

February 23, 1999

BILL ANALYSIS

TO: Members, Committee on Economic Development, Housing, and Trade
FROM: Kenny Pittman, Research Analyst (786-7392)
RE: **HB 2108 - Preserving moderate-income housing.**

Brief Summary of Bill

- Requires the Washington State Housing Finance Commission to develop a program to assist in the preservation of rental housing for moderate-income households.
- Requires the Washington State Housing Finance Commission, in consultation with the Department of Community, Trade, and Economic Development, to provide technical assistance to nonprofit tenant organizations wanting to convert their housing to tenant ownership.
- Appropriates \$5 million from the capital budget to provide equity gap-financing for multifamily housing developments for moderate-income households.

BACKGROUND:

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

SUMMARY:

The Washington State Housing Finance Commission, in cooperation with the Department of Community, Trade, and Economic Development, must develop and implement a rental housing preservation program for moderate-income households. Moderate-income households are households with an income that is greater than 50 percent but less than 80 percent of median family income, adjusted for household size, for the county where the project is located.

The rental housing preservation program will (i) provide subsidized or unsubsidized mortgage financing for multifamily rental housing; (ii) provide flexible underwriting guidelines that will encourage ownership by nonprofit organizations; (iii) give priority funding to multifamily housing projects that result in long-term preservation of moderate-income housing; (iv) targets existing public and private resources to projects involving new construction, rehabilitation, or acquisition of multifamily rental housing for moderate-income households; and (v) uses a portion of the revenues generated from the issuance of bonds used to assist in new construction, rehabilitation, or acquisition of multifamily rental housing for moderate-income households.

In administering the rental housing preservation program, the commission must (i) limit assistance to housing units that are owned or will be owned by nonprofit organizations, corporations, or association, with priority given to nonprofit tenant organizations; (ii) give priority to nonprofits that will operate the housing for moderate-income households for a period of at least 50 years and agree to keep rents affordable to moderate-income households; (iii) give priority to multifamily housing projects that are located in metropolitan areas that have experienced sharp increases in rents; and (iv) to the extent feasible, use funds in the moderate-income housing preservation account to assist nonprofits preserve multifamily housing for moderate-income households.

The commission, in consultation with the Department of Community, Trade, and Economic Development, may provide technical assistance to nonprofit tenant organizations that wish to convert multifamily housing to tenant ownership. The commission may not act as a representative to a nonprofit organization in the purchase of the multifamily housing development.

The moderate-income housing preservation account is created in the state treasury. The account may accept legislative appropriations, private contributions, loan repayments, and other sources deposited into the account. Moneys in the account is subject to appropriation and must be used to assist in the development, preservation, or acquisition of multifamily housing for moderate-income households.

Appropriation: \$5 million from the capital budget to the moderate-income housing preservation account for the 1999-01 biennium.

Fiscal Note: Requested February 19, 1999.

Effective Date: Ninety days after adjournment of session in which bill is passed. Section 7 of bill takes effect September 1, 2000.