

HOUSE BILL REPORT

E2SHB 1359

As Passed Legislature

Title: An act relating to providing affordable housing for all.

Brief Description: Creating an affordable housing for all program.

Sponsors: By House Committee on Appropriations (originally sponsored by Representatives Miloscia, Chase, Hasegawa, Pettigrew, Springer, Ormsby, Roberts, Darneille, Goodman and Santos).

Brief History:

Committee Activity:

Housing: 2/1/07, 2/7/07 [DPS];

Appropriations: 3/3/07, 3/5/07 [DP2S(w/o sub HOUS)].

Floor Activity:

Passed House: 3/10/07, 57-39.

Senate Amended.

Passed Senate: 4/12/07, 32-16.

House Refused to Concur.

Senate Amended.

Passed Senate: 4/20/07, 28-21.

House Concurred.

Passed House: 4/20/07, 60-37.

Passed Legislature.

Brief Summary of Engrossed Second Substitute Bill

- Establishes an \$8 document recording fee surcharge to fund state and county programs under the Homeless Housing and Assistance Act.
- Creates two appropriated accounts: one to receive the state's portion of revenue from an existing low-income housing recording fee surcharge, named the Affordable Housing for All Account; and the other to receive the state's portion of revenue from two recording fee surcharges supporting the Homeless Housing and Assistance Act, named the Home Security Fund Account.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

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; Kelley, McCune and Ormsby.

Minority Report: Do not pass. Signed by 1 member: Representative Schindler.

Staff: Robyn Dupuis (786-7166).

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 22 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Cody, Conway, Darneille, Ericks, Fromhold, Grant, Haigh, Hunt, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, McIntire, Morrell, Pettigrew, Schual-Berke, Seaquist and P. Sullivan.

Minority Report: Do not pass. Signed by 12 members: Representatives Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Anderson, Buri, Chandler, Dunn, Hinkle, Kretz, McDonald, Priest and Walsh.

Staff: Owen Rowe (786-7391).

Background:

Existing Low Income Housing Surcharge (RCW 36.22.178)

County auditors are required by statute to record deeds and other instruments that are filed and recorded. A \$10 surcharge is charged for recording certain documents to support low-income housing projects.

The county is allowed to keep up to 5 percent of the \$10 surcharge for the collection, administration, and local distribution of the funds. Of the remaining funds, 40 percent is transmitted into the Housing Trust Account, an appropriated account, administered by the Department of Community, Trade and Economic Development (DCTED) to be used for the support operation and maintenance of extremely low income housing projects and to support homeless programs. The remainder of the revenue generated is retained by the counties for low-income housing programs and projects which serve households making at or below 50 percent of the area median income.

Homeless Housing and Assistance Act

The Legislature enacted the Homeless Housing and Assistance Act in 2005, the goal of which is to reduce homelessness by 50 percent statewide and in each county by July 1, 2015. This goal is to be achieved through the creation of plans to address the causes of homelessness and the implementation of solutions to homelessness through state and county homeless housing programs.

Thirty-seven county governments participating in the Homeless Housing and Assistance program.

Homeless Housing and Assistance Program Funding

The Homeless Housing and Assistance Program is funded by a \$10 surcharge for certain documents recorded by the county auditor. Of that \$10 surcharge:

- the auditor retains 2 percent;
- sixty percent of the remaining funds stay within the participating county of origin; *any city which assumes responsibility for reducing homelessness within its boundaries receives a percentage of the surcharge equal to the percentage of the city's local portion of the real estate excise tax*; and
- the remaining monies are remitted to the Department of Community, Trade and Economic Development (DCTED) and deposited into the Homeless Housing Account for program administration and to support the Homeless Grant Program.

Approximately \$16 million in new funding for homelessness is produced each year through the homeless document recording fee.

Summary of Engrossed Second Substitute Bill:

Affordable Housing for All Surcharge

RCW 36.22.178 is renamed the Affordable Housing for All (AHFA) Surcharge. The portion of revenue due to the state will be remitted to the Affordable Housing for All Account, subject to appropriation. The DCTED must use these funds to provide housing and shelter for extremely low-income households. In the use of local funds, counties must prioritize housing activities which serve extremely low-income households. There is no rental housing vacancy requirement to be met before funding new construction projects.

Homeless Housing and Assistance Act Program Funding Revisions

\$10 Surcharge

The DCTED's share of revenue from the \$10 homeless housing surcharge will be deposited into the Home Security Fund and may be used for:

- program administration;
- to provide housing and shelter to homeless people and to financially support homeless shelters and other homeless housing programs; and
- to fund the Homeless Housing Grant Program.

\$8 Surcharge

An additional \$8 document recording fee surcharge is established of which 90 percent may be used for county homeless programs and 10 percent will be deposited into the Home Security Fund Account to be used for the DCTED program administration, housing and shelter assistance for homeless persons and the Homeless Housing Grant Program.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed. However, the bill is null and void unless funded in the budget.

Staff Summary of Public Testimony: (Housing)

(In support) Housing for all economic levels is challenging in today's market but finding appropriate affordable housing is particularly difficult for very low income households. This bill requires the local and state governments to come up with solutions. This is an exciting goal and the bill addresses a variety of issues that impact housing availability and accessibility by people with a variety of income levels. The focus on the very lowest income populations is very important. It is appreciated by local governments that funds are provided along with the new program requirements.

(With concerns) There is a fear that the state may be placing too much of a burden on the DCTED with additional programs. Furthermore, the state should be cautious about the effect this new program would have on existing programs. There is a concern that money may be diverted from current operation and maintenance programs to fund the DCTED planning and evaluation requirements under this Act. These new planning and evaluation requirements should be funded by new monies from the state, not from existing resources. The performance measures may be expensive to measure and it's important that financial resources are primarily reserved for housing programs. The removal of the vacancy standard in the surcharge language makes sense, but it should be replaced with a requirement that local governments implement voucher programs, at least until they can determine whether new construction is truly needed or not.

(Opposed) None.

Staff Summary of Public Testimony: (Appropriations)

(In support) This bill provides additional resources for local jurisdictions to battle homelessness and expand access to affordable housing for low-income persons and ensure more effective use of current and new revenues. The existing document recording fee would be renamed the Affordable Housing for All Account. This bill would use General Fund money that will be split 60 percent for local jurisdictions and 40 percent to the state just as the existing revenues are currently apportioned. The addition of General Funds will allow this program to do a better job to provide the operation and maintenance support which leverages capital assistance from the Housing Trust Fund. About \$1.9 million are for the additional new tasks requested of the Department of Community, Trade and Economic Development and local jurisdictions in terms of reporting requirements and performance measurement. The most important piece of this bill is the additional resources that would help to improve the success of housing outcomes for people.

Persons Testifying: (Housing) (In support) Representative Miloscia, prime sponsor; Walter Zisette, Washington Low Income Housing Alliance; Daniel Malone, Washington State Coalition for the Homeless; and Greg Provenzano, Columbia Legal Services.

(With concerns) Dave Williams, Association of Washington Cities; LaVon Holden, Association of Washington Housing Authorities; Doug Levy, Cities of Kent and Federal Way; Terry Kohl, Washington Apartment Association; and Terry Hotvendt, Rental Housing Association of Puget Sound.

Persons Testifying: (Appropriations) Nick Federici, Washington Low-Income Housing Alliance and United Way of King County.

Persons Signed In To Testify But Not Testifying: (Housing) None.

Persons Signed In To Testify But Not Testifying: (Appropriations) None.