

# SENATE BILL REPORT

## EHB 2694

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As Reported By Senate Committee On:  
Ways & Means, March 1, 2004

**Title:** An act relating to revising distribution of funds for operating and maintenance of very low-income housing projects.

**Brief Description:** Revising distribution of funds for operating and maintenance of very low-income housing projects.

**Sponsors:** Representatives Santos, Jarrett, Morrell, McDonald, McIntire, Kenney, Chase, Edwards and Darneille.

**Brief History:**

**Committee Activity:** Ways & Means: 2/26/04, 3/1/04 [DP].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Zarelli, Chair; Hewitt, Vice Chair; Parlette, Vice Chair; Carlson, Doumit, Fairley, Fraser, Hale, Honeyford, Pflug, Prentice, Rasmussen, Regala, Roach, Sheahan, B. Sheldon and Winsley.

**Staff:** Kirstan Arestad (786-7708)

**Background:** County auditors must charge a surcharge of \$10 per instrument to be recorded. The auditor may retain up to 5 percent of these funds to administer collection of the funds. The remaining funds are divided between (1) the State Treasurer, who is directed to deposit the funds that he or she receives into the Washington Housing Trust Account, and (2) the county and its cities and towns, which are to use the funds that they receive for housing projects or units within housing projects that are affordable to very low-income persons.

Permissible uses of the local funds include:

- Acquisition, construction, or rehabilitation of housing projects or units within housing projects;
- Supporting building operation and maintenance costs of housing projects built with Housing Trust funds;
- Rental assistance vouchers for housing projects or units within housing projects administered by a local public housing authority or other local organization that has an existing rental assistance voucher program consistent with the U.S. Department of Housing and Urban Development's (HUD) Section 8 rental assistance voucher programs; and
- Operating costs for emergency shelters and licensed overnight youth shelters.

Funds generated by the surcharge must not be used for construction of new housing if at any time the vacancy rate for available low-income housing within the county rises above 10 percent. The Real Estate Research Center at Washington State University is directed to develop a vacancy rate standard for low-income housing in the state.

**Summary of Bill:** Funds generated with the surcharge may be used for the construction of new housing if the vacancy rate for available low-income housing within the county exceeds 10 percent or if there are identifiable populations with special housing needs who are not being adequately served by local private housing markets.

Rental assistance or vouchers, payable to a landlord, for payment of first and last months' rent and security and other deposits required of new tenants are a permissible use of local funds.

It is specified which of the U.S. Department of Housing and Urban Development's standards apply to administration of the rental assistance voucher programs.

The funds generated by the surcharge may be used for building operation and maintenance costs of housing projects that are eligible to receive Housing Trust funds.

An error in the section that causes the allocations of funds to add up to more than 100 percent is corrected.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** Fixes implementation problems since original bill 2060 was first adopted to raise revenue for very low income housing projects, particularly being able to use funds for construction of new housing even when there is a vacancy rate when perhaps there is a need for special housing. Support bill with proposed amendments which have been provided to staff.

**Testimony Against:** None.

**Testified:** PRO: Representative Sharon Tomiko Santos, prime sponsor; Nick Federici, Washington Low-Income Housing Alliance; John Woodring, RHA.

Signed In/Did Not Testify: PRO: Seth Dawson, Washington State Coalition for the Homeless; Mark Gjurasic, Washington Apartment Association; Ron Newbry, Yakima Valley Landlords Association; Greg Pierce, Washington Mutual; Denny Eliason, Washington Banker Association; Steve Gano, Key Bank.