**1277-S2.E AMS WM S2934.1 - NOT FOR FLOOR USE**

**E2SHB 1277** - S COMM AMD

By Committee on Ways & Means

**ADOPTED AS AMENDED 04/24/2021**

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec.**  A new section is added to chapter 36.22 RCW to read as follows:

(1) Except as provided in subsection (2) of this section, a surcharge of $100 must be charged by the county auditor for each document recorded, which is in addition to any other charge or surcharge allowed by law. The auditor must remit the funds to the state treasurer to be deposited and used as follows:

(a) Twenty percent of funds must be deposited in the affordable housing for all account for operations, maintenance, and service costs for permanent supportive housing as defined in RCW 36.70A.030;

(b) From July 1, 2021, through June 30, 2023, four percent of the funds must be deposited into the landlord mitigation program account created in RCW 43.31.615 for the purposes of RCW 43.31.605(1). Thereafter, two percent of funds must be deposited into the landlord mitigation program account created in RCW 43.31.615 for purposes of RCW 43.31.605(1); and

(c) The remainder of funds must be distributed to the home security fund account, with 60 percent of funds to be used for project-based vouchers for nonprofit housing providers and related services and rapid rehousing and acquisition. Priority for use must be given to project-based vouchers and related services, housing acquisition, or emergency housing, for persons who are chronically homeless, including families with children. At least 50 percent of persons receiving a project-based voucher, rapid rehousing, or benefiting from housing acquisition must be living unsheltered at the time of initial engagement. In addition, funds may be used for eviction prevention rental assistance pursuant to section 2 of this act, foreclosure prevention services, dispute resolution center eviction prevention services, rental assistance for people experiencing homelessness, and tenant education and legal assistance.

(2) The surcharge imposed in this section does 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 federal, state, county, or city lien or satisfaction of lien.

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

(1) The eviction prevention rental assistance program is created in the department to prevent evictions by providing resources to households most likely to become homeless or suffer severe health consequences, or both, after an eviction, while promoting equity by prioritizing households, including communities of color, disproportionately impacted by public health emergencies and by homelessness and housing instability. The department must provide grants to eligible organizations, as described in RCW 43.185.060, to provide assistance to program participants. The eligible organizations must use grant moneys for:

(a) Rental assistance, including rental arrears and future rent if needed to stabilize the applicant's housing and prevent their eviction;

(b) Utility assistance for households if needed to prevent an eviction; and

(c) Administrative costs of the eligible organization, which must not exceed limits prescribed by the department.

(2) Households eligible to receive assistance through the eviction prevention rental assistance program are those:

(a) With incomes at or below 80 percent of the county area median income;

(b) Who are families with children, living in doubled up situations, young adults, senior citizens, and others at risk of homelessness or significant physical or behavioral health complications from homelessness; and

(c) That meet any other eligibility requirements as established by the department after consultation with stakeholder groups, including persons at risk of homelessness due to unpaid rent, representatives of communities of color, homeless service providers, landlord representatives, local governments that administer homelessness assistance, a statewide association representing cities, a statewide association representing counties, a representative of homeless youth and young adults, and affordable housing advocates.

(3) A landlord may assist an eligible household in applying for assistance through the eviction prevention rental assistance program or may apply for assistance on an eligible household's behalf.

(4)(a) Eligible grantees must actively work with organizations rooted in communities of color to assist and serve marginalized populations within their communities.

(b) At least 10 percent of the grant total must be subgranted to organizations that serve and are substantially governed by marginalized populations to pay the costs associated with program outreach, assistance completing applications for assistance, rent assistance payments, activities that directly support the goal of improving access to rent assistance for people of color, and related costs. Upon request by an eligible grantee or the county or city in which it exists, the department must provide a list of organizations that serve and are substantially governed by marginalized populations, if known.

(c) An eligible grantee may request an exemption from the department from the requirements under (b) of this subsection. The department must consult with the stakeholder group established under subsection (2)(c) of this section before granting an exemption. An eligible grantee may request an exemption only if the eligible grantee:

(i) Is unable to subgrant with an organization that serves and is substantially governed by marginalized populations; or

(ii) Provides the department with a plan to spend 10 percent of the grant total in a manner that the department determines will improve racial equity for historically underserved communities more effectively than a subgrant.

