

February 24, 1997

BILL ANALYSIS

TO: Members, Committee on Trade and Economic Development
FROM: Kenny Pittman, Research Analyst (786-7392)
RE: **HB 1928 - Allowing the housing finance commission to
impose covenants running with the land.**

BACKGROUND:

The Washington State Housing Finance Commission (Commission) was created in 1983. The purpose of the commission is to stimulate the production of affordable single family, multifamily, and special needs housing through the: (1) issuance of tax-exempt or taxable nonrecourse revenue bonds; (2) administration of federal low-income housing tax credit program; and (3) administration of other programs authorized under federal and state law.

Financial advantages and incentives are often made available to developers and owners of housing on the condition that certain requirements of applicable federal and state law and commission policy are met. Typically, these requirements relate to making a certain percentage of the housing units available to households of a certain income level for a certain period of time. These conditions can be enforced by the commission by the filing of regulatory agreements with the title. The commission is not statutorily authorized to impose covenants that run with the land as a means to enforcement requirements of the regulatory agreements.

SUMMARY:

The Washington State Housing Finance Commission (Commission) is authorized to impose covenants on housing or other facilities that are financed by the commission or programs administered by the commission. The regulatory covenants run with the land, are used to satisfy and enforce requirements of applicable federal and state law and commission policy, and are enforceable against any successor owners of the housing or other facility. The term

of the regulatory covenant must be part of the recorded agreement. The commission may impose regulatory covenants on existing and as well as future agreements

Appropriation: None.

Fiscal Note: Not requested.

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