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**SUBSTITUTE SENATE BILL 5875**

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**State of Washington                      63rd Legislature                      2014 Regular Session**

**By Senate Ways & Means (originally sponsored by Senator Hill)**

READ FIRST TIME 03/11/14.

1            AN ACT Relating to a surcharge for local homeless housing and  
2 assistance; and amending RCW 36.22.179, 43.185C.060, and 43.185C.240.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4            **Sec. 1.** RCW 36.22.179 and 2012 c 90 s 1 are each amended to read  
5 as follows:

6            (1) In addition to the surcharge authorized in RCW 36.22.178, and  
7 except as provided in subsection (2) of this section, an additional  
8 surcharge of ten dollars shall be charged by the county auditor for  
9 each document recorded, which will be in addition to any other charge  
10 allowed by law. From July 1, 2009, through August 31, 2012, and from  
11 July 1, ((2015)) 2016, through June 30, 2017, the surcharge shall be  
12 thirty dollars. From September 1, 2012, through June 30, ((2015))  
13 2016, the surcharge shall be forty dollars. The funds collected  
14 pursuant to this section are to be distributed and used as follows:

15            (a) The auditor shall retain two percent for collection of the fee,  
16 and of the remainder shall remit sixty percent to the county to be  
17 deposited into a fund that must be used by the county and its cities  
18 and towns to accomplish the purposes of chapter 484, Laws of 2005, six  
19 percent of which may be used by the county for administrative costs

1 related to its homeless housing plan, and the remainder for programs  
2 which directly accomplish the goals of the county's local homeless  
3 housing plan, except that for each city in the county which elects as  
4 authorized in RCW 43.185C.080 to operate its own local homeless housing  
5 program, a percentage of the surcharge assessed under this section  
6 equal to the percentage of the city's local portion of the real estate  
7 excise tax collected by the county shall be transmitted at least  
8 quarterly to the city treasurer, without any deduction for county  
9 administrative costs, for use by the city for program costs which  
10 directly contribute to the goals of the city's local homeless housing  
11 plan; of the funds received by the city, it may use six percent for  
12 administrative costs for its homeless housing program.

13 (b) The auditor shall remit the remaining funds to the state  
14 treasurer for deposit in the home security fund account. The  
15 department may use twelve and one-half percent of this amount for  
16 administration of the program established in RCW 43.185C.020, including  
17 the costs of creating the statewide homeless housing strategic plan,  
18 measuring performance, providing technical assistance to local  
19 governments, and managing the homeless housing grant program. Of the  
20 remaining eighty-seven and one-half percent, at least forty-five  
21 percent must be set aside for the use of private rental housing  
22 vouchers, and the remainder is to be used by the department to:

23 (i) Provide housing and shelter for homeless people including, but  
24 not limited to: Grants to operate, repair, and staff shelters; grants  
25 to operate transitional housing; partial payments for rental  
26 assistance; consolidated emergency assistance; overnight youth  
27 shelters; grants and vouchers designated for victims of human  
28 trafficking and their families; and emergency shelter assistance; and

29 (ii) Fund the homeless housing grant program.

30 (2) ~~((The surcharge imposed in this section applies to documents~~  
31 ~~required to be recorded or filed under RCW 65.04.030(1) including, but~~  
32 ~~not limited to: Full reconveyance; deeds of trust; deeds; liens~~  
33 ~~related to real property; release of liens related to real property;~~  
34 ~~notice of trustee sales; judgments related to real property; and all~~  
35 ~~other documents pertaining to real property as determined by the~~  
36 ~~department. However, the surcharge does not apply to (a) assignments~~  
37 ~~or substitutions of previously recorded deeds of trust, or (b)~~

1 ~~documents recording a birth, marriage, divorce, or death or any~~  
2 ~~documents otherwise exempted from a recording fee under state law.~~

3 ~~(3) By August 31, 2012, the department shall submit to each county~~  
4 ~~auditor a list of documents that are subject to the surcharge~~  
5 ~~established in subsection (1) of this section.~~

6 ~~(4) If section 2, chapter 90, Laws of 2012 is not enacted into law~~  
7 ~~by July 31, 2012, section 1, chapter 90, Laws of 2012 is null and~~  
8 ~~void.)) The surcharge imposed in this section does not apply to (a)~~  
9 ~~assignments or substitutions of previously recorded deeds of trust, (b)~~  
10 ~~documents recording a birth, marriage, divorce, or death, (c) any~~  
11 ~~recorded documents otherwise exempted from a recording fee or~~  
12 ~~additional surcharges under state law, (d) marriage licenses issued by~~  
13 ~~the county auditor, or (e) documents recording a state, county, or city~~  
14 ~~lien or satisfaction of lien.~~

