
**Community Development, Housing &
Tribal Affairs Committee**

SB 5252

Brief Description: Addressing the effectiveness of document recording fee surcharge funds that support homeless programs.

Sponsors: Senators Angel and Wilson.

Brief Summary of Bill

- Requires the Department of Commerce (Department) to develop performance measures to measure the effectiveness of the document recording fee surcharge funds in supporting homeless programs and to report its findings and recommendations regarding the new performance measures to the Legislature by December 1, 2017.
- Requires the Department to develop a process to increase the effectiveness of its biennial report to the Governor and Legislature on the state and local governments performance in furthering the goals of their homeless housing plans.
- Directs the Joint Legislative Audit and Review Committee to review how document recording surcharge fees are being expended to address homelessness and report its findings to the Legislature by December 1, 2022.

Hearing Date: 3/15/17

Staff: Kirsten Lee (786-7133).

Background:

Duties and Authority of County Auditors.

The county auditor is responsible for the recording of specific documents required by law to be maintained as part of the public record kept by a county. The documents that must be recorded by a county auditor include judgments, liens, deeds, mortgages, and many other categories of documents pertaining to property ownership and real estate transactions.

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.

State law specifies requirements that must be met by an auditor when exercising his or her recording duties, including the collection of specific fees when a document is recorded. These fees include three document recording surcharges currently totaling \$58 used for the funding of state and local programs to provide affordable housing for low-income persons and housing assistance for the homeless:

- an Affordable Housing for All surcharge of \$10;
- a surcharge for local homeless housing and assistance which is currently \$40; and
- an additional surcharge for local homeless housing and assistance of \$8.

Each of the three document recording surcharges includes a portion which is provided to counties and a portion which is provided for state administered housing and homeless programs. The state's portion of the Affordable Housing for All surcharge is deposited into the Affordable Housing for All Account. The state's portion of the local homeless housing and assistance surcharges are deposited into the Home Security Fund (Fund).

Local Homeless Housing and Assistance Surcharges.

Both the state and local homeless housing programs receive funding from the \$40 and \$8 local homeless housing and assistance surcharges collected by each county auditor when a document is recorded.

For the \$40 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:

- 2 percent to the county for collection of the fee;
- 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;
- 40 percent of the remainder to be deposited in the Fund, up to 12.5 percent of which 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 performance, providing technical assistance to local governments, and managing the homeless housing grant program of the remaining;
- 87.5 percent of the 40 percent, at least 45 percent must be set aside for private rental housing payments; and
- the remainder of all funds go to the Department to be used to provide housing and shelter for homeless people and to fund the homeless housing grant program.

The \$40 local homeless housing and assistance surcharge applies to most recorded documents. Certain documents are exempt, including assignments or substitutions of previously recorded deeds of trust, documents recording a birth, marriage, divorce, or death, and documents recording a state, county, or city lien.

For the \$8 surcharge, approximately 90 percent is distributed to accomplish the goals of the county's local homeless housing plan, 6 percent of which may be used by the county for administrative costs related to its homeless housing plan. The remainder of the funds are deposited into the Fund. The Department may use the funds for managing the Homeless Housing Program, including updating the statewide homeless housing strategic plan, measuring performance, providing technical assistance to local governments, managing the homeless grant

program, providing housing and shelter for homeless people, or funding the homeless housing grant program.

The \$8 local homeless housing and assistance surcharge does not apply to assignments or substitutions of previously recorded deeds of trust.

The State Homeless Housing Program.

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 with the statewide plan. The Department is required to create and include performance measures and goals in its strategic plan to measure state and local governments' performance.

The Department must annually conduct a homeless census, making every effort to count all homeless individuals living outdoors, in shelters, and in transitional housing. When reasonably feasible, the Department must coordinate their annual census efforts with existing homeless census projects, including the United States Department of Housing and Urban Development Point-In-Time-Count. 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 manages a range of homeless assistance, prevention, and housing programs. The Department programs include:

- 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;
- the Office of Homeless Youth Prevention and Protection Programs, which provides services for youth and young adults, including: (1) 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; (2) Street Youth Services, which fund outreach to street youth to connect them to shelters and services; and (3) HOPE Beds, which provide voluntary and temporary residential placements for youths under age 18; and
- Crisis Residential Centers, which are short-term, semi-secure and secure facilities for runaway youth and adolescents in conflict with their families.

Document Recording Fee Surcharge Audit.

The Office of Financial Management was required to conduct and submit a performance audit of the Affordable Housing for All and Local Homeless and Housing and Assistance document recording surcharge funds collected by December 1, 2016. The performance audit was required to provide findings to determine if the funds were being used effectively, efficiently, and for their intended purpose. The performance audit was also required to review the Department's performance in meeting all statutory requirements related to the document recording surcharge funds and include recommendations for policy and operational improvements for the use of the

document recording surcharges by counties and the Department. The performance audit was released on December 5, 2016.

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, Continuums of Care (CoCs), administer the PIT Count. During even-numbered years, CoCs must provide data on the number of sheltered persons (those living in emergency shelters and transitional housing) experiencing homelessness on a single night. During odd-numbered years, CoCs must provide data on sheltered and unsheltered persons (those living in the street or in another place not meant for human habitation) experiencing homelessness on a single night. The PIT Count results are reported in the HUD Annual Homeless Assessment Report.

Counts are categorized by household type, including individuals, families, and child-only households. The counts are further broken down by subpopulation categories, such as homeless veterans and people who are chronically homeless. The HUD provides resources to communities to assist with the PIT Count, including model PIT Count surveys.

Summary of Bill:

The Department of Commerce (Department) must work in consultation with the Interagency Council on Homelessness, the Affordable Housing Advisory Board, and the State Advisory Council on Homelessness to develop performance measures that address the limitations of the annual Point-In-Time (PIT) Count in measuring the effectiveness of the document recording fee surcharge funds in supporting homeless programs. The Department must report its finding and recommendations regarding the new performance measures to the appropriate committees of the Legislature by December 1, 2017.

The Department must implement at least three metrics, in addition to the PIT measurement, that measure the impact of surcharge funding on reducing homelessness by July 1, 2018.

The Joint Legislative Audit and Review Committee (JLARC) must review how document recording surcharge fees are expended to address homelessness, including a review of the related program performance measures and targets. JLARC must report its findings by December 1, 2022, and update the review every five years.

The Department must also develop a process to ensure consistent presentation, analysis, and explanation of its biennial report to the Governor and appropriate committees on its assessment of the state's performance in furthering the goals of the state 10 year homeless housing strategic plan and the performance of each participating local government in creating and executing a local homeless housing plan to increase the effectiveness the report.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.