

2SHB 3070 - S COMM AMD

By Committee on Financial Institutions, Housing & Consumer
Protection

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 43.180
4 RCW to read as follows:

5 The legislature finds that nonprofit organizations that develop
6 affordable housing for low-income households are critical in addressing
7 the growing affordable housing crisis in Washington state. Nonprofit
8 housing developers are mission-driven entities that prioritize the
9 needs and interests of residents over maximizing profits and,
10 therefore, have a vested interest in developing, maintaining, and
11 preserving safe, quality, and affordable housing options for low-income
12 and indigent individuals and families.

13 The state also finds, however, that organizational capacity and
14 housing development experience among nonprofit organizations is
15 inconsistent across the state. This inconsistency is reflected in the
16 relative lack of nonprofit housing developers that exist in rural areas
17 of the state.

18 The legislature finds that many nonprofit housing developers choose
19 not to develop condominiums and other multiunit residential buildings
20 because private market insurance rates to cover the construction
21 liability insurance required for such projects by many lenders is
22 unaffordable. Construction liability insurance costs are particularly
23 cost prohibitive for nonprofit organizations that, rather than selling
24 or reselling individual units when construction is complete and thereby
25 recouping the cost of the construction insurance, typically retain
26 ownership of units for the purpose of maintaining affordability for
27 low-income or indigent households.

28 Given the nonprofit status and focus on serving low-income and
29 indigent households over the long term, nonprofit housing developers

1 are unique and critical to ensuring that low-income and indigent
2 households have the opportunity to obtain and retain stable housing in
3 Washington.

4 Therefore, it is the intent of the legislature to establish
5 policies and provide incentives that will increase the number of
6 nonprofit housing developers that create affordable housing
7 opportunities for low-income and indigent households, and which will
8 simultaneously increase the ability of existing nonprofit housing
9 developers to expand housing development programs and to sustain the
10 resulting affordable housing units over the long term.

11 **Sec. 2.** RCW 43.180.160 and 1999 c 131 s 2 are each amended to read
12 as follows:

13 The total amount of outstanding indebtedness of the commission may
14 not exceed (~~three~~) five billion dollars at any time. The calculation
15 of outstanding indebtedness shall include the initial principal amount
16 of an issue and shall not include interest that is either currently
17 payable or that accrues as a part of the face amount of an issue
18 payable at maturity or earlier redemption. Outstanding indebtedness
19 shall not include notes or bonds as to which the obligation of the
20 commission has been satisfied and discharged by refunding or for which
21 payment has been provided by reserves or otherwise.

22 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.185 RCW
23 to read as follows:

24 (1) The department shall contract with the Washington state housing
25 finance commission to establish a multiunit residential building
26 construction liability revolving fund program to provide supplemental
27 funding for liability claims arising from the construction or
28 rehabilitation of condominium or other multiunit residential buildings,
29 as defined in RCW 64.55.010, that are owned or controlled by nonprofit
30 corporations, as defined in RCW 43.180.300, for developing affordable
31 housing for low-income households. The revolving fund program shall
32 include the following elements:

33 (a) Criteria for the eligibility of multiunit residential projects
34 and project owners for participation in the revolving fund program;

35 (b) Provisions governing the scope of coverage and other policies
36 and operating procedures for the revolving fund program;

1 (c) Establishment of premiums to be paid by project owners to
2 ensure the viability of the revolving fund program and that all costs
3 incurred by the commission in administering the revolving fund program
4 will be paid or reimbursed as provided in subsection (3) of this
5 section;

6 (d) Provisions for the reimbursement of premiums to the extent not
7 required for the orderly and cost-effective administration of the
8 revolving fund program;

9 (e) Establishment of procedures for the investigation, defense, and
10 payment of claims and the recoupment of claim payments made and costs
11 associated with respect to participating projects from the project
12 owners over time; and

13 (f) Any other elements necessary and desirable to implement the
14 revolving fund program in order to provide a cost-effective source of
15 liability funding which is supplemental to insurance and other
16 resources available to project owners.

17 (2) The authority to enter into a contract with the commission
18 under this section is contingent on the commission's contribution of
19 one million dollars of commission funds to assist in capitalizing the
20 revolving fund program.

21 (3) Any claims against the commission arising from or with respect
22 to the revolving fund program may be paid only from amounts provided by
23 the commission for this purpose, provided by the contract entered into
24 pursuant to this section, or provided by premiums paid under the
25 revolving fund program, and neither the commission, the department, nor
26 the state of Washington shall have any liability with respect to such
27 claims.

28 NEW SECTION. **Sec. 4.** If specific funding for the purposes of
29 section 3 of this act, referencing section 3 of this act by bill or
30 chapter number, is not provided by June 30, 2006, in the capital
31 appropriations act, section 3 of this act is null and void."

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1 On page 1, line 2 of the title, after "capacity;" strike the
2 remainder of the title and insert "amending RCW 43.180.160; adding a
3 new section to chapter 43.180 RCW; adding a new section to chapter
4 43.185 RCW; and creating a new section."

EFFECT: Increases the Washington State Housing Finance
Commission's debt limit from \$4 billion to \$5 billion.

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