

SENATE BILL REPORT

HB 2010

As Reported by Senate Committee On:
Housing & Local Government, February 24, 2022

Title: An act relating to eliminating unnecessary homeless funding budget and auditing requirements.

Brief Description: Eliminating unnecessary homeless funding budget and auditing requirements.

Sponsors: Representatives Donaghy, Peterson, Ramel, Ryu, Macri, Bateman and Ormsby; by request of Department of Commerce.

Brief History: Passed House: 2/12/22, 57-40.

Committee Activity: Housing & Local Government: 2/23/22, 2/24/22 [DP, DNP].

Brief Summary of Bill

- Removes the 45 percent set-aside requirement for private rental housing payments from the state portion of the \$62 homeless housing and assistance surcharge funds, and adds private rental housing assistance with the current uses for the state portion of surcharge funds.
- Removes the requirement that the Office of Financial Management secure a biennial independent expenditure review of the state portion of the \$62 homeless housing and assistance surcharge funds received and deposited into the Home Security Fund.

SENATE COMMITTEE ON HOUSING & LOCAL GOVERNMENT

Majority Report: Do pass.

Signed by Senators Kuderer, Chair; Das, Vice Chair; Cleveland, Lovelett, Salomon and Trudeau.

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

Minority Report: Do not pass.

Signed by Senators Fortunato, Ranking Member; Gildon, Assistant Ranking Member; Sefzik, Warnick and Wilson, J.

Staff: Brandon Popovac (786-7465)

Background: Homeless Housing and Assistance Surcharge. The state and local homeless housing programs receive funding from the homeless housing and assistance surcharge collected by each county auditor when a document is recorded. The surcharge is \$62 per recorded document. Ten dollars of the surcharge must be distributed to counties for implementing local homeless housing programs and plans and is not subject to existing surcharge distribution requirements.

Both the state and the county receive a percentage of the money collected from each surcharge. The funds collected for the \$62 local homeless housing and assistance surcharge are distributed as follows:

- 2 percent to the county for collection of the fee;
- 60 percent to the county for its homeless housing program, up to 6 percent of which may be used for administering its homeless housing plan; and
- the remainder to be deposited into the Home Security Fund (HSF) and distributed as follows:
 - up to 12.5 percent of which may be used by the Department of Commerce (Commerce) to manage the state homeless housing program, 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; and
 - of the remaining 87.5 percent, at least 45 percent must be set aside for private rental housing payments and the remainder to Commerce to provide housing and shelter for homeless persons, including shelter and transitional housing grants, consolidated emergency and emergency shelter assistance, and overnight youth shelters, and fund the homeless housing grant program.

"Private rental housing" means housing owned by a private landlord and includes housing owned by a nonprofit housing entity.

The \$62 homeless housing and assistance surcharge applies to most recorded documents. Documents exempt from the surcharge include:

- assignments or substitutions of previously recorded deeds of trust;
- documents recording a birth, marriage, divorce, or death; and
- documents recording a federal, state, county, city, or water-sewer district, or wage lien, or satisfaction of lien.

Home Security Fund. The state portion of the \$62 homeless housing and assistance surcharge is deposited into the HSF, which is an appropriated account and may be used only

for homeless housing programs.

The Office of Financial Management (OFM) must secure an independent expenditure review of state homeless housing and assistance surcharge funds received and deposited into the HSF on a biennial basis to assess the consistency in achieving policy priorities within the private market rental housing segment for housing persons experiencing homelessness.

Summary of Bill: Homeless Housing and Assistance Surcharge. The requirement that at least 45 percent of the state portion of the \$62 homeless housing and assistance surcharge funds be set aside for private rental housing payments is removed, and private rental housing assistance is added with the current uses for the state portion of surcharge funds.

Home Security Fund. The requirement that OFM secure a biennial independent expenditure review of the state portion of the \$62 homeless housing and assistance surcharge funds received and deposited into the HSF to assess the consistency in achieving policy priorities within the private market rental housing segment for housing persons experiencing homelessness is removed.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: The bill is an efficiency tool that saves taxpayer dollars by getting rid of an audit that is no longer required. The bill eliminates unnecessary and wasteful bureaucracy impacting local governments and local non-profit housing providers. A previous Legislature wanted to ensure private, for-profit landlords received a portion of document recording fees. A later Legislature removed the explicit set-aside for for-profit landlords, although private, for-profit landlords continue to get more than 45 percent of funds since most housing is for-profit. Due to the way the set-aside was removed, wasteful separate accounting continues to be required through a biennial private third-party review of the funds costing \$90,000 on average. This unnecessary review of funds is in addition to other regular audits by the state and federal auditors, including financial audits and performance audits. There is a current audit being conducted on rent assistance efforts. Commerce provides transparent access to information through audits and reports available on its website and by request.

Persons Testifying: PRO: Representative Brandy Donaghy, Prime Sponsor; Tedd Kelleher, Department of Commerce.

Persons Signed In To Testify But Not Testifying: No one.