

**E2SHB 3180** - S COMM AMD

By Committee on Consumer Protection & Housing

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

3 "NEW SECTION. **Sec. 1.** (1) The department of community, trade, and  
4 economic development shall work in consultation with the affordable  
5 housing advisory board and representatives from nonprofit housing  
6 development organizations and affordable housing advocacy groups in the  
7 state to:

8 (a) Identify and analyze all costs associated with affordable  
9 housing development projects financed through the Washington housing  
10 trust fund under chapters 43.185 and 43.185A RCW, which may include,  
11 but are not limited to, costs associated with legal and architectural  
12 services, permitting and impact fees, land acquisition, and general  
13 construction costs;

14 (b) Make recommendations for strategies, which must include  
15 recommendations for changes to public policy and department procedures,  
16 to reduce the costs identified in (a) of this subsection; and

17 (c) Make recommendations for potential performance measures  
18 appropriate for each strategy identified.

19 (2) In developing recommendations for strategies to reduce costs,  
20 the department of community, trade, and economic development shall  
21 analyze and address the fiscal impact of public policies of the state  
22 and of local governments, Washington housing trust fund policies, and  
23 general market forces on affordable housing development.

24 (3) The department of community, trade, and economic development  
25 shall report its findings and recommendations to the governor and to  
26 the appropriate committees of the legislature by September 30, 2009.

27 NEW SECTION. **Sec. 2.** (1)(a) A legislative task force on  
28 condominium construction liability insurance is established, with

1 thirteen members as provided in this subsection. The office of the  
2 insurance commissioner shall convene the task force with the following  
3 members:

4 (i) The majority leader of the senate shall appoint one member from  
5 the senate.

6 (ii) The speaker of the house of representatives shall appoint one  
7 member from the house of representatives.

8 (iii) The majority leader of the senate and the speaker of the  
9 house of representatives shall jointly appoint eleven nonlegislative  
10 members of the task force, which shall include one member each from the  
11 office of the insurance commissioner, the master builders association,  
12 the building industry association of Washington, the association of  
13 general contractors, the Washington low income housing alliance, a  
14 nonprofit housing developer, a for-profit housing developer, a  
15 condominium owners' association, and a lender, and two members  
16 representing the interests of the insurance industry.

17 (b) The task force shall elect its cochairs from among its  
18 membership. The office of the insurance commissioner shall convene the  
19 initial meeting of the task force.

20 (2) The task force shall study condominium construction liability  
21 insurance including, but not limited to, the following:

22 (a) The type and number of construction defect claims that are  
23 filed against condominium developers, including contractors and their  
24 subcontractors;

25 (b) The difference, if any, in the claim experience between for-  
26 profit and nonprofit developers;

27 (c) The number and type of entities that are providing construction  
28 liability insurance to condominium developers in the Washington market;

29 (d) The type of insurance packages that are available in the market  
30 for new condominium construction projects;

31 (e) How to increase the number of entities offering construction  
32 liability insurance for condominium developers with a goal of making  
33 insurance rates more affordable through increased competition;

34 (f) Compare Washington's market to other states in terms of number  
35 of entities offering construction liability insurance for condominium  
36 developers and the availability and affordability of such coverage.

37 (3) To support the work of the task force, the office of the  
38 insurance commissioner shall invite authorized insurers who offer

1 construction liability insurance for condominium developers to  
2 participate in the voluntary submission of claims data for condominium  
3 construction liability claims. To further support the work of the task  
4 force, the insurance commissioner shall invite the surplus line  
5 association of Washington to participate in obtaining the voluntary  
6 submission of claims data for condominium construction liability claims  
7 from unauthorized insurers who offer construction liability insurance  
8 for condominium developers. The task force shall determine the scope  
9 and extent of the claims data to be requested, as well as the format  
10 for submission.

11 (4) Legislative members of the task force must be reimbursed for  
12 travel expenses in accordance with RCW 44.04.120.

13 (5) The task force shall report its findings and recommendations to  
14 the legislature by December 1, 2009. Recommendations must include any  
15 changes to existing statutes or rules necessary to pursue recommended  
16 strategies.

