
Housing Committee

HB 2425

Brief Description: Enacting the home affordability sustainment act, a rental support program.

Sponsors: Representatives Rule, Reeves, Hackney, Ryu, Chapman, Wilcox, Walen and Leavitt.

<p>Brief Summary of Bill</p> <ul style="list-style-type: none">• Establishes a rental support program for low-income households.

Hearing Date: 1/25/24

Staff: Serena Dolly (786-7150).

Background:

Sales and Use Tax.

Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is defined as a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use tax applies to the value of the property, digital product, or service when used in Washington. The state, all counties, and all cities levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 0.5 percent to 4.1 percent, depending on the location.

Public Housing Authorities.

Authorized by state law in 1939, a public housing authority (PHA) is an independent municipal corporation established to provide affordable housing for low-income individuals, families, senior citizens, and people with disabilities. A PHA must be activated by a resolution of the governing body of a city or county, and a PHA's boundaries are coextensive with the creating city or county, unless established as a joint housing authority comprised of two or more

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.

jurisdictions. While PHAs are created under state law, they primarily serve as a conduit for federally funded housing programs, such as tenant-based vouchers and publicly-owned housing. The PHAs also own and operate other rental housing, such as emergency and transitional housing, senior housing, and properties funded through low-income housing tax credits. The PHAs have no taxing authority, and a majority of their funding is provided by the federal government.

Summary of Bill:

A rental support program (Program) for low-income households is established. Each municipality must select a public housing authority or nonprofit organization as the administrator for the Program.

Administrators must establish uniform and consistent rules to implement and administer the Program, including payment standards, application, and reporting requirements. The payment standard must be between 100 and 125 percent of fair market rent. Administrators must begin accepting applications no later than July 1, 2025. Administrators must receive 5 percent of the rental support to fund administration of the Program.

To qualify for rental support under the Program, a recipient must have a household income that does not exceed 80 percent of area median income as determined by the Department of Commerce and a net worth that does not exceed the threshold established by the administrator. Administrators must prioritize rental support for people with disabilities, historically marginalized communities, seniors, single parents, and veterans. Recipients must recertify their income and household composition every 12 months.

Under the Program, participants are responsible for paying rent in an amount that is up to 30 percent of their household income, minus a utility allowance, and any amount that exceeds the payment standard. The Program provides the remainder of the rent directly to the housing provider.

The Program is funded by a 0.5 percent sales tax on new residential construction, which is redirected from the State General Fund and distributed to the municipality where the sales tax was imposed. Municipalities or the state may loan administrators the projected income for the first year of funding to allow the Program to start accepting applications by July 1, 2025.

Appropriation: None.

Fiscal Note: Requested on January 22, 2024.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.