

Multiple Agency Fiscal Note Summary

Bill Number: 5279 SB	Title: Housing/revenue source
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Estimated Cash Receipts

Agency Name	2021-23			2023-25			2025-27		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Commerce	0	0	292,000,000	0	0	292,000,000	0	0	292,000,000
Total \$	0	0	292,000,000	0	0	292,000,000	0	0	292,000,000

Agency Name	2021-23		2023-25		2025-27	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2021-23				2023-25				2025-27			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Commerce	7.8	0	0	292,000,000	7.8	0	0	292,000,000	7.8	0	0	292,000,000
Total \$	7.8	0	0	292,000,000	7.8	0	0	292,000,000	7.8	0	0	292,000,000

Agency Name	2021-23			2023-25			2025-27		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2021-23			2023-25			2025-27		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Breakout

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<div> <div>Prepared by:</div> <div>Gwen Stamey, OFM</div> </div>	<div> <div>Phone:</div> <div>(360) 902-9810</div> </div>	<div> <div>Date Published:</div> <div>Final 2/19/2021</div> </div>
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Individual State Agency Fiscal Note

Bill Number: 5279 SB	Title: Housing/revenue source	Agency: 090-Office of State Treasurer
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Operating Expenditures from:

NONE

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: Brandon Popovac	Phone: 360-786-7465	Date: 01/18/2021
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 01/21/2021
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 01/21/2021
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 01/21/2021

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.

SB 5279 creates an additional revenue source for the affordable housing for all account, the landlord mitigation program account, and the home security fund account. The general fund is the recipient of the earnings from investments for all three accounts under RCW 43.84.092(4).

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.

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable.

There may be an impact on the debt service limitation calculation. Any change to the earnings credited to the general fund will change, by an equal amount, general state revenues.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5279 SB	Title: Housing/revenue source	Agency: 103-Department of Commerce
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Part I: Estimates



No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2022	FY 2023	2021-23	2023-25	2025-27
Home Security Fund Account-State 10B-1	135,780,000	135,780,000	271,560,000	271,560,000	271,560,000
Affordable Housing for All Account-State 12C-1	7,300,000	7,300,000	14,600,000	14,600,000	14,600,000
Landlord Mitigation Program Account-Non-Appropriated 22S-6	2,920,000	2,920,000	5,840,000	5,840,000	5,840,000
Total \$	146,000,000	146,000,000	292,000,000	292,000,000	292,000,000

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	7.8	7.8	7.8	7.8	7.8
Account					
Home Security Fund Account-State 10B-1	135,780,000	135,780,000	271,560,000	271,560,000	271,560,000
Affordable Housing for All Account-State 12C-1	7,300,000	7,300,000	14,600,000	14,600,000	14,600,000
Landlord Mitigation Program Account-Non-Appropriated 22S-6	2,920,000	2,920,000	5,840,000	5,840,000	5,840,000
Total \$	146,000,000	146,000,000	292,000,000	292,000,000	292,000,000

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: Brandon Popovac	Phone: 360-786-7465	Date: 01/18/2021
Agency Preparation: Tedd Kelleher	Phone: 360-725-2930	Date: 01/29/2021
Agency Approval: Joyce Miller	Phone: 360-725-2710	Date: 01/29/2021
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 01/29/2021

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 creates a new \$100 surcharge for each document recorded by county auditors, with some documents exempted. The funds are divided as follows: five percent into the Affordable Housing for All Account for operating, maintenance and services costs of permanent supportive housing; two percent into the Landlord Mitigation Account; and the balance of ninety-three percent to the Home Security Fund Account for eviction prevention rental assistance, project-based vouchers for nonprofit housing providers, foreclosure prevention services, dispute resolution center eviction prevention services, rental assistance for people experiencing homelessness, and tenant education and legal assistance.

Section 2 creates an eviction prevention rental assistance program in the Department of Commerce. The department must prevent evictions by providing resources to households most likely to become homeless or suffer severe health consequences, or both, after an eviction, while promoting equity by prioritizing households, including communities of color, disproportionately impacted by public health emergencies and by homelessness and housing instability.

