

Individual State Agency Fiscal Note

Bill Number: 1661 HB	Title: Low-income housing resources	Agency: 103-Department of Commerce
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2012	FY 2013	2011-13	2013-15	2015-17
FTE Staff Years	2.7	2.7	2.7	2.7	2.7
Account					
General Fund-State 001-1	279,968	242,228	522,196	486,404	484,456
Home Security Fund Account-State 10B-1	23,083	23,083	46,166	46,166	46,166
Affordable Housing for All Account-State 12C-1	23,083	23,083	46,166	46,166	46,166
Total \$	326,134	288,394	614,528	578,736	576,788

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Jennifer Thornton	Phone: 360-786-7111	Date: 02/04/2011
Agency Preparation: Laurie Bahr	Phone: 360-725-2935	Date: 02/08/2011
Agency Approval: Connie Shumate	Phone: 725-2911	Date: 02/08/2011
OFM Review: Diamatris Winston	Phone: (360) 902-7657	Date: 02/08/2011

Request # 057-3A0-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 1 requires that at least 26 percent of the funds resulting from the fees collected under RCW 36.22.178 that are deposited into the state affordable housing for all account be used to provide housing vouchers for people with incomes at or below 30 percent of area median income.

Sections 2 and 3 require that at least 26 percent of the funds resulting from fees collected under RCW 36.22.179 and RCW 36.22.1791 that are deposited into the state home security fund account be used for rental vouchers to provide housing for homeless people.

Section 4 requires Commerce and local providers to calculate rental voucher payments using the method specified by the federal Department of Housing and Urban Development under 24 CFR Part 982.

Section 5 defines life cycle cost analysis as a method to directly compare monthly voucher costs to the costs of a housing asset, as defined by the Joint Legislative Audit and Review Committee report 09-1.

Section 6 requires Commerce to only use existing administrative resources to develop per unit and per project measures to compare past award rounds to current award Housing Trust Fund rounds, document and publicize Housing Trust Fund efforts cost reduction and cost effectiveness measures, track and report project costs, require developers to submit audited final certifications of Housing Trust Fund development costs and a comparison with the project cost to vouchers, maximize the number of rent-burdened people served per dollar spent, move to reduce waiting lists for housing, ensure that voucher funds are used in private rental projects with less than 20 units, and provide vouchers for as long as necessary , as opposed to time-limited.

Sections 7 and 8 require Commerce to include a life-cycle cost analysis in the process of evaluating Housing Trust Fund proposals, annually report to the Legislature and the Office of Financial Management a description of the process and criteria used to allocate funds, and detail who received the funds, and collect, compile, and report the Legislature and the Office of Financial Management information from local governments for funds collected under RCW 36.22.178 and 36.22.1791 including a description of the process and criteria used to allocate funds, and details on how the funds were used.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

None

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 1

ASSUMPTIONS: Since historically half of these funds are passed through to communities for use in either emergency shelter or short-term rental assistance, this requirement would be met by restricting the use of at least \$3.1 million per biennium of those funds to support the operations of emergency shelters. Communities that now choose to limit the time rent assistance is provided to homeless persons would be required to provide rent assistance for as long as the recipient was very-low income, based on the requirement in Section 6(h), and rent subsidy calculations would have to comply with federal regulations as required in Section 4. This would require the addition of two budget line items to Commerce contracts with the 33 local housing providers, require Commerce and contractors to implement policies and rules regarding permanent rent assistance, and would increase associated contract accounting and monitoring workloads.

FTE Salaries and Benefits:

Commerce estimates 0.2 FTE Commerce Specialist 3 to develop policy, setup contracts, process contract payments, and monitor the contracts.

FY12-17: 0.2 FTE and \$16,799 each fiscal year.

Goods and Services:

FY12-17: \$6,284 each fiscal year
-standard G&S: \$6,284

Note: Standard goods and services costs include supplies and materials, employee development and training, mandatory state seat of government and Department of Personnel charges, and Commerce agency administration. Commerce administration provides general standard governmental services including, but not limited to: budgeting, accounting, payroll, and purchasing services; personnel and employee services; internal information technology systems, desktop and network support services; facilities management services; public affairs services; policy and risk management services; and other support services.

