

**SENATE BILL REPORT**

**SB 6213**

**AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, JANUARY 28, 1994**

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

**SPONSORS:** Senators Pelz, Franklin, Prentice and Moyer; by request of Department of Community Development

**SENATE COMMITTEE ON LABOR & COMMERCE**

**Majority Report:** That Substitute Senate Bill No. 6213 be substituted therefor, and the substitute bill do pass.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Amondson, Deccio, McAuliffe, Newhouse, Pelz, Prince, Sellar and Vognild.

**Staff:** Dave Cheal (786-7576)

**Hearing Dates:** January 17, 1994; January 28, 1994

**BACKGROUND:**

The housing trust fund was established in 1986 to provide a continuously renewable and dedicated resource to meet the housing needs of very low-income citizens. The target population is households with incomes of 50 percent or less of the median income for the county where they live.

Grants and loans are made from funds to local governments, private nonprofit housing assistance organizations, and local housing authorities.

The fund is administered by the Department of Community Development. Administrative costs paid out of the trust fund may not exceed 4 percent of annual revenues available for distribution to housing trust fund projects. Administrative services and technical assistance to local groups may be contracted for by the department.

In 1991, the Affordable Housing Program was established to allow the department to assist households with income at or below 80 percent of the median income for the county where they live. Programs are to be administered locally and the recipients of grants and loans are the same as under the housing trust fund. Administrative costs are limited to 5 percent of monies appropriated to the Affordable Housing Program.

Both the housing trust fund and the Affordable Housing Program are eligible to receive and have received appropriations from capital bond proceeds. These appropriations are limited to grants and loans for projects involving capital construction,

or acquisition of capital assets. Repayment of loans from capital bond proceeds appropriations may only be used for capital construction/acquisition type projects and not for administrative costs of the department.

**SUMMARY:**

The housing trust fund and Affordable Housing Program chapters are amended to allow loan repayment funds to be used for all activities necessary for the proper functioning of the housing trust fund and the Affordable Housing Program.

The list of eligible recipients for grants and loans under both programs is amended to include federally recognized Indian tribes in the state of Washington.

**EFFECT OF PROPOSED SUBSTITUTE:**

Recipients are required to be in compliance with state revenue and taxation laws at the time of the grant or loan.

The use of loan repayment funds is clarified to be any proper program purpose, not "fund" purpose.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** requested

**TESTIMONY FOR:**

The law needs to be clear that Indian tribes are among intended recipients of housing trust fund grants and loans. Loan repayment money should not be restricted to capital projects.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Mike Ryherd, Low Income Housing Congress; Jeff Robinson, DCD Housing Finance Unit Manager