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HOUSE BILL 1661

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State of Washington

62nd Legislature

2011 Regular Session

By Representatives Finn, Smith, Roberts, and Condotta

Read first time 01/28/11. Referred to Committee on Community Development & Housing.

1 AN ACT Relating to cost-saving measures and allocation of vouchers  
2 in awarding resources for low-income housing; amending RCW 36.22.178,  
3 36.22.179, 36.22.1791, 43.185.020, and 43.185.050; adding a new section  
4 to chapter 36.22 RCW; adding a new section to chapter 43.185 RCW; and  
5 adding new sections to chapter 36.01 RCW.

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

7 **Sec. 1.** RCW 36.22.178 and 2007 c 427 s 1 are each amended to read  
8 as follows:

9 The surcharge provided for in this section shall be named the  
10 affordable housing for all surcharge.

11 (1) Except as provided in subsection (3) of this section, a  
12 surcharge of ten dollars per instrument shall be charged by the county  
13 auditor for each document recorded, which will be in addition to any  
14 other charge authorized by law. The county may retain up to five  
15 percent of these funds collected solely for the collection,  
16 administration, and local distribution of these funds. Of the  
17 remaining funds, forty percent of the revenue generated through this  
18 surcharge will be transmitted monthly to the state treasurer who will  
19 deposit the funds into the affordable housing for all account created

1 in RCW 43.185C.190. The department of (~~community, trade, and economic~~  
2 ~~development~~) commerce must use these funds to provide housing and  
3 shelter for extremely low-income households with incomes at or below  
4 thirty percent of the area median income, including (~~but not limited~~  
5 ~~to~~) using a minimum of twenty-six percent of the funds for rental  
6 vouchers in locations where a majority of the dwelling units occupied  
7 by the tenants using these vouchers are privately owned units that are  
8 not operating under any program licensed by the state of Washington.  
9 The remaining funds must be used for grants for building operation and  
10 maintenance costs of housing projects or units within housing projects  
11 that are affordable to extremely low-income households with incomes at  
12 or below thirty percent of the area median income, and that require a  
13 supplement to rent income to cover ongoing operating expenses.

14 (2) All of the remaining funds generated by this surcharge will be  
15 retained by the county and be deposited into a fund that must be used  
16 by the county and its cities and towns for eligible housing activities  
17 as described in this subsection that serve very low-income households  
18 with incomes at or below fifty percent of the area median income. The  
19 portion of the surcharge retained by a county shall be allocated to  
20 eligible housing activities that serve extremely low and very low-  
21 income households in the county and the cities within a county  
22 according to an interlocal agreement between the county and the cities  
23 within the county consistent with countywide and local housing needs  
24 and policies. A priority must be given to eligible housing activities  
25 that serve extremely low-income households with incomes at or below  
26 thirty percent of the area median income. Eligible housing activities  
27 to be funded by these county funds are limited (~~to~~) as follows:

28 (a) A minimum of twenty-six percent of funds received must be (i)  
29 allocated for rental vouchers for housing units that are affordable to  
30 very low-income households with incomes at or below fifty percent of  
31 the area median income, and (ii) administered by a local public housing  
32 authority or other local organization that has an existing rental  
33 assistance voucher program or the authority to offer a voucher program,  
34 which provides vouchers for as long as necessary, as opposed to  
35 providing vouchers for a limited period of time, in order to provide  
36 renters with consistency and an opportunity to live where they desire.  
37 The rental vouchers must be payable to the landlord, including vouchers  
38 for first and last month's rent and security and other required

1 deposits, except pet deposits, required of all other new tenants. The  
2 administering authority or organization must ensure that a majority of  
3 the dwelling units occupied by tenants using these vouchers are  
4 privately owned units that are not operating under any program licensed  
5 by the state of Washington;

6 (b) The remaining funds may be used for:

7 (i) Acquisition, construction, or rehabilitation of housing  
8 projects or units within housing projects that are affordable to very  
9 low-income households with incomes at or below fifty percent of the  
10 area median income, including units for homeownership, rental units,  
11 seasonal and permanent farm worker housing units, and single room  
12 occupancy units;

