
SENATE BILL 5283

State of Washington

62nd Legislature

2011 Regular Session

By Senators Hobbs, Benton, Schoesler, Honeyford, Zarelli, Prentice, and Shin

Read first time 01/20/11. Referred to Committee on Financial Institutions, Housing & Insurance.

1 AN ACT Relating to cost-saving measures and allocation of vouchers
2 in awarding resources for low-income housing; amending RCW 36.22.178,
3 36.22.179, 36.22.1791, 43.185.020, and 43.185.050; adding a new section
4 to chapter 43.185 RCW; and adding new sections to chapter 36.01 RCW.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 36.22.178 and 2007 c 427 s 1 are each amended to read
7 as follows:

8 The surcharge provided for in this section shall be named the
9 affordable housing for all surcharge.

10 (1) Except as provided in subsection (3) of this section, a
11 surcharge of ten dollars per instrument shall be charged by the county
12 auditor for each document recorded, which will be in addition to any
13 other charge authorized by law. The county may retain up to five
14 percent of these funds collected solely for the collection,
15 administration, and local distribution of these funds. Of the
16 remaining funds, forty percent of the revenue generated through this
17 surcharge will be transmitted monthly to the state treasurer who will
18 deposit the funds into the affordable housing for all account created
19 in RCW 43.185C.190. The department of (~~community, trade, and economic~~

1 development)) commerce must use these funds to provide housing and
2 shelter for extremely low-income households, including (~~but not~~
3 ~~limited to~~) using twenty-six percent of the funds for rental vouchers
4 as long as a majority of the dwelling units occupied by the tenants
5 using these vouchers are privately owned units that are not operating
6 under any program licensed by the state of Washington, and the
7 remaining funds used for grants for building operation and maintenance
8 costs of housing projects or units within housing projects that are
9 affordable to extremely low-income households with incomes at or below
10 thirty percent of the area median income, and that require a supplement
11 to rent income to cover ongoing operating expenses.

12 (2) All of the remaining funds generated by this surcharge will be
13 retained by the county and be deposited into a fund that must be used
14 by the county and its cities and towns for eligible housing activities
15 as described in this subsection that serve very low-income households
16 with incomes at or below fifty percent of the area median income. The
17 portion of the surcharge retained by a county shall be allocated to
18 eligible housing activities that serve extremely low and very low-
19 income households in the county and the cities within a county
20 according to an interlocal agreement between the county and the cities
21 within the county consistent with countywide and local housing needs
22 and policies. A priority must be given to eligible housing activities
23 that serve extremely low-income households with incomes at or below
24 thirty percent of the area median income. Eligible housing activities
25 to be funded by these county funds are limited (~~to~~) as follows:

26 (a) A minimum of twenty-six percent of funds received must be (i)
27 allocated for rental vouchers for housing units that are affordable to
28 very low-income households with incomes at or below fifty percent of
29 the area median income, and (ii) administered by a local public housing
30 authority or other local organization that has an existing rental
31 assistance voucher program, which provides vouchers for as long as
32 necessary, as opposed to providing vouchers for a limited period of
33 time, in order to provide renters with consistency and an opportunity
34 to live where they desire. The rental vouchers must be payable to the
35 landlord, including vouchers for first and last month's rent and
36 security and other required deposits, except pet deposits, required of
37 all other new tenants. The administering authority or organization

1 must ensure that a majority of the dwelling units occupied by tenants
2 using these vouchers are privately owned units that are not operating
3 under any program licensed by the state of Washington;

4 (b) The remaining funds may be used for:

5 (i) Acquisition, construction, or rehabilitation of housing
6 projects or units within housing projects that are affordable to very
7 low-income households with incomes at or below fifty percent of the
8 area median income, including units for homeownership, rental units,
9 seasonal and permanent farm worker housing units, and single room
10 occupancy units;

11 ~~((b))~~ (ii) Supporting building operation and maintenance costs of
12 housing projects or units within housing projects eligible to receive
13 housing trust funds, that are affordable to very low-income households
14 with incomes at or below fifty percent of the area median income, and
15 that require a supplement to rent income to cover ongoing operating
16 expenses

17 ~~(c) Rental assistance vouchers for housing units that are~~
18 ~~affordable to very low-income households with incomes at or below fifty~~
19 ~~percent of the area median income, to be administered by a local public~~
20 ~~housing authority or other local organization that has an existing~~
21 ~~rental assistance voucher program, consistent with or similar to the~~
22 ~~United States department of housing and urban development's section 8~~
23 ~~rental assistance voucher program standards)); and~~

24 ~~((d))~~ (iii) Operating costs for emergency shelters and licensed
25 overnight youth shelters.

