

PROPOSED SUBSTITUTE HOUSE BILL

By Representative Peterson

Original bill: 1277

Substitute bill compared to original bill:

- Requires the Department of Commerce (COM) to award grant funds in a manner that is proportional to the amount of revenue collected from the \$100 surcharge in the county that is being served by the grantee.
 - Provides an eligible grantee that is a county the opportunity to refuse the grant funds within a timeframe specified by the COM. If the county refuses the funds or doesn't respond within the timeframe, the COM must identify an alternative grantee.
- Adds to the allowable uses of the 10% of grant funds that must be subgranted to organizations that serve and are substantially governed by marginalized populations. The additional allowable uses are:
 - rent assistance payments; and
 - activities that directly support the goal of improving access to rent assistance for people of color.
- Adds, as a reason for which a grantee may request an exemption from the 10% subgrant requirement, the provision of a plan by the grantee to the COM to spend 10% of the grant total in a manner that the COM determines will improve racial equity for historically underserved communities more effectively than a subgrant.
- Requires the COM to consult with stakeholder groups before granting an exemption to the 10% subgrant requirement.
- Adds a representative of homeless youth and young adults to the stakeholder groups with whom the Department of Commerce (COM) must consult when establishing grant program eligibility requirements and equity performance measures and benchmarks.
- Adds criteria to the annual report on program performance to require the COM to report on the number of households served that include adults without children, households with children, unaccompanied youth, and young adults.

Committee: Housing, Human Services, Veterans Committee
Staff: Dawn Eychaner, Office of Program Research
Draft: H-0638.1/21

BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: H-0638.1/21

ATTY/TYPIST: AI:jlb

BRIEF DESCRIPTION: Providing for an additional revenue source for
eviction prevention and housing stability
services.

1 AN ACT Relating to an additional revenue source for eviction
2 prevention and housing stability services; amending RCW 43.185C.045,
3 43.185C.060, and 43.185C.190; adding a new section to chapter 36.22
4 RCW; and adding a new section to chapter 43.185C RCW.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 36.22
7 RCW to read as follows:

8 (1) Except as provided in subsection (2) of this section, a
9 surcharge of \$100 must be charged by the county auditor for each
10 document recorded, which is in addition to any other charge or
11 surcharge allowed by law. The auditor must remit the funds to the
12 state treasurer to be deposited and used as follows:

13 (a) Five percent of funds must be deposited in the affordable
14 housing for all account for operations, maintenance, and service
15 costs for permanent supportive housing as defined in RCW 36.70A.030;

16 (b) Two percent of funds must be deposited into the landlord
17 mitigation program account created in RCW 43.31.615 for purposes of
18 RCW 43.31.605(1); and

19 (c) The remainder of funds must be distributed to the home
20 security fund account, with the majority of funds to be used for
21 eviction prevention rental assistance pursuant to section 2 of this

1 act. In addition, funds may be used for project-based vouchers for
2 nonprofit housing providers, foreclosure prevention services, dispute
3 resolution center eviction prevention services, rental assistance for
4 people experiencing homelessness, and tenant education and legal
5 assistance.

6 (2) The surcharge imposed in this section does not apply to: (a)
7 Assignments or substitutions of previously recorded deeds of trust;
8 (b) documents recording a birth, marriage, divorce, or death; (c) any
9 recorded documents otherwise exempted from a recording fee or
10 additional surcharges under state law; (d) marriage licenses issued
11 by the county auditor; or (e) documents recording a federal, state,
12 county, or city lien or satisfaction of lien.

13 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.185C
14 RCW to read as follows:

15 (1) The eviction prevention rental assistance program is created
16 in the department to prevent evictions by providing resources to
17 households most likely to become homeless or suffer severe health
18 consequences, or both, after an eviction, while promoting equity by
19 prioritizing households, including communities of color,
20 disproportionately impacted by public health emergencies and by
21 homelessness and housing instability. The department must provide
22 grants to eligible organizations, as described in RCW 43.185.060, to
23 provide assistance to program participants. The eligible
24 organizations must use grant moneys for:

25 (a) Rental assistance, including rental arrears and future rent
26 if needed to stabilize the applicant's housing and prevent their
27 eviction;

28 (b) Utility assistance for households if needed to prevent an
29 eviction; and

30 (c) Administrative costs of the eligible organization, which must
31 not exceed limits prescribed by the department.

