

HOUSE BILL REPORT

HB 2471

As Reported by House Committee On:
Housing

Title: An act relating to creating a veteran homeownership program.

Brief Description: Creating a veteran homeownership program.

Sponsors: Representatives McCune, Miloscia, Dunn, Campbell, Linville, Morrell, Strow, O'Brien, Green, Sells, Chase and Holmquist.

Brief History:

Committee Activity:

Housing: 1/17/06, 2/2/06 [DPS].

Brief Summary of Substitute Bill

- Requires the Housing Finance Commission (HFC) to create and implement a veteran down payment assistance homeownership program by January 1, 2007.

HOUSE COMMITTEE ON HOUSING

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Miloscia, Chair; Springer, Vice Chair; Holmquist, Ranking Minority Member; Dunn, Assistant Ranking Minority Member; McCune, Ormsby, Pettigrew, Schindler and Sells.

Staff: Robyn Dupuis (786-7166).

Background:

Housing Finance Commission (HFC) Home Buyer Programs

The HFC is required in statute to provide a housing finance program for income eligible first-time homebuyers. The HFC offers several financing programs including House Key and House Choice which offers below-market-rate loans and down payment assistance, and also allow homebuyers to qualify for mortgages with higher loan ratios and pay less closing costs than under conventional loan programs.

Although not required in statute, the HFC periodically develops supplemental programs to provide additional assistance to specific targeted populations including teachers, low-income rural residents, residents of a specific area, and disabled individuals.

Federal Veteran Affairs (VA) Home Loan Program

The VA Home Loan Program is a loan guarantee program wherein the federal government guarantees part of the total home loan for eligible home buyers. This guarantee permits a purchaser to obtain a competitive interest rate, sometimes without a down payment, depending upon the lender. The lender is protected against the loss if the borrower fails to repay the loan, up to the amount of the guaranty.

Summary of Substitute Bill:

The HFC must create and implement a down payment assistance homeownership program to assist veterans in purchasing a home. This program must work in conjunction with other HFC housing finance programs.

The program shall be available to the following:

- (1) Washington veterans as defined in statute (RCW 41.04.007);
- (2) members and former members of the Washington National Guard and reserve; and
- (3) never remarried spouses, and dependent children of deceased, eligible veterans.

Substitute Bill Compared to Original Bill:

The substitute bill specifies that this veteran homeownership program shall be a down payment assistance program and that it shall work in conjunction with the HFC existing home financing programs. The substitute bill amends and clarifies who is eligible to participate in the program. The substitute bill strikes specific reference to disabled veterans.

Appropriation: None.

Fiscal Note: Requested on January 9, 2006.

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

Testimony For: (With concerns) Eligibility criteria should be broadened with less restrictions in order to serve a larger group of veterans and possibly current military personnel. Assistance for the purchase of manufactured housing should be added since it's often the only housing veterans can afford.

Testimony Against: None.

Persons Testifying: (With concerns) Kim Herman and Dee Taylor, Washington State Housing Finance Commission; and Fred Jones, Washington State President for Mobile Home Owners of America.

Persons Signed In To Testify But Not Testifying: None.