
SENATE BILL 5975

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

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1 AN ACT Relating to authorizing use of the housing trust fund and
2 other legislative appropriations to finance social housing; and
3 amending RCW 43.185A.010, 43.185A.020, 43.185A.070, 43.185A.140,
4 43.185A.150, and 43.185A.180.

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

6 **Sec. 1.** RCW 43.185A.010 and 2023 c 275 s 7 are each amended to
7 read as follows:

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

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

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

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

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

3 (5) "First-time homebuyer" means:

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

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

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

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

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

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

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

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

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

33 **Sec. 2.** RCW 43.185A.020 and 2023 c 275 s 8 are each amended to
34 read as follows:

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

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

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

11 **Sec. 3.** RCW 43.185A.070 and 2023 c 275 s 10 are each amended to
12 read as follows:

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

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

25 **Sec. 4.** RCW 43.185A.140 and 2023 c 275 s 3 are each amended to
26 read as follows:

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

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

1 cycle, the department may allocate unused moneys for projects in
2 nonrural areas of the state.

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

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

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

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

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

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

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

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

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

30 (h) Remodeling and improvements as required to meet building
31 code, licensing requirements, or legal operations to residential
32 properties owned and operated by an entity eligible under RCW
33 43.185A.040, which were transferred as described in RCW
34 82.45.010(3)(t) by the parent of a child with developmental
35 disabilities.

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

39 (b) The department may use up to three percent of the
40 appropriations from capital bond proceeds or other new appropriations

1 for affordable housing investments for administrative costs
2 associated with application, distribution, and project development
3 activities of the affordable housing program.

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

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

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

16 **Sec. 5.** RCW 43.185A.150 and 2023 c 275 s 4 are each amended to
17 read as follows:

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

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

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

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

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

38 (4) The department must use a separate application form for
39 applications to provide homeownership opportunities and evaluate

1 homeownership project applications as allowed under chapter 43.185A
2 RCW.

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

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

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

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

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

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

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

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

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

27 (h) Projects which demonstrate serving the greatest need;

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

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

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

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

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

39 (n) Projects involving collaborative partnerships between local
40 school districts and either public housing authorities or nonprofit

1 housing providers, that help children of low-income families succeed
2 in school. To receive this preference, the local school district must
3 provide an opportunity for community members to offer input on the
4 proposed project at the first scheduled school board meeting
5 following submission of the grant application to the department;

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

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

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

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

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

17 **Sec. 6.** RCW 43.185A.180 and 2023 c 275 s 12 are each amended to
18 read as follows:

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

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

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

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

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

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

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

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

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