

HOUSE BILL REPORT

HB 1173

As Reported by House Committee On:
Local Government & Housing

Title: An act relating to providing affordable housing for all.

Brief Description: Creating programs to increase affordable housing and end homelessness.

Sponsors: Representatives Miloscia, Simpson, Chase, Ormsby, Hasegawa, Williams, Roberts, Goodman and Sullivan.

Brief History:

Committee Activity:

Local Government & Housing: 1/22/09, 2/12/09 [DPS].

Brief Summary of Substitute Bill

- Creates the Affordable Housing for All program with the goal of providing decent, affordable housing for all economic segments by the year 2020.
- Requires the Department of Community, Trade and Economic Development (Department) to implement and administer the Affordable Housing for All program.
- Adds performance measure, quality management, and reporting requirements to the responsibilities of the Department, as well as local governments, with respect to the Affordable Housing for All Act and the Homeless Housing and Assistance Act.

HOUSE COMMITTEE ON LOCAL GOVERNMENT & HOUSING

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Simpson, Chair; Nelson, Vice Chair; Miloscia, Springer, Uptegrove, White and Williams.

Minority Report: Do not pass. Signed by 4 members: Representatives Angel, Ranking Minority Member; Ericksen, Assistant Ranking Minority Member; Cox and Short.

Staff: Thamas Osborn (786-7129)

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.

Background:

Affordable Housing for All Surcharge.

County auditors are required by statute to record deeds and other instruments that are filed and recorded. A \$10 surcharge, authorized by the Legislature in 2002, is charged for recording certain documents to support low-income housing projects. The 2007 Legislature named this surcharge the "Affordable Housing for All Surcharge." 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 are transmitted into the Affordable Housing for All Account administered by the Department of Community, Trade and Economic Development (Department) to be used to provide housing and shelter for extremely low-income households. The remainder of the revenue generated is retained by the counties for low-income housing programs and projects which serve households at or below 50 percent of the area median income.

Homeless Housing and Assistance Act/Home Security Fund.

The Legislature enacted the Homeless Housing and Assistance Act in 2005, the goal of which was to reduce homelessness by 50 percent statewide and in each county by 2015. Thirty-seven counties participate in this program. State and county homeless programs are funded by a \$10 surcharge on recorded documents which produces approximately \$16 million dollars a year for homeless programs. Sixty percent of these funds remain in the county of origin. In 2007 the Legislature authorized an additional \$8 surcharge for this program. Ninety percent of these funds remain in the county of origin. The Legislature also renamed the fund into which the state portion of both surcharges is deposited as the "Home Security Fund." Counties use their homeless funds for purposes outlined in their Homeless Housing plans. The Department uses its homeless funds to administer the program statewide and to fund and administer the Homeless Grant Assistance Program, which provides additional funds for specific county homeless programs.

Recording Fee Surcharges.

Most one page documents have a \$40 total recording fee. Each additional page adds \$1 to that charge.

Washington State Quality Award Program.

The Washington State Quality Award (WSQA) Program is a nonprofit organization that evaluates performance standards for organizations who apply for review. After an intensive screening process, the WSQA provides feedback to these organizations regarding how to improve quality performance and recognizes those that have achieved performance excellence.

During the 2007 legislative session, the Legislature mandated that beginning in 2011, organizations receiving over \$500,000 during the previous calendar year from specified housing-related programs and funding sources apply to the WSQA Program for an

independent assessment of its quality management, accountability, and performance system. This assessment is required every three years.

Summary of Substitute Bill:

Affordable Housing For All Act:

Overview of Affordable Housing for All Act.

The Affordable Housing for All Act (AHFA) creates a new chapter in the Revised Code of Washington with the stated goal of ensuring that all Washington citizens have access to a "decent and affordable" home by the year 2020. "Affordable housing" means an inventory of housing with a range of sale prices or rental costs that put decent housing within the economic reach of those from all economic strata within the state. The Department is tasked with overseeing the implementation of the AHFA through the creation and administration of a statewide AHFA program, and by playing an assistance and oversight role with respect to AHFA programs implemented by local governments.

