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HOUSE BILL 2016

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State of Washington

53rd Legislature

1993 Regular Session

By Representatives G. Fisher, Wood, Rust, Holm, Thibaudeau, Locke, Ludwig, Leonard, Wang, Brown, J. Kohl and Eide

Read first time 02/22/93. Referred to Committee on Revenue.

1 AN ACT Relating to the housing trust fund; amending RCW 43.185.050  
2 and 59.18.270; and providing an effective date.

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

4 **Sec. 1.** RCW 43.185.050 and 1991 c 356 s 4 are each amended to read  
5 as follows:

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

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

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

5 (b) Rent subsidies;

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

8 (d) Technical assistance, design and finance services and  
9 consultation, and administrative costs for eligible nonprofit community  
10 or neighborhood-based organizations;

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

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

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

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

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

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

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

25 (3) Legislative appropriations from capital bond proceeds and  
26 moneys from repayment of loans from appropriations from capital bond  
27 proceeds may be used only for the costs of projects authorized under  
28 subsection (2) (a), (i), and (j) of this section, and not for the  
29 administrative costs of the department.

30 (4) All revenue generated from interest on security deposits in  
31 pooled interest-bearing trust accounts shall be used solely for the  
32 costs of projects in privately owned housing authorized under  
33 subsection (2)(b) of this section.

34 **Sec. 2.** RCW 59.18.270 and 1975 1st ex.s. c 233 s 1 are each  
35 amended to read as follows:

36 (1) All moneys paid to ((the)) a landlord who owns ten or fewer  
37 units by ((the)) a tenant as a deposit as security for performance of  
38 the tenant's obligations in a lease or rental agreement shall promptly

1 be deposited by the landlord in a trust account, maintained by the  
2 landlord for the purpose of holding such security deposits for tenants  
3 of the landlord, in a bank, savings and loan association, mutual  
4 savings bank, or licensed escrow agent located in Washington. Unless  
5 otherwise agreed in writing, the landlord shall be entitled to receipt  
6 of interest paid on such trust account deposits.

7 (2) With respect to all security deposits under leases or rental  
8 agreements entered into, renewed, or extended by landlords who own more  
9 than ten units, a landlord shall place all security deposits in a  
10 pooled interest-bearing trust account. The landlord shall direct the  
11 depository institution to pay at least every six months the interest on  
12 this pooled interest-bearing trust account, minus reasonable  
13 transaction costs not to exceed one percent of a typical passbook rate,  
14 to the state treasurer to be placed in the housing trust fund  
15 established by RCW 43.185.030.

16 (3) The landlord shall provide the tenant with a written receipt  
17 for the deposit and shall provide written notice of the name and  
18 address and location of the depository and any subsequent change  
19 thereof. If during a tenancy the status of landlord is transferred to  
20 another, any sums in the deposit trust account affected by such  
21 transfer shall simultaneously be transferred to an equivalent trust  
22 account of the successor landlord, and the successor landlord shall  
23 promptly notify the tenant of the transfer and of the name, address and  
24 location of the new depository. The tenant's claim to any moneys paid  
25 under this section shall be prior to that of any creditor of the  
26 landlord, including a trustee in bankruptcy or receiver, even if such  
27 moneys are commingled.

28 NEW SECTION. Sec. 3. Section 2 of this act shall take effect  
29 January 1, 1994.

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