

SENATE BILL REPORT

SB 6167

As of January 28, 2026

Title: An act relating to prohibiting homebuyers from receiving multiple state-funded down payment assistance loans or grants.

Brief Description: Prohibiting homebuyers from receiving multiple state-funded down payment assistance loans or grants.

Sponsors: Senators Goehner and Gildon.

Brief History:

Committee Activity: Housing: 1/28/26.

Brief Summary of Bill

- Prohibits a homebuyer from receiving multiple state-funded down payment assistance loans or grants.

SENATE COMMITTEE ON HOUSING

Staff: Melissa Van Gorkom (786-7491)

Background: Down Payment Assistance Programs. Washington State offers several down payment assistance programs for homebuyers to assist in providing cash down payment or closing costs associated with a home purchase. The Washington Housing Finance Commission (Commission) administers a number of down payment assistance programs including the Covenant Homeownership Program (CHP). The Department of Commerce (Commerce) uses state funding from the Community Reinvestment Account (Account) and the Affordable Housing Program to provide loans or grants to eligible organizations to assist with homeownership, which may include providing down payment or closing cost assistance to low-income or marginalized communities.

Community Reinvestment Account. The Account was created in the state treasury in 2022.

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.

Moneys in the Account may be spent only after appropriation. Expenditures from the Account may only be spent by Commerce for:

- economic development, which includes addressing wealth disparities to promote asset building such as home ownership and expanding access to financial resources including, but not limited to, grants and loans for small businesses and entrepreneurs, financial literacy training, and other small business training and support activities;
- civil and criminal legal assistance to provide post-conviction relief and case assistance, including the expungement of criminal records and vacation of criminal convictions;
- community-based violence intervention and prevention services; reentry services to facilitate successful transitions for persons formerly incarcerated in an adult correctional facility or juvenile residential facility in Washington; and
- agricultural and economic support to historically marginalized communities.

Affordable Housing Program. Commerce may use money from the Housing Trust Fund and other legislative appropriations to finance loan or grant projects that will provide affordable housing for persons and families with special housing needs who are low income households. Activities eligible for assistance include down payment or closing cost assistance for low-income first-time homebuyers.

In any given funding cycle Commerce must:

- use at least 30 percent of the money for the benefit of projects located in rural areas of the state, unless Commerce determines it has not received an adequate number of suitable applications for rural projects; and
- prioritize allocating at least 10 percent of the money to organizations that serve and are substantially governed by individuals disproportionately impacted by homelessness, including black, indigenous, and other people of color and, lesbian, gay, bisexual, queer, transgender, and other gender-diverse individuals.

Covenant Homeownership Program. The CHP is funded through a \$100 document recording assessment that is deposited into a dedicated CHP account. The Legislature may appropriate moneys in the CHP account to Commerce for costs related to the CHP, including administering contracts with the Commission for the CHP. On July 1, 2024, the Commission started providing down payment and closing cost assistance to CHP participants under a Special Purpose Credit Program (SPCP) for economically disadvantaged households with Black, Latino, Native American, Alaska Native, Native Hawaiian, Other Pacific Islander, Korean, or Asian Indian borrowers.

To be eligible to receive down payment and closing cost assistance through the CHP, an applicant must have a household income at or below 120 percent of the area median income, be a first-time home buyer, and be a Washington resident who:

- was a state resident on or before the enactment of the Federal Housing Administration on April 11, 1968, and was or would have been excluded from homeownership in Washington by a racially restrictive real estate covenant on or before that date; or

- is a descendant of a person who meets that criterion.

An authorized SPCP must be implemented in conjunction with the Commission's housing finance programs and require a program participant repay loans or down payment assistance at the time the house is sold. A SPCP may fully forgive a loan entered into at any time after enactment of the SPCP once the loan has been outstanding for at least five years for a program participant who has a household income at or below 80 percent of the area median income for the county where the home is located at the time the loan is made.

Summary of Bill: A homebuyer who applies for down payment assistance loans or grants under multiple state-funded programs, or for multiple down payment assistance loans or grants under one state-funded program, is only eligible to accept one state-funded loan or grant offer. This includes receiving state-funded down payment assistance loans or grants from any program created under the Community Reinvestment Account, Affordable Housing Program or CHP.

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: PRO: The intent of the bill is to maximize opportunities to get assistance. We have people lined up to get help in getting into a home. This allows for an individual to apply to multiple programs and use the one that works best for them but that they can't stack the programs which would in essence, take away opportunities for others to take advantage of these funds. Oversight of taxpayer funded down payment assistance is not only essential, it is absolutely necessary. This bill is a critical remedy that would prevent households from receiving anywhere from \$250,000 to \$350,000 in taxpayer money, including covenant.

CON: I am a homeless vet on the streets of Seattle and I've been there with my adult children with disabilities for three years now and my goal is to eventually finish my master's degree and use the homeownership program to actually get into a home and because I need a wheelchair, it will cost more. I am eligible for a couple of these programs which would help me get in to those places but without the help would take me longer. Washington's racial home ownership gap did not happen by chance, it is the result of decades of redlining exclusion and denied access to wealth-building opportunities. Programs like the Covenant Homeownership Program and investments through the Community Reinvestment Account exist to correct that harm. Limiting access does not promote accountability, it weakens the state's commitment to closing the racial gap. In high cost markets, one program is often not enough to bridge that gap. This bill would lock out hundreds of families across Washington

from ever having the opportunity to own their own home and push the American dream even further out of reach for thousands more. Approximately 48% of our new construction home buyers rely on multiple sources of down payment assistance, that's 65 families that would not have the opportunity to own a home if this bill was in effect. If we reduce these down payment assistance programs what we are going to see is what happened when bad mortgages were written putting people upside down on mortgages when there was incomplete down payment assistance.

Persons Testifying: PRO: Senator Keith Goehner, Prime Sponsor; Corey Orvold.

CON: Ryan Donohue, Habitat for Humanity Seattle-King & Kittitas Counties; Sai Samineni; Kristina Sawyckj; Aaron Tulloch, WA Build Back Black Alliance.

Persons Signed In To Testify But Not Testifying: CON: Elizabeth Perez, Washington Homeownership Resource Center; Loretta Cael; Dana Le Roy, Habitat for Humanity Spokane; Token Dunbar; Roger Johnson.