

# HOUSE BILL REPORT

## E2SHB 2163

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### As Amended by the Senate

**Title:** An act relating to preventing and ending homelessness in the state of Washington.

**Brief Description:** Establishing a homeless housing program.

**Sponsors:** By House Committee on Appropriations (originally sponsored by Representatives Ormsby, Holmquist, Miloscia, Williams, Flannigan, Chase, Dickerson, Sells, Ericks, Dunn, Wood, Green, Linville, Springer, Pettigrew, Kenney, O'Brien, Santos, Kagi, Fromhold and Schual-Berke).

#### **Brief History:**

##### **Committee Activity:**

Housing: 2/24/05 [DPS];

Appropriations: 3/3/05, 3/5/05 [DP2S(w/o sub HOUS)].

##### **Floor Activity:**

Passed House: 3/15/05, 51-45.

Senate Amended.

Passed Senate: 4/7/05, 28-18.

#### **Brief Summary of Engrossed Second Substitute Bill**

- Changes the Department of Community, Trade and Economic Development (DCTED) and local governments which choose to participate with creating plans and implementing programs and activities homelessness by 50 percent within 10 years.
- Creates the Homeless Housing Program to be administered by the DCTED on the state level which includes a local government funding component, a state competitive grant program, and the coordination of a statewide Homeless Census program.
- Creates a funding source for the Homeless Housing Program by charging a \$10 surcharge for each document recorded by the county auditor.
- Amends current statute to allow the county to retain administrative fees of the existing \$10 surcharge for low-income housing, instead of the auditor.

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### HOUSE COMMITTEE ON HOUSING

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 5 members: Representatives Miloscia, Chair; Springer, Vice Chair; Ormsby, Pettigrew and Sells.

**Minority Report:** Do not pass. Signed by 4 members: Representatives Holmquist, Ranking Minority Member; Dunn, Assistant Ranking Minority Member; McCune and Schindler.

**Staff:** Robyn Dupuis (786-7166).

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## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Housing. Signed by 16 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Cody, Conway, Darneille, Dunshee, Grant, Haigh, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, Miloscia and Schual-Berke.

**Minority Report:** Do not pass. Signed by 12 members: Representatives Alexander, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Armstrong, Bailey, Buri, Clements, Hinkle, Pearson, Priest, Talcott and Walsh.

**Staff:** Nona Snell (786-7153).

### **Background:**

#### **Washington Homeless Initiatives**

Although there are a variety of local efforts addressing issues related to homelessness, there currently exists no coordinated statewide plan to reduce homelessness, nor are there any financial resources allocated to the statewide reduction of the homeless population. There are local counts of homeless individuals ongoing in some Washington communities, and there is an effort by the Department of Community, Trade and Economic Development (DCTED) through its Homeless Management Information System to track homeless individuals in four counties with the long-term goal of tracking the homeless population statewide, however, currently there exists no means for calculating the total number of homeless individuals in the state, nor for tracking homeless individuals in relation to their housing status.

#### **Operation and Maintenance of Low-Income Housing Projects**

County auditors are required by statute to record deeds and other instruments that are to be filed and recorded with the county. The fees to be charged for recording are set forth in statute. A \$10 surcharge to recordings of certain documents exists to support low-income housing projects (referred to in this document as the "Low-Income Housing Surcharge Program").

The auditor is allowed up to 5 percent of the funds collected. Of the remaining funds the Housing Trust Fund receives 40 percent of the revenue generated. Sixty percent of the revenue generated is to be turned over to the counties for low-income housing programs and

projects. This allocation language could be read to allocate 105 percent of the funds collected.

### **Summary of Engrossed Second Substitute Bill:**

#### **Homeless Housing Program**

The Legislature recognizes that the provision of housing and housing related services to the homeless should be administered at the local level, yet also recognizes the state's responsibility to coordinate, support and monitor efforts to address homeless issues.

Reducing homelessness in Washington by 50 percent within 10 years is a goal of the Department of Community, Trade and Economic Development (DCTED) and individual local governments which choose to participate in the homeless housing program. The DCTED shall work collaboratively with other state agencies and receive consultation and advice on its Homeless Housing Program and homeless strategic plans from the State Homeless Advisory Council, the Interagency Committee on Homelessness, non-profit homeless service providers and local governments.

