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**SUBSTITUTE HOUSE BILL 1570**

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**State of Washington 65th Legislature 2017 Regular Session**

**By** House Community Development, Housing & Tribal Affairs (originally sponsored by Representatives Macri, Robinson, McBride, Kagi, Sawyer, Tharinger, Doglio, Pollet, Ortiz-Self, Chapman, Cody, Jinkins, Bergquist, Hudgins, Peterson, Senn, Stonier, Riccelli, Frame, Gregerson, Dolan, Tarleton, Ormsby, Ryu, Fey, Fitzgibbon, Goodman, Slatter, Pettigrew, Kloba, Orwall, Appleton, Clibborn, Farrell, and Stanford)

AN ACT Relating to expanding access to homeless housing and assistance; amending RCW 36.22.179, 43.185C.030, 43.185C.040, 43.185C.060, 43.185C.061, 43.185C.160, and 43.185C.240; adding a new section to chapter 43.185C RCW; and creating new sections.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  The legislature recognizes that all of the people of the state should have the opportunity to live in a safe, healthy, and affordable home. The legislature further recognizes that homelessness in Washington is unacceptable and that action needs to be taken to protect vulnerable households including families with children, youth and young adults, veterans, seniors, and people at high risk of homelessness, including survivors of domestic violence and people living with mental illness and other disabilities.

The legislature recognizes that homelessness has immediate and oftentimes long-term consequences on the educational achievement of public school children and disproportionately impacts students of color. Additionally, the legislature recognizes that the health and safety of people experiencing homelessness is immediately and often times significantly compromised, and that homelessness exacerbates physical and behavioral health disabilities. The legislature further recognizes that homelessness is disproportionately experienced by people of color and LGBTQ youth and young adults. The legislature recognizes that homelessness is also disproportionately experienced by people living with mental illness and that homelessness is an impediment to treatment. The legislature further recognizes that homelessness is disproportionately experienced by Native Americans.

In 2005, the Washington state legislature passed the homeless housing and assistance act that outlined several bold policies to address homelessness. That act also required a strategic plan by the department of commerce, which was first submitted in 2006 and subsequently updated. Since the first statewide plan, the state has succeeded in housing over five hundred fifty-six thousand people experiencing homelessness. These people were previously living in places not meant for human habitation, living in emergency shelters, or at imminent risk of becoming homeless. Although the overall prevalence of homelessness is down more than seventeen percent, the recent increase in homelessness, due in large part to surging housing costs, remains a crisis and more must be done.

Therefore, the legislature intends to improve resources available to aid with increasing access and removing barriers to housing for individuals and families in Washington.

**Sec.**  RCW 36.22.179 and 2014 c 200 s 1 are each amended to read as follows:

(1) In addition to the surcharge authorized in RCW 36.22.178, and except as provided in subsection ((~~(2)~~)) (3) of this section, an additional surcharge of ((~~ten~~)) forty dollars shall be charged by the county auditor for each document recorded, which will be in addition to any other charge allowed by law. ((~~From September 1, 2012, through June 30, 2019, the surcharge shall be forty dollars.~~)) The funds collected pursuant to this ((~~section~~)) subsection are to be distributed and used as follows:

(a) The auditor shall retain two percent for collection of the fee, and of the remainder shall remit sixty percent to the county to be deposited into a fund that must be used by the county and its cities and towns to accomplish the purposes of chapter 484, Laws of 2005, six percent of which may be used by the county for administrative costs related to its homeless housing plan, and the remainder for programs which directly accomplish the goals of the county's local homeless housing plan, except that for each city in the county which elects as authorized in RCW 43.185C.080 to operate its own local homeless housing program, a percentage of the surcharge assessed under this section equal to the percentage of the city's local portion of the real estate excise tax collected by the county shall be transmitted at least quarterly to the city treasurer, without any deduction for county administrative costs, for use by the city for program costs which directly contribute to the goals of the city's local homeless housing plan; of the funds received by the city, it may use six percent for administrative costs for its homeless housing program.

