

ESSB 5746 - H COMM AMD

By Committee on Housing, Community Development & Veterans

NOT CONSIDERED 12/23/2019

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** (1) The legislature finds that
4 communities need to provide a continuum of affordable housing to
5 people and that the continuum of housing includes emergency shelters
6 for the homeless, supportive housing for people with special needs,
7 rental housing assistance, and helping families buy their first home.

8 (2) The legislature also finds that:

9 (a) A recent Harvard University study reported that even after
10 the tremendous decline in housing prices and the rising wave of
11 foreclosures that began in 2007, homeownership continues to be a
12 significant source of household wealth and remains particularly
13 important for low-income and minority households. The desire to own a
14 home is not solely or even primarily motivated by financial goals,
15 but homeownership's appeal lies strongly in associations with having
16 control over one's living situation, the desire to put down roots in
17 a community, and the sense of efficacy and success that is associated
18 with owning. Homeowning is strongly preferred for a host of other
19 reasons by most individuals as they age, and provides further support
20 for policies to promote homeownership out of equity concerns to help
21 individuals and families achieve this important goal. The social
22 benefits of homeownership lend further credence to the value of
23 supports for homeownership.

24 (b) Policies to support low-income homeownership are a means to
25 alleviate wealth disparities and provide homeowners with a hedge
26 against inflation in rents over time, thereby potentially preventing
27 low-income homeowners from becoming homeless and allow low-income
28 households to build equity that continues to account for a
29 substantial share of net wealth, as losses in nonhousing wealth were
30 also significant in the wake of the great recession.

1 (c) Housing is both a physical and psychological anchor that is
2 essential to the stability of our personal and communal lives.
3 However, for too many, housing is a source of stress due to its cost
4 and uncertainty, whether as a renter or owner, and inadequate and
5 substandard housing is a primary contributor to the higher incidences
6 of mental and physical health problems and related public costs found
7 among children and adults living in poverty.

8 (d) Stable affordable housing has ancillary benefits in
9 individual and family mental and physical health, and in education
10 achievement.

11 (e) Homeownership is a critical component to an effective
12 continuum of housing that impacts the success of neighborhoods as
13 places of opportunity for positive life outcomes for residents,
14 especially neighborhoods with families with children.

15 (f) Appropriations for low-income homeownership projects have not
16 been adequately provided between 2013 and 2018, with only 4.26
17 percent of housing trust fund dollars being invested in such
18 projects.

19 **Sec. 2.** RCW 43.185.050 and 2018 c 223 s 4 are each amended to
20 read as follows:

21 (1) The department must use moneys from the housing trust fund
22 and other legislative appropriations to finance in whole or in part
23 any loans or grant projects that will provide affordable housing for
24 (~~persons and families with special housing needs and with incomes at~~
25 ~~or below fifty percent of the median family income for the county or~~
26 ~~standard metropolitan statistical area where the project is located))
27 low-income households as defined in RCW 43.185A.010. At least thirty
28 percent of these moneys used in any given funding cycle must be for
29 the benefit of projects located in rural areas of the state as
30 defined by the department. If the department determines that it has
31 not received an adequate number of suitable applications for rural
32 projects during any given funding cycle, the department may allocate
33 unused moneys for projects in nonrural areas of the state.~~

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

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

39 (b) Rent subsidies;

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

3 (d) Technical assistance, design and finance services and
4 consultation, and administrative costs for eligible nonprofit
5 community or neighborhood-based organizations;

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

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

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

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

16 (i) Down payment or closing cost assistance for eligible first-
17 time home buyers as defined in RCW 43.185A.010;

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

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

22 (l) Remodeling and improvements as required to meet building
23 code, licensing requirements, or legal operations to residential
24 properties owned and operated by an entity eligible under RCW
25 43.185A.040, which were transferred as described in RCW
26 82.45.010(3)(t) by the parent of a child with developmental
27 disabilities.

28 (3) Preference must be given for projects that include an early
29 learning facility.

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

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

39 (6) Administrative costs associated with application,
40 distribution, and project development activities of the department

1 may not exceed three percent of the annual funds available for the
2 housing assistance program. Reappropriations must not be included in
3 the calculation of the annual funds available for determining the
4 administrative costs.

