

HOUSE BILL REPORT

HB 1116

As Reported by House Committee On: Housing

Title: An act relating to creating a plan to increase the homeownership rate to seventy-five percent by 2020.

Brief Description: Creating a plan to increase the homeownership rate to seventy-five percent by 2020.

Sponsors: Representatives Miloscia, Pettigrew, Morrell, Ormsby, Green, B. Sullivan, Moeller, Dunn, Santos and Simpson.

Brief History:

Committee Activity:

Housing: 1/15/07, 1/24/07 [DP].

Brief Summary of Bill

- Requires the Washington State Housing Finance Commission to create a strategic plan to increase the state homeownership rate to 75 percent by the year 2020.

HOUSE COMMITTEE ON HOUSING

Majority Report: Do pass. Signed by 7 members: Representatives Miloscia, Chair; Springer, Vice Chair; Dunn, Ranking Minority Member; Kelley, McCune, Ormsby and Schindler.

Staff: Robyn Dupuis (786-7166).

Background:

The homeownership rate in Washington is 67 percent (2003 Census Statistical Abstract). Washington ranks 41 among states in homeownership.

The Washington State Housing Finance Commission (HFC) was created by the Legislature in 1983, however it is not a state agency. The HFC does not receive state funds, it does not lend state funds, and the state is not liable for any of the HFC's debt. The HFC acts as a financial conduit of federal funds and has the authority to issue bonds for the development of affordable

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housing and non-profit facilities. To date, the HFC has financed more than 112,000 affordable housing units and elderly beds across the state and 115 nonprofit facilities.

The HFC Homeownership Activities:

The HFC operates a variety of housing programs and has provided over 36,000 loans for homeownership since 1983. The HFC is required in statute to provide a downpayment assistance program to veterans and a housing finance program for income eligible first-time homebuyers. The HFC homeownership programs offer below-market-rate loans and down payment assistance, and also allow homebuyers to qualify for mortgages with higher loan ratios and pay less closing costs than under conventional loan programs. Although not required in statute, the HFC periodically develops supplemental programs to provide additional assistance to specific targeted populations including teachers, low-income rural residents, residents of a specific area, and disabled individuals.

Summary of Bill:

The HFC will work with the Affordable Housing Advisory Board, the Department of Community, Trade, and Economic Development and other housing stakeholders to create a strategic plan to increase the state homeownership rate to 75 percent by the year 2020.

The HFC shall present the plan to the Legislature by December 31, 2007.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Homeownership is still the American Dream for most people in this country and it is also a wealth-building tool; in fact, there is a 30 percent difference in assets between homeowners and renters. The HFC is interested in doing what it can to promote homeownership. The planning process in this bill provides an opportunity for many stakeholders to come together and discuss the issues. There is a hope that households with incomes below 50 percent of the area median income, as well as individuals with disabilities, are well represented in the plan. Five months to create a strategic plan is a fast timeline. There is a concern about how the state will measure progress toward a goal of 75 percent homeownership rate by 2020 and it is recommended that shorter term benchmarks as well as performance measures be developed to gauge the state's progress toward the goal.

(Concerns) There is a concern and hope that this bill will enhance opportunities for homeownership among people with developmental disabilities.

Persons Testifying:

(In support) Representative Miloscia, prime sponsor; Kim Herman, Washington State Housing Finance Commission; Maureen Howard, Habitat for Humanity of Washington State; and Dave Williams, Association of Washington Cities.

(Concerns) Loren M. Freeman, Freeman & Associates.

Persons Signed In To Testify But Not Testifying: None.