In addition to county governments, city governments may choose to assume responsibility for ending homelessness within their boundaries and such cities are held to the same program requirements as are participating Washington counties. The DCTED, as well as all counties and any participating cities shall prepare 10-year strategic plans to reduce homelessness. Local government performance in meeting goals of the plan will be assessed annually by DCTED.

#### ***Homeless Program Performance Measures***

Specific performance measures will be created by DCTED and will include:

- (1) By the end of year one a comprehensive census shall be finalized and will report on all homeless individuals in the state of Washington.
- (2) By July 1, 2015, the homeless population statewide in each county will be reduced by 50 percent.

#### ***Homeless Housing Program Funding***

The Homeless Housing Program is funded by a \$10 surcharge for each document recorded by the county auditor.

#### ***Participation of Local Governments***

The participation of local governments in the homeless housing program is voluntary. Counties and cities that choose to participate will receive a share of the \$10 surcharge (distribution described below) to implement programs to address homelessness in their areas. Participating local governments are also eligible to apply for portions of the state's share of the surcharge through the Homeless Housing Grant Program. Counties may decline to participate in this program by forwarding a resolution to DCTED (a city need only forward a resolution if it intends to participate). If a county declines participation, all of the funds otherwise due to the county under this act will be remitted monthly by the county auditor to DCTED which will subcontract with another eligible entity to create and execute a plan to reduce

homelessness in that county. The DCTED may retain 6 percent of the local share of the funds for administration of the county program in such instances. A city within a non-participating county may still assert its right to manage its own homeless housing program within its boundaries and shall receive monthly transmittals from the county auditor of its share of the local fund surcharge.

### ***Distribution of Homeless Program Funds***

#### **Local Government Share**

The auditor shall return 2 percent for collection of the fee. Of the remaining funds, 60 percent of the funds will remain within the participating county of origin. Six percent of these funds may be used for administrative costs related to the homeless housing program. The remainder of the funds are to be used for local programs and projects directly related to the accomplishment of goals outlined in the county's 10-year strategic plan to end homelessness. Any city which assumes responsibility for ending homelessness within its boundaries receives the revenue that originates from documents pertaining to all properties within the city's boundaries. Programs eligible for funding by counties and/or cities include:

- shelter expansion;
- homeless supportive services;
- eviction prevention programs; and
- supportive and transitional housing.

In addition to funds received through the 60 percent share of fees, participating counties and cities are eligible to apply to the DCTED for funding through the Homeless Housing Grant Program. Such funds are designed to "match" the local government's investments in homeless housing programs.

For the purposes of the Homeless Housing Program, each local government is guided by a Homeless Housing Advisory Council which is responsible for developing the jurisdiction's ten-year strategic plan, choosing programs and projects to be funded through the county's share of the surcharge fee program, and reporting on performance outcomes to the DCTED. This council could be created specifically for the purpose of the Homeless Housing Program or could consist of an existing group of individuals willing to assume responsibility for the program.

#### **State Share**

The remaining funds of the total \$10 surcharge fees will be remitted to the DCTED. Twelve and one-half percent of these funds may be used for program administration, the remaining 87.5 percent is to be distributed through the Homeless Housing Grant Program. The DCTED's responsibilities include:

- coordinating and implementing an annual statewide homeless census;
  - implementing and administering a data management and tracking system;
  - developing an on-line information and referral system for homeless housing;
  - funding and managing the Homeless Housing Grant Program, which is available to participating counties and cities to augment program funds;
  - providing technical assistance to counties and cities related to their strategic plans;
- and

- overseeing the statewide Homeless Housing Program and reporting on its progress annually to the Governor.

### ***Homeless Census***

The DCTED will coordinate an annual homeless census. This census will, in so much as is possible, be coordinated with existing homeless census projects. Data collected from the census will be used to develop and amend the DCTED's and local government's strategic plans.

### ***Quality Management***

The Affordable Housing Advisory Council will assess DCTED's and participating local government's performance annually. The DCTED shall implement an organizational quality management system by the end of year four.

### **Low-Income Housing Surcharge Program**

#### ***Distribution of Low Income Program Funding***

- The county (instead of the auditor) may retain up to 5 percent of the funds collected for the administration and local distribution of the surcharge funds.
- Rather than stating that a county is to receive 60 percent of the revenue generated, the bill states that a county will receive "all of the remaining funds" after the county has received its first 5 percent for administrative costs and the DCTED has received their 40 percent distribution.

