
SUBSTITUTE SENATE BILL 5439

State of Washington

63rd Legislature

2013 Regular Session

By Senate Financial Institutions, Housing & Insurance (originally sponsored by Senators Benton and Hobbs; by request of Washington State Department of Commerce)

READ FIRST TIME 02/11/13.

1 AN ACT Relating to the administrative costs for the allocation,
2 management, and oversight of housing trust fund investments; and
3 amending RCW 43.185.020, 43.185.050, 43.185.070, 43.185A.010,
4 43.185A.030, and 43.185A.050.

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

6 **Sec. 1.** RCW 43.185.020 and 2009 c 565 s 37 are each amended to
7 read as follows:

8 (1) "Contracted amount of state investment in the housing
9 assistance program" or "contracted amount" means the aggregate amount
10 of all state funds for which the department has monitoring and
11 compliance responsibility.

12 (2) "Department" means the department of commerce.

13 (3) "Director" means the director of the department of commerce.

14 **Sec. 2.** RCW 43.185.050 and 2011 1st sp.s. c 50 s 953 are each
15 amended to read as follows:

16 (1) The department (~~shall~~) must use moneys from the housing trust
17 fund and other legislative appropriations to finance in whole or in
18 part any loans or grant projects that will provide housing for persons

1 and families with special housing needs and with incomes at or below
2 fifty percent of the median family income for the county or standard
3 metropolitan statistical area where the project is located. At least
4 thirty percent of these moneys used in any given funding cycle shall be
5 for the benefit of projects located in rural areas of the state as
6 defined by the department. If the department determines that it has
7 not received an adequate number of suitable applications for rural
8 projects during any given funding cycle, the department may allocate
9 unused moneys for projects in nonrural areas of the state.

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

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

14 (b) Rent subsidies;

15 (c) Matching funds for social services directly related to
16 providing housing for special-need tenants in assisted projects;

17 (d) Technical assistance, design and finance services and
18 consultation, and administrative costs for eligible nonprofit community
19 or neighborhood-based organizations;

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

24 (f) Shelters and related services for the homeless, including
25 emergency shelters and overnight youth shelters;

26 (g) Mortgage subsidies, including temporary rental and mortgage
27 payment subsidies to prevent homelessness;

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

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

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

33 (k) Projects making housing more accessible to families with
34 members who have disabilities; and

35 (l) During the 2005-2007 fiscal biennium, a manufactured/mobile
36 home landlord-tenant ombudsman conflict resolution and park
37 registration program.

1 (3) During the 2005-2007 fiscal biennium, revenues generated under
2 RCW 36.22.178 may be used for the development of affordable housing
3 projects and other activities funded in section 108, chapter 371, Laws
4 of 2006.

5 (4) Legislative appropriations from capital bond proceeds may be
6 used only for the costs of projects authorized under subsection (2)(a),
7 (i), and (j) of this section, and not for the administrative costs of
8 the department.

9 (5) Moneys from repayment of loans from appropriations from capital
10 bond proceeds may be used for all activities necessary for the proper
11 functioning of the housing assistance program except for activities
12 authorized under subsection (2)(b) and (c) of this section.

13 (6) Administrative costs associated with application, distribution,
14 and project development activities of the department (~~(shall)~~) may not
15 exceed (~~(five)~~) three percent of the annual funds available for the
16 housing assistance program, except during the 2011-2013 fiscal biennium
17 when administrative costs associated with housing trust fund
18 application, distribution, and project development activities may not
19 exceed three percent of the annual funds available for the housing
20 assistance program; administrative costs associated with compliance and
21 monitoring activities of the department may not exceed one quarter of
22 one percent annually of the contracted amount of state investment in
23 the housing assistance program; and reappropriations may not be
24 included in the calculation of the annual funds available for
25 determining the administrative costs. Reappropriations must not be
26 included in the calculation of the annual funds available for
27 determining the administrative costs.

28 (7) Administrative costs associated with compliance and monitoring
29 activities of the department may not exceed one-quarter of one percent
30 annually of the contracted amount of state investment in the housing
31 assistance program.