(b) The auditor shall remit the remaining funds to the state treasurer for deposit in the home security fund account((~~.~~)) to be used as follows:

(i) The department may use twelve and one-half percent of this amount for administration of the program established in RCW 43.185C.020, including the costs of creating the statewide homeless housing strategic plan, measuring performance, providing technical assistance to local governments, and managing the homeless housing grant program. ((~~Of~~))

(ii) The remaining eighty-seven and one-half percent((~~,~~)) of this amount must be used as follows:

(A) At least forty-five percent must be set aside for the use of private rental housing payments((~~,~~)); and ((~~the remainder is~~))

(B) All remaining funds are to be used by the department to:

((~~(i)~~)) (I) Provide housing and shelter for homeless people including, but not limited to: Grants to operate, repair, and staff shelters; grants to operate transitional housing; partial payments for rental assistance; consolidated emergency assistance; overnight youth shelters; grants and vouchers designated for victims of human trafficking and their families; and emergency shelter assistance; and

((~~(ii)~~)) (II) Fund the homeless housing grant program.

(2) In addition to the surcharge authorized in subsection (1) of this section, and except as provided in subsection (3) of this section, a county legislative authority may charge an additional surcharge of no more than fifty dollars. Any additional amount charged by a county under this subsection may be retained by the county to accomplish the purposes set out in subsection (1) of this section. If a county has not imposed the full fee authorized under this subsection within two years of the effective date of this section, any city legislative authority located in that county may charge the whole or remainder of the additional surcharge authorized in this subsection. Any additional amount charged by a city under this subsection may be retained by the city to accomplish the purposes set out in subsection (1) of this section.

(3) The surcharges imposed in this section ((~~does~~)) do not apply to: (a) Assignments or substitutions of previously recorded deeds of trust((~~,~~)); (b) documents recording a birth, marriage, divorce, or death((~~,~~)); (c) any recorded documents otherwise exempted from a recording fee or additional surcharges under state law((~~,~~)); (d) marriage licenses issued by the county auditor((~~,~~)); or (e) documents recording a state, county, or city lien or satisfaction of lien.

(4) For purposes of this section, "private rental housing" means housing owned by a private landlord and includes housing owned by a nonprofit housing entity.

**Sec.**  RCW 43.185C.030 and 2013 c 200 s 25 are each amended to read as follows:

(1) The department shall annually conduct a Washington homeless census or count consistent with the requirements of RCW 43.185C.180. The census shall make every effort to count all homeless individuals living outdoors, in shelters, and in transitional housing, coordinated, when reasonably feasible, with already existing homeless census projects including those funded in part by the United States department of housing and urban development under the McKinney-Vento homeless assistance program. The department shall determine, in consultation with local governments, the data to be collected. Data on subpopulations and other characteristics of the homeless must, at a minimum, be consistent with the United States department of housing and urban development's point-in-time requirements.

(2) All personal information collected in the census is confidential, and the department and each local government shall take all necessary steps to protect the identity and confidentiality of each person counted.

(3) The department and each local government are prohibited from disclosing any personally identifying information about any homeless individual when there is reason to believe or evidence indicating that the homeless individual is an adult or minor victim of domestic violence, dating violence, sexual assault, or stalking or is the parent or guardian of a child victim of domestic violence, dating violence, sexual assault, or stalking; or revealing other confidential information regarding HIV/AIDS status, as found in RCW 70.02.220. The department and each local government shall not ask any homeless housing provider to disclose personally identifying information about any homeless individuals when the providers implementing those programs have reason to believe or evidence indicating that those clients are adult or minor victims of domestic violence, dating violence, sexual assault, or stalking or are the parents or guardians of child victims of domestic violence, dating violence, sexual assault, or stalking. Summary data for the provider's facility or program may be substituted.

(4) The Washington homeless census shall be conducted annually on a schedule created by the department. The department shall make summary data by county available to the public each year. This data, and its analysis, shall be included in the department's annual updated homeless housing program strategic plan.

(5) Based on the annual census and provider information from the local government plans, the department shall, by the end of year four, implement an online information and referral system to enable local governments and providers to identify available housing for a homeless person. The department shall work with local governments and their providers to develop a capacity for continuous case management to assist homeless persons.

