

SENATE BILL REPORT

SB 6671

As Reported by Senate Committee On:
Ways & Means, March 3, 2016

Title: An act relating to the review of state and local homelessness prevention, assistance, and housing efforts.

Brief Description: Concerning the review of state and local homelessness prevention, assistance, and housing efforts.

Sponsors: Senators Hill, Miloscia, Braun and Roach.

Brief History:

Committee Activity: Ways & Means: 3/02/16, 3/03/16 [DPS, w/oRec].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6671 be substituted therefor, and the substitute bill do pass.

Signed by Senators Braun, Vice Chair; Dammeier, Vice Chair; Honeyford, Vice Chair, Capital Budget Chair; Hargrove, Ranking Member; Ranker, Ranking Minority Member, Operating; Bailey, Becker, Billig, Brown, Conway, Darneille, Hewitt, Nelson, O'Ban, Padden, Parlette, Pedersen, Rolfes, Schoesler and Warnick.

Minority Report: That it be referred without recommendation.

Signed by Senators Keiser, Assistant Ranking Member on the Capital Budget; Hasegawa.

Staff: Julie Murray (786-7711)

Background: 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 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.

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.

Homeless Assistance Programs. The Department of Commerce (Commerce) manages a range of homeless assistance, prevention, and housing programs. Commerce programs include:

- The Housing and Essential Needs Program (HEN), which provides rent assistance and essential needs - e.g. toiletries, bus tokens - for persons with a temporary disability who are homeless or at imminent documented risk of becoming homeless;
- The Consolidated Homeless Grant (CHG), which provides grants for county governments and other designated entities for prevention services, emergency shelters, transitional housing and temporary rent assistance for people facing homelessness;
- The Office of Homeless Youth Prevention and Protection Programs, which provide services for youth and young adults, including: 1) the Independent Youth Housing Program, which provides rental assistance and case management for eligible youth who have aged out of the state foster care system; 2) Street Youth Services, which fund outreach to street youth to connect them to shelter and services; 3) HOPE Beds, which provide voluntary temporary residential placements for youths under age 18 while undergoing comprehensive assessment to develop a plan to achieve housing stability; and 4) Crisis Residential Centers (CRCs), which are short-term, semi-secure and secure facilities for runaway youth and adolescents in conflict with their families.

Homeless Assistance Program Funding. State homeless assistance programs are funded from a combination of the State General Fund and surcharges on documents recorded at county auditor offices. Revenue from these surcharges are split between the state and counties:

- The \$10 Affordable Housing for All surcharge was authorized by the Legislature in 2002. The county is allowed to keep up to 5 percent of the \$10 surcharge for the collection, administration, and local distribution of the funds. Of the remaining funds, 40 percent is transmitted into the state Affordable Housing for All Account administered by Commerce for extremely low-income households. The remaining revenue is retained by the counties for low-income housing programs and projects.
- The local homeless housing and assistance surcharge was first authorized in 2005 at \$10. The surcharge has increased to \$40 and will remain at that amount until June 30, 2019. The county auditor retains 2 percent; 60 percent goes to the county for homeless housing and assistance, of which 6 percent may be used by the county for administrative costs. Remaining funds are deposited into the Home Security Fund account. Commerce may use 12.5 percent for administrative fees and the remaining 87.5 percent is used to provide housing and shelter for homeless people and fund the homeless housing grant program. At least 45 percent of Home Security Account funds must be used for private rental housing payments; however, some uses such as youth prevention and protection programs are exempted from this requirement.
- Another local homeless housing and assistance surcharge was authorized in 2007 at \$8. The county auditor retains 90 percent of the funds for the county, of which 6 percent may be used by the county for administrative costs, and the remainder for the county's local homeless housing plan. The remaining funds are deposited into the state Home Security Fund account for Commerce to use for costs of creating and updating the statewide homeless housing strategic plan, measuring performance,

providing technical assistance to local governments, and managing the homeless housing grant program. Funds may be also be used for housing and shelter for homeless people.

Summary of Bill (Recommended Substitute): The Legislature concludes that state and local homelessness strategies require more frequent review and transparent reporting of spending and performance to improve the development of cost-effective programs and identification of best practices.

Commerce's annual Point-in-Time census must collect data on specific subpopulations of the homeless. At least every 10 years, and subject to appropriation for this specific purpose, the Washington State Institute for Public Policy must conduct a statewide homeless study involving face-to-face interviews to better understand causes and characteristics of chronically homeless, unaccompanied homeless youth, and unsheltered populations to help persons gain housing stability. A study proposal is due to the Legislature by January 1, 2018.

