

HOUSE BILL REPORT

SB 5452

As Reported by House Committee On: Capital Budget

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, Kohl-Welles, Tom, Delvin, Kline, Honeyford, Kilmer, Jarrett, McCaslin, Fraser, Prentice, Shin and McDermott.

Brief History:

Committee Activity:

Capital Budget: 3/9/09 [DP].

Brief Summary of Bill

- Increases the Housing Finance Commission's debt limit from \$5 billion to \$7 billion.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: Do pass. Signed by 12 members: Representatives Dunshee, Chair; Ormsby, Vice Chair; Warnick, Ranking Minority Member; Blake, Chase, Grant-Herriot, Hope, Jacks, Maxwell, Orwall, Smith and White.

Minority Report: Do not pass. Signed by 3 members: Representatives Pearson, Assistant Ranking Minority Member; Anderson and McCune.

Staff: Nona Snell (786-7153)

Background:

The Housing Finance Commission (HFC) was created by the Legislature in 1983. The HFC, however, is not a state agency, does not receive or lend state funds, and its debt is not backed by the full faith and credit of the state.

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.

The HFC acts as a conduit of federal financing for housing, non-profit facilities, and beginning farmers and ranchers. It issues both tax-exempt and taxable bonds to provide below market-rate financing to non-profit and for-profit housing developers who set aside a certain percentage of their units for low-income individuals and families. The HFC also issues tax-exempt bonds to provide below market-rate financing for non-housing non-profit facilities and for beginning farmers and ranchers.

As of January 30, 2009, the HFC has financed more than 61,291 affordable housing units, including over 19,404 affordable elderly units/beds. They have provided over 40,621 loans for home ownership and financed 139 non-profit facilities throughout the state. Eight loans have been provided to beginning farmers and ranchers.

When created in 1983, the HFC's statutory debt limit was \$1 billion. The debt limit is the total amount of debt the HFC is authorized to have outstanding at any one time. The debt limit was raised to \$2 billion in 1985, to \$3 billion in 1999, to \$4.5 billion in 2006, and to \$5 billion in 2008. As of December 2008, the HFC's outstanding debt is approximately \$4 billion.

Summary of Bill:

The HFC's debt limit is increased to \$7 billion.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) Increasing the debt limit will allow the Housing Finance Commission (HFC) to be prepared to issue bonds when the market improves. Issuing bonds for the construction of housing will increase job opportunities, which will help the economy. The home ownership programs help the economy because economic activity is generated with construction and home purchases.

Demand for the HFC's bonds has increased. In 2007, the HFC issued more than \$1 billion.

(Opposed) None.

Persons Testifying: Senator Kauffman, prime sponsor; Kim Herman, Housing Finance Commission; and Terri Jeffreys, Washington Association of Realtors.

Persons Signed In To Testify But Not Testifying: None.