

# SENATE BILL REPORT

## HB 1928

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As Reported By Senate Committee On:  
Financial Institutions, Insurance & Housing, March 27, 1997

**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:** Financial Institutions, Insurance & Housing: 3/26/97, 3/27/97 [DP].

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, INSURANCE & HOUSING

**Majority Report:** Do pass.

Signed by Senators Winsley, Chair; Benton, Vice Chair; Finkbeiner, Hale, Kline and Prentice.

**Staff:** Dave Cheal (786-7576)

**Background:** The Washington State Housing Finance Commission (WSHFC) was created in 1983. The purpose of 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 laws and WSHFC policy are met. Typically, these requirements relate to making a percentage of the housing units available to households of a specified income level for a period of time. WSHFC enforces these conditions by filing regulatory agreements with the title. 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:** WSHFC is authorized to impose covenants on housing or other facilities that are financed by WSHFC or programs administered by 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 future owners of the housing or other facilities. The term of the regulatory covenant must be part of the recorded agreement. 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:** This authority is needed for effective enforcement of Washington State Housing Finance Commission contracts against successor owners.

**Testimony Against:** None.

**Testified:** Kim Herman, Housing Finance Commission (pro).