPA(FHC), DNP, w/oRec].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Fairley, Chair; Berkey, Vice Chair; Brandland, Franklin, Keiser, Prentice, Schmidt and Spanel.

Minority Report: Do not pass.

Signed by Senators Benton, Ranking Minority Member; Benson and Delvin.

Staff: Jennifer Arnold (786-7471)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended by Committee on Financial Institutions, Housing & Consumer Protection.

Signed by Senators Prentice, Chair; Doumit, Vice Chair; Fraser, Vice Chair; Brandland, Kohl-Welles, Pridemore, Rasmussen, Regala, Rockefeller and Thibaudeau.

Minority Report: Do not pass.

Signed by Senators Pflug and Schoesler.

Minority Report: That it be referred without recommendation.

Signed by Senators Zarelli, Ranking Minority Member; and Roach.

Staff: Kirstan Arestad (786-7708)

Background: Currently, there is no coordinated statewide plan to reduce homelessness within Washington. In addition, no system for calculating the total number of homeless persons in the state presently exists, although there is an on-going effort by some communities and the Department of Community, Trade and Economic Development (CTED) to track the homeless population in four counties with the long-term goal of tracking on a state-wide basis.

There is a \$10 surcharge for filing documents with a county auditor. Five percent of the funds collected may be used by the county auditor for administration expenses. The remainder is used to fund low-income housing programs administered by CTED and the local governments (for the Low-Income Housing Surcharge Program).

Summary of Amended Bill: Homeless Housing Program: The Homeless Housing Program is created. Under this program, CTED, along with local governments that choose to participate, are responsible for preparing 10-year plans to reduce homelessness by 50 percent in each county by July 1, 2015. In preparation of the 10-year plan, CTED will receive consultation from the interagency council on homelessness, created under this bill, and the affordable housing advisory board.

The definition of a homeless person includes sex offenders, drug abusers, and mentally ill persons who are homeless.

Census: CTED must annually conduct a comprehensive census of homeless persons within the state, coordinated to the extent possible with any existing homeless census programs. The department's 10-year plan must be published within six months after the first homeless census is completed. The first census must be completed within one year. Based on the information collected, CTED is to create, by the end of year four, an online information and referral system to enable local governments to identify available housing for homeless persons.

Funding for local government programs: The program is funded by an additional \$10 surcharge on each document recorded by the county auditor. Two percent of all funds collected are allocated for the county auditor's administrative costs. Sixty percent of the remaining funds are allocated to the county, of which up to 6 percent can be used for the county's administrative costs related to the Homeless Housing Program. Aside from administrative costs, the county must use the funds received for local programs and projects that are directly related to the accomplishment of goals outlined in their 10-year plan to end homelessness. Any city that opts to participate in the program receives a percentage of the surcharge equal to the city's portion of the real estate excise tax.

The surcharge does not apply to recording documents of a birth, marriage, divorce, death, or any document otherwise exempt in the Revised Code of Washington.

Local programs that are eligible to receive funding include projects such as: shelter expansion, homeless supportive services, eviction prevention programs, and supportive and transitional housing.

Homeless Grant Program: In addition to funds received from the recording fee, participating local governments are eligible to apply for funding from CTED's Homeless Housing Grant Program, created under this bill. The Department, with advice from the affordable housing advisory board, may issue criteria and guidelines for evaluating grant applications and preference may be given based on certain criteria, including, but not limited to: construction

projects that serve homeless persons for at least 25 years, the total homeless population in that area, and the level of local government and private contributions pledged to the program.

Funding for the Homeless Grant Program: After the auditor's expenses are deducted, CTED is allocated 40 percent of the remaining funds collected from the recording surcharge. Of the 40 percent, up to 12.5 percent may be used for administrative expenses; the remaining amount is to be distributed through the Homeless Grant Program.

Local task force creation: A local homeless housing task force prepares the local government's 10-year plan; chooses programs and projects to be funded; and reports performance outcomes to CTED. The task force is comprised of a representative of the county, the largest city within the county, a homeless or former homeless person, and any other members required to maintain federal funding for housing programs.

Quality Management: The interagency council on homelessness will assess CTED and the participating local government's performance annually. CTED must implement an organizational quality management system by the end of year four. Local government performance in meeting their plans' goals will be annually evaluated by CTED.

Reporting: CTED must submit an annual report to the governor and legislature on the state's progress towards meeting the ten-year plan goals.

Low-Income Housing Surcharge Program: The county, instead of the auditor, may retain up to 5 percent of the funds collected for the administration and distribution of funds.

Amended Bill Compared to Original Bill: Original bill was not considered.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on August 1, 2005.

Testimony For (Financial Institutions, Housing & Consumer Protection): This is an opportunity to provide real relief to communities statewide. There are about 21,000 homeless families in the state and only 8,000 are in King county; this is a problem that affects the entire state. This bill recognizes that the needs of the homeless are different in different areas of the state and provides an option for counties and cities to develop a plan tailored to their own circumstances and needs. The resources to address homelessness are provided for in this bill in an equitable manner. This has the potential to dramatically decrease homelessness and eliminate the need for tent cities, which are not a real answer.

Testimony Against (Financial Institutions, Housing & Consumer Protection): None.

Other: The county auditors have concerns regarding the administration of collecting the fee. A process needs to be provided for determining which documents are attributable to the cities and which to the counties.

Who Testified: (Financial Institutions, Housing & Consumer Protection) PRO: Representative Ormsby, prime sponsor; Senator McAuliffe; Seth Dawson, Washington State

Coalition for the Homeless; Corine Knudson, Washington State Coalition for the Homeless; Nick Federici, Washington Low-Income Housing Alliance; Lynn Davidson; Chris Lowell, Thurston County Housing Task Force/Housing Authority Thurston County; Jeff Natter, Committee to End Homelessness, King County; Alan Painter, Seattle Human Services; Jean Wessman, Washington Association of Counties; Laura Hitchcock, United Way of King County. OTHER: Kim Wyman, Washington State Association of County Auditors; Pat McCarthy, Pierce County, Office of the Auditor.

Testimony For (Ways & Means): Homelessness has as many different faces as there are people who are suffering the ravages of street life. This bill is not prescriptive from the state's end. Instead, it puts the responsibility on counties to customize a homeless housing assistance program specific to their region, responding to the regional differences. The \$10 fee is tied to real estate mortgages and housing transactions. The connection between the revenue source and the program is good. Normal people will pay this fee only a handful of times in their life time. The bill has been heavily worked in both the House and Senate to focus on the root causes of homelessness and how to target resources to address local needs. Based on a state supreme court decision, it was found that the impact of homelessness on children is devastating and the majority of homeless are families with small children. With regard to the two amendments passed out, the policy committee was correct in calling out sex offenders, the mentally ill, and those with substances abuse issues, because while the bill is already all encompassing, it is good to address this hard to serve population. We are quite satisfied with the bill.

Testimony Against (Ways & Means): None.

Who Testified (Ways & Means): PRO: Representative Ormsby, prime sponsor; Nick Federici, Washington Housing Alliance; Seth Dawson, Washington State Coalition for the Homeless, NAMI Washington; Jean Wessman, Washington Association for Counties.