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**HOUSE BILL 1149**

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**State of Washington**

**68th Legislature**

**2023 Regular Session**

**By** Representatives Tharinger, Reed, Berry, Bateman, Ramel, Taylor, Macri, Reeves, Thai, Wylie, Pollet, and Ormsby; by request of Office of Financial Management

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1 AN ACT Relating to reducing homelessness in Washington state  
2 through capital expenditures for programs that address housing  
3 insecurity; adding new sections to chapter 43.100A RCW; adding new  
4 sections to chapter 43.330 RCW; creating new sections; providing a  
5 contingent effective date; and providing for submission of certain  
6 sections of this act to a vote of the people.

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

8 **PART I**  
9 **SHORT TITLE AND INTENT**

10 NEW SECTION. **Sec. 101.** This act may be known and cited as the  
11 Washington housing crisis response act.

12 NEW SECTION. **Sec. 102.** The legislature finds that the state of  
13 Washington is facing a severe housing shortage that impacts the  
14 ability of many Washingtonians to obtain and maintain safe, stable,  
15 and affordable housing. The legislature recognizes that multiple  
16 factors contribute to the housing crisis, and that the combination of  
17 those factors has resulted in a housing deficit of more than 50,000  
18 units for over a decade. The legislature finds that the deficit of  
19 new housing necessary to accommodate our growing population was

1 81,400 units in 2021. The legislature finds that every \$100 increase  
2 in rent is associated with a 9 percent increase in homelessness, and  
3 that 40 percent of Washington households are spending more than 35  
4 percent of their income on rent. The legislature finds that, to keep  
5 up with population projections, the state of Washington will need to  
6 construct an additional 1,000,000 housing units by 2040. The  
7 legislature finds that in order to meet the growing need for new  
8 housing, and to address the backlog of housing construction necessary  
9 to serve the current population, the state must make significant  
10 investments in housing. These investments include emergency,  
11 transitional, permanent supportive, permanent, and market rate  
12 housing to meet the diverse needs of all Washingtonians in every  
13 corner of the state. The legislature finds that a significant number  
14 of individuals facing housing instability or homelessness also have  
15 behavioral health needs that are not fully supported or addressed.  
16 The legislature recognizes behavioral health treatment capacity is  
17 essential to increasing and maintaining housing access and stability  
18 for all Washingtonians, including those with mental health and  
19 substance use conditions. The legislature intends to support these  
20 needs by issuing bonds to provide new money for capital programs and  
21 projects that are critical to addressing the state's housing crisis.

## 22 **PART II**

### 23 **BOND AUTHORIZATION AND RELATED PROVISIONS**

24 NEW SECTION. **Sec. 201.** (1) The state finance committee is  
25 authorized to issue general obligation bonds of the state of  
26 Washington for the purpose of reducing homelessness by providing  
27 capital funding for selected programs and projects that address  
28 housing insecurity, as identified in this act and any omnibus capital  
29 appropriations act. The state finance committee is authorized to  
30 issue such bonds in the sum of \$4,000,000,000, or so much thereof as  
31 may be required, for the stated purpose and all costs incidental  
32 thereto. The bonds issued under the authority of this section shall  
33 be known as Washington housing crisis response act bonds.

34 (2) Bonds authorized in this section must be sold in the manner,  
35 at the time or times, in amounts, and at such prices as the state  
36 finance committee determines.

37 (3) The authorization to issue bonds contained in this act does  
38 not expire until the full authorization has been issued.

1 (4) No bonds authorized in this section may be offered for sale  
2 without prior legislative appropriation of the net proceeds of the  
3 sale of the bonds.

4 NEW SECTION. **Sec. 202.** (1) The nondebt-limit general fund bond  
5 retirement account must be used for the payment of the principal of  
6 and interest on the bonds authorized in section 201 of this act.

7 (2) The state finance committee must, on or before June 30th of  
8 each year, certify to the state treasurer the amount needed in the  
9 ensuing 12 months to meet the bond retirement and interest  
10 requirements on the bonds authorized in section 201 of this act.

11 (3) On each date on which any interest or principal and interest  
12 payment is due on bonds issued under section 201 of this act, the  
13 state treasurer shall withdraw from any general state revenues  
14 received in the state treasury and deposit in the nondebt-limit  
15 general fund bond retirement account an amount equal to the amount  
16 certified by the state finance committee to be due on the payment  
17 date.

18 NEW SECTION. **Sec. 203.** (1) The state finance committee is  
19 authorized to prescribe the form, terms, conditions, and covenants of  
20 the bonds authorized in section 201 of this act, the time or times of  
21 sale of all or any portion of them, and the conditions and manner of  
22 their sale and issuance.

23 (2) Bonds issued under this act shall state that they are a  
24 general obligation of the state of Washington, shall pledge the full  
25 faith and credit of the state to the payment of the principal thereof  
26 and the interest thereon, and shall contain an unconditional promise  
27 to pay the principal and interest as the same shall become due.

