

HOUSE BILL REPORT

HB 1928

As Reported By House Committee On:

Trade & Economic Development

Title: An act relating to the Washington state housing finance commission.

Brief Description: Allowing the housing finance commission to impose covenants running with the land.

Sponsors: Representatives Skinner, Mason, Van Luven, Radcliff and D. Schmidt; by request of Housing Finance Commission.

Brief History:

Committee Activity:

Trade & Economic Development: 2/24/97, 2/27/97, 3/5/97 [DP].

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: Do pass. Signed by 9 members: Representatives Van Luven, Chairman; Dunn, Vice Chairman; Veloria, Ranking Minority Member; Sheldon, Assistant Ranking Minority Member; Alexander; Ballasiotes; Mason; McDonald and Morris.

Staff: Kenny Pittman (786-7392).

Background: The Washington State Housing Finance Commission (WSHFC) was created in 1983. The purpose of the WSHFC is to stimulate the production of affordable single family, multifamily, and special needs housing through the (1) issuance of tax-exempt or taxable nonrecourse revenue bonds; (2) administration of federal Low-Income Housing Tax Credit Program; and (3) administration of other programs authorized under 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 the WSHFC policy are met. Typically, these requirements relate to making a certain 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 WSHFC by the filing of regulatory agreements with the title. The WSHFC is not statutorily authorized to impose covenants that run with the land as a means to enforce requirements of the regulatory agreements.

Summary of Bill: The WSHFC is authorized to impose covenants on housing or other facilities that are financed by the WSHFC or programs administered by the WSHFC. The regulatory covenants that run with the land are used to satisfy and enforce requirements of applicable federal and state laws and WSHFC policy, and are enforceable against any successor owners of the housing or other facilities. The term of the regulatory covenant must be part of the recorded agreement. The WSHFC may impose regulatory covenants on 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 WSHFC needs this language to maintain the social commitment between the WSHFC and the developer. Recording the covenants will protect future investors in these housing developments. This also reduces risks to any future investors. Having the covenants run with the land is of concern. The language associated with the tax credit projects should be narrowed.

Testimony Against: None.

Testified: Kim Herman and Paul Fitzgerald, Washington Housing Finance Commission (pro); Alusa Luber, Bank of America/SeaFirst Bank (pro); and Dick Ducharme, Building Industry Association of Washington (pro with concerns).