

SENATE BILL REPORT

SHB 1699

As Reported by Senate Committee On:
Ways & Means, March 22, 2011

Title: An act relating to housing trust fund administrative costs.

Brief Description: Concerning housing trust fund administrative costs.

Sponsors: House Committee on Capital Budget (originally sponsored by Representatives Kenney, Smith and Maxwell; by request of Washington State Department of Commerce).

Brief History: Passed House: 3/02/11, 96-0.

Committee Activity: Ways & Means: 3/10/11, 3/16/11, 3/22/11 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Parlette, Ranking Minority Member Capital; Baumgartner, Baxter, Brown, Conway, Fraser, Hatfield, Hewitt, Holmquist Newbry, Honeyford, Kastama, Keiser, Kohl-Welles, Pflug, Pridemore, Rockefeller, Schoesler and Tom.

Staff: Richard Ramsey (786-7412)

Background: The Washington State Housing Trust Fund was established in 1987 to meet the housing needs of low-income and special needs populations. Since 1991 the Legislature has appropriated \$876 million for the Housing Trust Fund which has participated financially in 1200 projects and created 36,000 single and multiple family units statewide. The Housing Assistance Program and the Affordable Housing program in the Department of Commerce (Department) are the primary projects within the Housing Trust Fund.

Summary of Bill: The maximum amount of funds that can be used for administrative costs is reduced from 5 to 3 percent of the annual funds available for the Housing Assistance Program and the Affordable Housing Program. Capital budget reappropriations are not to be included in the calculation of the annual funds available for determining the administrative costs. Administrative costs are described as the costs associated with application, distribution, and project development activities.

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.

Administration funding of up to 0.25 percent of the contracted amount of state investment in the Housing Assistance Program and the Affordable Housing Program for compliance and monitoring activities is authorized.

Contracted amount of state investment in the Housing Assistance Program and contracted amount are defined as the aggregate amount of all state funds for which the Department has monitoring and compliance responsibility.

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: The 5 percent cap on administration worked well in early part of Housing Trust Fund's existence when much of the Department's work involved establishing projects, effectively loan origination. Now the Trust Fund has 1200 projects and 36,000 units, and staff spend more time ensuring projects and funding are used as intended and protecting the state's investment. Changing the administrative cap will not result in additional funding.

Persons Testifying: PRO: Dan McConnon, Department of Commerce.