

**E2SHB 3180** - S COMM AMD  
By Committee on Ways & Means

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.** The office of the insurance commissioner, in  
28 collaboration with the department of community, trade, and economic  
29 development and, when necessary, in consultation with the office of

1 financial management and the office of the attorney general, must, by  
2 December 1, 2008, present specific recommendations for strategies to  
3 reduce construction liability and earthquake insurance costs for  
4 affordable housing projects funded by the Washington housing trust fund  
5 under chapters 43.185 and 43.185A RCW, with a specific emphasis on  
6 identifying strategies to reduce construction liability insurance  
7 costs, to the appropriate committees of the legislature.  
8 Recommendations must include any changes to existing statutory or  
9 regulatory language necessary for the state or for eligible  
10 organizations with affordable housing projects funded by the housing  
11 trust fund to pursue recommended strategies.

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

14 (1) The housing trust fund float loan program is created within the  
15 department to provide short-term, zero-interest or low-interest loans  
16 to eligible organizations that have applied to the Washington housing  
17 trust fund for a project eligible under the housing trust fund criteria  
18 but adequate funds were not available for the project during the  
19 funding round. The housing trust fund float loan program is limited to  
20 specific amounts appropriated in the capital appropriations act.

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

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

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

- 31 (a) Issue bonds in accordance with this chapter;
- 32 (b) Invest in, purchase, or make commitments to purchase or take  
33 assignments from mortgage lenders of mortgages or mortgage loans;
- 34 (c) Make loans to or deposits with mortgage lenders for the purpose  
35 of making mortgage loans; and

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

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

10 (a) Income;

11 (b) Family size;

12 (c) Cost, condition and energy efficiency of available residential  
13 housing;

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

15 (e) Age or infirmity; and

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

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

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

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

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

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

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

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

1       ~~((3))~~ (5) The housing needs of low-income and moderate-income  
2 persons and families, and of elderly persons or ~~((mentally or~~  
3 ~~physically handicapped))~~ persons with disabilities or mental illness;

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

6       ~~((5))~~ (7) The use of funds in urban, rural, suburban, and special  
7 areas of the state;

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

10       ~~((7))~~ (9) The use of financing assistance for economically  
11 depressed areas, areas of minority concentration, reservations, and in  
12 mortgage-deficient areas;

13       ~~((8))~~ (10) The geographical distribution of bond proceeds so that  
14 the benefits of the housing programs provided under this chapter will  
15 be available to address demand on a fair basis throughout the state;

16       ~~((9))~~ (11) The use of financing assistance for implementation of  
17 cost-effective energy efficiency measures in dwellings.

18       The plan shall include an estimate of the amount of bonds the  
19 commission will issue during the term of the plan and how bond proceeds  
20 will be expended.

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

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

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

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

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

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

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

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

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

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

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

32        The nonprofit equity account is created in the state treasury. All  
33 receipts from amounts appropriated for the purpose of facilitating  
34 nonprofit entity use of tax-exempt multifamily bonds issued by the  
35 Washington state housing finance commission must be deposited into the

1 account. Moneys in the account may be spent only after appropriation.  
2 The department shall administer the account and hold it separate and  
3 apart from all other moneys, funds, and accounts of the department.

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

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

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

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

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

25 (2) Subject to the availability of amounts appropriated for the  
26 following specific purposes:

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

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

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

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

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

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

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

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

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

33 (c) "High-cost area" means a county where the third quarter median  
34 house price for the previous year, as reported by the Washington center  
35 for real estate research at Washington State University, is equal to or  
36 greater than one hundred thirty percent of the statewide median house  
37 price published during the same time period.





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

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

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

35 (4) If at the time of initial application the property is  
36 unoccupied, or subsequent to the initial application the property is  
37 unoccupied because of renovations, and the property is not currently  
38 being used for the exempt purpose authorized by this section but will

1 be used for the exempt purpose within two assessment years, the  
2 property shall be eligible for a property tax exemption for the  
3 assessment year in which the claim for exemption is submitted under the  
4 following conditions:

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

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

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

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

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

26 (7) As used in this section:

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

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

36 (c) "Occupied dwelling unit" means a living unit that is occupied  
37 by an individual or household as of December 31st of the first  
38 assessment year the rental housing becomes operational or is occupied

1 by an individual or household on January 1st of each subsequent  
2 assessment year in which the claim for exemption is submitted. If the  
3 housing facility is comprised of three or fewer dwelling units and  
4 there are any unoccupied units on January 1st, the department shall  
5 base the amount of the exemption upon the number of occupied dwelling  
6 units as of December 31st of the first assessment year the rental  
7 housing becomes operational and on May 1st of each subsequent  
8 assessment year in which the claim for exemption is submitted;

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

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

26 (f) "Nonprofit entity" means a:

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

29 (ii) Limited partnership where a nonprofit as defined in RCW  
30 84.36.800 that is exempt from income tax under section 501(c) of the  
31 federal internal revenue code, a public corporation established under  
32 RCW 35.21.660, 35.21.670, or 35.21.730, a housing authority created  
33 under RCW 35.82.030 or 35.82.300, or a housing authority meeting the  
34 definition in RCW 35.82.210(2)(a) is a general partner; or

35 (iii) Limited liability company where a nonprofit as defined in RCW  
36 84.36.800 that is exempt from income tax under section 501(c) of the  
37 federal internal revenue code, a public corporation established under

1 RCW 35.21.660, 35.21.670, or 35.21.730, a housing authority established  
2 under RCW 35.82.030 or 35.82.300, or a housing authority meeting the  
3 definition in RCW 35.82.210(2)(a) is a managing member.

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

9 NEW SECTION. **Sec. 15.** (1) Section 1 of this act expires December  
10 1, 2009.

11 (2) Section 2 of this act expires December 1, 2009."

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12 On page 1, line 2 of the title, after "investments;" strike the  
13 remainder of the title and insert "amending RCW 43.180.050 and  
14 84.36.560; reenacting and amending RCW 43.180.070; adding new sections  
15 to chapter 43.185 RCW; adding a new section to chapter 43.180 RCW;  
16 creating new sections; and providing expiration dates."

--- END ---