

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE HOUSE BILL 1624

52nd Legislature
1991 Regular Session

Passed by the House March 15, 1991
Yeas 94 Nays 0

**Speaker of the
House of Representatives**

Passed by the Senate April 12, 1991
Yeas 44 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Alan Thompson, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 1624** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

Secretary of State
State of Washington

ENGROSSED SUBSTITUTE HOUSE BILL 1624

AS AMENDED BY THE SENATE

Passed Legislature - 1991 Regular Session

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; adding new sections
3 to chapter 43.185 RCW; and adding a new chapter to Title 43 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,
7 families with members who have disabilities, and single parents. These
8 services include medical assistance, counseling, chore services, and
9 child care.

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

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

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

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

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

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

1 ~~fund in the form of investment income or interest shall be added to the~~
2 ~~principal of the fund. The remaining twenty percent shall be placed in~~
3 ~~the general fund.))~~

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

6 (1) The department shall use ~~((funds))~~ moneys from the housing
7 trust fund and other legislative appropriations to finance in whole or
8 in part any loans or grant projects that will provide housing for
9 persons and families with special housing needs and with incomes at or
10 below fifty percent of the median family income for the county or
11 standard metropolitan statistical area where the project is located.
12 ~~((Not less than))~~ At least thirty percent of ~~((such funds))~~ these
13 moneys used in any given ~~((biennium))~~ funding cycle shall be for the
14 benefit of projects located in rural areas ~~((as defined in 63 Stat.~~
15 ~~432, 42 U.S.C. Sec. 1471 et seq))~~ of the state as defined by the
16 department of community development. If the department determines that
17 it has not received an adequate number of suitable applications for
18 rural projects during any given funding cycle, the department may
19 allocate unused moneys for projects in nonrural areas of the state.

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

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

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

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

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

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

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

9 (g) Mortgage subsidies ((for new construction or rehabilitation of
10 eligible multifamily units)), including temporary rental and mortgage
11 payment subsidies to prevent homelessness;

12 (h) Mortgage insurance guarantee or payments for eligible projects;
13 ((and))

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

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

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

20 (3) Legislative appropriations from capital bond proceeds and
21 moneys from repayment of loans from appropriations from capital bond
22 proceeds may be used only for the costs of projects authorized under
23 subsection (2) (a), (i), and (j) of this section, and not for the
24 administrative costs of the department.

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

27 (1) During each calendar year in which funds from the housing trust
28 fund or other legislative appropriations are available for use by the
29 department ~~((from the housing trust fund, as prescribed in RCW~~

1 43.185.030)) for the housing assistance program, the department shall
2 announce to all known interested parties, and through major media
3 throughout the state, a grant and loan application period of at least
4 ninety days' duration. This announcement shall be made as often as the
5 director deems appropriate for proper utilization of resources(~~(, but~~
6 ~~at least twice annually)~~). The department shall then promptly grant as
7 many applications as will utilize available funds less appropriate
8 administrative costs of the department(~~(, not to)~~). Administrative
9 costs paid out of the housing trust fund may not exceed ((thirty-seven
10 thousand five hundred dollars in the fiscal year ending June 30, 1988,
11 and seventy-five thousand dollars in the fiscal year ending June 30,
12 1989, and not to exceed five)) four percent of annual revenues ((to the
13 fund thereafter)) available for distribution to housing trust fund
14 projects. In awarding funds under this chapter, the department shall
15 provide for a geographic distribution on a state-wide basis.

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

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

- 1 (a) The degree of leveraging of other funds that will occur;
- 2 (b) Recipient contributions to total project costs, including
3 allied contributions from other sources such as professional, craft and
4 trade services, and lender interest rate subsidies;
- 5 (c) Local government project contributions in the form of
6 infrastructure improvements, and others;
- 7 (d) Projects that encourage ownership, management, and other
8 project-related responsibility opportunities;
- 9 (e) Projects that demonstrate a strong probability of serving the
10 original target group or income level for a period of at least
11 (~~fifteen~~) twenty-five years;
- 12 (f) The applicant has the demonstrated ability, stability and
13 resources to implement the project;
- 14 (g) Projects which demonstrate serving the greatest need; (~~and~~)
- 15 (h) Projects that provide housing for persons and families with the
16 lowest incomes;
- 17 (i) Project location and access to employment centers in the region
18 or area; and
- 19 (j) Project location and access to available public transportation
20 services.

