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**Financial Institutions &  
Insurance Committee**

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**HB 2725**

**Brief Description:** Creating a housing finance program.

**Sponsors:** Representatives Upthegrove, Ericksen, O'Brien, McDermott, Edwards, Ogden, Chase, Haigh, Schual-Berke and Wood.

**Brief Summary of Bill**

- The Housing Finance Commission must work with the State Investment Board to establish a housing program that provides mortgage financing assistance to teachers.

**Hearing Date:** 2/6/02

**Staff:** Thamas Osborn (786-7129).

**Background:**

The Washington State Housing Finance Commission (HFC) was created in 1983 for the purpose of stimulating the production of affordable single and multifamily housing, as well as special needs housing. The commission accomplishes this goal by the following means:

- The issuance of tax-exempt private activity and nonprofit revenue bonds, and taxable revenue bonds;
- The administration of the federal Low-Income Housing Tax Credit Program; and
- The administration of other programs authorized under federal and state law.

In creating the HFC, the Legislature required that it implement a general plan of housing finance objectives, provide periodic progress reports, and adopt certain rules of procedure. By statute, the amount of outstanding debt that may be accrued by the HFC is limited to \$3 billion.

**Summary of Bill:**

The HFC, in cooperation with the State Investment Board (SIB), must develop and implement a housing finance program for those who meet the following criteria:

- Must be an active participant in the Washington State Teacher's Retirement System;
- Cannot have an income above 115 percent of the state or county median family income, whichever is higher; and
- Must meet the statutory definition of "first-time home buyer".

The program developed by the HFC must:

- Provide mortgage financing for single-family home ownership;
- Request that the SIB invest in mortgage-backed securities collateralized by the loans made under the program;
- Provide flexible loan underwriting guidelines, including reduced down payment requirements.

The HFC, in consultation with the Teachers Retirement System, is to notify teachers of the mortgage finance assistance available under this program. The annual report to the Legislature by the HFC is to include a report on the progress of the housing finance program created in this act.

The SIB is authorized to invest in subsidized and unsubsidized loans made to teachers that are secured by secondary market mortgage-backed securities.

**Appropriation:** None.

**Fiscal Note:** Requested on February 5, 2002.

**Effective Date:** The bill takes effect on September 1, 2002.