

2 **SHB 1624** - H COMM AMD 3-15-91 **ADOPTED**

3 By Committee on Appropriations

4

5 Strike everything after the enacting clause and insert the
6 following:

7 "Sec. 1. RCW 43.185.010 and 1986 c 298 s 1 are each amended to
8 read as follows:

9 The legislature finds that current economic conditions, federal
10 housing policies and declining resources at the federal, state, and
11 local level adversely affect the ability of low and very low-income
12 persons to obtain safe, decent, and affordable housing.

13 The legislature further finds that members of over one hundred
14 twenty thousand households live in housing units which are overcrowded,
15 lack plumbing, are otherwise threatening to health and safety, and have
16 rents and utility payments which exceed thirty percent of their income.

17 The legislature further finds that minorities, rural households,
18 and migrant farm workers require housing assistance at a rate which
19 significantly exceeds their proportion of the general population.

20 The legislature further finds that one of the most dramatic housing
21 needs is that of persons needing special housing-related services, such
22 as the mentally ill, recovering alcoholics, frail elderly persons, and
23 single parents. These services include medical assistance, counseling,
24 chore services, and child care.

25 The legislature further finds that housing assistance programs in
26 the past have often failed to help those in greatest need.

27 The legislature declares that it is in the public interest to
28 establish a continuously renewable resource known as ((a)) the housing

1 trust fund and housing assistance program to assist low and very low-
2 income citizens in meeting their basic housing needs, and that the
3 needs of very low-income citizens should be given priority and that
4 whenever feasible, assistance should be in the form of loans."

5 "NEW SECTION. **Sec. 2.** A new section is added to chapter 43.185
6 RCW to read as follows:

7 There is created within the department of community development the
8 housing assistance program to carry out the purposes of this chapter."

9 "**Sec. 3.** RCW 43.185.030 and 1987 c 513 s 6 are each amended to
10 read as follows:

11 There is hereby created a fund in the office of the treasurer known
12 as the Washington housing trust fund. The housing trust fund shall
13 include revenue from the sources established by this chapter,
14 appropriations by the legislature, private contributions, repayment of
15 loans, and all other sources. (~~Eighty percent of the return on the~~
16 ~~fund in the form of investment income or interest shall be added to the~~
17 ~~principal of the fund. The remaining twenty percent shall be placed in~~
18 ~~the general fund.))"~~

19 "**Sec. 4.** RCW 43.185.050 and 1986 c 298 s 6 are each amended to
20 read as follows:

21 (1) The department shall use (~~funds~~) moneys from the housing
22 trust fund and other legislative appropriations to finance in whole or
23 in part any loans or grant projects that will provide housing for
24 persons and families with special housing needs and with incomes at or
25 below fifty percent of the median family income for the county or
26 standard metropolitan statistical area where the project is located.
27 (~~Not less than~~) At least thirty percent of (~~such funds~~) these

1 moneys used in any given (~~biennium~~) funding cycle shall be for the
2 benefit of projects located in rural areas (~~as defined in 63 Stat.~~
3 ~~432, 42 U.S.C. Sec. 1471 et seq~~) of the state as defined by the
4 department of community development. If the department determines that
5 it has not received an adequate number of suitable applications for
6 rural projects during any given funding cycle, the department may
7 allocate unused moneys for projects in nonrural areas of the state.

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

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

12 (b) Rent subsidies (~~in new construction or rehabilitated~~
13 ~~multifamily units~~));

14 (c) Matching funds for social services directly related to
15 providing housing for special-need tenants in assisted projects;

16 (d) Technical assistance, design and finance services and
17 consultation, and administrative costs for eligible nonprofit community
18 or neighborhood-based organizations;

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

23 (f) Shelters and related services for the homeless;

24 (g) Mortgage subsidies (~~for new construction or rehabilitation of~~
25 ~~eligible multifamily units~~), including temporary rental and mortgage
26 payment subsidies to prevent homelessness;

27 (h) Mortgage insurance guarantee or payments for eligible projects;
28 (~~and~~)

29 (i) Down payment or closing cost assistance for eligible first-time
30 home buyers; and

1 (j) Acquisition of housing units for the purpose of preservation as
2 low-income or very low-income housing.

3 (3) Legislative appropriations from capital bond proceeds and
4 moneys from repayment of loans from appropriations from capital bond
5 proceeds may be used only for the costs of projects authorized under
6 subsection (2) (a), (i), and (j) of this section, and not for the
7 administrative costs of the department."