(5) The department must ensure equity by developing performance measures and benchmarks that promote both equitable program access and equitable program outcomes. Performance measures and benchmarks must be developed by the department in consultation with stakeholder groups, including persons at risk of homelessness due to unpaid rent, representatives of communities of color, homeless service providers, landlord representatives, local governments that administer homelessness assistance, a statewide association representing cities, a statewide association representing counties, a representative of homeless youth and young adults, and affordable housing advocates. Performance measures and benchmarks must also ensure that the race and ethnicity of households served under the program are proportional to the numbers of people at risk of homelessness in each county for each of the following groups:

(a) Black or African American;

(b) American Indian and Alaska Native;

(c) Native Hawaiian or other Pacific Islander;

(d) Hispanic or Latinx;

(e) Asian;

(f) Other multiracial.

(6) The department may develop additional rules, requirements, procedures, and guidelines as necessary to implement and operate the eviction prevention rental assistance program.

(7)(a) The department must award funds under this section to eligible grantees in a manner that is proportional to the amount of revenue collected under section 1 of this act from the county being served by the grantee.

(b) The department must provide counties with the right of first refusal to receive grant funds distributed under this subsection. If a county refuses the funds or does not respond within a time frame established by the department, the department must identify an alternative grantee. The alternative grantee must distribute the funds in a manner that is in compliance with this chapter.

**Sec.**  RCW 43.185C.045 and 2018 c 85 s 9 are each amended 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 housing 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;

(h) A county-level report on the expenditures, performance, and outcomes of the eviction prevention rental assistance program under section 2 of this act. The report must include, but is not limited to:

(i) The number of adults without minor children served in each county;

(ii) The number of households with adults and minor children served in each county; and

(iii) The number of unaccompanied youth and young adults who are being served in each county; and

(i) A county-level report on the expenditures, performance, and outcomes of the rapid rehousing, project-based vouchers, and housing acquisition programs under section 1 of this act. The report must include, but is not limited to:

(i) The number of persons who are unsheltered receiving shelter through a project-based voucher in each county;

(ii) The number of units acquired or built via rapid rehousing and housing acquisition in each county; and

(iii) The number of adults without minor children, households with adults and minor children, unaccompanied youth, and young adults who are being served by the programs under section 1 of this act in each county.

(2) The report required in subsection (1) of this section must be posted to the department's website 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 website. 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.060 and 2020 c 357 s 915 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 and section 1 of this act must be deposited in the account. Expenditures from the account may be used only for homeless housing programs as described in this chapter, including the eviction prevention rental assistance program established in section 2 of this act.

(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.

(4) During the 2019-2021 fiscal biennium, expenditures from the account may also be used for shelter capacity grants.

**Sec.**  RCW 43.185C.190 and 2011 1st sp.s. c 50 s 955 are each amended to read as follows:

The affordable housing for all account is created in the state treasury, subject to appropriation. The state's portion of the surcharges established in RCW 36.22.178 and section 1 of this act shall be deposited in the account. Expenditures from the account may only be used for affordable housing programs((~~. During the 2011-2013 fiscal biennium, moneys in the account may be transferred to the home security fund~~)), including operations, maintenance, and services as described in section 1(1)(a) of this act.

NEW SECTION. **Sec.**  (1)(a) The legislature finds that affordable housing, housing instability, and homelessness are persistent and increasing problems throughout the state. Despite significant increases in financial resources by the federal, state, and local governments to address these problems, homelessness and the risk of becoming homeless has worsened in Washington since the legislature authorized the first homeless housing document recording surcharge in 2005. The number of unsheltered homeless encampments in greenbelts, under bridges, and on our streets is a visible reminder that the current system is not working.

(b) The legislature finds that the COVID-19 pandemic has exacerbated and shed new light on the state's homelessness problems and forced communities and providers to reexamine the types and delivery of housing and services to individuals and families who are homeless or at risk of homelessness. As a result of the changing conditions COVID-19 created, the federal government has provided an infusion of funding for housing and services for homelessness populations in its COVID-19 relief bills to pursue different strategies to improve outcomes. Moreover, there are various proposals to increase state funding to address housing insecurity and homelessness, including this act to impose an additional document recording fee to fund an eviction prevention rental assistance program and other services to persons at risk or experiencing homelessness.