32 **Sec. 3.** RCW 43.185.070 and 2012 c 235 s 1 are each amended to read
33 as follows:

34 (1) During each calendar year in which funds from the housing trust
35 fund or other legislative appropriations are available for use by the
36 department for the housing assistance program, the department (~~(shall)~~)
37 must announce to all known interested parties, and through major media

1 throughout the state, a grant and loan application period of at least
2 ninety days' duration. This announcement (~~shall~~) must be made as
3 often as the director deems appropriate for proper utilization of
4 resources. The department (~~shall~~) must then promptly grant as many
5 applications as will utilize available funds less appropriate
6 administrative costs of the department (~~Administrative costs paid
7 out of the housing trust fund may not exceed five percent of annual
8 revenues available for distribution to housing trust fund projects~~) as
9 provided in RCW 43.185.050.

10 (2) In awarding funds under this chapter, the department must:

11 (a) Provide for a geographic distribution on a statewide basis; and

12 (b) Until June 30, 2013, consider the total cost and per-unit cost
13 of each project for which an application is submitted for funding under
14 RCW 43.185.050(2) (a) and (j), as compared to similar housing projects
15 constructed or renovated within the same geographic area.

16 (3) The department, with advice and input from the affordable
17 housing advisory board established in RCW 43.185B.020, or a
18 subcommittee of the affordable housing advisory board, must report
19 recommendations for awarding funds in a cost-effective manner. The
20 report must include an implementation plan, timeline, and any other
21 items the department identifies as important to consider to the
22 legislature by December 1, 2012.

23 (4) The department (~~shall~~) must give first priority to
24 applications for projects and activities which utilize existing
25 privately owned housing stock including privately owned housing stock
26 purchased by nonprofit public development authorities and public
27 housing authorities as created in chapter 35.82 RCW. As used in this
28 subsection, privately owned housing stock includes housing that is
29 acquired by a federal agency through a default on the mortgage by the
30 private owner. Such projects and activities (~~shall~~) must be
31 evaluated under subsection (5) of this section. Second priority
32 (~~shall~~) must be given to activities and projects which utilize
33 existing publicly owned housing stock. All projects and activities
34 (~~shall~~) must be evaluated by some or all of the criteria under
35 subsection (5) of this section, and similar projects and activities
36 shall be evaluated under the same criteria.

37 (5) The department (~~shall~~) must give preference for applications

1 based on some or all of the criteria under this subsection, and similar
2 projects and activities (~~shall~~) must be evaluated under the same
3 criteria:

4 (a) The degree of leveraging of other funds that will occur;

5 (b) The degree of commitment from programs to provide necessary
6 habilitation and support services for projects focusing on special
7 needs populations;

8 (c) Recipient contributions to total project costs, including
9 allied contributions from other sources such as professional, craft and
10 trade services, and lender interest rate subsidies;

11 (d) Local government project contributions in the form of
12 infrastructure improvements, and others;

13 (e) Projects that encourage ownership, management, and other
14 project-related responsibility opportunities;

15 (f) Projects that demonstrate a strong probability of serving the
16 original target group or income level for a period of at least twenty-
17 five years;

18 (g) The applicant has the demonstrated ability, stability and
19 resources to implement the project;

20 (h) Projects which demonstrate serving the greatest need;

21 (i) Projects that provide housing for persons and families with the
22 lowest incomes;

23 (j) Projects serving special needs populations which are under
24 statutory mandate to develop community housing;

25 (k) Project location and access to employment centers in the region
26 or area;

27 (l) Projects that provide employment and training opportunities for
28 disadvantaged youth under a youthbuild or youthbuild-type program as
29 defined in RCW 50.72.020; and

30 (m) Project location and access to available public transportation
31 services.

32 (6) The department (~~shall~~) may only approve applications for
33 projects for persons with mental illness that are consistent with a
34 regional support network six-year capital and operating plan.

35 **Sec. 4.** RCW 43.185A.010 and 2009 c 565 s 38 are each amended to
36 read as follows:

1 Unless the context clearly requires otherwise, the definitions in
2 this section apply throughout this chapter.

3 (1) "Affordable housing" means residential housing for rental
4 occupancy which, as long as the same is occupied by low-income
5 households, requires payment of monthly housing costs, including
6 utilities other than telephone, of no more than thirty percent of the
7 family's income. The department (~~shall~~) must adopt policies for
8 residential homeownership housing, occupied by low-income households,
9 which specify the percentage of family income that may be spent on
10 monthly housing costs, including utilities other than telephone, to
11 qualify as affordable housing.

