

# SENATE BILL REPORT

## SB 6712

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As Reported By Senate Committee On:  
Consumer Protection & Housing, February 05, 2008

**Title:** An act relating to affordable housing loan programs.

**Brief Description:** Creating the affordable housing and community facilities rapid response loan program.

**Sponsors:** Senators Kauffman, Kilmer, Kohl-Welles and Keiser.

**Brief History:**

**Committee Activity:** Consumer Protection & Housing: 1/29/08, 2/05/08 [DPS-WM, w/oRec].

Ways & Means: 2/11/08.

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### SENATE COMMITTEE ON CONSUMER PROTECTION & HOUSING

**Majority Report:** That Substitute Senate Bill No. 6712 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Weinstein, Chair; Kauffman, Vice Chair; Haugen, Jacobsen, Kilmer and McCaslin.

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

Signed by Senators Honeyford, Ranking Minority Member; Delvin.

**Staff:** Alison Mendiola (786-7483)

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Richard Ramsey (786-7412)

**Background:** In 2007 the Legislature created the Land Acquisition Fund, in the Department of Trade and Economic Development (CTED), administered by the Washington State Housing Finance Commission (Commission).

Under this program, loans not exceeding 1 percent may be made to eligible organizations to purchase land to develop affordable housing (also known as "land banking"). The housing must be developed within eight years of the loan.

The Commission is to report annually to the Legislature regarding the use of this program.

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*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.*

**Summary of Bill (Proposed Second Substitute):** The rapid response loan fund is created in CTED, to be administered by the Commission.

The purpose of the fund is to provide 0-3 percent interest loans for the purpose of eligible organizations purchasing land or other real property for affordable housing or community facilities preservation or development in rapidly gentrifying neighborhoods.

The Commission is to report annually to the Legislature regarding the use of this program.

Technical changes are made to the land acquisition program.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Proposed Second Substitute):** The \$20 million appropriation from the state building construction account is removed.

**EFFECT OF CHANGES MADE BY CONSUMER PROTECTION & HOUSING COMMITTEE (Recommended First Substitute):** The sum of \$20 million is appropriated from the state building construction account to CTED. A technical change is made to the existing land acquisition program.

**Appropriation:** \$20 million.

**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 on Original Bill (Consumer Protection & Housing):**

PRO: Section 1 is a technical fix. This bill fills a gap and provides nonprofits and other eligible organizations with the ability to respond competitively in a hot real estate market. The Governor has \$3 million proviso in her budget for earnest money to meet the immediate needs of nonprofits, so they procure the property while they secure financing. At least 250,000 families are in great need for housing, a statewide problem. This bill addresses a gap, as long as the money doesn't come from the Housing Trust Fund. This will allow diverse communities continue to thrive during reinvestment/redevelopment. Rapid response equals cost effective property development and provides time to allow for community input, a model approach to private/partnership and leverage private investment.

**Persons Testifying (Consumer Protection & Housing):** PRO: Kim Herman, Washington State Housing Finance Commission; Will Graham, CTED; Ben Gitenstein, Washington Low-Income Housing Alliance; Derek Birnie, Delridge Neighborhood Development Association; Rob Watt, White Center Community Development Association; Tom Bristow, King County.

**Staff Summary of Public Testimony on Recommended First Substitute (Ways & Means):** PRO: This bill creates a much-needed new tool for acquiring land for affordable housing. Given their 6-month offerings, the Housing Trust Fund cannot move quickly enough to acquire lands. The two changes Section 1 are technical. The rapid response loan program can help White Center and Spokane projects. The Housing Finance Commission is prepared to administer this program; the Commission is also open to having CTED run the program.

**Persons Testifying (Ways & Means):** PRO: Nick Federici, Washington Low Income Housing Alliance; Kim Herman, Housing Finance Commission.