

SENATE BILL REPORT

SSB 5225

As Passed Senate, March 7, 2003

Title: An act relating to providing rent vouchers for low-income persons to pay for rent and security deposits.

Brief Description: Providing rent vouchers for low-income persons to pay for rent and security deposits.

Sponsors: Senate Committee on Financial Services, Insurance & Housing (originally sponsored by Senators Benton, Prentice, Zarelli and Esser).

Brief History:

Committee Activity: Financial Services, Insurance & Housing: 2/6/03 [DPS].

Passed Senate: 3/7/03, 48-1.

SENATE COMMITTEE ON FINANCIAL SERVICES, INSURANCE & HOUSING

Majority Report: That Substitute Senate Bill No. 5225 be substituted therefor, and the substitute bill do pass.

Signed by Senators Benton, Chair; Winsley, Vice Chair; Keiser, Prentice, Reardon, Roach and Zarelli.

Staff: Alison Mendiola-Hamilton (786-7576)

Background: Housing affordability is considered by many to be a significant problem in many areas of the state. For example, Washington State ranks 45th in the nation for home ownership and 60 percent of renters pay more than half of their income towards rent. To address this problem, the Legislature passed a law last session imposing an affordable housing surcharge of \$10 on each instrument recorded with the county auditor. The auditor may retain up to 5 percent to administer the collection of these funds. Of the remaining funds, 60 percent of the remaining revenue generated is retained by the county for affordable housing purposes and 40 percent of the revenue generated is deposited in the Washington Housing Trust Account, via the State Treasurer. The funds generated by this surcharge may not be used for new construction if the vacancy rate for available low-income housing within the county rises above 10 percent.

Summary of Bill: Permissible uses of the affordable housing recording surcharge for counties are expanded. County revenue generated by the surcharge can be used for rental assistance or vouchers for payment of first and last month's rent and security and other deposits required by a landlord for housing that is affordable to very low-income persons with incomes at or below 50 percent of the area median income.

Funds generated from this surcharge are not used for the construction of new housing if at any time the vacancy rate for available low-income housing within the county rises above 7 percent.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This helps get low-income people into housing. Often the biggest barrier to getting into housing is coming up with the first and last months' rent and security deposit.

Testimony Against: It is too early to make amendments to a law that just passed last year. We do not know how counties will end up using the money. Also, the vacancy rate should not be lowered to 7 percent. Vouchers may not be the answer. The problem is getting landlords to accept vouchers. **CONCERNS:** The bill changes the vacancy rate from 10 percent to 7 percent, which is an issue no one else has addressed. The vacancy rate should stay at 10 percent.

Testified: Kim Herman, WSHFC (concerns); Lynn Davison, WLIHC (con); Ken Opp, WAA (pro); John Woodring, Doug Neyhart, RHA (pro).