FINAL BILL REPORT
ESHB 1624

Brief Description: Changing provisions relating to the housing trust fund.

By   House Committee on Housing (originally sponsored by Representatives Nelson, Mitchell, H. Sommers, Jacobsen, Winsley, R. Johnson and Phillips).

House Committee on Housing
House Committee on Facilities & Financing
Senate Committee on Commerce & Labor

Background: The Housing Trust Fund Program, established in 1986, provides either loans or grants, or both, to local governments, nonprofit organizations, and public housing authorities to increase the availability and affordability of housing for very low-income households or households with special housing needs. The household's income cannot exceed 50 percent of the median income, adjusted for household size, for the county where the project is located.

Activities eligible for assistance through the Housing Trust Fund Program include, but are not limited to: (a) new construction, rehabilitation, or acquisition of housing for low-income households or homeless shelters; (b) rent or mortgage guarantees and subsidies for new construction or rehabilitated housing units; (c) matching funds for social services directly related to housing for populations with special housing needs; and (d) technical assistance, including pre-construction technical assistance, needed to develop housing for very low-income households or households with special housing needs.

Program Provisions: The Department of Community Development is directed to have at least two funding rounds a year to award funds to eligible organizations. Thirty percent of the funds awarded in any round must go to the state's rural areas.

In awarding funds through the Housing Trust Fund program, first priority must be given to applicants that will use privately owned housing stock, including privately owned housing stock purchased by nonprofit public development authorities. Second priority for funding is given to applicants that will use existing publicly owned housing

stock, including housing owned or purchased by a public housing authority.

Applications for housing trust fund assistance are given preference based on: (a) the amount of other funds committed to the project; (b) the applicant's contribution to the project; (c) the local government's contribution to the project; (d) projects that encourage ownership, management, and other project-related opportunities; (e) housing that will be available to very low-income persons for at least 15 years; (f) the applicant's ability, stability, and resources to implement the project; (g) projects that serve the greatest need; and (h) projects that provide housing for persons and families with the lowest incomes.

Summary: Statutory references to the Housing Trust Fund Program are removed and the Housing Assistance Program is created as the funding program in the housing trust fund. The Affordable Housing Program is created, in the Department of Community Development, to provide assistance in the development of affordable housing for low-income households.

Housing Assistance Program: The Housing Trust Fund Program is renamed the Housing Assistance Program. The Housing Assistance Program is funded from revenue through the housing trust fund and other legislative appropriations.

The activities that are eligible for assistance under the Housing Assistance Program are expanded to include: (a) temporary rental and mortgage payment subsidies to prevent homelessness; (b) down payment or closing costs for first-time home buyers; and (c) projects that make housing more accessible to families with members who have disabilities.

The requirement that the Department of Community Development have at least two funding rounds a year is deleted. The administrative costs paid to the department, from the housing trust fund, is reduced from 5 percent of annual revenue to 4 percent of annual revenue. Annual revenue is monies made available to the department for distribution to housing trust fund projects. The department is required to award 30 percent of funds to rural areas, as defined by the department, each funding cycle, unless not enough suitable applications are received. The department is required to provide for a geographic distribution of housing trust funds on a state-wide basis. The department is directed to adopt policies to protect the state's interest in housing projects financed through the Housing Assistance Program.

Appropriations from the capital budget for the Housing Assistance Program can only be used for: a) new construction, rehabilitation, or acquisition of low and

very-low income housing units; and b) acquisition of housing units to preserve their use as low-income housing. Repayments made from projects funded with capital budget monies may not be used for the administrative costs of the department or pre-construction technical assistance.

The funding priority for projects that use existing privately owned housing stock is expanded to include privately owned housing stock purchased by a public housing authority. The definition of privately owned housing stock is expanded to include housing acquired by a federal agency through default on a mortgage by the private owner. The low-income occupancy requirement for housing financed with funds from the housing trust fund or legislative appropriations is increased from 15 years to 25 years.

The criteria used by the department to evaluate applications for assistance is expanded to include: a) the project's location and access to available public transportation services; and b) the project's location and access to employment centers in the region or area. The evaluation criteria and process is revised to allow the department the flexibility to use appropriate evaluation criteria for a specific type of housing project. When evaluating applications, similar criteria must be used for similar categories of projects.

Affordable Housing Program: The Affordable Housing Program is created in the Department of Community Development. The purpose of the program is to provide either loans or grants or both to local governments, public housing authorities, and nonprofit organizations to increase the availability and affordability of housing for low-income households using a variety of public/private partnerships. Households that receive assistance through the program may not have incomes that exceed 80 percent of median income, adjusted for household size, for the county where the project is located.

Affordable housing is defined as residential housing for rental or private individual ownership which requires the payment of monthly housing costs that do not exceed 30 percent of the household's income.

First-time home buyer is defined as an individual or his or her spouse who have not owned a home during the prior three-year period.

Low-income household is defined as a single person, family, or unrelated persons living together whose adjusted income is at or below 80 percent of median family income, adjusted for household size, for the county where the project is located.

The activities that are eligible for assistance through the Affordable Housing Program include, but are not limited to: a) new construction, rehabilitation, or acquisition of housing for low-income households; b) rent subsidies in new construction or rehabilitated multifamily units; c) down payment or closing costs assistance for first-time home buyers; d) mortgage subsidies for new construction or rehabilitation of eligible multifamily units; and e) mortgage insurance guarantee or payments for eligible projects.

The department is directed to develop criteria to evaluate applications for assistance through the Affordable Housing Program. In developing the criteria for the program, the department is to request input from the existing low-income assistance advisory committee. The department is directed to adopt policies to protect the state's interest in housing projects financed through the Affordable Housing Program.

Votes on Final Passage:
House   94   0
Senate   44   0   (Senate amended)
House   97   0   (House concurred)

Effective: July 28, 1991