
**Trade & Economic Development
Committee**

HB 2430

Brief Description: Purchasing manufactured homes.

Sponsors: Representatives O'Brien, Mielke, Kagi, Benson, Lantz, Sump, Chase, Pearson, Cody, Kirby, McCoy, Dickerson, Cairnes, Clibborn, Kenney, Holmquist and Rockefeller.

Brief Summary of Bill

- Creates the manufactured home purchase assistance program.
- Authorizes the Housing Trust Fund, and other funds appropriated to the Housing Assistance Program, to be used to insure qualified bank loans to low-income persons in order to purchase a manufactured home and/or a manufactured home lot.

Hearing Date: 1/23/04

Staff: Tracey Taylor (786-7196).

Background:

In 1987, the Legislature created the Housing Trust Fund (HTF) to provide a continuously renewable resource to help communities meet the housing needs of low-income and special needs populations. Since 1989, the HTF has invested over \$420 million in new and improved housing. This includes the construction, acquisition or rehabilitation of at least 4,500 housing units each biennium. Throughout the state, the HTF helps individuals and families, with incomes of 80 percent of the median income and below, have rental and home ownership opportunities. This includes assisting low-income home buyers with the down payment to purchase a first house.

Approximately 11 percent of all new single family homes sold in Washington are manufactured homes. Ninety-seven percent of all manufactured homes in Washington are multi-sectional and cost an average of \$65,490. Ninety percent of the homes are placed on privately owned lots. In Washington, there are 1,800 rental communities, with an average of 65 home sites per community. Once sited, less than five percent of manufactured homes are moved.

Summary of Bill:

The manufactured home purchase assistance program is created and will be administered by the Department of Community, Trade & Economic Development (DCTED). The program will assist

eligible persons to receive manufactured home purchase loans by insuring the loans against default. The loan shall be for a fixed interest rate based upon the best prevailing market rate in the area at the time the loan is being made.

A lender providing a manufactured home purchase loan to an eligible person will be insured by the manufactured home purchase assistance program against default by the eligible person. Prior to making the loan, the lender must establish the terms of the loan guarantee contract with the DCTED. If an eligible person defaults on the loan approved by the department, the lender may be reimbursed by the department in accordance with the contract's terms.

The DCTED shall not guarantee additional loans if the available money to fund the program does not equal or exceed the amount it would cost to repay lenders if 50 percent of all current loans defaulted.

To be eligible for a manufactured home purchase assistance program, a person must be at an income level that is at or below 50 percent of the median family income for the county or for the standard metropolitan statistical area where the home will be sited. In addition, an eligible person must: (1) make a down payment of five percent of the purchase price of the manufactured home, manufactured home lot, or the manufactured home and lot; (2) demonstrate that they currently have an adequate income to make the payments on the loan and meet their other expenses, including a salary that is two and one-half times the expected monthly loan payment; (3) not have declared bankruptcy within the previous 10 years; (4) provide documentation evidencing continuous employment for the prior three years; and (5) have a suitable site on which to place the manufactured home.

The manufactured home purchase assistance account is created in the custody of the state treasurer.

The DCTED is authorized to use moneys from the HTF, as well as other legislative appropriations to the Housing Assistance Program, for the manufactured home purchase assistance program.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.