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**SECOND SUBSTITUTE HOUSE BILL 2270**

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**State of Washington 68th Legislature 2024 Regular Session**

**By** House Appropriations (originally sponsored by Representatives Morgan, Macri, Peterson, Gregerson, Ryu, Reeves, Callan, Bateman, Ormsby, Street, Cortes, Ramel, Kloba, Wylie, Fey, Leavitt, Donaghy, Thai, Goodman, Mena, Taylor, Duerr, Riccelli, Berry, Reed, Santos, Entenman, Ortiz-Self, Simmons, Bergquist, Stonier, Fosse, Timmons, Chapman, Stearns, Nance, Chopp, Shavers, Slatter, Doglio, Pollet, Tharinger, Walen, Bronoske, Orwall, Fitzgibbon, Davis, Alvarado, and Paul)

AN ACT Relating to creating a Washington state department of housing; creating new sections; and providing an expiration date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  The legislature finds that affordable housing and homelessness have reached an unprecedented crisis level in Washington state. These issues are not isolated to any one part of our state, rather they are challenges being faced by every community across the state.

The legislature finds that in response to these challenges, the state has expanded the scope and authority of the department of commerce, which has diligently worked to introduce and grow programs to increase housing supply, incentivize and manage development, provide rental assistance, support housing providers, and shelter residents. The state recognizes and thanks the department for their efforts and commitment to Washington's residents.

As the crisis continues, the legislature finds a need for a more holistic approach to housing and homelessness issues and better alignment of state policies across agencies and in partnership with local jurisdictions and community-based programs.

Therefore, the legislature intends to establish a new state department of housing that will focus solely on housing and homelessness issues and bring together state programs that currently span multiple agencies and partners. The legislature also intends to engage a professional consultant to help facilitate the transition of programs and identify gaps that may be filled by the new department.

NEW SECTION. **Sec.**  (1) The office of financial management must contract with an external consultant to study the transition of state housing programs to a new state agency and identify gaps in current state housing programs. The study must include a review and recommendations on the following issues:

(a) A clear mission and vision for the new department;

(b) The organizational structure for the new department, including which agencies, administrations, commissions, or other functions of state government should be included, and identification of the reasons why a specific housing function or program is not recommended for inclusion, if any;

(c) Any gaps in existing rental, transitional housing, senior housing, homelessness, homeownership, and manufactured housing programs provided by the state including, but not limited to:

(i) The feasibility of the state developing its own housing portfolio and partnering with public housing authorities to operate state housing stock;

(ii) The need for a state eviction prevention office;

(iii) The need for emergency housing in response to natural disasters;

(iv) The need for an educational program for renters and landlords;

(v) How landlords can be held accountable for repairs to rental housing, including the efficacy of renters using escrow accounts as allowed under RCW 59.18.115;

(vi) How the state may assist counties in providing mandatory mitigation sites if the number of homeless people increase within their jurisdiction based on the annual homeless census conducted under RCW 43.185C.030; and

(vii) How the state may subsidize housing choice vouchers issued under 42 U.S.C. Sec. 1437(f) when fair market rents calculated by the United States department of housing and urban development do not keep pace with rent;

(d) Estimated costs for the reorganization of state housing programs and creation of a new housing agency including, but not limited to, indirect costs, change management, training, and community outreach;

(e) An analysis of existing state and federal funding streams for state housing programs and any statutory revisions necessary to ensure the sufficient flow of funds to a new agency;

(f) A clear process for managing the reorganization; and

(g) Measurable benchmarks by which the effectiveness of the new department would be assessed.

(2) As part of the review, the external consultant must engage with and seek recommendations from the following:

(a) The office of the governor;

(b) The department of commerce;

(c) The department of social and health services;

(d) The health care authority;

(e) The office of equity;

(f) The office of the state treasurer;

(g) The office of the attorney general;

(h) The housing finance commission;

(i) The office of civil legal aid;

(j) The administrative office of the courts;

(k) The nonprofit rental housing development industry;

(l) The nonprofit homeownership housing development industry;

(m) A labor organization representing frontline staff within permanent supportive housing providers;

(n) An organization that represents tenants;

(o) Homeless shelter operators;

(p) Representatives of low-income persons;

(q) Representatives of special needs populations;

(r) Public housing authorities as created under chapter 35.82 RCW;

(s) The for-profit housing development industry;

(t) For-profit rental housing owners;

(u) The Washington state association of counties; and

(v) The association of Washington cities.

(3) The contract must require the external consultant to submit a report with its findings and recommendations to the governor and the appropriate committees of the legislature by July 1, 2025.

(4) The office of financial management may not award the contract in this section to an external consultant or entity that has lobbied or publicly testified on matters related to the scope of the study, including affordable housing, homelessness, tenant protections, and social services for people at risk of homelessness. The office of financial management must require the successful applicant to certify that it has not lobbied or publicly testified on such matters before the contract being awarded.

(5) The contract is exempt from the competitive procurement requirements in chapter 39.26 RCW.

(6) This section expires September 30, 2025.

NEW SECTION. **Sec.**  If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2024, in the omnibus appropriations act, this act is null and void.

**--- END ---**