

HOUSE BILL REPORT

SSB 5884

As Reported By House Committee On:

Trade & Economic Development

Title: An act relating to the enforcement of financing terms by the housing finance commission.

Brief Description: Enforcing financing terms by the housing finance commission.

Sponsors: Senate Committee on Financial Institutions & Housing (originally sponsored by Senators Prentice, Winsley, Fraser, Franklin and Snyder; by request of Washington State Housing Finance Commission).

Brief History:

Committee Activity:

Trade & Economic Development: 3/29/95, 3/30/95 [DP].

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: Do pass. Signed by 9 members: Representatives Van Luven, Chairman; Radcliff, Vice Chairman; D. Schmidt, Vice Chairman; Sheldon, Ranking Minority Member; Ballasiotes; Hatfield; Mason; Skinner and Valle.

Minority Report: Do not pass. Signed by 3 members: Representatives Backlund; Hickel and Sherstad.

Staff: Kenny Pittman (786-7392).

Background: The Washington State Housing Finance Commission was created by the Legislature in 1983. The commission stimulates the production of affordable single and multi-family housing through the issuance of taxable and tax-exempt nonrecourse revenue bonds, administration of the federal tax credit program, and other programs authorized by federal and state law.

Financial advantages and incentives are often made available to developers and owners of housing on the condition that certain requirements of applicable federal and state law and commission policy are met. Typically, these requirements relate to making a percentage of the housing units available to households of a certain income level for a certain period of time. These conditions can be enforced by the commission by contract with the recipient of assistance.

The commission is not statutorily authorized to impose covenants that run with the land as a means to enforce its requirements.

Summary of Bill: The Washington State Housing Finance Commission is authorized to impose covenants on housing or other facilities either financed by the commission or financed by programs administered by the commission. The regulatory covenants shall: (1) run with the land; (2) be used to satisfy and enforce requirements of applicable federal and state law and commission policy; and (3) be enforceable against any successor owners of the housing or other facility, regardless of their lack of knowledge of the agreements. The commission may use this regulatory option for existing as well as future agreements.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The commission could use this option to enforce regulatory requirements that were a condition of financing. Recording the regulatory requirements with the land reduces the potential for disputes if the development is sold to new owners.

Testimony Against: None.

Testified: (Pro) Kim Herman, Washington State Housing Finance Commission.