

# SENATE BILL REPORT

## SB 5952

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As of January 18, 2012

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

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

**Sponsors:** Senators Kohl-Welles, Hobbs, White, Nelson, Kline and Harper.

**Brief History:**

**Committee Activity:** Financial Institutions, Housing & Insurance: 12/13/11.

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

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

**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. The Legislature enacted the Homeless Housing and Assistance Act (Act) in 2005, with the goal of reducing homelessness by 50 percent

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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 10-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 10-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 COM 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); and
- Hope Centers (DSHS).

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

**Summary of Bill (Proposed Substitute):** The \$30 surcharge for local homeless housing and assistance increases to \$40 from September 1, 2012, 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, is required to:

- 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 is required to:

- 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.

Cities and counties receiving more than \$3,500,000 in document recording surcharges are required to receive a Washington State Quality Award program or similar assessment every two years.

The initial assessment may be a lite assessment. Commerce is to work with local governments and the Washington State Quality Award program on scheduling required assessments.

By August 31, 2012, each county auditor is to 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 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 surcharge changes are not enacted.

**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:**

Testimony From 2011 Second Special Session.

PRO: Homelessness is a real problem and with the recession, the need for social services continues to grow. People not only need shelter but also other forms of assistance. How can

we expect people to look for work and take care of everything they need to do without having a roof over their head? The affordable housing surcharge provides critical funding for a diverse range of housing assistance – from vouchers for private housing, housing for youth exiting the foster care/child welfare system, survivors of domestic violence, and single adults – just to name a few. If the funding goes away, there are simply no other resources to make up for this funding source. Many local governments use the surcharge funds to leverage additional funding. There is a concern about subjecting local governments to meet the Balridge Assessment requirements. There are already auditing and other controls in place, requiring this would be duplicative and a drain on resources that could otherwise be used to directly house the homeless.

CON: Due to all the surcharges, it costs \$62 to record something that only costs \$14 to record. Furthermore, there is no relationship between the surcharge on recorded documents and what the surcharge is being used for. The change of the surcharge increase to only apply to matters related to real property will be hard to implement, how are we to know whether an item is related to real property or not?

**Persons Testifying:**

Persons Testifying From 2011 Second Special Session.

PRO: Senator Kohl-Welles, prime sponsor; Dan McConnon, Commerce; Nick Federici, WA Low Income Housing Alliance; Seth Dawson, WA St. Coalition for the Homeless; Terri Hotvedt, Rental Housing Association; Terry Kohl, WA Apt. Assoc.; Bill Block, Committee to End Homelessness in King County; Nick Licata, Seattle City Council; Rashi Gupta, WA St. Assoc. of Counties; Doug Levy, Cities of Renton, Kent, Federal Way, Puyallup, and Redmond; Jon Brumbach, Deonate Cruz, Mockingbird Society; Violet Bank, Young Women's Christian Assoc.; Danielle Dressel, Pierce County Alliance; Linda Olsen, WA St. Coalition Against Domestic Violence; Ann Levine, Imagine Housing; Leslie Shapiro, Compass Housing Alliance; Greg Winter, Whatcom Health Support Center; Linda Benson, Hopelink; Steve Roberts, Congregations for the Homeless; Joe Ingram, Low Income Housing Institute Homeless Outreach; Stephanie Sullivan, Erin Maguire, Flo Beaumon, Terika Cain, Catholic Community Services; Harry Hoffman, Housing Development Consortium of King County; June Robinson, Housing Consortium of Everett and Snohomish County; Connie Brown, Pierce County Housing Consortium; Charles Shelan, Community Youth Services; Mary Anne Dillon, Snohomish County Young Women's Christian Assoc.; Kevin Solarte, YouthCare, Children's Home Society of WA; Alex Hur, Pioneer Human Services.

CON: Kim Wyman, Skip Moore, WA Assoc. of County Auditors.