AN ACT Relating to changing the total amount of outstanding indebtedness of the Washington state housing finance commission; and amending RCW 43.180.160.

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

Sec. 1. RCW 43.180.160 and 2018 c 78 s 1 are each amended to read as follows:

(1) The total amount of outstanding indebtedness of the commission may not exceed $14,000,000,000 at any time. The calculation of outstanding indebtedness shall include the initial principal amount of an issue and shall not include interest that is either currently payable or that accrues as a part of the face amount of an issue payable at maturity or earlier redemption. Outstanding indebtedness shall not include notes or bonds as to which the obligation of the commission has been satisfied and discharged by refunding or for which payment has been provided by reserves or otherwise.

(2)(a) The Washington works housing program is created to increase opportunities for nonprofit organizations and public agencies to purchase, acquire, build, and own real property to be used for affordable housing for low and moderate-income households. The Washington works housing program is intended to provide access to
new funding mechanisms and build long-term community equity by increasing the stock of permanently affordable housing owned by nonprofit organizations and public agencies.

(b) The Washington works housing program is intended to provide these opportunities for public agencies and nonprofit organizations, including those materially participating as a managing member or general partner of a partnership, limited liability company, or equivalent organization, through the issuance of tax exempt or taxable revenue bonds issued by the commission in conjunction with a subsidy necessary to make bond issues to finance affordable housing properties financially feasible. The program is intended to provide financing for affordable housing that will meet the income and rent restrictions in (c) and (d) of this subsection during the period of initial bond indebtedness and thereafter.

(c) During the period of initial bond indebtedness under the program, the owner of the property must meet one of the following requirements: A minimum of twenty percent of the units will be occupied by households earning less than fifty percent of area median income and an additional thirty-one percent of the units will be occupied by persons earning less than eighty percent of area median income; or forty percent of the units will be occupied by households earning less than sixty percent of area median income and an additional eleven percent of the units will be occupied by households earning less than eighty percent of area median income.

(d) After the initial bond indebtedness is retired, the rents charged for units in the project will be adjusted to be sufficient to pay reasonable operation and maintenance expenses, including necessary capital needs, and to make reasonable deposits into a reserve account with the intent of providing affordable housing to very low or low-income households for the remaining useful life of the property. The reasonableness of the rent levels must be periodically approved by the commission based on information provided by the owner of the property about income, expenses, and necessary reserve levels. The determination of the commission regarding the reasonableness of the rent levels will be final.

(e) The commission will enter into a recorded regulatory agreement with the borrower at the time of the issuance of bonds under the program for the purpose of ensuring that the property will meet the income and rent restrictions established in this section. The commission may charge such compliance fees as necessary to ensure
enforcement of the income and rent restrictions during the useful
life of the property.

(3) One billion dollars of the outstanding indebtedness of the
commission is for the primary purpose of implementing the Washington
works housing program.

(4) If no subsidies are available to make the program in
subsection (2) of this section feasible, then the commission may pass
a resolution stating these facts and authorize the use of a portion
of the one billion dollars of indebtedness intended for the program
to support its other bond programs until such time as the one billion
dollars is exhausted or subsidies are available to make the program
feasible.

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