

HOUSE BILL REPORT

ESSB 5959

As Reported by House Committee On:

Housing
Appropriations

Title: An act relating to expanding availability of housing for individuals and families at risk of homelessness.

Brief Description: Providing assistance to individuals and families who are homeless or at risk of being homeless.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Hargrove, Kilmer, Shin, Sheldon, Kohl-Welles, Delvin and McAuliffe).

Brief History:

Committee Activity:

Housing: 1/31/08, 2/27/08 [DPA];

Appropriations: 3/1/08 [DPA(APP w/o HOUS)].

Brief Summary of Engrossed Substitute Bill (As Amended by House Committee)

- Creates the Transitional Housing Operating and Rent (THOR) program to assist homeless individuals and families secure and retain housing.

HOUSE COMMITTEE ON HOUSING

Majority Report: Do pass as amended. Signed by 4 members: Representatives Miloscia, Chair; Springer, Vice Chair; Lias and Ormsby.

Minority Report: Do not pass. Signed by 2 members: Representatives McCune and Schindler.

Staff: Robyn Dupuis (786-7166).

Background:

Affordable Housing for All Surcharge

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.

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 (DCTED) 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 making at or below 50 percent of the area median income.

Transitional Housing Operating and Rent (THOR) Program

The Transitional Housing Operating and Rent (THOR) program has operated within the DCTED since 1999, however it is not currently in statute. The THOR program is the result of a decision of the Washington State Supreme Court mandating that the DCTED and the Department of Social and Health Services (DSHS) create the Homeless Families with Children Plan and provide services to assist homeless children and their families. In 1999 the Legislature included a budget proviso of \$5 million for the 1999-2001 biennium to fund the program that became known as THOR, as well as several other initiatives to help homeless families with children. The THOR funding has remained consistent at \$5 million each biennium since 1999.

THOR Activities:

Under the THOR program, the DCTED distributes funds to counties based upon the homeless funding formula used by the U. S. Department of Housing and Urban Development. The counties and their service providers choose a "lead agency" which may provide THOR services itself and may also subcontract with other service providers in the area.

Services available through THOR include rental assistance, operating subsidies for transitional housing facilities, and case management.

The DCTED has established limits for the percentage of funding that can be used for each activity as follows:

- up to 50 percent may be used for operating subsidies for transitional housing facilities;
- up to 100 percent may be used for rental expenses (including rental vouchers, utilities and moving expenses); and
- up to 40 percent may be used for case management services.

THOR Eligibility: Only families with children and with a household income at or below 50 percent of the area median income are eligible to receive THOR services.

THOR Results: The THOR client data is reported to the DCTED twice a year and a follow-up survey is conducted with past program participants between six and 18 months following their exit from the THOR program. In state Fiscal Year 2007, 1,563 families received THOR services and 571 exited the THOR program. Of those exiting, 70 percent achieved permanent

housing and of those families, 47 percent obtained unsubsidized housing. It is estimated that the THOR program is meeting approximately 24 percent of the need of families with children for transitional housing assistance and services.

Although the DSHS/DCTED Homeless Families with Children Plan ceases to be required after January 2007, the DCTED intends to continue operating the THOR program and will report on its achievements in the state's Homeless Housing Strategic Plan which is updated annually.

Offender Housing Landlord Civil Liability

The 2007 Legislature passed ESSB 6157 which addressed provisions that affected offenders leaving confinement. Part VI of the bill dealt with housing provisions and established that a landlord who rents to an offender is not liable for civil damages arising from the criminal conduct of the tenant if the landlord:

- (a) discloses to residents of the property that he or she rents or has a policy of renting to offenders; and
- (b) takes steps to report or halt criminal activity if the landlord has actual knowledge of criminal activity on the landlord's premises.

Summary of Amended Bill:

Affordable Housing for All (AHFA)

The AHFA program is created with a goal to ensure a decent, appropriate, and affordable home in a healthy, safe environment for every very low-income household by 2020. The priority is reaching this goal for extremely low-income individuals (those with incomes at or below 50 percent of the area median income) and for households who are at risk of homelessness. There is a program focus on promoting self-sufficiency and economic independence.