8 "Sec. 5. RCW 43.185.070 and 1988 c 286 s 1 are each amended to
9 read as follows:

10 (1) During each calendar year in which funds from the housing trust
11 fund or other legislative appropriations are available for use by the
12 department (~~((from the housing trust fund, as prescribed in RCW~~
13 ~~43.185.030))~~ for the housing assistance program, the department shall
14 announce to all known interested parties, and through major media
15 throughout the state, a grant and loan application period of at least
16 ninety days' duration. This announcement shall be made as often as the
17 director deems appropriate for proper utilization of resources(~~((, but~~
18 ~~at least twice annually))~~). The department shall then promptly grant as
19 many applications as will utilize available funds less appropriate
20 administrative costs of the department(~~((, not to))~~). Administrative
21 costs paid out of the housing trust fund may not exceed (~~((thirty-seven~~
22 ~~thousand five hundred dollars in the fiscal year ending June 30, 1988,~~
23 ~~and seventy-five thousand dollars in the fiscal year ending June 30,~~
24 ~~1989, and not to exceed))~~) five percent of annual revenues (~~((to the fund~~
25 ~~thereafter))~~) available for distribution to housing trust fund projects.
26 In awarding funds under this chapter, the department shall provide for
27 a geographic distribution on a state-wide basis.

28 (2) The department shall give first priority to applications for
29 projects and activities which utilize existing privately owned housing

1 stock including privately owned housing stock purchased by nonprofit
2 public development authorities and public housing authorities as
3 created in chapter 35.82 RCW. As used in this subsection, privately
4 owned housing stock includes housing that is acquired by a federal
5 agency through a default on the mortgage by the private owner. Such
6 projects and activities shall be evaluated under subsection (3) of this
7 section. Second priority shall be given to activities and projects
8 which utilize existing publicly owned housing stock. Such projects and
9 activities shall be evaluated by some or all of the criteria under
10 subsection (3) of this section, and similar projects and activities
11 shall be evaluated under the same criteria.

12 (3) The department shall give preference for applications based on
13 the following criteria:

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

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

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

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

22 (e) Projects that demonstrate a strong probability of serving the
23 original target group or income level for a period of at least
24 (~~fifteen~~) twenty-five years;

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

27 (g) Projects which demonstrate serving the greatest need; (~~and~~)

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

1 (i) Project location and access to employment centers in the region
2 or area; and
3 (j) Project location and access to available public transportation
4 services."

5 "Sec. 6. RCW 43.185.080 and 1986 c 298 s 9 are each amended to
6 read as follows:

7 (1) The department may use moneys from the housing trust fund and
8 other legislative appropriations, but not appropriations from capital
9 bond proceeds, to provide preconstruction technical assistance to
10 eligible recipients seeking to construct, rehabilitate, or finance
11 housing-related services for very low and low-income persons. The
12 department shall emphasize providing preconstruction technical
13 assistance services to rural areas and small cities and towns. The
14 department may contract with nonprofit organizations to provide this
15 technical assistance. The department may contract for any of the
16 following services:

17 (a) Financial planning and packaging for housing projects,
18 including alternative ownership programs, such as limited equity
19 partnerships and syndications;

20 (b) Project design, architectural planning, and siting;

21 (c) Compliance with planning requirements;

22 (d) Securing matching resources for project development;

23 (e) Maximizing local government contributions to project
24 development in the form of land donations, infrastructure improvements,
25 waivers of development fees, locally and state-managed funds, zoning
26 variances, or creative local planning;

27 (f) Coordination with local planning, economic development, and
28 environmental, social service, and recreational activities;

29 (g) Construction and materials management; and

1 (h) Project maintenance and management.

2 (2) The department shall publish requests for proposals which
3 specify contract performance standards, award criteria, and contractor
4 requirements. In evaluating proposals, the department shall consider
5 the ability of the contractor to provide technical assistance to low
6 and very low-income persons and to persons with special housing needs."

7 "NEW SECTION. Sec. 7. A new section is added to chapter 43.185
8 RCW to read as follows:

9 The department shall adopt policies to ensure that the state's
10 interest will be protected upon either the sale or change of use of
11 projects financed in whole or in part under section 4(2)(a), (i), and
12 (j) of this act. These policies may include, but are not limited to:
13 (1) Requiring a share of the appreciation in the project in proportion
14 to the state's contribution to the project; (2) requiring a lump-sum
15 repayment of the loan or grant upon the sale or change of use of the
16 project; or (3) requiring a deferred payment of principal or principal
17 and interest on loans after a specified time period."

18 "NEW SECTION. Sec. 8. A new section is added to chapter 43.185
19 RCW to read as follows:

20 If any part of this act is found to be in conflict with federal
21 requirements which are a prescribed condition to the allocation of
22 federal funds to the state, the conflicting part of this act is
23 inoperative solely to the extent of the conflict and with respect to
24 the agencies directly affected, and this finding does not affect the
25 operation of the remainder of this act in its application to the
26 agencies concerned. The rules under this act shall meet federal
27 requirements which are a necessary condition to the receipt of federal
28 funds by the state."

1 "NEW SECTION. **Sec. 9.** Sections 9 through 19 of this act may be
2 known and cited as the affordable housing act."

3 "NEW SECTION. **Sec. 10.** Unless the context clearly requires
4 otherwise, the definitions in this section apply throughout this
5 chapter.

