

E2SHB 1277 - S COMM AMD
By Committee on Ways & Means

ADOPTED AS AMENDED 04/24/2021

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 36.22
4 RCW to read as follows:

5 (1) Except as provided in subsection (2) of this section, a
6 surcharge of \$100 must be charged by the county auditor for each
7 document recorded, which is in addition to any other charge or
8 surcharge allowed by law. The auditor must remit the funds to the
9 state treasurer to be deposited and used as follows:

10 (a) Twenty percent of funds must be deposited in the affordable
11 housing for all account for operations, maintenance, and service
12 costs for permanent supportive housing as defined in RCW 36.70A.030;

13 (b) From July 1, 2021, through June 30, 2023, four percent of the
14 funds must be deposited into the landlord mitigation program account
15 created in RCW 43.31.615 for the purposes of RCW 43.31.605(1).
16 Thereafter, two percent of funds must be deposited into the landlord
17 mitigation program account created in RCW 43.31.615 for purposes of
18 RCW 43.31.605(1); and

19 (c) The remainder of funds must be distributed to the home
20 security fund account, with 60 percent of funds to be used for
21 project-based vouchers for nonprofit housing providers and related
22 services and rapid rehousing and acquisition. Priority for use must
23 be given to project-based vouchers and related services, housing
24 acquisition, or emergency housing, for persons who are chronically
25 homeless, including families with children. At least 50 percent of
26 persons receiving a project-based voucher, rapid rehousing, or
27 benefiting from housing acquisition must be living unsheltered at the
28 time of initial engagement. In addition, funds may be used for
29 eviction prevention rental assistance pursuant to section 2 of this
30 act, foreclosure prevention services, dispute resolution center
31 eviction prevention services, rental assistance for people
32 experiencing homelessness, and tenant education and legal assistance.

1 (2) The surcharge imposed in this section does not apply to: (a)
2 Assignments or substitutions of previously recorded deeds of trust;
3 (b) documents recording a birth, marriage, divorce, or death; (c) any
4 recorded documents otherwise exempted from a recording fee or
5 additional surcharges under state law; (d) marriage licenses issued
6 by the county auditor; or (e) documents recording a federal, state,
7 county, or city lien or satisfaction of lien.

8 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.185C
9 RCW to read as follows:

10 (1) The eviction prevention rental assistance program is created
11 in the department to prevent evictions by providing resources to
12 households most likely to become homeless or suffer severe health
13 consequences, or both, after an eviction, while promoting equity by
14 prioritizing households, including communities of color,
15 disproportionately impacted by public health emergencies and by
16 homelessness and housing instability. The department must provide
17 grants to eligible organizations, as described in RCW 43.185.060, to
18 provide assistance to program participants. The eligible
19 organizations must use grant moneys for:

20 (a) Rental assistance, including rental arrears and future rent
21 if needed to stabilize the applicant's housing and prevent their
22 eviction;

23 (b) Utility assistance for households if needed to prevent an
24 eviction; and

25 (c) Administrative costs of the eligible organization, which must
26 not exceed limits prescribed by the department.

27 (2) Households eligible to receive assistance through the
28 eviction prevention rental assistance program are those:

29 (a) With incomes at or below 80 percent of the county area median
30 income;

31 (b) Who are families with children, living in doubled up
32 situations, young adults, senior citizens, and others at risk of
33 homelessness or significant physical or behavioral health
34 complications from homelessness; and

35 (c) That meet any other eligibility requirements as established
36 by the department after consultation with stakeholder groups,
37 including persons at risk of homelessness due to unpaid rent,
38 representatives of communities of color, homeless service providers,
39 landlord representatives, local governments that administer

1 homelessness assistance, a statewide association representing cities,
2 a statewide association representing counties, a representative of
3 homeless youth and young adults, and affordable housing advocates.

4 (3) A landlord may assist an eligible household in applying for
5 assistance through the eviction prevention rental assistance program
6 or may apply for assistance on an eligible household's behalf.

7 (4)(a) Eligible grantees must actively work with organizations
8 rooted in communities of color to assist and serve marginalized
9 populations within their communities.

10 (b) At least 10 percent of the grant total must be subgranted to
11 organizations that serve and are substantially governed by
12 marginalized populations to pay the costs associated with program
13 outreach, assistance completing applications for assistance, rent
14 assistance payments, activities that directly support the goal of
15 improving access to rent assistance for people of color, and related
16 costs. Upon request by an eligible grantee or the county or city in
17 which it exists, the department must provide a list of organizations
18 that serve and are substantially governed by marginalized
19 populations, if known.