13 ~~((b))~~ (ii) Supporting building operation and maintenance costs of  
14 housing projects or units within housing projects eligible to receive  
15 housing trust funds, that are affordable to very low-income households  
16 with incomes at or below fifty percent of the area median income, and  
17 that require a supplement to rent income to cover ongoing operating  
18 expenses(

19 ~~(c) Rental assistance vouchers for housing units that are~~  
20 ~~affordable to very low income households with incomes at or below fifty~~  
21 ~~percent of the area median income, to be administered by a local public~~  
22 ~~housing authority or other local organization that has an existing~~  
23 ~~rental assistance voucher program, consistent with or similar to the~~  
24 ~~United States department of housing and urban development's section 8~~  
25 ~~rental assistance voucher program standards)); and~~

26 ~~((d))~~ (iii) Operating costs for emergency shelters and licensed  
27 overnight youth shelters.

28 (3) The surcharge imposed in this section does not apply to  
29 assignments or substitutions of previously recorded deeds of trust.

30 **Sec. 2.** RCW 36.22.179 and 2009 c 462 s 1 are each amended to read  
31 as follows:

32 (1) In addition to the surcharge authorized in RCW 36.22.178, and  
33 except as provided in subsection (2) of this section, an additional  
34 surcharge of ten dollars shall be charged by the county auditor for  
35 each document recorded, which will be in addition to any other charge  
36 allowed by law. During the 2009-11 and 2011-13 biennia, the surcharge

1 shall be thirty dollars. The funds collected pursuant to this section  
2 are to be distributed and used as follows:

3 (a) The auditor shall retain two percent for collection of the fee,  
4 and of the remainder shall remit sixty percent to the county to be  
5 deposited into a fund that must be used by the county and its cities  
6 and towns to accomplish the purposes of chapter 484, Laws of 2005, (i)  
7 six percent of which may be used by the county for administrative costs  
8 related to its homeless housing plan, (ii) a minimum of twenty-six  
9 percent of which must be used for rental vouchers to provide housing  
10 for homeless people in locations where a majority of the dwelling units  
11 occupied by the tenants using these vouchers are privately owned units  
12 that are not operating under any program licensed by the state of  
13 Washington, and (iii) the remainder for programs which directly  
14 accomplish the goals of the county's local homeless housing plan,  
15 except that for each city in the county which elects as authorized in  
16 RCW 43.185C.080 to operate its own local homeless housing program, a  
17 percentage of the surcharge assessed under this section equal to the  
18 percentage of the city's local portion of the real estate excise tax  
19 collected by the county shall be transmitted at least quarterly to the  
20 city treasurer, without any deduction for county administrative costs,  
21 for use by the city for program costs which directly contribute to the  
22 goals of the city's local homeless housing plan; of the funds received  
23 by the city, it may use six percent for administrative costs for its  
24 homeless housing program.

25 (b) The auditor shall remit the remaining funds to the state  
26 treasurer for deposit in the home security fund account. The  
27 department may use twelve and one-half percent of this amount for  
28 administration of the program established in RCW 43.185C.020, including  
29 the costs of creating the statewide homeless housing strategic plan,  
30 measuring performance, providing technical assistance to local  
31 governments, and managing the homeless housing grant program. A  
32 minimum of twenty-six percent of the remaining eighty-seven and one-  
33 half percent is to be used by the department to((+

34 (+)) provide housing and shelter for homeless people through the  
35 use of rental vouchers. The remaining moneys must be used to (i)  
36 provide housing and shelter for homeless people including, but not  
37 limited to: Grants to operate, repair, and staff shelters; grants to  
38 operate transitional housing; (~~partial payments for rental~~

1 ~~assistance;))~~ consolidated emergency assistance; overnight youth  
2 shelters; and emergency shelter assistance(~~(+))~~ and (ii) fund the  
3 homeless housing grant program.

4 (2) The surcharge imposed in this section does not apply to (a)  
5 assignments or substitutions of previously recorded deeds of trust, or  
6 (b) documents recording a birth, marriage, divorce, or death or any  
7 documents otherwise exempted from a recording fee under state law.

