

# SENATE BILL REPORT

## SB 5108

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As Reported By Senate Committee On:  
Financial Institutions, Housing & Consumer Protection, January 25, 2005  
Ways & Means, February 28, 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:** Senators Fraser, Berkey, Fairley and Kline; by request of Department of Community, Trade, and Economic Development.

**Brief History:**

**Committee Activity:** Financial Institutions, Housing & Consumer Protection: 1/19/05, 1/25/05[DPS-WM, DNPS].

Ways & Means: 2/23/05, 2/28/05 [DPS(FHC), DNP, w/oRec].

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

**Majority Report:** That Substitute Senate Bill No. 5108 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

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

**Minority Report:** Do not pass substitute.

Signed by Senators Benson, Benton, Brandland and Delvin.

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

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5108 as recommended by Committee on Financial Institutions, Housing & Consumer Protection be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Doumit, Vice Chair; Fraser, Vice Chair; Fairley, Kohl-Welles, Pridemore, Rasmussen, Regala, Rockefeller and Thibaudeau.

**Minority Report:** Do not pass.

Signed by Senators Brandland, Hewitt, Pflug and Schoesler.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Parlette and Roach.

**Staff:** Kirstan Arestad (786-7708)

**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 Substitute 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.

**Substitute Bill Compared to Original Bill:** A technical correction was made to include a previously omitted section, to which the original bill was intended to apply.

**Appropriation:** None.

**Fiscal Note:** Requested on January 14, 2005.

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

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

**Testimony For (Financial Institutions, Housing & Consumer Protection):** Administrative costs have increased, not just because of growth in the trust's portfolio size, but also because these projects must be managed for 40 years and many of which are complex. This bill gives CTED the tools they believe are needed to manage and preserve state assets. Increasing administrative funding creates a positive effect that ripples across the housing continuum. Capital appropriations from the legislature will not be reduced by this bill.

**Testimony Against (Financial Institutions, Housing & Consumer Protection):** None.

**Who Testified (Financial Institutions, Housing & Consumer Protection):** PRO: Lynn Davison, Common Ground, Washington Low-Income Housing Alliance; Stephen Buxbaum, Community, Trade & Economic Development; Nick Federici, WA Low-Income Housing Alliance.

**Testimony For (Ways & Means):** The current administrative cap formula does not bear any relationship to the growing work load of the Housing Trust Fund portfolio. Instead, it is a percentage derived from the sum total of current biennial resources. Our current ratio of projects managed per compliance officer is 325 projects per one staff person. If no change is made to the administrative cap, this ratio will increase to approximately 400 to 1 in the next biennium. As the portfolio of projects ages, more attention must be given to projects that may

be facing changes in local market conditions, changes in the level of supportive subsidies needed for operation and maintenance; or, sometime changes in ownership.

**Testimony Against (Ways & Means):** None.

**Who Testified (Ways & Means):** PRO: Stephen Buxbaum, Assistant Director, CTED.