

# SENATE BILL REPORT

## ESHB 2048

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As Reported by Senate Committee On:  
Financial Institutions, Housing & Insurance, February 22, 2012  
Ways & Means, February 27, 2012

**Title:** An act relating to low-income and homeless housing assistance surcharges.

**Brief Description:** Concerning low-income and homeless housing assistance surcharges.

**Sponsors:** House Committee on Ways & Means (originally sponsored by Representatives Kenney, Darneille, Dunshee, Hasegawa, Green, Upthegrove, Ormsby, Haigh, McCoy, Pedersen, Ryu, Pettigrew, Ladenburg, Moscoso, Hunt, Kagi, Dickerson, Appleton, Sells, Roberts, Reykdal, Frockt, Fitzgibbon, Finn, Goodman and Rolfes).

**Brief History:** Passed House: 5/25/11, 52-44; 2/09/12, 55-42.

**Committee Activity:** Financial Institutions, Housing & Insurance: 2/21/12, 2/22/12 [DPA-WM].

Ways & Means: 2/27/12 [DPA, DNP, w/oRec].

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

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

Signed by Senators Hobbs, Chair; Prentice, Vice Chair; Benton, Ranking Minority Member; Fain, Haugen, Keiser and Litzow.

**Staff:** Alison Mendiola (786-7483)

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### SENATE COMMITTEE ON WAYS & MEANS

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

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Brown, Conway, Fraser, Harper, Hatfield, Kastama, Keiser, Kohl-Welles, Pridemore and Regala.

**Minority Report:** Do not pass.

Signed by Senators Holmquist Newbry, Honeyford and Schoesler.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Zarelli, Ranking Minority Member; Parlette, Ranking Minority Member Capital; Baumgartner, Hewitt and Padden.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Staff:** Richard Ramsey (786-7412)

**Background:** Duties and Authority of County Auditors. The county auditor is responsible for the recording of specified documents required by law to be maintained as part of the public record kept by a county. The documents that must be recorded by a county auditor include judgments, liens, deeds, mortgages, and many other categories of documents pertaining to property ownership and real estate transactions.

State law specifies requirements that must be met by an auditor when exercising recording duties, including the collection of specified fees when a document is recorded.

These fees include three document recording surcharges currently totaling \$48 used for the funding of state and local programs to provide affordable housing for low-income persons and housing assistance for the homeless: (1) an Affordable Housing for All surcharge of \$10; (2) a surcharge for local homeless housing and assistance which is currently \$30; and (3) an additional surcharge for local homeless housing and assistance of \$8.

Each of the three document recording surcharges includes a portion which is provided to counties and a portion which is provided for state administered housing and homeless programs.

The state's portion of the first of the surcharges noted above is deposited into the Affordable Housing for All Account. The state's portion of the remaining two surcharges is deposited into the Home Security Fund.

Homeless Housing and Assistance Act (Act). The Legislature enacted the Act in 2005, with the goal of reducing homelessness by 50 percent statewide and in each county by 2015. The Department of Commerce (Commerce), with the support of the Interagency Council on Homelessness and the Affordable Housing Advisory Board, is responsible for preparing and publishing a ten-year homeless housing strategic plan with statewide goals and performance measures, and providing biennial progress reports to the Governor and the Legislature. Local areas must also have ten-year plans that are substantially consistent with the state plan.

The \$30 surcharge for local homeless housing and assistance was originally authorized in 2005 as a \$10 surcharge under the Act. In 2009 legislation enacted increased the surcharge to \$30 during the 2009-11 and 2011-13 biennia.

The Legislature has authorized expenditures from the Home Security Fund to support the following programs administered by Commerce and the Department of Social and Health Services (DSHS):

- the Homeless Housing Program (Commerce);
- Homeless Family Shelters (Commerce);
- Independent Youth Housing (Commerce);
- Housing Division Administration (Commerce);
- the Transitional Housing Operating and Rent Program (Commerce);
- Secure Crisis Residential Centers (DSHS);
- Crisis Residential Centers (DSHS);
- Hope Centers (DSHS); and

- Grants and vouchers designated for victims of human trafficking and their families (Commerce).

**Summary of Bill:** The bill as referred to committee not considered.

**Summary of Bill (Recommended Amendments):** The \$30 surcharge for local homeless housing and assistance increases to \$40 from September 1, 2011, through June 30, 2015; becomes \$30 from July 1, 2015, to June 30, 2017; and returns to \$10, beginning July 1, 2017.