(6) By the end of year four, the department shall implement an organizational quality management system.

(7)(a) Subject to the availability of amounts appropriated for this specific purpose, the department, in collaboration with the Washington state institute for public policy, must conduct a statewide homeless study every ten years to better understand the causes and characteristics of the homeless in Washington state and help decision makers promote efforts toward housing stability. The purpose of the study is to: Supplement the current point-in-time census and homeless client management information system by conducting face-to-face interviews with people who are homeless or have recently received homelessness assistance to gather an in-depth assessment of why the individual is among the chronically homeless, unaccompanied homeless youth, and unsheltered populations; review the efficacy of current programs and services; and provide recommendations on the type and timing of health and human service interventions needed for these populations to gain housing stability. The department and the Washington state institute for public policy must consider, when completing the statewide homeless study, the following socioeconomic factors relating to:

(i) Local and statewide housing markets, including rent costs, vacancy rates, and availability of affordable housing relative to income;

(ii) Income, including unemployment rates, income levels and disparities, and wage workers' ability to afford rent at fair market rates; and

(iii) Barriers to accessing the private rental market, including the cost of screening fees and rental applications; screening factors such as source of income, minimum income requirements, and criminal records; and illegal discrimination as established in RCW 49.60.030.

(b) The department and the Washington state institute for public policy must develop a study proposal defining the study scope, methodology, and costs for the legislature to review by January 1, 2019.

**Sec.**  RCW 43.185C.040 and 2015 c 69 s 25 are each amended to read as follows:

(1) ((~~Six months after the first Washington homeless census,~~)) The department shall, in consultation with the interagency council on homelessness ((~~and~~)), the affordable housing advisory board, and the state advisory council on homelessness, prepare and publish a ((~~ten~~)) five-year homeless housing strategic plan which ((~~shall~~)) must outline statewide goals and performance measures ((~~and shall be coordinated with the plan for homeless families with children required under RCW 43.63A.650~~)). The state homeless housing strategic plan must be submitted to the legislature by July 1, 2018, and every five years thereafter. The plan must include:

(a) Performance measures and goals to reduce homelessness, including long-term and short-term goals;

(b) An analysis of the services and programs being offered at the state and county level and an identification of those representing best practices and outcomes;

(c) Recognition of services and programs targeted to certain homeless populations or geographic areas in recognition of the diverse needs across the state;

(d) New or innovative funding, program, or service strategies to pursue;

(e) An analysis of either current drivers of homelessness or improvements to housing security, or both, such as increases and reductions to employment opportunities, housing scarcity and affordability, health and behavioral health services, chemical dependency treatment, and incarceration rates; and

(f) An implementation strategy outlining the roles and responsibilities at the state and local level and timelines to achieve a reduction in homelessness at the statewide level during periods of the five-year homeless housing strategic plan.

(2) The department must coordinate its efforts on the state homeless housing strategic plan with the office of homeless youth prevention and protection programs advisory committee under RCW 43.330.705. The state homeless housing strategic plan must not conflict with the strategies, planning, data collection, and performance and outcome measures developed under RCW 43.330.705 and 43.330.706 to reduce the state's homeless youth population.

(3) To guide local governments in preparation of ((~~their first~~)) local homeless housing plans due December ((~~31, 2005~~)) 1, 2018, the department shall issue by ((~~October 15, 2005, temporary~~)) December 1, 2017, guidelines consistent with this chapter and including the best available data on each community's homeless population. ((~~Local governments' ten-year homeless housing plans shall not be substantially inconsistent with the goals and program recommendations of the temporary guidelines and, when amended after 2005, the state strategic plan.~~

~~(2)~~)) Program outcomes ((~~and~~)), performance measures, and goals ((~~shall~~)) must be created by the department ((~~and reflected in the department's homeless housing strategic plan as well as interim goals~~)) in collaboration with local governments against which state and local governments' performance ((~~may~~)) will be measured((~~, including:~~

~~(a) By the end of year one, completion of the first census as described in RCW 43.185C.030;~~

~~(b) By the end of each subsequent year, goals common to all local programs which are measurable and the achievement of which would move that community toward housing its homeless population; and~~

~~(c) By July 1, 2015, reduction of the homeless population statewide and in each county by fifty percent~~)).

