CERTIFICATION OF ENROLLMENT

ENGROSSED SUBSTITUTE HOUSE BILL 1624

Chapter 356, Laws of 1991

52nd Legislature
1991 Regular Session

HOUSING ASSISTANCE PROGRAM

EFFECTIVE DATE: 7/28/91

Passed by the House March 15, 1991
Yeas 94  Nays 0

JOE KING
Speaker of the
House of Representatives

Passed by the Senate April 12, 1991
Yeas 44  Nays 0

JOEL PRITCHARD
President of the Senate

I, Alan Thompson, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is ENGROSSED SUBSTITUTE HOUSE BILL 1624 as passed by the House of Representatives and the Senate on the dates hereon set forth.

ALAN THOMPSON
Chief Clerk

Approved May 21, 1991

FILED

Booth Gardner
Governor of the State of Washington

Secretary of State
State of Washington

May 21, 1991 - 11:31 a.m.
AN ACT Relating to the housing trust fund; amending RCW 43.185.010, 43.185.030, 43.185.050, 43.185.070, and 43.185.080; adding new sections to chapter 43.185 RCW; and adding a new chapter to Title 43 RCW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Sec. 1. RCW 43.185.010 and 1986 c 298 s 1 are each amended to read as follows:

The legislature finds that current economic conditions, federal housing policies and declining resources at the federal, state, and local level adversely affect the ability of low and very low-income persons to obtain safe, decent, and affordable housing.

The legislature further finds that members of over one hundred twenty thousand households live in housing units which are overcrowded, lack plumbing, are otherwise threatening to health and safety, and have rents and utility payments which exceed thirty percent of their income.
The legislature further finds that minorities, rural households, and migrant farm workers require housing assistance at a rate which significantly exceeds their proportion of the general population.

The legislature further finds that one of the most dramatic housing needs is that of persons needing special housing-related services, such as the mentally ill, recovering alcoholics, frail elderly persons, families with members who have disabilities, and single parents. These services include medical assistance, counseling, chore services, and child care.

The legislature further finds that housing assistance programs in the past have often failed to help those in greatest need.

The legislature declares that it is in the public interest to establish a continuously renewable resource known as the housing trust fund and housing assistance program to assist low and very low-income citizens in meeting their basic housing needs, and that the needs of very low-income citizens should be given priority and that whenever feasible, assistance should be in the form of loans.

NEW SECTION. Sec. 2. A new section is added to chapter 43.185 RCW to read as follows:

There is created within the department of community development the housing assistance program to carry out the purposes of this chapter.

Sec. 3. RCW 43.185.030 and 1987 c 513 s 6 are each amended to read as follows:

There is hereby created a fund in the office of the treasurer known as the Washington housing trust fund. The housing trust fund shall include revenue from the sources established by this chapter, appropriations by the legislature, private contributions, repayment of loans, and all other sources. Eighty percent of the return on the
fund in the form of investment income or interest shall be added to the principal of the fund. The remaining twenty percent shall be placed in the general fund.)

Sec. 4. RCW 43.185.050 and 1986 c 298 s 6 are each amended to read as follows:

(1) The department shall use ((funds)) moneys from the housing trust fund and other legislative appropriations to finance in whole or in part any loans or grant projects that will provide housing for persons and families with special housing needs and with incomes at or below fifty percent of the median family income for the county or standard metropolitan statistical area where the project is located. ((Not less than)) At least thirty percent of ((such funds)) these moneys used in any given ((biennium)) funding cycle shall be for the benefit of projects located in rural areas ((as defined in 63 Stat. 432, 42 U.S.C. Sec. 1471 et seq)) of the state as defined by the department of community development. If the department determines that it has not received an adequate number of suitable applications for rural projects during any given funding cycle, the department may allocate unused moneys for projects in nonrural areas of the state.

(2) Activities eligible for assistance from the housing trust fund and other legislative appropriations include, but are not limited to:

(a) New construction, rehabilitation, or acquisition of low and very low-income housing units;

(b) Rent subsidies ((in new construction or rehabilitated multifamily units));

(c) Matching funds for social services directly related to providing housing for special-need tenants in assisted projects;
(d) Technical assistance, design and finance services and consultation, and administrative costs for eligible nonprofit community or neighborhood-based organizations;

(e) Administrative costs for housing assistance groups or organizations when such grant or loan will substantially increase the recipient’s access to housing funds other than those available under this chapter;

(f) Shelters and related services for the homeless;

(g) Mortgage subsidies (for new construction or rehabilitation of eligible multifamily units), including temporary rental and mortgage payment subsidies to prevent homelessness;

(h) Mortgage insurance guarantee or payments for eligible projects;

(i) Down payment or closing cost assistance for eligible first-time home buyers;

(j) Acquisition of housing units for the purpose of preservation as low-income or very low-income housing; and

(k) Projects making housing more accessible to families with members who have disabilities.