15 **Sec. 2.** RCW 43.185C.060 and 2007 c 427 s 6 are each amended to  
16 read as follows:

17 The home security fund account is created in the state treasury,  
18 subject to appropriation. The state's portion of the surcharge  
19 established in RCW 36.22.179 and 36.22.1791 must be deposited in the  
20 account. Expenditures from the account may be used only for homeless  
21 housing programs as described in this chapter. If the state auditor  
22 finds that the department has failed to set aside at least forty-five  
23 percent of funds received under RCW 36.22.179 for the use of private  
24 rental housing vouchers, the department must submit a corrective action  
25 plan to the office of financial management within thirty days of  
26 receipt of the state auditor's finding. The office of financial  
27 management must monitor the department's corrective action plan and  
28 expenditures from this account for the remainder of the fiscal year.  
29 If the department is not in compliance with RCW 36.22.179 in any month  
30 of the fiscal year following submission of the corrective action plan,  
31 the office of financial management must reduce the department's  
32 allotments from this account and hold in reserve status a portion of  
33 the department's appropriation equal to the expenditures made during  
34 the month not in compliance with RCW 36.22.179.

35 **Sec. 3.** RCW 43.185C.240 and 2012 c 90 s 2 are each amended to read  
36 as follows:

1 (1) As a means of efficiently and cost-effectively providing  
2 housing assistance to very-low income and homeless households:

3 (a) Any local government that has the authority to issue housing  
4 vouchers, directly or through a contractor, using document recording  
5 surcharge funds collected pursuant to RCW 36.22.178, 36.22.179, or  
6 36.22.1791 must:

7 (i)(A) Maintain an interested landlord list, which at a minimum,  
8 includes information on rental properties in buildings with fewer than  
9 fifty units;

10 (B) Update the list at least once per quarter;

11 (C) Distribute the list to agencies providing services to  
12 individuals and households receiving housing vouchers;

13 (D) Ensure that a copy of the list or information for accessing the  
14 list online is provided with voucher paperwork; and

15 (E) (~~Use reasonable best efforts to~~) Communicate and interact  
16 with landlord and tenant associations located within its jurisdiction  
17 to facilitate development, maintenance, and distribution of the list  
18 and notify interested landlords via e-mail when funds are available for  
19 the use of private rental housing vouchers prior to authorizing housing  
20 for a tenant that will utilize a private rental housing voucher;

21 (ii) Using cost-effective methods of communication, convene, on a  
22 semiannual or more frequent basis, landlords represented on the  
23 interested landlord list and agencies providing services to individuals  
24 and households receiving housing vouchers to identify successes,  
25 barriers, and process improvements. The local government is not  
26 required to reimburse any participants for expenses related to  
27 attendance;

28 (iii) Produce data, limited to document recording fee uses and  
29 expenditures, on a calendar year basis in consultation with landlords  
30 represented on the interested landlord list and agencies providing  
31 services to individuals and households receiving housing vouchers, that  
32 include the following: Total amount expended from document recording  
33 fees; amount expended on, number of households that received, and  
34 number of housing vouchers issued in each of the private, public, and  
35 nonprofit markets; amount expended on, number of households that  
36 received, and number of housing placement payments provided in each of  
37 the private, public, and nonprofit markets; amount expended on and  
38 number of eviction prevention services provided in the private market;

1 and amount expended on and number of other tenant-based rent assistance  
2 services provided in the private market. If these data elements are  
3 not readily available, the reporting government may request the  
4 ~~((department))~~ state auditor to use the sampling methodology  
5 established pursuant to ~~((c)(iii))~~ (d)(i) of this subsection to  
6 obtain the data; and

7 (iv) Annually submit the calendar year data to the ~~((department))~~  
8 state auditor by October 1st, with preliminary data submitted by  
9 October 1, ~~((2012))~~ 2014, and full calendar year data submitted  
10 beginning October 1, ~~((2013))~~ 2015.

11 (b) Any local government receiving more than three million five  
12 hundred thousand dollars during the previous calendar year from  
13 document recording surcharge funds collected pursuant to RCW 36.22.178,  
14 36.22.179, and 36.22.1791, must apply to the Washington state quality  
15 award program, or similar Baldrige assessment organization, for an  
16 independent assessment of its quality management, accountability, and  
17 performance system. The first assessment may be a lite assessment.  
18 After submitting an application, a local government is required to  
19 reapply at least every two years.

