

HOUSE BILL REPORT

HB 1996

As Reported by House Committee On:

Local Government

Title: An act relating to clarifying that building operation and maintenance costs of housing projects or units within housing projects eligible to receive housing trust funds, that are affordable to very low-income persons with incomes at or below fifty percent of the area median income, are eligible for local funds.

Brief Description: Clarifying the eligibility for local funds of building operation and maintenance costs of housing projects eligible to receive housing trust funds.

Sponsors: Representatives Morrell, McDonald and Kagi.

Brief History:

Committee Activity:

Local Government: 3/4/03, 3/5/03 [DP].

Brief Summary of Bill

- Permits local governments to use the Housing Trust Fund for building operation and maintenance costs of housing projects or units within housing projects that are eligible to receive housing trust funds.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 10 members: Representatives Romero, Chair; Upthegrove, Vice Chair; Schindler, Ranking Minority Member; Jarrett, Assistant Ranking Minority Member; Ahern, Berkey, Clibborn, Ericksen, Mielke and Moeller.

Staff: Amy Wood (786-7127).

Background:

County auditors are required to record deeds and other instruments that are filed with the county. County auditors are required to charge a \$10 surcharge for recording such documents, except for assignments or substitutions of previously recorded deeds of trust. County auditors may retain up to 5 percent of the collected funds for administration.

Forty percent of the remaining funds are deposited monthly with the State Treasurer into the Washington Housing Trust Account. The Housing Trust Fund includes revenue established under statute, legislative appropriations, private contributions, repayment of loans, and other sources. The fund was established to assist low and very low-income citizens in meeting their basic housing needs.

The Office of Community Development (OCD) within the Department of Community, Trade, and Economic Development administers the state housing programs, including the Housing Trust Fund. The OCD is required to develop guidelines for use of these funds for building operation and maintenance costs of housing projects or units within housing projects that are available to low-income persons with incomes at or below 30 percent of the area median income.

The remaining 60 percent of the funds are retained by the county and must be used by the county and its cities and towns for housing projects or units within housing projects that are available to low-income persons with incomes at or below 50 percent of the area median income. Local governments are prohibited from using the funds for construction of new housing if the vacancy rate for available low-income housing within the county rises above 10 percent.

Permissible uses for the funds by local governments are limited to:

- Acquisition, construction, or rehabilitation of housing projects or units within a housing project that is affordable to persons with incomes at or below 50 percent of the area median income;
- Supporting building operation and maintenance costs of housing projects or units within housing projects built with housing trust funds that are affordable to persons with incomes at or below 50 percent of the area median income, and that require a supplement to rent income to cover ongoing operation expenses; and
- Rental assistance vouchers for housing projects or units within housing projects that are affordable to persons with incomes at or below 50 percent of the median income.

Summary of Bill:

Local governments may use the Housing Trust Fund for building operation and maintenance costs for housing projects or units within housing projects that are affordable to persons with incomes at or below 50 percent of the area median income, and that require a supplement to rent income to cover ongoing operating expenses.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: There is concern that low income housing units in Puyallup that were not built with housing trust dollars are not eligible to receive housing trust fund dollars even though they are used exclusively for low income housing. As the act is currently written, the City of Puyallup would not be able to benefit from any of the funds for the homeless because the homeless projects in Puyallup were built through private sources. We would like to be able to use the funds for projects in need. Housing trust funds need to be available so that money can go where it is needed. It was not the legislature's intent to exclude these projects from the original act. It will be a travesty if monies collected for low income housing were not made available for services that need assistance and are currently providing housing within the community. A simple rewording of the act will achieve this.

Testimony Against: None.

Testified: Representative Morrell, prime sponsor.