
SUBSTITUTE SENATE BILL 5655

State of Washington

64th Legislature

2015 Regular Session

By Senate Human Services, Mental Health & Housing (originally sponsored by Senators Benton, Chase, Roach, Hasegawa, Keiser, Kohl-Welles, Rolfes, and Honeyford)

READ FIRST TIME 02/06/15.

1 AN ACT Relating to the provision of homeownership opportunities;
2 amending RCW 43.185.050, 43.185.070, 43.185.070, and 43.185A.030;
3 providing an effective date; and providing an expiration date.

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

5 **Sec. 1.** RCW 43.185.050 and 2013 c 145 s 2 are each amended to
6 read as follows:

7 (1) The department must use moneys from the housing trust fund
8 and other legislative appropriations to finance in whole or in part
9 any loans or grant projects that will provide housing for persons and
10 families with special housing needs and with incomes at or below
11 fifty percent of the median family income for the county or standard
12 metropolitan statistical area where the project is located.

13 (a) At least thirty percent of (~~these~~)the moneys used in any
14 given funding cycle shall be for the benefit of projects located in
15 rural areas of the state as defined by the department. If the
16 department determines that it has not received an adequate number of
17 suitable applications for rural projects during any given funding
18 cycle, the department may allocate unused moneys for projects in
19 nonrural areas of the state.

20 (b) A target of fifteen percent of the moneys used in any given
21 funding cycle is established for the purpose of promoting

1 homeownership for households at or below eighty percent of median
2 family income as provided in chapter 43.185A RCW. If the department
3 determines that it has not received an adequate number of suitable
4 applications for homeownership projects during any given funding
5 cycle, the department may allocate unused moneys for nonhomeownership
6 projects.

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

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

12 (b) Rent subsidies;

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

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

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

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

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

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

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

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

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

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

38 (4) Moneys from repayment of loans from appropriations from
39 capital bond proceeds may be used for all activities necessary for
40 the proper functioning of the housing assistance program except for

1 activities authorized under subsection (2)(b) and (c) of this
2 section.

3 (5) Administrative costs associated with application,
4 distribution, and project development activities of the department
5 may not exceed three percent of the annual funds available for the
6 housing assistance program. Reappropriations must not be included in
7 the calculation of the annual funds available for determining the
8 administrative costs.

9 (6) Administrative costs associated with compliance and
10 monitoring activities of the department may not exceed one-quarter of
11 one percent annually of the contracted amount of state investment in
12 the housing assistance program.

13 **Sec. 2.** RCW 43.185.070 and 2013 c 145 s 3 are each amended to
14 read as follows:

15 (1) During each calendar year in which funds from the housing
16 trust fund or other legislative appropriations are available for use
17 by the department for the housing assistance program, the department
18 must announce to all known interested parties, and through major
19 media throughout the state, a grant and loan application period of at
20 least ninety days' duration. This announcement must be made as often
21 as the director deems appropriate for proper utilization of
22 resources. The department must then promptly grant as many
23 applications as will utilize available funds less appropriate
24 administrative costs of the department as provided in RCW 43.185.050.

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

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

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

33 (3) The department, with advice and input from the affordable
34 housing advisory board established in RCW 43.185B.020, or a
35 subcommittee of the affordable housing advisory board, must report
36 recommendations for awarding funds in a cost-effective manner. The
37 report must include an implementation plan, timeline, and any other
38 items the department identifies as important to consider to the
39 legislature by December 1, 2012.

1 (4) The department must give first priority to applications for
2 projects and activities which utilize existing privately owned
3 housing stock including privately owned housing stock purchased by
4 nonprofit public development authorities and public housing
5 authorities as created in chapter 35.82 RCW. As used in this
6 subsection, privately owned housing stock includes housing that is
7 acquired by a federal agency through a default on the mortgage by the
8 private owner. Such projects and activities must be evaluated under
9 subsection (5) of this section. Second priority must be given to
10 activities and projects which utilize existing publicly owned housing
11 stock. All projects and activities must be evaluated by some or all
12 of the criteria under subsection (5) of this section, and similar
13 projects and activities shall be evaluated under the same criteria.