The DCTED AHFA Requirements:

- State AHFA Plan: The DCTED is required to produce and annually update a state AHFA plan which may be combined with the state Homeless Housing and Assistance Plan to create one state housing plan (first due January 15, 2010). The DCTED must make recommendations for performance measures and information to be reported in the plan.
- Annual Performance Evaluations of County Plans: The DCTED is required to evaluate county AHFA plans.
- Annual Performance Evaluations of Counties: The DCTED is required to evaluate county performance in relation to the stated goals in county plans.
- Annual Presentation to the Legislature: The DCTED must present the results of county performance evaluations annually to the Legislature.

County AHFA Requirements:

Counties may "opt out" of the AHFA program.

- County AHFA Plans: All counties are required to produce a county AHFA plan by June 30, 2010 and update the plan annually. Plans may be the same as the county Homeless

Housing and Assistance Plan, the county Growth Management Act comprehensive plan or other county housing plan. County plan requirements are consistent with the state AHFA plan requirements.

- County Taskforces: Counties must convene a county taskforce (which may be the same as the county's Homeless taskforce) to create the county plan and recommend expenditures of AHFA surcharge funds.
- Report on Use of Funds: Counties must report to the DCTED on the uses of the AHFA surcharge funds.

Other Planning Agencies

- The DCTED must contract with two statewide organizations addressing homelessness or affordable housing to create their own statewide AHFA plans. Plans are to be presented to the Legislature one year after fund receipt.

Other Significant Bill Components

- Quality Management: Beginning in 2010, all local governments receiving over \$500,000 per year from the state housing-related funding sources and local housing-related surcharges must apply for an assessment of their quality management systems to the Washington State Quality Award (WSQA) program every three years.
- Housing Trust Fund (HTF) Funding Preferences: The Housing Finance Commission (HFC) is directed to give preference to applications of organizations who are committed to quality improvement and who have submitted an application to the WSQA program within the previous three years.
- Repeal of 59.18.600: The statute, RCW 59.18.600, which exempts landlords who rent to released offenders from liability from civil damages arising from tenant criminal conduct (under certain conditions) is repealed.
- Creation of the THOR Program: The THOR program is created in the DCTED to assist individuals and families at risk of homelessness secure and retain housing. The DCTED provides grants to eligible organizations to provide housing related assistance to eligible program participants. Eligible organizations include nonprofit agencies, local governments, housing authorities, and indian tribes. The DCTED encourages organizations to have a quality management system and organizations receiving over \$500,000 from the THOR program as well as from other state housing programs or local housing surcharges must submit an application for an assessment of their quality management system to the WSQA program. A non-appropriated THOR Account is created.

Organizations receiving THOR funding must use the monies for:

- (a) rental assistance;
- (b) case management services;
- (c) operating expenses of transitional housing facilities that serve homeless families with children; and
- (d) organizational administrative costs (within limits prescribed by the DCTED).

The following are eligible for THOR services if they are homeless or at risk of becoming homeless and if they are willing to participate in a housing stability plan:

- (a) families with children who have household incomes at or below 50 percent of the median family income;
- (b) individuals or families without children who have household incomes at or below 30 percent of the median family income;
- (c) individuals or families with an adult member who has a mental health or chemical dependency disorder; and
- (d) individuals or families with an adult member who is an offender released within the past 18 months.

Data on program participants must be entered into the Washington homeless client management information system.

The DCTED must include an annual THOR report in its state AHFA plan. The report must include specific performance measures related to the accomplishment of self-sufficiency for participants, program financial performance, quality of information on participants, and program participant satisfaction.

