SENATE BILL REPORT
SB 6018

As of February 2, 2026

Title: An act relating to the housing finance commission.

Brief Description: Concerning the housing finance commission.

Sponsors: Senators Trudeau, Alvarado, Bateman and Nobles.

Brief History:
Committee Activity: Housing: 1/16/26, 1/21/26 [DPS-WM, DNP].
Ways & Means: 2/02/26.

Brief Summary of First Substitute Bill

- Removes a restriction on the Washington State Housing Finance Commission (Commission) from using public funds.
- Authorizes the Commission to make mortgage loans to certain borrowers.
- Extends a two-year cycle for selecting bond counsel to every four years.
- Removes a requirement for advance notice to the State Finance Committee of Commission bond issuances.
- Repeals a housing finance program and the housing finance plan.

SENATE COMMITTEE ON HOUSING

Majority Report: That Substitute Senate Bill No. 6018 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Bateman, Chair; Alvarado, Vice Chair; Orwall, Salomon and Trudeau.

Minority Report: Do not pass.

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.

Signed by Senators Goehner, Ranking Member; Gildon.

Staff: John Kim (786-7453)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Wendy Brown (786-7359)

Background: The Washington State Housing Finance Commission (Commission) is a public body created in 1983 to act as a financial conduit that, 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 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. The Commission issues tax-exempt bonds to provide below market-rate financing for sustainable energy projects, nonprofit facilities, and beginning farmers and ranchers.

Authority Relating to Mortgage Loans. The Commission has a number of other powers, several of which include the authority to:

- invest in, purchase, or make commitments to purchase or take assignments from mortgage lenders of mortgages or mortgage loans; and
- make loans to or deposits with mortgage lenders for the purpose of making mortgage loans.

Selection of Bond Counsel. The Commission is required to select bond counsel according to written policies it adopts. This includes the creation and maintenance of a roster of attorneys whom the Commission believes possess the requisite special expertise and professional standing to provide bond counsel opinions which would be accepted by the underwriters, bondholders, and other members of the financial community, and which would be in furtherance of the public interest in obtaining the lowest possible interest rates on the bonds issued by the Commission.

At least once every two calendar years, the Commission must re-select bond counsel. The Commission may retain an attorney for longer than two years when necessary to complete work on a particular bond issue. An attorney previously retained may be selected again but only after the Commission has provided other attorneys on the roster with an opportunity to be selected and has made a required fee schedule review.

Notice Requirement for Bond Issuances. Before the Commission issues bonds, it must notify the chair or the chair's designee of the State Finance Committee of the Office of the Washington State Treasurer of the issuance.

Housing Finance Program. In 1994, the Legislature created a housing finance program

within the Commission to provide subsidized or unsubsidized mortgage financing for single-family home ownership to first-time homebuyers meeting certain income limits.

Housing Finance Plan. The 1983 law establishing the Commission, required the Commission to adopt a general plan of housing finance objectives to be implemented by the Commission during the period of the plan. It authorized the Commission to periodically update the plan.

Summary of Bill (First Substitute): Purpose. The legislative intent as to the Commission's purpose is revised to:

- specify that it is not intended to function as retail mortgage lender or compete with private financial institutions in the origination of residential mortgage loans to individual homebuyers;
- specify that it is a constituted authority;
- remove a restriction against using public funds; and
- change the term disabled persons to individuals with disabilities.

Authority to Make Mortgage Loans to Borrowers. In addition to its authority to acquire mortgage loans from lenders, the Commission is empowered to make mortgage loans to borrowers, but not directly to natural persons for the purchase or refinancing of owner-occupied single-family housing.

It may establish standards and requirements, including:

- the terms and conditions of mortgage loans made;
- the representations and warranties of borrowers confirming compliance with such standards and requirements; and
- any other matters related to the making of loans to borrowers as deemed relevant by the Commission.

Selection of Bond Counsel. The two-year cycle of re-selecting bond counsel is increased to every four years.

Notice Requirements for Bond Issuances. The requirement for advance notice to the chair of the State Finance Committee of bond issuances by the Commission is repealed.

Housing Finance Program. The 1994 program is repealed.

Housing Finance Plan. The section requiring the plan is repealed.

EFFECT OF CHANGES MADE BY HOUSING COMMITTEE (First Substitute):

- Adds legislative intent that the Commission is not a retail mortgage lender and does not compete with private financial institutions in originating mortgage loans to individual homebuyers.

- Specifies that the authority to directly make mortgage loans does not include the authority to make residential mortgage loans directly to natural persons for the purchase or refinancing of owner-occupied single-family housing, except for loans for down payment assistance.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill (Housing): *The committee recommended a different version of the bill than what was heard.* PRO: This is a part of streamlining how more housing gets built and supporting the development of affordable housing.

The changes that the Commission is proposing would not change its purpose or mission. Our statute still reflects the realities of 1983 when the Commission was created. When the Governor asked agencies to improve administrative efficiency and increase housing production, we took a look at our statute and found several updates to stretch public resources and improve efficiency. This bill will allow us flexibility with leveraging our own funds to fill financing gaps in rental housing, preserve existing affordable housing, and finance starter home development. By removing the restrictions against direct lending and the use of public funds, the bill allows the Commission to create new financing tools. We can use these tools for gap funding for shovel-ready projects or for smaller projects that aren't well-suited for the larger bond and tax credit programs. We worked with the bank community on amendment language to tighten language, particularly around mortgage lending and direct lending to ensure we're not referring to single-family mortgages for home buyers.

CON: The Community Bankers of Washington has concerns with the bill in its current form. The concerns are opening up direct lending without identifying the nature of the borrowers, the intended purpose of the loans, or what exactly we mean by public funds. We hope to tighten up some of the definitions so that we can support the bill.

OTHER: The Washington Bankers Association supports the Commission's goals but shares concerns about the bill. We want to clarify that the Commission is not direct lending, but we are close on the language.

Persons Testifying (Housing): PRO: Senator Yasmin Trudeau, Prime Sponsor; steve walker, Washinton State Housing Finance Commission.

CON: Brad Tower, Community Bankers of Washington.

OTHER: Megan Managan, Washington Bankers Association.

Persons Signed In To Testify But Not Testifying (Housing): No one.

Staff Summary of Public Testimony on First Substitute (Ways & Means): PRO: The Washington State Housing Finance Commission was created by the Legislature to provide more affordable housing options to people in Washington State. The Commission's debt is not the debt of the state, and the changes proposed will not change our purpose nor our mission. While we have been at this work for over 40 years, our statute still reflects realities of 1983. We examined our statute to find efficiencies to stretch public resources and build more affordable housing. Most importantly, this bill would allow us flexibility with leveraging our own resources to fill financing gaps for rental housing, preserve existing affordable housing, and finance starter home development, among other needs. Our core business of issuing bonds and allocating low-income housing tax credits will remain unchanged, but removing the statute's restriction on direct lending of public funds would position the Commission to bring new financing tools to the market. We are grateful for the support of our banking partners.

Persons Testifying (Ways & Means): PRO: steve walker, Washington State Housing Finance Commission; lisa vatske, Washington State Housing Finance Commission.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.