

HOUSE BILL REPORT

ESHB 2048

As Amended by the Senate

Title: An act relating to low-income and homeless housing assistance surcharges.

Brief Description: Concerning low-income and homeless housing assistance surcharges.

Sponsors: House Committee on Ways & Means (originally sponsored by Representatives Kenney, Darneille, Dunshee, Hasegawa, Green, Upthegrove, Ormsby, Haigh, McCoy, Pedersen, Ryu, Pettigrew, Ladenburg, Moscoso, Hunt, Kagi, Dickerson, Appleton, Sells, Roberts, Reykdal, Frockt, Fitzgibbon, Finn, Goodman and Rolfes).

Brief History:

Committee Activity:

Ways & Means: 5/5/11, 5/11/11 [DPS].

First Special Session

Floor Activity:

Passed House: 5/25/11, 52-44.

Floor Activity:

Passed House: 2/9/12, 55-42.

Senate Amended.

Passed Senate: 2/29/12, 30-18.

Brief Summary of Engrossed Substitute Bill

- Increases the Homeless Housing and Assistance Act document recording surcharge through June 30, 2017.
- Adds requirements to local governments and the Department of Commerce (COM) related to housing vouchers paid for with document recording fees.
- Requires cities and counties receiving more than \$3.5 million in document recording surcharges to receive a Washington State Quality Award program or similar assessment every two years.
- Limits the surcharge to real property-related documents that are required to be recorded or filed and requires county auditors to submit a list of documents subject to the surcharge to the COM.

HOUSE COMMITTEE ON WAYS & MEANS

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.

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 15 members: Representatives Hunter, Chair; Darneille, Vice Chair; Hasegawa, Vice Chair; Carlyle, Dickerson, Haigh, Hudgins, Hunt, Kagi, Kenney, Ormsby, Pettigrew, Seaquist, Springer and Sullivan.

Minority Report: Do not pass. Signed by 11 members: Representatives Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Chandler, Haler, Hinkle, Parker, Ross, Schmick and Wilcox.

Staff: Andy Toulon (786-7178).

Background:

Duties and Authority of County Auditors.

The county auditor is responsible for the recording of specified documents required by law to be maintained as part of the public record kept by a county. The documents that must be recorded by a county auditor include judgments, liens, deeds, mortgages, and many other categories of documents pertaining to property ownership and real estate transactions.

State law specifies requirements that must be met by an auditor when exercising his or her recording duties, including the collection of specified fees when a document is recorded. These fees include three document recording surcharges currently totaling \$48 used for the funding of state and local programs to provide affordable housing for low-income persons and housing assistance for the homeless:

1. an Affordable Housing for All surcharge of \$10;
2. a surcharge for local homeless housing and assistance which is currently \$30; and
3. an additional surcharge for local homeless housing and assistance of \$8.

Each of the three document recording surcharges includes a portion which is provided to counties and a portion which is provided for state administered housing and homeless programs. The state's portion of the first of the surcharges noted above is deposited into the Affordable Housing for All Account. The state's portion of the remaining two surcharges is deposited into the Home Security Fund.

Homeless Housing and Assistance Act.

The Legislature enacted the Homeless Housing and Assistance Act (Act) in 2005, with the goal of reducing homelessness by 50 percent statewide and in each county by 2015. The Department of Commerce (COM), 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.

The \$30 surcharge for local homeless housing and assistance was originally authorized in 2005 as a \$10 surcharge under the Act. In 2009 legislation enacted increased the surcharge to \$30 during the 2009-11 and 2011-13 biennia.

The Legislature has authorized expenditures from the Home Security Fund to support the following programs administered by the COM and the Department of Social and Health Services (DSHS):

- the Homeless Housing Program (COM);
- Homeless Family Shelters (COM);
- Independent Youth Housing (COM);
- Housing Division Administration (COM);
- the Transitional Housing Operating and Rent Program (COM);
- Secure Crisis Residential Centers (DSHS);
- Crisis Residential Centers (DSHS); and
- Hope Centers (DSHS).

Summary of Engrossed Substitute Bill:

The \$30 surcharge for local homeless housing and assistance increases to \$40 from September 1, 2011, through June 30, 2015; becomes \$30 from July 1, 2015, to June 30, 2017; and returns to \$10, beginning July 1, 2017.

The types of documents for which the homeless housing surcharge must be applied is clarified to include: full reconveyance; deeds of trust; deeds; liens related to real property; release of liens related to real property; notice of trustee sales; judgments related to real property; and all other documents pertaining to real property as determined by the county auditor. By August 31, 2011, each county auditor is required to produce and submit to the COM a list of documents that are subject to the surcharge.

Through June 30, 2017, any local government that has the authority to issue housing vouchers paid for with funds obtained from document recording fees is required to:

- in conjunction with local landlord and tenant associations, develop, maintain and update at least quarterly an interested landlord list that includes information on rental properties in buildings with fewer than 50 units;
- distribute the list to agencies providing services to individuals and households receiving housing vouchers;
- ensure that a copy of the list or information for accessing the list online is provided with voucher paperwork;
- semi-annually convene interested landlords and agencies that provide services to households receiving housing vouchers to identify successes, barriers, and process improvements; and
- develop and submit annual data, in consultation with landlords and agencies, on specified expenditures made and services provided with document recording fees to the COM. If such data are not readily available, the local government may request that the COM obtain the information by using a sampling methodology.

