

FINAL BILL REPORT

E2SHB 1570

C 85 L 18
Synopsis as Enacted

Brief Description: Concerning access to homeless housing and assistance.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Macri, Robinson, McBride, Kagi, Sawyer, Tharinger, Doglio, Pollet, Ortiz-Self, Chapman, Cody, Jinkins, Bergquist, Hudgins, Peterson, Senn, Stonier, Riccelli, Frame, Gregerson, Dolan, Tarleton, Ormsby, Ryu, Fey, Fitzgibbon, Goodman, Slatter, Pettigrew, Kloba, Orwall, Appleton, Clibborn, Farrell and Stanford).

House Committee on Community Development, Housing & Tribal Affairs
House Committee on Appropriations
Senate Committee on Ways & Means
Senate Committee on Human Services & Corrections

Background:

The Homeless Housing and Assistance Surcharge.

Both the state and local homeless housing programs receive funding from the homeless housing and assistance surcharge collected by each county auditor when a document is recorded. The surcharge is \$40 per recorded document, but is scheduled to change back to \$10 in 2023. The surcharge is applied in addition to any authorized surcharges, as well as any administrative fees collected by the county auditor. An additional homeless housing and assistance surcharge of \$8 is also collected by each county auditor.

Both the state and the county receive a percentage of the money collected from each surcharge. For the \$40 homeless housing and assistance surcharge, approximately 60 percent is distributed to the county, and approximately 40 percent to the state. The funds collected for the \$40 local homeless housing and assistance surcharge are distributed as follows:

1. 2 percent to the county for collection of the fee;
2. 60 percent of the remainder to the county for its homeless housing program, up to 6 percent of which may be used for administering its homeless housing plan; and
3. the remainder to be deposited in the Home Security Fund Account (Fund) and distributed as follows:
 - a. up to 12.5 percent may be used by the Department of Commerce (Department) for managing the state homeless housing program, including the costs of creating the statewide homeless housing strategic plan, measuring

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- performance, providing technical assistance to local governments, and managing the homeless housing grant program; and
- b. of the remaining 87.5 percent, at least 45 percent must be set aside for private rental housing payments and the remainder goes to the Department to provide housing and shelter for homeless people and fund the homeless housing grant program.

"Private rental housing" means housing owned by a private landlord and does not include housing owned by a nonprofit housing entity or government entity.

The \$40 homeless housing and assistance surcharge applies to most recorded documents. Certain documents are exempt, including documents recording a birth, marriage, divorce, or death, documents recording a state, county, or city lien, and documents recording water-sewer district liens or satisfaction of liens for delinquent utility payments.

United States Department of Housing and Urban Development Point-In-Time Count. Every year the United States Department of Housing and Urban Development (HUD) requires communities across the nation to collect data on their homeless populations and to report the data to the HUD. The data collection process is referred to as the Point-In-Time (PIT) Count. The PIT Count is collected as a means to estimate the number of homeless individuals in the United States. Local planning bodies responsible for coordinating homeless efforts in a geographic area administer the PIT Count. The most recent PIT Count took place on January 25, 2018.

The State Homeless Housing Program and Reporting.

The Homeless Housing and Assistance Act directs the Department to develop a statewide homeless housing program. The Department must implement the program through a 10-year strategic plan with the goal of reducing homelessness by 50 percent in the state and within each county by 2015. Local governments must also develop their own 10-year homeless housing plans in coordination and consistent with the statewide plan through their local homeless housing task forces, whose members may include community and law enforcement members and health care professionals.

The Department manages a range of homeless assistance, prevention, and housing programs. The Department's programs include:

1. the Consolidated Homeless Grant Program, which provides grants for county governments and other designated entities for services including temporary rent assistance for households who are homeless or at risk of being homeless; and
2. the Office of Homeless Youth Prevention and Protection Programs, which provides services for youth and young adults, including:
 - a. the Independent Youth Housing Program, which provides rental assistance and case management for eligible youth who have aged out of the state foster care system;
 - b. Street Youth Services, which fund outreach to street youth to connect them to shelters and services;
 - c. HOPE Beds, which provide voluntary and temporary residential placements for youths under age 18; and

- d. Crisis Residential Centers, which are short-term, semi-secure and secure facilities for runaway youth and adolescents in conflict with their families.

The Department and local governments must comply with a number of reporting requirements related to their homeless housing programs. The Department is required to conduct an annual homeless census or count in coordination with existing homeless census projects, including those funded in part by the HUD, to make every effort to count all homeless individuals. The census data must be included in the Department's annual update to the state strategic plan. The Department, in consultation with the Interagency Council on Homelessness, the Affordable Housing Advisory Board, and the State Advisory Council on Homelessness, is required to develop performance measures that address the limitations of the annual HUD PIT Count in measuring the effectiveness of the homeless housing and assistance surcharge funds in supporting homeless programs. By July 1, 2018, the Department must implement at least three of these metrics to measure the impact of surcharge funding on reducing homelessness.

The Department must also report biennially to the Governor and appropriate committees of the Legislature. This report is an assessment of the state's performance in furthering the goals of the state's 10-year homeless housing strategic plan and the performance of each participating local government in creating and executing a local homeless housing plan. The Department may revise performance measures and goals of the state strategic plan and recommend changes in the local governments' plans based on certain performance and population based conditions.

