

SENATE BILL REPORT

HB 1367

As Reported by Senate Committee On:
Housing, March 22, 2023

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, Reed, Doglio, Ramel, Pollet and Macri.

Brief History: Passed House: 2/9/23, 97-0.

Committee Activity: Housing: 2/17/23, 3/22/23 [DPA].

Brief Summary of Amended Bill

- Removes the 45 percent set-aside requirement for private rental housing payments from the state portion of the \$62 Local Homeless Housing and Assistance surcharge funds and adds private rental housing assistance to the 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 Local Homeless Housing and Assistance surcharge funds received and deposited into the Home Security Fund.

SENATE COMMITTEE ON HOUSING

Majority Report: Do pass as amended.

Signed by Senators Kuderer, Chair; Frame, Vice Chair; Fortunato, Ranking Member; Braun, Cleveland, Gildon, Rivers, Saldaña, Shewmake, Trudeau and Wilson, J..

Staff: Melissa Van Gorkom (786-7491)

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.

Background: The state and local homeless housing programs receive funding from the homeless housing and assistance surcharges collected by each county auditor when certain documents are recorded. A \$62 Local Homeless Housing and Assistance surcharge is a charged by the county auditor for each document recorded with the following exceptions:

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

From the \$62 surcharge, \$10 is distributed to the county for implementing the local homeless housing program and plans. Two percent is retained by the county auditor collecting the fee and the remainder is distributed as follows:

- 60 percent is retained by the county for local homeless housing and assistance, allowing up to 6 percent to be used for administering its homeless housing plan; and
- 40 percent is distributed to the state for deposit in the Home Security Fund Account (HSF);
 1. the Department of Commerce may use 12.5 percent to manage the State Homeless Housing Program;
 2. of the remaining 87.5 percent, 45 percent must be set aside for the use of private rental housing payments, and the remaining funds are to be used to provide housing and shelter for homeless people, and fund the Homeless Housing Grant Program.

The Office of Financial Management (OFM) must secure an independent expenditure review of state surcharge funds received and deposited into the HSF on a biennial basis. The purpose of the expenditure review is to assess the consistency in achieving policy priorities within the private market rental housing segment for housing persons who are experiencing homelessness. The expenditure review is due February 1st of each even-numbered year.

Summary of Amended Bill: The 45 percent set aside of the state's portion of the \$62 Local Homeless Housing and Assistance surcharge for private rental housing payments is removed, and private rental housing assistance is added to the uses for the state portion of surcharge funds.

The requirement for OFM to secure an independent expenditure review of the state portion of the Local Homeless Housing and Assistance surcharge received and deposited into the HSF on a biennial basis is removed.

EFFECT OF HOUSING COMMITTEE AMENDMENT(S):

- Provides that the bill becomes effective if Senate Bill 5386 is not enacted by June 30, 2023.

Appropriation: None.

Fiscal Note: Available.

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

Effective Date: The bill takes effect if Senate Bill No. 5386 is not enacted by June 30, 2023.

Staff Summary of Public Testimony on House Bill: *The committee recommended a different version of the bill than what was heard.* PRO: The idea of this bill is to remove the cost associated with the audit requirement. The requirement we are asking you to remove has no policy impact, and makes no difference in who gets served, or where they are housed. Every budget code that you add to a system has an impact. There are a lot of people tracking things that are no longer required. It is hard to capture the exact dollar amount but this will save the state roughly \$90,000 a biennium for the audit.

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

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