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

19 (1) The housing trust fund float loan program is created within the  
20 department to provide short-term, zero-interest or low-interest loans  
21 to eligible organizations that have applied to the Washington housing  
22 trust fund for a project eligible under the housing trust fund criteria  
23 but adequate funds were not available for the project during the  
24 funding round.

25 (2) The department shall develop policies and procedures necessary  
26 to administer the float loan program, and shall present a program  
27 implementation plan to the appropriate committees of the legislature by  
28 December 1, 2008. The program must be implemented by February 1, 2009.

29 **Sec. 4.** RCW 43.180.050 and 1986 c 264 s 1 are each amended to read  
30 as follows:

31 (1) In addition to other powers and duties prescribed in this  
32 chapter, and in furtherance of the purposes of this chapter to provide  
33 decent, safe, sanitary, and affordable housing for eligible persons,  
34 the commission is empowered to:

35 (a) Issue bonds in accordance with this chapter;

1 (b) Invest in, purchase, or make commitments to purchase or take  
2 assignments from mortgage lenders of mortgages or mortgage loans;

3 (c) Make loans to or deposits with mortgage lenders for the purpose  
4 of making mortgage loans; and

5 (d) Participate fully in federal and other governmental programs  
6 and to take such actions as are necessary and consistent with this  
7 chapter to secure to itself and the people of the state the benefits of  
8 those programs and to meet their requirements, including such actions  
9 as the commission considers appropriate in order to have the interest  
10 payments on its bonds and other obligations treated as tax exempt under  
11 the code.

12 (2) The commission shall establish eligibility standards for  
13 eligible persons, considering at least the following factors:

14 (a) Income;

15 (b) Family size;

16 (c) Cost, condition and energy efficiency of available residential  
17 housing;

18 (d) Availability of decent, safe, and sanitary housing;

19 (e) Age or infirmity; and

20 (f) Applicable federal, state, and local requirements.

21 The state auditor shall audit the books, records, and affairs of  
22 the commission annually to determine, among other things, if the use of  
23 bond proceeds complies with the general plan of housing finance  
24 objectives including compliance with the objective for the use of  
25 financing assistance (~~((for implementation of cost-effective energy  
26 efficiency measures in dwellings))~~) to increase the supply of affordable  
27 and decent housing throughout the state.

28 **Sec. 5.** RCW 43.180.070 and 1999 c 372 s 11 and 1999 c 131 s 1 are  
29 each reenacted and amended to read as follows:

30 The commission shall adopt a general plan of housing finance  
31 objectives to be implemented by the commission during the period of the  
32 plan. The commission may exercise the powers authorized under this  
33 chapter prior to the adoption of the initial plan. In developing the  
34 plan, the commission shall consider and set objectives for:

35 (1) The use of funds for single-family and multifamily housing;

36 (2) The use of funds to promote increased housing density;

1       (3) The use of funds to promote the provision of affordable housing  
2 for the longest period of time possible;

3       (4) The use of funds for new construction, rehabilitation,  
4 including refinancing of existing debt, and home purchases;

5       ~~((+3))~~ (5) The housing needs of low-income and moderate-income  
6 persons and families, and of elderly persons or ~~((mentally or~~  
7 ~~physically handicapped)) persons with disabilities or mental illness;~~

8       ~~((+4))~~ (6) The use of funds in coordination with federal, state,  
9 and local housing programs for low-income persons;

10       ~~((+5))~~ (7) The use of funds in urban, rural, suburban, and special  
11 areas of the state;

12       ~~((+6))~~ (8) The use of financing assistance to stabilize and  
13 upgrade declining urban neighborhoods;

14       ~~((+7))~~ (9) The use of financing assistance for economically  
15 depressed areas, areas of minority concentration, reservations, and in  
16 mortgage-deficient areas;

17       ~~((+8))~~ (10) The geographical distribution of bond proceeds so that  
18 the benefits of the housing programs provided under this chapter will  
19 be available to address demand on a fair basis throughout the state;

20       ~~((+9))~~ (11) The use of financing assistance for implementation of  
21 cost-effective energy efficiency measures in dwellings.

