

# SENATE BILL REPORT

## SB 5741

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As of February 17, 2023

**Title:** An act relating to establishing a housing gap voucher pilot program.

**Brief Description:** Establishing a housing gap voucher pilot program.

**Sponsors:** Senators Braun, Lovick, Wilson, J., Conway, Dozier, Pedersen and Wellman.

**Brief History:**

**Committee Activity:** Housing: 2/17/23.

**Brief Summary of Bill**

- Requires public housing authorities to implement and administer a housing gap voucher pilot program, from July 1, 2023 until June 30, 2029, to provide rental assistance for seniors, low-income families, and members of marginalized communities living in manufactured or rental housing in Washington.

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### SENATE COMMITTEE ON HOUSING

**Staff:** Melissa Van Gorkom (786-7491)

**Background:** Public Housing Authorities. Public housing authorities (PHAs) are public bodies established to provide safe and affordable rental housing for low-income individuals and families. A PHA must be activated by a resolution of the governing body of a city or county, and a PHA's boundaries are coextensive with the creating city or county, unless established as a joint housing authority comprised of two or more jurisdictions. With some exceptions, PHAs are governed by a five-member commission appointed by a city's mayor or a county's commissioners.

PHAs primarily serve as a conduit for federally funded housing programs, such as tenant-based vouchers and publicly-owned housing. PHAs also own and operate other rental

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housing, such as emergency and transitional housing, senior housing, and properties funded through low-income housing tax credits. PHAs have no taxing authority.

Affordable Housing Advisory Board. The Affordable Housing Advisory Board (AHAB) advises Department of Commerce (Commerce) on housing and housing-related issues. The AHAB currently has 24 members representing public entities, local governments, housing industries, and other stakeholders.

**Summary of Bill:** Housing Gap Voucher Pilot Program. PHAs must implement and administer a Housing Gap Voucher Pilot Program (Program), from July 1, 2023 until June 30, 2029, to provide rental assistance for seniors, low-income families, and members of marginalized communities living in manufactured or rental housing in Washington.

Housing eligible for use in the Program must be located in Washington and must comply with the applicable state and local health, housing, building, and safety codes. The PHAs must establish a proportional payment standard for eligible manufactured and rental housing in each municipality that promotes the use of a uniform and consistent approach for the Program in all municipalities. The payment standard is a range from the current fair market rent to 125 percent of the fair market rent, determined by PHAs based on bedroom size and the housing market of the municipality.

PHAs may provide a housing gap voucher to any low-income family in Washington who meets the eligibility qualifications set by Commerce, or who is currently being served by a state assistance program and issue a voucher payment for eligible manufactured and rental housing in any municipality in the state. The voucher payment will be equal to the difference between the resident rent, and either the applicable payment standard or contract rent, whichever is less.

At least once in every 12-month period, each resident participating in the Program must provide complete and accurate information, subject to third-party verification, about the income and composition of the resident's household to Commerce. PHAs must use the information provided to annually determine whether the housing gap voucher and share of rent should be adjusted, and whether the resident is eligible for continued participation in the Program. PHAs may find that any resident who fails to provide the required information is ineligible for continued participation in the Program.

PHAs must establish uniform and consistent rules to implement and administer the Program, including payment standards, application, and reporting requirements.

Report to the Legislature. PHAs, in consultation with stakeholders and AHAB, must submit a report to the Legislature by December 1, 2027, that includes:

- the number of participants in the Program and the amount of housing gap vouchers provided under the Program;
- an analysis of Program effectiveness and whether the Program should be continued;

and

- any recommendations to improve the effectiveness of the Program.

Definitions. The following definitions apply:

- "contract rent" means the total monthly rent amount specified in the lease for a unit occupied by a resident;
- "housing gap voucher" means a contract document between the PHAs and a resident that describes the Program requirements, guidelines, and benefits;
- "low-income family" means an individual or family whose income does not exceed 80 percent of the area median income, adjusted for family size, for the area in which the family lives, as determined by Commerce;
- "resident rent" means the amount the resident is required to pay, which will be up to 30 percent of the resident's monthly income, minus an applicable utility allowance, and the difference between the applicable payment standard and the contract rent; and
- "voucher payment" means the payment that the PHAs make to the housing provider on behalf of the resident leasing the unit.

**Appropriation:** The bill contains a section or sections to limit implementation to the availability of amounts appropriated for that specific purpose.

**Fiscal Note:** Available.

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

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 2023.

**Staff Summary of Public Testimony:** PRO: This tries to find a path to help folks when they need it and provide as much support as they need during that time period to keep them in housing and out of homelessness. The bill still needs some work but we are excited to continue working on this concept because it is part of the solution to the housing problems we are facing. Due to federal law, this cannot be stacked with section 8 vouchers but it is our understanding that this program would run parallel to the current program serving a different population of people who may not qualify. The cost of buying a home is increasing at twice the rate of rent increases and it is getting more expensive to turn housing into rental units. This is a good application of the state's resources because it can be targeted to the communities who need the most help to make up the gap between their income and the cost of rent. A lot of the legislation this session will take some time to implement but this bill will help people right now. Housing is a human right and we need to fund our current programs fully and find extra money to further these efforts.

CON: Housing vouchers are essential however even with protections prohibiting income discrimination landlords continue to turn people away because the building has too many tenants on section 8 vouchers. Landlords get around discrimination laws through things like

credit scores or offering 3, 6 or 18 month leases when voucher holders need a 12 month lease. Increase in rent is being abused and impacting renters and this bill would make the problem worse. This bill does not address the root causes of housing insecurity or homelessness it allows for the landlords to continue to increase the rents with the state paying the cost. The only sustainable solution is for the state to stop destabilizing, nonpredictable, and unfair rent increases that are causing displacement and homelessness. Some version of a voucher program could work in combination with rent stabilization but in the absence of that all this would do is subsidize rent increases and would only benefit landlords.

**Persons Testifying:** PRO: Senator John Braun, Prime Sponsor; Chester Baldwin, Rental Housing Coalition; Angela Rozmyn, Natural and Built Environments.

CON: Sol Villarreal; Talauna Reed, Tenants Union of Washington State; Michele Thomas, Washington Low Income Housing Alliance; Duaa-Rahemaah Willams, RAP - Resident Action Project.

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