

SENATE BILL REPORT

ESHB 1624

AS REPORTED BY COMMITTEE ON COMMERCE & LABOR, APRIL 5, 1991

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

**SPONSORS:** 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 CAPITAL FACILITIES & FINANCING

SENATE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass as amended.

Signed by Senators Matson, Chairman; Anderson, Vice Chairman; Bluechel, McCaslin, McDonald, McMullen, Moore, Murray, and Skratek.

**Staff:** Traci Anderson (786-7452)

**Hearing Dates:** April 1, 1991; April 5, 1991

**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.

In awarding funds through the Housing Trust Fund Program, first priority must be given to applicants that request assistance 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 which use existing publicly owned housing stock, including housing owned or purchased by a public housing authority.

All applications for housing trust fund assistance are evaluated 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:**

The Housing Trust Fund Program is renamed the Housing Assistance Program.

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; and (b) down payment or closing costs for first-time home buyers.

The requirement that DCD have at least two funding rounds a year for this program is deleted. DCD is required to award 30 percent of funds to rural areas, as defined by DCD, each funding cycle, unless not enough suitable applications are received. DCD is required to provide for a geographic distribution of housing trust funds on a statewide basis. DCD 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 cannot be used for the administrative costs of DCD 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 DCD to evaluate applications for assistance are 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 are revised to allow DCD 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.

The Affordable Housing Program is created in DCD. 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 cannot have incomes that exceed 80 percent of median 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.

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

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** none requested

**SUMMARY OF PROPOSED SENATE AMENDMENT:**

The list of activities that are eligible for assistance through the housing assistance program is expanded to include projects making housing more accessible to families with members who have disabilities. Administrative costs of the housing assistance program which are paid out of the housing trust fund may not exceed 4 percent of the annual revenues available for distribution from the housing trust fund.

**TESTIMONY FOR:**

The housing trust fund is a necessary component to financing affordable housing projects in the state. The changes proposed in the original bill are housekeeping and are necessary to make the program flexible to meet housing needs throughout the state.

**TESTIMONY AGAINST:** None

**TESTIFIED:** PRO: Representative Dick Nelson, prime sponsor; Jeff Robinson, Dept. of Community Development; John Woodring, WA Assn. of Realtors; Mike Ryherd, Low Income Housing Congress; Arnold Fox, WA Apt. Assn.; Rick Slunaker, Yakima Valley Rental Assn.