
ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1277

State of Washington

67th Legislature

2021 Regular Session

By House Appropriations (originally sponsored by Representatives Ormsby, Macri, Ramel, Bateman, Fitzgibbon, Ryu, Senn, Chopp, Berry, Peterson, Davis, Santos, Valdez, Hackney, Thai, Kloba, Sells, Frame, Gregerson, J. Johnson, Pollet, Harris-Talley, Stonier, Taylor, and Wicks)

READ FIRST TIME 03/22/21.

1 AN ACT Relating to an additional revenue source for eviction
2 prevention and housing stability services; amending RCW 43.185C.045,
3 43.185C.060, and 43.185C.190; adding a new section to chapter 36.22
4 RCW; and adding a new section to chapter 43.185C RCW.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 36.22
7 RCW to read as follows:

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

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

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

1 (c) The remainder of funds must be distributed to the home
2 security fund account, with the majority of funds to be used for
3 eviction prevention rental assistance pursuant to section 2 of this
4 act. In addition, funds may be used for project-based vouchers for
5 nonprofit housing providers, foreclosure prevention services, dispute
6 resolution center eviction prevention services, rental assistance for
7 people experiencing homelessness, and tenant education and legal
8 assistance.

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

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

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

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

31 (b) Utility assistance for households if needed to prevent an
32 eviction; and

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

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

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

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

5 (c) That meet any other eligibility requirements as established
6 by the department after consultation with stakeholder groups,
7 including persons at risk of homelessness due to unpaid rent,
8 representatives of communities of color, homeless service providers,
9 landlord representatives, local governments that administer
10 homelessness assistance, a statewide association representing cities,
11 a statewide association representing counties, a representative of
12 homeless youth and young adults, and affordable housing advocates.

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

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

19 (b) At least 10 percent of the grant total must be subgranted to
20 organizations that serve and are substantially governed by
21 marginalized populations to pay the costs associated with program
22 outreach, assistance completing applications for assistance, rent
23 assistance payments, activities that directly support the goal of
24 improving access to rent assistance for people of color, and related
25 costs. Upon request by an eligible grantee or the county or city in
26 which it exists, the department must provide a list of organizations
27 that serve and are substantially governed by marginalized
28 populations, if known.

29 (c) An eligible grantee may request an exemption from the
30 department from the requirements under (b) of this subsection. The
31 department must consult with the stakeholder group established under
32 subsection (2)(c) of this section before granting an exemption. An
33 eligible grantee may request an exemption only if the eligible
34 grantee:

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

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

1 (5) The department must ensure equity by developing performance
2 measures and benchmarks that promote both equitable program access
3 and equitable program outcomes. Performance measures and benchmarks
4 must be developed by the department in consultation with stakeholder
5 groups, including persons at risk of homelessness due to unpaid rent,
6 representatives of communities of color, homeless service providers,
7 landlord representatives, local governments that administer
8 homelessness assistance, a statewide association representing cities,
9 a statewide association representing counties, a representative of
10 homeless youth and young adults, and affordable housing advocates.
11 Performance measures and benchmarks must also ensure that the race
12 and ethnicity of households served under the program are proportional
13 to the numbers of people at risk of homelessness in each county for
14 each of the following groups:

- 15 (a) Black or African American;
- 16 (b) American Indian and Alaska Native;
- 17 (c) Native Hawaiian or other Pacific Islander;
- 18 (d) Hispanic or Latinx;
- 19 (e) Asian;
- 20 (f) Other multiracial.

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

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

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

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

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

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

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

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

9 (i) Emergency shelter;

10 (ii) Homelessness prevention and rapid rehousing;

11 (iii) Permanent housing;

12 (iv) Permanent supportive housing;

13 (v) Transitional housing;

14 (vi) Services only; and

15 (vii) Any other activity in which more than five hundred thousand
16 dollars of category funds were expended;

17 (d) A report on the expenditures, performance, and outcomes of
18 state funds distributed through the consolidated homeless grant
19 program, including the grant recipient, award amount expended, use of
20 the funds, counties served, and households served;

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

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

29 (g) A report on the expenditures, performance, and outcomes of
30 the independent youth housing program meeting the requirements of RCW
31 43.63A.311; and

32 (h) A report on the expenditures, performance, and outcomes of
33 the eviction prevention rental assistance program under section 2 of
34 this act. The report must include the number of households served in
35 the following categories: Adults without minor children, households
36 with adults and minor children, unaccompanied youth, and young
37 adults.

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

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

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

20 (1) The home security fund account is created in the state
21 treasury, subject to appropriation. The state's portion of the
22 surcharge established in RCW 36.22.179 and 36.22.1791 and section 1
23 of this act must be deposited in the account. Expenditures from the
24 account may be used only for homeless housing programs as described
25 in this chapter, including the eviction prevention rental assistance
26 program established in section 2 of this act.

27 (2) The department must distinguish allotments from the account
28 made to carry out the activities in RCW 43.330.167, 43.330.700
29 through 43.330.715, 43.330.911, 43.185C.010, 43.185C.250 through
30 43.185C.320, and 36.22.179(1)(b).

31 (3) The office of financial management must secure an independent
32 expenditure review of state funds received under RCW 36.22.179(1)(b)
33 on a biennial basis. The purpose of the review is to assess the
34 consistency in achieving policy priorities within the private market
35 rental housing segment for housing persons experiencing homelessness.
36 The independent reviewer must notify the department and the office of
37 financial management of its findings. The first biennial expenditure
38 review, for the 2017-2019 fiscal biennium, is due February 1, 2020.

1 Independent reviews conducted thereafter are due February 1st of each
2 even-numbered year.

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

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

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

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