22       The plan shall include an estimate of the amount of bonds the  
23 commission will issue during the term of the plan and how bond proceeds  
24 will be expended.

25       The plan shall be adopted by resolution of the commission following  
26 at least one public hearing thereon, notice of which shall be made by  
27 mailing to the clerk of the governing body of each county and by  
28 publication in the Washington State Register no more than forty and no  
29 less than twenty days prior to the hearing. A draft of the plan shall  
30 be made available not less than thirty days prior to any such public  
31 hearing. ~~((At least every two years,))~~ The commission shall report to  
32 the legislature annually regarding implementation of the plan. The  
33 commission shall update the plan every two years.

34       ~~((The commission may periodically update the plan.))~~

35       The commission shall adopt rules designed to result in the use of  
36 bond proceeds in a manner consistent with the plan. The commission may  
37 periodically update its rules.

1 This section is designed to deal only with the use of bond proceeds  
2 and nothing in this section shall be construed as a limitation on the  
3 commission's authority to issue bonds.

4 NEW SECTION. **Sec. 6.** A new section is added to chapter 43.180 RCW  
5 to read as follows:

6 The commission must adopt program guidelines to ensure that  
7 qualified applications submitted by nonprofit entities are given  
8 priority for the use of tax exempt bonds issued under this chapter for  
9 multifamily affordable housing developments.

10 NEW SECTION. **Sec. 7.** A new section is added to chapter 43.185 RCW  
11 to read as follows:

12 Affordable housing developments receiving financing by the  
13 Washington housing trust fund under this chapter and chapter 43.185A  
14 RCW that were not acquired by eminent domain are exempt from the  
15 requirements of and rules adopted for chapter 8.26 RCW. All projects  
16 receiving financing from the housing trust fund must comply with any  
17 relocation standards and requirements and real property acquisition  
18 policies established by the department as a condition of housing trust  
19 fund assistance.

20 NEW SECTION. **Sec. 8.** A new section is added to chapter 43.185 RCW  
21 to read as follows:

22 The nonprofit equity account program is created in the department  
23 to facilitate nonprofit entity use of tax-exempt multifamily bonds  
24 issued by the Washington state housing finance commission. The  
25 department shall contract with the Washington state housing finance  
26 commission to administer the nonprofit equity account program. By  
27 December 31, 2008, and annually thereafter, the Washington state  
28 housing finance commission must report to the appropriate committees of  
29 the legislature, using performance measures, on the activities and  
30 accomplishments of the program.

31 NEW SECTION. **Sec. 9.** A new section is added to chapter 43.185 RCW  
32 to read as follows:

33 The nonprofit equity account is created in the state treasury. All  
34 receipts from amounts appropriated for the purpose of facilitating

1 nonprofit entity use of tax-exempt multifamily bonds issued by the  
2 Washington state housing finance commission must be deposited into the  
3 account. Moneys in the account may be spent only after appropriation.  
4 The department shall administer the account and hold it separate and  
5 apart from all other moneys, funds, and accounts of the department.

6 NEW SECTION. **Sec. 10.** A new section is added to chapter 43.185  
7 RCW to read as follows:

8 (1) The housing communities program is created within the  
9 department to provide technical assistance and organizational capacity  
10 building programs to private, community-based nonprofit organizations  
11 that primarily serve communities of color or multilingual communities.  
12 The housing communities program must provide organizational training  
13 and technical assistance on housing development issues, including asset  
14 management, resource acquisition, and other general housing development  
15 topics, with the goal of assisting nonprofit organizations to add  
16 affordable housing development into their organizational missions and  
17 workplans, or expand their current affordable housing programs to  
18 further meet the needs of their communities.

19 (2) The department shall contract with two or more experienced  
20 housing nonprofit organizations that have the capacity to implement the  
21 housing communities program throughout the state.

22 NEW SECTION. **Sec. 11.** A new section is added to chapter 43.185  
23 RCW to read as follows:

24 (1) The housing infrastructure program is created in the department  
25 to provide loans for public infrastructure that supports affordable  
26 rental housing or affordable owner-occupied housing.