32 (2) Households eligible to receive assistance through the
33 eviction prevention rental assistance program are those:

34 (a) With incomes at or below 80 percent of the county area median
35 income;

36 (b) Who are families with children, living in doubled up
37 situations, young adults, senior citizens, and others at risk of
38 homelessness or significant physical or behavioral health
39 complications from homelessness; and

1 (c) That meet any other eligibility requirements as established
2 by the department after consultation with stakeholder groups,
3 including persons at risk of homelessness due to unpaid rent,
4 representatives of communities of color, homeless service providers,
5 landlord representatives, local governments that administer
6 homelessness assistance, a statewide association representing cities,
7 a statewide association representing counties, a representative of
8 homeless youth and young adults, and affordable housing advocates.

9 (3)(a) Eligible grantees must actively work with organizations
10 rooted in communities of color to assist and serve marginalized
11 populations within their communities.

12 (b) At least 10 percent of the grant total must be subgranted to
13 organizations that serve and are substantially governed by
14 marginalized populations to pay the costs associated with program
15 outreach, assistance completing applications for assistance, rent
16 assistance payments, activities that directly support the goal of
17 improving access to rent assistance for people of color, and related
18 costs. Upon request by an eligible grantee or the county or city in
19 which it exists, the department must provide a list of organizations
20 that serve and are substantially governed by marginalized
21 populations, if known.

22 (c) An eligible grantee may request an exemption from the
23 department from the requirements under (b) of this subsection. The
24 department must consult with the stakeholder group established under
25 subsection (2)(c) of this section before granting an exemption. An
26 eligible grantee may request an exemption only if the eligible
27 grantee:

28 (i) Is unable to subgrant with an organization that serves and is
29 substantially governed by marginalized populations; or

30 (ii) Provides the department with a plan to spend 10 percent of
31 the grant total in a manner that the department determines will
32 improve racial equity for historically underserved communities more
33 effectively than a subgrant.

34 (4) The department must ensure equity by developing performance
35 measures and benchmarks that promote both equitable program access
36 and equitable program outcomes. Performance measures and benchmarks
37 must be developed by the department in consultation with stakeholder
38 groups, including persons at risk of homelessness due to unpaid rent,
39 representatives of communities of color, homeless service providers,
40 landlord representatives, local governments that administer

1 homelessness assistance, a statewide association representing cities,
2 a statewide association representing counties, a representative of
3 homeless youth and young adults, and affordable housing advocates.
4 Performance measures and benchmarks must also ensure that the race
5 and ethnicity of households served under the program are proportional
6 to the numbers of people at risk of homelessness in each county for
7 each of the following groups:

- 8 (a) Black or African American;
- 9 (b) American Indian and Alaska Native;
- 10 (c) Native Hawaiian or other Pacific Islander;
- 11 (d) Hispanic or Latinx;
- 12 (e) Asian;
- 13 (f) Other multiracial.

14 (5) The department may develop additional rules, requirements,
15 procedures, and guidelines as necessary to implement and operate the
16 eviction prevention rental assistance program.

17 (6) (a) The department must award funds under this section to
18 eligible grantees in a manner that is proportional to the amount of
19 revenue collected under section 1 of this act from the county being
20 served by the grantee.

21 (b) An eligible grantee that is a county may refuse the funds
22 within a time frame specified by the department. If the county
23 refuses the funds or does not respond within the department-
24 established time frame, the department must identify an alternative
25 grantee. The alternative grantee must distribute the funds in a
26 manner that is in compliance with this chapter.

