

SENATE BILL REPORT

SB 5439

As of February 7, 2013

Title: An act relating to the administrative costs for the allocation, management, and oversight of housing trust fund investments.

Brief Description: Concerning the administrative costs for the allocation, management, and oversight of housing trust fund investments.

Sponsors: Senators Benton and Hobbs; by request of Washington State Department of Commerce.

Brief History:

Committee Activity: Financial Institutions, Housing & Insurance: 2/05/13.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Staff: Alison Mendiola (786-7483)

Background: The Department of Commerce (COM) administers the Housing Assistance Program and the Affordable Housing Program. Both of these programs, commonly referred to as the Housing Trust Fund (HTF), provide loan and grant monies to eligible organizations to provide housing for low-income and special needs populations. The HTF is available to fund acquisition, new construction, and rehabilitation of low-income housing units.

Current law prohibits the HTF administration costs from exceeding 5 percent of the annual funds available for the HTF. This administrative cap is calculated as a percentage of the total annual funds available for the HTF; however, the funds for administrative costs are appropriated from the Washington Housing Trust Fund Account (Account). The sources of this Account are HTF loan repayments, real estate excise taxes, and unclaimed interest earned on escrow accounts.

The administrative cap was increased from 4 percent to 5 percent in 2005.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Proposed Substitute): Administrative activities of the Housing Trust Fund (HTF) are split into two categories:

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- Application, distribution, and project development activities, subject to a 3 percent cap, and
- Compliance and monitoring activities. These activities are codified and subject to a statutory cap of one-quarter of 1 percent annually of the contracted amount of state investment in the HTF portfolio.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This bill codifies changes in the current operating budget. If at one point there is no appropriation for the Housing Trust Fund then there would be no money for administrative costs. As a state, we want to protect our investments and ensure that the portfolio is properly managed. In future years, these changes could lead to savings. This language is about spending authority, the actual funding comes from loan repayments.

Persons Testifying: PRO: Senator Benton, prime sponsor; Dan McConnon, COM.