The Department and local governments must comply with a number of data, reporting, and auditing requirements relating to the use and expenditures of the homeless housing and assistance surcharges each calendar year, until June 30, 2019.

Home Security Fund Account.

The state's share of the \$40 homeless housing and assistance surcharge is deposited into the Fund, along with funds from the additional \$8 homeless housing and assistance surcharge. The Fund is an appropriated account and may be used only for homeless housing programs. The Office of Financial Management (OFM) oversees certain compliance regulations regarding the Department's 45 percent set aside of surcharge funds for private rental housing payments for the fund. The Department uses the funds for multiple homeless housing programs.

Joint Legislative Audit and Review Committee.

The Joint Legislative Audit and Review Committee (JLARC) is required to complete a review on how homeless housing and assistance surcharges are expended to address homelessness, including a review of related performance measures and targets, by December 1, 2022. The review must be updated every five years.

Summary:

The Homeless Housing and Assistance Surcharge.

The temporary \$40 homeless housing and assistance document recording surcharge is changed to \$62 and made permanent. Ten dollars of the \$62 surcharge must be distributed to

counties for the purpose of implementing local homeless housing programs and plans and is not subject to existing surcharge distribution requirements. The definition for "private rental housing" is changed, allowing private rental housing payments funded by the 45-percent set aside of surcharge funds to be used for housing owned by a nonprofit housing entity.

The exemption for documents recording a water-sewer district lien or satisfaction of a lien for delinquent utility payments is eliminated.

A county may use additional surcharge fees collected to pay off general obligation bonds issued by the county to carry out local homeless housing and assistance purposes.

The State Homeless Housing Program, and Reporting.

The Department must make its subpopulation data collected for the annual homeless census consistent with the HUD's PIT requirements.

The state homeless housing strategic plan is changed from a 10-year strategic plan to a five-year strategic plan. The homeless housing strategic plan must be updated by July 1, 2019, and every five years thereafter. The Department must continue to coordinate with the Interagency Council on Homelessness, the Affordable Housing Advisory Board, and the State Advisory Council on Homelessness for the preparation and publishing of the five-year strategic plan. The Department must coordinate its five-year strategic plan with the Homeless Youth Prevention and Protection Advisory Committee. New criteria are added to what must be included in the five-year strategic plan, including performance measures and goals to reduce homelessness, an analysis of the services and programs being offered at the state and county level, identification of those representing best practices and outcomes, and new or innovative funding, program, or service strategies to pursue.

The requirement that the Department implement newly developed metrics to measure the impact of surcharge funding on reducing homelessness by July 1, 2018, and provisions allowing the Department to revise performance measures and goals for the state strategic plan and recommend changes to the local governments' plans are eliminated.

By December 1 of each year, the Department must provide an update on the state's homeless housing five-year strategic plan and its activities for the prior fiscal year. The report must include: (1) an assessment of the current condition of homelessness; (2) the state's performance in meeting its strategic plan goals; (3) the results of the annual homeless PIT census; (4) a report on the state and local homeless document recording fee expenditure by county; and (5) the amount of federal, state, local, and private funds spent on homelessness assistance, categorized by funding source and major assistance types. The report must be posted on the Department's website.

The Local Homeless Housing Programs, and Reporting.

The local government homeless housing plans are changed from 10-year plans to five-year plans. The Department must create guidelines and provide relevant data to local governments by December 1, 2018, to assist with updating the five-year homeless housing plans that are due by December 1, 2019. Real estate professionals are added to the list of representatives who may serve as members on the local homeless housing task forces.

Additionally, any local government receiving state funds for homeless assistance must provide an annual report on meeting the goals in its homeless housing plan, the current condition of homelessness in its jurisdiction, and any significant changes to the plan. The report must be posted on the local government's website.

The Department must also post to its website the local government's annual reports, along with information on local government's homeless spending from all sources by project during the prior state fiscal year. If a local government fails to report, or provides an inadequate report, the Department must take corrective action, including withholding state funding for homeless assistance until the report is remedied.

Other Reporting.

Document recording surcharge fund data, reporting, and auditing requirements for the Department and local governments are changed to be reported on a fiscal year basis, instead of a calendar year basis.

Home Security Fund Account.

Expenditures from the fund must be made by the Director of the Department or the Director's designee. The OFM compliance provisions regarding the Department's 45 percent set aside are eliminated, but the OFM must secure an independent expenditure review of state homeless assistance and housing surcharge funds received and deposited into the Fund on a biennial basis. The stated purpose of the expenditure review is to assess the consistency in achieving policy priorities within the private market rental housing segment for housing persons experiencing homelessness. The first biennial expenditure review is due February 1, 2020.

Joint Legislative Audit and Review Committee.

The requirement that the JLARC complete a review on how homeless housing and assistance surcharges are expended to address homelessness by December 1, 2022, and update the review every five years, is eliminated.

Votes on Final Passage:

2017 Second Special Session

House 50 44

2018 Regular Session

House 51 47

Senate 27 21 (Senate amended)

House 54 42 (House concurred)

Effective: June 7, 2018