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

9 **Sec. 3.** RCW 43.185.070 and 2015 c 155 s 2 are each amended to
10 read as follows:

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

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

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

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

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

36 (4) The department must give first priority to applications for
37 projects and activities which utilize existing privately owned
38 housing stock including privately owned housing stock purchased by
39 nonprofit public development authorities and public housing

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

11 (5) The department must use a separate application form for
12 applications to provide homeownership opportunities and evaluate
13 homeownership project applications as allowed under chapter 43.185A
14 RCW.

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

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

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

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

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

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

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

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

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

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

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

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

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

4 (m) Project location and access to available public
5 transportation services; and

6 (n) Projects involving collaborative partnerships between local
7 school districts and either public housing authorities or nonprofit
8 housing providers, that help children of low-income families succeed
9 in school. To receive this preference, the local school district must
10 provide an opportunity for community members to offer input on the
11 proposed project at the first scheduled school board meeting
12 following submission of the grant application to the department.

13 ~~((+6))~~ (7) The department may only approve applications for
14 projects for persons with mental illness that are consistent with a
15 behavioral health organization six-year capital and operating plan.

16 **Sec. 4.** RCW 43.185A.010 and 2013 c 145 s 4 are each amended to
17 read as follows:

18 Unless the context clearly requires otherwise, the definitions in
19 this section apply throughout this chapter.

20 (1) "Affordable housing" means residential housing for rental
21 occupancy which, as long as the same is occupied by low-income
22 households, requires payment of monthly housing costs, including
23 utilities other than telephone, of no more than thirty percent of the
24 family's income. The department must adopt policies for residential
25 homeownership housing, occupied by low-income households, which
26 specify the percentage of family income that may be spent on monthly
27 housing costs, including utilities other than telephone, to qualify
28 as affordable housing.

29 (2) "Contracted amount" has the same meaning as provided in RCW
30 43.185.020.

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

32 (4) "Director" means the director of the department of commerce.

33 (5) "First-time home buyer" means an individual who meets any of
34 the following criteria:

35 (a) An individual or ~~((his or her))~~ the individual's spouse ~~((or~~
36 ~~domestic partner))~~ who ~~((have not owned a home))~~ has had no ownership
37 in a principal residence during the three-year period ~~((prior to~~
38 purchase of a home)) ending on the date of purchase of the property;

1 (b) A single parent who has only owned a home with a former
2 spouse while married;

3 (c) An individual who is a displaced homemaker as defined in 24
4 C.F.R Sec. 93.2 as it exists on the effective date of this section,
5 or such subsequent date as may be provided by the department by rule,
6 consistent with the purposes of this section, and has only owned a
7 home with a spouse;

8 (d) An individual who has only owned a principal residence not
9 permanently affixed to a permanent foundation in accordance with
10 applicable regulations; or

11 (e) An individual who has only owned a property that is discerned
12 by a licensed building inspector as being uninhabitable.

13 (6) "Low-income household" means a single person, family or
14 unrelated persons living together whose adjusted income is less than
15 eighty percent of the median family income, adjusted for household
16 size, for the county where the project is located.

17 NEW SECTION. Sec. 5. A new section is added to chapter 43.185A
18 RCW to read as follows:

19 Beginning December 1, 2021, and every year thereafter, the
20 department must report on its web site the following for every
21 previous funding cycle: The number of homeownership and multifamily
22 projects funded by housing trust fund moneys; the percentage of
23 housing trust fund investments made to homeownership and multifamily
24 projects; and the total number of households being served at up to
25 eighty percent of the area median income, up to fifty percent of the
26 area median income, and up to thirty percent of the area median
27 income, for both homeownership and multifamily projects."

28 Correct the title.

EFFECT: (1) Removes the target of 13 percent of Housing Trust
Fund (HTF) grants and loans in any funding cycle under the housing
assistance and affordable housing program to be used to benefit
homeownership projects for households at or below 80 percent of areas
median family income.

(2) Includes in the expanded definition of "first-time home
buyer" an individual who has only owned a property that is discerned
by a licensed building inspector as being uninhabitable.

(3) Removes the effective date of January 1, 2020, so that the
bill would go into effect 90 days after adjournment of the session in
which the bill is passed.

(4) Removes the requirement that the Department of Commerce (the
Department) report certain information to the Legislature and instead

requires the Department to report the same information on its web site.

(5) Makes technical corrections.

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