Amended Bill Compared to Engrossed Substitute Bill:

The DCTED is required to create, annually update, and implement an AHFA plan to accomplish the goal of a decent, appropriate, and affordable home in a healthy, safe environment for all households. Counties are also required to create and implement similar plans, however, counties may opt-out. Local governments (and eligible organizations receiving THOR funds) receiving over \$500,000 from certain housing-related funding sources must apply for an assessment of their quality management systems to the WSQA program every three years. Counties are required to report on their use of the AHFA surcharge to DCTED and DCTED is required to include information on the THOR program in the state AHFA plan. The DCTED, the Housing Finance Commission, and other eligible organizations are required to make recommendations to streamline and simplify housing planning, application, and reporting requirements. The DCTED is required to include in its list of priority criteria for Housing Trust Fund funding a consideration for applicants who have applied for an assessment by the WSQA program. The DCTED is required to contract with two statewide affordable housing or homeless organizations to create independent AHFA plans consistent with state and local plans. A null and void clause is included.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 27, 2008.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of session in which bill is passed. However, the bill is null and void if not funded in the budget.

Staff Summary of Public Testimony:

(In support) The state point in time homeless counts have demonstrated that individuals (families without children) have few resources and the expansion of the THOR program to assist individuals as well as families will help individuals access housing and services. Furthermore, providing housing resources for individuals experiencing other challenges like mental health, substance abuse, and offender re-entry issues would fulfill a great need in our local communities. Funding must go along with these expanded eligibility allowances. This is a great example of a private-public partnership that has proven results.

(Concerns) The section that requires data collection should be amended to ensure the privacy protection of victims of domestic violence and sexual assault.

(Opposed) None.

Persons Testifying: (In support) Mia Wells, Washington State Coalition for the Homeless; Ben Beries, Children's Home Society of Washington; Debra Nielsen, Mason County Shelter; and Nick Federici, United Way of King County.

(Concerns) Grace Huang, Washington State Coalition Against Domestic Violence.

Persons Signed In To Testify But Not Testifying: Lonnie Johns-Brown, Solutions; and Donald Chamberlain, Building Changes Washington Families Fund.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended by Committee on Appropriations and without amendment by Committee on Housing. Signed by 23 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Cody, Conway, Darneille, Ericks, Fromhold, Grant, Green, Haigh, Hunt, Hunter, Kagi, Kenney, Kessler, Linville, McIntire, Morrell, Pettigrew, Priest, Schual-Berke, Seaquist and Sullivan.

Minority Report: Do not pass. Signed by 11 members: Representatives Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Anderson, Chandler, Hinkle, Kretz, McDonald, Ross, Schmick and Walsh.

Staff: Debbie Driver (786-7143).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Housing:

The bill as passed Appropriations reverted back to the Engrossed Substitute Senate Bill 5959 which codified the Transitional Housing Operating and Rent (THOR) Program and did not include the Affordable Housing For All program. The bill is further amended to add families who are involved with child welfare services, including those where children are in the home and where they have been removed from the home, to the list of persons eligible for THOR services. The amendment also clarifies that domestic violence and sexual assault victim service providers must comply with federal data tracking requirements. Finally, a null and void clause was added, making the bill null and void unless funded in the budget.

Appropriation: None.

Fiscal Note: Preliminary fiscal note available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of session in which bill is passed. However, the bill is null and void unless funded in the budget.

Staff Summary of Public Testimony:

(In support) The bill codifies the THOR program which provides housing assistance to homeless families with children. Currently, THOR meets about 24 percent of the need for housing assistance and this bill will expand the program to populations not currently served. The bill would improve housing opportunities for those at risk of homelessness and to homeless families without children and single families as these types of individuals make up half of homeless populations. This bill provides an effective method of assisting homeless families and those at risk of becoming homeless. Also, the bill establishes the Affordable Housing For All Program which was amended on to the bill in the House Housing Committee which is supported.

(Opposed) None.

Persons Testifying: Seth Dawson, Washington State Coalition for the Homeless; and Nick Federici, Washington Low-Income Housing Alliance and United Way of King County.

Persons Signed In To Testify But Not Testifying: None.