27 (2) Subject to the availability of amounts appropriated for the  
28 following specific purposes:

29 (a) The department may make direct loans to eligible organizations  
30 for the cost of public works projects that support affordable rental  
31 housing or affordable owner-occupied housing, including the planning,  
32 construction, repair, reconstruction, replacement, rehabilitation, or  
33 improvement of sidewalks, streets and roads, bridges, power utilities,  
34 water systems, storm and sanitary sewage systems, and solid waste  
35 facilities; and

1 (b) The department may provide loans for the acquisition of real  
2 property when the acquisition is directly related to the development of  
3 public works projects for affordable rental or owner-occupied housing.

4 (3) Loan interest rates shall not exceed one-half of one percent  
5 per annum. The department must provide reasonable terms and conditions  
6 for repayment of loans, including partial forgiveness of loan principal  
7 and interest payments.

8 (4) The department shall conduct a statewide request for public  
9 works project applications and shall establish a competitive process  
10 for loan awards. The department shall review and prioritize proposals  
11 in consultation with the public works board, the community economic  
12 revitalization board, and the transportation improvement board. The  
13 following criteria must be used in the evaluation and ranking of public  
14 works project applications:

15 (a) The public works projects must support affordable rental  
16 housing or affordable owner-occupied housing; and

17 (b) The public works projects must demonstrate convincing evidence  
18 that (i) additional residential or mixed-use development will occur in  
19 an urban growth area designated under RCW 36.70A.110; (ii) the proposed  
20 mixed-use residential development is within one-half mile of a public  
21 transportation passenger terminal or major transit passenger stop; or  
22 (iii) that either moderate or high-density housing developments, or  
23 both, will be constructed.

24 (5) The definitions in this subsection apply throughout this  
25 section unless the context clearly requires otherwise.

26 (a) "Affordable owner-occupied housing" means housing affordable to  
27 and occupied by households with incomes not exceeding one hundred  
28 fifteen percent of the median income for housing located outside of  
29 high-cost areas or one hundred fifty percent of the median income for  
30 housing located within high-cost areas.

31 (b) "Affordable rental housing" means rental housing units  
32 affordable to and occupied by households with incomes not exceeding  
33 eighty percent of the median income for housing located outside of  
34 high-cost areas, or equal to the median income for housing located  
35 within high-cost areas.

36 (c) "High-cost area" means a county where the third quarter median  
37 house price for the previous year, as reported by the Washington center



1 for real estate research at Washington State University, is equal to or  
2 greater than one hundred thirty percent of the statewide median house  
3 price published during the same time period.

4 NEW SECTION. **Sec. 12.** A new section is added to chapter 43.185  
5 RCW to read as follows:

6 The affordable housing infrastructure account is created in the  
7 state treasury. All receipts from appropriations made to the account,  
8 repayments of loans made under section 11 of this act, and other  
9 sources identified by the legislature must be deposited into the  
10 account. Moneys in the account may be spent only after appropriation.  
11 Expenditures from the account may be used only for the purposes  
12 identified in section 11 of this act.

13 **Sec. 13.** RCW 84.36.560 and 2007 c 301 s 1 are each amended to read  
14 as follows:

15 (1) The real and personal property owned or used by a nonprofit  
16 entity in providing rental housing for very low-income households or  
17 used to provide space for the placement of a mobile home for a very  
18 low-income household within a mobile home park is exempt from taxation  
19 if:

20 (a) The benefit of the exemption inures to the nonprofit entity;

21 (b) At least seventy-five percent of the occupied dwelling units in  
22 the rental housing or lots in a mobile home park are occupied by a very  
23 low-income household; and

24 (c) The rental housing or lots in a mobile home park were insured,  
25 financed, or assisted in whole or in part through one or more of the  
26 following sources:

27 (i) A federal or state housing program administered by the  
28 department of community, trade, and economic development;

29 (ii) A federal housing program administered by a city or county  
30 government;

31 (iii) An affordable housing levy authorized under RCW 84.52.105; or

32 (iv) The surcharges authorized by RCW 36.22.178 and 36.22.179 and  
33 any of the surcharges authorized in chapter 43.185C RCW.