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.

The department assumes 1,460,000 documents will be recorded with a \$100 surcharge ($1,460,000 \times \$100 = \$146,000,000$) to be distributed as follows:

Affordable Housing For All Account: \$7,300,000 ($\$146,000,000 \times .05 = \$7,300,000$) per fiscal year

Landlord Mitigation Account: \$2,920,000 ($\$146,000,000 \times .02 = \$2,920,000$) per fiscal year

Home Security Account: \$135,780,000 ($\$146,000,000 \times .93 = \$135,780,000$) per fiscal year

Total revenue: \$146,000,000 per fiscal year

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

Provides an additional \$7 million annually for the operating, maintenance and services costs of permanent supportive housing projects. Assuming the additional funds would be awarded to 25 projects. Implementation would require the following:

1.0 FTE Commerce Specialist 3 (2,088 hours FY22-FY27) to create a competitive application, manage a review process and panel, develop grant terms and execute approximately 25 contracts, provide ongoing technical assistance, monitor compliance, pay invoices, and collect and report project outcomes.

Salaries and Benefits:

FY22-FY27: \$104,614 per fiscal year

Goods and Services:

FY22-FY27: \$12,523 per fiscal year

Section 1 also provides funding to the Landlord Mitigation Account which is currently funded through recording fees and received two transfers from the capital budget. No additional staff would be required, assuming the new revenue would be adequate to fulfill applications for landlord mitigation program payments, and future applications over the long term are roughly equal to the current workload of applications.

Beyond prevention rent assistance, Section 1 allows funds to be used for project-based vouchers for nonprofit housing providers, foreclosure prevention services, dispute resolution center eviction prevention services, rental assistance for people experiencing homelessness, and tenant education and legal assistance. Assuming most of funds are appropriated for prevention rent assistance, and the balance of allowable activities generate approximately 25 new contracts in four new distinct programs.

The department estimates the following would be needed:

1.0 FTE Commerce Specialist 3 (2,088 hours FY22-FY27) to provide or build capacity around solicitation, origination, management, and monitoring of project contracts. Assist senior management with drafting legislation, representing the agency, develop policy positions, and coordinating the state's role with respect to the implementation of the program.

Salaries and Benefits:

FY22-27: \$104,614 per fiscal year

Goods and Services:

FY22-27: \$12,523 per fiscal year

Section 2

The eviction prevention rental assistance program is created in the department. Assuming a majority of the new recording fee revenue funds would be appropriated for prevention rent assistance, implementation would need the following:

1.0 FTE Commerce Specialist 3 (2,088 hours FY22-FY27) to build capacity around solicitation, origination, management of project contracts and assist senior management with drafting legislation, representing the agency, developing policy positions, and coordinating the state's role with respect to the implementation of the program.

3.0 FTE Commerce Specialist 2 (6,264 hours FY22-FY27) focused on primary grant management and monitoring for approximately 34 contracts and 90 sub grantee's; to setup, train and support the estimated 270 new users of the Homeless Management Information System entering data regarding an estimated 40,000 households into the system annually. To provide program data analysis, review and work processing payment to vendors. Work will include preparing proposals, and developing monthly reports on the program. The Commerce Specialist 2 will also provide program data analysis, review and work processing payments to vendors. Work will include preparing proposals, and developing monthly reports on the program.

1.0 FTE Commerce Specialist 4 (2,088 hours FY22-FY27) to develop, implement and maintain a performance management system that includes measures, benchmarks, technical assistance, training, a stakeholder advisory group, corrective action plans, and regular outcome reporting. Duties may include representing the agency at

legislative hearing, state or national meetings, negotiate and monitor complex contract with local governments, public and private entities as well as community organizations. Performance requirements would include measures of effectiveness, cost efficiency, and equity.