A city or county receiving more than \$3.5 million in document recording surcharges is required to receive a Washington State Quality Award program or similar assessment of its

quality management, accountability, and performance system every two years. The initial assessment may be a "lite" assessment.

The COM is required to:

- require its contractors to distribute the interested landlord list;
- annually convene local governments, landlord association representatives, and agencies to identify successes, barriers, and process improvements;
- develop a sampling methodology to obtain required data when a local government or contractor does not have such information readily available;
- develop and submit an annual report to the Legislature that is developed in consultation with local governments, landlord association representatives, and agencies that includes specified expenditures made and services provided with document recording fees; and
- work with local governments and the Washington State Quality Award program on scheduling required assessments.

"Housing vouchers" are defined as payments funded by one of the three housing-related document recording surcharges that are made by a local government or contractor to secure a rental unit on behalf of an individual tenant, or a block of units on behalf of multiple tenants.

"Housing placement payments" are defined as one-time payments funded by document recording surcharges that are made to secure a unit on behalf of a tenant.

"Interested landlord list" is defined as a list of landlords who have indicated to a local government or contractor interest in renting to individuals or households receiving a housing voucher funded by document recording surcharges.

The changes to the Act surcharge are null and void if the provisions regarding new requirements for the COM and local governments that have the authority to issue housing vouchers are not enacted. The additional requirements for the COM and local governments that have the authority to issue housing vouchers are null and void if the Act surcharge changes are not enacted.

EFFECT OF SENATE AMENDMENT(S):

The \$30 surcharge for local homeless housing and assistance increases to \$40 from September 1, 2012, through June 30, 2015, rather than from September 1, 2011, through June 30, 2015. The responsibility for determining other documents pertaining to real property not specified in the bill which are subject to the local homeless housing and assistance surcharge is shifted from county auditors to the COM. The COM is required, by August 31, 2012, to submit to each county auditor a list of documents that are subject to the surcharge rather than each county auditor being required to provide such lists to the COM by August 31, 2011. Technical changes are made.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) On any given day, at least 23,000 people are homeless in Washington, about 16,200 are in temporary housing, and another 6,500 live in cars and abandoned building and bridges. Ninety-one thousand people face homelessness each year, including 22,000 homeless students, which is up over 50 percent from 2005. Most of these are not served due to limited resources.

This bill is a preventative measure to help people who temporarily need our assistance and in the long run will save us money. The bill provides requirements for partnership between government and the private sector and includes strong data reporting and monitoring to help make sure we are using best practices. The bill was a collaborative effort bringing together affordable housing advocates, private landlords, and county governments to come up with a joint solution to provide funding and accountability to meet community needs.

This bill will facilitate increasing the use of the private rental market in programs funded by the fees through an interested landlord list and regular meetings that will help connect tenants with vouchers to the private rental market and provide access to an untapped resource. The bill also calls for regular meetings and improved data which will lead to ongoing improvements.

This bill is a priority of many diverse groups as shelter and housing is an overarching need and rent subsidies and vouchers are critical for meeting people's immediate needs. The bill will help address additional homelessness that will be created by reductions to human services funding in the budget. Lack of passage will return many people to homelessness which drives costs in other systems such as emergency rooms, psychiatric hospitals, jails, and prisons. Housing means jobs in that it provides a way for people to shower and have clean clothes, and housing is connected to economic recovery.

The programs that are funded with these fees are critical for the stability and health of children and families. The youth programs are the difference between kids being on the street (which means predators, pimps, and pedophiles) rather than being in a safe home working on their academic achievement and academic readiness. These programs are the last thread of the safety net.

The bill will sunset approximately \$64 million worth of services in the next several years during which time alternative funding can be explored.

(Opposed) Recording fees should be limited to costs of recording and preserving documents. Approximately 77 percent of what is collected today goes to things that are not related to recording and preservation of documents. Examples of documents for which a fee is collected that are not related to real estate include affidavits, certain court documents, and name changes, none of which are exempted from the surcharge on homelessness.

Persons Testifying: (In support) Seth Dawson, Washington State Coalition for the Homeless and Washington State Community Action Partnership; Terry Kohn and Darlene Pennock, Washington Apartment Association; Julie Johnson, Rental Housing Association; Nick Federici, Washington Low-Income Housing Alliance; Nick Licata, Seattle City Council; Debra Nielsen, Mason County Shelter; Bill Block, Committee to End Homelessness; Troy Christensen, Washington State Coalition for the Homeless; Rashi Gupta, Association of Counties; John Cummings, United for National Health Care and Whatcom Coalition for Homelessness; Laurie Lippold, Children's Home Society; and Jim Theofelis and Rosalee Warren, Mockingbird Society.

(Opposed) James McMahan, Washington Association of County Officials; and Kim Wyman, Thurston County Auditor.

Persons Signed In To Testify But Not Testifying: None.