34 (2) If less than seventy-five percent of the occupied dwelling  
35 units within the rental housing or lots in the mobile home park are  
36 occupied by very low-income households, the rental housing or mobile

1 home park is eligible for a partial exemption on the real property and  
2 a total exemption of the housing's or park's personal property as  
3 follows:

4 (a) A partial exemption shall be allowed for each dwelling unit in  
5 the rental housing or for each lot in a mobile home park occupied by a  
6 very low-income household.

7 (b) The amount of exemption shall be calculated by multiplying the  
8 assessed value of the property reasonably necessary to provide the  
9 rental housing or to operate the mobile home park by a fraction. The  
10 numerator of the fraction is the number of dwelling units or lots  
11 occupied by very low-income households as of December 31st of the first  
12 assessment year in which the rental housing or mobile home park becomes  
13 operational or on January 1st of each subsequent assessment year for  
14 which the exemption is claimed. The denominator of the fraction is the  
15 total number of dwelling units or lots occupied as of December 31st of  
16 the first assessment year the rental housing or mobile home park  
17 becomes operational and January 1st of each subsequent assessment year  
18 for which exemption is claimed.

19 (3) If a currently exempt rental housing unit in a facility with  
20 ten units or fewer or mobile home lot in a mobile home park with ten  
21 lots or fewer was occupied by a very low-income household at the time  
22 the exemption was granted and the income of the household subsequently  
23 rises above (~~(fifty percent)~~) the very low-income household threshold  
24 of the median income but remains at or below eighty percent of the  
25 median income, the exemption will continue as long as the housing  
26 continues to meet the certification requirements of a very low-income  
27 housing program listed in subsection (1) of this section. For purposes  
28 of this section, median income, as most recently determined by the  
29 federal department of housing and urban development for the county in  
30 which the rental housing or mobile home park is located, shall be  
31 adjusted for family size. However, if a dwelling unit or a lot becomes  
32 vacant and is subsequently rerented, the income of the new household  
33 must be at or below (~~(fifty percent)~~) the very low-income household  
34 threshold of the median income adjusted for family size as most  
35 recently determined by the federal department of housing and urban  
36 development for the county in which the rental housing or mobile home  
37 park is located to remain exempt from property tax.

1 (4) If at the time of initial application the property is  
2 unoccupied, or subsequent to the initial application the property is  
3 unoccupied because of renovations, and the property is not currently  
4 being used for the exempt purpose authorized by this section but will  
5 be used for the exempt purpose within two assessment years, the  
6 property shall be eligible for a property tax exemption for the  
7 assessment year in which the claim for exemption is submitted under the  
8 following conditions:

9 (a) A commitment for financing to acquire, construct, renovate, or  
10 otherwise convert the property to provide housing for very low-income  
11 households has been obtained, in whole or in part, by the nonprofit  
12 entity claiming the exemption from one or more of the sources listed in  
13 subsection (1)(c) of this section;

14 (b) The nonprofit entity has manifested its intent in writing to  
15 construct, remodel, or otherwise convert the property to housing for  
16 very low-income households; and

17 (c) Only the portion of property that will be used to provide  
18 housing or lots for very low-income households shall be exempt under  
19 this section.

20 (5) To be exempt under this section, the property must be used  
21 exclusively for the purposes for which the exemption is granted, except  
22 as provided in RCW 84.36.805.

23 (6) The nonprofit entity qualifying for a property tax exemption  
24 under this section may agree to make payments to the city, county, or  
25 other political subdivision for improvements, services, and facilities  
26 furnished by the city, county, or political subdivision for the benefit  
27 of the rental housing. However, these payments shall not exceed the  
28 amount last levied as the annual tax of the city, county, or political  
29 subdivision upon the property prior to exemption.