Through June 30, 2017, any local government that has the authority to issue housing vouchers, paid for with funds obtained from document recording fees, must:

- maintain an interested landlord list, which at a minimum includes information on rental properties in buildings with fewer than 50 units, updated quarterly;
- distribute the list to agencies providing services to those receiving housing vouchers and making the list available online;
- semi-annually convene interested landlords and agencies that provide services to households receiving housing vouchers to identify successes, barriers, and process improvements; and
- develop and submit annual data, in consultation with landlords and agencies, on specified expenditures made and services provided with document recording fees to Commerce. If such data are not readily available, the local government may request that Commerce obtain the information by using a sampling methodology.

Commerce must:

- require its contractors to distribute the interested landlord list;
- annually convene local governments, landlord association representatives, and agencies to identify successes, barriers, and process improvements;
- develop a sampling methodology to obtain required data when a local government or contractor does not have such information readily available; and
- develop and submit an annual report to the Legislature that is developed in consultation with local governments, landlord association representatives, and agencies that includes specified expenditures made and services provided with document recording fees.

By August 31, 2012, each county auditor must produce and submit to Commerce a list of documents that are subject to the affordable housing surcharges.

Housing vouchers are defined as payments funded by one of the three housing-related document recording surcharges that are made by a local government or contractor to secure a rental unit on behalf of an individual tenant, or a block of units on behalf of multiple tenants.

Housing placement payments are defined as one-time payments funded by document recording surcharges that are made to secure a unit on behalf of a tenant.

Interested landlord list is defined as a list of landlords who have indicated to a local government or contractor interest in renting to individuals or households receiving a housing voucher funded by document recording surcharges.

The changes to the Act's surcharge are null and void if the provisions regarding new requirements for Commerce and local governments that have the authority to issue housing vouchers are not enacted. The additional requirements for Commerce and local governments that have the authority to issue housing vouchers are null and void if the Act's surcharge changes are not enacted.

Cities and counties receiving more than \$3.5 million in revenue from the low income and homeless housing surcharges on document recording fees must apply to the Washington State Quality Award program or similar Baldrige assessment organization, for an independent assessment of its quality management. The first assessment may be a lite assessment. After submitting an application, a local government must reapply at least every two years. Commerce must work with local governments and the Washington State Quality Award program on scheduling required assessments.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Amendments):** The requirement is added for local governments receiving more than \$3.5 million from the housing surcharges to apply to the Washington State Quality Award.

**EFFECT OF CHANGES MADE BY FINANCIAL INSTITUTIONS, HOUSING & INSURANCE COMMITTEE (Recommended Amendments):** The Washington quality award language is struck. Commerce is to provide a list of documents subject to the surcharge fee to the County Auditors. Dates are updated.

**Appropriation:** None.

**Fiscal Note:** Available.

[OFM requested ten-year cost projection pursuant to I-960.]

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony as Heard in Committee (Financial Institutions, Housing & Insurance):** PRO: Homelessness is up, especially for children in school. This bill helps families before they become homeless, while also providing resources for the homeless. The funds from the surcharge also help survivors of domestic violence, youth exiting foster care without resources, and others in need. Currently, funds are down due to the lack of recording, which is the reason for the fee increase. Federal funding has decreased and there is little state funding, so this source of funding is vital for affordable housing services, and often the money is leveraged for other funding. The other part of the bill addresses working with landlords and utilizing vouchers through a partnership. There are already audits in place, so the Baldrige is not necessary and would be duplicative.

CON: Not opposed to funding affordable housing, but recording fees are not the proper vehicle. The actual cost of recording is only \$5. The affordable housing surcharge is currently \$48.

**Persons Testifying (Financial Institutions, Housing & Insurance):** PRO: Representative Kenney, prime sponsor; Terri Hotvedt, Rental Housing Assn. of Puget Sound; Nick Federici, WA Low Income Housing Alliance; Linda Olsen, WA State Coalition Against Domestic Violence; Al Aldrich, City of Spokane; Seth Dawson, National Alliance on Mental Illness; Rashi Gupta, WA State Assn. of Counties; Dan McConnon, Commerce; Jim Theosius, Chris Bauer, Miqueuko Johnson, Mockingbird Society.

CON: James McMahan, WA Assn. of County Officials.

**Staff Summary of Public Testimony (Ways & Means):** No public hearing was held.

**Persons Testifying (Ways & Means):** N/A.