((~~(3)~~)) (4) The department shall develop a consistent statewide data gathering instrument to monitor the performance of cities and counties receiving grants in order to determine compliance with the terms and conditions set forth in the grant application or required by the department.

((~~The department shall, in consultation with the interagency council on homelessness and the affordable housing advisory board, report biennially to the governor and the appropriate committees of the legislature an assessment of the state's performance in furthering the goals of the state ten-year homeless housing strategic plan and the performance of each participating local government in creating and executing a local homeless housing plan which meets the requirements of this chapter. The annual report may include performance measures such as:~~

~~(a) The reduction in the number of homeless individuals and families from the initial count of homeless persons;~~

~~(b) The reduction in the number of unaccompanied homeless youth. "Unaccompanied homeless youth" has the same meaning as in RCW 43.330.702;~~

~~(c) The number of new units available and affordable for homeless families by housing type;~~

~~(d) The number of homeless individuals identified who are not offered suitable housing within thirty days of their request or identification as homeless;~~

~~(e) The number of households at risk of losing housing who maintain it due to a preventive intervention;~~

~~(f) The transition time from homelessness to permanent housing;~~

~~(g) The cost per person housed at each level of the housing continuum;~~

~~(h) The ability to successfully collect data and report performance;~~

~~(i) The extent of collaboration and coordination among public bodies, as well as community stakeholders, and the level of community support and participation;~~

~~(j) The quality and safety of housing provided; and~~

~~(k) The effectiveness of outreach to homeless persons, and their satisfaction with the program.~~

~~(4) Based on the performance of local homeless housing programs in meeting their interim goals, on general population changes and on changes in the homeless population recorded in the annual census, the department may revise the performance measures and goals of the state homeless housing strategic plan, set goals for years following the initial ten-year period, and recommend changes in local governments' plans.~~))

**Sec.**  RCW 43.185C.060 and 2014 c 200 s 2 are each amended to read as follows:

(1) The home security fund account is created in the ((~~state treasury, subject to appropriation. The state's portion of the surcharge established in RCW 36.22.179 and 36.22.1791 must be deposited in the account. Expenditures from the account may be used only for homeless housing programs as described in this chapter. If an independent audit finds that the department has failed to set aside at least forty-five percent of funds received under RCW 36.22.179(1)(b) after June 12, 2014, for the use of private rental housing payments, the department must submit a corrective action plan to the office of financial management within thirty days of receipt of the independent audit. The office of financial management must monitor the department's corrective action plan and expenditures from this account for the remainder of the fiscal year. If the department is not in compliance with RCW 36.22.179(1)(b) in any month of the fiscal year following submission of the corrective action plan, the office of financial management must reduce the department's allotments from this account and hold in reserve status a portion of the department's appropriation equal to the expenditures made during the month not in compliance with RCW 36.22.179(1)(b).~~)) custody of the state treasurer. All receipts from the surcharge established in RCW 36.22.179 and 36.22.1791 must be deposited into the account. Expenditures from the account may be used only for homeless housing programs as described in this chapter. Only the director or the director's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

(2) The department must distinguish allotments from the account made to carry out the activities in RCW 43.330.167, 43.330.700 through 43.330.715, 43.330.911, 43.185C.010, 43.185C.250 through 43.185C.320, and 36.22.179(1)(b).

(3) The office of financial management must secure an independent expenditure review of state funds received under RCW 36.22.179(1)(b) on a biennial basis. The purpose of the review is to assess the consistency in achieving policy priorities within the private market rental housing segment for housing persons experiencing homelessness. The independent reviewer must notify the department and the office of financial management of its findings. The first biennial expenditure review, for the 2017-2019 fiscal biennium, is due February 1, 2020. Independent reviews conducted thereafter are due February 1st of each even-numbered year.

