

HOUSE BILL REPORT

HB 2115

*As Reported By House Committee on:
Housing*

Title: An act relating to assistance to first-time homebuyers.

Brief Description: Providing financial assistance for first-time home buyers.

Sponsor(s): Representatives Nelson, Wineberry and Holland.

Brief History:

Reported by House Committee on:
Housing, February 26, 1991, DP.

**HOUSE COMMITTEE ON
HOUSING**

Majority Report: *Do pass.* Signed by 6 members: Representatives Nelson, Chair; Franklin, Vice Chair; Mitchell, Ranking Minority Member; Leonard; Ogden; and Wineberry.

Minority Report: *Do not pass.* Signed by 2 members: Representatives Winsley, Assistant Ranking Minority Member and Ballard.

Staff: Kenny Pittman (786-7392).

Background: A proposed amendment to the Washington Constitution, HJR 4228, would allow any county, city, or town to use public moneys or credit to assist first-time home buyers in acquiring their homes.

Summary of Bill: Counties, cities and towns are given the authority to assist moderate-income, first-time home buyers in the purchase of their principal place of residence by providing loans, loan guarantees, down payment assistance, and closing costs.

The legislative body of the county, city, or town must authorize the use of funds to finance all or a portion of the cost of the home or to guarantee loans made to first-time home buyers.

To qualify for the assistance, the first-time home buyer must meet the following requirements:

- 1) The purchaser or purchasers could not have owned their principal place of residence for a three-year period prior to purchase of the home;
- 2) The purchaser's income cannot exceed 115 percent of county median income, as determined by the state Department of Community Development, adjusted for household size for the county where the property is located; and
- 3) The purchase price of the residence cannot exceed 90 percent of the average purchase price of single-family residences, as determined by the state Department of Community Development, in the area where the residence is located. The average purchase price is based on the most recent 12-month period prior to the purchase of the residence.

Fiscal Note: Not requested.

Effective Date: The bill takes effect after the approval by the voters in the 1991 general election.

Testimony For: This will permit counties and cities to assist first-time home buyers by providing loans for down payment and closing costs assistance. Local governments will be able to bring another tool to work with employers and public/private housing partnerships in providing housing for first-time home buyers. Since the program is limited to local funds, there is no impact on the state.

Testimony Against: This is another program that will add to the cost of government for everyone.

Witnesses: Ron Main, King County Council (in favor of bill); and Paul W. Locke (against the bill).