

Memo

To: King County Affordable Housing Committee Members
From: McCaela Daffern, Regional Affordable Housing Implementation Manager
cc: Housing Interjurisdictional Team
Date: May 14, 2021
Re: State Legislative Priorities Update

Background

The Affordable Housing Committee (the AHC or Committee) adopted 2021 State Legislative Priorities in January 2021. At the March 24 AHC meeting, members were briefed on priorities still under consideration by the state legislature. The 2021 State legislative session closed on April 25. This table summarizes the final status of bills of interest to the AHC.

2021 Bill Tracker

AHC Priority	Bill #s and Final Status
<p>1. Increase document recording fee to meet demand Increase the document recording fee in an amount necessary to address the unmet demand for Operating, Rental Assistance and Services funds for affordable housing and personal protective equipment (PPE) or retrofitting of congregate shelters to prevent COVID-19 outbreaks. Operating funding needs for over 3,000 current permanent supportive housing units in King County, supported primarily by the document recording fee revenue, are expected to outpace revenue over the next five years. A document recording fee increase (or other dedicated revenue source), with an automatic increase for inflation, would address this imminent gap and preserve access to housing for individuals experiencing chronic homelessness.</p>	<p>HB 1277: Passed Legislature, delivered to governor</p> <ul style="list-style-type: none">• 20% of funds to permanent supportive housing operations, maintenance and services• 4% to landlord mitigation fund (this biennium, then 2%)• Remainder:<ul style="list-style-type: none">○ 60% to project-based vouchers, services, rapid rehousing, emergency housing or acquisition for persons who are chronically homeless○ 50% of those served must be unsheltered○ Eviction prevention rental assistance also allowed after 60% threshold is met
<p>2. Invest \$250 million in the Housing Trust Fund (HTF) The HTF is the state's primary source of financial equity for developing and preserving affordable</p>	<p>Final Capital Budget includes:</p> <ul style="list-style-type: none">• \$175M for the Housing Trust Fund

AHC Priority	Bill #s and Final Status
<p>housing across Washington State. It is a critical source of leverage for housing programs in King County. When the HTF is increased, the region gains additional permanent supportive homeless housing and other affordable homes. The \$250 million request includes \$10 million explicitly for preservation of existing affordable housing at risk of expiring and converting to market rate housing (such as USDA or Project-Based Rental Assistance-financed properties).</p>	<ul style="list-style-type: none"> ○ \$105 M general pool ○ \$44 M programmatic set asides (e.g. preservation) ○ \$16 M project-specific set asides ● \$93.8M for a new Rapid Capital Acquisition fund (primarily serves people experiencing homelessness)
<p>3. Support housing stability, through tenant protections and COVID-19 recovery efforts</p> <p>Pass statewide protections against discriminatory and arbitrary evictions, increase resources for rental assistance and foreclosure prevention, and prevent evictions based on nonpayment of rents due to the COVID-19 economic recession.</p> <ul style="list-style-type: none"> ● Currently, only Seattle, Auburn, Burien, and Federal Way have just cause policies in place that prohibit landlords from evicting tenants for “no cause.” Landlords in the rest of Washington State can terminate a renter’s tenancy for “no cause” as long as they follow the terms of the lease and provide 20 days’ notice. This creates uncertainty for renters, who are at risk of homelessness when they are unable to find a suitable, affordable home they can afford within 20 days. Just cause eviction protections would require that landlords show cause (from an enumerated list) in order to terminate tenancy before the end of a lease. ● Respond to increased housing instability caused by the COVID-19 pandemic through resources for rental assistance and foreclosure prevention and by enacting reasonable protections for tenants impacted by COVID-19 following the expiration of the eviction moratorium. Increase funding for foreclosure counselors and extend the Foreclosure Fairness Act to small landlords. ● Manufactured housing communities provide a unique type of affordable housing that is challenging to replace when lost. Support efforts to preserve manufactured housing communities. When preservation is not feasible, support manufactured homeowners and tenants through updated manufactured home (mobile home) relocation reimbursements and notice requirements. Make it easier for manufactured home park tenants to maintain 	<p>HB 1277 SB 5160</p> <ul style="list-style-type: none"> ● Eligible tenants facing eviction have the right to counsel. Tenants are eligible if they are 200% or below the federal poverty level or receive certain public benefits ● Landlords must offer payment plans that can't exceed 1/3 month’s rent for rent accrued between 3/1/2020 and 6 months after moratorium expiration ● Creates Eviction Resolution Pilot, which is a partnership between dispute resolution centers and the courts to use mediation as an alternative to eviction ● Allows landlords to apply for up to \$15K if a tenant abandons unit and has unpaid rent from 3/1/2020 to 6 months after moratorium. Landlord must forgive any remaining unpaid rent ● Current eviction moratorium ends on June 30, 2021 <p>HB 1236</p> <ul style="list-style-type: none"> ● Landlords cannot evict tenants without “just-cause” (e.g. nonpayment of rent, landlord moving into unit, etc.), except if initial lease term was 12-months and subsequent lease terms are between 6-12 months, a landlord can terminate with a 60 day no-cause notice ● Notices to terminate must provide all info known to the landlord at the time of the notice so tenant can defend themselves ● If a tenant permanently vacates for a reason other than the landlord