20 (c) An eligible grantee may request an exemption from the
21 department from the requirements under (b) of this subsection. The
22 department must consult with the stakeholder group established under
23 subsection (2)(c) of this section before granting an exemption. An
24 eligible grantee may request an exemption only if the eligible
25 grantee:

26 (i) Is unable to subgrant with an organization that serves and is
27 substantially governed by marginalized populations; or

28 (ii) Provides the department with a plan to spend 10 percent of
29 the grant total in a manner that the department determines will
30 improve racial equity for historically underserved communities more
31 effectively than a subgrant.

32 (5) The department must ensure equity by developing performance
33 measures and benchmarks that promote both equitable program access
34 and equitable program outcomes. Performance measures and benchmarks
35 must be developed by the department in consultation with stakeholder
36 groups, including persons at risk of homelessness due to unpaid rent,
37 representatives of communities of color, homeless service providers,
38 landlord representatives, local governments that administer
39 homelessness assistance, a statewide association representing cities,
40 a statewide association representing counties, a representative of

1 homeless youth and young adults, and affordable housing advocates.
2 Performance measures and benchmarks must also ensure that the race
3 and ethnicity of households served under the program are proportional
4 to the numbers of people at risk of homelessness in each county for
5 each of the following groups:

- 6 (a) Black or African American;
- 7 (b) American Indian and Alaska Native;
- 8 (c) Native Hawaiian or other Pacific Islander;
- 9 (d) Hispanic or Latinx;
- 10 (e) Asian;
- 11 (f) Other multiracial.

12 (6) The department may develop additional rules, requirements,
13 procedures, and guidelines as necessary to implement and operate the
14 eviction prevention rental assistance program.

15 (7)(a) The department must award funds under this section to
16 eligible grantees in a manner that is proportional to the amount of
17 revenue collected under section 1 of this act from the county being
18 served by the grantee.

19 (b) The department must provide counties with the right of first
20 refusal to receive grant funds distributed under this subsection. If
21 a county refuses the funds or does not respond within a time frame
22 established by the department, the department must identify an
23 alternative grantee. The alternative grantee must distribute the
24 funds in a manner that is in compliance with this chapter.

25 **Sec. 3.** RCW 43.185C.045 and 2018 c 85 s 9 are each amended to
26 read as follows:

27 (1) By December 1st of each year, the department must provide an
28 update on the state's homeless housing strategic plan and its
29 activities for the prior fiscal year. The report must include, but
30 not be limited to, the following information:

31 (a) An assessment of the current condition of homelessness in
32 Washington state and the state's performance in meeting the goals in
33 the state homeless housing strategic plan;

34 (b) A report on the results of the annual homeless point-in-time
35 census conducted statewide under RCW 43.185C.030;

36 (c) The amount of federal, state, local, and private funds spent
37 on homelessness assistance, categorized by funding source and the
38 following major assistance types:

- 39 (i) Emergency shelter;

1 (ii) Homelessness prevention and rapid rehousing;
2 (iii) Permanent housing;
3 (iv) Permanent supportive housing;
4 (v) Transitional housing;
5 (vi) Services only; and
6 (vii) Any other activity in which more than five hundred thousand
7 dollars of category funds were expended;

8 (d) A report on the expenditures, performance, and outcomes of
9 state funds distributed through the consolidated homeless grant
10 program, including the grant recipient, award amount expended, use of
11 the funds, counties served, and households served;

12 (e) A report on state and local homelessness document recording
13 fee expenditure by county, including the total amount of fee
14 spending, percentage of total spending from fees, number of people
15 served by major assistance type, and amount of expenditures for
16 private rental housing payments required in RCW 36.22.179;

17 (f) A report on the expenditures, performance, and outcomes of
18 the essential needs and housing support program meeting the
19 requirements of RCW 43.185C.220; (~~and~~)

20 (g) A report on the expenditures, performance, and outcomes of
21 the independent youth housing program meeting the requirements of RCW
22 43.63A.311;

23 (h) A county-level report on the expenditures, performance, and
24 outcomes of the eviction prevention rental assistance program under
25 section 2 of this act. The report must include, but is not limited
26 to:

27 (i) The number of adults without minor children served in each
28 county;

29 (ii) The number of households with adults and minor children
30 served in each county; and

31 (iii) The number of unaccompanied youth and young adults who are
32 being served in each county; and

33 (i) A county-level report on the expenditures, performance, and
34 outcomes of the rapid rehousing, project-based vouchers, and housing
35 acquisition programs under section 1 of this act. The report must
36 include, but is not limited to:

37 (i) The number of persons who are unsheltered receiving shelter
38 through a project-based voucher in each county;

39 (ii) The number of units acquired or built via rapid rehousing
40 and housing acquisition in each county; and

1 (iii) The number of adults without minor children, households
2 with adults and minor children, unaccompanied youth, and young adults
3 who are being served by the programs under section 1 of this act in
4 each county.

5 (2) The report required in subsection (1) of this section must be
6 posted to the department's website and may include links to updated
7 or revised information contained in the report.

