

HOUSE BILL REPORT

HB 2163

As Reported by House Committee On:

Housing
Appropriations

Title: An act relating to preventing and ending homelessness in the state of Washington.

Brief Description: Establishing a homeless housing program.

Sponsors: Representatives Ormsby, Holmquist, Miloscia, Williams, Flannigan, Chase, Dickerson, Sells, Ericks, Dunn, Wood, Green, Linville, Springer, Pettigrew, Kenney, O'Brien, Santos, Kagi, Fromhold and Schual-Berke.

Brief History:

Committee Activity:

Housing: 2/24/05 [DPS];

Appropriations: 3/3/05, 3/5/05 [DP2S(w/o sub HOUS)].

Brief Summary of Second Substitute Bill

- Assigns the Department of Community, Trade and Economic Development (DCTED) and each county government with ending homelessness within 10 years.
- Creates the Homeless Housing Program to be administered by the DCTED on the state level which includes a local government funding component, a state competitive grant program, and the coordination of a statewide Homeless Census program.
- Creates a funding source for the Homeless Housing Program by charging a \$10 surcharge for each document recorded by the county auditor.
- Amends current statute to allow the county to retain administrative fees of the existing \$10 surcharge for low-income housing, instead of the auditor.
- Creates a new additional \$5 surcharge which may be charged at the discretion of the county and used to fund homeless housing programs.

HOUSE COMMITTEE ON HOUSING

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 5 members: Representatives Miloscia, Chair; Springer, Vice Chair; Ormsby, Pettigrew and Sells.

Minority Report: Do not pass. Signed by 4 members: Representatives Holmquist, Ranking Minority Member; Dunn, Assistant Ranking Minority Member; McCune and Schindler.

Staff: Robyn Dupuis (786-7166).

Background:

Washington Homeless Initiatives

Although there are a variety of local efforts addressing issues related to homelessness, there currently exists no coordinated statewide plan to end homelessness, nor are there any financial resources allocated to the statewide elimination of homelessness. There are local counts of homeless individuals ongoing in some Washington communities, and there is an effort by the Department of Community, Trade and Economic Development (DCTED) through its Homeless Management Information System to track homeless individuals in four counties with the long-term goal of tracking the homeless population statewide, however, currently there exists no means for calculating the total number of homeless individuals in the state, nor for tracking homeless individuals in relation to their housing status.

Operation and Maintenance of Low-Income Housing Projects

County auditors are required by statute to record deeds and other instruments that are to be filed and recorded with the county. The fees to be charged for recording are set forth in statute. A \$10 surcharge to recordings of certain documents exists to support low-income housing projects (referred to in this document as the "Low-Income Housing Surcharge Program").

The auditor is allowed up to 5 percent of the funds collected. Of the remaining funds the Housing Trust Fund receives 40 percent of the revenue generated. Sixty percent of the revenue generated is to be turned over to the counties for low-income housing programs and projects. This allocation language could be read to allocate 105 percent of the funds collected.

Summary of Substitute Bill:

Homeless Housing Program

The Legislature recognizes that the provision of housing and housing related services to the homeless should be administered at the local level, yet also recognizes the state's responsibility to coordinate, support and monitor efforts to address homeless issues.

Ending homelessness in Washington within 10 years is the responsibility of the Department of Community, Trade and Economic Development (DCTED) and individual local governments, specifically county governments. The DCTED shall work collaboratively with other state agencies and receive consultation and advice on its Homeless Housing Program and homeless

strategic plans from the State Homeless Advisory Council, the Interagency Committee on Homelessness, non-profit homeless service providers and local governments.

In addition to county governments, city governments may choose to assume responsibility for ending homelessness within their boundaries and such cities are held to the same strict accountability standards and reporting requirements as are Washington counties. The DCTED, as well as all counties and any participating cities shall prepare 10-year strategic plans to end homelessness and shall update plans annually based upon homeless census figures and progress made to date.

Homeless Program Performance Measures

Specific performance measures are included in 10-year, as well as annually-updated strategic plans created by the DCTED and each county or city government. These performance measures include:

- (1) By the end of year one a comprehensive census shall be finalized and will report on all homeless individuals in the state of Washington.
- (2) By the end of year two, all individuals in the homeless population will be offered housing in at least temporary housing, which could include emergency shelters or other indoor facilities.
- (3) By the end of year four, 25 percent of the local homeless population will be housed in long-term private or public housing.
- (4) By the end of year six, 50 percent of the local homeless population will be housed in long-term private or public housing.
- (5) By the end of year eight, 75 percent of the local homeless population will be housed in long-term private or public housing.
- (6) By the end of year 10, and in each subsequent year, 100 percent of the local homeless population will be housed in long-term private or public housing.

