

SENATE BILL REPORT

HB 1996

As Reported By Senate Committee On:
Financial Services, Insurance & Housing, April 3, 2003

Title: An act relating to clarifying that building operation and maintenance costs of housing projects or units within housing projects eligible to receive housing trust funds, that are affordable to very low-income persons with incomes at or below fifty percent of the area median income, are eligible for local funds.

Brief Description: Clarifying the eligibility for local funds of building operation and maintenance costs of housing projects eligible to receive housing trust funds.

Sponsors: Representatives Morrell, McDonald and Kagi.

Brief History:

Committee Activity: Financial Services, Insurance & Housing: 4/3/03 [DPA].

SENATE COMMITTEE ON FINANCIAL SERVICES, INSURANCE & HOUSING

Majority Report: Do pass as amended.

Signed by Senators Benton, Chair; Winsley, Vice Chair; Keiser, Prentice, Reardon and Roach.

Staff: Alison Mendiola-Hamilton (786-7576)

Background: County auditors assess a \$10 surcharge on the recording of deeds of trust and other instruments. This is known as the affordable housing surcharge. Of the funds collected, the county auditor may retain up to 5 percent to cover the cost of administering the program. Of the remaining funds, 40 percent goes to the housing trust fund and 60 percent is retained by the county for the purpose of creating and retaining affordable housing.

Counties are to use funds in a way that will benefit very-low income people, who are defined as persons with incomes at or below 50 percent of the area median income. Counties are limited in how they may use the funds. One acceptable use is to support building operation and maintenance costs of housing projects, or units within projects, built with housing trust funds.

Summary of Amended Bill: Counties' funds from the affordable housing surcharge are used to support building operation and maintenance costs of housing projects, or units within projects, eligible to receive housing trust funds.

County revenue generated by the surcharge can also be used for rental assistance or vouchers for payment of first and last month's rent and security and other deposits required by a landlord for housing that is affordable to very low-income persons with incomes at or below 50 percent of the area median income. After a tenant has resided in the unit for 12 months, the landlord returns such deposits, and last month's rent to the county fund. Upon

termination of tenancy, the landlord may recover the security deposit from the county fund, if necessary, in accordance with the Residential Landlord-Tenant Act.

Amended Bill Compared to Original Bill: The amended bill adds the language relating to rent vouchers.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: (Original Bill) The current law says that county funds may be used to support building operation and maintenance costs of housing projects, or units within projects, if built with housing trust funds. The problem is that in Puyallup, there is low-income housing in need of these funds but it was not built with housing trust funds. Therefore, the language is changed from "built with" to "eligible for," enabling the City of Puyallup to take advantage of these funds for affordable housing.

Testimony Against: None.

Testified: Representative Morrell, prime sponsor.