
HOUSE BILL 2140

State of Washington 59th Legislature 2005 Regular Session

By Representatives Pettigrew, Darneille, Ormsby, Chase, Ericks, Dunn, Wood, O'Brien and Santos

Read first time 02/21/2005. Referred to Committee on Housing.

1 AN ACT Relating to housing trust fund loans; amending RCW
2 43.185.050 and 43.185A.030; adding new sections to chapter 43.185 RCW;
3 adding a new section to chapter 43.185A RCW; and providing an effective
4 date.

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

6 **Sec. 1.** RCW 43.185.050 and 2002 c 294 s 6 are each amended to read
7 as follows:

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

6 (b) Rent subsidies;

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

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

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

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

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

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

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

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

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

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

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

35 (5) Administrative costs of the department shall not exceed four
36 percent of the annual funds available for the housing assistance
37 program.

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

3 The department may use up to five million dollars annually from the
4 housing trust fund capital bond proceeds to provide short-term loans to
5 eligible organizations for property or building acquisition when the
6 purpose of the acquisition is affordable housing development. The
7 department may finance the properties for a period not to exceed three
8 years during which time the organization must secure replacement
9 permanent financing. In addition to seeking outside financing during
10 the three-year period, the organization may apply for permanent
11 financing from the department through the housing trust fund. Once
12 awarded permanent financing, either through the housing trust fund or
13 an alternative source, the organization must repay the short-term loan.
14 Loan repayments must be placed in the housing trust fund short-term
15 financing account under section 3 of this act to be used by the
16 department for future short-term financing loans.

17 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.185 RCW
18 to read as follows:

19 The housing trust fund short-term financing account is created in
20 the custody of the state treasurer. All receipts from the housing
21 trust fund short-term financing program must be deposited in the
22 account. Expenditures from the account may be used only for short-term
23 financing of property or building acquisition when the purpose of such
24 acquisition is affordable housing development. Only the director or
25 the director's designee may authorize expenditures from the account.
26 The account is subject to the allotment procedures under chapter 43.88
27 RCW, but an appropriation is not required for expenditures.

28 **Sec. 4.** RCW 43.185A.030 and 1994 c 160 s 3 are each amended to
29 read as follows:

30 (1) Using moneys specifically appropriated for such purpose, the
31 department shall finance in whole or in part projects that will provide
32 housing for low-income households.

33 (2) Activities eligible for assistance include, but are not limited
34 to:

35 (a) New construction, rehabilitation, (~~(or)~~) acquisition of housing

1 for low-income households, or building or property acquisition for the
2 purpose of low-income housing development;

3 (b) Rent subsidies in new construction or rehabilitated multifamily
4 units;

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

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

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

10 (3) Legislative appropriations from capital bond proceeds may be
11 used only for the costs of projects authorized under subsection (2)
12 (a), (c), (d), and (e) of this section, and not for the administrative
13 costs of the department.

14 (4) Moneys from repayment of loans from appropriations from capital
15 bond proceeds may be used for all activities necessary for the proper
16 functioning of the affordable housing program except for activities
17 authorized under subsection (2)(b) of this section.

18 (5) Administrative costs of the department shall not exceed four
19 percent of the annual funds available for the affordable housing
20 program.

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

23 The department may use up to five million dollars annually from the
24 housing trust fund capital bond proceeds to provide short-term loans to
25 eligible organizations for property or building acquisition when the
26 purpose of the acquisition is affordable housing development. The
27 department may finance the properties for a period not to exceed three
28 years during which time the organization must secure replacement
29 permanent financing. In addition to seeking outside financing during
30 the three-year period, the organization may apply for permanent
31 financing from the department through the housing trust fund. Once
32 awarded permanent financing, either through the housing trust fund or
33 an alternative source, the organization must repay the short-term loan.
34 Loan repayments will be placed in the housing trust fund short-term
35 financing account under section 3 of this act to be used by the

1 department for future short-term financing.

2 NEW SECTION. **Sec. 6.** This act takes effect August 1, 2005.

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