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**ENGROSSED HOUSE BILL 3142**

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**State of Washington**

**60th Legislature**

**2008 Regular Session**

**By** Representatives Lias, Chase, Walsh, Ericks, Loomis, Miloscia, Rolfes, Linville, Dickerson, Green, Morrell, Kelley, Wood, Nelson, Santos, and Ormsby

Read first time 01/23/08. Referred to Committee on Housing.

1           AN ACT Relating to affordable housing loan programs; amending RCW  
2 43.185A.110; adding a new section to chapter 43.185A RCW; and creating  
3 a new section.

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

5           **Sec. 1.** RCW 43.185A.110 and 2007 c 428 s 2 are each amended to  
6 read as follows:

7           (1) The affordable housing land acquisition revolving loan fund  
8 program is created in the department to assist eligible organizations,  
9 described under RCW 43.185A.040, to purchase land for affordable  
10 housing development. The department shall contract with the Washington  
11 state housing finance commission to administer the affordable housing  
12 land acquisition revolving loan fund program. Within this program, the  
13 Washington state housing finance commission shall establish and  
14 administer the Washington state housing finance commission land  
15 acquisition revolving loan fund.

16           (2) As used in this chapter, "market rate" means the current  
17 average market interest rate that is determined at the time any  
18 individual loan is closed upon using a widely recognized current market  
19 interest rate measurement to be selected for use by the Washington

1 state housing finance commission with the department's approval. This  
2 interest rate must be noted in an attachment to the closing documents  
3 for each loan.

4 (3) Under the affordable housing land acquisition revolving loan  
5 fund program:

6 (a) Loans may be made to purchase land on which to develop  
7 affordable housing. In addition to affordable housing, facilities  
8 intended to provide supportive services to affordable housing residents  
9 and low-income households in the nearby community may be developed on  
10 the land.

11 (b) Eligible organizations applying for a loan must include in the  
12 loan application a proposed affordable housing development plan  
13 indicating the number of affordable housing units planned, a  
14 description of any other facilities being considered for the property,  
15 and an estimated timeline for completion of the development. The  
16 Washington state housing finance commission may require additional  
17 information from loan applicants and may consider the efficient use of  
18 land, project readiness, organizational capacity, and other factors as  
19 criteria in awarding loans.

20 (c) Forty percent of the loans shall go to eligible applicants  
21 operating homeownership programs for low-income households in which the  
22 households participate in the construction of their homes. Sixty  
23 percent of loans shall go to other eligible organizations. If the  
24 entire forty percent for applicants operating self-help homeownership  
25 programs cannot be lent to these types of applicants, the remainder  
26 shall be lent to other eligible organizations.

27 (d) Within five years of receiving a loan, a loan recipient must  
28 present the Washington state housing finance commission with an updated  
29 development plan, including a proposed development design, committed  
30 and anticipated additional financial resources to be dedicated to the  
31 development, and an estimated development schedule, which indicates  
32 completion of the development within eight years of loan receipt. This  
33 updated development plan must be substantially consistent with the  
34 development plan submitted as part of the original loan application as  
35 required in (b) of this subsection.

36 (e) Within eight years of receiving a loan, a loan recipient must  
37 develop affordable housing on the property for which the loan was made  
38 and place the affordable housing into service.

1 (f) A loan recipient must preserve the affordable rental housing  
2 developed on the property acquired under this section as affordable  
3 housing for a minimum of thirty years.

4 (4) If a loan recipient does not place affordable housing into  
5 service on a property for which a loan has been received under this  
6 section within the eight-year period specified in subsection (3)(e) of  
7 this section, or if a loan recipient fails to use the property for the  
8 intended affordable housing purpose consistent with the loan  
9 recipient's original affordable housing development plan, then the loan  
10 recipient must pay to the Washington state housing finance commission  
11 an amount consisting of the principal of the original loan plus  
12 compounded interest calculated at the current market rate. The  
13 Washington state housing finance commission shall develop guidelines  
14 for the time period in which this repayment must take place, which must  
15 be noted in the original loan agreement. The Washington state housing  
16 finance commission may grant a partial or total exemption from this  
17 repayment requirement if it determines that a development is  
18 substantially complete or that the property has been substantially used  
19 in keeping with the original affordable housing purpose of the loan.  
20 Any repayment funds received as a result of noncompliance with loan  
21 requirements shall be deposited into the Washington state housing  
22 finance commission land acquisition revolving loan fund for the  
23 purposes of the affordable housing land acquisition revolving loan fund  
24 program.

25 (5) The Washington state housing finance commission, with approval  
26 from the department, may adopt guidelines and requirements that are  
27 necessary to administer the affordable housing land acquisition  
28 revolving loan fund program.

29 (6) Interest rates on property loans granted under this section may  
30 not exceed one percent. All loan repayment moneys received shall be  
31 deposited into the Washington state housing finance commission  
32 affordable housing land acquisition revolving loan fund for the  
33 purposes of the affordable housing land acquisition revolving loan fund  
34 program.

35 (7) The Washington state housing finance commission must develop  
36 performance measures for the program, which must be approved by the  
37 department, including, at a minimum, measures related to:

1 (a) The ability of eligible organizations to access land for  
2 affordable housing development;

3 (b) The total number of dwelling units by housing type and the  
4 total number of (~~very~~) low-income households and persons served; and

5 (c) The financial efficiency of the program as demonstrated by  
6 factors, including the cost per unit developed for affordable housing  
7 units in different areas of the state and a measure of the effective  
8 use of funds to produce the greatest number of units for low-income  
9 households.

10 (8) By December 1st of each year, beginning in 2007, the Washington  
11 state housing finance commission shall report to the department and the  
12 appropriate committees of the legislature using, at a minimum, the  
13 performance measures developed under subsection (7) of this section.

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

16 (1) The affordable housing and community facilities rapid response  
17 loan program is created in the department to assist eligible  
18 organizations described under RCW 43.185A.040, which includes nonprofit  
19 organizations comprised of residents of manufactured/mobile home  
20 communities, to purchase land or real property for affordable housing  
21 and community facilities preservation or development in rapidly  
22 gentrifying neighborhoods or communities with a significant low-income  
23 population that is threatened with displacement by such gentrification.

24 (2) Loans or grants may be made through the affordable housing and  
25 community facilities rapid response loan program to purchase land or  
26 real property for the preservation or development of affordable housing  
27 or community facilities, including reasonable costs and fees.

28 (3) The department may adopt guidelines and requirements that are  
29 necessary to administer the affordable housing and community facilities  
30 rapid response loan program.

31 (4) A loan recipient must preserve affordable rental housing  
32 acquired or developed under this section as affordable housing for a  
33 minimum of thirty years.

34 (5) Interest rates on loans made under this section may be as low  
35 as zero percent but may not exceed three percent. All loan repayment  
36 moneys received must be deposited into a program account established by

1 the department for the purpose of making new loans and grants under  
2 this section.

3 (6) By December 1st of each year, beginning in 2008, the department  
4 shall report to the appropriate committees of the legislature: The  
5 number of loans and grants that were made in the program; for what  
6 purposes the loans and grants were made; to whom the loans and grants  
7 were made; and when the loans are expected to be paid back.

8 NEW SECTION. **Sec. 3.** If specific funding for the purposes of  
9 section 2 of this act, referencing this act by bill or chapter number  
10 and section number, is not provided by June 30, 2008, in the omnibus  
11 appropriations act, section 2 of this act is null and void.

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