26 (3) The surcharge imposed in this section does not apply to
27 assignments or substitutions of previously recorded deeds of trust.

28 **Sec. 2.** RCW 36.22.179 and 2009 c 462 s 1 are each amended to read
29 as follows:

30 (1) In addition to the surcharge authorized in RCW 36.22.178, and
31 except as provided in subsection (2) of this section, an additional
32 surcharge of ten dollars shall be charged by the county auditor for
33 each document recorded, which will be in addition to any other charge
34 allowed by law. During the 2009-11 and 2011-13 biennia, the surcharge
35 shall be thirty dollars. The funds collected pursuant to this section
36 are to be distributed and used as follows:

1 (a) The auditor shall retain two percent for collection of the fee,
2 and of the remainder shall remit sixty percent to the county to be
3 deposited into a fund that must be used by the county and its cities
4 and towns to accomplish the purposes of chapter 484, Laws of 2005, (i)
5 six percent of which may be used by the county for administrative costs
6 related to its homeless housing plan, (ii) twenty-six percent of which
7 must be used for rental vouchers to provide housing for homeless people
8 as long as a majority of the dwelling units occupied by the tenants
9 using these vouchers are privately owned units that are not operating
10 under any program licensed by the state of Washington, and (iii) the
11 remainder for programs which directly accomplish the goals of the
12 county's local homeless housing plan, except that for each city in the
13 county which elects as authorized in RCW 43.185C.080 to operate its own
14 local homeless housing program, a percentage of the surcharge assessed
15 under this section equal to the percentage of the city's local portion
16 of the real estate excise tax collected by the county shall be
17 transmitted at least quarterly to the city treasurer, without any
18 deduction for county administrative costs, for use by the city for
19 program costs which directly contribute to the goals of the city's
20 local homeless housing plan; of the funds received by the city, it may
21 use six percent for administrative costs for its homeless housing
22 program.

23 (b) The auditor shall remit the remaining funds to the state
24 treasurer for deposit in the home security fund account. The
25 department may use twelve and one-half percent of this amount for
26 administration of the program established in RCW 43.185C.020, including
27 the costs of creating the statewide homeless housing strategic plan,
28 measuring performance, providing technical assistance to local
29 governments, and managing the homeless housing grant program. Twenty-
30 six percent of the remaining eighty-seven and one-half percent is to be
31 used by the department to((÷

32 (+)) provide housing and shelter for homeless people through the
33 use of rental vouchers. The remaining moneys must be used to (i)
34 provide housing and shelter for homeless people including, but not
35 limited to: Grants to operate, repair, and staff shelters; grants to
36 operate transitional housing; ~~((partial payments for rental~~
37 ~~assistance+)) consolidated emergency assistance; overnight youth~~

1 shelters; and emergency shelter assistance((+)) and (ii) fund the
2 homeless housing grant program.

3 (2) The surcharge imposed in this section does not apply to (a)
4 assignments or substitutions of previously recorded deeds of trust, or
5 (b) documents recording a birth, marriage, divorce, or death or any
6 documents otherwise exempted from a recording fee under state law.

7 **Sec. 3.** RCW 36.22.1791 and 2007 c 427 s 5 are each amended to read
8 as follows:

9 (1) In addition to the surcharges authorized in RCW 36.22.178 and
10 36.22.179, and except as provided in subsection (2) of this section,
11 the county auditor shall charge an additional surcharge of eight
12 dollars for each document recorded, which is in addition to any other
13 charge allowed by law. The funds collected under this section are to
14 be distributed and used as follows:

15 (a) The auditor shall remit ninety percent to the county to be
16 deposited into a fund, (i) six percent of which may be used by the
17 county for administrative costs related to its homeless housing plan,
18 (ii) twenty-six percent of which must be used for rental vouchers to
19 provide housing for homeless people as long as a majority of the
20 dwelling units occupied by the tenants using these vouchers are
21 privately owned units that are not operating under any program licensed
22 by the state of Washington, and (iii) the remainder for programs that
23 directly accomplish the goals of the county's local homeless housing
24 plan, except that for each city in the county that elects, as
25 authorized in RCW 43.185C.080, to operate its own local homeless
26 housing program, a percentage of the surcharge assessed under this
27 section equal to the percentage of the city's local portion of the real
28 estate excise tax collected by the county must be transmitted at least
29 quarterly to the city treasurer for use by the city for program costs
30 that directly contribute to the goals of the city's local homeless
31 housing plan.

