Multiple Agency Fiscal Note Summary

Bill Number: 1277 2S HB PL	**Title:** Housing/revenue source

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	10.1	0	0	292,000,000	10.1	0	0	292,000,000	10.1	0	0	292,000,000
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total $	**10.1**	**0**	**0**	**292,000,000**	**10.1**	**0**	**0**	**292,000,000**	**10.1**	**0**	**0**	**292,000,000**

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
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Total $	**0.0**	**0**	**0**	**0.0**	**0**	**0**	**0.0**	**0**	**0**

Estimated Capital Budget Breakout

Prepared by: Gwen Stamey, OFM	Phone: (360) 902-9810	Date Published: Final 5/12/2021

Individual State Agency Fiscal Note

Bill Number: 1277 2S HB PL	Title: Housing/revenue source	Agency: 090-Office of State Treasurer

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:		Phone:	Date: 04/28/2021
Agency Preparation:	Dan Mason	Phone: (360) 902-8990	Date: 04/28/2021
Agency Approval:	Dan Mason	Phone: (360) 902-8990	Date: 04/28/2021
OFM Review:	Ramona Nabors	Phone: (360) 902-0547	Date: 04/29/2021

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.

E2SHB 1277 PL 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

Revised

Bill Number: 1277 2S HB PL	Title: Housing/revenue source	Agency: 103-Department of Commerce

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	110,960,000	110,960,000	221,920,000	227,760,000	227,760,000
Affordable Housing for All Account-State 12C-1	29,200,000	29,200,000	58,400,000	58,400,000	58,400,000
Landlord Mitigation Program Account-Non-Appropriated 22S-6	5,840,000	5,840,000	11,680,000	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	10.1	10.1	10.1	10.1	10.1
Account					
Home Security Fund Account-State 10B-1	110,960,000	110,960,000	221,920,000	227,760,000	227,760,000
Affordable Housing for All Account-State 12C-1	29,200,000	29,200,000	58,400,000	58,400,000	58,400,000
Landlord Mitigation Program Account-Non-Appropriated 22S-6	5,840,000	5,840,000	11,680,000	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:

- [X] 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:		Phone:	Date: 04/28/2021
Agency Preparation:	Tedd Kelleher	Phone: 360-725-2930	Date: 05/03/2021
Agency Approval:	Joyce Miller	Phone: 360-725-2710	Date: 05/03/2021
OFM Review:	Gwen Stamey	Phone: (360) 902-9810	Date: 05/12/2021

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 .

Differences between this bill version and previous E2SSB 1277 :

Section 4 requires the Department of Commerce (department) to condition 15% of the funding to counties on success meeting performance measures.

Sections 7-10 exempt water-sewer district and wage liens from existing affordable housing and homelessness document surcharges.

Summary of E2SHB 1277.PL bill:

Section 1 creates a new $100 surcharge for each document recorded by county auditors, with some documents exempted. The funds are divided as follows: 20% into the Affordable Housing for All Account for operating, maintenance and services costs of permanent supportive housing; four percent into the Landlord Mitigation Account from July 2021 through June 2023, and two percent thereafter; and the balance of 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. Requires 60% of the funds remitted to the Home Security Fund Account be used to fund project-based vouchers, rapid rehousing, acquisition, and emergency housing, with a priority given to housing people who are chronically homeless. Requires that at least 50% of people housed with project-based vouchers, rapid rehousing, and housing acquired via acquisition are unsheltered when first engaged.

Section 2 creates an eviction prevention rental assistance program in the Department. 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.

Section 3 requires the department to annually provide county levels reports on the number of people served, broken out by subpopulation, and spending for each activity funded under the bill.

Section 4 requires the department to work with stakeholders to create performance metrics for counties that measure actions to reduce homelessness within a county's control, such as the number of permanent supportive housing units and non-congregate shelter beds added. The department would develop corrective action plans with counties that do not meet the performance requirements for two years, and if after two additional years the county does not meet the performance metrics the department could reduce funding to the non-compliant county by 15%.