AHC Priority	Bill #s and Final Status
<p>housing stability by increasing both the amount of relocation assistance and tenant notice protections, particularly for park closures, to better reflect market realities.</p> <ul style="list-style-type: none"> • Pass the Housing Justice Act to ban discrimination against renters based on a prior criminal record (SB 6490/HB 2878 from 2020). 	<p>terminating the tenancy (such as death, deportation, etc.), the remaining occupants can apply to take over the rental agreement</p>
<p>4. Make existing revenue sources more responsive to local needs</p> <p>The King County Affordable Housing Committee estimates it will cost approximately \$20 billion to construct or preserve, operate, and service 44,000 homes affordable at 0-50% Area Median Income (AMI) between 2019 and 2024 in order to make significant progress toward the region’s goal to ensure that no household pays more than 30% of its income on housing by 2044.</p> <p>Greater flexibility is needed in two current revenue options to ensure the King County region has a diverse stock of affordable homes and serves people experiencing homelessness and at-risk of homelessness:</p> <ul style="list-style-type: none"> • Allow the Councilmanic 0.1% sales tax option (RCW 82.14.530) to be used for property acquisition (not just construction) to support a speedy response to chronic homelessness and affordable housing needs. • Update the allowable populations for lodging taxes and affordable housing/ behavioral health sales taxes to more effectively meet local housing needs: <ul style="list-style-type: none"> ○ Remove the 30% AMI floor on housing related lodging tax revenue expenditures; ○ Permit lodging tax funds to support capital for youth service space; ○ Clarify that affordable housing sales tax funding can support housing for homeless single adults; and ○ Allow affordable housing sales tax funding to support existing units of affordable housing, not just new ones. 	<p>HB 1070</p> <p>Passed and signed by the Governor</p> <ul style="list-style-type: none"> • Revises Local 0.1% Sales and Use Tax Option (2020 SHB 1590) <ul style="list-style-type: none"> ○ Allows property acquisition ○ Allows to serve homeless single adults ○ County must provide opportunity for 15% of units to serve individuals w/ ties to city where facility is located • Revises Hotel Motel Lodging Tax <ul style="list-style-type: none"> ○ Allows to be used for 0-30% AMI housing and homeless youth housing and service space
<p>5. Maintain funding for ABD/HEN participants</p> <p>The Housing & Essential Needs (HEN) and Aged, Blind, and Disabled (ABD) programs help provide housing stability for people with disabilities and those experiencing homelessness. A much-needed</p>	<p>Final Operating Budget maintains ABD/ HEN increase</p>

AHC Priority	Bill #s and Final Status
<p>increase to HEN occurred in 2020. For 2021-22, the Commerce Department proposed cutting back HEN funding to 2017-19 levels. This proposal would reduce funding in King County by an estimated \$8 million and eliminate services for approximately 640 residents. Washington State must maintain these critical supports at 2020 levels.</p>	
<p>6. Update the Washington Growth Management Act (GMA) to better meet housing need Update the Washington GMA to advance affordable housing solutions in jurisdictions throughout Washington State through the comprehensive planning process. Updates specifically related to affordable housing include changes that would require jurisdictions planning under the GMA to:</p> <ul style="list-style-type: none"> • Update their comprehensive plans' housing elements to plan for a diversity of housing types and income levels, including subsidized housing, supportive housing, moderate density housing, and transitional housing; • Identify the funding gap needed to address the housing need at 60% and below of area median income and potential opportunities to address that funding gap, including state and federal funding; • Identify and address policies and regulations that have resulted in racial bias and exclusion in housing; • Incorporate anti-displacement practices and policies in land use changes in high risk of displacement communities; and • Allow emergency housing, permanent supportive housing, and emergency shelters in multi-family, commercial, and mixed-use zones where short-term rentals are allowed. 	<p>HB 1220 Passed Legislature, delivered to governor</p> <ul style="list-style-type: none"> • Adds new planning requirements for comprehensive plans related to: <ul style="list-style-type: none"> ○ Moderate density housing options ○ Zoned capacity for affordable housing, shelter and permanent supportive housing ○ Racially disparate housing outcomes ○ Displacement ○ Proactive action on racially disparate housing outcomes ○ Actions needed to achieve housing affordability • Encourages actions to accommodate accessory dwelling units • Jurisdictions may not prohibit permanent supportive housing wherever housing and hotels are allowed • Jurisdictions may not prohibit indoor emergency housing or indoor emergency shelter in any zones where hotels are allowed, except with an adopted ordinance authorizing indoor emergency shelters and indoor emergency housing in a majority of zones within a 1-mile proximity to transit

Other Legislation:

[HB 5287](#) – Multifamily Tax Exemption (MFTE) Expansion

Passed Legislature, delivered to governor

- Allows King County to implement MFTE in unincorporated urban areas
- Creates a new 20-year exemption program
- Allows buildings to extend the MFTE for an additional 12 years if the project meets local affordability requirements
- Sunsets the MFTE program for new projects in 2032