
Capital Budget Committee

HB 1250

Brief Description: Modifying the low-income home rehabilitation program.

Sponsors: Representatives Steele and Eslick.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Converts the Low-Income Home Rehabilitation Revolving Loan Program into a grant program and forgives the outstanding balance of existing loans.

Hearing Date: 2/9/23

Staff: Dawn Eychaner (786-7135).

Background:

Loan Program.

The Low-Income Home Rehabilitation Revolving Loan Program (Loan Program) was established in 2017 and is administered by the Department of Commerce (COM). The Loan Program serves homeowners who live in rural areas and have incomes at or below 200 percent of the federal poverty level. Homeowners who are senior citizens, persons with disabilities, families with children aged 5 years or younger, and veterans must receive priority for the loans.

The home rehabilitation loan cannot exceed 80 percent of the property's assessed value after rehabilitation or \$40,000, whichever is less. All amounts borrowed under the loan become due and payable upon the sale or change in ownership of the home.

COM contracts with rehabilitation agencies to provide the home rehabilitation services and administer the loans. Interest rates are set based on the previous year's annual average consumer

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

price index.

Since inception, the Loan Program has issued 52 loans totaling just over \$1.5 million. Of these, seven loans have been repaid in full. The repayments received as of December 2022, including principal and interest, for loans issued under the Loan Program total just over \$190,000.

Account.

The Loan Program Account (Account) is a nonappropriated account that may receive repayments from the Loan Program and other sources of funding. Expenditures may be used only for purposes of the Loan Program.

Summary of Bill:

The Low-Income Home Rehabilitation Revolving Loan Program (Loan Program) is terminated on July 1, 2023. The Department of Commerce (COM) must forgive in full any previously issued loan that is outstanding. Loan forgiveness is not retroactive and does not apply to any loans previously paid in full.

Grant Program.

The Low-Income Home Rehabilitation Grant Program (Grant Program) is established and is administered by COM. The Grant Program must serve homeowners who live in rural areas and have incomes at or below 80 percent of the area median income for the county in which the home receiving rehabilitation is located, or 60 percent of the state median income, whichever is greater. Homeowners who are senior citizens, persons with disabilities, families with children aged 5 years or younger, and veterans must receive priority for the grants.

The home rehabilitation grant cannot exceed 80 percent of the property's assessed value after rehabilitation or \$40,000, whichever is less.

The COM must contract with rehabilitation agencies to provide the home rehabilitation services.

Account.

The Low-Income Home Rehabilitation Revolving Loan Program Account is renamed as the Low-Income Home Rehabilitation Account. Expenditures may include grants issued under the Grant Program and wind-down costs of the former Loan Program.

Effective Dates.

Sections relating to terminating the Loan Program, establishing the Grant Program, and modifying the account take effect July 1, 2023.

Appropriation: None.

Fiscal Note: Requested on January 19, 2023.

Effective Date: The bill contains multiple effective dates.