Salaries and Benefits:

FY22-FY27: \$489,677 per fiscal year

Goods and Services:

FY22-FY27: \$62,546 per fiscal year

Equipment and Capital Outlays

FY22: \$28,000

FY26: \$9,212

Cost estimates include workstation costs in FY22 and laptop replacements in FY26.

Grants, Benefits, Client Services:

FY22: \$144,947,875

FY23-FY25: \$144,975,875

FY26: \$144,966,663

FY27: \$144,975,875

Intra-Agency Reimbursements:

FY22-27: \$237,628 per fiscal year

Note: Standard goods and services costs include supplies and materials, employee development and training, Attorney General costs, central services charges and agency administration. Intra-agency Reimbursement costs (e.g., payroll, HR, IT) are funded under a federally approved cost allocation plan.

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Total Costs:

FY22-FY27: \$146,000,000 per fiscal year

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
10B-1	Home Security Fund Account	State	135,780,000	135,780,000	271,560,000	271,560,000	271,560,000
12C-1	Affordable Housing for All Account	State	7,300,000	7,300,000	14,600,000	14,600,000	14,600,000
22S-6	Landlord Mitigation Program Account	Non-Appropriated	2,920,000	2,920,000	5,840,000	5,840,000	5,840,000
Total \$			146,000,000	146,000,000	292,000,000	292,000,000	292,000,000

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	7.8	7.8	7.8	7.8	7.8
A-Salaries and Wages	507,324	507,324	1,014,648	1,014,648	1,014,648
B-Employee Benefits	191,581	191,581	383,162	383,162	383,162
C-Professional Service Contracts					
E-Goods and Other Services	87,592	87,592	175,184	175,184	175,184
G-Travel					
J-Capital Outlays	28,000		28,000		9,212
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	144,947,875	144,975,875	289,923,750	289,951,750	289,942,538
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	237,628	237,628	475,256	475,256	475,256
9-					
Total \$	146,000,000	146,000,000	292,000,000	292,000,000	292,000,000

III. C - Operating FTE 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 2022	FY 2023	2021-23	2023-25	2025-27
Administrative Services	69,552	0.8	0.8	0.8	0.8	0.8
Commerce Specialist 2	65,928	3.0	3.0	3.0	3.0	3.0
Commerce Specialist 3	76,416	3.0	3.0	3.0	3.0	3.0
Commerce Specialist 4	80,292	1.0	1.0	1.0	1.0	1.0
Total FTEs		7.8	7.8	7.8	7.8	7.8

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB

NONE

None

Part V: New Rule Making Required

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5279 SB	Title: Housing/revenue source
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Indeterminate increase in revenues received through the grants required by this legislation; indeterminate expenditures incurred to manage said grants and disperse the funds received through them
- ☒ Counties: Same as above
- ☒ Special Districts: Same as above
- ☒ Specific jurisdictions only: Grants may only go to eligible organizations as defined by RCW 43.185.060
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☒ Legislation provides local option: Local governments and special districts may choose whether or not to apply for a grant
- ☒ Key variables cannot be estimated with certainty at this time: Number of local governments and special districts who will apply for and/or win grants; exact amount of money that will be won via grants by local governments or special districts in total and the proportion of money won by each type of entity, exact costs incurred by local governments and special districts to apply for grants and manage and execute the services required by the grant

Estimated revenue impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated expenditure impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Part III: Preparation and Approval

Fiscal Note Analyst: David Rosen	Phone: 360-790-3274	Date: 02/18/2021
Leg. Committee Contact: Brandon Popovac	Phone: 360-786-7465	Date: 01/18/2021
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 02/18/2021
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 02/19/2021

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

Section 1 (1) requires that, except as provided in Section 1 (2), a surcharge of \$100 be charged by the county auditor for each document recorded, which is in addition to any charge or surcharge allowed by law. Funds collected via this charge must be remitted to the state treasurer to be deposited and used as follows:

