

FINAL BILL REPORT

EHB 3142

C 112 L 08

Synopsis as Enacted

Brief Description: Creating the affordable housing and community facilities rapid response loan program.

Sponsors: By Representatives Lias, Chase, Walsh, Ericks, Loomis, Miloscia, Rolfes, Linville, Dickerson, Green, Morrell, Kelley, Wood, Nelson, Santos and Ormsby.

House Committee on Housing

House Committee on Capital Budget

Senate Committee on Consumer Protection & Housing

Senate Committee on Ways & Means

Background:

The Housing Trust Fund.

The Department of Community, Trade and Economic Development (DCTED) provides financial assistance to affordable housing projects for low-income persons through its Housing Trust Fund loan and grant program. Eligible activities for Housing Trust Fund assistance include new construction and rehabilitation, rent subsidies, housing related social services, shelters, acquisition of low-income housing units, and down payment assistance.

There exists a formal process by which eligible organizations may apply for funding. Application periods of at least 90 days duration are announced as often as the DCTED deems appropriate, and applications are accepted and evaluated only during those periods of time. The review process evaluates the merits of a proposal based on need, readiness, capacity of the organization, and the proposed project impact. The review process takes approximately 12 weeks.

Affordable Housing Land Acquisition Program.

The 2007 Legislature created the Affordable Housing Land Acquisition (AHLA) program within the DCTED. The AHLA program is managed by the Washington State Housing Finance Commission (HFC).

The AHLA program consists of a revolving loan fund for the acquisition of land on which eligible organizations intend to construct affordable housing and associated facility development. Loan interest rates may not exceed 1 percent. An affordable housing development plan is required as part of the loan application process, and loan recipients must place housing into service within eight years of loan receipt. If a housing development does not comply with the requirements of the AHLA program, a penalty is imposed on the loan recipient which consists of the principal of the loan plus compounded interest calculated at the current market rate at the time the loan was made.

Forty percent of loans must be made to eligible applicants operating homeownership programs for low-income households in which the households participate in the construction of their homes. Sixty percent of loans may be awarded to other eligible organizations.

Summary:

Affordable Housing Land Acquisition Program Rental Housing Preservation.

Loan recipients must preserve affordable rental housing developed on property for which AHLA loans are received for a minimum of 30 years.

Rapid Response Loan Program.

The Rapid Response Loan Program is created within the DCTED. The DCTED must contract with the HFC to administer the program. Through the Rapid Response Loan Program, the HFC will make low-interest (0-3 percent) loans or grants to eligible organizations for the purpose of purchasing land or real property for affordable housing or community facility development. Any rental housing produced or acquired through this Rapid Response Loan Program must be preserved for at least 30 years.

The Rapid Response Loan Fund is a revolving fund.

The HFC must report annually to the DCTED and the appropriate committees of the Legislature on the number of loans and grants that were made, the purpose of the loans and grants, loan and grant recipients, and when the loans are expected to be paid back.

Votes on Final Passage:

House	94	1	
Senate	48	0	(Senate amended)
House	91	2	(House concurred)

Effective: June 12, 2008