
SUBSTITUTE SENATE BILL 6028

State of Washington

69th Legislature

2026 Regular Session

By Senate Housing (originally sponsored by Senators Alvarado, Trudeau, Bateman, Conway, Nobles, and C. Wilson)

READ FIRST TIME 01/22/26.

1 AN ACT Relating to establishing a revolving loan fund for mixed-
2 income affordable homeownership development; and adding a new chapter
3 to Title 43 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" includes nonprofit developers, for-
12 profit developers, public housing authorities, public development
13 authorities, and other applicants eligible under rules established by
14 the commission.

15 (4) "Homeownership housing" means residential dwelling units
16 provided for ownership that are permanently affordable for low-income
17 households.

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

1 NEW SECTION. **Sec. 2.** A revolving loan fund is created in the
2 department to provide loans to eligible organizations to finance
3 mixed-income affordable homeownership development in which a portion
4 of the development is permanently affordable for low-income
5 households. The department shall contract with the commission to
6 administer the revolving loan fund, subject to the availability of
7 amounts appropriated for the specific purposes provided in this
8 section.

9 NEW SECTION. **Sec. 3.** If economically feasible, the commission
10 may administer loans subject to the following considerations:

11 (1) Loans must be awarded to eligible organizations based on
12 criteria established by the commission, including at least the
13 following:

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

16 (b) Amount and commitment of public funding and private capital
17 being leveraged as part of the financing for the project;

18 (c) Amount of homeownership housing provided in the project;

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

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

24 (f) Any other criteria established by the commission, provided
25 that such criteria may not exceed the priority of any other criterion
26 listed in this subsection.

27 (2) The homeownership housing financed under this section must be
28 sold and resold only to low-income households for at least 99 years;
29 however, the commission, in consultation with loan recipients, may
30 establish a longer time period. The commission must:

31 (a) Require the applicant to record a covenant or deed
32 restriction that ensures the affordability requirements and other
33 conditions are met for the homeownership housing; and

34 (b) Refer any applicable homebuyer to education seminars
35 available through local partnerships. The commission may establish
36 qualifying purchase price thresholds and requirements to ensure that
37 the purchase price is affordable to low-income households under the
38 program.

39 (3) Loans awarded under this section must:

1 (a) Not exceed the lesser of \$5,000,000 or 50 percent of total
2 project costs of the housing to be developed. The commission may
3 exceed this maximum allowable loan amount for cause; and

4 (b) Provide loan terms and amounts that are proportional to the
5 estimated value of homeownership housing.

6 (4) Loans awarded under this section may be used in combination
7 with private sector loans, tax-exempt or taxable bonds, real estate
8 excise tax abatements, corporate funding, or any other source of
9 capital as recognized by the commission.

10 (5) The commission must structure loans issued pursuant to this
11 section with a below market interest rate above one percent.

12 (6) Loans administered under this section may not include
13 repayment timelines longer than 48 months, except as authorized by
14 policies established by the commission.

15 (7) If a loan recipient refinances, the commission may require
16 loan repayment at an equivalent percentage to the overall capital
17 project financing package at the time of award.

18 (8) Upon receipt and repayment, any interest earnings and repaid
19 loan funds must be tracked separately from other revenue and be
20 relaned to qualifying applicants to finance additional mixed-income
21 affordable homeownership development in which a portion of the
22 development is homeownership housing.

23 (9) The commission must:

24 (a) Strive to provide as much geographic distribution in areas
25 where this type of financing tool is feasible and viable. The
26 commission may not allocate more than \$5,000,000 per round of funding
27 to projects in each individual county. However, subject to available
28 funding, the commission may award more than \$5,000,000 per round of
29 funding to projects in an individual county if there are no
30 qualifying applications in other counties;

31 (b) Establish criteria and procedures for long-term monitoring of
32 the program, including the number of affordable housing units
33 developed at each income level; and

34 (c) Establish reporting requirements for loan recipients. The
35 report must include, at minimum:

36 (i) The total value, number, and type of affordable housing
37 constructed; and

38 (ii) The value, number, and type of homeownership housing.

39 (10) The commission may adopt policies necessary to administer
40 the program established in this section.

1 (11) No commission general funds shall be expended to implement
2 this program.

3 NEW SECTION. **Sec. 4.** (1) If economically feasible, the
4 commission must adopt and implement a program to effectively audit or
5 review each project to ensure that the units sold to low-income
6 households are affordable and include a covenant or deed restriction
7 that ensures the affordability requirements and other conditions are
8 met for at least 99 years. The commission may determine the
9 percentage of the loan amount to use to subcontract with eligible
10 organizations to monitor the long-term affordability of homeownership
11 housing for each project.

12 (2) If the review or audit required under subsection (1) of this
13 section for a given project finds that the developer did not offer
14 the amount of homeownership housing committed to for the project, or
15 is not properly screening households for income-restricted units, the
16 developer must repay the full loan amount plus interest and a penalty
17 not to exceed 10 percent to the commission.

18 (3) If a subsequent review or audit required under subsection (1)
19 of this section for a given project finds that homeownership housing
20 has not been sold as affordable, the seller must pay a penalty to the
21 commission not to exceed the difference between the sale price and
22 the affordable price.

23 NEW SECTION. **Sec. 5.** Sections 1 through 4 of this act
24 constitute a new chapter in Title 43 RCW.

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