- 5% must be deposited in the affordable housing for all account
- 2% must be deposited into the landlord mitigation program account
- The remainder must be distributed to the home security fund account, with the majority of funds to be used for eviction prevention rental assistance pursuant to Section 2 of this legislation. Additionally, funds may be used for project-based vouchers for nonprofit housing providers, foreclosure prevention services, dispute resolution center eviction prevention services, rental assistance for people experiencing homelessness, and tenant education and legal assistance

Section 1 (2) dictates that the surcharge imposed by Section 1 (1) does not apply to:

- Assignments or substitutions of previously recorded deeds of trust
- Documents recording a birth, marriage, divorce, or death
- Any recorded documents otherwise exempted from a recording fee or additional surcharges under state law
- Marriage licenses issued by the county auditor
- Documents recording a federal, state, county, or city lien or satisfaction of lien

Section 2 (1) creates the eviction prevention rental assistance program within the Department of Commerce (hereafter referred to as Commerce) to prevent evictions by providing resources to households most likely to become homeless or suffer severe health consequences, or both, after an eviction. Commerce must provide grants to eligible organizations, as described in RCW 43.185.060 (Eligible organizations) to provide assistance to program participants. The eligible organizations must use grant moneys for:

- Rental assistance
- Utility assistance for households if needed to prevent eviction
- Administrative costs of the eligible organization, which must not exceed limits prescribed by Commerce

Section 2 (2) outlines households eligible to receive assistance through the eviction prevent rental assistance programs as those:

- With incomes at or below 80% of county area median income;
- Who are families with children, living in doubled up situations, young adults, senior citizens, and others at risk of homelessness or significant physical or behavioral health complications from homelessness; and
- That meet any other eligibility requirements as established by Commerce after consultation with stakeholder groups

Section 2 (3) requires eligible grantees to actively work with organizations rooted in communities of color to assist and serve marginalized populations within their communities. At least 10% of the grant total must be sub granted to organizations that serve and are substantially governed by marginalized populations to pay the costs associated with program outreach, assistance completing applications for assistance, and related costs.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

This legislation would have indeterminate impacts on local government and special district expenditures.

Section 2 (1) dictates that Commerce must provide grants to eligible organizations as described in RCW 43.185.060. Per that RCW section, eligible organizations do include local governments as well as local housing authorities, which are classified as special districts. Therefore, this legislation does create the possibility of local governments and special districts being awarded these grants that will be distributed by Commerce.

GRANT APPLICATION COSTS:

If local governments or special districts choose to pursue a grant award, they will expend personnel hours and therefore incur salary and other related costs applying for this grant. The 2021 Local Government Fiscal Note Program Unit Costs Model estimates these aforementioned costs can range between \$10,000 and \$20,000 when preparing a sufficient grant application. However, at this time it is unknown how many local governments or special districts will apply for these grants or what the proportion of city to county to special district applicants will be. Therefore, total grant application costs cannot be estimated.

GRANT RECIPIENT COSTS:

Any local government or special district that wins a grant award will be required to use monies awarded for rental assistance , utility assistance to prevent eviction, or to cover administrative costs not exceeding amounts to be prescribed by Commerce . It is reasonable to assume that local governments and special districts who undertake said these operations and monies dispersal will incur new costs in their operation and execution. However, costs incurred will vary entity to entity and therefore reliable estimation of their total and/or proportion split between cities, counties, and special districts is infeasible.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments , identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

This legislation would have indeterminate impacts on local government and special district revenues .

As discussed in the expenditure impact section, local governments and special districts such as local housing authorities are considered eligible organizations for applying for these grants. Per Commerce’s fiscal note, there will be an estimated \$144,947,875 made available in the form of grants, benefits, and client services from FY22 forward. However, at this time there is no information that can be used to reliably estimate what proportion of those monies will be granted to local governments and special districts in total and , of the money potentially granted to local governments and special districts, what proportion will be split between cities, counties, and special districts. Therefore, the revenue impacts of this legislation are indeterminate.

SOURCES:

2021 Local Government Fiscal Note Program Unit Costs Model

Department of Commerce Fiscal Note – SB 5279 (2021)

Municipal Research Services Center – Washington Special Purpose Districts Overview