(3) Legislative appropriations from capital bond proceeds and moneys from repayment of loans from appropriations from capital bond proceeds may be used only for the costs of projects authorized under subsection (2) (a), (i), and (j) of this section, and not for the administrative costs of the department.

Sec. 5. RCW 43.185.070 and 1988 c 286 s 1 are each amended to read as follows:

(1) During each calendar year in which funds from the housing trust fund or other legislative appropriations are available for use by the department ((from the housing trust fund, as prescribed in RCW ESHB 1624.SL p. 4 of 12})
for the housing assistance program, the department shall announce to all known interested parties, and through major media throughout the state, a grant and loan application period of at least ninety days’ duration. This announcement shall be made as often as the director deems appropriate for proper utilization of resources (but at least twice annually). The department shall then promptly grant as many applications as will utilize available funds less appropriate administrative costs of the department (not to). Administrative costs paid out of the housing trust fund may not exceed (thirty-seven thousand five hundred dollars in the fiscal year ending June 30, 1988, and seventy-five thousand dollars in the fiscal year ending June 30, 1989, and not to exceed five) four percent of annual revenues (to the fund thereafter) available for distribution to housing trust fund projects. In awarding funds under this chapter, the department shall provide for a geographic distribution on a state-wide basis.

(2) The department shall give first priority to applications for projects and activities which utilize existing privately owned housing stock including privately owned housing stock purchased by nonprofit public development authorities and public housing authorities as created in chapter 35.82 RCW. As used in this subsection, privately owned housing stock includes housing that is acquired by a federal agency through a default on the mortgage by the private owner. Such projects and activities shall be evaluated under subsection (3) of this section. Second priority shall be given to activities and projects which utilize existing publicly owned housing stock. All projects and activities shall be evaluated by some or all of the criteria under subsection (3) of this section, and similar projects and activities shall be evaluated under the same criteria.

(3) The department shall give preference for applications based on the following criteria:
(a) The degree of leveraging of other funds that will occur;
(b) Recipient contributions to total project costs, including allied contributions from other sources such as professional, craft and trade services, and lender interest rate subsidies;
(c) Local government project contributions in the form of infrastructure improvements, and others;
(d) Projects that encourage ownership, management, and other project-related responsibility opportunities;
(e) Projects that demonstrate a strong probability of serving the original target group or income level for a period of at least twenty-five years;
(f) The applicant has the demonstrated ability, stability and resources to implement the project;
(g) Projects which demonstrate serving the greatest need; 
(h) Projects that provide housing for persons and families with the lowest incomes;
(i) Project location and access to employment centers in the region or area; and
(j) Project location and access to available public transportation services.

Sec. 6. RCW 43.185.080 and 1986 c 298 s 9 are each amended to read as follows:
(1) The department may use moneys from the housing trust fund and other legislative appropriations, but not appropriations from capital bond proceeds, to provide preconstruction technical assistance to eligible recipients seeking to construct, rehabilitate, or finance housing-related services for very low and low-income persons. The department shall emphasize providing preconstruction technical assistance services to rural areas and small cities and towns.
department may contract with nonprofit organizations to provide this technical assistance. The department may contract for any of the following services:

(a) Financial planning and packaging for housing projects, including alternative ownership programs, such as limited equity partnerships and syndications;

(b) Project design, architectural planning, and siting;

(c) Compliance with planning requirements;

(d) Securing matching resources for project development;

(e) Maximizing local government contributions to project development in the form of land donations, infrastructure improvements, waivers of development fees, locally and state-managed funds, zoning variances, or creative local planning;

(f) Coordination with local planning, economic development, and environmental, social service, and recreational activities;

(g) Construction and materials management; and

(h) Project maintenance and management.

(2) The department shall publish requests for proposals which specify contract performance standards, award criteria, and contractor requirements. In evaluating proposals, the department shall consider the ability of the contractor to provide technical assistance to low and very low-income persons and to persons with special housing needs.

NEW SECTION. Sec. 7. A new section is added to chapter 43.185 RCW to read as follows:

The department shall adopt policies to ensure that the state’s interest will be protected upon either the sale or change of use of projects financed in whole or in part under RCW 43.185.050(2)(a), (i), and (j). These policies may include, but are not limited to: (1) Requiring a share of the appreciation in the project in proportion to...
the state’s contribution to the project; (2) requiring a lump-sum
repayment of the loan or grant upon the sale or change of use of the
project; or (3) requiring a deferred payment of principal or principal
and interest on loans after a specified time period.

