

HOUSE BILL REPORT

HB 1259

*As Reported By House Committee on:
Capital Facilities & Financing*

Title: An act relating to the housing trust fund and housing assistance program.

Brief Description: Creating a housing assistance program.

Sponsor(s): Representatives H. Sommers, Schmidt, Rasmussen, Heavey, Wilson, Winsley, Phillips, Jacobsen, R. King, Nelson, Jones, Wineberry, Dellwo, Brekke, Scott and Anderson.

Brief History:

Reported by House Committee on:
Capital Facilities & Financing, February 8, 1991, DP.

**HOUSE COMMITTEE ON
CAPITAL FACILITIES & FINANCING**

Majority Report: *Do pass.* Signed by 12 members: Representatives H. Sommers, Chair; Rasmussen, Vice Chair; Schmidt, Ranking Minority Member; Neher, Assistant Ranking Minority Member; Beck; Brough; Casada; Fraser; Heavey; Ogden; Silver; and Wang.

Staff: Susan Nakagawa (786-7145).

Background:

The Housing Trust Fund, created by the Legislature in 1986, was designed to provide housing assistance to the low and very low income populations. This assistance is authorized to take many forms. Eligible uses include new construction, rehabilitation, and acquisition of low income housing. In addition, rental assistance, mortgage subsidies, technical assistance, and some social services are also authorized under the enabling legislation.

Concern over the use of capital bond proceeds for non-capital activities (such as technical assistance or rental subsidies) prompted the Legislature to adopt proviso language in the 1989-91 capital budget. The proviso stated that the capital appropriation was provided solely for capital costs, and precluded its use for any of the various

social service and technical assistance activities eligible under the statute.

Summary of Bill:

House Bill 1259 makes two primary changes:

(1) The Housing Assistance Program is established, distinct from the Housing Trust Fund (Section 1). The Housing Assistance Program is identical in purpose to the activities authorized for the Housing Trust Fund. The Housing Trust Fund remains intact, but is given the more conventional purpose of funding the program.

(2) The department is authorized to use either funds from the Housing Trust Fund **or** from other legislative appropriations to carry out eligible activities. Legislative appropriations from capital bond proceeds, however, and repayment of loans from capital bond proceeds may be used **only** for new construction, rehabilitation or acquisition of low income housing. In addition, capital bond proceeds are not eligible to be used for administrative costs.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The bill represents an appropriate mechanism to separate capital and operating budget appropriations for the Department of Community Development's housing program.

Testimony Against: None.

Witnesses: Mike Ryhard, Low Income Housing Congress (in favor).