

# HOUSE BILL REPORT

## SSB 6213

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As Reported By House Committee On:  
Capital Budget

**Title:** An act relating to the housing trust fund.

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

**Sponsors:** Senate Committee on Labor & Commerce (originally sponsored by Senators Pelz, Franklin, Prentice and Moyer; by request of Department of Community Development).

**Brief History:**

Reported by House Committee on:  
Capital Budget, February 24, 1994, DPA.

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### 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; R. Fisher; Jacobsen; Jones; Moak; Romero and Sommers.

**Minority Report:** Do not pass. Signed by 5 members: Representatives McMorris, Assistant Ranking Minority Member; Brough; Heavey; Silver 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, 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.

The program is administered by the Department of Community Development. Administrative costs of the agency are limited to 4 percent of annual revenues available to the program.

**Summary of Substitute Bill:** The Housing Assistance Program and the Affordable Housing Program are amended to allow loan repayments from capital bond proceeds to be used for administrative costs and all activities necessary for the functioning of the programs.

The list of organizations eligible for assistance from the Housing Assistance Program and the Affordable Housing Program is amended to include federally recognized Indian tribes in the state of Washington.

**Amended as Compared to Substitute Bill:** Removed the condition that organizations receiving grants or loans are required to be in compliance with tax and revenue laws at the time of the grant or loan.

**Fiscal Note:** Available.

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

**Testimony For:** The loan repayments are needed for activities other than construction because the other sources of money for the programs are no longer available.

**Testimony Against:** None.

**Witnesses:** Jeff Robinson, Department of Community Development.