

# FINAL BILL REPORT

## SHB 2627

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C 235 L 94  
Synopsis as Enacted

**Brief Description:** Promoting single-family home ownership.

By House Committee on Trade, Economic Development & Housing (originally sponsored by Representatives Quall, Ballard, Valle, Foreman, Shin, Sehlin, Campbell, Johanson, Veloria, Peery, Hansen, G. Cole, Lemmon, Brumsickle, Heavey, Finkbeiner, Dunshee, R. Johnson, Karahalios, Springer, Mastin, Jacobsen, Chappell, R. Meyers, Basich, Patterson, Linville, Grant, Fuhrman, Kremen, Dorn, Ogden, Caver, Scott, Moak, Kessler, Conway, Roland, King, Rayburn, Chandler and J. Kohl).

House Committee on Trade, Economic Development & Housing  
Senate Committee on Labor & Commerce

**Background:** Encouraging and maintaining home ownership opportunities are two of the stated objectives of the Washington Housing Policy Act. To meet these objectives, a variety of federal, state, and local programs were developed to increase home ownership for low- and moderate- income households.

Most of these programs focused on lowering the cost of home ownership through reductions in the interest rate or the loan amount. However, for most low and moderate income households, the three greatest barriers to home ownership are: (1) accumulating the down payment and closing cost; (2) establishing a credit history; and (3) managing housing expenses that often exceed standards permitted in traditional mortgage lending.

The Washington State Housing Finance Commission assists in the financing of housing for low- and moderate- income households. The commission is authorized to issue tax-exempt or taxable revenue bonds to provide mortgage financing for single-family home ownership.

The State Investment Board is responsible for the management of the public retirement systems of state and local government employees. The board is authorized to invest retirement system assets in a variety of investments including commercial and residential real estate.

**Summary:** The Washington State Housing Finance Commission, in cooperation with the Department of Community, Trade, and Economic Development, and the State Investment Board, must develop and implement a housing finance program.

The housing finance program will: (1) provide subsidized or unsubsidized mortgage financing for single-family home ownership; (2) use resources of the State Investment Board, within its policies and guidelines, to purchase mortgage-backed securities collateralized by loans from the state of Washington; and (3) provide flexible loan underwriting guidelines.

Participation in the housing finance program is limited to first-time home buyers with incomes that do not exceed 115 percent of state or county median family income, whichever is higher, adjusted for household size. Lower-income borrowers may be eligible for down payment or closing costs assistance.

The Washington State Housing Finance Commission is required to report, to the Governor and Legislature, on the status of the program by February 1 of each year beginning in 1995.

**Votes on Final Passage:**

House	96	0	
Senate	30	18	(Senate amended)
House	74	18	(House concurred)
Reconsideration			(House refused to concur)

Conference Committee

Senate	43	3
House	96	0

**Effective:** June 9, 1994