12 (2) "Contracted amount of state investment in the housing
13 assistance program" or "contracted amount" has the same meaning as
14 provided in RCW 43.185.020.

15 (3) "Department" means the department of commerce.

16 (~~(3)~~) (4) "Director" means the director of the department of
17 commerce.

18 (~~(4)~~) (5) "First-time home buyer" means an individual or his or
19 her spouse or domestic partner who have not owned a home during the
20 three-year period prior to purchase of a home.

21 (~~(5)~~) (6) "Low-income household" means a single person, family or
22 unrelated persons living together whose adjusted income is less than
23 eighty percent of the median family income, adjusted for household
24 size, for the county where the project is located.

25 **Sec. 5.** RCW 43.185A.030 and 2011 1st sp.s. c 50 s 954 are each
26 amended to read as follows:

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

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

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

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

36 (c) Down payment or closing costs assistance for first-time home
37 buyers;

1 (d) Mortgage subsidies for new construction or rehabilitation of
2 eligible multifamily units; and

3 (e) Mortgage insurance guarantee or payments for eligible projects.

4 (3) Legislative appropriations from capital bond proceeds may be
5 used only for the costs of projects authorized under subsection (2)
6 (a), (c), (d), and (e) of this section, and not for the administrative
7 costs of the department.

8 (4) Moneys from repayment of loans from appropriations from capital
9 bond proceeds may be used for all activities necessary for the proper
10 functioning of the affordable housing program except for activities
11 authorized under subsection (2)(b) of this section.

12 (5) Administrative costs associated with application, distribution,
13 and project development activities of the department (~~shall~~) may not
14 exceed (~~four~~) three percent of the annual funds available for the
15 affordable housing program, except during the 2011-2013 fiscal biennium
16 when administrative costs associated with housing trust fund
17 application, distribution, and project development activities may not
18 exceed three percent of the annual funds available for the housing
19 assistance program; administrative costs associated with compliance and
20 monitoring activities of the department may not exceed one quarter of
21 one percent annually of the contracted amount of state investment in
22 the housing assistance program; and reappropriations may not be
23 included in the calculation of the annual funds available for
24 determining the administrative costs. Reappropriations must not be
25 included in the calculation of the annual funds available for
26 determining the administrative costs.

27 (6) Administrative costs associated with compliance and monitoring
28 activities of the department may not exceed one-quarter of one percent
29 annually of the contracted amount of state investment in the affordable
30 housing program.

31 **Sec. 6.** RCW 43.185A.050 and 2012 c 235 s 2 are each amended to
32 read as follows:

33 (1) During each calendar year in which funds are available for use
34 by the department for the affordable housing program, the department
35 (~~shall~~) must announce to all known interested parties, and through
36 major media throughout the state, a grant and loan application period
37 of at least ninety days' duration. This announcement (~~shall~~) must be

1 made as often as the director deems appropriate for proper utilization
2 of resources. The department (~~shall~~) must then promptly grant as
3 many applications as will utilize available funds less appropriate
4 administrative costs of the department(~~(, not to exceed five percent of~~
5 ~~moneys appropriated to the affordable housing program)) as provided in
6 RCW 43.185A.030.~~

7 (2) Until June 30, 2013, for applications submitted for funding
8 under RCW 43.185A.030(2)(a), the department (~~shall~~) must consider
9 total cost and per-unit cost of each project compared to similar
10 housing projects constructed or renovated within the same geographic
11 area.

12 (3) The department (~~shall~~) must develop, with advice and input
13 from the affordable housing advisory board established in RCW
14 43.185B.020, or a subcommittee of the affordable housing advisory
15 board:

16 (a) Additional criteria to evaluate applications for assistance
17 under this chapter; and

18 (b) Recommendations for awarding funds under RCW 43.185A.030(2)(a)
19 in a cost-effective manner, including an implementation plan, timeline,
20 and any other items the department identifies as important to consider.
21 The department must submit a report with the recommendations to the
22 legislature by December 1, 2012.

--- END ---