**Sec.**  RCW 43.185C.061 and 2015 c 69 s 27 are each amended to read as follows:

Home security fund account funds ((~~appropriated~~)) alloted to carry out the activities of RCW 43.330.700 through 43.330.715, 43.330.911, 43.185C.010, 43.185C.250 through 43.185C.320, and 43.330.167 are not subject to the set aside under RCW 36.22.179(1)(b).

**Sec.**  RCW 43.185C.160 and 2005 c 485 s 1 are each amended to read as follows:

(1) Each county shall create a homeless housing task force to develop a ((~~ten~~)) five-year homeless housing plan addressing short-term and long-term housing for homeless persons.

Membership on the task force may include representatives of the counties, cities, towns, housing authorities, civic and faith organizations, schools, community networks, human services providers, law enforcement personnel, criminal justice personnel, including prosecutors, probation officers, and jail administrators, substance abuse treatment providers, mental health care providers, emergency health care providers, businesses, at large representatives of the community, and a homeless or formerly homeless individual.

In lieu of creating a new task force, a local government may designate an existing governmental or nonprofit body which substantially conforms to this section and which includes at least one homeless or formerly homeless individual to serve as its homeless representative. As an alternative to a separate plan, two or more local governments may work in concert to develop and execute a joint homeless housing plan, or to contract with another entity to do so according to the requirements of this chapter. While a local government has the authority to subcontract with other entities, the local government continues to maintain the ultimate responsibility for the homeless housing program within its borders.

A county may decline to participate in the program authorized in this chapter by forwarding to the department a resolution adopted by the county legislative authority stating the intention not to participate. A copy of the resolution shall also be transmitted to the county auditor and treasurer. If a county declines to participate, the department shall create and execute a local homeless housing plan for the county meeting the requirements of this chapter.

(2) In addition to developing a ((~~ten~~)) five-year homeless housing plan, each task force shall establish guidelines consistent with the statewide homeless housing strategic plan, as needed, for the following:

(a) Emergency shelters;

(b) Short-term housing needs;

(c) Temporary encampments;

(d) Supportive housing for chronically homeless persons; and

(e) Long-term housing.

Guidelines must include, when appropriate, standards for health and safety and notifying the public of proposed facilities to house the homeless.

(3) Each county, including counties exempted from creating a new task force under subsection (1) of this section, shall report to the department ((~~of community, trade, and economic development~~)) such information as may be needed to ensure compliance with this chapter, including the annual report required in section 8 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 43.185C RCW to read as follows:

(1) By December 1st of each year, the department must provide an update on the state's homeless housing strategic plan and its activities for the prior fiscal year. The report must include, but not be limited to, the following information:

(a) An assessment of the current condition of homelessness in Washington state and the state's performance in meeting the goals in the state homeless housing strategic plan;

(b) A report on the results of the annual homeless point-in-time census conducted statewide under RCW 43.185C.030;

(c) The amount of federal, state, local, and private funds spent on homelessness assistance, categorized by funding source and the following major assistance types:

(i) Emergency shelter;

(ii) Homelessness prevention and rapid rehousing;

(iii) Permanent housing;

(iv) Permanent supportive housing;

(v) Transitional housing;

(vi) Services only; and

(vii) Any other activity in which more than five hundred thousand dollars of category funds were expended;

(d) A report on the expenditures, performance, and outcomes of state funds distributed through the consolidated homeless grant program, including the grant recipient, award amount expended, use of the funds, counties served, and households served;

(e) A report on state and local homelessness document recording fee expenditure by county, including the total amount of fee spending, percentage of total spending from fees, number of people served by major assistance type, and amount of expenditures for private rental payments required in RCW 36.22.179;

(f) A report on the expenditures, performance, and outcomes of the essential needs and housing support program meeting the requirements of RCW 43.185C.220; and

(g) A report on the expenditures, performance, and outcomes of the independent youth housing program meeting the requirements of RCW 43.63A.311.

(2) The report required in subsection (1) of this section must be posted to the department's web site and may include links to updated or revised information contained in the report.

