

FINAL BILL REPORT

SHB 1617

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Synopsis as Enacted

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

Sponsors: House Committee on Community Development, Housing & Tribal Affairs (originally sponsored by Representatives McCoy, Warnick, Orwall, Ryu, Smith, Maxwell, Moscoso and Freeman; by request of Washington State Department of Commerce).

House Committee on Community Development, Housing & Tribal Affairs
House Committee on Capital Budget
Senate Committee on Financial Institutions, Housing & Insurance

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. Capital budget appropriations for housing from 2003-05 through 2011-13 were as follows:

- \$81 million in the 2003-05 biennium;
- \$121 million in the 2005-07 biennium;
- \$200 million in the 2007-09 biennium;
- \$130 million in the 2009-11 biennium; and
- \$117 million in the 2011-13 biennium.

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

Housing Assistance Program.

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 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.

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.

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 of the contracted amounts of state investment in the programs.

Summary:

The caps on administrative costs for the Housing Assistance Program and the Affordable Housing Program 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 and the Affordable Housing Program. 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 amounts 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.

Votes on Final Passage:

House	98	0
Senate	47	0

Effective: July 28, 2013