FINAL BILL REPORT
SB 6371

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Synopsis as Enacted

Brief Description: Concerning facilities financing by the housing finance commission.

Sponsors: Senator Mullet; by request of Housing Finance Commission.

Senate Committee on Financial Institutions & Insurance
House Committee on Community Development, Housing & Tribal Affairs
House Committee on Capital Budget

Background: The Housing Finance Commission (HFC) issues both tax-exempt and taxable bonds to provide below market-rate financing to nonprofit and for-profit housing developers who set aside a certain percentage of their units for low-income individuals and families. In addition, the HFC issues tax-exempt bonds to provide below market-rate financing for non-housing, nonprofit facilities and for beginning farmers and ranchers. The HFC acts as a conduit of federal financing for housing, nonprofit facilities, energy efficiency and renewable energy projects, and beginning farmers and ranchers.

The HFC's statutory debt limit is $6 billion. The debt limit is the total amount of debt the HFC is authorized to have outstanding at any one time. The HFC's debt limit was last raised in 2009 from $5 billion to $6 billion. As of December 31, 2017, the HFC's outstanding debt is approximately $5.4 billion.

The HFC is not a state agency, it does not receive or lend state funds, and its debt is not backed by the full faith and credit of the state.

The Nonprofit Facilities Program is managed by the HFC and provides nonprofit corporations with lower-cost financing for:
- 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.

For the purpose of the program, a nonprofit corporation is a 501(c)(3) nonprofit organization.

The Affordable Housing Program (AHP) is administered by the Department of Commerce (Commerce) and 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 Commerce.

Summary: The HFC's debt limit is increased from $6 billion to $8 billion. Organizations eligible to receive lower-cost financing through the HFC's Nonprofit Facilities Program are expanded to include public development authorities and organizations eligible to receive assistance through Commerce's AHP, such as local governments, local housing authorities, and federally recognized Indian tribes in the state.

Votes on Final Passage:

Senate	44	2
House	59	39

Effective: June 7, 2018