

SENATE BILL REPORT

2SHB 3070

As Reported By Senate Committee On:
Financial Institutions, Housing & Consumer Protection, February 22, 2006

Title: An act relating to increasing nonprofit housing development capacity.

Brief Description: Increasing nonprofit housing development capacity.

Sponsors: House Committee on Capital Budget (originally sponsored by Representatives Miloscia, Hasegawa, Chase and Santos).

Brief History: Passed House: 2/13/06, 56-42.

Committee Activity: Financial Institutions, Housing & Consumer Protection: 2/22/06 [DPA].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

Majority Report: Do pass as amended.

Signed by Senators Fairley, Chair; Berkey, Vice Chair; Benson, Brandland, Finkbeiner, Franklin, Keiser, Schmidt and Spanel.

Staff: Jennifer Arnold (786-7471)

Background: The Housing Finance Commission ("Commission") was created by the Legislature in 1983; however, it is not a state agency. The Commission does not receive state funds; it does not lend state funds; and the state is not liable for any of the Commission's debt. The Commission acts as a financial conduit of federal funds and has the authority to issue tax-exempt revenue bonds for the development of affordable housing and non-profit facilities.

Commission's Debt Limit. The Commission's original statutory debt limit in 1983 was \$1 billion. It was raised to \$2 billion in 1985 and to \$3 billion in 1999. The debt limit is the total amount of debt the Commission is authorized to have outstanding at any one time. As of January of this year, the outstanding debt reached \$2.78 billion.

Summary of Amended Bill: The Commission's statutory limit on outstanding tax-exempt revenue bonds is increased from \$3 billion to \$5 billion.

Amended Bill Compared to Second Substitute Bill: The provisions, relating to creation of a multiunit residential building construction liability revolving fund program to provide supplemental funding for liability claims arising from the construction of condominiums or other multiunit residential buildings that are owned or controlled by 501(c)(3) organizations, are deleted.

Amended Bill Compared to Original Bill: The Washington State Housing Finance Commission's debt limit is increased from \$4 to \$5 billion.

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: New construction of affordable condominiums has dropped significantly; many developers have quit doing anything but high-cost condominiums due to the expense of liability insurance. Further, the Commission is better equipped than the Department of Community, Trade and Economic Development to operate this program, as the Commission works more with the private sector. There is a real need to have this condominium liability program in order to create more affordable housing for first-time homebuyers.

Testimony Against: None.

Who Testified: PRO: Kim Herman, Washington State Housing Finance Commission; Karen Miller, Washington State Housing Finance Commission.