8 **Sec. 3.** RCW 36.22.1791 and 2007 c 427 s 5 are each amended to read  
9 as follows:

10 (1) In addition to the surcharges authorized in RCW 36.22.178 and  
11 36.22.179, and except as provided in subsection (2) of this section,  
12 the county auditor shall charge an additional surcharge of eight  
13 dollars for each document recorded, which is in addition to any other  
14 charge allowed by law. The funds collected under this section are to  
15 be distributed and used as follows:

16 (a) The auditor shall remit ninety percent to the county to be  
17 deposited into a fund, (i) six percent of which may be used by the  
18 county for administrative costs related to its homeless housing plan,  
19 (ii) a minimum of twenty-six percent of which must be used for rental  
20 vouchers to provide housing for homeless people in locations where a  
21 majority of the dwelling units occupied by the tenants using these  
22 vouchers are privately owned units that are not operating under any  
23 program licensed by the state of Washington, and (iii) the remainder  
24 for programs that directly accomplish the goals of the county's local  
25 homeless housing plan, except that for each city in the county that  
26 elects, as authorized in RCW 43.185C.080, to operate its own local  
27 homeless housing program, a percentage of the surcharge assessed under  
28 this section equal to the percentage of the city's local portion of the  
29 real estate excise tax collected by the county must be transmitted at  
30 least quarterly to the city treasurer for use by the city for program  
31 costs that directly contribute to the goals of the city's local  
32 homeless housing plan.

33 (b) The auditor shall remit the remaining funds to the state  
34 treasurer for deposit in the home security fund account. The  
35 department (~~(may use the funds))~~ must use a minimum of twenty-six  
36 percent of the funds for rental vouchers to provide housing for  
37 homeless people, and the remaining funds must be used:

1        (i) For administering the program established in RCW 43.185C.020,  
2 including the costs of creating and updating the statewide homeless  
3 housing strategic plan, measuring performance, providing technical  
4 assistance to local governments, and managing the homeless housing  
5 grant program(~~(. Remaining funds may also be used to:~~

6        ~~(i))~~);

7        (ii) To provide housing and shelter for homeless people including,  
8 but not limited to: Grants to operate, repair, and staff shelters;  
9 grants to operate transitional housing; (~~(partial payments for rental~~  
10 ~~assistance~~); consolidated emergency assistance; overnight youth  
11 shelters; and emergency shelter assistance; and

12        ~~((i))~~ (iii) To fund the homeless housing grant program.

13        (2) The surcharge imposed in this section does not apply to  
14 assignments or substitutions of previously recorded deeds of trust.

15        NEW SECTION. Sec. 4. A new section is added to chapter 36.22 RCW  
16 to read as follows:

17        In calculating the rental voucher payment amount under RCW  
18 36.22.178, 36.22.179, and 36.22.1791, the department of commerce, local  
19 public housing authorities, and other local organizations administering  
20 the rental voucher program must use the method specified by the United  
21 States department of housing and urban development in 24 C.F.R. Part  
22 982 on the effective date of this section, or a subsequent date as may  
23 be provided by the United States department of housing and urban  
24 development by rule, consistent with the purposes of this section.

25        Sec. 5. RCW 43.185.020 and 2009 c 565 s 37 are each amended to  
26 read as follows:

27        (1) "Department" means the department of commerce.

28        (2) "Director" means the director of the department of commerce.

29        (3) "Life-cycle cost analysis" means a method of calculating the  
30 total cost of an asset over its useful life by comparing the calculated  
31 present discounted values for rental income, development subsidies,  
32 forgiven property taxes, and residual land values converted to monthly  
33 equivalents to allow direct comparison to monthly voucher costs as  
34 described and used by the joint legislative audit and review committee  
35 in report 09-1, "Comparing Costs and Characteristics of Housing  
36 Assistance Programs."

