

HOUSE BILL REPORT

HB 1022

As Reported by House Committee On:
Housing

Title: An act relating to creating a homes for heroes program.

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 History:

Committee Activity:

Housing: 1/14/25, 1/16/25 [DPS].

Brief Summary of Substitute Bill

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

HOUSE COMMITTEE ON HOUSING

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 15 members: Representatives Peterson, Chair; Hill, Vice Chair; Richards, Vice Chair; Low, Ranking Minority Member; Manjarrez, Assistant Ranking Minority Member; Alvarado, Barkis, Connors, Cortes, Dufault, Engell, Entenman, Gregerson, Lekanoff and Timmons.

Minority Report: Without recommendation. Signed by 1 member: Representative Jacobsen, Assistant Ranking Minority Member.

Staff: Serena Dolly (786-7150).

Background:

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 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 belowmarket 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 belowmarket 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 Substitute Bill:

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 paraeducator; a social worker; or an owner or employee of a licensed child care center or provider. 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.

Substitute Bill Compared to Original Bill:

The substitute bill adds paraeducators to the list of professions eligible for down payment and closing cost assistance and clarifies the types of child care providers who are eligible.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In Support) The state has a workforce crisis right now, especially when it comes to people who help in the community, such as law enforcement officers, nurses, firefighters, mental health care professionals, and child care workers. Home supply is low, and prices are high. It is difficult for the people who are doing the important work of taking care of children and keeping streets safe to find housing near their work. Housing costs are also a deterrent to recruiting these professionals, especially law enforcement officers and nurses, because there is nowhere they can afford to live or buy a home. Research shows that an income threshold of 100 percent of median is needed to attract and maintain these critical professionals. The bill creates a two-year pilot program to see how it works. Other professions, such as paraeducators, should be added to the bill.

(Opposed) None.

Persons Testifying: Representative April Connors, prime sponsor; Simone Boe, Washington Education Association; Nick Streuli, WA Realtors; Kati Durkin, Washington Federation of State Employees; and Melissa Johnson, Washington State Association of Head Start and ECEAP.

Persons Signed In To Testify But Not Testifying: None.