
SUBSTITUTE HOUSE BILL 1624

State of Washington

52nd Legislature

1991 Regular Session

By House Committee on Housing (originally sponsored by Representatives Nelson, Mitchell, H. Sommers, Jacobsen, Winsley, R. Johnson and Phillips).

Read first time February 19, 1991.

1 AN ACT Relating to the housing trust fund; amending RCW 43.185.010,
2 43.185.030, 43.185.050, 43.185.070, and 43.185.080; and adding new
3 sections to chapter 43.185 RCW; and adding a new chapter to Title 43
4 RCW.

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

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

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

12 The legislature further finds that members of over one hundred
13 twenty thousand households live in housing units which are overcrowded,
14 lack plumbing, are otherwise threatening to health and safety, and have
15 rents and utility payments which exceed thirty percent of their income.

1 The legislature further finds that minorities, rural households,
2 and migrant farm workers require housing assistance at a rate which
3 significantly exceeds their proportion of the general population.

4 The legislature further finds that one of the most dramatic housing
5 needs is that of persons needing special housing-related services, such
6 as the mentally ill, recovering alcoholics, frail elderly persons, and
7 single parents. These services include medical assistance, counseling,
8 chore services, and child care.

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

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

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

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

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

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

1 principal of the fund. The remaining twenty percent shall be placed in
2 the general fund.

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

5 (1) The department shall use funds from the housing trust fund and
6 other legislative appropriations to finance in whole or in part any
7 loans or grant projects that will provide housing for persons and
8 families with special housing needs and with incomes at or below fifty
9 percent of the median family income for the county or standard
10 metropolitan statistical area where the project is located. (~~Not less~~
11 ~~than thirty percent of such funds used in any given biennium shall be~~
12 ~~for the benefit of projects located in rural areas as defined in 63~~
13 ~~Stat. 432, 42 U.S.C. Sec. 1471 et seq.))~~

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

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

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

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

22 (d) Technical assistance, design and finance services and
23 consultation, and administrative costs for eligible nonprofit community
24 or neighborhood-based organizations;

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

29 (f) Shelters and related services for the homeless;

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

4 (h) Mortgage insurance guarantee or payments for eligible projects;
5 (~~and~~)

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

8 (j) Acquisition of housing units for the purpose of preservation as
9 low-income or very low-income housing.

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

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

17 (1) During each calendar year in which funds from the housing trust
18 fund or other legislative appropriations are available for use by the
19 department (~~from the housing trust fund, as prescribed in RCW~~
20 ~~43.185.030~~) for the housing assistance program, the department shall
21 announce to all known interested parties, and through major media
22 throughout the state, a grant and loan application period of at least
23 ninety days' duration. This announcement shall be made as often as the
24 director deems appropriate for proper utilization of resources(~~(, but~~
25 ~~at least twice annually)~~). The department shall then promptly grant as
26 many applications as will utilize available funds less appropriate
27 administrative costs of the department(~~(, not to)~~). Administrative
28 costs paid out of the housing trust fund may not exceed ((thirty-seven
29 thousand five hundred dollars in the fiscal year ending June 30, 1988,

1 ~~and seventy five thousand dollars in the fiscal year ending June 30,~~
2 ~~1989, and not to exceed))~~ five percent of annual revenues ~~((to the fund~~
3 ~~thereafter))~~ available for distribution to housing trust fund projects.
4 In awarding funds under this chapter, the department shall provide for
5 a geographic distribution on a state-wide basis.

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

19 (3) The department shall give preference for applications based on
20 the following criteria:

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

22 (b) Recipient contributions to total project costs, including
23 allied contributions from other sources such as professional, craft and
24 trade services, and lender interest rate subsidies;

25 (c) Local government project contributions in the form of
26 infrastructure improvements, and others;

27 (d) Projects that encourage ownership, management, and other
28 project-related responsibility opportunities;

1 (e) Projects that demonstrate a strong probability of serving the
2 original target group or income level for a period of at least
3 (~~fifteen~~) twenty-five years;

4 (f) The applicant has the demonstrated ability, stability and
5 resources to implement the project;

6 (g) Projects which demonstrate serving the greatest need; (~~and~~)

7 (h) Projects that provide housing for persons and families with the
8 lowest incomes;

9 (i) Project location and access to employment centers in the region
10 or area; and

11 (j) Project location and access to available public transportation
12 services.

