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**SUBSTITUTE HOUSE BILL 1581**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** House Housing, Community Development & Veterans (originally sponsored by Representatives Fey, Riccelli, Wylie, Doglio, Jinkins, and Ormsby)

AN ACT Relating to funding local housing trust fund programs in certain cities; adding a new chapter to Title 35 RCW; providing an effective date; and providing an expiration date.

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

NEW SECTION. **Sec.**  The legislature finds that there is a housing affordability crisis that requires multiple urgent and creative responses. The legislature finds that certain cities have established local trust funds to respond to the crisis; however, to be successful local trust funds need dedicated sources of funding to provide greater and more reliable resources to preserve and build new housing. The legislature therefore creates the construction sales and use tax remittance for certain eligible cities.

NEW SECTION. **Sec.**  (1) Beginning August 1, 2019, up to one hundred percent of taxes collected annually, pursuant to RCW 82.08.020(1) on all retail sales of construction services as defined in RCW 82.04.050(2)(b) performed within the city limits of a qualifying city, must be deposited into the local housing trust fund created in section 3 of this act.

 (2) Revenue collections under this section must equal the amount of money each qualifying city has deposited into its local housing trust fund in that fiscal year, but may not exceed five million dollars for each qualifying city in a fiscal year. Any revenue collections under this section must be deposited into the local housing trust fund established under section 3 of this act.

(3) For the purposes of this section, "qualifying city" means a city:

(a) With a population of at least two hundred thousand people in a county with less than one million five hundred thousand people;

(b) That has established a local housing trust fund under section 3 of this act prior to July 1, 2021; and

(c) For which the legislative authority has approved the deposit of revenue collections required in this section.

(4) This section expires January 1, 2041.

NEW SECTION. **Sec.**  City legislative authorities may establish a local housing trust fund for the purpose of funding affordable housing located wholly or partially within the city. Money deposited into the local housing trust fund must be used solely for the following purposes:

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

(2) Matching funds for social services directly related to providing housing for special needs tenants in assisted projects;

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

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

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

(6) Mortgage subsidies, including temporary rental and mortgage payment subsidies to prevent homelessness;

(7) Mortgage insurance guarantee or payments for eligible projects;

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

(9) Acquisition of housing units for the purpose of preservation as low-income or very low-income housing;

(10) Projects making housing more accessible to families with members who have disabilities; and

(11) Remodeling and improvements as required to meet building code, licensing requirements, or legal operations to residential properties owned and operated by an entity eligible under RCW 43.185A.040, which were transferred as described in RCW 82.45.010(3)(t) by the parent of a child with developmental disabilities.

NEW SECTION. **Sec.**  Sections 1 through 3 of this act constitute a new chapter in Title 35 RCW.

NEW SECTION. **Sec.**  This act takes effect August 1, 2019.

**--- END ---**