

# SENATE BILL REPORT

## SB 6186

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As of January 20, 2020

**Title:** An act relating to prioritizing homelessness diversion services.

**Brief Description:** Prioritizing homelessness diversion services.

**Sponsors:** Senators Zeiger and Becker.

**Brief History:**

**Committee Activity:** Housing Stability & Affordability: 1/15/20.

**Brief Summary of Bill**

- Assigns at least 25 percent of the state's portion of the \$62 document recording fee to establish a competitive grant program for local governments to provide homelessness diversion services.

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### SENATE COMMITTEE ON HOUSING STABILITY & AFFORDABILITY

**Staff:** Brandon Popovac (786-7465)

**Background:** Document Recording Fees. Both the state and local homeless housing programs receive funding from the homeless housing and assistance surcharge collected by each county auditor when a document is recorded. Currently, the surcharge is \$62 per recorded document. The surcharge is applied in addition to any authorized surcharges, as well as any administrative fees collected by the county auditor. An additional homeless housing and assistance surcharge of \$8 is also collected by each county auditor for each document recorded.

Both the state and the county receive a percentage of the monies collected from each surcharge. From the \$62 local homeless housing and assistance surcharge, approximately 60 percent is distributed to the county and 40 percent to the state. However, \$10 of the surcharge is distributed specifically to counties for the purposes of implementing homeless housing and assistance programs, and achieving local homeless housing plan goals, and is not subject to the state's portion of the surcharge. The funds collected for the surcharge are distributed as follows:

- 2 percent to the county for collection of the fee.

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- 60 percent to the county for its homeless housing program, up to 6 percent of which may be used for administering its homeless housing plan and the remainder for programs that accomplish plan goals.
- the remainder deposited into the Home Security Fund Account and distributed as follows:
  1. up to 12.5 percent may be used by the Department of Commerce (Commerce) for managing the state homeless housing program, including the costs of creating the statewide homeless housing strategic plan, measuring performance, providing technical assistance to local governments, and managing the homeless housing grant program; and
  2. of the remaining 87.5 percent, at least 45 percent must be set aside for private rental housing payments and the remainder to provide housing and shelter for homeless persons, including partial payments for rental assistance, and to fund the homeless housing grant program.

The \$62 homeless housing and assistance surcharge applies to most recorded documents, except, for example, assignments or substitutions of previously recorded deeds of trust, documents recording a birth, marriage, divorce, or death, and documents recording federal, state, county, or city liens.

Diversión Programs. Pilot programs offering homelessness diversion services have been used in counties in Washington State. For prior programs in Pierce County and King County programs, initial contact with an individual or family occurred at coordinated entry or at an emergency shelter where a diversion-trained staff member would help identify practical solutions and safe housing options based on the individual or family's own available resources, with the potential offer of short-term services or one-time financial assistance. In Pierce County, the average amount of time for individuals and families provided diversion services to find housing was 36 days, with a majority not returning to homelessness within one year. In King County, the average amount of time for individuals and families provided diversion services to find housing was 18 days, with 75 percent of households served finding housing and 5 percent of households returning to homelessness within six months of finding housing through diversion.

**Summary of Bill:** At least 25 percent of the state's portion of the \$62 homeless housing and assistance document recording surcharge must be set aside for Commerce to establish a competitive grant program for local governments to provide diversion services for individuals and families at substantial risk of losing stable housing or who became recently homeless and have a high probability of returning to stable housing.

Diversión services is defined as the employment or contracting of at least one diversion specialist to assist persons and families to find housing options using their own available resources or, if none exist, providing such persons and families with short-term services or one-time financial assistance or both.

Substantial risk is defined as providing proof that an individual or family will lose their housing within the next 30 days or that services will be discontinued within the next 30 days.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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

**Staff Summary of Public Testimony:** PRO: There is good work being done on homelessness diversion in counties across the state along with tremendous partnerships to ensure the response system is on the same page when somebody enters the homeless intake entry system. Diversion makes sure that people get the help they need in whatever situation because each case looks different from person to person; for example, providing help with one month's rent, with a car repair, or getting back to another part of the country. There should be some prioritization of diversion activity within the state's portion of the document recording fee because it will prevent homelessness and help people who have recently become homeless to become housed. There are scarce resources for diversion activity so we must prioritize at least some resources provided that over \$600 million in the state is spent on homelessness related activities.

CON: Requiring redirection of existing home security funds to a new competitive homelessness diversion program would not necessarily improve outcomes and result in a cut to existing homeless housing already at capacity. Diversion is already an allowable use of these funds granted to counties through the consolidated homeless grant (CHG) and Commerce already requires CHG grantees to be trained in diversion. The bill would reduce local control and funding flexibility and add additional state and local administrative costs related to the proposed competitive grant program. Diversion is often an appropriate intervention in many cases but local research shows that additional diversion is not necessarily the most cost effective method to reduce unsheltered homelessness.

Counties frequently work with faith-based organizations and others for additional diversion. This bill reduces local control and would be detrimental to existing county homeless programs, resulting in a substantial loss of funding rather than providing additional funding for diversion. Many small counties and those often with the greatest need do not have the capacity to write competitive grants. Counties just finished developing their local homeless plans which would become obsolete and force counties to start the entire process over again if the bill is enacted.

OTHER: How diversion is defined in the bill is problematic since diversion is not only the employment of a person to help solve problems. The definition should emphasize that diversion is an exploratory conversation between a diversion-trained staff member and the individual seeking services. The definition of substantial risk is concerning because it is likely to create additional barriers for people to access the original services local providers support and will make it confusing and administratively burdensome for communities to implement. A new competitive grant program would require new funds since existing uses of the document recording fees already exceed capacity. Adding a competitive grant program will greatly burden or even dissolve ongoing operations of existing strategies that work. Black households opt into diversion at higher rates than other households so more exploration is needed to understand if the strategy is more effective for families of color or if these families are more likely to choose diversion because of the trauma and lack of safety

often experienced in other parts of the homeless system. Diversion is not the only tool available to help families. If diversion is not implemented from a trauma-informed perspective, it could do more harm than good to youth experiencing homelessness and prevent them from seeking additional services to access stable housing again. It is not advisable to earmark any portion of existing dollars that are already being well spent at the local level. The document recording fee allows local governments flexibility to respond to their local needs.

**Persons Testifying:** PRO: Senator Hans Zeiger, Prime Sponsor.

CON: Juliana Roe, Washington State Association of Counties; Tedd Kelleher, Department of Commerce.

OTHER: Katara Jordan, Building Changes; Michele Thomas, Washington Low Income Housing Alliance.

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