Section 5 expands the allowable uses of Affordable Housing for All Account funds to include operations, maintenance, and services.

Section 6 requires the department to contract with the William D. Ruckelshaus Center (center) to conduct a stakeholder-engaged situation assessment regarding trends affecting, and policies guiding, the housing and services provided to individuals and families who are or at risk of homelessness in Washington. The center must also facilitate meetings and discussions to develop and implement a long-term strategy to improve services and outcomes for persons at risk or experiencing homelessness and develop pathways to permanent housing solutions. A report outlining stakeholder concerns, barriers, opportunities and desired principles for a long-term strategy to improve the outcomes and services for persons at risk or experiencing homelessness is due December 1, 2021. A separate report to identify root causes of housing instability and homelessness within Washington State is due December 1, 2022. A third report identifying options and recommendations for a long-term strategy to improve outcomes for those at risk or experiencing homelessness is due December 1, 2023.

Sections 7-10 exempt water-sewer district and wage liens from existing affordable housing and homelessness document surcharges.

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 of Commerce assumes 1,460,000 documents will be recorded with a $100 surcharge (1,460,000 X $100 = $146,000,000) to be distributed as follows:

FY22-FY27:
Affordable Housing For All Account: $29,200,000 ($146,000,000 X .20=$29,200,000) per fiscal year.

FY22-FY23:
Landlord Mitigation Program Account $5,840,000 ($146,000,000 X.04=$5,840,000) per fiscal year FY22-FY23.
Home Security Account: $110,960,000 ($146,000,000 X .76 $110,960,000) per fiscal year FY22-FY23.

FY24-FY27:
Landlord Mitigation Program Account $2,920,000 ($146,000,000 X .02=$2,920,000) per fiscal year FY24-FY27
Home Security Account: $113,880,000 ($146,000,000 X .78=$113,880,000) per fiscal year FY24-FY27.
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 $29.2 million annually for the operating, maintenance and services costs of permanent supportive housing projects. Assuming the additional funds would be awarded to 30 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

Equipment and Capital Outlays:
FY22: $4,000
FY26: $1,316
Include workstation in FY22 and laptop replacement in FY26.

Grants, Benefits, Client Services:
FY22: $28,325,891
FY23: $28,319,891

FY24: $28,665,456
FY25: $29,047,294
FY26: $29,045,978
FY27: $29,047,294

Intra-agency Reimbursements:
FY22-FY27: $35,569 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.

Grants, Benefits, Client Services:
FY22-FY23: $5,840,000 per fiscal year
FY24-FY27: $2,920,000 per fiscal year

Beyond prevention rent assistance, Section 1 allows funds to be used for project-based vouchers for nonprofit housing providers, emergency housing, acquisition, foreclosure prevention services, dispute resolution center eviction prevention services, rental assistance for people experiencing homelessness, and tenant education and legal assistance. The balance of activities beyond prevention rent assistance would generate approximately 50 new contracts in five new distinct programs.

The department estimates the following would be needed:

2.0 FTE Commerce Specialist 3 (4,176 hours) in FY22-FY27 to provide or build capacity around solicitation, origination, management, monitoring of project contracts, and required annual reporting. 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-FY27: $209,228 per fiscal year

Goods and Services:
FY22-FY27: $25,046 per fiscal year

Equipment and Capital Outlays:
FY22: $8,000
FY26: $2,632
Include workstations in FY22 and laptop replacements in FY26.

Grants, Benefits, Client Services:
FY22: $65,178,486
FY23: $65,200,772
FY24: $66,938,867
FY25: $66,938,867
FY26: $66,931,535
FY27: $66,938,867

Intra-agency Reimbursements:
FY22-FY27: $71,138 per fiscal year

Section 2
The Eviction Prevention Rental Assistance Program is created in the department. Implementation would require the following:

2.0 FTE Commerce Specialist 2 (4,176 hours) FY22-FY27 focused on primary grant management and monitoring for approximately 34 contracts and 50 sub grantee's: to setup, train and support the estimated 200 new users of the Homeless Management Information System entering data regarding an estimated 20,000 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 Specialists 2 will also provide program data analysis, review and work processing payments to vendors. Work will include preparing proposals, and developing monthly and annual reports on the program.