8 (3) Any local government receiving state funds for homelessness
9 assistance or state or local homelessness document recording fees
10 under RCW 36.22.178, 36.22.179, or 36.22.1791 must provide an annual
11 report on the current condition of homelessness in its jurisdiction,
12 its performance in meeting the goals in its local homeless housing
13 plan, and any significant changes made to the plan. The annual report
14 must be posted on the department's website. Along with each local
15 government annual report, the department must produce and post
16 information on the local government's homelessness spending from all
17 sources by project during the prior state fiscal year in a format
18 similar to the department's report under subsection (1)(c) of this
19 section. If a local government fails to report or provides an
20 inadequate or incomplete report, the department must take corrective
21 action, which may include withholding state funding for homelessness
22 assistance to the local government to enable the department to use
23 such funds to contract with other public or nonprofit entities to
24 provide homelessness assistance within the jurisdiction.

25 **Sec. 4.** RCW 43.185C.060 and 2020 c 357 s 915 are each amended to
26 read as follows:

27 (1) The home security fund account is created in the state
28 treasury, subject to appropriation. The state's portion of the
29 surcharge established in RCW 36.22.179 and 36.22.1791 and section 1
30 of this act must be deposited in the account. Expenditures from the
31 account may be used only for homeless housing programs as described
32 in this chapter, including the eviction prevention rental assistance
33 program established in section 2 of this act.

34 (2) The department must distinguish allotments from the account
35 made to carry out the activities in RCW 43.330.167, 43.330.700
36 through 43.330.715, 43.330.911, 43.185C.010, 43.185C.250 through
37 43.185C.320, and 36.22.179(1)(b).

38 (3) The office of financial management must secure an independent
39 expenditure review of state funds received under RCW 36.22.179(1)(b)

1 on a biennial basis. The purpose of the review is to assess the
2 consistency in achieving policy priorities within the private market
3 rental housing segment for housing persons experiencing homelessness.
4 The independent reviewer must notify the department and the office of
5 financial management of its findings. The first biennial expenditure
6 review, for the 2017-2019 fiscal biennium, is due February 1, 2020.
7 Independent reviews conducted thereafter are due February 1st of each
8 even-numbered year.

9 (4) During the 2019-2021 fiscal biennium, expenditures from the
10 account may also be used for shelter capacity grants.

11 **Sec. 5.** RCW 43.185C.190 and 2011 1st sp.s. c 50 s 955 are each
12 amended to read as follows:

13 The affordable housing for all account is created in the state
14 treasury, subject to appropriation. The state's portion of the
15 surcharges established in RCW 36.22.178 and section 1 of this act
16 shall be deposited in the account. Expenditures from the account may
17 only be used for affordable housing programs(~~(. During the 2011-2013~~
18 ~~fiscal biennium, moneys in the account may be transferred to the home~~
19 ~~security fund)), including operations, maintenance, and services as
20 described in section 1(1)(a) of this act.~~

21 NEW SECTION. **Sec. 6.** (1)(a) The legislature finds that
22 affordable housing, housing instability, and homelessness are
23 persistent and increasing problems throughout the state. Despite
24 significant increases in financial resources by the federal, state,
25 and local governments to address these problems, homelessness and the
26 risk of becoming homeless has worsened in Washington since the
27 legislature authorized the first homeless housing document recording
28 surcharge in 2005. The number of unsheltered homeless encampments in
29 greenbelts, under bridges, and on our streets is a visible reminder
30 that the current system is not working.

31 (b) The legislature finds that the COVID-19 pandemic has
32 exacerbated and shed new light on the state's homelessness problems
33 and forced communities and providers to reexamine the types and
34 delivery of housing and services to individuals and families who are
35 homeless or at risk of homelessness. As a result of the changing
36 conditions COVID-19 created, the federal government has provided an
37 infusion of funding for housing and services for homelessness
38 populations in its COVID-19 relief bills to pursue different

1 strategies to improve outcomes. Moreover, there are various proposals
2 to increase state funding to address housing insecurity and
3 homelessness, including this act to impose an additional document
4 recording fee to fund an eviction prevention rental assistance
5 program and other services to persons at risk or experiencing
6 homelessness.

7 (c) The legislature also finds that there are many causes of
8 homelessness and housing instability, including: (i) A shortage of
9 affordable housing; (ii) local land use planning and property
10 management policies that discourage the development of private sector
11 housing stock to serve low and extremely low-income households; (iii)
12 unemployment and lack of education and job skills to acquire an
13 adequate wage job; (iv) mental health, developmental, and physical
14 disabilities; (v) chemical and alcohol dependency; and (vi) family
15 instability and conflict. The legislature intends to provide for an
16 examination of the economic, social, and health causes of current and
17 expected patterns of housing instability and homelessness, and to
18 secure a common understanding of the contribution each has to the
19 current crisis. The legislature intends for this examination to
20 result in a widely accepted strategy for identifying how best to
21 address homelessness in ways that: (A) Address the root causes of the
22 problem; (B) clearly assign responsibilities of state and local
23 government to address those causes; (C) support local control and
24 provision of services at the local level to address specific
25 community needs, recognizing each community must play a part in the
26 solution; (D) respect property owner rights and encourage private
27 sector involvement in solutions and service; and (E) develop pathways
28 to permanent housing solutions and associated services to break the
29 cycle of housing insecurity and homelessness.

