

SENATE BILL REPORT

SB 6332

As Amended by House, March 12, 2008

Title: An act relating to increasing the debt limit of the housing finance commission.

Brief Description: Increasing the debt limit of the housing finance commission.

Sponsors: Senators Kauffman, Kilmer, Shin, Murray, Sheldon, Marr, Rasmussen, Franklin, Berkey, Haugen, Kohl-Welles, Regala, Keiser, Spanel, McDermott, Rockefeller, Kline, Tom and McAuliffe; by request of Governor Gregoire.

Brief History:

Committee Activity: Consumer Protection & Housing: 1/22/08, 1/25/08 [DP].
Passed Senate: 2/01/08, 47-0.

SENATE COMMITTEE ON CONSUMER PROTECTION & HOUSING

Majority Report: Do pass.

Signed by Senators Weinstein, Chair; Kauffman, Vice Chair; Honeyford, Ranking Minority Member; Delvin, Haugen, Jacobsen, Kilmer, McCaslin and Tom.

Staff: Alison Mendiola (786-7483)

Background: The Washington State Housing Finance Commission (Commission) was created in 1983 to act as a financial conduit that, without lending the credit of the state, can issue non-recourse revenue bonds; participate in federal, state, or local housing programs; make additional funds available at affordable rates to help provide housing throughout the state; and encourage the use of Washington forest products in residential construction.

In 1987 the Commission was designated as the state's allocating agency for the Low-Income Housing Tax Credit program. In 1990 the Commission's authority was expanded by the Legislature to finance nursing homes, and capital facilities and equipment owned by nonprofit 501(c)(3) organizations. In 2005 the Legislature gave the Commission the authority to issue bonds for beginning farmers and ranchers.

The Commission is authorized to provide construction and permanent financing for low – and moderate – income housing, nonprofit cultural and social service facilities, capital equipment, and beginning farmers and ranchers within the state.

To date the Commission has financed more than 126,066 affordable housing units and elderly beds across the state and 132 nonprofit facilities. A study by the Washington Center for Real

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Estate Research in 2005 showed that the Commission has contributed more than 22 billion dollars to the state's economy and supported more than 17,583 labor years of employment.

The Commission's original debt limit was one billion dollars and recently increased to 4.5 billion dollars in 2006. The Commission is close to their current debt limit and once that debt limit is reached, it must stop issuing debt to finance affordable housing and nonprofit facilities.

Summary of Bill: The Commission's debt limit is increased to 6.5 billion dollars.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This bill is a priority for the Governor this session as this bill addresses part of the housing strategy, to incentivize workforce housing. The industry is tightening up its lending standards, while the Commission remains a viable financing alternative. The Commission has demonstrated effective management of their bonding authority and therefore their debt limit should be increased so they can continue to issue bonds to develop affordable housing throughout Washington.

Persons Testifying: PRO: Kari Burrell, Governor's Office; and Kim Herman, Washington State Housing Finance Commission.

House Amendment(s): Increases the Commission's debt limit by \$500 million to \$5 billion.