32 (b) The auditor shall remit the remaining funds to the state
33 treasurer for deposit in the home security fund account. The
34 department ~~((may use the funds))~~ must use twenty-six percent of the
35 funds for rental vouchers to provide housing for homeless people, and
36 the remaining funds must be used:

1 (i) For administering the program established in RCW 43.185C.020,
2 including the costs of creating and updating the statewide homeless
3 housing strategic plan, measuring performance, providing technical
4 assistance to local governments, and managing the homeless housing
5 grant program(~~(. Remaining funds may also be used to:~~

6 ~~(i))~~);

7 (ii) To provide housing and shelter for homeless people including,
8 but not limited to: Grants to operate, repair, and staff shelters;
9 grants to operate transitional housing; (~~(partial payments for rental~~
10 ~~assistance~~)) consolidated emergency assistance; overnight youth
11 shelters; and emergency shelter assistance; and

12 (~~(i))~~) (iii) To fund the homeless housing grant program.

13 (2) The surcharge imposed in this section does not apply to
14 assignments or substitutions of previously recorded deeds of trust.

15 **Sec. 4.** RCW 43.185.020 and 2009 c 565 s 37 are each amended to
16 read as follows:

17 (1) "Department" means the department of commerce.

18 (2) "Director" means the director of the department of commerce.

19 (3) "Life-cycle cost analysis" means a method of calculating the
20 total cost of an asset over its useful life by comparing the calculated
21 present discounted values for rental income, development subsidies,
22 forgiven property taxes, and residual land values converted to monthly
23 equivalents to allow direct comparison to monthly voucher costs as
24 described and used by the joint legislative audit and review committee
25 in report 09-1, "Comparing Costs and Characteristics of Housing
26 Assistance Programs."

27 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.185 RCW
28 to read as follows:

29 (1) The department and counties shall place a high priority on cost
30 control and house the greatest number of qualified individuals within
31 existing funds as part of the decision-making process in awarding state
32 resources and funds by performing the following actions:

33 (a) Develop per unit and per project measures to compare past award
34 rounds to current award rounds with the goal of achieving cost
35 reduction;

1 (b) Document efforts by the housing trust fund to publicize cost
2 reduction and cost-effectiveness strategies;

3 (c) Track and report on costs of projects funded in each funding
4 cycle;

5 (d) Require developers to submit an audited final cost
6 certification detailing total development costs and all sources of
7 permanent financing. The analysis must include direct comparisons of
8 differences in costs between developments applying for financing from
9 state administered sources and vouchers;

10 (e) For every dollar funded and expended, maximize the number of
11 homeless and severely rent-burdened individuals housed and place
12 qualified individuals in the most deconcentrated settings;

13 (f) Move, as expediently as possible, waiting lists for housing.
14 The waiting lists may not be controlled by endeavors to keep publicly
15 funded housing projects fully populated;

16 (g) Ensure that administrators of these funds make concentrated
17 efforts to locate small private rental units under twenty units to
18 place qualified individuals with vouchers as these units are typically
19 not surveyed for vacancies and provide the greatest opportunity for
20 localized housing; and

21 (h) Ensure that voucher programs provide vouchers for as long as
22 necessary, as opposed to providing vouchers for a limited period of
23 time, in order to provide renters with consistency and an opportunity
24 to live where they desire.

25 (2) The administration of the cost-saving devices under this
26 section and efforts to maximize the number of qualified individuals
27 housed must be funded within existing program resources, including:
28 The funds allocated for administrative costs; administrative costs for
29 the homeless housing program; and the housing trust fund and other
30 legislative appropriations.

31 **Sec. 6.** RCW 43.185.050 and 2006 c 371 s 236 are each amended to
32 read as follows:

33 (1) The department shall use moneys from the housing trust fund and
34 other legislative appropriations to finance in whole or in part any
35 loans or grant projects that will provide housing for persons and
36 families with special housing needs and with incomes at or below fifty
37 percent of the median family income for the county or standard

1 metropolitan statistical area where the project is located. At least
2 thirty percent of these moneys used in any given funding cycle shall be
3 for the benefit of projects located in rural areas of the state as
4 defined by the department. If the department determines that it has
5 not received an adequate number of suitable applications for rural
6 projects during any given funding cycle, the department may allocate
7 unused moneys for projects in nonrural areas of the state.

8 (2) Activities eligible for assistance from the housing trust fund
9 and other legislative appropriations include, but are not limited to:

10 (a) New construction, rehabilitation, or acquisition of low and
11 very low-income housing units;

12 (b) Rent subsidies;

13 (c) Matching funds for social services directly related to
14 providing housing for special-need tenants in assisted projects;

15 (d) Technical assistance, design and finance services and
16 consultation, and administrative costs for eligible nonprofit community
17 or neighborhood-based organizations;

18 (e) Administrative costs for housing assistance groups or
19 organizations when such grant or loan will substantially increase the
20 recipient's access to housing funds other than those available under
21 this chapter;

22 (f) Shelters and related services for the homeless, including
23 emergency shelters and overnight youth shelters;