### **EFFECT OF SENATE AMENDMENT(S):**

The Senate amendment mandates that local 10 year homeless housing plans must be adopted by December 31, 2005. The establishment of the Interagency Council on Homelessness (IACH), to be comprised of directors and secretaries of state agencies, is required by the Governor in statute. The DCTED, IACH and AHAB will report annually to the legislature on such measures achieved through this program as the reduction of homeless individuals, the availability of homeless housing, and others. Each county, or participating city must create a local homeless housing task force (instead of "advisory council"). Participating cities, however, may adopt the county task force as its own as well and adopt a city 10 year homeless housing plan based upon the county 10 year plan. The definition of homeless persons is amended to specifically add such populations as sex offenders, substance abusers and mentally ill individuals. The surcharge to fund this program will not be assessed on documents recording a birth, marriage, divorce or death, and a county's 60% portion of the surcharge will be deposited into a specific fund for the purposes of this program.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect August 1, 2005.

**Testimony For:** (Housing) (In support) This bill represents a huge step forward in the effort to end homelessness in Washington. This establishes a sorely needed single point of contact

for accountability in regards to homelessness programs and statewide homeless goals. The benchmark goals for improvement over time that are defined in this bill are critical to the success of the program. The identification of a cabinet level committee to address homelessness is particularly important. Only at the state level can the necessary policy changes be made and this bill defines the state's central role. Rental vouchers are the fastest way to get people into homes and more rental vouchers are one major tool to address homelessness.

(With concerns) Counties are currently stretched to "the max". There are concerns about the ability of many counties to take on such an intensive and involved program. This program will create a new beaurocracy and requires a great deal of tracking and data collection. Supportive services to the homeless population, including mental health services and substance abuse, are not addressed strongly enough in this bill. Those services are critical to addressing homelessness and are costly. The source of income, increased surcharge fees, is not appropriate for this purpose, a more equitable revenue source should be found. While some of the documents pertain to real estate transactions, many do not. Overall this revenue source places an unfair burden on a small group of people relative to the statewide population.

**Testimony For:** (Appropriations) The bill is moving in the right direction to end homelessness in 10 years. The funding is a substantial step toward housing the homeless, and the bill provides more housing opportunities for families and individuals.

It is possible to accommodate the concerns of those opposed to the bill. The daily count will not be difficult because the number of homeless will be reduced substantially by the time the daily count is required.

(With concerns) The counties strongly support the bill's concept, but some counties already have plans or are working on plans to end homelessness in 10 years, because it is a national initiative. The bill will create a huge bureaucracy on the state and local levels. The counties are supportive of performance measures, but daily censuses will be difficult and expensive. The costs reflected in the fiscal note are low, and the requirements are underfunded. The fees proposed in the bill are a problem because they are unrelated to the services rendered. Reconsider using recording fees as the funding source because the fees place an unfair burden on a small percentage of the statewide population.

**Testimony Against:** (Housing) None.

**Testimony Against:** (Appropriations) None.

**Persons Testifying:** (Housing) (In support) Darlene Pennock, Washington Apartment Association; Seth Dawson and Corky Senecal, Washington State Coalition for the Homeless; Nick Federici, Washington Low-Income Housing Alliance; Kurt Creager, Vancouver Housing Authority; Maureen Howard, Washington Low Income Housing Alliance and Habitat for Humanity; Terry Kohl, Washington Apartment Association; and John Woodring, Rental Housing Association of Puget Sound.

(With concerns) Jean Wessman, Washington State Association of Counties.

(Neutral with concerns) Kim Wyman, Washington State Association of County Auditors.

**Persons Testifying:** (Appropriations) (In support) Representative Ormsby, prime sponsor; Corine Knudsen, Washington State Coalition for the Homeless; and Nick Federici, Washington Low-Income Housing Alliance.

(With concerns) Jean Wessman, Washington State Association of Counties; and Kim Wyman, Thurston County Auditor.

**Persons Signed In To Testify But Not Testifying:** (Housing) None.

**Persons Signed In To Testify But Not Testifying:** (Appropriations) None.