20 (c) The department must:

21 (i) Require contractors that provide housing vouchers to distribute  
22 the interested landlord list created by the appropriate local  
23 government to individuals and households receiving the housing  
24 vouchers;

25 ~~((Using cost-effective methods of communication, annually  
26 convene local governments issuing housing vouchers, landlord  
27 association representatives, and agencies providing services to  
28 individuals and households receiving housing vouchers to identify  
29 successes, barriers, and process improvements. The department is not  
30 required to reimburse any participants for expenses related to  
31 attendance;~~

32 ~~((iii))~~ Work with the Washington state quality award program, local  
33 governments, and any other organizations to ensure the appropriate  
34 scheduling of assessments for all local governments meeting the  
35 criteria described in (b) of this subsection; and

36 (iii) Convene a stakeholder group consisting of landlords, homeless  
37 housing advocates, real estate industry representatives, cities,  
38 counties, and the department to meet to discuss long-term funding

1 strategies for homeless housing programs that do not include a  
2 surcharge on document recording fees. The stakeholder group must  
3 provide a report of its findings to the legislature by December 1,  
4 2014.

5 (d) The state auditor must:

6 (i) Develop a sampling methodology to obtain data required under  
7 this section when a local government or contractor does not have such  
8 information readily available. The process for developing the sampling  
9 methodology must include providing notification to and the opportunity  
10 for public comment by local governments issuing housing vouchers,  
11 landlord association representatives, and agencies providing services  
12 to individuals and households receiving housing vouchers;

13 ~~((+iv))~~ (ii) Develop a report, limited to document recording fee  
14 uses and expenditures, on a calendar year basis ~~((in))~~ that may include  
15 consultation with local governments, landlord association  
16 representatives, and agencies providing services to individuals and  
17 households receiving housing vouchers, that includes the following:  
18 Total amount expended from document recording fees; amount expended on,  
19 number of households that received, and number of housing vouchers  
20 issued in each of the private, public, and nonprofit markets; amount  
21 expended on, number of households that received, and number of housing  
22 placement payments provided in each of the private, public, and  
23 nonprofit markets; amount expended on and number of eviction prevention  
24 services provided in the private market; and amount expended on and  
25 number of other tenant-based rent assistance services provided in the  
26 private market. The information in the report must include data  
27 submitted by local governments and data on all additional document  
28 recording fee activities for which the department contracted that were  
29 not otherwise reported;

30 ~~((+v))~~ (iii) Meet with the department and a landlord  
31 representative, by November 15th annually, to review the preliminary  
32 report and provide the department and the landlord representative with  
33 the opportunity to include written comments regarding the findings that  
34 must be included with the final report; and

35 (iv) Annually submit the calendar year report to the legislature by  
36 December 15th, with a preliminary report submitted by December 15,  
37 ~~((2012))~~ 2014, and full calendar year reports submitted beginning  
38 December 15, ~~((2013; and~~

1 ~~(vi) Work with the Washington state quality award program, local~~  
2 ~~governments, and any other organizations to ensure the appropriate~~  
3 ~~scheduling of assessments for all local governments meeting the~~  
4 ~~criteria described in subsection (1)(b) of this section)) 2015.~~

5 (e) If the state auditor finds that the department has failed to  
6 set aside at least forty-five percent of the funds received under RCW  
7 36.22.179, the state auditor must notify the department and the office  
8 of financial management of its finding. In addition, the state auditor  
9 must recommend to the legislature an alternative means of distributing  
10 the funds to meet the requirements of RCW 36.22.179.

11 (f) The state auditor shall conduct a performance audit of the  
12 programs funded by document recording surcharge funds collected  
13 pursuant to RCW 36.22.178, 36.22.179, and 36.22.1791. The findings,  
14 along with any recommended policy changes, must be submitted to the  
15 legislature by December 1, 2014. This audit must include whether all  
16 statutory requirements were met by the department including, but not  
17 limited to, the timely filing of required reports and the quality of  
18 such reports.

19 (2) For purposes of this section:

20 (a) "Housing placement payments" means one-time payments, such as  
21 first and last month's rent and move-in costs, funded by document  
22 recording surcharges collected pursuant to RCW 36.22.178, 36.22.179, or  
23 36.22.1791 that are made to secure a unit on behalf of a tenant.

24 (b) "Housing vouchers" means payments, including payments for  
25 private rental housing, funded by document recording surcharges  
26 collected pursuant to RCW 36.22.178, 36.22.179, or 36.22.1791 that are  
27 made by a local government or contractor to secure: (i) A rental unit  
28 on behalf of an individual tenant; or (ii) a block of units on behalf  
29 of multiple tenants.

30 (c) "Interested landlord list" means a list of landlords who have  
31 indicated to a local government or contractor interest in renting to  
32 individuals or households receiving a housing voucher funded by  
33 document recording surcharges.

34 (d) "Private rental housing" means housing owned by a private  
35 landlord and does not include housing owned by a nonprofit housing  
36 entity or government entity.

37 (3) This section expires June 30, 2017.

1           (~~(4) If section 1, chapter 90, Laws of 2012 is not enacted into~~  
2 ~~law by July 31, 2012, this section is null and void.~~)

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