
**Housing, Community Development &
Veterans Committee**

ESSB 5746

Brief Description: Providing for adequate provisions for low-income homeownership opportunities.

Sponsors: Senate Committee on Housing Stability & Affordability (originally sponsored by Senators Saldaña, Nguyen and Zeiger).

Brief Summary of Engrossed Substitute Bill

- Establishes a target of 13 percent of Housing Trust Fund (HTF) grants and loans in any funding cycle under the Housing Assistance and Affordable Housing Programs to be used to benefit homeownership projects for households at or below 80 percent of the area median family income.
- Authorizes the Department of Commerce (Department) to provide down payment or closing cost assistance to a wider range of first-time home buyers.
- Requires the Department to annually report to the Legislature on specific data regarding the number and percentage of households served under HTF programs for both homeownership and multifamily projects.

Hearing Date: 3/26/19

Staff: Cassie Jones (786-7303).

Background:

Housing Trust Fund.

Established in 1986, the Washington Housing Trust Fund (HTF) helps communities develop and preserve affordable housing to meet the needs of low-income and special needs populations. Since 1986, the HTF has awarded over \$1 billion in funding and helped build or preserve nearly 47,000 units of affordable housing 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.

Housing Assistance Program.

The Housing Assistance Program, administered by the Department of Commerce (Department), uses the HTF and other appropriations to finance loans and grant projects providing housing for households with special housing needs and with incomes at or below 50 percent of the project areas median family income. At least 30 percent of funds in any cycle must benefit projects located in rural parts of the state. Organizations eligible to receive funding include local governments, local housing authorities, regional support networks, nonprofit community or neighborhood-based organizations, federally recognized Indian tribes, and regional or statewide nonprofit housing assistance organizations. Eligible activities include:

- new construction, rehabilitation, or acquisition of low- 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 recipients' 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 guarantees 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- 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 HTF and other appropriations to develop and coordinate public and private resources targeted to meet the affordable housing needs of households whose income is below 80 percent of the project areas 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 guarantees or payments for eligible projects.

For purposes of the Affordable Housing Program, "first-time home buyer" means an individual or his or her spouse or domestic partner who have not owned a home during the three-year period prior to purchase of a home.

Summary of Bill:

Housing Assistance Program.

A target of 13 percent of moneys in any funding cycle under the Housing Assistance Program is established to be used to benefit homeownership projects for households at or below 80 percent of the median family income. If the Department imposes a funding limit on such homeownership projects, the limit must be no less than 30 percent of the limit placed on multifamily projects.

The Department must use a separate form for applications under the Affordable Housing Program to provide homeownership opportunities and evaluate homeownership project applications.

The Department may provide down payment or closing costs assistance under the Affordable Housing Program to the following types of "first-time home buyers":

- an individual or the individual's spouse who has not owned a principal residence within three years before the date of purchase of the property;
- a single parent who has only owned a home with a former spouse while married;
- an individual who is a displaced homemaker, as defined by federal United States Housing and Urban Development standards, and has only owned a home with a spouse; and
- an individual who has only owned a principal residence not permanently affixed to a permanent foundation.

Affordable Housing Program.

A target of 13 percent of the moneys used in any funding cycle under the Affordable Housing Program is established to promote homeownership projects. The Department may allocate unused program funds for non-homeownership projects if it determines it has not received an adequate number of suitable applications for homeownership projects in any given funding cycle.

Report--Department of Commerce.

Beginning December 1, 2021, and every year thereafter, the Department must report to the appropriate committees of the Legislature on the following:

- the number of homeownership and multifamily projects funded by the HTF;
- the percentage of the HTF investments made to homeownership and multifamily projects; and
- the total number of households being served at up to 80 percent of the area median income, up to 50 percent of the area median income, and up to 30 percent of the area median income, for both homeownership and multifamily projects.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect January 1, 2020.