

HOUSE BILL REPORT

HB 1623

*As Reported By House Committee on:
Housing*

Title: An act relating to the housing trust fund.

Brief Description: Capitalizing the housing trust fund.

Sponsor(s): Representatives Ogden, Mitchell, Nelson, Winsley, Franklin, H. Sommers, Jacobsen, R. Johnson, Leonard, Haugen, Phillips and Anderson.

Brief History:

Reported by House Committee on:
Housing, February 15, 1991, DPS.

**HOUSE COMMITTEE ON
HOUSING**

Majority Report: *That Substitute House Bill No. 1623 be substituted therefor, and the substitute bill do pass.*
Signed by 7 members: Representatives Nelson, Chair; Franklin, Vice Chair; Mitchell, Ranking Minority Member; Winsley, Assistant Ranking Minority Member; Leonard; Ogden; and Wineberry.

Minority Report: *Do not pass.* Signed by 1 member: Representative Ballard.

Staff: Kenny Pittman (786-7392).

Background: The Legislature enacts biennial appropriations for the capital construction needs of state agencies and institutions. Projects that have been financed through the capital budget include correctional facilities, state office buildings, heritage and cultural centers, economic development projects, and land for recreational purposes.

The Housing Trust Fund Program, established in 1986, provides either loans or grants or both to local governments, nonprofit organizations, and public housing authorities to increase the availability and affordability of housing for low-income households or households with special housing needs. The household's income cannot exceed 50 percent of the median income, adjusted for household size, for the county where the project is located.

Funding for the Housing Trust Fund Program is obtained from a variety of sources. These include dedicated revenue sources such as the interest earned on earnest money deposits for real estate purchases and a combination of funds from the state's general and capital budget. In the 1989-91 Biennium, \$10 million was appropriated from the general fund and \$16 million was appropriated from the capital budget to the housing trust fund.

The Department of Community Development (DCD) is responsible for the operation and administration of the Housing Trust Fund Program.

Summary of Substitute Bill: A total of \$65 million is appropriated in the 1991-93 biennium from the state capital construction budget to fund low-income housing activities. The appropriation is divided into: (a) a base line capital budget request of \$15 million; and (b) a request of \$50 million that is contingent on the state raising its statutory debt limit from 7 percent to 8 percent.

Base Line Budget Request

A base line budget amount of \$15 million is requested to support low-income housing activities through the Housing Trust Fund Program.

Enhancement to Base Line Request

An additional \$50 million is requested to provide: a) funding for a new Affordable Housing Program; b) funding for weatherization improvements; and c) additional funding for the Housing Trust Fund Program. The \$50 million appropriation is contingent upon the Legislature raising the state's statutory debt limit from 7 percent to 8 percent.

1. Affordable Housing Program

Eight million dollars is appropriated to the Department of Community Development to establish a new Affordable Housing Program. The funds are to be used to assist households with incomes up to 80 percent of median family income.

2. Weatherization Improvements/Energy Matchmakers Program

Eight million dollars is appropriated to the Department of Community Development for the Low-Income Residential Weatherization Program. The funds are to be used for weatherization improvements to homes occupied by very low-income persons.

3. Housing Trust Fund Program

Thirty-four million dollars is added to the base line budget of \$8 million to support low-income housing activities of the Housing Trust Fund Program.

Substitute Bill Compared to Original Bill: The language for the guidelines for the new Affordable Housing Program is referenced in another bill (HB 1624). The funds for the weatherization improvements are directed to the existing Low-Income Residential Weatherization Program. The new requirements that: 1) the state receive a share of equity at time of sale; and b) one-half of the assistance be in the form of loans is deleted from the \$34 million budget enhancement for the Housing Trust Fund Program.

Fiscal Note: Requested February 5, 1991.

Appropriation: Yes.

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

Testimony For: The bill is the result of the Governor's Capital Forum Project. The problems facing many households will not go away without assistance from the public and private sectors. This appropriation will provide a needed source of revenue and encourage public/private partnerships to address the state's housing problems. The requirement that the state take a shared equity position and that one-half of the assistance be in the form of loans would hurt the flexibility of the program and limit the amount of projects the program could do.

Testimony Against: You should not raise the state's debt limit to fund housing. Raising the debt limit does not address the real problem. The revenue could be raised if the state went to a system of land value taxation.

Witnesses: Jeff Robinson and Kathy Kreiter, Department of Community Development (in favor of bill; have concerns over some provisions); Steve Claggett, Common Ground (in favor of bill); William Longbrake, Washington Mutual Savings and Capital Forum Project (in favor of bill); Mike Doubleday, city of Seattle (in favor of bill); Mike Ryherd, Low-Income Housing Congress (in favor of bill); and Meta Heller (against the bill).