30 (2) (a) The department of commerce must contract with the William
31 D. Ruckelshaus center to conduct an examination of trends affecting,
32 and policies guiding, the housing and services provided to
33 individuals and families who are or at risk of homelessness in
34 Washington. The center must also facilitate meetings and discussions
35 to develop and implement a long-term strategy to improve services and
36 outcomes for persons at risk or experiencing homelessness and develop
37 pathways to permanent housing solutions.

38 (b) In fulfilling the requirements of this section, the center
39 must work and consult with (i) willing participants representing
40 tribal and local governments, local providers of housing and services

1 for homeless populations, advocates and stakeholders representing the
2 interests of homeless populations, mental health and substance abuse
3 professionals, representatives of the business community and other
4 organizations, and other representatives the center determines is a
5 necessary participant to examine these issues; (ii) a group of
6 legislators consisting of one member from each of the two largest
7 caucuses in the senate and in the house of representatives appointed
8 by the president of the senate and the speaker of the house of
9 representatives, respectively; and (iii) three representatives of the
10 executive branch appointed by the governor.

11 (c) (i) The center must conduct fact-finding and stakeholder
12 discussions with participants identified in (b) of this subsection.
13 These discussions must identify stakeholder concerns, barriers,
14 opportunities, and desired principles for a long-term strategy to
15 improve the outcomes and services for persons at risk or experiencing
16 homelessness and develop pathways to permanent housing solutions.

17 (ii) The center must conduct fact-finding and stakeholder
18 discussions with participants identified in (b) of this subsection to
19 identify root causes of housing instability and homelessness within
20 Washington state. This fact-finding should address root causes
21 demographically within subpopulations of persons at risk or
22 experiencing homelessness such as veterans and persons suffering from
23 mental health or substance abuse issues. The fact-finding should also
24 address root causes that may differ geographically or regionally. The
25 fact-finding must identify existing statutory and regulatory issues
26 that impede efforts to address root causes of housing instability and
27 homelessness within Washington state.

28 (iii) The center must issue two reports of its fact-finding
29 efforts and stakeholder discussions to the governor and the
30 appropriate committees of the house of representatives and the
31 senate. One report on the subjects covered in (c)(i) of this
32 subsection is due December 1, 2021, and one on the subjects covered
33 in (c)(ii) of this subsection is due December 1, 2022.

34 (d) The center must facilitate discussions between the
35 stakeholders identified in this subsection (2) for the purposes of
36 identifying options and recommendations to develop and implement a
37 long-term strategy to improve the outcomes and service for persons at
38 risk or experiencing homelessness and develop pathways to permanent
39 housing solutions, including the manner and amount in which the state
40 funds homelessness housing and services and performance measures that

1 must be achieved to receive state funding. A report on this effort is
2 due to the governor and the appropriate committees of the house of
3 representatives and the senate by December 1, 2023."

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4 On page 1, line 2 of the title, after "services;" strike the
5 remainder of the title and insert "amending RCW 43.185C.045,
6 43.185C.060, and 43.185C.190; adding a new section to chapter 36.22
7 RCW; adding a new section to chapter 43.185C RCW; and creating a new
8 section."

EFFECT: (1) Increases the percentage of funds going to permanent supportive housing from 5 percent to 20 percent.

(2) Changes the allocation of funds that are distributed to the home security fund so that at least 60 percent of funds are allocated for project-based vouchers for nonprofit housing providers and rapid rehousing and acquisition.

(3) Requires that at least 50 percent of persons receiving a project-based voucher, rapid rehousing, or benefiting from housing acquisition under this act must be living unsheltered at the time of initial engagement.

(4) Clarifies that the report on the eviction prevention rental assistance program must have county-level data.

(5) Requires the department to generate a county-level report on the rapid rehousing, project-based vouchers, and housing acquisition programs in the bill.

(6) Directs the Department of Commerce to contract with the William D. Ruckelshaus center to conduct an examination of trends affecting, and policies guiding, the housing and services provided to individuals and families who are or at risk of homelessness in Washington. The department must facilitate meetings and discussions with legislators, members of the executive branch, and stakeholders to develop and implement a long-term strategy to improve services and outcomes for persons at risk or experiencing homelessness and develop pathways to permanent housing solutions. Reports are due December 1, 2021, and December 1, 2022.

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