The state homeless housing strategic plan must be updated by July 1, 2017 and every five years thereafter. The plan must be coordinated with the Office of Homeless Youth Prevention and Protection programs advisory committee and its strategies to reduce homeless youth. Commerce will create guidelines by October 1, 2016 for local governments to update their homeless housing plans by December 1, 2017 and every five years thereafter. Local plans must include a local homelessness reduction goal for the county and an implementation plan, including a more aggressive goal and plan for youth homelessness, to achieve the goal over the five-year plan period. Commerce may require changes in local plans to be eligible for state funding appropriated for homeless programs and may withhold funds and require changes if locals are not meeting performance goals.

Each February 1, Commerce must provide an update on the state's homeless housing strategic plan and its activities for the prior fiscal year. The report must include, but is not limited to: 1) an assessment of the current condition of homelessness; 2) the state's performance in meeting its strategic plan goals; 3) the results of the annual homeless point-in-time census; 4) an analysis of current drivers of homelessness; and 5) the amount of federal, state, local, and private funds spent on homelessness assistance, categorized by funding source and major assistance types. The report must be posted on its website and links can be included to updated information.

Every February 1, any local government receiving state funds for homeless assistance must provide an annual performance report on meeting the goals in its homeless housing strategic plan . The report must be posted on Commerce's website. Commerce must produce and report on local government homelessness spending from all sources by project during the prior state fiscal year in a format similar to the Commerce's report under subsection. If a local government fails to report or provides an inadequate performance report, Commerce must take corrective action, including withholding state funding for homeless assistance until the report is remedied.

Revenue from document recording surcharges are revised. Revenue from the \$10 Affordable Housing for All surcharge and the \$40 surcharge are first split 40 percent to the state and 60 percent to the county. The county may used up to 6 percent of its funds for county collection

and administrative costs. Of the \$8 surcharge, counties may use up to 6 percent of its funds for county collection and administrative costs. State annual reporting and auditing of document recording surcharge usage changed to fiscal year and due dates are changed to align with due dates of annual performance reports.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Substitute): Seniors added to subpopulation data collection. State homeless housing strategic plan due date changed to July 1, 2017. Local homeless housing strategic plan due December 1, 2017. State and local strategic plans will include an assessment of drivers of homelessness. The state strategic plan must be developed in coordination with Office of Homeless Youth Prevention and Protection Programs advisory committee and its strategies. Local strategic plans must have specific and more aggressive goal and implementation plan to reduce youth homelessness. Annual state and local performance reports must be posted on Commerce's website. Annual local performance reports will focus on meeting its strategic plan's goals. Commerce will produce and post to its website local homeless assistance spending from all sources. Failure of local government to provide complete performance reports may include withholding state funding to allow Commerce to contract to provide homelessness assistance within the jurisdiction. Sections related to the Transitional Housing Operating and Rent account and program are removed. State annual reporting and auditing of document recording surcharge usage changed to fiscal year and dates changed to align reporting dates of annual performance reports.

Appropriation: None.

Fiscal Note: Requested on March 1, 2016.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: CON: We are conceptually fine with the reporting requirements. However, the time-lines are not in synch. While the bill report says that funding is revised, it reduces funding from \$0.05 of every dollar to 3.5 cents of every dollar. Merging funding for fiduciary functions and policy functions does not make sense. The reduction to the 2 percent retained by the county auditor reduces the money available for information technology and processes to collect the revenue.

OTHER: This bill misses the mark. Seniors and minority populations should be added to the data collection. Plans do not include strategies to address issues that lead to homelessness such as housing affordability, mental health, jails and chemical dependency. It also does not address drivers for youth homelessness such as exiting foster care. The penalties on counties for failing to report are too onerous. We would ask that we take more time to review the data and reporting being asked of Commerce and counties. Youth homelessness needs to be added to the study. No issue holding people accountable for the spending for homelessness and we can help you with this. We have had a significant increase in unsheltered homelessness. There are 37,000 homeless children, families and disabled adults. We may become numb to the numbers, but these are real people with real issues. For the homeless in our state, it is a rainy day.

Persons Testifying: CON: Brian Enslow, WA State Association of Counties; Monty Cobb, WA Association of County Officials.

OTHER: Michele Thomas, Washington Low Income Housing Alliance; Tedd Kelleher, Department of Commerce; Melanie Smith, Wellspring Family Services; Donna Christensen, Washington State Catholic Conference; Laurie Lippold, Partners for Our Children.

Persons Signed In To Testify But Not Testifying: No one.