
**Community Development, Housing &
Tribal Affairs Committee**

HB 1617

Brief Description: Concerning the administrative costs for the allocation, management, and oversight of housing trust fund investments.

Sponsors: Representatives McCoy, Warnick, Orwall, Ryu, Smith, Maxwell, Moscoso and Freeman; by request of Washington State Department of Commerce.

Brief Summary of Bill

- Makes permanent the 2011-13 cap (3 percent) on administrative costs associated with application, distribution, and project development activities for the Housing Assistance Program at the Department of Commerce.
- Makes permanent the 2011-13 cap (0.25 percent) on administrative costs associated with compliance and monitoring activities for the Housing Assistance Program and the Affordable Housing Program.

Hearing Date: 2/14/13

Staff: Jill Reinmuth (786-7134).

Background:

Housing Trust Fund.

Established at the Department of Commerce (Department) in 1987 and funded beginning in 1989, the Washington State Housing Trust Fund (Housing Trust Fund) helps communities meet the housing needs of low-income and special needs populations. Ninety-three percent of households served are below 50 percent of area median income, with 71 percent below 30 percent of area median income. The Housing Trust Fund portfolio is currently \$860 million. The Housing Trust Fund appropriations from the Capital Budget have supported the development of more than 41,000 single and multifamily units statewide.

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.

Capital Budget Appropriations for Housing 2003-05 through 2011-13 Biennium.

Biennium	2003-05	2005-07	2007-09	2009-11	2011-13
Appropriations	\$81 million	\$121 million	\$200 million	\$130 million	\$117 million

Two primary state programs operate within the Housing Trust Fund: the Housing Assistance Program and the Affordable Housing Program.

Housing Assistance Program.

The Housing Assistance Program, administered by the Department, uses the Housing Trust Fund and other appropriations to finance loans and grant projects that provide housing for households with special housing needs and with incomes at or below 50 percent of the project area's median family income. At least 30 percent of funds in any cycle must benefit projects located in rural parts of the state. Eligible activities include:

- new construction, rehabilitation, or acquisition of low-income and very low-income housing units;
- rent subsidies;
- matching funds for social services directly related to providing housing for special-need tenants in assisted projects;
- technical assistance, design and finance services and consultation, and administrative costs for eligible nonprofit community or neighborhood-based organizations;
- administrative costs for housing assistance groups or organizations when such grants or loans will substantially increase the recipient's access to other housing funds;
- shelters and related services for the homeless, including emergency shelters and overnight youth shelters;
- mortgage subsidies, including temporary rental and mortgage payment subsidies to prevent homelessness;
- mortgage insurance guarantee or payments for eligible projects;
- down payment or closing cost assistance for eligible first-time home buyers;
- acquisition of housing units for the purpose of preservation as low-income or very low-income housing; and
- projects making housing more accessible to families with members who have disabilities.

Affordable Housing Program.

The Affordable Housing Program, administered by the Department, uses the Housing Trust Fund and other appropriations for the purpose of developing and coordinating public and private resources targeted to meet the affordable housing needs of households below 80 percent of the project area's median family income. Eligible activities include, but are not limited to:

- new construction, rehabilitation, or acquisition of housing for low-income households;
- rent subsidies in new construction or rehabilitated multifamily units;
- down payment or closing costs assistance for first-time home buyers;
- mortgage subsidies for new construction or rehabilitation of eligible multifamily units; and
- mortgage insurance guarantee or payments for eligible projects.

Administrative Costs.

In general, the cap on the Department's administrative costs is 5 percent of the annual funds available for the Housing Assistance Program and 4 percent of the annual funds available for the Affordable Housing Program. For the 2011-13 fiscal biennium, however, the cap on administrative costs associated with application, distribution, and project development activities was reduced to 3 percent of the annual funds available for the programs. Reappropriations were not to be included in the calculation of the annual funds available for determining the administrative costs. Also for the 2011-13 fiscal biennium, a cap on administrative costs for compliance and monitoring activities was set at 0.25 percent.

Summary of Bill:

Certain caps on administrative costs for the 2011-13 fiscal biennium are made permanent.

The cap on administrative costs associated with application, distribution, and project development activities is set at 3 percent of annual funds available for the Housing Assistance Program. (After the 2011-13 fiscal biennium, the cap on these administrative costs for the Affordable Housing Program reverts to 4 percent.) Reappropriations are not included in the calculation of the annual funds available for determining the administrative costs.

The cap on administrative costs for compliance and monitoring activities is set at 0.25 percent of the contracted amount of state investment in the Housing Assistance Program and the Affordable Housing Program. "Contracted amount" is defined as the aggregate amount of all state funds for which the Department of Commerce has monitoring and compliance responsibility.

Appropriation: None.

Fiscal Note: Available.

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