

HOUSE BILL REPORT

HB 1627

As Passed House:
February 28, 2017

Title: An act relating to nonprofit corporation facilities financing.

Brief Description: Addressing nonprofit corporation facilities financing by the Washington state housing finance commission.

Sponsors: Representatives Ryu and McBride; by request of Washington State Housing Finance Commission.

Brief History:

Committee Activity:

Community Development, Housing & Tribal Affairs: 2/8/17, 2/9/17 [DP].

Floor Activity:

Passed House: 2/28/17, 68-30.

Brief Summary of Bill

- Expands who qualifies as a nonprofit corporation to receive lower-cost financing through the Nonprofit Facilities Program.

HOUSE COMMITTEE ON COMMUNITY DEVELOPMENT, HOUSING & TRIBAL AFFAIRS

Majority Report: Do pass. Signed by 7 members: Representatives Ryu, Chair; Macri, Vice Chair; McCabe, Ranking Minority Member; Barkis, Assistant Ranking Minority Member; Jenkin, Reeves and Sawyer.

Staff: Kirsten Lee (786-7133).

Background:

Nonprofit Facilities Program.

The Nonprofit Facilities Program is managed by the Washington State Housing Finance Commission (HFC). The Nonprofit Facilities Program provides nonprofit corporations with lower-cost financing for:

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- purchase of land, equipment, and buildings;
- construction and rehabilitation of buildings;
- lease or purchase of equipment;
- refinancing of existing capital debt; or
- development and feasibility study costs directly related to a nonprofit's project and its development.

A nonprofit corporation is a 501(c)(3) nonprofit organization for the purpose of the Nonprofit Facilities Program.

Affordable Housing Program.

The Department of Commerce (Department) administers the Affordable Housing Program (AHP), which develops and coordinates public and private resources targeted to meet the affordable housing needs of households below 80 percent of a county's median family income. The AHP funds projects, including new construction, rehabilitation, or acquisition of housing for low-income households.

Organizations eligible to receive assistance include:

- local governments;
- local housing authorities;
- nonprofit community or neighborhood-based organizations;
- federally recognized Indian tribes in the state; and
- regional or statewide nonprofit housing assistance organizations.

These eligible organizations may receive loans to purchase land for affordable housing development and supportive services. These loans are funded through a program administered by the HFC in coordination with the Department.

Summary of Bill:

The definition of "nonprofit corporation," for the purpose of eligibility to receive lower-cost financing through the Nonprofit Facilities Program, is expanded to include any public development authority and organizations eligible to receive assistance through the Department of Commerce's Affordable Housing Program.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This legislation allows for entities that are eligible for the Housing Trust Fund, other than 501(c)(3) organizations, to borrow lower-interest funds for capital projects. This expansion in eligibility creates a good opportunity for the development of community facilities. There is no cost to the state because all of the bonds are tax exempt.

(Opposed) None.

Persons Testifying: Representative Ryu, prime sponsor; and Kim Herman, Washington State Housing Finance Commission.

Persons Signed In To Testify But Not Testifying: None.