Homeless Housing Program Funding

The Homeless Housing Program is funded by a \$10 surcharge for each document recorded by the county auditor.

Distribution of Homeless Program Funds

Local Government Share

Sixty percent of the funds remain within the county of origin. Five percent of these funds may be used for administrative costs related to the homeless housing program. The remainder of the funds are to be used for local programs and projects directly related to the accomplishment of goals outlined in the county's 10-year strategic plan to end homelessness. Any city which assumes responsibility for ending homelessness within its boundaries receives the revenue that originates from documents pertaining to all properties within the city's boundaries.

Programs eligible for funding by counties and/or cities include:

- shelter expansion;
- homeless supportive services;
- rental assistance voucher programs;
- eviction prevention programs; and

- supportive and transitional housing.

In addition to funds received through the 60 percent share of fees, all counties and participating cities are eligible to apply to the DCTED for funding through the Homeless Housing Grant Program. Such funds are designed to "match" the local government's investments in homeless housing programs.

For the purposes of the Homeless Housing Program, each local government is guided by a Homeless Housing Advisory Council which is responsible for developing the jurisdiction's ten-year strategic plan, updating that plan annually, choosing programs and projects to be funded through the county's share of the surcharge fee program, and reporting on performance outcomes to the DCTED. This council could be created specifically for the purpose of the Homeless Housing Program or could consist of an existing group of individuals willing to assume responsibility for the program.

State Share

Forty percent of the total \$10 surcharge fees goes to the DCTED. Twelve and one-half percent of these funds may be used for program administration, the remaining 87.5 percent is to be distributed through the Homeless Housing Grant Program. The DCTED's responsibilities include:

- coordinating and implementing an annual statewide homeless census;
- implementing and administering a data management and tracking system;
- funding and managing the Homeless Housing Grant Program, which is available to counties and participating cities to augment program funds;
- providing technical assistance to counties and cities related to their strategic plans; and
- overseeing the statewide Homeless Housing Program and reporting on its progress annually to the Governor.

Homeless Census

The DCTED will coordinate a homeless census on an annual basis for the first two years. This census will, in so much as is possible, be coordinated with existing homeless census projects. After two years, the count will take place every six months. After four years the count will be conducted every three months. After six years the count will take place each month. After 10 years the count will be conducted on a daily basis. This data will be collected, tracked and used to create reports through the DCTED's Homeless Management Information System. Data collected from the census will be used to develop and amend the DCTED's and local government's strategic plans.

Information and Referral System

The DCTED shall implement an online real-time information and referral system so that local governments and other organizations working with the homeless can identify available housing. This system will produce quarterly reports of successful and unsuccessful placements.

Quality Management

The DCTED shall implement a nationally recognized organizational quality management system by the end of year four, and by the end of year five, the DCTED shall apply to the Washington State Quality Award Program.

Low-Income Housing Surcharge Program

Distribution of Low Income Program Funding

- The county (instead of the auditor) may retain up to 5 percent of the funds collected for the administration and local distribution of the surcharge funds.
- Rather than stating that a county is to receive 60 percent of the revenue generated, the bill states that a county will receive "all of the remaining funds" after the county has received its first 5 percent for administrative costs and the DCTED has received their 40 percent distribution.

New Local Option Surcharge

Counties are authorized to impose an additional surcharge of \$5 for each document recorded. All of the funds collected are to be retained by the county and used for programs and projects to further the county's efforts to end homelessness. By year four and five, counties imposing this surcharge must implement a quality management system and submit the results of an outside assessment.

Substitute Bill Compared to Original Bill:

Homeless Surcharge of \$10

- The substitute bill limits the county to using 5 percent of its 60 percent share of the surcharge for administrative costs.

Low-Income Housing Surcharge Program (Existing program in statute)

- The substitute bill maintains the current level of the existing surcharge for low-income housing programs at \$10 instead of raising it to \$12 as was done in the original bill.
- The bill also allows the county to retain up to 5 percent of the total funds received through the surcharge program for administration and local distribution of the funds, instead of allocating that 5 percent to the auditor as in the original bill.
- The substitute bill does not include the addition of supporting building and maintenance costs of housing projects that were not built with Housing Trust Fund assistance as a permissible use of funds.
- There is no mandatory 20 percent set aside for rental vouchers, nor the provision that of the 20 percent, 70 percent must be used for privately owned units.
- The substitute bill does not allow new construction if the low-income housing vacancy rate is above 10 percent (as is provided for in the original bill).

