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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

Read first time 01/17/23. Referred to Committee on Housing.

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

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

5 **Sec. 1.** RCW 36.22.179 and 2021 c 214 s 8 are each amended to  
6 read as follows:

7 (1) In addition to the surcharge authorized in RCW 36.22.178, and  
8 except as provided in subsection (3) of this section, an additional  
9 surcharge of (~~sixty-two dollars~~) \$62 shall be charged by the county  
10 auditor for each document recorded, which will be in addition to any  
11 other charge allowed by law. Except as provided in subsection (4) of  
12 this section, the funds collected pursuant to this section are to be  
13 distributed and used as follows:

14 (a) The auditor shall retain two percent for collection of the  
15 fee, and of the remainder shall remit (~~sixty~~) 60 percent to the  
16 county to be deposited into a fund that must be used by the county  
17 and its cities and towns to accomplish the purposes of chapter 484,  
18 Laws of 2005, six percent of which may be used by the county for the  
19 collection and local distribution of these funds and administrative  
20 costs related to its homeless housing plan, and the remainder for  
21 programs which directly accomplish the goals of the county's local

1 homeless housing plan, except that for each city in the county which  
2 elects as authorized in RCW 43.185C.080 to operate its own local  
3 homeless housing program, a percentage of the surcharge assessed  
4 under this section equal to the percentage of the city's local  
5 portion of the real estate excise tax collected by the county shall  
6 be transmitted at least quarterly to the city treasurer, without any  
7 deduction for county administrative costs, for use by the city for  
8 program costs which directly contribute to the goals of the city's  
9 local homeless housing plan; of the funds received by the city, it  
10 may use six percent for administrative costs for its homeless housing  
11 program.

12 (b) The auditor shall remit the remaining funds to the state  
13 treasurer for deposit in the home security fund account to be used as  
14 follows:

15 (i) The department may use (~~((twelve and one-half))~~) 12.5 percent  
16 of this amount for administration of the program established in RCW  
17 43.185C.020, including the costs of creating the statewide homeless  
18 housing strategic plan, measuring performance, providing technical  
19 assistance to local governments, and managing the homeless housing  
20 grant program.

21 (ii) The remaining (~~((eighty-seven and one-half))~~) 87.5 percent of  
22 this amount must be used (~~((as follows:~~

23 ~~-(A) At least forty-five percent must be set aside for the use of~~  
24 ~~private rental housing payments; and~~

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

26 (~~((I))~~) (A) Provide housing and shelter for homeless people  
27 including, but not limited to: Grants to operate, repair, and staff  
28 shelters; grants to operate transitional housing; partial payments  
29 for rental assistance including, but not limited to, assistance for  
30 private rental housing; consolidated emergency assistance; overnight  
31 youth shelters; grants and vouchers designated for victims of human  
32 trafficking and their families; and emergency shelter assistance; and

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

34 (2) A county issuing general obligation bonds pursuant to RCW  
35 36.67.010, to carry out the purposes of subsection (1)(a) of this  
36 section, may provide that such bonds be made payable from any  
37 surcharge provided for in subsection (1)(a) of this section and may  
38 pledge such surcharges to the repayment of the bonds.

39 (3) The surcharge imposed in this section does not apply to (a)  
40 assignments or substitutions of previously recorded deeds of trust,

1 (b) documents recording a birth, marriage, divorce, or death, (c) any  
2 recorded documents otherwise exempted from a recording fee or  
3 additional surcharges under state law, (d) marriage licenses issued  
4 by the county auditor, or (e) documents recording a federal, state,  
5 county, city, or water-sewer district, or wage lien or satisfaction  
6 of lien.

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

10 (5) For purposes of this section, "private rental housing" means  
11 housing owned by a private landlord and includes housing owned by a  
12 nonprofit housing entity.

13 **Sec. 2.** RCW 43.185C.060 and 2021 c 334 s 980 and 2021 c 214 s 4  
14 are each reenacted and amended to read as follows:

15 (1) The home security fund account is created in the state  
16 treasury, subject to appropriation. The state's portion of the  
17 surcharge established in RCW 36.22.179 (~~and~~) 36.22.1791 and  
18 36.22.176 must be deposited in the account. Expenditures from the  
19 account may be used only for homeless housing programs as described  
20 in this chapter, including the eviction prevention rental assistance  
21 program established in RCW 43.185C.185.

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

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

37 (ii) Any county that demonstrates that it has met or exceeded the  
38 majority of the target actions to prevent and reduce homelessness  
39 over the previous two years must receive the remaining 15 percent

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

16 (3) The department must distinguish allotments from the account  
17 made to carry out the activities in RCW 43.330.167, 43.330.700  
18 through 43.330.715, 43.330.911, 43.185C.010, 43.185C.250 through  
19 43.185C.320, and 36.22.179(1)(b).

20 ~~(4) ((The office of financial management must secure an~~  
21 ~~independent expenditure review of state funds received under RCW~~  
22 ~~36.22.179(1)(b) on a biennial basis. The purpose of the review is to~~  
23 ~~assess the consistency in achieving policy priorities within the~~  
24 ~~private market rental housing segment for housing persons~~  
25 ~~experiencing homelessness. The independent reviewer must notify the~~  
26 ~~department and the office of financial management of its findings.~~  
27 ~~The first biennial expenditure review, for the 2017-2019 fiscal~~  
28 ~~biennium, is due February 1, 2020. Independent reviews conducted~~  
29 ~~thereafter are due February 1st of each even-numbered year.~~

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

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