
HOUSE BILL 1808

State of Washington

69th Legislature

2025 Regular Session

By Representatives Zahn, Low, Parshley, Thomas, Scott, Ramel, Gregerson, Doglio, Eslick, Reed, Fosse, Ormsby, Nance, Salahuddin, Macri, Hill, Street, and Obras

Read first time 02/03/25. Referred to Committee on Housing.

1 AN ACT Relating to creating the affordable homeownership
2 revolving loan fund program; and adding a new chapter to Title 43
3 RCW.

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

5 NEW SECTION. **Sec. 1.** The definitions in this section apply
6 throughout this chapter unless the context clearly requires
7 otherwise.

8 (1) "Commission" means the Washington state housing finance
9 commission.

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

11 (3) "Eligible organizations" mean nonprofit developers building
12 permanently affordable homeownership for sale to low-income
13 households.

14 (4) "Low-income household" means a single person, family, or
15 unrelated persons living together whose adjusted income does not
16 exceed 80 percent of the median family income adjusted for family
17 size, for the county or the metropolitan area where the affordable
18 housing is located, as reported by the United States department of
19 housing and urban development, whichever is larger.

1 (5) "Permanently affordable homeownership" means homeownership
2 that, in addition to meeting the definition of "affordable housing"
3 in RCW 43.185A.010, is:

4 (a) Sponsored by a nonprofit organization or governmental entity
5 and the sponsor organization:

6 (i) Executes a new ground lease or deed restriction with a
7 duration of at least 99 years at the initial sale and with each
8 successive sale; and

9 (ii) Supports homeowners and enforces the ground lease or deed
10 restriction; and

11 (b) Subject to a ground lease or deed restriction that includes:

12 (i) A resale restriction designed to provide affordability for
13 future low-income and moderate-income homebuyers;

14 (ii) A right of first refusal for the sponsor organization to
15 purchase the home at resale; and

16 (iii) A requirement that the sponsor organization must approve
17 any refinancing, including home equity lines of credit.

18 (6) "Program" means the affordable homeownership revolving loan
19 fund program created under sections 2 and 3 of this act.

20 NEW SECTION. **Sec. 2.** The program is created in the department
21 to provide loans to eligible organizations to finance affordable
22 homeownership construction for low-income households. The department
23 shall contract with the commission to administer the program, subject
24 to the availability of amounts appropriated for the specific purposes
25 provided in this section.

26 NEW SECTION. **Sec. 3.** Under the program, the commission may
27 administer loans to eligible organizations to assist with the
28 development of housing for low-income households subject to the
29 following considerations:

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

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

35 (b) Amount and commitment of capital being leveraged as part of
36 the financing for the project, including public funding;

37 (c) Proposed cost efficiency;

1 (d) Development location, with the goal of awarding funding to
2 projects in as many areas of the state as financially feasible and
3 viable;

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

6 (f) Any other criteria established by the commission, provided
7 that such criteria may not exceed the priority of any other criterion
8 listed in this subsection (1).

9 (2) Any housing financed under the program must serve low-income
10 households for at least 99 years; however, the commission, in
11 consultation with program awardees, may establish a longer time
12 period.

13 (3) Loans awarded under this section may not exceed 50 percent of
14 the total project costs of the housing to be developed. The
15 commission may exceed this maximum allowable loan amount for cause.

16 (4) Loans awarded under this section may be used in combination
17 with private sector loans or any other source of capital as
18 recognized by the commission.

19 (5) The commission must structure loans issued pursuant to this
20 section with an interest rate above one percent, but not exceeding
21 2.5 percent. Repayment of loans administered under this section is
22 due after all of the homes included in the financed project are sold,
23 except as required by rules established by the commission.

24 (6) Upon receipt and repayment, any interest earnings and repaid
25 loan funds must be tracked separately from other revenue and must be
26 relaned to qualifying applicants to finance additional permanently
27 affordable homeownership under the program.

28 (7) All loans issued pursuant to this section must be assumable
29 under terms and conditions established by the commission.

30 (8) Loan recipients must:

31 (a) Commit to beginning construction within 180 days of
32 contracting the loan;

33 (b) Adhere to the evergreen sustainable development standard
34 adopted by the department;

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

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

39 (9) The commission must:

1 (a) Establish criteria and procedures for long-term monitoring of
2 housing affordability and compliance under the program. The
3 commission may charge monitoring fees; and

4 (b) Establish annual reporting requirements for loan recipients.

5 (10) The commission shall adopt policies necessary to administer
6 the program established in this section and section 2 of this act.

7 (11) No commission general funds shall be expended to implement
8 this program.

9 NEW SECTION. **Sec. 4.** Sections 1 through 3 of this act
10 constitute a new chapter in Title 43 RCW.

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