14 (5) The department must use a separate application form for
15 applications to provide homeownership opportunities under chapter
16 43.185A RCW and evaluate homeownership applications as allowed in
17 chapter 43.185A RCW and as determined appropriate by the department.

18 (6) The department must give preference for applications based on
19 some or all of the criteria under this subsection, and similar
20 projects and activities must be evaluated under the same criteria:

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

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

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

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

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

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

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

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

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

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

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

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

8 (m) Project location and access to available public
9 transportation services.

10 ~~((6))~~(7) The department may only approve applications for
11 projects for persons with mental illness that are consistent with a
12 regional support network six-year capital and operating plan.

13 **Sec. 3.** RCW 43.185.070 and 2014 c 225 s 62 are each amended to
14 read as follows:

15 (1) During each calendar year in which funds from the housing
16 trust fund or other legislative appropriations are available for use
17 by the department for the housing assistance program, the department
18 must announce to all known interested parties, and through major
19 media throughout the state, a grant and loan application period of at
20 least ninety days' duration. This announcement must be made as often
21 as the director deems appropriate for proper utilization of
22 resources. The department must then promptly grant as many
23 applications as will utilize available funds less appropriate
24 administrative costs of the department as provided in RCW 43.185.050.

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

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

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

33 (3) The department, with advice and input from the affordable
34 housing advisory board established in RCW 43.185B.020, or a
35 subcommittee of the affordable housing advisory board, must report
36 recommendations for awarding funds in a cost-effective manner. The
37 report must include an implementation plan, timeline, and any other
38 items the department identifies as important to consider to the
39 legislature by December 1, 2012.

1 (4) The department must give first priority to applications for
2 projects and activities which utilize existing privately owned
3 housing stock including privately owned housing stock purchased by
4 nonprofit public development authorities and public housing
5 authorities as created in chapter 35.82 RCW. As used in this
6 subsection, privately owned housing stock includes housing that is
7 acquired by a federal agency through a default on the mortgage by the
8 private owner. Such projects and activities must be evaluated under
9 subsection (5) of this section. Second priority must be given to
10 activities and projects which utilize existing publicly owned housing
11 stock. All projects and activities must be evaluated by some or all
12 of the criteria under subsection (5) of this section, and similar
13 projects and activities shall be evaluated under the same criteria.

14 (5) The department must use a separate application form for
15 applications to provide homeownership opportunities under chapter
16 43.185A RCW and evaluate homeownership applications as allowed in
17 chapter 43.185A RCW and as determined appropriate by the department.

18 (6) The department must give preference for applications based on
19 some or all of the criteria under this subsection, and similar
20 projects and activities must be evaluated under the same criteria:

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

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

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

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

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

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

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

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

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

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

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

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

8 (m) Project location and access to available public
9 transportation services.

10 ~~((6))~~(7) The department may only approve applications for
11 projects for persons with mental illness that are consistent with a
12 behavioral health organization six-year capital and operating plan.

13 **Sec. 4.** RCW 43.185A.030 and 2013 c 145 s 5 are each amended to
14 read as follows:

15 (1) Using moneys specifically appropriated for such purpose, the
16 department shall finance in whole or in part projects that will
17 provide housing for low-income households. A target of fifteen
18 percent of the moneys used in any given funding cycle is established
19 for the purpose of promoting homeownership projects. If the
20 department determines that it has not received an adequate number of
21 suitable applications for homeownership projects during any given
22 funding cycle, the department may allocate unused moneys for
23 nonhomeownership projects.

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

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

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

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

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

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

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

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

5 (5) Administrative costs associated with application,
6 distribution, and project development activities of the department
7 may not exceed three percent of the annual funds available for the
8 affordable housing program. Reappropriations must not be included in
9 the calculation of the annual funds available for determining the
10 administrative costs.

11 (6) Administrative costs associated with compliance and
12 monitoring activities of the department may not exceed one-quarter of
13 one percent annually of the contracted amount of state investment in
14 the affordable housing program.

15 NEW SECTION. **Sec. 5.** Section 2 of this act expires April 1,
16 2016.

17 NEW SECTION. **Sec. 6.** Section 3 of this act takes effect April
18 1, 2016.

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