
HOUSE BILL 2153

State of Washington

69th Legislature

2026 Regular Session

By Representatives Connors, Barkis, Jacobsen, Leavitt, Ley, Chase, Schmidt, Low, Barnard, Keaton, Dye, Graham, Valdez, Couture, and Schmick

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1 AN ACT Relating to prohibiting homebuyers from receiving multiple
2 state-funded down payment assistance loans or grants; amending RCW
3 43.79.567, 43.185A.140, and 43.181.040; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** (1) The legislature finds that
6 homeownership is a cornerstone of economic stability, family
7 security, and generational wealth. State-funded down payment
8 assistance programs exist to open the door to homeownership for
9 individuals and families who might not otherwise have that
10 opportunity. These programs are funded with limited public dollars,
11 and their success depends on ensuring that assistance is distributed
12 fairly, transparently, and in a manner that reaches as many qualified
13 first-time homebuyers as possible.

14 (2) The legislature further finds that in recent years, instances
15 of "stacking" multiple state-funded down payment assistance programs
16 have reduced the overall reach of these investments. While each
17 program was created with good intentions, they were not designed to
18 provide multiple overlapping assistance to a single buyer. When one
19 homebuyer receives more assistance than needed to successfully
20 purchase a home, another family waiting for help is left without a
21 path forward.

1 (3) It is the intent of the legislature to reaffirm the original
2 purpose of these programs: To expand access to homeownership, not
3 concentrate benefits. By limiting homebuyers to one state-funded down
4 payment assistance loan or grant, the state can responsibly stretch
5 limited resources, support a greater number of first-time homebuyers,
6 and uphold the public's trust in the integrity of these programs.

7 **Sec. 2.** RCW 43.79.567 and 2025 c 424 s 952 are each amended to
8 read as follows:

9 (1) The community reinvestment account is created in the state
10 treasury. Revenues to the account shall consist of appropriations and
11 transfers by the legislature and all other moneys directed for
12 deposit into the account. Moneys in the account may be spent only
13 after appropriation.

14 (2) Expenditures from the account may be used by the department
15 of commerce for:

16 (a) Economic development, which includes addressing wealth
17 disparities to promote asset building such as homeownership and
18 expanding access to financial resources including, but not limited
19 to, grants and loans for small businesses and entrepreneurs,
20 financial literacy training, and other small business training and
21 support activities. However, a homebuyer is prohibited from receiving
22 multiple state-funded down payment assistance loans or grants from
23 any programs created under this section or RCW 43.185A.140 or
24 43.181.040. A homebuyer who applies for down payment assistance loans
25 or grants under multiple state-funded programs, or for multiple down
26 payment assistance loans or grants under one state-funded program, is
27 only eligible to accept one state-funded loan or grant offer;

28 (b) Civil and criminal legal assistance to provide postconviction
29 relief and case assistance, including the expungement of criminal
30 records and vacation of criminal convictions;

31 (c) Community-based violence intervention and prevention
32 services, which may include after-school programs focused on
33 providing education and mentorship to youths;

34 (d) Reentry services to facilitate successful transitions for
35 persons formerly incarcerated in an adult correctional facility or
36 juvenile residential facility in Washington; and

37 (e) Beginning July 1, 2025, agricultural and economic support and
38 services available to historically marginalized communities.

1 (3) The distribution of the grants under this section must be
2 done in collaboration with "by and for community organizations" as
3 defined by the department of commerce and the office of equity. For
4 the 2025-2027 fiscal biennium, "by and for community organizations"
5 include, but are not limited to, those operated by and for Black,
6 Latino, Native American, Asian, Native Hawaiian, and Pacific Islander
7 communities.

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

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

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

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

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

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

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

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

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

3 (e) Down payment or closing costs assistance for low-income
4 first-time homebuyers. However, a homebuyer is prohibited from
5 receiving multiple state-funded down payment assistance loans or
6 grants from any programs created under this section or RCW 43.79.567
7 or 43.181.040. A homebuyer who applies for down payment assistance
8 loans or grants under multiple state-funded programs, or for multiple
9 down payment assistance loans or grants under one state-funded
10 program, is only eligible to accept one state-funded loan or grant
11 offer;

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

14 (g) Projects making affordable housing projects more accessible
15 to low-income households with members who have disabilities; and

16 (h) Remodeling and improvements as required to meet building
17 code, licensing requirements, or legal operations to residential
18 properties owned and operated by an entity eligible under RCW
19 43.185A.040, which were transferred as described in RCW
20 82.45.010(3)(t) by the parent of a child with developmental
21 disabilities.

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

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

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

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

38 (b) Administrative costs associated with compliance and
39 monitoring activities of the department may not exceed four-tenths of

1 one percent annually of the contracted amount of state investment in
2 affordable housing programs.

