Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Housing Committee

HB 1022

Brief Description: Creating a homes for heroes program.

Sponsors: Representatives Connors, McClintock, Low, Barkis, Schmidt, Marshall, Taylor, Barnard, Klicker, Reed, Alvarado, Shavers, Eslick, Fosse, Simmons, Peterson and Reeves.

Brief Summary of Bill

- Creates a down payment and closing cost assistance program for people who work in targeted professions and meet certain income requirements.

Hearing Date: 1/14/25

Staff: Serena Dolly (786-7150).

Background:

The Washington State Housing Finance Commission (Commission) is a public body created to act as a financial conduit which, without using public funds or lending the credit of the state or local government, can issue nonrecourse revenue bonds and participate in federal, state, and local housing programs. The Commission 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 Commission issues tax-exempt bonds to provide below-market rate financing for sustainable energy projects, nonprofit facilities, and beginning farmers and ranchers. The Commission also offers home loans and closing cost and down payment assistance programs to low-income and first-time home buyers. The assistance comes in the form of low- or no-interest loans that do not need to be paid back until either the primary mortgage is paid in full or the home is sold.

Summary of Bill:

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.

The Department of Commerce must contract with the Commission to develop a Homes for Heroes pilot program (Program) to provide down payment and closing cost assistance loans to people who work in targeted professions and meet income requirements. The loans may only be used for the purchase of a primary residence and may not exceed 5 percent of the first mortgage or $25,000, whichever is less. Loans must be made available with no interest, and a Program participant may not be required to repay the loan until the first mortgage is paid in full or the property is sold, refinanced, rented, or transferred.

To be eligible for the Program, an individual must have a household income below 100 percent of the state median and be employed in a permanent full-time capacity as: a law enforcement or corrections officer; a firefighter; a 911 communications officer, dispatcher, or operator; an emergency medical technician; a health care professional; a direct care worker; a mental health professional; a social worker; or an owner or employee of a licensed child care home or facility. Service members and veterans of the armed forces are also eligible for the Program.

The Program must begin by December 1, 2025. The total amount of funding for the Program may not exceed $15 million, and no new loans may be made after June 30, 2027. Loan repayments are to be returned to the State General Fund.

By December 1, 2026, the Commission must submit a report to the Legislature summarizing initial results of the Program, including information about the number of borrowers assisted, the average amount of the down payment assistance, and the location of the property financed. A final report of results is due to the Legislature by December 1, 2027.

Appropriation: None.

Fiscal Note: Available.

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