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**SENATE BILL 5975**

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**State of Washington 68th Legislature 2024 Regular Session**

**By** Senators Hasegawa, Conway, Fortunato, Kuderer, Liias, Nguyen, Nobles, and Saldaña

AN ACT Relating to authorizing use of the housing trust fund and other legislative appropriations to finance social housing; and amending RCW 43.185A.010, 43.185A.020, 43.185A.070, 43.185A.140, 43.185A.150, and 43.185A.180.

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

**Sec.**  RCW 43.185A.010 and 2023 c 275 s 7 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Affordable housing" means residential housing for rental occupancy which, as long as the same is occupied by low-income households, requires payment of monthly housing costs, including utilities other than telephone, of no more than ((~~thirty~~)) 30 percent of the household's income. The department must adopt policies for residential homeownership housing, occupied by low-income households, which specify the percentage of family income that may be spent on monthly housing costs, including utilities other than telephone, to qualify as affordable housing.

(2) "Contracted amount" means the aggregate amount of all state funding for which the department has monitoring and compliance responsibility.

(3) "Department" means the department of commerce.

(4) "Director" means the director of the department of commerce.

(5) "First-time homebuyer" means:

(a) An individual or the individual's spouse who has had no ownership in a principal residence during the three-year period ending on the date of purchase of the property;

(b) A single parent who has only owned a home with a former spouse while married;

(c) An individual who is a displaced homemaker as defined in 24 C.F.R. Sec. 93.2 as it exists on July 23, 2023, or such subsequent date as may be provided by the department by rule, consistent with the purposes of this section, and has only owned a home with a spouse;

(d) An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations; or

(e) An individual who has only owned a property that is determined by a licensed building inspector as being uninhabitable.

(6) "Low-income household" means a single person, family or unrelated persons living together whose adjusted income is less than ((~~eighty~~)) 80 percent of the median family income, adjusted for household size, for the county where the project is located.

(7) "Moderate-income household" means a single person, family, or unrelated persons living together whose adjusted income is between 80 percent and 120 percent of the median family income, adjusted for household size, for the county where the project is located.

(8) "Publicly owned" means owned by a public housing authority, a public development authority, the state, or other political subdivision.

(9) "Social housing" means housing on land that is publicly owned in perpetuity and available to households of any income level, including low-income and moderate-income households.

**Sec.**  RCW 43.185A.020 and 2023 c 275 s 8 are each amended to read as follows:

(1) The affordable housing program is created in the department for the purpose of developing and preserving affordable housing and coordinating public and private resources targeted to meet either the affordable housing or social housing needs, or both, of low-income and moderate-income households in the state of Washington.

(2) The program shall be developed and administered by the department with advice and input from the affordable housing advisory board established in RCW 43.185B.020.

(3) The desired outcome of the program is to create communities that are multigenerational, diverse, and have all the amenities of an equitable, livable community such as easy access to educational facilities, health care, shopping, small businesses and light manufacturing, common spaces for healthy outdoor activities, community gatherings, and lower needs for private automobile transportation options.

**Sec.**  RCW 43.185A.070 and 2023 c 275 s 10 are each amended to read as follows:

(1) To the extent funds are appropriated for this purpose, the director shall monitor the activities of recipients of grants and loans under this chapter to determine compliance with the terms and conditions set forth in its application or stated by the department in connection with the grant or loan.

(2) Personally identifiable information of occupants or prospective tenants of affordable housing or social housing or the street address of the residential real property occupied or applied for by tenants or prospective tenants of affordable housing or social housing, obtained by the department of commerce during monitoring activities or contract administration are exempt from inspection and copying under RCW 42.56.395.

**Sec.**  RCW 43.185A.140 and 2023 c 275 s 3 are each amended to read as follows:

(1) The department must use moneys from the housing trust fund and other legislative appropriations to finance in whole or in part any loan or grant projects that will provide either affordable housing or social housing, or both, for persons and families with special housing needs and who are low-income and moderate-income households.

(2) At least ((~~thirty~~)) 30 percent of these moneys used in any given funding cycle must be for the benefit of projects located in rural areas of the state as defined by the department. If the department determines that it has not received an adequate number of suitable applications for rural projects during any given funding cycle, the department may allocate unused moneys for projects in nonrural areas of the state.

(3) The department must prioritize allocating at least, but not limited to, 10 percent of these moneys used in any given funding cycle to organizations that serve and are substantially governed by individuals disproportionately impacted by homelessness, including black, indigenous, and other people of color and, lesbian, gay, bisexual, queer, transgender, and other gender-diverse individuals.

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

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

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

(c) 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;

(d) Shelters for the homeless, including emergency shelters and overnight youth shelters;

(e) Down payment or closing costs assistance for low-income first-time homebuyers;

(f) Acquisition of housing units for the purpose of preservation as low-income housing;

(g) Projects making affordable housing or social housing, or both, projects more accessible to low-income and moderate-income households with members who have disabilities; and

(h) 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.

