
**Community & Economic Development &
Housing Committee**

HB 2640

Brief Description: Emphasizing cost-effectiveness in the housing trust fund.

Sponsors: Representatives Smith, Kenney, Warnick, Finn, Walsh, Orcutt and Kelley.

Brief Summary of Bill

- Requires the Department of Commerce to prioritize funding for the Washington State Housing Trust Fund applications that demonstrate cost-effectiveness.

Hearing Date: 1/23/12

Staff: Jennifer Thornton (786-7147).

Background:

Established at the Department of Commerce (Department) in 1987 and funded beginning in 1989, the Washington State Housing Trust Fund (Housing Trust Fund) provides loans and grants to help communities meet the housing needs of low-income and special needs populations.

The Housing Trust Fund portfolio is approximately \$820 million. The Housing Trust Fund appropriations from the Capital Budget have supported the development of 1,200 projects and 36,763 single and multifamily units in 38 counties. Ninety-three percent of households served through the Housing Trust Fund are below 50 percent of area median income, with 72 percent below 30 percent of area median income. Fifty-eight percent of the units serve general low-income populations, 14 percent serve elderly populations, 11 percent serve special needs populations, and the rest serve homeless households, farmworkers, and others.

In awarding grants and loans from the Housing Trust Fund, the Department must provide for a statewide geographic distribution. The Department is required to give preference for applications based on some or all of the following criteria:

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- the degree of leveraging of other funds;
- the degree of commitment from programs to provide necessary habilitation and support services for projects focusing on special needs populations;
- recipient and local government project contributions;
- projects that encourage ownership, management, and other project-related responsibility opportunities;
- projects that demonstrate a strong probability of serving the original target group or income level for a period of at least 25 years;
- the applicant has the demonstrated ability, stability, and resources to implement the project;
- projects which demonstrate serving the greatest need, persons and families with the lowest incomes, and special needs;
- project location and access to employment centers and public transportation; and
- projects that provide employment and training opportunities for disadvantaged youth.

Summary of Bill:

The Department is required to evaluate the total project cost and per-unit cost when reviewing Housing Trust Fund applications. The Department must give preference to projects that demonstrate cost-effectiveness compared to similar housing projects constructed or renovated within the same geographic area.

Appropriation: None.

Fiscal Note: Requested on January 21, 2012.

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