

# SENATE BILL REPORT

## EHB 1074

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As Reported By Senate Committee On:  
Financial Institutions, Housing & Consumer Protection, March 24, 2005

**Title:** An act relating to increasing the administrative cap on the housing assistance program and the affordable housing program.

**Brief Description:** Increasing the administrative cap on the housing assistance program and the affordable housing program.

**Sponsors:** Representatives Dunshee, Jarrett, Chase and Schual-Berke; by request of Department of Community, Trade, and Economic Development.

**Brief History:** Passed House: 3/14/05, 95-2.

**Committee Activity:** Financial Institutions, Housing & Consumer Protection: 3/23/05, 3/24/05 [DPA, DNP].

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

**Majority Report:** Do pass as amended.

Signed by Senators Fairley, Chair; Berkey, Vice Chair; Franklin, Keiser, Prentice and Spanel.

**Minority Report:** Do not pass.

Signed by Senators Benton, Ranking Minority Member; Benson, Brandland, Delvin and Schmidt.

**Staff:** Jennifer Arnold (786-7471)

**Background:** The Housing Trust Fund was created by the legislature in 1986 with the intent to establish a renewable resource to help communities meet the housing needs of low-income and special needs populations. The trust is administered by the Department of Community, Trade, and Economic Development (CTED) and funds the Housing Assistance Program.

CTED is responsible for managing investments within the Housing Trust Fund to ensure housing assisted through the fund will remain affordable for 40 years. In recent years, the number of projects managed within the trust's portfolio has substantially increased on an annual basis.

In addition to the Housing Assistance Program, CTED also administers the Affordable Housing Program. This program was established in 1991 for the purpose of developing and coordinating public and private resources to meet the affordable housing needs of low-income households.

**Summary of Amended Bill:** The statutory limit on departmental expenses, incurred by CTED in administering the Housing Assistance and Affordable Housing programs, is raised from 4 percent to 5 percent of the annual funds available to the respective programs.

**Amended Bill Compared to Original Bill:** The expiration date of June 30, 2007 is removed.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Testimony For:** The Housing Trust Fund has 325 projects per staff person; there is no entity in the private sector that could operate at these ratios. The administrative increase in this bill will reduce that ratio to 250 projects per staff person. This legislation is needed to enable CTED to adequately manage the fund's portfolio and provide affordable housing. An increase in administrative costs will not decrease the funds available for investment because the two accounts are not linked.

**Testimony Against:** None.

**Who Testified:** Representative Dunshee, prime sponsor; Judy Reed, Washington Community Reinvestment Association; Marie Sullivan, Department of Community, Trade and Economic Development.