(3) Any local government receiving state funds for homelessness assistance or state or local homelessness document recording fees under RCW 36.22.178, 36.22.179, or 36.22.1791 must provide an annual report on the current condition of homelessness in its jurisdiction, its performance in meeting the goals in its local homeless housing plan, and any significant changes made to the plan. The annual report must be posted on the department's web site. Along with each local government annual report, the department must produce and post information on the local government's homelessness spending from all sources by project during the prior state fiscal year in a format similar to the department's report under subsection (1)(c) of this section. If a local government fails to report or provides an inadequate or incomplete report, the department must take corrective action, which may include withholding state funding for homelessness assistance to the local government to enable the department to use such funds to contract with other public or nonprofit entities to provide homelessness assistance within the jurisdiction.

**Sec.**  RCW 43.185C.240 and 2015 c 69 s 26 are each amended to read as follows:

(1) As a means of efficiently and cost-effectively providing housing assistance to very-low income and homeless households:

(a) Any local government that has the authority to issue housing vouchers, directly or through a contractor, using document recording surcharge funds collected pursuant to RCW 36.22.178, 36.22.179, or 36.22.1791 must:

(i)(A) Maintain an interested landlord list, which at a minimum, includes information on rental properties in buildings with fewer than fifty units;

(B) Update the list at least once per quarter;

(C) Distribute the list to agencies providing services to individuals and households receiving housing vouchers;

(D) Ensure that a copy of the list or information for accessing the list online is provided with voucher paperwork; and

(E) Communicate and interact with landlord and tenant associations located within its jurisdiction to facilitate development, maintenance, and distribution of the list to private rental housing landlords. The department must make reasonable efforts to ensure that local providers conduct outreach to private rental housing landlords each calendar quarter regarding opportunities to provide rental housing to the homeless and the availability of funds;

(ii) Using cost-effective methods of communication, convene, on a semiannual or more frequent basis, landlords represented on the interested landlord list and agencies providing services to individuals and households receiving housing vouchers to identify successes, barriers, and process improvements. The local government is not required to reimburse any participants for expenses related to attendance;

(iii) Produce data, limited to document recording fee uses and expenditures, on a ((~~calendar~~)) fiscal year basis in consultation with landlords represented on the interested landlord list and agencies providing services to individuals and households receiving housing vouchers, that include the following: Total amount expended from document recording fees; amount expended on, number of households that received, and number of housing vouchers issued in each of the private, public, and nonprofit markets; amount expended on, number of households that received, and number of housing placement payments provided in each of the private, public, and nonprofit markets; amount expended on and number of eviction prevention services provided in the private market; amount expended on and number of other tenant-based rent assistance services provided in the private market; and amount expended on and number of services provided to unaccompanied homeless youth. If these data elements are not readily available, the reporting government may request the department to use the sampling methodology established pursuant to (c)(iii) of this subsection to obtain the data; and

(iv) Annually submit the ((~~calendar~~)) fiscal year data to the department ((~~by October 1st, with preliminary data submitted by October 1, 2012, and full calendar year data submitted beginning October 1, 2013~~)).

(b) Any local government receiving more than three million five hundred thousand dollars during the previous ((~~calendar~~)) fiscal year from document recording surcharge funds collected pursuant to RCW 36.22.178, 36.22.179, and 36.22.1791, must apply to the Washington state quality award program, or similar Baldrige assessment organization, for an independent assessment of its quality management, accountability, and performance system. The first assessment may be a lite assessment. After submitting an application, a local government is required to reapply at least every two years.

(c) The department must:

(i) Require contractors that provide housing vouchers to distribute the interested landlord list created by the appropriate local government to individuals and households receiving the housing vouchers;

(ii) Convene a stakeholder group by March 1, 2017, consisting of landlords, homeless housing advocates, real estate industry representatives, cities, counties, and the department to meet to discuss long-term funding strategies for homeless housing programs that do not include a surcharge on document recording fees. The stakeholder group must provide a report of its findings to the legislature by December 1, 2017;

(iii) Develop a sampling methodology to obtain data required under this section when a local government or contractor does not have such information readily available. The process for developing the sampling methodology must include providing notification to and the opportunity for public comment by local governments issuing housing vouchers, landlord association representatives, and agencies providing services to individuals and households receiving housing vouchers;

