

# SENATE BILL REPORT

## SB 6442

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As Reported By Senate Committee On:  
Commerce, Trade, Housing & Financial Institutions, February 3, 2000

**Title:** An act relating to the affordable housing program.

**Brief Description:** Removing a definition of affordable housing.

**Sponsors:** Senators Spanel, Winsley, Prentice, Gardner, Kline and Haugen.

**Brief History:**

**Committee Activity:** Commerce, Trade, Housing & Financial Institutions: 1/27/2000, 2/3/2000 [DPS].

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### SENATE COMMITTEE ON COMMERCE, TRADE, HOUSING & FINANCIAL INSTITUTIONS

**Majority Report:** That Substitute Senate Bill No. 6442 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Shin, Vice Chair; Gardner, Hale, Rasmussen, T. Sheldon and Winsley.

**Staff:** Elizabeth Mitchell (786-7430)

**Background:** A housing unit is defined as "affordable" when the unit's occupants meet income guidelines and pay no more than 30 percent of their monthly income toward housing costs. Both rental housing and housing owned by private individuals can be considered "affordable" if these requirements are met.

Lending institutions sometimes allow more than 30 percent of monthly income to be applied to housing costs. There is concern that the 30 percent requirement may make it difficult to combine funds with lending institutions for the purpose of financing low-income home ownership.

**Summary of Substitute Bill:** Private individual ownership is removed from the definition of affordable housing and is no longer subject to the 30 percent income requirement. The Department of Community, Trade, and Economic Development must adopt policies which specify the income requirement for "affordable" residential home ownership.

**Substitute Bill Compared to Original Bill:** The bill provides that the department "shall adopt policies" instead of "may adopt rules" to carry out this act. An emergency clause is added.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Testimony For:** Current percentage limits do not allow some people to afford housing. More people will be able to finance homes if percentage limits are more flexible.

**Testimony Against:** None.

**Testified:** PRO: Brigette Helsten, Housing Finance Commission; Lee Hauser, Continental Savings Bank.