

# HOUSE BILL REPORT

## HB 2010

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**As Passed House:**  
February 12, 2022

**Title:** An act relating to eliminating unnecessary homeless funding budget and auditing requirements.

**Brief Description:** Eliminating unnecessary homeless funding budget and auditing requirements.

**Sponsors:** Representatives Donaghy, Peterson, Ramel, Ryu, Macri, Bateman and Ormsby; by request of Department of Commerce.

**Brief History:**

**Committee Activity:**

Housing, Human Services & Veterans: 1/25/22, 1/28/22 [DP].

**Floor Activity:**

Passed House: 2/12/22, 57-40.

**Brief Summary of Bill**

- Removes language directing the Department of Commerce to set aside at least 45 percent of the remaining 87.5 percent of the homeless housing and assistance surcharge funds for private rental housing payments, and instead combines the use of private rental housing payments with the uses for the remaining 87.5 percent of funds.
- Removes language requiring the Office of Financial Management to secure an independent expenditure review of state homeless assistance and housing surcharge funds received and deposited into the Home Security Fund Account on a biennial basis.

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**HOUSE COMMITTEE ON HOUSING, HUMAN SERVICES & VETERANS**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

**Majority Report:** Do pass. Signed by 6 members: Representatives Peterson, Chair; Taylor, Vice Chair; Bateman, Chopp, Donaghy and Leavitt.

**Minority Report:** Do not pass. Signed by 2 members: Representatives Caldier, Ranking Minority Member; Gilday, Assistant Ranking Minority Member.

**Staff:** Lena Langer (786-7192).

**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 \$62 per recorded document. The surcharge is applied in addition to any authorized surcharges, as well as any administrative fees collected by the county auditor. 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. 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 \$62 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 \$62 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; and
- the remainder to be deposited in the Home Security Fund Account (Fund) and distributed as follows:
  - up to 12.5 percent of which may be used by the Department of Commerce (Commerce) 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; and
  - of the remaining 87.5 percent, at least 45 percent must be set aside for private rental housing payments and the remainder goes to Commerce 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 includes housing owned by a nonprofit housing entity.

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 \$62 homeless housing and assistance surcharge applies to most recorded documents. Documents exempt from the surcharge include:

- assignments or substitutions of previously recorded deeds of trust;
- documents recording a birth, marriage, divorce, or death; and
- documents recording a federal, state, county, city, or water-sewer district, or wage lien, or satisfaction of lien.

Home Security Fund Account.

The state's share of the \$62 homeless housing and assistance surcharge is deposited into the Fund, along with funds from the additional \$8 homeless housing and assistance surcharge. This Fund is an appropriated account and may be used only for homeless housing programs. Commerce uses the funds for multiple homeless housing programs.

The Office of Financial Management (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 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.

**Summary of Bill:**

The Homeless Housing and Assistance Surcharge.

The direction that at least 45 percent of the remaining 87.5 percent of surcharge funds must be set aside for private rental housing payments is removed, and instead the set-aside for private rental housing payments is combined with the uses for the remaining 87.5 percent of funds.

Home Security Fund Account.

Language is removed requiring the OFM to secure an independent expenditure review of state homeless assistance and housing surcharge funds received and deposited into the Fund on a biennial basis to assess the consistency in achieving policy priorities within the private market rental housing segment for housing persons experiencing homelessness.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) This bill eliminates an unnecessary administrative burden that impacts the state as well as local government and nonprofit housing providers. When the Legislature removed the specific for-profit set-aside it failed to also remove the audit requirement that went along with the set-aside. This audit is really unnecessary and a strain on people, power, and time. There is support to pass this cleanup bill and help Commerce and local government. Repealing this language does not change anything on the ground in terms of who gets served. The audit requirement that this bill repeals is pure waste; a wasteful \$90,000, on average, audit.

(Opposed) None.

**Persons Testifying:** Representative Brandy Donaghy, prime sponsor; Juliana Roe, Washington State Association of Counties; and Tedd Kelleher, Department of Commerce.

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