

SENATE BILL REPORT

SB 5137

As Reported By Senate Committee On:
Labor, Commerce & Financial Institutions, February 20, 2001

Title: An act relating to a low-income home ownership loan program.

Brief Description: Creating a low-income home ownership loan program.

Sponsors: Senators Fairley, McAuliffe, Kohl-Welles, Kastama, Rasmussen, Haugen, Gardner, Patterson, Kline, Shin, Regala, Costa and Winsley.

Brief History:

Committee Activity: Labor, Commerce & Financial Institutions: 2/12/01, 2/20/01
[DPS-WM, DNP].

SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

Majority Report: That Substitute Senate Bill No. 5137 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Prentice, Chair; Gardner, Vice Chair; Fairley, Franklin, Honeyford, Patterson, Rasmussen, Regala and Winsley.

Minority Report: Do not pass.

Signed by Senator Benton.

Staff: Catherine Mele (786-7470)

Background: Currently, the Department of Community, Trade, and Economic Development administers two housing assistance programs using monies from the housing trust fund. Generally, housing trust fund monies provide assistance to persons below 80 percent of median income. Organizations that may receive assistance include local governments, local housing authorities, nonprofit community or neighborhood based organizations, federally recognized tribes, and regional or statewide housing assistance organizations.

Among the many uses of housing trust fund monies, some monies are used for home-ownership assistance programs. These home-ownership assistance programs may include loans or grants that provide assistance in paying for down-payments, closing costs, second mortgages, self-help construction costs, and other construction costs.

Summary of Substitute Bill: A low-income home ownership loan program is established in the Department of Community, Trade, and Economic Development if funds are available. Families qualify for the program if they receive services provided by temporary assistance for needy families; have adjusted income less than 200 percent of the federal poverty guidelines (approximately \$42,624 for a family of four); and have one or more children under the age of 18.

A low-income home ownership loan account is created in the custody of the State Treasurer. Expenditures from the account are used only for the loan program, and approved by the department. The account is allotted and not appropriated.

Loans for the program are made from the low-income home ownership loan account and all proceeds from the payment of loans are deposited into the account. Loans are made without interest or at a rate below the market interest rate. The department makes loans based on the families' need, ability to repay, and willingness to participate in the construction of their own home or homes of participating families.

The department may contract with public and nonprofit organizations for supervising and administering the program, and adopt rules to administer the program.

Substitute Bill Compared to Original Bill: The substitute clarifies that the Department of Community, Trade, and Economic Development may grant funds to public and nonprofit organizations to make loans to families and administer the loan program.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This is the Habitat for Humanity bill. Under this bill, we take one time TANF money and place it into a revolving fund that sustains itself. The statistics show that if you have a home, you almost never go back on welfare. The Governor's Office supports this bill, and intends to work out the details of this bill. Minnesota and Michigan created a similar program.

Testimony Against: None.

Testified: PRO: Ken Misser, OFM; Corine Knudsen, CTED/OCD; Nick Federici, Low-Income Housing Congress.