24 (g) Mortgage subsidies, including temporary rental and mortgage
25 payment subsidies to prevent homelessness;

26 (h) Mortgage insurance guarantee or payments for eligible projects;

27 (i) Down payment or closing cost assistance for eligible first-time
28 home buyers;

29 (j) Acquisition of housing units for the purpose of preservation as
30 low-income or very low-income housing; and

31 (k) Projects making housing more accessible to families with
32 members who have disabilities(~~(; and~~

33 ~~(1) During the 2005-2007 fiscal biennium, a manufactured/mobile~~
34 ~~home landlord tenant ombudsman conflict resolution and park~~
35 ~~registration program.~~

36 ~~(3) During the 2005-2007 fiscal biennium, revenues generated under~~
37 ~~RCW 36.22.178 may be used for the development of affordable housing~~

1 ~~projects and other activities funded in section 108, chapter 371, Laws~~
2 ~~of 2006~~)).

3 ((+4)) (3) Legislative appropriations from capital bond proceeds
4 may be used only for the costs of projects authorized under subsection
5 (2)(a), (i), and (j) of this section, and not for the administrative
6 costs of the department.

7 ((+5)) (4) Moneys from repayment of loans from appropriations from
8 capital bond proceeds may be used for all activities necessary for the
9 proper functioning of the housing assistance program except for
10 activities authorized under subsection (2)(b) and (c) of this section.

11 ((+6)) (5) Administrative costs of the department shall not exceed
12 five percent of the annual funds available for the housing assistance
13 program.

14 (6) The department shall include a life-cycle cost analysis in its
15 process for evaluating proposals for state funding. This requirement
16 does not apply to proposals funded by legislative appropriations from
17 capital bond proceeds.

18 (7) By December 1st of each year, beginning December 1, 2011, the
19 department shall prepare a report to the legislature and the office of
20 financial management compiling the reports required under this
21 subsection and section 7 of this act. The report must detail the
22 distribution of funds, except for proposals funded by legislative
23 appropriations from capital bond proceeds, for the preceding fiscal
24 year, including:

25 (a) A description of the process used by the department for
26 allocating funds;

27 (b) The use of funds including, but not limited to, housing
28 vouchers, program services, and housing projects; and

29 (c) The criteria used for making funding allocation decisions.

30 NEW SECTION. Sec. 7. A new section is added to chapter 36.01 RCW
31 to read as follows:

32 By September 30th of each year, beginning September 30, 2011, a
33 county receiving funding authorized under RCW 36.22.178 (1) and (2),
34 36.22.179(1) (a) and (b), and 36.22.1791(1) (a) and (b) shall:

35 (1) Include a life-cycle cost analysis as one of the criteria in
36 deciding which proposals to award funds; and

1 (2) Submit to the department of commerce a report describing the
2 distribution of funds for the preceding fiscal year. The report must
3 include:

4 (a) A description of the process used by the county for allocating
5 funds;

6 (b) The use of funds including, but not limited to, housing
7 vouchers, program services, and housing projects; and

8 (c) The criteria used for making funding allocation decisions.

9 NEW SECTION. **Sec. 8.** A new section is added to chapter 36.01 RCW
10 to read as follows:

11 (1) Counties must place a high priority on cost control and house
12 the greatest number of qualified individuals within existing funds as
13 part of the decision-making process in awarding public resources and
14 funds by performing the following actions:

15 (a) Document efforts by the county to publicize cost reduction and
16 cost-effectiveness strategies;

17 (b) Track and report on costs of projects funded by recording
18 surcharge fees;

19 (c) Require developers to submit an audited final cost
20 certification detailing total development costs and all sources of
21 permanent financing. The analysis must include direct comparisons of
22 differences in costs between developments applying for financing from
23 publicly administered sources and vouchers;

24 (d) For every dollar funded and expended, maximize the number of
25 homeless and severely rent-burdened individuals housed and place
26 qualified individuals in the most deconcentrated settings;

27 (e) Move, as expediently as possible, waiting lists for housing.
28 The waiting lists may not be controlled by endeavors to keep publicly
29 funded housing projects fully populated;

30 (f) Ensure that administrators of these funds make concentrated
31 efforts to locate small private rental units under twenty units to
32 place qualified individuals with vouchers as these units are typically
33 not surveyed for vacancies and provide the greatest opportunity for
34 localized housing; and

35 (g) Ensure that voucher programs provide vouchers for as long as
36 necessary, as opposed to providing vouchers for a limited period of

1 time, in order to provide renters with consistency and an opportunity
2 to live where they desire.

3 (2) The administration of the cost-saving devices under this
4 section and efforts to maximize the number of qualified individuals
5 housed must be funded within existing program resources.

--- END ---