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**HOUSE BILL 1367**

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**State of Washington 68th Legislature 2023 Regular Session**

**By** Representatives Donaghy, Reed, Doglio, Ramel, Pollet, and Macri

AN ACT Relating to eliminating unnecessary homeless funding budget and auditing requirements; amending RCW 36.22.179; and reenacting and amending RCW 43.185C.060.

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

**Sec.**  RCW 36.22.179 and 2021 c 214 s 8 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 (3) of this section, an additional surcharge of ((~~sixty-two dollars~~)) $62 shall be charged by the county auditor for each document recorded, which will be in addition to any other charge allowed by law. Except as provided in subsection (4) of this section, the funds collected pursuant to this section 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~~)) 60 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 the collection and local distribution of these funds and 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~~)) 12.5 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.

(ii) The remaining ((~~eighty-seven and one-half~~)) 87.5 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~~

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

((~~(I)~~)) (A) 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 including, but not limited to, assistance for private rental housing; consolidated emergency assistance; overnight youth shelters; grants and vouchers designated for victims of human trafficking and their families; and emergency shelter assistance; and

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

(2) A county issuing general obligation bonds pursuant to RCW 36.67.010, to carry out the purposes of subsection (1)(a) of this section, may provide that such bonds be made payable from any surcharge provided for in subsection (1)(a) of this section and may pledge such surcharges to the repayment of the bonds.

(3) 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, city, or water-sewer district, or wage lien or satisfaction of lien.

(4) ((~~Ten dollars~~)) $10 of the surcharge imposed under subsection (1) of this section must be distributed to the counties to carry out the purposes of subsection (1)(a) of this section.

(5) 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.060 and 2021 c 334 s 980 and 2021 c 214 s 4 are each reenacted and 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 36.22.176 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 RCW 43.185C.185.

(2)(a) By December 15, 2021, the department, in consultation with stakeholder groups specified in RCW 43.185C.185(2)(c), must create a set of performance metrics for each county receiving funding under RCW 36.22.176. The metrics must target actions within a county's control that will prevent and reduce homelessness, such as increasing the number of permanent supportive housing units and increasing or maintaining an adequate number of noncongregate shelter beds.

(b)(i) Beginning July 1, 2023, and by July 1st every two years thereafter, the department must award funds for project-based vouchers for nonprofit housing providers and related services, rapid rehousing, and housing acquisition under RCW 36.22.176 to eligible grantees in a manner that 15 percent of funding is distributed as a performance-based allocation based on performance metrics created under (a) of this subsection, in addition to any base allocation of funding for the county.

(ii) Any county that demonstrates that it has met or exceeded the majority of the target actions to prevent and reduce homelessness over the previous two years must receive the remaining 15 percent performance-based allocation. Any county that fails to meet or exceed the majority of target actions to prevent and reduce homelessness must enter into a corrective action plan with the department. To receive its performance-based allocation, a county must agree to undertake the corrective actions outlined in the corrective action plan and any reporting and monitoring deemed necessary by the department. Any county that fails to meet or exceed the majority of targets for two consecutive years after entering into a corrective action plan may be subject to a reduction in the performance-based portion of the funds received in (b)(i) of this subsection, at the discretion of the department in consultation with stakeholder groups specified in RCW 43.185C.185(2)(c). Performance-based allocations unspent due to lack of compliance with a corrective action plan created under this subsection (2)(b) may be distributed to other counties that have met or exceeded their target actions.

(3) 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).

(4) ((~~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.~~

~~(5)~~)) During the 2019-2021 and 2021-2023 fiscal biennia, expenditures from the account may also be used for shelter capacity grants.

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