1           NEW SECTION.   **Sec. 6.** A new section is added to chapter 43.185 RCW  
2 to read as follows:

3           (1) The department and counties shall place a high priority on cost  
4 control and house the greatest number of qualified individuals within  
5 existing funds as part of the decision-making process in awarding state  
6 resources and funds by performing the following actions:

7           (a) Develop per unit and per project measures to compare past award  
8 rounds to current award rounds with the goal of achieving cost  
9 reduction;

10          (b) Document efforts by the housing trust fund to publicize cost  
11 reduction and cost-effectiveness strategies;

12          (c) Track and report on costs of projects funded in each funding  
13 cycle;

14          (d) Require developers to submit an audited final cost  
15 certification detailing total development costs and all sources of  
16 permanent financing. The analysis must include direct comparisons of  
17 differences in costs between developments applying for financing from  
18 state administered sources and vouchers;

19          (e) For every dollar funded and expended, maximize the number of  
20 homeless and severely rent-burdened individuals housed and place  
21 qualified individuals in the most deconcentrated settings;

22          (f) Move, as expediently as possible, waiting lists for housing.  
23 The waiting lists may not be controlled by endeavors to keep publicly  
24 funded housing projects fully populated;

25          (g) Ensure that administrators of these funds make concentrated  
26 efforts to locate small private rental units under twenty units to  
27 place qualified individuals with vouchers as these units are typically  
28 not surveyed for vacancies and provide the greatest opportunity for  
29 localized housing; and

30          (h) Ensure that voucher programs provide vouchers for as long as  
31 necessary, as opposed to providing vouchers for a limited period of  
32 time, in order to provide renters with consistency and an opportunity  
33 to live where they desire.

34          (2) The administration of the cost-saving devices under this  
35 section and efforts to maximize the number of qualified individuals  
36 housed must be funded within existing program resources, including:  
37 The funds allocated for administrative costs; administrative costs for

1 the homeless housing program; and the housing trust fund and other  
2 legislative appropriations.

3 **Sec. 7.** RCW 43.185.050 and 2006 c 371 s 236 are each amended to  
4 read as follows:

5 (1) The department shall use moneys from the housing trust fund and  
6 other legislative appropriations to finance in whole or in part any  
7 loans or grant projects that will provide housing for persons and  
8 families with special housing needs and with incomes at or below fifty  
9 percent of the median family income for the county or standard  
10 metropolitan statistical area where the project is located. At least  
11 thirty percent of these moneys used in any given funding cycle shall be  
12 for the benefit of projects located in rural areas of the state as  
13 defined by the department. If the department determines that it has  
14 not received an adequate number of suitable applications for rural  
15 projects during any given funding cycle, the department may allocate  
16 unused moneys for projects in nonrural areas of the state.

17 (2) Activities eligible for assistance from the housing trust fund  
18 and other legislative appropriations include, but are not limited to:

19 (a) New construction, rehabilitation, or acquisition of low and  
20 very low-income housing units;

21 (b) Rent subsidies;

22 (c) Matching funds for social services directly related to  
23 providing housing for special-need tenants in assisted projects;

24 (d) Technical assistance, design and finance services and  
25 consultation, and administrative costs for eligible nonprofit community  
26 or neighborhood-based organizations;

27 (e) Administrative costs for housing assistance groups or  
28 organizations when such grant or loan will substantially increase the  
29 recipient's access to housing funds other than those available under  
30 this chapter;

31 (f) Shelters and related services for the homeless, including  
32 emergency shelters and overnight youth shelters;

33 (g) Mortgage subsidies, including temporary rental and mortgage  
34 payment subsidies to prevent homelessness;

35 (h) Mortgage insurance guarantee or payments for eligible projects;

36 (i) Down payment or closing cost assistance for eligible first-time  
37 home buyers;

1 (j) Acquisition of housing units for the purpose of preservation as  
2 low-income or very low-income housing; and

3 (k) Projects making housing more accessible to families with  
4 members who have disabilities(~~(i) and~~

5 ~~(1) During the 2005-2007 fiscal biennium, a manufactured/mobile~~  
6 ~~home landlord-tenant ombudsman conflict resolution and park~~  
7 ~~registration program.~~

8 ~~(3) During the 2005-2007 fiscal biennium, revenues generated under~~  
9 ~~RCW 36.22.178 may be used for the development of affordable housing~~  
10 ~~projects and other activities funded in section 108, chapter 371, Laws~~  
11 ~~of 2006)).~~

12 ~~((+4))~~ (3) Legislative appropriations from capital bond proceeds  
13 may be used only for the costs of projects authorized under subsection  
14 (2)(a), (i), and (j) of this section, and not for the administrative  
15 costs of the department.