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.

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: $397,758 per fiscal year

Goods and Services:
FY22-FY27: $50,049 per fiscal year

Equipment and Capital Outlays
FY22: $16,000
FY26: $5,264
Include workstations in FY22 and laptop replacements in FY26.

Grants, Benefits, Client Services:
FY22: $44,543,053
FY23: $44,552,767
FY24: $45,734,672
FY25: $45,734,672
FY26: $45,731,476
FY27: $45,734,672

Intra-Agency Reimbursements:
FY22-FY27: $135,238 per fiscal year

Section 3
Required reporting would be carried out by the staff described in previous sections, and the clarifications do not change the fiscal impact compared to the previous version.

Section 4 requires the department to work with stakeholders to create performance metrics for counties that measure actions to reduce homelessness within a county's control, and develop corrective action plans with counties that do not meet the performance requirements. Developing the performance metrics would require at least six meetings of the advisory group defined in the bill, plus research and other preparation prior to each meeting. To prevent non-compliance with performance metrics, the department would develop and deliver trainings on best practices covering at least six topic areas, each training topic delivered at least once per year via web meeting. Based on historic data, at least 14 counties would not have been in compliance last biennium with measures that influence reductions in homelessness. The department workload associated with noncompliant counties would include quarterly check-ins with counties at-risk missing performance targets, developing corrective action plans for counties in corrective action in cooperation with local housing providers and executive leadership that include detailed work plans and additional reporting and monitoring requirements, monthly monitoring of progress and meeting with counties in corrective action, and development of public annual reports describing compliance with performance metrics and corrective action plans.

2.0 FTE Commerce Specialist 4 FY22-FY27 to work with counties (seven counties assigned to each position) to prevent non-compliance and manage the high profile and high stakes corrective action plans that determine county funding amounts and public perception of county competence addressing homelessness. Including monthly monitoring of progress, meetings with counties in corrective action and development of public annual reports describing compliance with performance metrics and corrective action plans.

Salaries and Benefits:
FY22-FY27: $218,611 per fiscal year

Goods and Services:
FY22-FY27: $25,065 per fiscal year

Equipment and Capital Outlays
FY22: $8,000
FY26: $2,632
Include workstations in FY22 and laptop replacements in FY26.

Intra-agency Reimbursements:
FY22-FY27: $74,328 per fiscal year

Section 6
The department will be contracting with the center to produce the three reports required under this section. It will be managed by existing department staff. The department has reached out to the center for the costs associated with the report contracts and costs have been included accordingly.

Sections 7-10 exempt water-sewer district and wage liens from existing affordable housing and homelessness document surcharges, which would have a small and indeterminate impact on recording surcharge revenue.

Professional Service Contracts:
FY22: $717,403
FY23: $727,403
FY24: $381,838

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.

==============================
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	110,960,000	110,960,000	221,920,000	227,760,000	227,760,000
12C-1	Affordable Housing for All Account	State	29,200,000	29,200,000	58,400,000	58,400,000	58,400,000
22S-6	Landlord Mitigation Program Account	Non-Appropriated	5,840,000	5,840,000	11,680,000	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	10.1	10.1	10.1	10.1	10.1
A-Salaries and Wages	678,396	678,396	1,356,792	1,356,792	1,356,792
B-Employee Benefits	251,815	251,815	503,630	503,630	503,630
C-Professional Service Contracts	717,403	727,403	1,444,806	381,838	
E-Goods and Other Services	112,683	112,683	225,366	225,366	225,366
G-Travel					
J-Capital Outlays	36,000		36,000		11,844
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	143,887,430	143,913,430	287,800,860	288,899,828	289,269,822
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	316,273	316,273	632,546	632,546	632,546
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	1.1	1.1	1.1	1.1	1.1
Commerce Specialist 2	65,928	2.0	2.0	2.0	2.0	2.0
Commerce Specialist 3	76,416	4.0	4.0	4.0	4.0	4.0
Commerce Specialist 4	80,292	3.0	3.0	3.0	3.0	3.0
Total FTEs		10.1	10.1	10.1	10.1	10.1