(iv) Develop a report, limited to document recording fee uses and expenditures, on a ((~~calendar~~)) fiscal year basis that may include consultation with local governments, landlord association representatives, and agencies providing services to individuals and households receiving housing vouchers, that includes the following: Total amount expended from document recording fees; amount expended on, number of households that received, and number of housing vouchers issued in each of the private, public, and nonprofit markets; amount expended on, number of households that received, and number of housing placement payments provided in each of the private, public, and nonprofit markets; amount expended on and number of eviction prevention services provided in the private market; the total amount of funds set aside for private rental housing payments as required in RCW 36.22.179(1)(b); and amount expended on and number of other tenant-based rent assistance services provided in the private market. The information in the report must include data submitted by local governments and data on all additional document recording fee activities for which the department contracted that were not otherwise reported. The data, samples, and sampling methodology used to develop the report must be made available upon request and for the audits required in this section;

(v) Annually submit the ((~~calendar~~)) fiscal year report to the legislature by December ((~~15th, with a preliminary report submitted by December 15, 2012, and full calendar year reports submitted beginning December 15, 2013~~)) 1st of each year; and

(vi) Work with the Washington state quality award program, local governments, and any other organizations to ensure the appropriate scheduling of assessments for all local governments meeting the criteria described in subsection (1)(b) of this section.

(d) The office of financial management must secure an independent audit of the department's data and expenditures of state funds received under RCW 36.22.179(1)(b) on an annual basis. The independent audit must review a random sample of local governments, contractors, and housing providers that is geographically and demographically diverse. The independent auditor must meet with the department and a landlord representative to review the preliminary audit and provide the department and the landlord representative with the opportunity to include written comments regarding the findings that must be included with the audit. The first audit of the department's data and expenditures will be for calendar year 2014 and is due July 1, 2015. Each audit thereafter will be due July 1st following the department's submission of the report to the legislature. If the independent audit finds that the department has failed to set aside at least forty-five percent of the funds received under RCW 36.22.179(1)(b) after June 12, 2014, for private rental housing payments, the independent auditor must notify the department and the office of financial management of its finding. In addition, the independent auditor must make recommendations to the office of financial management and the legislature on alternative means of distributing the funds to meet the requirements of RCW 36.22.179(1)(b).

(e) The office of financial management must contract with an independent auditor to conduct a performance audit of the programs funded by document recording surcharge funds collected pursuant to RCW 36.22.178, 36.22.179, and 36.22.1791. The audit must provide findings to determine if the funds are being used effectively, efficiently, and for their intended purpose. The audit must review the department's performance in meeting all statutory requirements related to document recording surcharge funds including, but not limited to, the data the department collects, the timeliness and quality of required reports, and whether the data and required reports provide adequate information and accountability for the use of the document recording surcharge funds. The audit must include recommendations for policy and operational improvements to the use of document recording surcharges by counties and the department. The performance audit must be submitted to the legislature by December 1, 2016.

(2) For purposes of this section:

(a) "Housing placement payments" means one-time payments, such as first and last month's rent and move-in costs, funded by document recording surcharges collected pursuant to RCW 36.22.178, 36.22.179, or 36.22.1791 that are made to secure a unit on behalf of a tenant.

(b) "Housing vouchers" means payments, including private rental housing payments, funded by document recording surcharges collected pursuant to RCW 36.22.178, 36.22.179, or 36.22.1791 that are made by a local government or contractor to secure: (i) A rental unit on behalf of an individual tenant; or (ii) a block of units on behalf of multiple tenants.

(c) "Interested landlord list" means a list of landlords who have indicated to a local government or contractor interest in renting to individuals or households receiving a housing voucher funded by document recording surcharges.

(d) "Private rental housing" means housing owned by a private landlord and ((~~does not~~)) includes housing owned by a nonprofit housing entity ((~~or government entity~~)).

(3) This section expires June 30, 2019.

NEW SECTION. **Sec.**  This act may be known and cited as the Washington housing opportunities act.

**--- END ---**