SENATE BILL REPORT
HB 1738

As Reported by Senate Committee On:
Housing & Local Government, February 24, 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: Passed House: 2/12/22, 66-32.
   Committee Activity: Housing & Local Government: 2/22/22, 2/24/22 [DP, DNP].

Brief Summary of Bill

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

SENATE COMMITTEE ON HOUSING & LOCAL GOVERNMENT

Majority Report: Do pass.
   Signed by Senators Kuderer, Chair; Das, Vice Chair; Cleveland, Lovelett, Salomon and Trudeau.

Minority Report: Do not pass.
   Signed by Senators Fortunato, Ranking Member; Gildon, Assistant Ranking Member; Sefzik, Warnick and Wilson, J.

Staff: Jeff Olsen (786-7428)

Background: The Housing Finance Commission (Commission) is a public body created in

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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.

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: Increasing the debt limit for the Commission is critically important, as the Commission is reaching its debt limit and provides access to billions of dollars for investments at no risk to the state. The debt limit has been increased seven times over the past 40 years, and the limit could be reached later this year. The Commission can finance more 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. The Commission is engaging in a strategic planning process to ensure equity in its projects. The Commission serves the entire state including urban, suburban, and rural areas. Increasing the Commission's debt limit is a key response to address the housing crisis.

Persons Testifying: PRO: Ryan Donohue, Habitat for Humanity Seattle-King & Kittitas Counties; Steve Walker, Washington State Housing Finance Commission; Lisa Vaske, Washington State Housing Finance Commission; Kim Herman, Coalition for Affordable Housing Developmentt; Carl Schroeder, Association of Washington Cities.

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