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

Department of Revenue Fiscal Note

Bill Number: 1277 2S HB PL	Title: Housing/revenue source	Agency: 140-Department of Revenue

Part I: Estimates

[X] **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated 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).

[X] Capital budget impact, complete Part IV.

[ ] Requires new rule making, complete Part V.

Legislative Contact:		Phone:	Date: 04/28/2021
Agency Preparation:	Beth Leech	Phone: 360-534-1513	Date: 05/04/2021
Agency Approval:	Don Gutmann	Phone: 360-534-1510	Date: 05/04/2021
OFM Review:	Ramona Nabors	Phone: (360) 902-0547	Date: 05/12/2021

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.

Note: This fiscal note reflects language in 2SHB 1277 as passed in the 2021 Legislative Session.

This bill creates a new $100 fee charged by county auditors for document recording. The revenues from this fee are deposited in the affordable housing for all account, the landlord mitigation program account, and the home security fund account.

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.

This legislation results in no revenue impact to taxes administered by the Department of Revenue.

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

The Department of Revenue will not incur any costs with the implementation of this legislation.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

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

NONE

III. C - 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 dexcribe potential financing methods

NONE

None.

Part V: New Rule Making Required

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1277 2S HB PL	**Title:** Housing/revenue source

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- [X] Cities:
- [X] Counties:
- [ ] Special Districts:
- [ ] Specific jurisdictions only:
- [ ] Variance occurs due to:

Part II: Estimates

- [ ] No fiscal impacts.
- [ ] Expenditures represent one-time costs:
- [ ] Legislation provides local option:
- [X] Key variables cannot be estimated with certainty at this time: Which jurisdictions will receive grants

Estimated revenue impacts to:

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

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Emily Strange	Phone: (360) 890-1048	Date: 04/29/2021
Leg. Committee Contact:	Phone:	Date: 04/28/2021
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 04/29/2021
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 05/12/2021

Part IV: Analysis

A. SUMMARY OF BILL

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

CHANGES FROM PREVIOUS VERSION:
Section 4(2) adds that the Department of Commerce must develop affordable housing and homelessness reduction performance metrics for each county receiving funding. The Department of Commerce must award funds based off of these metrics, depending on if they meet the requirements or not. If the county meets or exceeds these targets, they receive the remaining 15% performance-based allocation. If the county does not meet these targets, they undertake corrective actions.

Sections 7, 8, 9 and 10 add water-sewer district liens as exempt from the surcharge.

SUMMARY OF CURRENT BILL:
SECTION 1: Adds an additional $100 to the document recording fee. 20% of these funds must be deposited in the affordable housing for all account. From July 1, 2021 through June 30, 2023, four percent of the funds must deposited into the landlord mitigation program account, afterwards 2% of these funds must be deposited in the landlord mitigation program account, and the remainder must be distributed to the home security fund account. 60% of the remaining funds are to be used for project-based vouchers for nonprofit housing providers and related services and rapid rehousing and acquisition. These funds can also be used for eviction prevention assistance.

This doesn't apply assignments or substitutions of previously recorded deeds of trust; documents recording a birth, marriage, divorce, or death; marriage licenses issued by county auditor; documents recording a federal, state, county, or city lien or satisfaction of a lien; or any recorded documents otherwise exempted from a recording fee.

