

# SENATE BILL REPORT

## 2SHB 2270

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As of February 22, 2024

**Title:** An act relating to creating a Washington state department of housing.

**Brief Description:** Creating a Washington state department of housing.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Morgan, Macri, Peterson, Gregerson, Ryu, Reeves, Callan, Bateman, Ormsby, Street, Cortes, Ramel, Kloba, Wylie, Fey, Leavitt, Donaghy, Thai, Goodman, Mena, Taylor, Duerr, Riccelli, Berry, Reed, Santos, Entenman, Ortiz-Self, Simmons, Bergquist, Stonier, Fosse, Timmons, Chapman, Stearns, Nance, Chopp, Shavers, Slatter, Doglio, Pollet, Tharinger, Walen, Bronoske, Orwall, Fitzgibbon, Davis, Alvarado and Paul).

**Brief History:** Passed House: 2/9/24, 58-39.

**Committee Activity:** Housing: 2/14/24, 2/16/24 [DPA-WM, DNP].

Ways & Means: 2/22/24.

### Brief Summary of Amended Bill

- Directs the Office of Financial Management to contract with an external consultant to study the transition of state housing programs to a new state agency and identify gaps in current housing programs.

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## SENATE COMMITTEE ON HOUSING

**Majority Report:** Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Kuderer, Chair; Frame, Vice Chair; Cleveland, Saldaña, Shewmake and Trudeau.

**Minority Report:** Do not pass.

Signed by Senators Fortunato, Ranking Member; Braun, Gildon and Wilson, J..

**Staff:** Melissa Van Gorkom (786-7491)

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*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.*

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## SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Trevor Press (786-7446)

**Background:** The Department of Commerce (Commerce) administers many of the state's housing and homelessness programs, including the Housing Trust Fund, the Landlord Mitigation Program, the Consolidated Homeless Grant, the Manufactured/Mobile Home Relocation Assistance Program, and tenant rental assistance programs. In general, these programs include providing funding and support to local governments and nonprofit organizations who provide housing, services and subsidies in local communities. Commerce does not generally provide direct assistance to the public or build and operate housing.

Other state entities also administer housing programs. For example, the Housing Finance Commission administers low-income housing tax credits and offers affordable home loans and down-payment assistance programs, and the Office of Civil Legal Aid oversees and administers eviction defense programs.

**Summary of Amended Bill:** The Office of Financial Management must contract with an external consultant to study the transition of state housing programs to a new state agency and identify gaps in current state housing programs. The contract is exempt from competitive procurement and may not be awarded to an external consultant or entity that has lobbied or publicly testified on matters related to the scope of the study. The contract must require the external consultant to submit a report with its findings and recommendations to the Governor and the appropriate committees of the Legislature by July 1, 2025.

The study must include a review and recommendations on:

- a clear mission, vision, and organization structure for the new department;
- any gaps in existing rental, transitional housing, senior housing, homelessness, homeownership, and manufactured housing programs provided by the state;
- estimate cost for the reorganization and creation of a new housing agency;
- existing state and federal funding streams for state housing programs and any statutory revisions necessary to ensure the sufficient flow of funds to the new agency;
- a clear process for managing the reorganization; and
- measurable benchmarks by which the effectiveness of the department would be assessed.

The external consultant must engage with and seek recommendations from:

- the Office of the Governor;
- Commerce;
- the Department of Social and Health Services;
- the Health Care Authority;
- the Office of Equity;

- the Office of the State Treasurer;
- the Office of the Attorney General;
- the Housing Finance Commission;
- the Office of Civil Legal Aid;
- the Administrative Office of the Courts;
- the nonprofit rental housing development industry;
- the nonprofit homeownership housing development industry;
- a labor organization representing frontline staff with permanent supportive housing providers;
- an organization that represents tenants;
- homeless shelter operators;
- representatives of low-income persons;
- representatives of special needs populations;
- public housing authorities;
- the for-profit housing development industry;
- for-profit rental housing owners;
- the Washington State Association of Counties;
- the Association of Washington Cities;
- an organization that advocates for effective land use and housing planning;
- representatives of interlocal housing collaborations;
- a real estate broker licensed in the state of Washington; and
- the Office of the Lieutenant Governor.

**EFFECT OF HOUSING COMMITTEE AMENDMENT(S):**

- Adds an organization that advocates for effective land use and housing planning, representatives of interlocal housing collaborations, a real estate broker licensed in the state of Washington, and the Office of the Lieutenant Governor to the list of entities the external consultant must engage with and seek recommendations from as part of the study.

**Appropriation:** The bill contains a null and void clause requiring specific funding be provided in an omnibus appropriation act.

**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 on Second Substitute House Bill (Housing):** *The committee recommended a different version of the bill than what was heard.*

PRO: Washington has passed great laws and created many programs and provided many dollars to provide homeownership yet we still have not been able to decrease our

homelessness. In fact, the housing crisis has worsened. This idea has been in the works for a while and started as a need to subsidize the Section 8 vouchers in a time when the new values were not reset during our housing inflation which made those vouchers obsolete as they priced out. The intent for this is to create a wholistic approach so we can improve our coordinated efforts using our state, federal and local resources and have a single voice in directing these resources in a more efficient manner. The reality is that it should only take \$200 thousand to \$300 thousand for OFM to hire the independent consultant, the \$2 million to \$4 million is for another biennium to set up the department. We think this bill is needed and appreciate being part of the group to talk about this. Affordable housing stakeholders are enthusiastic about this bill. Appreciate the study is thorough and inclusive of stakeholders and anticipate that it will result in providing information on how the creation of this agency can effectively and efficiently do everything possible to address the housing problems. Would like Futurewise to be added to the list for consultation because we want to make sure that there is still continuity with the local planning process and requirements under the GMA and the housing department as any adjustments are made. Support the opportunity this bill represents to consolidate housing and homelessness efforts and develop a more comprehensive approach. It can be challenging to find assistance across agencies and funding sources. Do recommend adding an analysis of how the state may scale rental assistance programs to increase homelessness prevention tools.

CON: The state has more than 190 agencies, departments, and commissions, why add one more, this is extra cost to taxpayers.

OTHER: Wonder if there is opportunity to link and create synergy with market rate housing as an opportunity to better identify any sort of system gaps and would like to request that a real estate broker be considered for the list of people to be consulted.

**Persons Testifying (Housing):** PRO: Representative Melanie Morgan, Prime Sponsor; Alyson Moon, Mary's Place; Dane Austreng, SEIU 1199NW; Bryce Yadon, Futurewise; Michele Thomas, Washington Low Income Housing Alliance.

CON: Laurie Layne.

OTHER: Mary Hull-Drury, Washington Realtors.

**Persons Signed In To Testify But Not Testifying (Housing):** No one.

**Staff Summary of Public Testimony (Ways & Means):** PRO: This bill is thorough and necessary to determine the cost of creating a new agency. This bill will be valuable in informing where there are gaps and will ensure that the state is run efficiently and effectively.

**Persons Testifying (Ways & Means):** PRO: Michele Thomas, Washington Low Income Housing Alliance.

**Persons Signed In To Testify But Not Testifying (Ways & Means):** No one.