28 (3) The owner and holder of each of the bonds or the trustee for  
29 the owner and holder of any of the bonds may by mandamus or other  
30 appropriate proceeding require the transfer and payment of funds as  
31 directed in this section.

32 NEW SECTION. **Sec. 204.** (1) The proceeds from the sale of the  
33 bonds authorized in section 201 of this act shall be deposited in the  
34 Washington housing crisis response account created in section 401 of  
35 this act, except as provided by section 207 of this act.

1 (2) The proceeds shall be used exclusively for the purpose stated  
2 in section 201 of this act and for the payment of the expenses  
3 incurred in connection with the sale and issuance of the bonds.

4 NEW SECTION. **Sec. 205.** The bonds authorized by section 201 of  
5 this act shall constitute a legal investment for all state funds or  
6 for funds under state control and all funds of municipal  
7 corporations.

8 NEW SECTION. **Sec. 206.** The legislature may provide additional  
9 means for raising moneys for the payment of the principal of and  
10 interest on the bonds authorized in section 201 of this act, and  
11 section 202 of this act may not be deemed to provide an exclusive  
12 method for payment.

13 NEW SECTION. **Sec. 207.** If the state finance committee deems it  
14 necessary to issue any portion of the bonds authorized in section 201  
15 of this act as taxable bonds in order to comply with federal internal  
16 revenue service rules and regulations pertaining to the use of  
17 nontaxable bond proceeds, the proceeds of such taxable bonds must be  
18 transferred to the Washington housing crisis response taxable account  
19 created in section 402 of this act in lieu of any deposits otherwise  
20 provided by section 204 of this act. The state treasurer, on behalf  
21 of the state finance committee, must submit written notice to the  
22 director of the office of financial management if it is determined  
23 that any such transfer to the Washington housing crisis response  
24 taxable account is necessary. If such a transfer is required, a  
25 portion of the appropriation authority granted in any omnibus capital  
26 appropriations act from the Washington housing crisis response  
27 account is transferred to the Washington housing crisis response  
28 taxable account in an amount equal to the transferred proceeds. For  
29 purposes of this section, "nontaxable bond proceeds" includes  
30 proceeds from bonds issued as tax exempt bonds and proceeds from  
31 taxable bonds eligible for direct federal subsidy or other federal  
32 tax advantage under the federal internal revenue code and internal  
33 revenue service rules.

34 **PART III**

35 **WORKFORCE HOUSING ACCELERATOR PROGRAM**

1        NEW SECTION.    **Sec. 301.**    The definitions in this section apply  
2 throughout sections 301 through 303 of this act unless the context  
3 clearly requires otherwise.

4        (1) "Commission" means the Washington state housing finance  
5 commission.

6        (2) "Department" means the department of commerce.

7        (3) "Eligible organizations" includes nonprofit developers, for-  
8 profit developers, public housing authorities, public development  
9 authorities, or other applicants eligible under rules established by  
10 the commission.

11       (4) "Low-income household" means a single person, family, or  
12 unrelated persons living together whose adjusted income is at or  
13 above 50 percent, but not exceeding 80 percent, of the median family  
14 income adjusted for family size, for the county where the affordable  
15 housing is located, as reported by the United States department of  
16 housing and urban development.

17       (5) "Program" means the workforce housing accelerator revolving  
18 loan fund program created under sections 302 and 303 of this act.

19       NEW SECTION.    **Sec. 302.**    The workforce housing accelerator  
20 revolving loan fund program is created in the department of commerce  
21 to provide loans to eligible organizations to finance affordable  
22 housing for low-income households. The department shall contract with  
23 the Washington state housing finance commission to administer the  
24 program.

25       NEW SECTION.    **Sec. 303.**    The commission may administer loans to  
26 eligible organizations to assist with the development of housing for  
27 low-income households subject to the following requirements:

28       (1) Loans must be prioritized and awarded to eligible  
29 organizations based on criteria established by the commission,  
30 including at least the following:

31       (a) Readiness to proceed with construction, including possession  
32 of necessary permits and completed land use entitlements;

33       (b) Commitment of private capital, with highest priority to  
34 applicants demonstrating the largest percentage of private capital  
35 committed to the project;

36       (c) Proposed cost efficiency, including development of a variety  
37 of unit types at the lowest cost;

1 (d) Development location, with the goal of awarding funding to  
2 projects equitably across the state;

3 (e) The applicant's qualifications and demonstrated capability to  
4 develop and manage the proposed project; and

5 (f) Any other criteria established by the commission.

6 (2) Any housing financed under the program must serve low-income  
7 households for at least 60 years; however, the commission, in  
8 consultation with program awardees, may establish a longer time  
9 period.

10 (3) Loans awarded under this section may not exceed the lesser of  
11 \$20,000,000 or 20 percent of total project costs of the housing to be  
12 developed. The commission may exceed this maximum allowable loan  
13 amount for cause.

