

HOUSE BILL REPORT

SB 5875

As of Second Reading

Title: An act relating to human services.

Brief Description: Relating to human services.

Sponsors: Senator Hill.

Brief History:

Committee Activity:

None.

Brief Summary of Bill

- Extends the \$40 local homeless housing and assistance document recording surcharge through June 30, 2019.
- Requires 45 percent of the state's non-administrative allotment of the surcharge fee revenue to be set aside for private rental housing vouchers.
- Requires an annual independent audit of the expenditure of the document recording fee revenue.
- Requires an independent performance audit of the programs funded by all surcharge revenues.

Staff: Sean Flynn (786-7124).

Background:

The State Homeless Housing Program.

The Legislature enacted the Homeless Housing and Assistance Act in 2005, which directs the Department of Commerce (COM) to develop a statewide homeless housing program. The COM must implement the program through a 10-year strategic plan with the goal of reducing homelessness by 50 percent in the state and within each county by 2015. Local governments must develop their own 10-year homeless housing plans in coordination with the statewide plan.

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.

The Local Homeless Housing and Assistance Surcharge.

Both the state and county homeless housing programs receive funding through a local homeless housing and assistance surcharge collected by each county auditor when a document is recorded. The surcharge is applied in addition to any other authorized surcharges as well as any administrative fees collected by the county auditor.

The local homeless housing and assistance surcharge applies to certain documents relating to real property specified in statute including deeds, mortgages, community property agreements, leases, and other documents related to property ownership, as well as other documents pertaining to real property, as determined by the COM. The surcharge specifically does not apply to assignments or substitutions of previously recorded deeds or trusts, or any documents exempted from a recording fee by state law.

The local homeless housing and assistance document surcharge is currently \$40 per recorded document, but is scheduled to drop to \$30 in 2015, and to \$10 in 2017. A separate additional homeless housing and assistance surcharge of \$8 is also collected by each county auditor. Both the state and the county receive a percentage of the money collected from each surcharge. The funds collected for the local homeless housing and assistance surcharge are distributed as follows:

- 2 percent to the county for collection of the fee;
- 60 percent of the remainder to the county for its homeless housing program, up to 6 percent of which may be used for administering its homeless housing plan; and
- 40 percent of the remainder to the COM for the state homeless housing program, up to 12.5 percent of which may be used for administering the state homeless housing plan.

A city electing to administer its own homeless housing program may receive a specified share of the county's percentage.

Data-Sharing and Reporting on the Recording Surcharge.

Local governments that issue housing vouchers using funds from housing and homeless assistance surcharges must collect data and report to the COM each year on the number of vouchers used in the public, private, and nonprofit housing markets. The COM may use a sampling methodology if the county's data is not readily available.

The COM also must report to the Legislature each year on the uses of the surcharge money, including the amount expended, the number of vouchers issued in each market, the number of households that received vouchers, the amount spent on eviction prevention, and the amount spent on tenant rent assistance services.

The COM must work with local governments, interested landlord groups, and housing service agencies to identify successes, barriers, and improvements in how housing vouchers are used with money from surcharges.

Any local government receiving more than \$3.5 million a year from all surcharges for housing and homeless assistance must apply to the Washington State Quality Award Program, or similar assessment organization, for assessment of its management practices.

The data collecting and reporting requirements expire in 2017.

Summary of Bill:

The \$40 local homeless housing and assistance document recording surcharge is extended through June 30, 2019, and afterwards is reduced to \$10 per document.

The documents excluded from the local homeless housing and assistance surcharge include:

- assignments or substitutions of previously recorded deeds or trusts;
- documents recording a birth, marriage, divorce, or death;
- any documents otherwise exempted from a recording fee by state law;
- marriage licenses; and
- documents recording a state, county, or city lien, or satisfaction of a lien.

At least 45 percent of the state's non-administrative share of the surcharge revenue must be used for private rental housing payments. Private rental housing expressly excludes housing owned by a nonprofit or governmental entity.

The Office of Financial Management (OFM) must secure an annual independent audit of the COM's expenditure of the state share of the surcharge revenue. The audit must review a random sample of local governments, contractors, and housing providers that is geographically and demographically diverse. Each audit is due on July 1st, beginning in 2015.

If the audit finds that the COM has failed to set aside 45 percent of the state's non-administrative share for private rental housing vouchers, the auditor must notify the COM and the OFM of that finding. In addition, the independent auditor must make recommendations to the Legislature and the OFM on alternative means of distributing the funds to meet the percentage distribution requirements.

If the COM fails to set aside 45 percent of the state's non-administrative share for private housing rentals, it must submit a corrective action plan to the OFM. If the COM does not meet the 45 percent requirement in any remaining month of the fiscal year after submitting a corrective plan, then the OFM must withhold a portion of the state's allotment equal to the expenditure made during the month that is not in compliance.

The reporting and independent audit requirements expire in 2019.

The OFM must contract with an independent auditor to conduct a performance audit of the programs funded by all the document recording fees. The audit must review the COM's performance in meeting all statutory requirements related to all surcharge funds and must include recommendations for policy and operational improvements to the use of all surcharges by the COM and the counties. The performance audit must be submitted to the Legislature by December 1, 2016.

The COM must convene a stakeholder group of landlords, homeless housing advocates, real estate industry representatives, and local governments to discuss long-term funding strategies for homeless housing programs that do not include document recording surcharges. The stakeholder group must report its findings to the Legislature by December 1, 2017.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) None.

(Opposed) None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.