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

23 (1) The department may use moneys from the housing trust fund and
24 other legislative appropriations, but not appropriations from capital
25 bond proceeds, to provide preconstruction technical assistance to
26 eligible recipients seeking to construct, rehabilitate, or finance
27 housing-related services for very low and low-income persons. The
28 department shall emphasize providing preconstruction technical
29 assistance services to rural areas and small cities and towns. The

1 department may contract with nonprofit organizations to provide this
2 technical assistance. The department may contract for any of the
3 following services:

4 (a) Financial planning and packaging for housing projects,
5 including alternative ownership programs, such as limited equity
6 partnerships and syndications;

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

8 (c) Compliance with planning requirements;

9 (d) Securing matching resources for project development;

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

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

16 (g) Construction and materials management; and

17 (h) Project maintenance and management.

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

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

25 The department shall adopt policies to ensure that the state's
26 interest will be protected upon either the sale or change of use of
27 projects financed in whole or in part under RCW 43.185.050(2)(a), (i),
28 and (j). These policies may include, but are not limited to: (1)
29 Requiring a share of the appreciation in the project in proportion to

1 the state's contribution to the project; (2) requiring a lump-sum
2 repayment of the loan or grant upon the sale or change of use of the
3 project; or (3) requiring a deferred payment of principal or principal
4 and interest on loans after a specified time period.

5 NEW SECTION. **Sec. 8.** A new section is added to chapter 43.185 RCW
6 to read as follows:

7 If any part of this act is found to be in conflict with federal
8 requirements which are a prescribed condition to the allocation of
9 federal funds to the state, the conflicting part of this act is
10 inoperative solely to the extent of the conflict and with respect to
11 the agencies directly affected, and this finding does not affect the
12 operation of the remainder of this act in its application to the
13 agencies concerned. The rules under this act shall meet federal
14 requirements which are a necessary condition to the receipt of federal
15 funds by the state.

16 NEW SECTION. **Sec. 9.** Sections 9 through 19 of this act may be
17 known and cited as the affordable housing act.

18 NEW SECTION. **Sec. 10.** Unless the context clearly requires
19 otherwise, the definitions in this section apply throughout this
20 chapter.

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

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

1 (3) "Director" means the director of the department of community
2 development.

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

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

10 NEW SECTION. **Sec. 11.** The affordable housing program is
11 created in the department of community development for the purpose of
12 developing and coordinating public and private resources targeted to
13 meet the affordable housing needs of low-income households in the state
14 of Washington. The program shall be developed and administered by the
15 department with advice and input from the low-income assistance
16 advisory committee established in RCW 43.185.110.

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

20 (2) Activities eligible for assistance include, but are not limited
21 to:

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

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

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

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

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

4 (3) Legislative appropriations from capital bond proceeds and
5 moneys from repayment of loans from appropriations from capital bond
6 proceeds may be used only for the costs of projects authorized under
7 subsection (2)(a), (c), (d), and (e) of this section, and not for the
8 administrative costs of the department.

9 NEW SECTION. **Sec. 13.** Organizations that may receive
10 assistance from the department under this chapter are local
11 governments, local housing authorities, nonprofit community or
12 neighborhood-based organizations, and regional or state-wide nonprofit
13 housing assistance organizations.

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

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

1 NEW SECTION. **Sec. 15.** The department shall adopt policies to
2 ensure that the state's interest will be protected upon either the sale
3 or change of use of projects financed in whole or in part under section
4 12(2) (a), (c), (d), and (e) of this act. These policies may include,
5 but are not limited to: (1) Requiring a share of the appreciation in
6 the project in proportion to the state's contribution to the project;
7 (2) requiring a lump-sum repayment of the loan or grant upon the sale
8 or change of use of the project; or (3) requiring a deferred payment of
9 principal or principal and interest on loans after a specified time
10 period.

11 NEW SECTION. **Sec. 16.** The director shall monitor the
12 activities of recipients of grants and loans under this chapter to
13 determine compliance with the terms and conditions set forth in its
14 application or stated by the department in connection with the grant or
15 loan.

16 NEW SECTION. **Sec. 17.** The department shall have the authority
17 to promulgate rules pursuant to chapter 34.05 RCW, regarding the grant
18 and loan process, and the substance of eligible projects, consistent
19 with this chapter.

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

24 NEW SECTION. **Sec. 19.** If any part of this act is found to be
25 in conflict with federal requirements which are a prescribed condition
26 to the allocation of federal funds to the state, the conflicting part

1 of this act is inoperative solely to the extent of the conflict and
2 with respect to the agencies directly affected, and this finding does
3 not affect the operation of the remainder of this act in its
4 application to the agencies concerned. The rules under this act shall
5 meet federal requirements which are a necessary condition to the
6 receipt of federal funds by the state.

7 NEW SECTION. **Sec. 20.** Sections 9 through 19 of this act shall
8 constitute a new chapter in Title 43 RCW.