
Capital Budget Committee

SB 6332

Brief Description: Increasing the debt limit of the housing finance commission.

Sponsors: Senators Kauffman, Kilmer, Shin, Murray, Sheldon, Marr, Rasmussen, Franklin, Berkey, Haugen, Kohl-Welles, Regala, Keiser, Spanel, McDermott, Rockefeller, Kline, Tom and McAuliffe; by request of Governor Gregoire.

Brief Summary of Bill

- Increases the Housing Finance Commission's debt limit from \$4.5 billion to \$6.5 billion.

Hearing Date: 2/26/08

Staff: Nona Snell (786-7153).

Background:

The Housing Finance Commission (HFC) was created by the Legislature in 1983. However, it is not a state agency, does not receive or lend state funds, and the HFC debt is not backed by the full faith and credit of the State of Washington.

The HFC acts as a conduit of federal financing for housing, nonprofit facilities, and beginning farmers and ranchers. It 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. The HFC also issues tax-exempt bonds to provide below market-rate financing for non-housing nonprofit facilities and for beginning farmers and ranchers.

To date, the HFC has financed more than 126,000 affordable housing units and elderly beds, and provided over 38,000 loans for home ownership. It has also financed 127 nonprofit facilities throughout the state. The beginning farmers and ranchers program was created in 2005, and no projects have yet been financed.

When created in 1983, the HFC's statutory debt limit was \$1 billion. The debt limit was raised to \$2 billion in 1985, to \$3 billion in 1999, and to \$4.5 billion in 2006. The debt limit is the total

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amount of debt the HFC is authorized to have outstanding at any one time. As of January 2008, the HFC's outstanding debt reached \$4 billion. Once the HFC reaches the current debt limit of \$4.5 billion, it must stop issuing debt to finance additional affordable housing and nonprofit facilities.

Summary of Bill:

The HFC's debt limit is increased to \$6.5 billion.

Appropriation: None.

Fiscal Note: Not requested.

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