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## Capital Budget Committee

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### HB 1250

**Brief Description:** Concerning the housing trust fund.

**Sponsors:** Representatives Orwall, Miloscia, Springer, Dunshee, Ormsby and Dickerson; by request of Department of Community, Trade and Economic Development.

#### Brief Summary of Bill

- Eliminates the prohibition of the use of capital bond proceeds for administration costs directly related to project application, selection, contracting, and development.
- Eliminates the restriction that not more than 5 percent of the funds available for the Housing Trust Fund project may be used for administration.

**Hearing Date:** 1/27/09

**Staff:** Nona Snell (786-7153)

#### Background:

The Department of Community, Trade and Economic Development (DCTED) administers the Housing Assistance Program and the Affordable Housing Program. Both of these programs, commonly referred to as the Housing Trust Fund (HTF), provide loan and grant monies to eligible organizations to provide housing for low-income and special needs populations. The HTF is available to fund acquisition, new construction, and rehabilitation of low-income housing units.

Current law prohibits the HTF administration costs from exceeding 5 percent of the annual funds available for the HTF. This administrative cap is calculated as a percentage of the total annual funds available for the HTF; however, the funds for administrative costs are appropriated from the Washington Housing Trust Fund account. The sources of this account are HTF loan repayments, real estate excise taxes, and unclaimed interest earned on escrow accounts. Capital bond proceeds may not be used for administrative costs.

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The administrative cap was increased from 4 percent to 5 percent in 2005.

The 2007-09 Capital Budget appropriations for the HTF is \$200 million, of which \$186.7 million is from bonds, and \$13.3 million is from the Washington Housing Trust Fund account. The DCTED cost of administering the program for the 2007-09 biennium is \$8.7 million.

**Summary of Bill:**

Eliminates the prohibition of the use of capital bond proceeds for administration costs directly related to project application, selection, contracting, and development. The restriction that not more than 5 percent of the funds available for the HTF project may be used for administration is also eliminated.

**Appropriation:** None.

**Fiscal Note:** Available.

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