(c) The legislature also finds that there are many causes of homelessness and housing instability, including: (i) A shortage of affordable housing; (ii) local land use planning and property management policies that discourage the development of private sector housing stock to serve low and extremely low-income households; (iii) unemployment and lack of education and job skills to acquire an adequate wage job; (iv) mental health, developmental, and physical disabilities; (v) chemical and alcohol dependency; and (vi) family instability and conflict. The legislature intends to provide for an examination of the economic, social, and health causes of current and expected patterns of housing instability and homelessness, and to secure a common understanding of the contribution each has to the current crisis. The legislature intends for this examination to result in a widely accepted strategy for identifying how best to address homelessness in ways that: (A) Address the root causes of the problem; (B) clearly assign responsibilities of state and local government to address those causes; (C) support local control and provision of services at the local level to address specific community needs, recognizing each community must play a part in the solution; (D) respect property owner rights and encourage private sector involvement in solutions and service; and (E) develop pathways to permanent housing solutions and associated services to break the cycle of housing insecurity and homelessness.

(2)(a) The department of commerce must contract with the William D. Ruckelshaus center to conduct an examination of trends affecting, and policies guiding, the housing and services provided to individuals and families who are or at risk of homelessness in Washington. The center must also facilitate meetings and discussions to develop and implement a long-term strategy to improve services and outcomes for persons at risk or experiencing homelessness and develop pathways to permanent housing solutions.

(b) In fulfilling the requirements of this section, the center must work and consult with (i) willing participants representing tribal and local governments, local providers of housing and services for homeless populations, advocates and stakeholders representing the interests of homeless populations, mental health and substance abuse professionals, representatives of the business community and other organizations, and other representatives the center determines is a necessary participant to examine these issues; (ii) a group of legislators consisting of one member from each of the two largest caucuses in the senate and in the house of representatives appointed by the president of the senate and the speaker of the house of representatives, respectively; and (iii) three representatives of the executive branch appointed by the governor.

(c)(i) The center must conduct fact-finding and stakeholder discussions with participants identified in (b) of this subsection. These discussions must identify stakeholder concerns, barriers, opportunities, and desired principles for a long-term strategy to improve the outcomes and services for persons at risk or experiencing homelessness and develop pathways to permanent housing solutions.

(ii) The center must conduct fact-finding and stakeholder discussions with participants identified in (b) of this subsection to identify root causes of housing instability and homelessness within Washington state. This fact-finding should address root causes demographically within subpopulations of persons at risk or experiencing homelessness such as veterans and persons suffering from mental health or substance abuse issues. The fact-finding should also address root causes that may differ geographically or regionally. The fact-finding must identify existing statutory and regulatory issues that impede efforts to address root causes of housing instability and homelessness within Washington state.

(iii) The center must issue two reports of its fact-finding efforts and stakeholder discussions to the governor and the appropriate committees of the house of representatives and the senate. One report on the subjects covered in (c)(i) of this subsection is due December 1, 2021, and one on the subjects covered in (c)(ii) of this subsection is due December 1, 2022.

(d) The center must facilitate discussions between the stakeholders identified in this subsection (2) for the purposes of identifying options and recommendations to develop and implement a long-term strategy to improve the outcomes and service for persons at risk or experiencing homelessness and develop pathways to permanent housing solutions, including the manner and amount in which the state funds homelessness housing and services and performance measures that must be achieved to receive state funding. A report on this effort is due to the governor and the appropriate committees of the house of representatives and the senate by December 1, 2023."

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On page 1, line 2 of the title, after "services;" strike the remainder of the title and insert "amending RCW 43.185C.045, 43.185C.060, and 43.185C.190; adding a new section to chapter 36.22 RCW; adding a new section to chapter 43.185C RCW; and creating a new section."

EFFECT: (1) Increases the percentage of funds going to permanent supportive housing from 5 percent to 20 percent.

(2) Changes the allocation of funds that are distributed to the home security fund so that at least 60 percent of funds are allocated for project-based vouchers for nonprofit housing providers and rapid rehousing and acquisition.

(3) Requires that at least 50 percent of persons receiving a project-based voucher, rapid rehousing, or benefiting from housing acquisition under this act must be living unsheltered at the time of initial engagement.

(4) Clarifies that the report on the eviction prevention rental assistance program must have county-level data.

(5) Requires the department to generate a county-level report on the rapid rehousing, project-based vouchers, and housing acquisition programs in the bill.

(6) Directs the Department of Commerce to contract with the William D. Ruckelshaus center to conduct an examination of trends affecting, and policies guiding, the housing and services provided to individuals and families who are or at risk of homelessness in Washington. The department must facilitate meetings and discussions with legislators, members of the executive branch, and stakeholders to develop and implement a long-term strategy to improve services and outcomes for persons at risk or experiencing homelessness and develop pathways to permanent housing solutions. Reports are due December 1, 2021, and December 1, 2022.