

# SENATE BILL REPORT

## SB 5975

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As of January 19, 2024

**Title:** An act relating to authorizing use of the housing trust fund and other legislative appropriations to finance social housing.

**Brief Description:** Authorizing use of the housing trust fund and other legislative appropriations to finance social housing.

**Sponsors:** Senators Hasegawa, Conway, Fortunato, Kuderer, Lias, Nguyen, Nobles and Saldaña.

**Brief History:**

**Committee Activity:** Housing: 1/19/24.

**Brief Summary of Bill**

- Expands the Affordable Housing Program to include 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.

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### SENATE COMMITTEE ON HOUSING

**Staff:** Melissa Van Gorkom (786-7491)

**Background:** Department of Commerce (Commerce), with advice and input from the Affordable Housing Advisory Board, administers the Affordable Housing Program to develop and preserve affordable housing and coordinates public and private resources targeted to meet the affordable housing needs of low-income households. Commerce uses funds from the Housing Trust Fund (HTF) and other legislative appropriations to provide grants and loans through a competitive application process to administer the program. Commerce must collaborate with public entities that finance affordable housing in conducting joint application reviews and coordinate funding decisions in a timely manner.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

Activities eligible for assistance include:

- new construction, rehabilitation, or acquisition of low and very low-income housing units;
- preconstruction technical assistance, design and finance services and consultation, and administrative costs for eligible nonprofit community neighborhood bases organizations;
- administrative costs for housing assistance groups or other eligible organizations;
- shelters for the homeless;
- down payment or closing cost assistance for low-income first-time homebuyers;
- acquisition of housing units for the purpose of prevention as low-income housing;
- projects making housing more accessible to low-income households with members who have disabilities; and
- remodeling and improvements required to meet building codes, licensing, and other legal requirements related to property owned by an eligible organization which were transferred under the Real Estate Excise Tax by the parent of a child with developmental disabilities.

Commerce may also make competitive grant or loan awards to projects in need of major building improvements, preservation repairs, or system replacements in order to maintain the long-term viability of affordable housing.

Commerce must report on its website and on an annual bases for each funding cycle:

- the number of homeownership and multifamily rental projects funded;
- the percentage of funding allocated to homeownership and multifamily rental projects; and
- for both homeownership and multifamily rental projects, the total number of households being served at up to 80 percent of the area median income, up to 50 percent of the area median income, and up to 30 percent of the area median income.

Beginning December 1, 2023, and continuing every odd-numbered year, Commerce must provide the appropriate committees of the Legislature with a report of its final cost data for each project funded through the HTF.

Personally identifiable information or street addresses of occupants or prospective tenants of affordable housing obtained by Commerce during monitoring activities or contract administration are exempt from inspection and copying under the Public Records Act.

**Summary of Bill:** The purpose of the Affordable Housing Program is expanded to include 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. Social housing means housing on land owned in perpetuity by a public housing authority, a public development authority, the state, or other political subdivision, and available to households of any income level, including low-

income and moderate-income households.

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.

Commerce must collaborate with public entities that finance social housing in conducting joint application reviews and coordinate funding decisions in a timely manner. Activities eligible for assistance are updated to include:

- new construction, rehabilitation, or acquisition of moderate-income housing units; and
- projects making affordable housing or social housing, or both, more accessible to low-income and moderate-income households with members who have disabilities.

Commerce may also make competitive grant or loan awards to projects in need of major building improvements, preservation repairs, or system replacements in order to maintain the long-term viability of social housing.

Personally identifiable information or street addresses of occupants or prospective tenants of social housing obtained by Commerce during monitoring activities or contract administration are exempt from inspection and copying under the Public Records Act.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: The bill allows access to HTF for social housing which can be a game changing paradigm if we adequately resource it. The current paradigm we operate under in developing housing is failing as we are putting more and more money to developers to provide housing but it has been proven over decades that relying on developers to meet the housing demand is not working. Social housing is an internationally proven model. Social housing allows for selling portions of the building, separating the value from the land from the value of the structure on it. It is not constrained by the federal government like a lot of affordable housing programs currently are because it doesn't focus on just low-income it can provide housing at the retail market rates to help subsidize the lower-income units. Social housing allows people to grow in place and not lose housing that is affordable to them. Seattle now has a social housing developer through a public authority after passing the initiative for social housing and this provides a needed

legislative fix. It will help facilitate adequate housing capacity and maintain the property.

CON: This bill advances socialism which has been deadly for everyone who has provided it. It will be disastrous if you keep expanding the pool of people who think the government should provide things for them. You are taking money from some people and giving it to others so everyone ends up with less, it is not what is intended, but it is what happens.

OTHER: This makes a significant and alarming change to spending under the HTF. Currently the HTF is only intended for low-income households which is important because the shortage of affordable housing is extremely acute for low income households. The state should fund social housing, but the bill should be amended to support that without changing the income thresholds for the HTF.

**Persons Testifying:** PRO: Senator Bob Hasegawa, Prime Sponsor; Tiffani McCoy, House Our Neighbors; Waldo Waldron-Ramsey, Washington Community Action Network.

CON: Merridith Back; Sharon Damoff.

OTHER: Michele Thomas, Washington Low Income Housing Alliance.

**Persons Signed In To Testify But Not Testifying:** No one.