30 (7) As used in this section:

31 (a) "Group home" means a single-family dwelling financed, in whole  
32 or in part, by one or more of the sources listed in subsection (1)(c)  
33 of this section. The residents of a group home shall not be considered  
34 to jointly constitute a household, but each resident shall be  
35 considered to be a separate household occupying a separate dwelling  
36 unit. The individual incomes of the residents shall not be aggregated  
37 for purposes of this exemption;

1 (b) "Mobile home lot" or "mobile home park" means the same as these  
2 terms are defined in RCW 59.20.030;

3 (c) "Occupied dwelling unit" means a living unit that is occupied  
4 by an individual or household as of December 31st of the first  
5 assessment year the rental housing becomes operational or is occupied  
6 by an individual or household on January 1st of each subsequent  
7 assessment year in which the claim for exemption is submitted. If the  
8 housing facility is comprised of three or fewer dwelling units and  
9 there are any unoccupied units on January 1st, the department shall  
10 base the amount of the exemption upon the number of occupied dwelling  
11 units as of December 31st of the first assessment year the rental  
12 housing becomes operational and on May 1st of each subsequent  
13 assessment year in which the claim for exemption is submitted;

14 (d) "Rental housing" means a residential housing facility or group  
15 home that is occupied but not owned by very low-income households;

16 (e) "Very low-income household" means: (i) A single person,  
17 family, or unrelated persons living together whose income is at or  
18 below fifty percent of the median income adjusted for family size as  
19 most recently determined by the federal department of housing and urban  
20 development for the county in which the rental housing or mobile home  
21 space is located and in effect as of January 1st of the year the  
22 application for exemption is submitted; or (ii) for properties that  
23 have received funds from the nonprofit equity account created in  
24 section 9 of this act, a single person, family, or unrelated persons  
25 living together whose income is at or below sixty percent of the median  
26 income adjusted for family size as most recently determined by the  
27 federal department of housing and urban development for the county in  
28 which the rental housing or mobile home space is located and in effect  
29 as of January 1st of the year the application for exemption is  
30 submitted; and

31 (f) "Nonprofit entity" means a:

32 (i) Nonprofit as defined in RCW 84.36.800 that is exempt from  
33 income tax under section 501(c) of the federal internal revenue code;

34 (ii) Limited partnership where a nonprofit as defined in RCW  
35 84.36.800 that is exempt from income tax under section 501(c) of the  
36 federal internal revenue code, a public corporation established under  
37 RCW 35.21.660, 35.21.670, or 35.21.730, a housing authority created

1 under RCW 35.82.030 or 35.82.300, or a housing authority meeting the  
2 definition in RCW 35.82.210(2)(a) is a general partner; or

3 (iii) Limited liability company where a nonprofit as defined in RCW  
4 84.36.800 that is exempt from income tax under section 501(c) of the  
5 federal internal revenue code, a public corporation established under  
6 RCW 35.21.660, 35.21.670, or 35.21.730, a housing authority established  
7 under RCW 35.82.030 or 35.82.300, or a housing authority meeting the  
8 definition in RCW 35.82.210(2)(a) is a managing member.

9 NEW SECTION. **Sec. 14.** If specific funding for the purposes of  
10 sections 1 and 10 of this act, referencing sections 1 and 10 of this  
11 act by bill or chapter number and section number, is not provided by  
12 June 30, 2008, in the omnibus appropriations act, sections 1 and 10 of  
13 this act are null and void.

14 NEW SECTION. **Sec. 15.** (1) Section 1 of this act expires December  
15 1, 2009.

16 (2) Section 2 of this act expires July 1, 2010."

**E2SHB 3180** - S COMM AMD  
By Committee on Consumer Protection & Housing

17 On page 1, line 2 of the title, after "investments;" strike the  
18 remainder of the title and insert "amending RCW 43.180.050 and  
19 84.36.560; reenacting and amending RCW 43.180.070; adding new sections  
20 to chapter 43.185 RCW; adding a new section to chapter 43.180 RCW;  
21 creating new sections; and providing expiration dates."

**EFFECT:** (1) Instead of directing the Office of the Insurance  
Commissioner (OIC) to recommend strategies for reducing construction  
liability insurance for affordable housing projects funded by the

Washington housing trust fund, the OIC is to convene the condominium construction liability insurance task force (from SSB 6724). The task force is to report its findings to the legislature by December 1, 2009, and this section expires July 1, 2010.

(2) The null and void language for the housing infrastructure program and the affordable housing infrastructure account is eliminated.

--- END ---