Washington Removes Sunset and Strengthens State Enabling Legislation for Housing Trust Fund

by Valerie Iverson // 2018, Spring

Washington's brilliant 2018 legislative session ended with a flourish, with Governor Inslee signing HB1570 to increase the homeless housing and assistance document recording surcharge from $40 to $62 and remove the sunset clause making the fee permanent. The bill also expanded the definition of "private rental housing" allowing private rental housing payments funded by a 45% set-aside of surcharge funds to include housing owned by nonprofit housing entities. Earlier in the session, advocates worked with the legislature to secure $106 million for the state housing trust fund and to pass legislation banning source of income discrimination.

In addition to increasing the resources available for Washington counties to address homelessness, HB 1570 tightens reporting requirements include shortening the state and local's homeless housing strategic plans from 10 years to 5 years and requiring newly development metrics to measure the impact of the fund on reducing homelessness.

1. State and local homeless housing strategic plans must include:
   A. Performance measures and goals to reduce homelessness
   B. Analysis of services and programs being offered
   C. Identification of best practices
   D. Recommendations for new funding, programs or strategies

1. State annual updates to the 5 year plan must include:
   A. Assessment of the current condition of homelessness
   B. State's performance in meeting its strategic plan goals
   C. Results of the annual homeless point-in-time census

D. Report on state and local homeless document recording fee expenditure by county
E. Breakdown of all other funds spend on homelessness assistance

Forty-five percent of the surcharge funds are set aside for private rental housing payments, most commonly vouchers. Because of the tight rental market in the state, private landlords were able to discriminate against voucher holders and funds went unused. HB1570 allows vouchers to be used for apartments owned by non-profit housing organizations as well.

The Washington Low Income Housing Alliance (WLIHA) led the efforts in support of the bill. Although the Realtor associations were initially opposed to the bill, the Housing Alliance and allies were able to neutralize the opposition through individual Realtor testimony that countered the idea that the document fee was a deterrent to home buying. The bill also added real estate professionals as representatives who may serve as members of local homeless housing task forces, bringing their voices to the table.

According to real estate broker Tonya Hennen's written testimony, the $62 recording fee is below other common closing costs such as $90-$105 for flood certification fees, $75-$200 for homeowner's association transfer fees, and $175 to have a notary come to your home to sign paperwork. Ms. Hennen stated, "*As a real estate broker, I see firsthand how those fees affect homebuyers…not at all. Most are happy to pay a modest fee to know that others can be helped with their housing needs when they have means to purchase a home in a very expensive state. In the midst of thousands of dollars in closing costs to purchase a home, the recording fee is a drop in the bucket for most homeowners.*"

The bill also received support from rural communities. Rural cities and counties were concerned about the sunset clause of the original law. Most cities were experiencing a growing homeless population coupled with the threat that their main source of housing and homeless funding would disappear. According to public testimony, the primary contributor to a 17% decrease in homelessness in Washington since 2006 has been the funding of housing and homeless assistance programs through the surcharge fees. The loss of this fund could have caused 34,000 people to return to homelessness.

Another key to success was the creation of the Washington Housing Alliance Action Fund, a PAC formed by WLIHA to educate voters, promote strategic public policy, and support candidates who support affordable housing. The Action Fund was instrumental in supporting housing champions in both the State House and Senate.

According to Michele Thomas, Policy Director for WLIHA, 2017 was a disappointing year for housing advocates in Washington. Through the Action Fund, advocates were able to channel their disappointment into fierce determination to elect supporters and succeed in 2018. Specifically the Action Fund supported Senator Manka Dhingra, a housing champion, whose election flipped control of the Washington Senate to Democrats. With the help of bill sponsor Representative Nicole Macri, the two were able to usher the bill through the House and Senate.

Other advocacy activities included a support letter that received hundreds of signatures and an advocacy day at the legislature with 700+ attendees, many who met with their legislators to share housing stories and ask for legislator support of housing bills.

For more information on HB1570 or the Washington Housing Alliance Action Fund, please contact Michele Thomas, Director of Policy and Advocacy, michele@wlihc.org, 202-442-9455 x205.

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