3 **Sec. 4.** RCW 43.181.040 and 2025 c 143 s 1 are each amended to
4 read as follows:

5 (1) As part of the covenant homeownership program, the department
6 shall contract with the commission to design, develop, implement, and
7 evaluate one or more special purpose credit programs to reduce racial
8 disparities in homeownership in the state by providing down payment
9 and closing cost assistance. The contract must authorize the
10 commission to use the contract funding as follows:

11 (a) The contract must authorize the commission to use up to one
12 percent of the contract funding for costs related to administering
13 the program including, but not limited to, costs related to
14 completing a covenant homeownership program study required under RCW
15 43.181.030, and other administrative, data collection, and reporting
16 costs;

17 (b) The contract must authorize the commission to use up to one
18 percent of the contract funding to provide targeted education,
19 homeownership counseling, and outreach about special purpose credit
20 programs created under this section to black, indigenous, and people
21 of color and other historically marginalized communities in
22 Washington state, including outreach to relevant affinity groups for
23 mortgage lenders; and

24 (c) The contract must authorize the commission to use the
25 remainder of the contract funding to provide down payment and closing
26 cost assistance to program participants. This portion of the contract
27 funding may not be used to provide any type of assistance other than
28 down payment and closing cost assistance.

29 (2) The commission shall create one or more special purpose
30 credit programs to provide down payment and closing cost assistance
31 for the benefit of one or more economically disadvantaged classes of
32 persons identified in a covenant homeownership program study under
33 RCW 43.181.030. In creating a special purpose credit program, the
34 commission must consider the evidence-based documentation and
35 programmatic and policy recommendations set forth in the initial
36 covenant homeownership program study and any subsequent program
37 studies. If the covenant homeownership program study identifies an
38 economically disadvantaged class or classes of persons that share one
39 or more common characteristics such as, race, national origin, or sex

1 and the board of the commission finds it necessary to consider this
2 information in tailoring a special purpose credit program to provide
3 credit assistance to economically disadvantaged classes of persons,
4 the commission may consider these characteristics in designing and
5 implementing the program.

6 (3) At minimum, a special purpose credit program authorized under
7 this section must:

8 (a) Provide loans for down payment and closing cost assistance to
9 program participants that can be combined with other forms of down
10 payment and closing cost assistance. However, a homebuyer is
11 prohibited from receiving multiple state-funded down payment
12 assistance loans or grants from any programs created under this
13 section or RCW 43.79.567 or 43.185A.140. A homebuyer who applies for
14 down payment assistance loans or grants under multiple state-funded
15 programs, or for multiple down payment assistance loans or grants
16 under one state-funded program, is only eligible to accept one state-
17 funded loan or grant offer;

18 (b) (i) Except as provided in (b) (ii) of this subsection, require
19 a program participant to repay loans for down payment and closing
20 cost assistance at the time that the house is sold;

21 (ii) For a program participant who has a household income at or
22 below 80 percent of the area median income for the county where the
23 home is located at the time that the loan is made, a special purpose
24 credit program authorized under this section may fully forgive a loan
25 entered into at any time after enactment of the special purpose
26 credit program once the loan has been outstanding for at least five
27 years; and

28 (c) Be implemented in conjunction with the commission's housing
29 finance programs.

30 (4) To be eligible to receive down payment and closing cost
31 assistance through a special purpose credit program authorized under
32 this section, a special purpose credit program applicant must:

33 (a) Have a household income at or below 120 percent of the area
34 median income for the county where the home is located;

35 (b) Be a first-time homebuyer; and

36 (c) (i) Be a Washington state resident who:

37 (A) Was a Washington state resident on or before the enactment of
38 the federal fair housing act (Title VIII of the civil rights act of
39 1968; P.L. 90-284; 82 Stat. 73) on April 11, 1968, and was or would
40 have been excluded from homeownership in Washington state by a

1 racially restrictive real estate covenant on or before April 11,
2 1968; or

3 (B) Is a descendant of a person who meets the criteria in
4 (c)(i)(A) of this subsection;

5 (ii) Records that show a person's address on or about a specific
6 date or include a reference indicating that a person is a resident of
7 a specific city or area on or about a specific date may be used to
8 provide proof that a person satisfies the criteria in (c)(i) of this
9 subsection, such as genealogical records, vital records, church
10 records, military records, probate records, public records, census
11 data, newspaper clippings, and other similar documents.

12 (5) The commission may adopt rules, and shall adopt program
13 policies, as necessary to implement this section. Program rules or
14 policies must include procedures and standards for extending credit
15 under the special purpose credit program, including program
16 eligibility requirements. From time to time, including in response to
17 a covenant homeownership program study's evaluation of program
18 efficacy, the board of the commission may amend the special purpose
19 credit programs, rules, and policies.

20 (6) By July 1, 2024, one or more of the special purpose credit
21 programs must begin providing down payment and closing cost
22 assistance to program participants.

23 (7) By December 31, 2025, and by each following December 31st,
24 and in compliance with RCW 43.01.036, the commission shall submit an
25 annual report to the appropriate committees of the legislature on the
26 progress of the special purpose credit program or programs developed
27 under this section. The report shall include, at minimum, the program
28 eligibility requirements, the type and amount of down payment and
29 closing cost assistance provided to program participants, the number
30 of program participants and their corresponding eligibility
31 categories, the location of property financed, and program outreach
32 efforts. The report must be posted on the commission's website.

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