(5)(a) Legislative appropriations from capital bond proceeds may be used for the costs of projects authorized under subsection (4) of this section, except for costs of subsection (4)(c) of this section.

(b) The department may use up to three percent of the appropriations from capital bond proceeds or other new appropriations for affordable housing investments for administrative costs associated with application, distribution, and project development activities of the affordable housing program.

(c) Reappropriations must not be included in the calculation of the annual funds available for determining the administrative costs.

(6)(a) Moneys received from repayment of housing trust fund loans or other affordable housing appropriations may be used for all activities necessary for the proper functioning of the affordable housing program, including, but not limited to, providing preservation funding, as provided in RCW 43.185A.180, and preconstruction technical assistance as provided in RCW 43.185A.170.

(b) Administrative costs associated with compliance and monitoring activities of the department may not exceed four-tenths of one percent annually of the contracted amount of state investment in affordable housing programs.

**Sec.**  RCW 43.185A.150 and 2023 c 275 s 4 are each amended to read as follows:

(1) During each calendar year in which funds from the housing trust fund or other legislative appropriations are available for use by the department for the affordable housing program, the department must announce to all known interested parties, and on its website, a grant and loan application period of at least 60 days' duration. This announcement must be made as often as the director deems appropriate for proper utilization of resources. The department must then promptly grant as many applications as will utilize available funds less appropriate administrative costs of the department as provided in RCW 43.185A.140.

(2) In awarding funds under this chapter, the department must:

(a) Provide for a geographic distribution on a statewide basis; and

(b) Consider the total cost and per-unit cost of each project for which an application is submitted for funding, as compared to similar housing projects constructed or renovated within the same geographic area.

(3) All projects and activities must be evaluated by some or all of the criteria under subsection (6) of this section, and similar projects and activities shall be evaluated under the same criteria.

(4) The department must use a separate application form for applications to provide homeownership opportunities and evaluate homeownership project applications as allowed under chapter 43.185A RCW.

(5) The department must collaborate with public entities that finance affordable housing or social housing, including the housing finance commission, cities, and counties, in conducting joint application reviews and coordinate funding decisions in a timely manner.

(6) The department must give preference for applications based on some or all of the criteria under this subsection, and similar projects and activities must be evaluated under the same criteria:

(a) The degree of leveraging of other funds that will occur;

(b) The degree of commitment from programs to provide necessary habilitation and support services for projects focusing on special needs populations;

(c) Recipient contributions to total project costs, including allied contributions from other sources such as professional, craft and trade services, and lender interest rate subsidies;

(d) Local government project contributions in the form of infrastructure improvements, and others;

(e) Projects that encourage ownership, management, and other project-related responsibility opportunities;

(f) Projects that demonstrate a strong probability of serving the original target group or income level for a period of at least 40 years;

(g) The applicant has the demonstrated ability, stability and resources to implement the project;

(h) Projects which demonstrate serving the greatest need;

(i) Projects that provide housing for persons and families with the lowest incomes;

(j) Projects serving special needs populations which fulfill statutory mandates to develop community housing;

(k) Project location and access to employment centers in the region or area;

(l) Projects that provide employment and training opportunities for disadvantaged youth under a youthbuild or youthbuild-type program as defined in RCW 50.72.020;

(m) Project location and access to available public transportation services;

(n) Projects involving collaborative partnerships between local school districts and either public housing authorities or nonprofit housing providers, that help children of low-income families succeed in school. To receive this preference, the local school district must provide an opportunity for community members to offer input on the proposed project at the first scheduled school board meeting following submission of the grant application to the department;

(o) The degree of funding that has already been committed to the project by nonstate entities;

(p) Projects that demonstrate a strong readiness to proceed to construction; and

(q) Projects that include a licensed early learning facility.

(7) Once the department has determined the prioritization of applications, the department must award funding projects at a sufficient level to complete the financing package necessary for an applicant to move forward with the ((~~affordable housing~~)) project.

(8) The department may not establish a maximum per-applicant award.

**Sec.**  RCW 43.185A.180 and 2023 c 275 s 12 are each amended to read as follows:

(1) In order to maintain the long-term viability of either affordable housing or social housing, or both, using funding from the housing trust fund account established under RCW 43.185A.130 or from other legislative appropriations, the department may make competitive grant or loan awards to projects in need of major building improvements, preservation repairs, or system replacements.

(2) The department must solicit and review applications and evaluate projects based on the following criteria:

(a) The age of the property, with priority given to buildings that are more than 15 years old;

(b) The population served, with priority given to projects serving persons or families with the lowest incomes;

(c) The degree to which the applicant demonstrates that the improvements will result in a reduction of operating or utility costs, or both;

(d) The potential for additional years added to the affordability commitment period of the property; and

(e) Other criteria that the department considers necessary to achieve the purpose of the housing trust fund program.

(3) The department must require an award recipient to submit a property capital needs assessment, in a form acceptable to the department, prior to contract execution.

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