Local Option \$5 Surcharge

- There is no mandatory 20 percent set aside for rental vouchers, nor the provision that of the 20 percent, 70 percent must be used for privately owned units.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect August 1, 2005.

Testimony For: (In support) This bill represents a huge step forward in the effort to end homelessness in Washington. This establishes a sorely needed single point of contact for accountability in regards to homelessness programs and statewide homeless goals. The benchmark goals for improvement over time that are defined in this bill are critical to the success of the program. The identification of a cabinet level committee to address homelessness is particularly important. Only at the state level can the necessary policy changes be made and this bill defines the state's central role. Rental vouchers are the fastest way to get people into homes and more rental vouchers are one major tool to address homelessness.

(With concerns) Counties are currently stretched to "the max". There are concerns about the ability of many counties to take on such an intensive and involved program. This program will create a new beaurocracy and requires a great deal of tracking and data collection. Supportive services to the homeless population, including mental health services and substance abuse, are not addressed strongly enough in this bill. Those services are critical to addressing homelessness and are costly. The source of income, increased surcharge fees, is not appropriate for this purpose, a more equitable revenue source should be found. While some of the documents pertain to real estate transactions, many do not. Overall this revenue source places an unfair burden on a small group of people relative to the statewide population.

Testimony Against: None.

Persons Testifying: (In support) Darlene Pennock, Washington Apartment Association; Seth Dawson and Corky Senecal, Washington State Coalition for the Homeless; Nick Federici, Washington Low-Income Housing Alliance; Kurt Creager, Vancouver Housing Authority; Maureen Howard, Washington Low Income Housing Alliance and Habitat for Humanity; Terry Kohl, Washington Apartment Association; and John Woodring, Rental Housing Association of Puget Sound.

(With concerns) Jean Wessman, Washington State Association of Counties.

(Neutral with concerns) Kim Wyman, Washington State Association of County Auditors.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Housing. Signed by 16 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Cody, Conway,

Darneille, Dunshee, Grant, Haigh, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, Miloscia and Schual-Berke.

Minority Report: Do not pass. Signed by 12 members: Representatives Alexander, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Armstrong, Bailey, Buri, Clements, Hinkle, Pearson, Priest, Talcott and Walsh.

Staff: Nona Snell (786-7153).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Housing:

The second substitute bill states that ending homelessness should be a goal of state and local government and creates a Homeless Housing Program to develop a statewide plan aimed at housing homeless persons. A census will be conducted annually and data to be collected will be determined, in consultation with local governments, by the Department of Community, Trade and Economic Development (DCTED). Confidentiality of information about homeless individuals is required. Performance measures are not specified except that a census shall be conducted by the end of the first year. By the end of each subsequent year a goal or goals will be identified by the DCTED and reported upon. Goals will be common to all local programs and the achievement of these goals will move a community toward housing its homeless population. The requirement for quality management programs by DCTED or local governments is deleted. Local governments may create local homeless housing strategic plans in collaboration with other local governments. Local governments may contract with other governments or nonprofit organizations to operate their homeless housing programs.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Second Substitute Bill: The bill takes effect August 1, 2005.

Testimony For: The bill is moving in the right direction to end homelessness in 10 years. The funding is a substantial step toward housing the homeless, and the bill provides more housing opportunities for families and individuals.

It is possible to accommodate the concerns of those opposed to the bill. The daily count will not be difficult because the number of homeless will be reduced substantially by the time the daily count is required.

(With concerns) The counties strongly support the bill's concept, but some counties already have plans or are working on plans to end homelessness in 10 years, because it is a national initiative. The bill will create a huge bureaucracy on the state and local levels. The counties are supportive of performance measures, but daily censuses will be difficult and expensive. The costs reflected in the fiscal note are low, and the requirements are underfunded. The fees proposed in the bill are a problem because they are unrelated to the services rendered.

Reconsider using recording fees as the funding source because the fees place an unfair burden on a small percentage of the statewide population.

Testimony Against: None.

Persons Testifying: (In support) Representative Ormsby, prime sponsor; Corine Knudsen, Washington State Coalition for the Homeless; and Nick Federici, Washington Low-Income Housing Alliance.

(With concerns) Jean Wessman, Washington State Association of Counties; and Kim Wyman, Thurston County Auditor.

Persons Signed In To Testify But Not Testifying: None.