13 **Sec. 6.** RCW 43.185.080 and 1986 c 298 s 9 are each amended to read
14 as follows:

15 (1) The department may use moneys from the housing trust fund and
16 other legislative appropriations, but not appropriations from capital
17 bond proceeds, to provide preconstruction technical assistance to
18 eligible recipients seeking to construct, rehabilitate, or finance
19 housing-related services for very low and low-income persons. The
20 department shall emphasize providing preconstruction technical
21 assistance services to rural areas and small cities and towns. The
22 department may contract with nonprofit organizations to provide this
23 technical assistance. The department may contract for any of the
24 following services:

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

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

29 (c) Compliance with planning requirements;

1 (d) Securing matching resources for project development;

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

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

8 (g) Construction and materials management; and

9 (h) Project maintenance and management.

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

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

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

26 NEW SECTION. **Sec. 8.** Sections 8 through 17 of this act may be
27 known and cited as the affordable housing act.

1 NEW SECTION. **Sec. 9.** Unless the context clearly requires
2 otherwise, the definitions in this section apply throughout this
3 chapter.

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

9 (2) "Department" means the department of community development.

10 (3) "Director" means the director of the department of community
11 development.

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

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

20 NEW SECTION. **Sec. 10.** The affordable housing program is
21 created in the department of community development for the purpose of
22 developing and coordinating public and private resources targeted to
23 meet the affordable housing needs of low-income households in the state
24 of Washington. The program shall be developed and administered by the
25 department with advice and input from the low-income assistance
26 advisory committee established in RCW 43.185.110.

1 NEW SECTION. **Sec. 11.** (1) The department shall use funds to
2 finance in whole or in part any projects that will provide housing for
3 low-income households.

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

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

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

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

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

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

15 NEW SECTION. **Sec. 12.** Organizations that may receive assistance
16 from the department under this chapter are local governments, local
17 housing authorities, nonprofit community or neighborhood-based
18 organizations, and regional or state-wide nonprofit housing assistance
19 organizations.

20 NEW SECTION. **Sec. 13.** (1) During each calendar year in which
21 funds are available for use by the department for the affordable
22 housing program, the department shall announce to all known interested
23 parties, and through major media throughout the state, a grant and loan
24 application period of at least ninety days' duration. This
25 announcement shall be made as often as the director deems appropriate
26 for proper utilization of resources. The department shall then
27 promptly grant as many applications as will utilize available funds
28 less appropriate administrative costs of the department, not to exceed

1 three percent of the revenue appropriated to the affordable housing
2 program.

3 (2) The department shall develop, with advice and input from the
4 low-income assistance advisory committee established in RCW 43.185.110,
5 criteria to evaluate applications for assistance under this chapter.

6 NEW SECTION. **Sec. 14.** The director shall monitor the
7 activities of recipients of grants and loans under this chapter to
8 determine compliance with the terms and conditions set forth in its
9 application or stated by the department in connection with the grant or
10 loan.

11 NEW SECTION. **Sec. 15.** The department shall have the authority
12 to promulgate rules pursuant to chapter 34.05 RCW, regarding the grant
13 and loan process, and the substance of eligible projects, consistent
14 with this chapter.

15 NEW SECTION. **Sec. 16.** If any provision of this act or its
16 application to any person or circumstance is held invalid, the
17 remainder of the act or the application of the provision to other
18 persons or circumstances is not affected.

19 NEW SECTION. **Sec. 17.** If any part of this act is found to be
20 in conflict with federal requirements which are a prescribed condition
21 to the allocation of federal funds to the state, the conflicting part
22 of this act is inoperative solely to the extent of the conflict and
23 with respect to the agencies directly affected, and this finding does
24 not affect the operation of the remainder of this act in its
25 application to the agencies concerned. The rules under this act shall

1 meet federal requirements which are a necessary condition to the
2 receipt of federal funds by the state.

3 NEW SECTION. **Sec. 18.** Sections 8 through 17 of this act shall
4 constitute a new chapter in Title 43 RCW.