

HOUSE BILL REPORT

HB 1738

As Passed House:
February 12, 2022

Title: An act relating to changing the total amount of outstanding indebtedness of the Washington state housing finance commission.

Brief Description: Changing the total amount of outstanding indebtedness of the Washington state housing finance commission.

Sponsors: Representatives Peterson, Bateman, Macri, Wylie, Tharinger and Ormsby; by request of Housing Finance Commission.

Brief History:

Committee Activity:

Housing, Human Services & Veterans: 1/21/22, 1/27/22 [DP];
Capital Budget: 2/4/22, 2/7/22 [DP].

Floor Activity:

Passed House: 2/12/22, 66-32.

Brief Summary of Bill

- Increases the Housing Finance Commission's debt limit from \$8 billion to \$14 billion.

HOUSE COMMITTEE ON HOUSING, HUMAN SERVICES & VETERANS

Majority Report: Do pass. Signed by 8 members: Representatives Peterson, Chair; Taylor, Vice Chair; Caldier, Ranking Minority Member; Gilday, Assistant Ranking Minority Member; Barkis, Bateman, Donaghy and Leavitt.

Staff: Serena Dolly (786-7150).

HOUSE COMMITTEE ON CAPITAL BUDGET

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Majority Report: Do pass. Signed by 12 members: Representatives Tharinger, Chair; Callan, Vice Chair; Hackney, Vice Chair; Bateman, Kloba, Leavitt, Peterson, Riccelli, Rule, Santos, Sells and Shewmake.

Minority Report: Do not pass. Signed by 7 members: Representatives Steele, Ranking Minority Member; McEntire, Assistant Ranking Minority Member; Dye, Eslick, Kraft, MacEwen and Volz.

Minority Report: Without recommendation. Signed by 3 members: Representatives Abbarno, Assistant Ranking Minority Member; Gilday and Mosbrucker.

Staff: Kelci Karl-Robinson (786-7116).

Background:

The Housing Finance Commission (Commission) is a public body created in 1983 to act as a financial conduit which, without using public funds or lending the credit of the state or local government, can issue nonrecourse revenue bonds and participate in federal, state, and local housing programs. The Commission issues both tax-exempt and taxable bonds to provide below market-rate financing to nonprofit and for-profit housing developers who set aside a certain percentage of their units for low-income individuals and families. In addition, the Commission issues tax exempt bonds to provide below market-rate financing for sustainable energy projects, nonprofit facilities, and beginning farmers and ranchers.

The Commission's statutory debt limit is \$8 billion. The debt limit is the total amount of debt the Commission is authorized to have outstanding at any one time. The Commission's debt limit was last raised in 2018 from \$6 billion to \$8 billion.

The Commission is not a state agency, it does not receive or lend state funds, and its debt is not backed by the full faith and credit of the state.

Summary of Bill:

The Commission's debt limit is increased from \$8 billion to \$14 billion.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony (Housing, Human Services & Veterans):

(In support) The Commission is considered one of the best managed and financially

responsible housing finance commissions in the country and has won national awards. The Commission is reaching its debt limit and can finance more great shovel ready projects if the limit is increased. The Commission is a critical partner in providing affordable housing and has a direct impact on families in Washington. The Commission's debt is not state debt, and the state is not financially responsible. The Commission leverages federal and private resources. Increasing the debt limit will allow the state to access billions of dollars for housing with no risk, cost, or liability to state. The Commission is engaging in a strategic planning process to ensure equity in its projects. The Commission continues to evolve and explore new opportunities. Increasing the Commission's debt limit is the biggest no-brainer of the year to address housing crisis.

(Opposed) None.

Staff Summary of Public Testimony (Capital Budget):

(In support) The Commission's financing leads to safe, affordable homes and changes lives. The Commission has proven its record to the point of coming close to hitting its debt limit. Raising the debt limit protects a critical federal source of revenue to address a housing crisis in Washington. If the limit was reached later this year, the Commission would be unable to provide funding for shovel-ready affordable housing projects across the state. The Commission has a history of clean audits and high bond ratings. The Commission's debt is not the state's debt or the state's liability. The Commission has become more focused on addressing systematic racism and the affordable housing needs of communities of concern. The \$6 million per project Housing Trust Fund administrative cap is pushing private developers out of the 4 percent tax credit program.

(Opposed) None.

Persons Testifying (Housing, Human Services & Veterans): Representative Strom Peterson, prime sponsor; Ryan Donohue, Habitat for Humanity Seattle — King and Kittitas Counties; Steve Walker and Lisa Vatske, Washington State Housing Finance Commission; Kim Herman; Carl Schroeder, Association of Washington Cities; and Patience Malaba, Housing Development Consortium of Seattle — King County.

Persons Testifying (Capital Budget): Representative Strom Peterson, prime sponsor; Ryan Donohue, Habitat for Humanity of Seattle King and Kittitas Counties; Steve Walker, Washington State Housing Finance Commission; Carl Schroeder, Association of Washington Cities; Kim Herman, Coalition for Affordable Housing Development; Chad Vaculin, Housing Development Consortium of Seattle King County; and Jonathan Mallahan, Catholic Charities Eastern Washington.

Persons Signed In To Testify But Not Testifying (Housing, Human Services & Veterans): None.

Persons Signed In To Testify But Not Testifying (Capital Budget): None.