16 ~~((+5))~~ (4) Moneys from repayment of loans from appropriations from  
17 capital bond proceeds may be used for all activities necessary for the  
18 proper functioning of the housing assistance program except for  
19 activities authorized under subsection (2)(b) and (c) of this section.

20 ~~((+6))~~ (5) Administrative costs of the department shall not exceed  
21 five percent of the annual funds available for the housing assistance  
22 program.

23 (6) The department shall include a life-cycle cost analysis in its  
24 process for evaluating proposals for state funding. This requirement  
25 does not apply to proposals funded by legislative appropriations from  
26 capital bond proceeds.

27 (7) By December 1st of each year, beginning December 1, 2011, the  
28 department shall prepare a report to the legislature and the office of  
29 financial management compiling the reports required under this  
30 subsection and section 8 of this act. The report must detail the  
31 distribution of funds, except for proposals funded by legislative  
32 appropriations from capital bond proceeds, for the preceding fiscal  
33 year, including:

34 (a) A description of the process used by the department for  
35 allocating funds;

36 (b) The use of funds including, but not limited to, housing  
37 vouchers, program services, and housing projects; and

38 (c) The criteria used for making funding allocation decisions.

1        NEW SECTION.    **Sec. 8.**    A new section is added to chapter 36.01 RCW  
2 to read as follows:

3        By September 30th of each year, beginning September 30, 2011, a  
4 county receiving funding authorized under RCW 36.22.178 (1) and (2),  
5 36.22.179(1) (a) and (b), and 36.22.1791(1) (a) and (b) shall:

6        (1) Include a life-cycle cost analysis as one of the criteria in  
7 deciding which proposals to award funds; and

8        (2) Submit to the department of commerce a report describing the  
9 distribution of funds for the preceding fiscal year. The report must  
10 include:

11        (a) A description of the process used by the county for allocating  
12 funds;

13        (b) The use of funds including, but not limited to, housing  
14 vouchers, program services, and housing projects; and

15        (c) The criteria used for making funding allocation decisions.

16        NEW SECTION.    **Sec. 9.**    A new section is added to chapter 36.01 RCW  
17 to read as follows:

18        (1) Counties must place a high priority on cost control and house  
19 the greatest number of qualified individuals within existing funds as  
20 part of the decision-making process in awarding public resources and  
21 funds by performing the following actions:

22        (a) Document efforts by the county to publicize cost reduction and  
23 cost-effectiveness strategies;

24        (b) Track and report on costs of projects funded by recording  
25 surcharge fees;

26        (c) Require developers to submit an audited final cost  
27 certification detailing total development costs and all sources of  
28 permanent financing. The analysis must include direct comparisons of  
29 differences in costs between developments applying for financing from  
30 publicly administered sources and vouchers;

31        (d) For every dollar funded and expended, maximize the number of  
32 homeless and severely rent-burdened individuals housed and place  
33 qualified individuals in the most deconcentrated settings;

34        (e) Move, as expediently as possible, waiting lists for housing.  
35 The waiting lists may not be controlled by endeavors to keep publicly  
36 funded housing projects fully populated;

1 (f) Ensure that administrators of these funds make concentrated  
2 efforts to locate small private rental units under twenty units to  
3 place qualified individuals with vouchers as these units are typically  
4 not surveyed for vacancies and provide the greatest opportunity for  
5 localized housing; and

6 (g) Ensure that voucher programs provide vouchers for as long as  
7 necessary, as opposed to providing vouchers for a limited period of  
8 time, in order to provide renters with consistency and an opportunity  
9 to live where they desire.

10 (2) The administration of the cost-saving devices under this  
11 section and efforts to maximize the number of qualified individuals  
12 housed must be funded within existing program resources.

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