14 (4) Loans awarded under this section may be used in combination  
15 with private sector loans, tax exempt bonds, real estate excise tax  
16 abatements, corporate housing funding, or any other source of capital  
17 as recognized by the commission.

18 (5) The commission shall structure loans issued pursuant to this  
19 section with an interest rate above one percent, but not exceeding  
20 2.5 percent, for the first 20 years. The commission may not require  
21 loan repayments in excess of 40 percent of cash flow on the project  
22 for the 12-month period preceding a repayment. Loans administered  
23 under this section may not include repayment timelines longer than 30  
24 years, except as authorized by rules established by the commission.

25 (6) If a loan recipient refinances, the commission may require  
26 loan repayment at an equivalent percentage to the overall capital  
27 project stack at the time of award.

28 (7) Upon receipt and repayment, any interest earnings and repaid  
29 loan funds may be reloaned to qualifying applicants to finance  
30 additional housing serving low-income populations under terms and  
31 conditions established by the commission, or expended for any other  
32 purpose consistent with section 201 of this act.

33 (8) All loans issued pursuant to this section must be assumable  
34 by a qualifying applicant under terms and conditions established by  
35 the commission.

36 (9) Loan recipients must:

37 (a) Commit to beginning construction within 180 days of award;

38 (b) Adhere to the evergreen sustainable development standard  
39 adopted by the department;

1 (c) File an annual compliance report containing information as  
2 specified by the commission; and

3 (d) Restrict use of awarded loan funding to eligible costs of  
4 housing as defined under RCW 43.180.020.

5 (10) The commission must:

6 (a) Ensure equitable geographic distribution of loan funding  
7 awarded. The commission shall not allocate more than \$20,000,000 per  
8 round of funding to projects in each individual county. The  
9 commission may award more than \$20,000,000 per round of funding to  
10 projects in an individual county if there are no qualifying  
11 applications in other counties;

12 (b) Establish criteria and procedures for long-term monitoring of  
13 affordability of housing and compliance. The commission may charge  
14 monitoring fees; and

15 (c) Establish annual reporting requirements for loan recipients.

16 (11) The commission shall adopt rules necessary to administer the  
17 program established in this section and section 302 of this act.

18 **PART IV**

19 **ACCOUNTS**

20 NEW SECTION. **Sec. 401.** The Washington housing crisis response  
21 account is created in the state treasury. Proceeds from the bonds  
22 issued under section 201 of this act, and all receipts from  
23 repayments of loans provided under sections 302 and 303 of this act,  
24 shall be deposited in the account. The account shall be used for the  
25 purpose stated in section 201 of this act and for payment of expenses  
26 incurred in connection with the sale and issuance of the bonds.  
27 Moneys in the account may be spent only after appropriation.

28 NEW SECTION. **Sec. 402.** The Washington housing crisis response  
29 taxable account is created in the state treasury. Proceeds from any  
30 taxable bonds issued under section 201 of this act and directed to  
31 the account under section 207 of this act, and all receipts from  
32 repayments of loans provided under sections 302 and 303 of this act,  
33 shall be deposited in the account. The account shall be used for the  
34 purpose stated in section 201 of this act and for payment of expenses  
35 incurred in connection with the sale and issuance of the bonds.  
36 Moneys in the account may be spent only after appropriation.

1 **PART V**

2 **REFERENDUM PROVISIONS**

3 NEW SECTION. **Sec. 501.** (1) The secretary of state shall submit  
4 sections 201 through 207 of this act to the people for their adoption  
5 and ratification, or rejection, at the next general election to be  
6 held in this state, in accordance with Article VIII, section 3 of the  
7 state Constitution and the laws adopted to facilitate its operation.

8 (2) If the people ratify sections 201 through 207 of this act as  
9 specified under subsection (1) of this section, revenues generated  
10 shall be spent as detailed in this act.

11 (3) Pursuant to RCW 29A.72.050(7), the statement of subject and  
12 concise description for the ballot title shall read: "The legislature  
13 has passed . . . Bill No. . . . (this act), concerning reducing  
14 homelessness in Washington state through capital expenditures for  
15 programs that address housing insecurity. This bill would reduce  
16 homelessness by providing capital funding for selected programs and  
17 projects that address housing insecurity."

18 **PART VI**

19 **MISCELLANEOUS PROVISIONS**

20 NEW SECTION. **Sec. 601.** Sections 201 through 207 of this act are  
21 each added to chapter 43.100A RCW.

22 NEW SECTION. **Sec. 602.** Sections 301 through 303, 401, and 402  
23 of this act are each added to chapter 43.330 RCW.

24 NEW SECTION. **Sec. 603.** Sections 301 through 402 of this act  
25 take effect if sections 201 through 207 of this act are approved by  
26 the voters by January 1, 2024.

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