Sections 2-3

ASSUMPTIONS: Since all of these funds are passed through to communities for use to support time-limited transitional housing operations or short-term rental assistance, this requirement would be met by reducing existing emergency shelter and transitional housing (ESHP and THOR) by \$8.32 million per biennium, and putting the funds into a new permanent housing voucher program. Communities that now choose to limit the time rent assistance is provided to homeless persons would be required to provide rent assistance for as long as the recipient was very-low income, based on the requirement in Section 6(h), and rent subsidy calculations would have to comply with federal regulations as required in Section 4. Sections 2 and 3 would require the addition of two budget line items to Commerce contracts with the 33 local housing providers, and would increase associated contract accounting and monitoring workloads.

FTE Salaries and Benefits:

Commerce estimates 0.2 FTE Commerce Specialist 3 to develop policy, setup contracts, process contract payments,

and monitor the contracts.

FY12-17: 0.2 FTE and \$16,799 each fiscal year.

Goods and Services (G&S):

FY12-17: \$6,284 each fiscal year

-standard G&S: \$6,284

Section 6

ASSUMPTIONS: As required by subsection (2) of this section, the costs associated with the implementation of these new administrative and reporting requirements must be provided within existing resources. Estimates for those costs are shown here, but are NOT INCLUDED in the expenditure detail of this fiscal note. The requirement in subsection (2) will require an equivalent reduction in funds already appropriated and budgeted for other program services.

FTE Salaries and Benefits:

FY 12-17: \$83,995 each fiscal year

Goods and Services (G&S):

FY12-17: \$36,169 each fiscal year

-standard G&S: \$31,419

-space and utilities: \$4,750

-non standard: \$0

Capital Outlays:

FY 12: \$3,300 (includes workstation, office chair, computer, printer and monitor and telephone Standard Office)
Workstation

FY 15: \$974 (includes replacement of computers and monitors)

Sections 7 and 8

FTE Salaries and Benefits:

Commerce estimates 2.0 FTE Commerce Specialist 3 to assist applicants in the preparation of life-cycle analyses of their proposed projects and the submission of that data with their applications, to compile data on life-cycle analysis from the applications and reports by the county auditors, and to prepare the annual reports to the Legislature and OFM.

FY12-17: \$167,990 each fiscal year.

Personal Services Contract

Commerce estimates it would take 180 hours of consultant time at \$173 an hour to integrate and adapt the JLARC life cycle spreadsheets into to the Housing Trust Fund application and policies, train Commerce staff on the appropriate use of the tool, and provide consultation to Commerce staff during the first funding round the tool is used

FY12: \$31,140 (180 hours @ \$173 per hour).

Goods and Services:

FY12-17: \$74,238 each fiscal year

-standard G&S: \$62,839

-space and utilities: \$11,399

Capital Outlay:

FY12: \$6,600 (includes workstation, office chair, computer, printer and monitor and telephone)

FY15: \$1,984 (includes replacement of computers and monitors)

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2012	FY 2013	2011-13	2013-15	2015-17
FTE Staff Years	2.7	2.7	2.7	2.7	2.7
A-Salaries and Wages	155,376	155,376	310,752	310,752	310,752
B-Employee Benefits	46,212	46,212	92,424	92,424	92,424
C-Personal Service Contracts	31,140		31,140		
E-Goods and Services	86,806	86,806	173,612	173,612	173,612
G-Travel					
J-Capital Outlays	6,600		6,600	1,948	
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$326,134	\$288,394	\$614,528	\$578,736	\$576,788

III. B - Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2012	FY 2013	2011-13	2013-15	2015-17
Commerce Specialist 3	64,740	2.4	2.4	2.4	2.4	2.4
Various Administrative Services	55,478	0.3	0.3	0.3	0.3	0.3
Total FTE's	120,218	2.7	2.7	2.7	2.7	2.7

III. C - Expenditures By Program (optional)

Program	FY 2012	FY 2013	2011-13	2013-15	2015-17
Agency Administration (100)	70,557	70,557	141,114	141,114	141,114
Community Services and Housing (3A0)	255,577	217,837	473,414	437,622	435,674
Total \$	326,134	288,394	614,528	578,736	576,788

Part IV: Capital Budget Impact

NONE

None

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None