

SENATE BILL REPORT

SHB 1617

As Reported by Senate Committee On:
Financial Institutions, Housing & Insurance, March 19, 2013

Title: An act relating to the administrative costs for the allocation, management, and oversight of housing trust fund investments.

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).

Brief History: Passed House: 3/04/13, 98-0.

Committee Activity: Financial Institutions, Housing & Insurance: 3/14/13, 3/19/13 [DP].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Majority Report: Do pass.

Signed by Senators Hobbs, Chair; Mullet, Vice Chair; Benton, Ranking Member; Fain, Hatfield, Nelson and Roach.

Staff: Alison Mendiola (786-7483)

Background: The Department of Commerce (COM) administers the Housing Assistance Program and the Affordable Housing Program. Both of these programs, commonly referred to as the Housing Trust Fund (HTF), provide loan and grant monies to eligible organizations to provide housing for low-income and special-needs populations. HTF is available to fund acquisition, new construction, and rehabilitation of low-income housing units.

Current law prohibits HTF administration costs from exceeding 5 percent of the annual funds available for HTF. This administrative cap is calculated as a percentage of the total annual funds available for HTF; however, the funds for administrative costs are appropriated from the Washington Housing Trust Fund Account (Account). The sources of this Account are HTF loan repayments, real estate excise taxes, and unclaimed interest earned on escrow accounts.

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 administrative cap was increased from 4 percent to 5 percent in 2005. However, for the 2011-13 fiscal biennium, 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 the administrative costs for compliance and monitoring activities was set at 0.25 percent of the contracted amounts of state investment in the programs.

Summary of Bill: All of the 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 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 COM 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: With HTF, the state is getting a good bang for their buck, with a cap on indirect costs. This cap means there is more money for affordable housing. This bill is substantively the same as the Senate companion, with some unrelated technical changes.

Persons Testifying: PRO: Representative McCoy, prime sponsor; Dan McConnon, COM.