The AHFA program is funded through the Affordable Housing for All recording fee surcharge. All counties, regardless of their participation in the AHFA program, must report annually upon receipts and expenditures of surcharge funds.

The AHFA does not require the Department or any local government to expend its own funds in order to achieve the goals of the act. The state and local programs are funded through the recording fee surcharge and state funds appropriated by the Legislature.

Responsibilities of the Department under the AHFA.

The Department is required to consult with the Affordable Housing Advisory Board in creating an annually updated state AHFA Plan (state plan) designed to achieve the goals of the AHFA. The Department must submit its first state plan to the Legislature by January 15, 2011, and thereafter biannually on that date. State plan requirements include:

- the incorporation of specified, key elements of other housing-related state plans, including performance measures;
- the documentation and analysis of the state housing inventory, including data pertaining to price and quantity in relation to specified economic segments of the population;
- developing an outline of the strategies and programs necessary to achieve the 2020 goals; and
- performance measures for evaluating the success of the plan in achieving the 2020 goals, including those that address:
 1. the overall effectiveness of the AHFA plan; and
 2. the relation between increases in housing prices and wage/income growth.

Beginning in 2011, the Department must biannually summarize county AHFA plans (county plans) and must conduct annual performance evaluations of county plans and county AHFA programs (county programs).

AHFA Requirements Pertaining to Counties and Cities.

County participation in the AHFA program is optional. In order to be exempt from participation, a county legislative authority must pass a resolution indicating its intention not to participate and must forward this resolution to the Department. Counties that do not participate will continue to receive revenue from the AHFA document recording fee surcharge, but will not receive any additional funds designated for the AHFA program.

Counties choosing to participating in the AHFA program must convene a County Affordable Housing Task Force (task force) for the purpose of preparing a county plan. Participating counties must adopt a county plan by June 30, 2011 and update the plan on an annual basis. The county plan may be combined with other local homeless housing plans. Generally, the county plans must contain the same types of information, analysis, and performance measures required of the state plan.

If a county declines to participate in the AHFA program, a city or collaborative group of cities has the option of participation. City participation requires the forwarding of a resolution to the Department expressing the intention to take part in the program.

Local governments receiving over \$500,000 a year from the state, the Housing Finance Commission (HFC) and housing related local recording fee surcharges must apply to the WSQA Program for an assessment every three years beginning in January of 2011.

Homeless Housing and Assistance Act:

Various provisions of the Homeless Housing and Assistance Act (Act) are amended to require the comprehensive use of performance measures and performance evaluations, as well as participation in specified quality management programs.

"Performance evaluation" is defined as the process of evaluating performance by established objective, measurable criteria according to the achievement of outlined goals, measures, targets, standards, or other outcomes.

"Quality management program" is defined to mean a nationally recognized program using criteria similar or equivalent to the Baldrige criteria. Beginning on January 11, 2011, and every three years thereafter, all local governments receiving over \$500,000 a year during the previous calendar year from (1) state housing-related funding sources, (2) the ending homelessness program surcharges, and (3) any surcharges in the Act and other pertinent surcharges, must apply to the WSQA Program for an independent assessment of its quality management, accountability, and performance system.

The Department must convene a state-wide task force for the purpose of creating homeless housing program outcome guidelines, performance measures, and goals, in order to gauge the performance of the programs and plans created under the Act. The performance measures

created by the task force must evaluate the success of the state and each local government in the following areas:

- the cost of ending homelessness in relation to available resources;
- the quality and completeness of the Washington Homeless Client Management Information System Information database;
- the quality of the performance management systems within various specified public and private entities involved in programs to end homelessness; and
- the quality of local homeless housing plans.

Local governments and the Department may use funds from their portion of the home security fund surcharges for quality management purposes.

The Act does not require the Department or any local government to expend its own funds in order to achieve the goals of the Act. The state and local programs are funded through the recording fee surcharge and state funds appropriated by the Legislature.