6 (1) "Affordable housing" means residential housing for rental or
7 private individual ownership which, as long as the same is occupied by
8 low-income households, requires payment of monthly housing costs,
9 including utilities other than telephone, of no more than thirty
10 percent of the family's income.

11 (2) "Department" means the department of community development.

12 (3) "Director" means the director of the department of community
13 development.

14 (4) "First-time home buyer" means an individual or his or her
15 spouse who have not owned a home during the three-year period prior to
16 purchase of a home.

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

21 "NEW SECTION. **Sec. 11.** The affordable housing program is
22 created in the department of community development for the purpose of
23 developing and coordinating public and private resources targeted to
24 meet the affordable housing needs of low-income households in the state
25 of Washington. The program shall be developed and administered by the
26 department with advice and input from the low-income assistance
27 advisory committee established in RCW 43.185.110."

1 "NEW SECTION. **Sec. 12.** (1) Using moneys specifically
2 appropriated for such purpose, the department shall finance in whole or
3 in part projects that will provide housing for low-income households.

4 (2) Activities eligible for assistance include, but are not limited
5 to:

6 (a) New construction, rehabilitation, or acquisition of housing for
7 low-income households;

8 (b) Rent subsidies in new construction or rehabilitated multifamily
9 units;

10 (c) Down payment or closing costs assistance for first-time home
11 buyers;

12 (d) Mortgage subsidies for new construction or rehabilitation of
13 eligible multifamily units; and

14 (e) Mortgage insurance guarantee or payments for eligible projects.

15 (3) Legislative appropriations from capital bond proceeds and
16 moneys from repayment of loans from appropriations from capital bond
17 proceeds may be used only for the costs of projects authorized under
18 subsection (2)(a), (c), (d), and (e) of this section, and not for the
19 administrative costs of the department."

20 "NEW SECTION. **Sec. 13.** Organizations that may receive
21 assistance from the department under this chapter are local
22 governments, local housing authorities, nonprofit community or
23 neighborhood-based organizations, and regional or state-wide nonprofit
24 housing assistance organizations."

25 "NEW SECTION. **Sec. 14.** (1) During each calendar year in which
26 funds are available for use by the department for the affordable
27 housing program, the department shall announce to all known interested
28 parties, and through major media throughout the state, a grant and loan

1 application period of at least ninety days' duration. This
2 announcement shall be made as often as the director deems appropriate
3 for proper utilization of resources. The department shall then
4 promptly grant as many applications as will utilize available funds
5 less appropriate administrative costs of the department, not to exceed
6 five percent of moneys appropriated to the affordable housing program.

7 (2) The department shall develop, with advice and input from the
8 low-income assistance advisory committee established in RCW 43.185.110,
9 criteria to evaluate applications for assistance under this chapter."

10 "NEW SECTION. Sec. 15. The department shall adopt policies to
11 ensure that the state's interest will be protected upon either the sale
12 or change of use of projects financed in whole or in part under section
13 11(2)(a), (c), (d), and (e) of this act. These policies may include,
14 but are not limited to: (1) Requiring a share of the appreciation in
15 the project in proportion to the state's contribution to the project;
16 (2) requiring a lump-sum repayment of the loan or grant upon the sale
17 or change of use of the project; or (3) requiring a deferred payment of
18 principal or principal and interest on loans after a specified time
19 period."

20 "NEW SECTION. Sec. 16. The director shall monitor the
21 activities of recipients of grants and loans under this chapter to
22 determine compliance with the terms and conditions set forth in its
23 application or stated by the department in connection with the grant or
24 loan."

25 "NEW SECTION. Sec. 17. The department shall have the authority
26 to promulgate rules pursuant to chapter 34.05 RCW, regarding the grant

1 and loan process, and the substance of eligible projects, consistent
2 with this chapter."

3 "NEW SECTION. Sec. 18. If any provision of this act or its
4 application to any person or circumstance is held invalid, the
5 remainder of the act or the application of the provision to other
6 persons or circumstances is not affected."

7 "NEW SECTION. Sec. 19. If any part of this act is found to be
8 in conflict with federal requirements which are a prescribed condition
9 to the allocation of federal funds to the state, the conflicting part
10 of this act is inoperative solely to the extent of the conflict and
11 with respect to the agencies directly affected, and this finding does
12 not affect the operation of the remainder of this act in its
13 application to the agencies concerned. The rules under this act shall
14 meet federal requirements which are a necessary condition to the
15 receipt of federal funds by the state."

16 "NEW SECTION. Sec. 20. Sections 9 through 19 of this act shall
17 constitute a new chapter in Title 43 RCW."

18 **SHB 1624** - H COMM AMD
19 By Committee on Appropriations

20
21 On page 1, line 1 of the title, after "fund;" strike the remainder
22 of the title and insert "amending RCW 43.185.010, 43.185.030,
23 43.185.050, 43.185.070, and 43.185.080; and adding new sections to
24 chapter 43.185 RCW; and adding a new chapter to Title 43 RCW."