

HOUSE BILL REPORT

EHB 2190

As Passed Legislature

Title: An act relating to the housing trust fund.

Brief Description: Modifying limitations of housing-related capital bond proceeds.

Sponsors: Representatives Ogden and H. Myers; by request of Department of Community Development.

Brief History:

Reported by House Committee on:
Capital Budget, January 24, 1994, DPA;
Passed House, February 12, 1994, 61-31.
Amended by Senate;
Passed Legislature, March 9, 1994, 64-32.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: Do pass as amended. Signed by 9 members: Representatives Wang, Chair; Ogden, Vice Chair; Sehlin, Ranking Minority Member; Eide; Jones; Moak; Romero; Silver; and Sommers.

Minority Report: Do not pass. Signed by 4 members: Representatives McMorris, Assistant Ranking Minority Member; Brough; Heavey; and B. Thomas.

Staff: Bill Robinson (786-7140).

Background: The Housing Assistance Program, established in 1986, provides either loans or grants to local governments, nonprofit organizations, and public housing authorities to increase the availability and affordability of housing for low-income households or households with special housing needs.

Activities eligible for assistance through the Housing Assistance Program include: (a) new construction, rehabilitation or acquisition of housing or homeless shelters; (b) rent or mortgage guarantees and subsidies for housing units; (c) down payment or closing cost assistance for first time home buyers; (d) matching funds for social services directly related to housing for people with special housing needs; (e) technical assistance, design and financial services; and (f) administrative costs of the

program and housing organizations receiving grants or loans.

The program is funded by capital budget appropriations of state bond proceeds, interest from real estate brokers' escrow accounts, a portion of the state real estate excise tax, and other legislative appropriations. The current statute allows capital bond proceeds to be used only for costs normally considered capital costs, such as construction, renovation, acquisition, down payment and closing costs, and mortgage insurance. Costs for administering the program, rent subsidies, technical assistance, and social services cannot to be paid from capital bond proceeds or from loan repayments of capital bond proceeds.

Summary of Bill: Money from the repayment of loans from capital bond proceeds may be used for administrative costs and all activities necessary for the functioning of the Housing Assistance Program with the exception that these moneys can not be used for rent subsidies or social programs. Administrative costs of the program can not exceed 4 percent of the money available for the housing program. Authorized organizations eligible for assistance from the Housing Assistance Program are amended to include federally recognized Indian tribes in the state of Washington. Recipients of grants or loans from the housing programs are required to be in compliance with state revenue and taxation laws at the time of the grant or loan.

Fiscal Note: Not requested.

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

Testimony For: In the past the program received general fund appropriations for operating costs, and the program was permitted to keep all interest earnings. These sources are no longer available, yet the program continues to grow and the demand for services continues to increase. The statutory four percent limit on administrative costs for the program remains unchanged.

Testimony Against: None presented.

Witnesses: Jeff Robinson, Department of Community Development; and Mike Ryherd, Housing Congress.