SECTION 2: Creates an eviction assistance program to provide resources to folks most likely to become homeless or suffer severe health consequences after an eviction in the Department of Commerce. The department must provide grants to eligible organizations. These organizations must use the money for rental assistance, utility assistance, activities that directly support the goal of improving access to rent assistance for people of color; and/or their administrative costs.

Eligibility requirements for households are as follows:
-- Income is at or below 80% area median income (AMI)
-- Must be one or more of the following: Families with children, living in doubled up situations, young adults, senior citizens, and others at risk of homelessness or health consequences from homelessness
-- Meet other eligibility requirements established by the Department of Commerce after consultation with stakeholder groups

At least 10% of the grant total must be subgranted to organizations that serve and are substantially governed by marginalized populations. The Department of Commerce must consult with stakeholder groups before granting an exemption. Exemption eligibility requirements are:
-- They are unable to subgrant with an organization that is substantially governed by marginalized populations or,
-- They must provide Department of Commerce with plan to spend 10% of grant total that improves racial equity more effectively than a subgrant.

The Department of Commerce must develop benchmarks that promote equitable program access and outcomes with stakeholders, including local governments that administer homeless assistance.

The grant funds must be proportional to the amount of revenue from the provisions of this bill from the county being served by the grantee.

SECTION 4: Edits current code relating to the Home Security Fund to include provisions in this bill. Also adds that the Department of Commerce must develop affordable housing and homelessness reduction performance metrics for each county receiving funding. The Department of Commerce must award funds based off of these metrics, depending on if they meet the requirements or not. If the county meets or exceeds these targets, they receive the remaining 15% performance-based allocation. If the county does not meet these targets, they undertake corrective actions.

SECTION 5: Edits current code relating to the Affordable Housing For All Account to include the provisions in this bill.

SECTION 6: Adds legislative findings stating that affordable housing and homelessness are persistent and increasing problems in Washington State, which has many causes. It also finds that the COVID-19 pandemic has exacerbated these issues. It also requires the Department of Commerce to contract with the William D. Ruckelshaus center to conduct an examination of trends affecting, and policies guiding, the housing and homelessness services provided to individuals and families who are at risk of homelessness.

SECTIONS 7, 8, 9, and 10: Adds water-sewer district or wage liens to the those exempt from the surcharge .

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 bill has no or minimal expenditure impacts upon local governments .

The auditors are expecting to be able to increase the three current surcharges , resulting in no additional expenditure impacts to the auditors. If they do have to treat a portion of this as a new surcharge, it will require a new line on the State A8 for transmittal of funds from the county to the State. It will require minimal initial setup but no significant ongoing maintenance or operational costs .

This is expected to fund eviction prevention programs that are already in place , and therefore wouldn't create any new ongoing costs for local governments. If there are added costs, they are expected to be minimal.

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.

CHANGES FROM PREVIOUS VERSION:
Section 4(2) adds that the Department of Commerce must develop affordable housing and homelessness reduction performance metrics for each county receiving funding. The Department of Commerce must award funds based off of these metrics , depending on if they meet the requirements or not. If the county meets or exceeds these targets, they receive the remaining 15% performance-based allocation. If the county does not meet these targets, they undertake corrective actions.

SUMMARY OF CURRENT REVENUE IMPACTS:
This bill has an indeterminate revenue impact upon local governments .

This program creates grants that will be distributed to nonprofits and local governments for eviction prevention , landlord mitigation, and ongoing costs of permanent supportive housing, with the funds being distributed proportionally to how much the revenue the county puts into the accounts, except for the performance-based allocation. The Department of Commerce estimates that this program will bring in $146,000,000 in each fiscal year through 2027. However, not all of this will go directly to local governments, as the grants will be distributed by the Department of Commerce to non-profits as well. Therefore, the revenue impact is indeterminate.

SOURCES
Spokane County Auditor's Office
Association of Washington Cities
Washington Association of Counties
Kitsap County Department of Human Services
Local Government Fiscal Note Program Fiscal Note HB 1570 (2018)