

SENATE BILL REPORT

HB 2098

As of February 15, 2022

Title: An act relating to modifying the interest rate for the low-income home rehabilitation revolving loan program.

Brief Description: Modifying the interest rate for the low-income home rehabilitation revolving loan program.

Sponsors: Representatives Shewmake, Ramel, Frame and Sutherland.

Brief History: Passed House: 2/9/22, 95-1.

Committee Activity: Housing & Local Government: 2/17/22.

Brief Summary of Bill

- Modifies the low-income home rehabilitation loan program interest rate to the lesser of the rate of inflation or 1.5 percent, as applied to all program loans issued on January 1, 2022, and thereafter.

SENATE COMMITTEE ON HOUSING & LOCAL GOVERNMENT

Staff: Brandon Popovac (786-7465)

Background: The Department of Commerce (Commerce) administers the low-income home rehabilitation loan program, subject to amounts appropriated, which offers deferred loans to rural, low-income single-family residential households that need repairs and essential improvements for their primary residence for health, safety, or durability. Examples of essential improvements include rot removal, foundation or structural improvements, energy-related improvements, lead-based paint and asbestos work, improvements for persons with disabilities, repair or replacement of major housing systems, emergency storm repairs, seismic retrofits, or radon mitigation. The cost of the home rehabilitation may not exceed the lesser of 80 percent of the property's assessed value post-rehabilitation or \$40,000.

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.

To qualify for the program, a homeowner must:

- own and permanently reside in the house that is going to be repaired;
- have an income at or below 200 percent of the federal poverty level; and
- live in a non-entitlement area, as defined by the United States Department of Housing and Urban Development.

Homeowners who are senior citizens, persons with disabilities, veterans, or have families with children five years old or younger receive priority for home rehabilitation loans under the program.

All loans against the property, including the home rehabilitation loan, cannot exceed 80 percent of the assessed value of the property. The interest rate of the loan must be equal to the previous year's annual average consumer price index as determined by the Bureau of Labor Statistics, United States Department of Labor—rate of inflation.

Participating homeowners may defer repayment of the loan principal, interest, and any fees related to the loan. Any amounts due under the loan become a lien in favor of the state and are due and payable when the home is sold or upon the change of ownership of the home. All repayments must be deposited into the low-income home rehabilitation revolving loan program account.

Commerce must contract with local rehabilitation agencies to provide home rehabilitation services to participating homeowners. Preference is provided to local agencies delivering programs and services with similar eligibility criteria. A rehabilitation agency may charge a homeowner an administrative fee of no more than 7 percent of the rehabilitation loan amount. Any rehabilitation agency receiving funding through the program must report to Commerce at least quarterly or in alignment with federal reporting, whichever is the greater frequency, the project costs and the number of homes repaired or rehabilitated.

Summary of Bill: The interest rate for deferred loans under the low-income rehabilitation loan program is modified to the lesser of the rate of inflation or 1.5 percent, and applies to all such loans issued on or after January 1, 2022.

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.