27 **Sec. 3.** RCW 43.185C.045 and 2018 c 85 s 9 are each amended to
28 read as follows:

29 (1) By December 1st of each year, the department must provide an
30 update on the state's homeless housing strategic plan and its
31 activities for the prior fiscal year. The report must include, but
32 not be limited to, the following information:

33 (a) An assessment of the current condition of homelessness in
34 Washington state and the state's performance in meeting the goals in
35 the state homeless housing strategic plan;

36 (b) A report on the results of the annual homeless point-in-time
37 census conducted statewide under RCW 43.185C.030;

1 (c) The amount of federal, state, local, and private funds spent
2 on homelessness assistance, categorized by funding source and the
3 following major assistance types:

4 (i) Emergency shelter;

5 (ii) Homelessness prevention and rapid rehousing;

6 (iii) Permanent housing;

7 (iv) Permanent supportive housing;

8 (v) Transitional housing;

9 (vi) Services only; and

10 (vii) Any other activity in which more than five hundred thousand
11 dollars of category funds were expended;

12 (d) A report on the expenditures, performance, and outcomes of
13 state funds distributed through the consolidated homeless grant
14 program, including the grant recipient, award amount expended, use of
15 the funds, counties served, and households served;

16 (e) A report on state and local homelessness document recording
17 fee expenditure by county, including the total amount of fee
18 spending, percentage of total spending from fees, number of people
19 served by major assistance type, and amount of expenditures for
20 private rental housing payments required in RCW 36.22.179;

21 (f) A report on the expenditures, performance, and outcomes of
22 the essential needs and housing support program meeting the
23 requirements of RCW 43.185C.220; (~~and~~)

24 (g) A report on the expenditures, performance, and outcomes of
25 the independent youth housing program meeting the requirements of RCW
26 43.63A.311; and

27 (h) A report on the expenditures, performance, and outcomes of
28 the eviction prevention rental assistance program under section 2 of
29 this act. The report must include the number of households served in
30 the following categories: Adults without minor children, households
31 with adults and minor children, unaccompanied youth, and young
32 adults.

33 (2) The report required in subsection (1) of this section must be
34 posted to the department's website and may include links to updated
35 or revised information contained in the report.

36 (3) Any local government receiving state funds for homelessness
37 assistance or state or local homelessness document recording fees
38 under RCW 36.22.178, 36.22.179, or 36.22.1791 must provide an annual
39 report on the current condition of homelessness in its jurisdiction,
40 its performance in meeting the goals in its local homeless housing

1 plan, and any significant changes made to the plan. The annual report
2 must be posted on the department's website. Along with each local
3 government annual report, the department must produce and post
4 information on the local government's homelessness spending from all
5 sources by project during the prior state fiscal year in a format
6 similar to the department's report under subsection (1)(c) of this
7 section. If a local government fails to report or provides an
8 inadequate or incomplete report, the department must take corrective
9 action, which may include withholding state funding for homelessness
10 assistance to the local government to enable the department to use
11 such funds to contract with other public or nonprofit entities to
12 provide homelessness assistance within the jurisdiction.

13 **Sec. 4.** RCW 43.185C.060 and 2020 c 357 s 915 are each amended to
14 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 section 1
18 of this act 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 section 2 of this act.

22 (2) The department must distinguish allotments from the account
23 made to carry out the activities in RCW 43.330.167, 43.330.700
24 through 43.330.715, 43.330.911, 43.185C.010, 43.185C.250 through
25 43.185C.320, and 36.22.179(1)(b).

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

36 (4) During the 2019-2021 fiscal biennium, expenditures from the
37 account may also be used for shelter capacity grants.

1 **Sec. 5.** RCW 43.185C.190 and 2011 1st sp.s. c 50 s 955 are each
2 amended to read as follows:
3 The affordable housing for all account is created in the state
4 treasury, subject to appropriation. The state's portion of the
5 surcharges established in RCW 36.22.178 and section 1 of this act
6 shall be deposited in the account. Expenditures from the account may
7 only be used for affordable housing programs (~~(. During the 2011-2013~~
8 ~~fiscal biennium, moneys in the account may be transferred to the home~~
9 ~~security fund)), including operations, maintenance, and services as
10 described in section 1(1)(a) of this act.~~

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