
Housing Committee

HB 3142

Brief Description: Creating the affordable housing and community facilities rapid response loan program.

Sponsors: Representatives Liias, Chase, Walsh, Ericks, Loomis, Miloscia, Rolfes and Linville.

Brief Summary of Bill
<ul style="list-style-type: none">Creates the Rapid Response Loan Program to make low interest loans for the purpose of purchasing land or real property for affordable housing and community facility development.

Hearing Date: 1/30/08

Staff: Robyn Dupuis (786-7166).

Background:

The Housing Trust Fund

The Department of Community, Trade and Economic Development (DCTED) provides financial assistance to affordable housing projects for low-income persons through its Housing Trust Fund loan and grant program. Eligible activities for Housing Trust Fund assistance include new construction and rehabilitation, rent subsidies, housing related social services, shelters, acquisition of low-income housing units, and down payment assistance.

There exists a formal process by which eligible organizations may apply for funding. Application periods of at least 90 days duration are announced as often as the DCTED deems appropriate and applications are accepted and evaluated only during those periods of time. The review process evaluates the merits of a proposal based on need, readiness, capacity of the organization, and the proposed project impact. The review process takes approximately 12 weeks.

Affordable Housing Land Acquisition Program

The 2007 Legislature created the Affordable Housing Land Acquisition (AHLA) program within the DCTED (2SHB1401). The program is managed by the Washington State Housing Finance Commission (HFC).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The AHLA program consists of a revolving loan fund for land acquisition on which eligible organizations intend to construct affordable housing and associated facility development. Loan interest rates may not exceed 1 percent. An affordable housing development plan is required as part of the loan application process and loan recipients must place housing into service within eight years of loan receipt. If a housing development does not comply with the requirements of the program, a penalty is imposed on the loan recipient which consists of the principal of the loan plus compounded interest calculated at the current market rate at the time the loan was made.

Forty percent of loans must be made to eligible applicants operating homeownership programs for low-income households in which the households participate in the construction of their homes. Sixty percent of loans may be awarded to other eligible organizations.

Summary of Bill:

Affordable Housing Land Acquisition Program Rental Housing Preservation

Loan recipients must preserve affordable rental housing developed on property for which AHLA loans are received for a minimum of 30 years.

Rapid Response Loan Program

The Rapid Response Loan Program is created within the DCTED to be administered by the Housing Finance Commission (HFC). Through the Rapid Response Loan Program, the HFC will make low interest (0-3 percent) loans to eligible organizations for the purpose of purchasing land or real property for affordable housing and community facility development. Any rental housing produced or acquired through this program must be preserved for at least 30 years.

The Rapid Response Loan Fund is a revolving fund.

The HFC must report annually to the DCTED and the appropriate committees of the Legislature on the number of loans that were made, the purpose of the loans, loan recipients, and when the loans are expected to be paid back.

Appropriation: None.

Fiscal Note: Requested on 1/23/08.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.