

SENATE BILL REPORT

HB 1627

As of March 21, 2017

Title: An act relating to nonprofit corporation facilities financing.

Brief Description: Addressing nonprofit corporation facilities financing by the Washington state housing finance commission.

Sponsors: Representatives Ryu and McBride; by request of Washington State Housing Finance Commission.

Brief History: Passed House: 2/28/17, 68-30.

Committee Activity: Human Services, Mental Health & Housing: 3/21/17.

Brief Summary of Bill

- Expands who qualifies as a nonprofit corporation to receive lower-cost financing through the Nonprofit Facilities Program.

SENATE COMMITTEE ON HUMAN SERVICES, MENTAL HEALTH & HOUSING

Staff: Alison Mendiola (786-7444)

Background: Housing Finance Commission (Commission). The Commission is a finance authority established to act as a financial conduit to make additional funds available at affordable rates to help provide housing throughout the state. The Commission is financially self-supported and does not receive funding from the state.

To provide financing, the Commission may:

- issue bonds;
- make loans to or deposits with mortgage lenders for the purpose of making mortgage loans;
- make loans for down payment assistance to home buyers; and
- participate in federal and other government programs to carry out its purpose.

The Commission can also issue nonrecourse bonds for capital projects, which are bonds that are not obligations of the state. Repayment of these bonds is payable solely from the funds received as repayment of loans for which the bonds were issued.

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 Commission, in cooperation with the Department of Commerce (Commerce), developed and implemented a housing finance program, limited to qualified first-time home buyers with priority given to low-income households. The housing finance program provides subsidized and unsubsidized mortgage financing for single-family home ownership and, when possible, provides down payment or closing costs assistance to eligible households. The Commission was authorized and developed additional financing programs, such as the veteran homeownership down payment assistance program, sustainable energy trust program, aviation biofuel facilities and production bond program, nonprofit facilities, and beginning farmer financing program.

Nonprofit Facilities Program. The Nonprofit Facilities Program was created by the Legislature in 1989 and is managed by the Commission. The Nonprofit Facilities Program provides nonprofit corporations with lower-cost financing for:

- purchase of land, equipment, and buildings;
- construction and rehabilitation of buildings;
- lease or purchase of equipment;
- refinancing of existing capital debt; or
- development and feasibility study costs directly related to a nonprofit's project and its development.

A nonprofit corporation is a 501(c)(3) nonprofit organization for the purpose of the Nonprofit Facilities Program.

Affordable Housing Program (AHP). Commerce administers the AHP, which develops and coordinates public and private resources targeted to meet the affordable housing needs of households below 80 percent of a county's median family income. The AHP funds projects, including new construction, rehabilitation, or acquisition of housing for low-income households.

Organizations eligible to receive assistance include the following:

- local governments;
- local housing authorities;
- nonprofit community or neighborhood-based organizations;
- federally recognized Indian tribes in the state; and
- regional or statewide nonprofit housing assistance organizations.

These eligible organizations may receive loans to purchase land for affordable housing development and supportive services. These loans are funded through a program administered by the Commission in coordination with Commerce.

Summary of Bill: The definition of nonprofit corporation, for the purpose of eligibility to receive lower-cost financing through the Nonprofit Facilities Program, is expanded to include any public development authority and organizations eligible to receive assistance through Commerce's AHP which includes local governments, local housing authorities, and federally recognized Indian tribes in the state.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This is a low cost program to help non-profits. The Nonprofit Facilities Program can finance the development of any facilities owned by a non-profit that serves a purpose under federal 501(c)3 status which includes childcare and non-profit office buildings, among other things. This bill adds to the list of organizations eligible to receive low cost loans through this program, programs that are eligible for funding under the Housing Trust Fund. The IRS designates an organization as a 501(c)(3) and the bonding for this program is not limited, as it is through other programs such as affordable housing and student loans. A technical change is made.

Persons Testifying: PRO: Representative Cindy Ryu, Prime Sponsor; Kim Herman, WA State Housing Finance Commission.

Persons Signed In To Testify But Not Testifying: No one.