

# SENATE BILL REPORT

## SB 5856

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As of March 4, 2009

**Title:** An act relating to affordable housing financing.

**Brief Description:** Creating a housing everyone financing tool program.

**Sponsors:** Senators Murray, Kohl-Welles, Keiser, Shin and McDermott.

**Brief History:**

**Committee Activity:** Financial Institutions, Housing & Insurance: 2/25/09.

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

**Staff:** Philip Brady (786-7460)

**Background:** The Department of Community, Trade and Economic Development (CTED) administers the Housing Assistance Program (HAP) and the Affordable Housing Program (AHP), collectively referred to as the Housing Trust Fund (Trust Fund). These programs provide loan and grant monies to eligible organizations and communities to meet the basic housing needs of low-income and special needs populations. The Trust Fund is available to fund acquisition, new construction, and rehabilitation of low-income housing units.

There is no equivalent program to provide grants to local governments for similar activities.

**Summary of Bill:** The Housing Everyone Financing Tool Program is created within CTED. It will make project awards to local governments to finance affordable housing. Awards may be used for new construction, rehabilitation, or acquisition of affordable housing; acquisition of existing housing; and acquisition of land for affordable housing. Any government approved for an award must sign a contract with their developer specifying the number of units to be provided, the rent or price of the units, that housing must exist for at least 50 years, and any other requirements deemed necessary. Local governments must also report annually to CTED. Project awards cannot exceed funding dedicated by the local government.

Specified information must appear in the application for a project award, and awards must prioritize moderate or high density development, housing within one-half mile of a high capacity transit station or one-quarter mile of high frequency transit service, maximization of affordability, leveraging of other available funds, and projects that are ready to proceed.

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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.*

Once a project award is delivered, the local government may impose special sales and use tax that will offset the state sales and use tax. This offset cannot exceed \$15 million per year, and the amount collected in any fiscal year cannot exceed the project award for that year. Proceeds from this sales and use tax may be used on a pay-as-you-go basis, or may be used to pay debt service on bonds issued by the local government for affordable housing. This tax cannot be imposed before July 1, 2012.

CTED must periodically report to the Governor and Legislature and recommend changes to this chapter.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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