

SENATE BILL REPORT

SB 6229

As Passed Senate, February 14, 2020

Title: An act relating to streamlining reporting for recipients of housing-related state funding by removing Washington state quality award program requirements.

Brief Description: Streamlining reporting for recipients of housing-related state funding by removing Washington state quality award program requirements.

Sponsors: Senators Kuderer and Wilson, C.; by request of Department of Commerce.

Brief History:

Committee Activity: Housing Stability & Affordability: 1/15/20, 1/20/20 [DP, DNP].

Floor Activity:

Passed Senate: 2/14/20, 31-16.

Brief Summary of Bill

- Eliminates the requirement for eligible organizations receiving over \$500,000 annually from housing-related state funding to apply to the Washington State Quality Award program.

SENATE COMMITTEE ON HOUSING STABILITY & AFFORDABILITY

Majority Report: Do pass.

Signed by Senators Kuderer, Chair; Das, Vice Chair; Darneille and Saldaña.

Minority Report: Do not pass.

Signed by Senators Zeiger, Ranking Member; Fortunato, Assistant Ranking Member; Warnick.

Staff: Brandon Popovac (786-7465)

Background: Transitional Housing Operating and Rent Program. The Transitional Housing Operating and Rent (THOR) program is created within the Department of Commerce (Commerce) to assist individuals and families who are homeless or at risk of becoming homeless to secure and retain safe and affordable housing. Commerce awards grants to eligible organizations, such as local governments, housing authorities, behavioral health

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organizations, tribes, and non-profit organizations, to provide rental assistance, case management services for program participants, and funds for operating expenses of transitional housing facilities.

Washington State Quality Award Program. The Washington State Quality Award (WSQA) program recognizes organizations having implemented and achieved exceptional quality performance. The WSQA program is administered by a council operating as a non-profit organization. The program receives applications from organizations seeking feedback and recognition for significant performance efforts. Through an assessment process of evaluation and scoring, the program decides whether to give the WSQA to the organization.

Beginning in 2011, each eligible organization receiving over \$500,000 during the previous calendar year from the THOR program, state housing-related funding sources, and local recording fee surcharges, such as the affordable housing for all surcharge fee, the home security fund surcharge fee, and all other surcharge fees to fund homelessness and housing programs, must apply once every three years to the WSQA program for an independent assessment of the organization's quality management, accountability, and performance systems. Cities and counties were exempt from this requirement until 2018.

Summary of Bill: The requirement for eligible organizations receiving over \$500,000 annually from the THOR program, other state housing-related funding sources, and local recording surcharge fees to apply once every three years to the WSQA program for an independent assessment is eliminated.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The bill eliminates redundant administrative barriers to organizations provided housing assistance funding with no evidence to show the current reporting requirements have improved outcomes. Removing this requirement will streamline these organizations work by removing a financial and administrative burden to better enable them to engage in their housing and homelessness efforts rather than wade through red tape. Performance tracking and public accountability will be maintained through existing tools at Commerce.

Since 2015, Commerce has provided performance evaluations that are publicly available and reported quarterly through dashboards and annually through report cards that are available online, allowing state policymakers, citizens, local governments, and grantees the ability to analyze systems and project level performance across the state. Purchasing organizational and performance assessments can be a great choice for an organization as an allowable expense. Commerce will continue to assess risk and monitor grantee compliance with contract terms and conditions and continue to provide technical assistance to grantees to make sure they meet the standards of the programs.

The WSQA program was built to evaluate the use of housing dollars that was meant for big business. The application process merely diverts county staff time and attention from the ultimate goal to reduce homelessness. It can cost a single county more than \$10,000 to complete the application process because the program requires county employees to take training to learn how to fill out the application. The program is superfluous to Commerce monitoring.

Community action agencies already follow 58 rigorous federal organizational standards, which hold agencies accountable for quality improvement in performance at a higher level than the WSQA program. Strategic planning, customer satisfaction, leadership, financial operations, and oversight, including cost controls, are just a few examples of standards that the WSQA program duplicates. The WSQA application can add over 200 hours of staff time to duplicate this work with smaller agencies having to add highly skilled staff to meet these extra requirements and do so within existing resources.

The current requirement applies to housing authorities since awards from the housing trust fund put them into the category of being required to apply as developers of affordable housing. Housing authorities have a limited amount of administrative staff and existing staff rarely have the capacity or the budget to take on the onerous reporting requirements. Housing authorities already have a heavy regulatory burden, including submitting annual plans and reports HUD which determines whether housing authorities are high performance.

CON: The WSQA program was not consulted and had no input on this legislation prior to it being submitted. This was not a transparent process. The program is developed and updated every two years to keep current with best management practices by the federal government and the National Institute of Standards and Technology. Recent applicants have been extremely engaged and actively reviewing the framework to identify opportunities for improvement in both short and long term operations. Washington State deserves to know its housing organizations are continually improving and are moving toward high performance, especially in light of the current crisis.

Persons Testifying: PRO: Senator Patty Kuderer, Prime Sponsor; Juliana Roe, Washington State Association of Counties; Jeff DeLuca, Washington State Community Action Partnership; Jennifer Westerman, Association of Washington Housing Authorities; Dave Pringle, Department of Commerce; Kathy Kinard, Department of Commerce.

CON: Theron Post, Executive Director, Washington State Quality Award/Performance Excellence Northwest.

Persons Signed In To Testify But Not Testifying: No one.