

CERTIFICATION OF ENROLLMENT

HOUSE BILL 1616

Chapter 274, Laws of 2017

65th Legislature
2017 Regular Session

AFFORDABLE HOUSING LAND ACQUISITION REVOLVING LOAN FUND PROGRAM--
ELIGIBLE PROPERTY

EFFECTIVE DATE: 7/23/2017

Passed by the House February 28, 2017
Yeas 79 Nays 19

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate March 31, 2017
Yeas 45 Nays 1

CYRUS HABIB

President of the Senate

Approved May 10, 2017 11:21 AM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 1616** as passed by House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

May 10, 2017

**Secretary of State
State of Washington**

HOUSE BILL 1616

Passed Legislature - 2017 Regular Session

State of Washington

65th Legislature

2017 Regular Session

By Representatives McBride, Johnson, Stanford, Pollet, and Jinkins;
by request of Housing Finance Commission

Read first time 01/25/17. Referred to Committee on Community
Development, Housing & Tribal Affairs.

1 AN ACT Relating to affordable housing loan programs; and amending
2 RCW 43.185A.110.

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

4 **Sec. 1.** RCW 43.185A.110 and 2008 c 112 s 1 are each amended to
5 read as follows:

6 (1) The affordable housing land acquisition revolving loan fund
7 program is created in the department to assist eligible
8 organizations, described under RCW 43.185A.040, to purchase land for
9 affordable housing development. The department shall contract with
10 the Washington state housing finance commission to administer the
11 affordable housing land acquisition revolving loan fund program.
12 Within this program, the Washington state housing finance commission
13 shall establish and administer the Washington state housing finance
14 commission land acquisition revolving loan fund.

15 (2) As used in this chapter, "market rate" means the current
16 average market interest rate that is determined at the time any
17 individual loan is closed upon using a widely recognized current
18 market interest rate measurement to be selected for use by the
19 Washington state housing finance commission with the department's
20 approval. This interest rate must be noted in an attachment to the
21 closing documents for each loan.

1 (3) Under the affordable housing land acquisition revolving loan
2 fund program:

3 (a) Loans may be made to purchase vacant or improved land on
4 which to develop affordable housing. In addition to affordable
5 housing, facilities intended to provide supportive services to
6 affordable housing residents and low-income households in the nearby
7 community may be developed on the land.

8 (b) Eligible organizations applying for a loan must include in
9 the loan application a proposed affordable housing development plan
10 indicating the number of affordable housing units planned, a
11 description of any other facilities being considered for the
12 property, and an estimated timeline for completion of the
13 development. The Washington state housing finance commission may
14 require additional information from loan applicants and may consider
15 the efficient use of land, project readiness, organizational
16 capacity, and other factors as criteria in awarding loans.

17 (c) Forty percent of the loans shall go to eligible applicants
18 operating homeownership programs for low-income households in which
19 the households participate in the construction of their homes. Sixty
20 percent of loans shall go to other eligible organizations. If the
21 entire forty percent for applicants operating self-help homeownership
22 programs cannot be lent to these types of applicants, the remainder
23 shall be lent to other eligible organizations.

24 (d) Within five years of receiving a loan, a loan recipient must
25 present the Washington state housing finance commission with an
26 updated development plan, including a proposed development design,
27 committed and anticipated additional financial resources to be
28 dedicated to the development, and an estimated development schedule,
29 which indicates completion of the development within eight years of
30 loan receipt. This updated development plan must be substantially
31 consistent with the development plan submitted as part of the
32 original loan application as required in (b) of this subsection.

33 (e) Within eight years of receiving a loan, a loan recipient must
34 develop affordable housing on the property for which the loan was
35 made and place the affordable housing into service.

36 (f) A loan recipient must preserve the affordable rental housing
37 developed on the property acquired under this section as affordable
38 housing for a minimum of thirty years.

39 (4) If a loan recipient does not place affordable housing into
40 service on a property for which a loan has been received under this

1 section within the eight-year period specified in subsection (3)(e)
2 of this section, or if a loan recipient fails to use the property for
3 the intended affordable housing purpose consistent with the loan
4 recipient's original affordable housing development plan, then the
5 loan recipient must pay to the Washington state housing finance
6 commission an amount consisting of the principal of the original loan
7 plus compounded interest calculated at the current market rate. The
8 Washington state housing finance commission shall develop guidelines
9 for the time period in which this repayment must take place, which
10 must be noted in the original loan agreement. The Washington state
11 housing finance commission may grant a partial or total exemption
12 from this repayment requirement if it determines that a development
13 is substantially complete or that the property has been substantially
14 used in keeping with the original affordable housing purpose of the
15 loan. Any repayment funds received as a result of noncompliance with
16 loan requirements shall be deposited into the Washington state
17 housing finance commission land acquisition revolving loan fund for
18 the purposes of the affordable housing land acquisition revolving
19 loan fund program.

20 (5) The Washington state housing finance commission, with
21 approval from the department, may adopt guidelines and requirements
22 that are necessary to administer the affordable housing land
23 acquisition revolving loan fund program.

24 (6) Interest rates on property loans granted under this section
25 may not exceed one percent. All loan repayment moneys received shall
26 be deposited into the Washington state housing finance commission
27 affordable housing land acquisition revolving loan fund for the
28 purposes of the affordable housing land acquisition revolving loan
29 fund program.

30 (7) The Washington state housing finance commission must develop
31 performance measures for the program, which must be approved by the
32 department, including, at a minimum, measures related to:

33 (a) The ability of eligible organizations to access land for
34 affordable housing development;

35 (b) The total number of dwelling units by housing type and the
36 total number of low-income households and persons served; and

37 (c) The financial efficiency of the program as demonstrated by
38 factors, including the cost per unit developed for affordable housing
39 units in different areas of the state and a measure of the effective

1 use of funds to produce the greatest number of units for low-income
2 households.

3 (8) By December 1st of each year, beginning in 2007, the
4 Washington state housing finance commission shall report to the
5 department and the appropriate committees of the legislature using,
6 at a minimum, the performance measures developed under subsection (7)
7 of this section.

Passed by the House February 28, 2017.

Passed by the Senate March 31, 2017.

Approved by the Governor May 10, 2017.

Filed in Office of Secretary of State May 10, 2017.

--- END ---