

SENATE BILL REPORT

SB 5788

As Reported by Senate Committee On:
Financial Institutions, Housing & Insurance, February 25, 2009
Ways & Means, March 2, 2009

Title: An act relating to state funding for low-income housing.

Brief Description: Addressing state funding for low-income housing.

Sponsors: Senators Prentice, Benton, Pflug, Hobbs, Shin and Kline.

Brief History:

Committee Activity: Financial Institutions, Housing & Insurance: 2/24/09, 2/25/09 [DPS-WM].
Ways & Means: 2/27/09, 3/02/09 [DPS(FIHI)].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Majority Report: That Substitute Senate Bill No. 5788 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Berkey, Chair; Hobbs, Vice Chair; Franklin, McDermott, Parlette and Schoesler.

Staff: Philip Brady (786-7460)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5788 as recommended by Committee on Financial Institutions, Housing & Insurance be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hewitt, Hobbs, Honeyford, Keiser, Kline, Kohl-Welles, McDermott, Murray, Oemig, Parlette, Pridemore, Regala, Rockefeller and Schoesler.

Staff: Richard Ramsey (786-7412)

Background: The Department of Community, Trade and Economic Development (CTED) administers the Housing Assistance Program (HAP) and the Affordable Housing Program,

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collectively referred to as the Housing Trust Fund (Trust Fund). These programs provide loan and grant monies to eligible organizations and communities to meet the basic housing needs of low-income and special needs populations. The Trust Fund is available to fund acquisition, new construction, and rehabilitation of low-income housing units.

The Housing Finance Commission (Commission) was created by the Legislature to assist in making affordable and decent housing available throughout the state. Federal law authorizes state housing finance agencies to issue tax-exempt revenue bonds to fund low-cost housing assistance.

County auditors collect a surcharge for affordable housing (\$10), and two other surcharges for local homeless housing and assistance, totaling \$18 per document they record. Each set of funds is directed to specific accounts and purposes, including some funds directed to CTED.

Summary of Bill (Recommended Substitute): CTED must use a life-cycle cost analysis in its process for evaluating proposals for funding under the HAP. The Commission is permitted to use a life-cycle cost analysis in evaluating proposals for its competitive multifamily housing funding.

County auditors collecting surcharges for affordable housing and homelessness assistance must report to CTED by September 30 of each year. The report must detail the process used for allocating funds, the actual use of the funds, and the criteria used in making funding decisions. CTED must then report to the Legislature by December 1 compiling the county reports and reporting on its own activities using any funds that come from auditor surcharges.

EFFECT OF CHANGES MADE BY FINANCIAL INSTITUTIONS, HOUSING & INSURANCE COMMITTEE (Recommended Substitute): A definition of life-cycle cost analysis is inserted into code for both the Commission and the HAP.

The Commission's ability to use life-cycle cost analysis is restricted to its competitive multifamily project funding.

Appropriation: None.

Fiscal Note: Requested on February 21, 2009.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill (Financial Institutions, Housing & Insurance): PRO: In the midst of a financial crisis, life-cycle cost analysis offers long-term savings. It would be used as a criteria, not the only criteria. The Joint Legislative Audit and Review Commission housing study is the impetus for this bill. It would create consistent, precise, and optimal analysis of housing.

OTHER: The Commission already has the software to conduct life-cycle cost analyses but it shouldn't be applied to all programs under the Commission.

Persons Testifying (Financial Institutions, Housing & Insurance): PRO: Pat Tussoni, Thurston County Tenants Union; Terry Kohl, Washington Apartment Association; Terri Hotueot, Rental Housing Association of Puget Sound.

OTHER: Kim Herman, Housing Finance Commission.

Staff Summary of Public Testimony on Substitute Bill (Ways & Means): PRO: This bill will help us answer the question of how money is spent in housing programs. The life-cycle cost analysis is used by the Office of Financial Management and the Department of General Administration in comparing projects; they do so at nominal cost. The counties and CTED have been reporting informally on programs funded with the document recording fee surcharges; this will provide more structured information on activities funded with these funds.

Persons Testifying (Ways & Means): PRO: Senator Prentice, prime sponsor; Terry Kohl, Washington Apartment Association; Terri Hotvedt, Rental Housing Association of Puget Sound.