

2 **ESHB 1624** - S COMM AMD
3 By Committee on Commerce & Labor

4 Adopted 4/12/91 - Voice Vote
5 Strike everything after the enacting clause and insert the
6 following:

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

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

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

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

20 The legislature further finds that one of the most dramatic housing
21 needs is that of persons needing special housing-related services, such
22 as the mentally ill, recovering alcoholics, frail elderly persons,
23 families with members who have disabilities, and single parents. These
24 services include medical assistance, counseling, chore services, and
25 child care.

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

1 The legislature declares that it is in the public interest to
2 establish a continuously renewable resource known as ((a)) the housing
3 trust fund and housing assistance program to assist low and very low-
4 income citizens in meeting their basic housing needs, and that the
5 needs of very low-income citizens should be given priority and that
6 whenever feasible, assistance should be in the form of loans."

7 "NEW SECTION. Sec. 2. A new section is added to chapter 43.185
8 RCW to read as follows:

9 There is created within the department of community development the
10 housing assistance program to carry out the purposes of this chapter."

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

13 There is hereby created a fund in the office of the treasurer known
14 as the Washington housing trust fund. The housing trust fund shall
15 include revenue from the sources established by this chapter,
16 appropriations by the legislature, private contributions, repayment of
17 loans, and all other sources. (~~Eighty percent of the return on the~~
18 ~~fund in the form of investment income or interest shall be added to the~~
19 ~~principal of the fund. The remaining twenty percent shall be placed in~~
20 ~~the general fund.))"~~

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

23 (1) The department shall use ((funds)) moneys from the housing
24 trust fund and other legislative appropriations to finance in whole or
25 in part any loans or grant projects that will provide housing for
26 persons and families with special housing needs and with incomes at or
27 below fifty percent of the median family income for the county or

1 standard metropolitan statistical area where the project is located.
2 (~~Not less than~~) At least thirty percent of (such funds) these
3 moneys used in any given (~~biennium~~) funding cycle shall be for the
4 benefit of projects located in rural areas (~~as defined in 63 Stat.~~
5 ~~432, 42 U.S.C. Sec. 1471 et seq~~) of the state as defined by the
6 department of community development. If the department determines that
7 it has not received an adequate number of suitable applications for
8 rural projects during any given funding cycle, the department may
9 allocate unused moneys for projects in nonrural areas of the state.

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

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

14 (b) Rent subsidies (~~in new construction or rehabilitated~~
15 ~~multifamily units~~);

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

18 (d) Technical assistance, design and finance services and
19 consultation, and administrative costs for eligible nonprofit community
20 or neighborhood-based organizations;

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

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

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

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

30 (~~and~~)

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

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

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

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

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

14 (1) During each calendar year in which funds from the housing trust
15 fund or other legislative appropriations are available for use by the
16 department ~~((from the housing trust fund, as prescribed in RCW~~
17 ~~43.185.030))~~ for the housing assistance program, the department shall
18 announce to all known interested parties, and through major media
19 throughout the state, a grant and loan application period of at least
20 ninety days' duration. This announcement shall be made as often as the
21 director deems appropriate for proper utilization of resources~~((, but~~
22 ~~at least twice annually))~~. The department shall then promptly grant as
23 many applications as will utilize available funds less appropriate
24 administrative costs of the department~~((, not to))~~. Administrative
25 costs paid out of the housing trust fund may not exceed ~~((thirty-seven~~
26 ~~thousand five hundred dollars in the fiscal year ending June 30, 1988,~~
27 ~~and seventy-five thousand dollars in the fiscal year ending June 30,~~
28 ~~1989, and not to exceed five))~~ four percent of annual revenues ~~((to the~~
29 ~~fund thereafter))~~ available for distribution to housing trust fund

1 projects. In awarding funds under this chapter, the department shall
2 provide for a geographic distribution on a state-wide basis.

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

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

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

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

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

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

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

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

- 1 (g) Projects which demonstrate serving the greatest need; ((and))
2 (h) Projects that provide housing for persons and families with the
3 lowest incomes;
4 (i) Project location and access to employment centers in the region
5 or area; and
6 (j) Project location and access to available public transportation
7 services."

8 "Sec. 6. RCW 43.185.080 and 1986 c 298 s 9 are each amended to
9 read as follows:

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

20 (a) Financial planning and packaging for housing projects,
21 including alternative ownership programs, such as limited equity
22 partnerships and syndications;

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

24 (c) Compliance with planning requirements;

25 (d) Securing matching resources for project development;

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

- 1 (f) Coordination with local planning, economic development, and
2 environmental, social service, and recreational activities;
3 (g) Construction and materials management; and
4 (h) Project maintenance and management.

