

SENATE BILL REPORT

SHB 2640

As Reported by Senate Committee On:
Financial Institutions, Housing & Insurance, February 21, 2012

Title: An act relating to emphasizing cost-effectiveness in the housing trust fund.

Brief Description: Emphasizing cost-effectiveness in the housing trust fund.

Sponsors: House Committee on Community & Economic Development & Housing (originally sponsored by Representatives Smith, Kenney, Warnick, Finn, Walsh, Orcutt and Kelley).

Brief History: Passed House: 2/11/12, 95-0.

Committee Activity: Financial Institutions, Housing & Insurance: 2/21/12 [DP].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Majority Report: Do pass.

Signed by Senators Hobbs, Chair; Prentice, Vice Chair; Benton, Ranking Minority Member; Fain, Haugen and Keiser.

Staff: Alison Mendiola (786-7483)

Background: Established by the Department of Commerce (Commerce) in 1987 and funded beginning in 1989, the Washington State Housing Trust Fund (Housing Trust Fund) provides loans and grants to help communities meet the housing needs of low-income and special needs populations.

The Housing Trust Fund portfolio is approximately \$820 million. The Housing Trust Fund appropriations from the Omnibus Capital Appropriations Act have supported the development of 1200 projects and 36,763 single and multifamily units in 38 counties. Ninety-three percent of households served through the Housing Trust Fund are below 50 percent of area median income, with 72 percent below 30 percent of area median income. Fifty-eight percent of the units serve general low-income populations, 14 percent serve elderly populations, 11 percent serve special needs populations, and the rest serve homeless households, farm workers, and others.

In awarding grants and loans from the Housing Trust Fund, Commerce must provide for a statewide geographic distribution. Commerce must give preference for applications based on some or all of the following criteria:

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- the degree of leveraging of other funds;
- the degree of commitment from programs to provide necessary habilitation and support services for projects focusing on special needs populations;
- recipient and local government project contributions;
- projects that encourage ownership, management, and other project-related responsibility opportunities;
- projects that demonstrate a strong probability of serving the original target group or income level for a period of at least 25 years;
- the applicant has the demonstrated ability, stability, and resources to implement the project;
- projects which demonstrate serving the greatest need, persons and families with the lowest incomes, and special needs;
- project location and access to employment centers and public transportation; and
- projects that provide employment and training opportunities for disadvantaged youth.

Summary of Bill: Commerce must consider total project cost and per-unit cost compared to similar housing projects constructed or renovated within the same geographic area for the Housing Trust Fund applications it reviews through June 30, 2013. The scope of projects for which cost is considered is limited to those involving housing construction, rehabilitation, or acquisition.

Commerce, with input from the Affordable Housing Advisory Board, must report to the Legislature by December 1, 2012, with recommendations for awarding funds from the Housing Trust Fund in a cost-effective manner.

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: Under this bill, the cost-per-unit would be considered when awarding Housing Trust Fund dollars, and the Affordable Housing Advisory Board would come up with recommendations to the Legislature by December 1, 2012, for awards of funds in a cost effective manner. This bill was drafted with input from Commerce and this timeline is manageable.

Persons Testifying: PRO: Representative Smith, prime sponsor.