Substitute Bill Compared to Original Bill:

The substitute bill deletes numerous bill sections in their entirety, as well as selected amendatory provisions in remaining sections, in order to eliminate that portion of the bill creating the Ending Homelessness Act. The original statutory references to the Homeless Housing and Assistance Act are restored. This substitute bill eliminates the recodification of statutory sections necessary for creating the Ending Homelessness Act. However, those amendatory provisions in the Ending Homelessness Act pertaining to performance measures, performance evaluations, and quality management programs were left intact within the substitute bill as part of the restored Homeless Housing and Assistance Act.

The substitute bill selectively amends the provisions of the AHFA program so as to simplify programs and eliminate some reporting requirements. These amendments include:

- allowing some plan updating and reporting requirements to be done biannually rather than annually;
- selectively deleting some performance measure requirements and eliminating annual reviews of some required performance measures; and
- requiring biannual, rather than annual, reporting by counties regarding receipts and expenditures with respect to the affordable housing surcharge.

In eliminating the Ending Homelessness Act, the following bill sections were deleted in their entirety:

- Sec. 14 - amending RCW 43.185C.005;
- Sec. 16 - amending RCW 43.185C.020 which creates the Ending Homeless Program and states program goals;
- Sec. 19 - amending RCW 43.185C.070;
- Sec. 20 - amending RCW 43.185C.080;
- Sec. 21 - amending RCW 43.185C.090;
- Sec. 22 - amending RCW 43.185C.100;
- Sec. 23 - amending RCW 43.185C.130;
- Sec. 24 - amending RCW 43.185C.160;
- Sec. 25 - amending RCW 43.185C.900;

- Sec. 28 - amending RCW 43.185C.170;
 - Sec. 29 - amending RCW 43.185C.180;
 - Sec. 30 - new section added to chapter 43.185C RCW establishing self-sufficiency income standards;
 - Sec. 31 - amending RCW 43.185B.030 to create reporting requirements for the Affordable Housing Advisory Board;
 - Sec. 32 - new section added to chapter 43.185C RCW requiring JLARC to conduct two performance audits of the Ending Homelessness Program;
 - Sec. 33 - amending RCW 43.20A.790 to impose duties on the DSHS regarding in the development of a comprehensive plan for homeless families with children;
 - Sec. 35 - new uncodified section requiring the Department to contract with the Washington Institute for Public Policy to conduct a study to determine the most effective and accurate way to measure and evaluate the societal costs of homelessness; and
 - Sec. 36 - statutory recodification provisions necessary for the creation of the Ending Homelessness Act.
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Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The purpose of the bill is to provide a more detailed and comprehensive statutory scheme for dealing with housing and homelessness issues. The goal is to more effectively provide for the housing needs of our citizens and to end homelessness. Another purpose of the bill is to create performance measures and increase the accountability of the public entities responsible for dealing with housing and homelessness issues in this state. The bill provides some excellent policy guidelines and has good accountability provisions. Although performance measures are much needed, the bill has too many such requirements. Some portions of the bill could use some fine tuning. Overall, however, the bill represents a major step forward in addressing affordable housing and homelessness issues in our communities.

Counties are responsible for providing affordable housing for all working families. However, public funding is simply not being used in ways that have succeeded in actually providing help to the homeless. Resolving the homelessness problem would result in enormous overall cost savings for the taxpayer, given the social costs of the medical, mental health, and substance abuse issues that arise in the homeless population. Our state has done a poor job in providing and maintaining low-income housing.

(Opposed) None.

Persons Testifying: (In support) Representative Miloscia, prime sponsor; Ruth Shearer; Greg Provenzano, Columbia Legal Services; Nick Federici, Washington Low-Income Housing Alliance; Mia Wells, Washington State Coalition for the Homeless; and Will Graham, Department of Community, Trade and Economic Development.

Persons Signed In To Testify But Not Testifying: None.