



**Office of the City Attorney  
City of Yakima**

**MEMORANDUM**

September 17, 2021

TO: Bob Harrison, City Manager

FROM: Sara Watkins, City Attorney

SUBJECT: State Funding through Recording Fees for Housing for Persons Experiencing Homelessness

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This memo is intended to provide an overview of the various funding mechanisms put in place for housing for persons experiencing homelessness, maintenance, operation and services, primarily with regards to money collected through surcharges on auditor office filing fees.

The State, through state statute, requires the county auditor to add surcharges onto the document recording fee that goes towards services for people experiencing homelessness, including housing. Document recording fees are paid to the county when there is a transfer of ownership in real property, when a party files a lien against a property, or when easements or covenants are filed. There are other documents that are filed with the auditor, but these are the most common. Each time a document is filed, the surcharges are collected.

a. RCW 36.22.178: Affordable Housing For All Surcharge (the "2040" money)

Pursuant to RCW 36.22.178, \$13.00 is charged by the county auditor for each recorded document. RCW 36.22.178(1). Pursuant to RCW 36.22.178(2), this money can be used for the following:

1. Acquisition, construction or rehabilitation of housing projects or units that are affordable to very-low income households (at or below 50% of the area median income);
2. Supporting building operation or maintenance costs of projects affordable to very-low income households;

3. Rental assistance vouchers for units that are affordable to very-low income households, which must be administered by a local public housing authority or other local organization that has an existing rental assistance voucher program; or
4. Operating costs for emergency shelters and licensed overnight youth shelters.

The County currently retains up to 5% of the funds collected to administer and distribute the funds through the Yakima Homeless Coalition and the County Commissioners. Of the remaining funds collected, 40% of the revenue is transmitted to the state treasurer who deposits a portion of it to the Affordable Housing for All account (RCW 43.185.190) and a portion into the landlord mitigation program account (RCW 43.31.615).

The funds that are not transmitted to the state are distributed by the County, through the Yakima Homeless Coalition (YHC) process and approved by the County Commissioners, for the eligible activities listed above. Priority is to be given to eligible housing activities that serve extremely low-income households with incomes at or below 30% of the area median income. RCW 36.22.178(2).

- b. RCW 36.22.179: Local Homeless Housing and Assistance (the “2163” money)

Under RCW 36.22.179, an additional surcharge of \$62.00 must be charged by the county auditor for each recorded document. This is in addition to the \$13.00 listed above. RCW 36.22.179(1). Pursuant to RCW 36.22.179(1)(a) a portion of the funds can be used to accomplish the goals of the County’s local homeless housing plan. Eligible activities include:

1. Rental and furnishing of dwelling units for the use of homeless persons;
2. Costs of developing affordable housing for homeless persons and services for formerly homeless individuals and families residing in transitional housing and still at risk of homelessness;
3. Operating subsidies for transitional housing or permanent housing serving formerly homeless families or individuals;
4. Services to prevent homelessness, such as emergency eviction prevention programs including temporary rental subsidies to prevent homelessness;
5. Temporary services to assist persons leaving state institutions and other state programs to prevent them from becoming or remaining homeless;
6. Outreach services for homeless individuals and families;
7. Development and management of local homeless plans, data collection, identification of goals and performance measures;
8. Rental vouchers payable to landlords for persons who are homeless or who are below 30% of the median income or in immediate danger of becoming homeless; or

9. Other activities to reduce and prevent homelessness as identified for funding in the local plan.

See ESSHB 2163, §8 (2005).

The County Auditor retains 2% of the collection fee. Then, 60% of the amounts collected are retained by the County. The County retains 6% of the 60% funding for collection and distribution of the funds, as well as administrative costs related to its homeless housing plan. The rest of the funding retained by the County must be used for the above-referenced activities. RCW 36.22.179(91)(a).

The remaining funds are sent to the state treasurer and are deposited into the Home Security Account. 12.5% of the amount is retained for administration costs associated with the statewide homeless housing strategic plan and management thereof. 45% of the remaining amount must be used for private rental housing payments, and the remaining funds must be used to provide housing and shelter for homeless people and fund the homeless housing grant program. RCW 36.22.179(b).

c. RCW 36.22.1791: Local Homeless Housing and Assistance ("1359" money)

Under RCW 36.22.1791, an additional surcharge (in addition to both the \$13.00 and \$62.00 listed above) is added to the document recording fee in the amount of \$8.00. 90% of the funds are retained by the County, which can use 6% for administrative costs related to its homeless housing plan. The remaining amount retained by the County must be used to fund "programs that directly accomplish the goals of the county's local homeless housing plan." RCW 36.22.1791(1)(a).

The remaining funds are remitted to the state treasurer for deposit in the Home Security Account. These funds can be used for:

1. Administering the program and creating a strategic plan;
2. Providing housing and shelter for homeless people (including operation and maintenance); or
3. Fund the homeless housing grant program.

RCW 36.22.1791(b).

d. ESSHB 1277 (Effective July 25, 2021): Eviction Prevention

The Legislature recently passed ESSHB 1277, which provides for an additional surcharge of \$100.00 per recorded document, all of which is remitted to the state treasurer to be used as follows:

1. 20% will be deposited into the Affordable Housing For All account for operations, maintenance, and service costs for permanent supportive housing as defined in RCW 36.70A.030;
2. 4% will be deposited into the landlord mitigation program account until June 30, 2023, after which 2% will be placed into that account; and

3. The remaining funds will be distributed to the Home Security Fund Account with 60% of those funds to be used for project-based vouchers for nonprofit housing providers or public housing authorities; housing services; rapid rehousing; emergency housing; or acquisition.

ESSHB 1277§2 (2021).

The bill also creates an eviction prevention rental assistance program through the state which will provide grants to eligible organizations for rental and utility assistance. ESSHB§3.

In addition to the filing fee money retained for local projects, funding is also available through a number of other programs, such as the Housing and Essential Needs program (HEN), the Consolidated Homeless Grant (CHG) program, Emergency Solutions Grant (ESG, which is a pass through of federal money from HUD), and the federal Continuum of Care grant program (CoC).