5 (2) The department shall publish requests for proposals which
6 specify contract performance standards, award criteria, and contractor
7 requirements. In evaluating proposals, the department shall consider
8 the ability of the contractor to provide technical assistance to low
9 and very low-income persons and to persons with special housing needs."

10 "NEW SECTION. Sec. 7. A new section is added to chapter 43.185
11 RCW to read as follows:

12 The department shall adopt policies to ensure that the state's
13 interest will be protected upon either the sale or change of use of
14 projects financed in whole or in part under RCW 43.185.050(2)(a), (i),
15 and (j). These policies may include, but are not limited to: (1)
16 Requiring a share of the appreciation in the project in proportion to
17 the state's contribution to the project; (2) requiring a lump-sum
18 repayment of the loan or grant upon the sale or change of use of the
19 project; or (3) requiring a deferred payment of principal or principal
20 and interest on loans after a specified time period."

21 "NEW SECTION. Sec. 8. A new section is added to chapter 43.185
22 RCW to read as follows:

23 If any part of this act is found to be in conflict with federal
24 requirements which are a prescribed condition to the allocation of
25 federal funds to the state, the conflicting part of this act is
26 inoperative solely to the extent of the conflict and with respect to
27 the agencies directly affected, and this finding does not affect the
28 operation of the remainder of this act in its application to the

1 agencies concerned. The rules under this act shall meet federal
2 requirements which are a necessary condition to the receipt of federal
3 funds by the state."

4 "NEW SECTION. Sec. 9. Sections 9 through 19 of this act may be
5 known and cited as the affordable housing act."

6 "NEW SECTION. Sec. 10. Unless the context clearly requires
7 otherwise, the definitions in this section apply throughout this
8 chapter.

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

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

15 (3) "Director" means the director of the department of community
16 development.

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

20 (5) "Low-income household" means a single person, family or
21 unrelated persons living together whose adjusted income is less than
22 eighty percent of the median family income, adjusted for household
23 size, for the county where the project is located."

24 "NEW SECTION. Sec. 11. The affordable housing program is
25 created in the department of community development for the purpose of
26 developing and coordinating public and private resources targeted to
27 meet the affordable housing needs of low-income households in the state

1 of Washington. The program shall be developed and administered by the
2 department with advice and input from the low-income assistance
3 advisory committee established in RCW 43.185.110."

4 "NEW SECTION. Sec. 12. (1) Using moneys specifically
5 appropriated for such purpose, the department shall finance in whole or
6 in part projects that will provide housing for low-income households.

7 (2) Activities eligible for assistance include, but are not limited
8 to:

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

11 (b) Rent subsidies in new construction or rehabilitated multifamily
12 units;

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

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

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

18 (3) Legislative appropriations from capital bond proceeds and
19 moneys from repayment of loans from appropriations from capital bond
20 proceeds may be used only for the costs of projects authorized under
21 subsection (2)(a), (c), (d), and (e) of this section, and not for the
22 administrative costs of the department."

23 "NEW SECTION. Sec. 13. Organizations that may receive
24 assistance from the department under this chapter are local
25 governments, local housing authorities, nonprofit community or
26 neighborhood-based organizations, and regional or state-wide nonprofit
27 housing assistance organizations."

1 "NEW SECTION. **Sec. 14.** (1) During each calendar year in which
2 funds are available for use by the department for the affordable
3 housing program, the department shall announce to all known interested
4 parties, and through major media throughout the state, a grant and loan
5 application period of at least ninety days' duration. This
6 announcement shall be made as often as the director deems appropriate
7 for proper utilization of resources. The department shall then
8 promptly grant as many applications as will utilize available funds
9 less appropriate administrative costs of the department, not to exceed
10 five percent of moneys appropriated to the affordable housing program.

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

14 "NEW SECTION. **Sec. 15.** The department shall adopt policies to
15 ensure that the state's interest will be protected upon either the sale
16 or change of use of projects financed in whole or in part under section
17 12(2) (a), (c), (d), and (e) of this act. These policies may include,
18 but are not limited to: (1) Requiring a share of the appreciation in
19 the project in proportion to the state's contribution to the project;
20 (2) requiring a lump-sum repayment of the loan or grant upon the sale
21 or change of use of the project; or (3) requiring a deferred payment of
22 principal or principal and interest on loans after a specified time
23 period."

24 "NEW SECTION. **Sec. 16.** The director shall monitor the
25 activities of recipients of grants and loans under this chapter to
26 determine compliance with the terms and conditions set forth in its
27 application or stated by the department in connection with the grant or
28 loan."