NEW SECTION. Sec. 8. A new section is added to chapter 43.185 RCW
to read as follows:

If any part of this act is found to be in conflict with federal
requirements which are a prescribed condition to the allocation of
federal funds to the state, the conflicting part of this act is
inoperative solely to the extent of the conflict and with respect to
the agencies directly affected, and this finding does not affect the
operation of the remainder of this act in its application to the
agencies concerned. The rules under this act shall meet federal
requirements which are a necessary condition to the receipt of federal
funds by the state.

NEW SECTION. Sec. 9. Sections 9 through 19 of this act may be
known and cited as the affordable housing act.

NEW SECTION. Sec. 10. Unless the context clearly requires
otherwise, the definitions in this section apply throughout this
chapter.

(1) "Affordable housing" means residential housing for rental or
private individual ownership which, as long as the same is occupied by
low-income households, requires payment of monthly housing costs,
including utilities other than telephone, of no more than thirty
percent of the family’s income.

(2) "Department" means the department of community development.
(3) "Director" means the director of the department of community development.

(4) "First-time home buyer" means an individual or his or her spouse who have not owned a home during the three-year period prior to purchase of a home.

(5) "Low-income household" means a single person, family or unrelated persons living together whose adjusted income is less than eighty percent of the median family income, adjusted for household size, for the county where the project is located.

NEW SECTION. Sec. 11. The affordable housing program is created in the department of community development for the purpose of developing and coordinating public and private resources targeted to meet the affordable housing needs of low-income households in the state of Washington. The program shall be developed and administered by the department with advice and input from the low-income assistance advisory committee established in RCW 43.185.110.

NEW SECTION. Sec. 12. (1) Using moneys specifically appropriated for such purpose, the department shall finance in whole or in part projects that will provide housing for low-income households.

(2) Activities eligible for assistance include, but are not limited to:

(a) New construction, rehabilitation, or acquisition of housing for low-income households;

(b) Rent subsidies in new construction or rehabilitated multifamily units;

(c) Down payment or closing costs assistance for first-time home buyers;
(d) Mortgage subsidies for new construction or rehabilitation of eligible multifamily units; and
(e) Mortgage insurance guarantee or payments for eligible projects.
(3) Legislative appropriations from capital bond proceeds and moneys from repayment of loans from appropriations from capital bond proceeds may be used only for the costs of projects authorized under subsection (2)(a), (c), (d), and (e) of this section, and not for the administrative costs of the department.

NEW SECTION. Sec. 13. Organizations that may receive assistance from the department under this chapter are local governments, local housing authorities, nonprofit community or neighborhood-based organizations, and regional or state-wide nonprofit housing assistance organizations.

NEW SECTION. Sec. 14. (1) During each calendar year in which funds are available for use by the department for the affordable housing program, the department shall announce to all known interested parties, and through major media throughout the state, a grant and loan application period of at least ninety days’ duration. This announcement shall be made as often as the director deems appropriate for proper utilization of resources. The department shall then promptly grant as many applications as will utilize available funds less appropriate administrative costs of the department, not to exceed five percent of moneys appropriated to the affordable housing program.
(2) The department shall develop, with advice and input from the low-income assistance advisory committee established in RCW 43.185.110, criteria to evaluate applications for assistance under this chapter.
NEW SECTION. Sec. 15. The department shall adopt policies to ensure that the state’s interest will be protected upon either the sale or change of use of projects financed in whole or in part under section 12(2) (a), (c), (d), and (e) of this act. These policies may include, but are not limited to: (1) Requiring a share of the appreciation in the project in proportion to the state’s contribution to the project; (2) requiring a lump-sum repayment of the loan or grant upon the sale or change of use of the project; or (3) requiring a deferred payment of principal or principal and interest on loans after a specified time period.

NEW SECTION. Sec. 16. The director shall monitor the activities of recipients of grants and loans under this chapter to determine compliance with the terms and conditions set forth in its application or stated by the department in connection with the grant or loan.

NEW SECTION. Sec. 17. The department shall have the authority to promulgate rules pursuant to chapter 34.05 RCW, regarding the grant and loan process, and the substance of eligible projects, consistent with this chapter.

NEW SECTION. Sec. 18. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 19. If any part of this act is found to be in conflict with federal requirements which are a prescribed condition to the allocation of federal funds to the state, the conflicting part...
of this act is inoperative solely to the extent of the conflict and
with respect to the agencies directly affected, and this finding does
not affect the operation of the remainder of this act in its
application to the agencies concerned. The rules under this act shall
meet federal requirements which are a necessary condition to the
receipt of federal funds by the state.

NEW SECTION. Sec. 20. Sections 9 through 19 of this act shall
constitute a new chapter in Title 43 RCW.

Passed the Senate April 12, 1991.
Approved by the Governor May 21, 1991.
Filed in Office of Secretary of State May 21, 1991.