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**SECOND SUBSTITUTE HOUSE BILL 2270**

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**State of Washington**

**68th Legislature**

**2024 Regular Session**

**By** House 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)

READ FIRST TIME 02/05/24.

1 AN ACT Relating to creating a Washington state department of  
2 housing; creating new sections; and providing an expiration date.

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

4 NEW SECTION. **Sec. 1.** The legislature finds that affordable  
5 housing and homelessness have reached an unprecedented crisis level  
6 in Washington state. These issues are not isolated to any one part of  
7 our state, rather they are challenges being faced by every community  
8 across the state.

9 The legislature finds that in response to these challenges, the  
10 state has expanded the scope and authority of the department of  
11 commerce, which has diligently worked to introduce and grow programs  
12 to increase housing supply, incentivize and manage development,  
13 provide rental assistance, support housing providers, and shelter  
14 residents. The state recognizes and thanks the department for their  
15 efforts and commitment to Washington's residents.

16 As the crisis continues, the legislature finds a need for a more  
17 holistic approach to housing and homelessness issues and better  
18 alignment of state policies across agencies and in partnership with  
19 local jurisdictions and community-based programs.

20 Therefore, the legislature intends to establish a new state  
21 department of housing that will focus solely on housing and

1 homelessness issues and bring together state programs that currently  
2 span multiple agencies and partners. The legislature also intends to  
3 engage a professional consultant to help facilitate the transition of  
4 programs and identify gaps that may be filled by the new department.

5 NEW SECTION. **Sec. 2.** (1) The office of financial management  
6 must contract with an external consultant to study the transition of  
7 state housing programs to a new state agency and identify gaps in  
8 current state housing programs. The study must include a review and  
9 recommendations on the following issues:

10 (a) A clear mission and vision for the new department;

11 (b) The organizational structure for the new department,  
12 including which agencies, administrations, commissions, or other  
13 functions of state government should be included, and identification  
14 of the reasons why a specific housing function or program is not  
15 recommended for inclusion, if any;

16 (c) Any gaps in existing rental, transitional housing, senior  
17 housing, homelessness, homeownership, and manufactured housing  
18 programs provided by the state including, but not limited to:

19 (i) The feasibility of the state developing its own housing  
20 portfolio and partnering with public housing authorities to operate  
21 state housing stock;

22 (ii) The need for a state eviction prevention office;

23 (iii) The need for emergency housing in response to natural  
24 disasters;

25 (iv) The need for an educational program for renters and  
26 landlords;

27 (v) How landlords can be held accountable for repairs to rental  
28 housing, including the efficacy of renters using escrow accounts as  
29 allowed under RCW 59.18.115;

30 (vi) How the state may assist counties in providing mandatory  
31 mitigation sites if the number of homeless people increase within  
32 their jurisdiction based on the annual homeless census conducted  
33 under RCW 43.185C.030; and

34 (vii) How the state may subsidize housing choice vouchers issued  
35 under 42 U.S.C. Sec. 1437(f) when fair market rents calculated by the  
36 United States department of housing and urban development do not keep  
37 pace with rent;

38 (d) Estimated costs for the reorganization of state housing  
39 programs and creation of a new housing agency including, but not

1 limited to, indirect costs, change management, training, and  
2 community outreach;

3 (e) An analysis of existing state and federal funding streams for  
4 state housing programs and any statutory revisions necessary to  
5 ensure the sufficient flow of funds to a new agency;

6 (f) A clear process for managing the reorganization; and

7 (g) Measurable benchmarks by which the effectiveness of the new  
8 department would be assessed.

9 (2) As part of the review, the external consultant must engage  
10 with and seek recommendations from the following:

11 (a) The office of the governor;

12 (b) The department of commerce;

13 (c) The department of social and health services;

14 (d) The health care authority;

15 (e) The office of equity;

16 (f) The office of the state treasurer;

17 (g) The office of the attorney general;

18 (h) The housing finance commission;

19 (i) The office of civil legal aid;

20 (j) The administrative office of the courts;

21 (k) The nonprofit rental housing development industry;

22 (l) The nonprofit homeownership housing development industry;

23 (m) A labor organization representing frontline staff within  
24 permanent supportive housing providers;

25 (n) An organization that represents tenants;

26 (o) Homeless shelter operators;

27 (p) Representatives of low-income persons;

28 (q) Representatives of special needs populations;

29 (r) Public housing authorities as created under chapter 35.82  
30 RCW;

31 (s) The for-profit housing development industry;

32 (t) For-profit rental housing owners;

33 (u) The Washington state association of counties; and

34 (v) The association of Washington cities.

35 (3) The contract must require the external consultant to submit a  
36 report with its findings and recommendations to the governor and the  
37 appropriate committees of the legislature by July 1, 2025.

38 (4) The office of financial management may not award the contract  
39 in this section to an external consultant or entity that has lobbied  
40 or publicly testified on matters related to the scope of the study,

1 including affordable housing, homelessness, tenant protections, and  
2 social services for people at risk of homelessness. The office of  
3 financial management must require the successful applicant to certify  
4 that it has not lobbied or publicly testified on such matters before  
5 the contract being awarded.

6 (5) The contract is exempt from the competitive procurement  
7 requirements in chapter 39.26 RCW.

8 (6) This section expires September 30, 2025.

9 NEW SECTION. **Sec. 3.** If specific funding for the purposes of  
10 this act, referencing this act by bill or chapter number, is not  
11 provided by June 30, 2024, in the omnibus appropriations act, this  
12 act is null and void.

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