
HOUSE BILL 1624

State of Washington 52nd Legislature 1991 Regular Session

By Representatives Nelson, Mitchell, H. Sommers, Jacobsen, Winsley, R. Johnson and Phillips.

Read first time February 4, 1991. Referred to Committee on Housing.

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 a new
3 section to chapter 43.185 RCW.

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

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

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

11 The legislature further finds that members of over one hundred
12 twenty thousand households live in housing units which are overcrowded,
13 lack plumbing, are otherwise threatening to health and safety, and have
14 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.~~) The department may use up to
14 ten percent of the funds available for distribution to housing trust
15 fund projects to finance in whole or in part projects that will provide
16 housing for persons and families with incomes up to eighty percent of
17 the median family income for the county or standard metropolitan
18 statistical area where the project is located.

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

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

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

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

27 (d) Technical assistance, design and finance services and
28 consultation, and administrative costs for eligible nonprofit community
29 or neighborhood-based organizations;

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

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

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

9 (h) Mortgage insurance guarantee or payments for eligible projects;
10 (~~and~~))

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

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

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

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

22 (1) During each calendar year in which funds from the housing trust
23 fund or other legislative appropriations are available for use by the
24 department (~~((from the housing trust fund, as prescribed in RCW~~
25 ~~43.185.030))~~ for the housing assistance program, the department shall
26 announce to all known interested parties, and through major media
27 throughout the state, a grant and loan application period of at least
28 ninety days' duration. This announcement shall be made as often as the
29 director deems appropriate for proper utilization of resources(~~(, but~~

1 ~~at least twice annually~~). The department shall then promptly grant as
2 many applications as will utilize available funds less appropriate
3 administrative costs of the department(~~(, not to)~~). Administrative
4 costs paid out of the housing trust fund may not exceed ((thirty seven
5 thousand five hundred dollars in the fiscal year ending June 30, 1988,
6 and seventy five thousand dollars in the fiscal year ending June 30,
7 1989, and not to exceed)) five percent of annual revenues ((to the fund
8 thereafter)) available for distribution to housing trust fund projects.
9 In awarding funds under this chapter, the department shall provide for
10 a geographic distribution on a state-wide basis.

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

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

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

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

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

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

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

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

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

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

13 (i) Project location and access to available public transportation
14 services.

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

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

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

- 1 (b) Project design, architectural planning, and siting;
- 2 (c) Compliance with planning requirements;
- 3 (d) Securing matching resources for project development;
- 4 (e) Maximizing local government contributions to project
5 development in the form of land donations, infrastructure improvements,
6 waivers of development fees, locally and state-managed funds, zoning
7 variances, or creative local planning;
- 8 (f) Coordination with local planning, economic development, and
9 environmental, social service, and recreational activities;
- 10 (g) Construction and materials management; and
- 11 (h) Project maintenance and management.

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