
SUBSTITUTE HOUSE BILL 1401

State of Washington 60th Legislature 2007 Regular Session

By House Committee on Housing (originally sponsored by Representatives Pettigrew, Springer, Dunn, McCune, Miloscia, Chase and Santos)

READ FIRST TIME 02/05/07.

1 AN ACT Relating to land acquisition for affordable housing
2 development; adding a new section to chapter 43.185A RCW; and creating
3 new sections.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that protecting the
6 public health, safety, and welfare by providing affordable housing
7 resources to needy or vulnerable persons is a fundamental purpose of
8 government. The legislature further finds that assisting eligible
9 organizations to purchase land for affordable housing development and
10 related supportive services facilities confers a valuable benefit on
11 the public that constitutes consideration for financing assistance to
12 eligible organizations in the form of low-interest loans, subject to
13 restrictions that provide continued protection of the public interest.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.185A
15 RCW to read as follows:

16 (1) The affordable housing land acquisition revolving loan fund
17 program is created in the department to assist eligible organizations,
18 described under RCW 43.185A.040, to purchase land for affordable

1 housing development. The department shall contract with the Washington
2 state housing finance commission to administer the affordable housing
3 land acquisition revolving loan fund program. Within this program, the
4 Washington state housing finance commission shall establish and
5 administer the Washington state housing finance commission land
6 acquisition revolving loan fund.

7 (2) As used in this chapter, "market rate" means the current
8 average market interest rate that is determined at the time any
9 individual loan is closed upon using a widely recognized current market
10 interest rate measurement to be selected for use by the Washington
11 state housing finance commission with the department's approval. This
12 interest rate must be noted in an attachment to the closing documents
13 for each loan.

14 (3) Under the affordable housing land acquisition revolving loan
15 fund program:

16 (a) Loans may be made to purchase land on which to develop
17 affordable housing. In addition to affordable housing, facilities
18 intended to provide supportive services to affordable housing residents
19 and low-income households in the nearby community may be developed on
20 the land.

21 (b) Eligible organizations applying for a loan must include in the
22 loan application a proposed affordable housing development plan
23 indicating the number of affordable housing units planned, a
24 description of any other facilities being considered for the property,
25 and an estimated timeline for completion of the development. The
26 Washington state housing finance commission may require additional
27 information from loan applicants and may consider the efficient use of
28 land, project readiness, organizational capacity, and other factors as
29 criteria in awarding loans.

30 (c) Within five years of receiving a loan, a loan recipient must
31 present the Washington state housing finance commission with an updated
32 development plan, including a proposed development design, committed
33 and anticipated additional financial resources to be dedicated to the
34 development, and an estimated development schedule, which indicates
35 completion of the development within eight years of loan receipt. This
36 updated development plan must be substantially consistent with the
37 development plan submitted as part of the original loan application as
38 required in (b) of this subsection.

1 (d) Within eight years of receiving a loan, a loan recipient must
2 develop affordable housing on the property for which the loan was made
3 and place the affordable housing into service.

4 (e) A loan recipient must preserve the affordable housing developed
5 on the property acquired under this section as affordable housing for
6 a minimum of thirty years.

7 (4) If a loan recipient does not place affordable housing into
8 service on a property for which a loan has been received under this
9 section within the eight-year period specified in subsection (3)(d) of
10 this section, or if a loan recipient fails to use the property for the
11 intended affordable housing purpose consistent with the loan
12 recipient's original affordable housing development plan, then the loan
13 recipient must pay to the Washington state housing finance commission
14 an amount consisting of the principal of the original loan plus
15 compounded interest calculated at the current market rate. The
16 Washington state housing finance commission shall develop guidelines
17 for the time period in which this repayment must take place, which must
18 be noted in the original loan agreement. The Washington state housing
19 finance commission may grant a partial or total exemption from this
20 repayment requirement if it determines that a development is
21 substantially complete or that the property has been substantially used
22 in keeping with the original affordable housing purpose of the loan.
23 Any repayment funds received as a result of noncompliance with loan
24 requirements shall be deposited into the Washington state housing
25 finance commission land acquisition revolving loan fund for the
26 purposes of the affordable housing land acquisition revolving loan fund
27 program.

28 (5) The Washington state housing finance commission, with approval
29 from the department, may adopt guidelines and requirements that are
30 necessary to administer the affordable housing land acquisition
31 revolving loan fund program.

32 (6) Interest rates on property loans granted under this section may
33 not exceed one percent. All loan repayment moneys received shall be
34 deposited into the Washington state housing finance commission
35 affordable housing land acquisition revolving loan fund for the
36 purposes of the affordable housing land acquisition revolving loan fund
37 program.

1 (7) The Washington state housing finance commission must develop
2 performance measures for the program, which must be approved by the
3 department, including, at a minimum, measures related to:

4 (a) The ability of eligible organizations to access land for
5 affordable housing development;

6 (b) The total number of dwelling units by housing type and the
7 total number of very low-income households and persons served; and

8 (c) The financial efficiency of the program as demonstrated by
9 factors, including the cost per unit developed for affordable housing
10 units in different areas of the state and a measure of the effective
11 use of funds to produce the greatest number of units for low-income
12 households.

13 (8) By December 1st of each year, beginning in 2007, the Washington
14 state housing finance commission shall report to the department and the
15 appropriate committees of the legislature using, at a minimum, the
16 performance measures developed under subsection (7) of this section.

17 NEW SECTION. **Sec. 3.** If specific funding for the purposes of this
18 act, referencing this act by bill or chapter number, is not provided by
19 June 30, 2007, in the omnibus appropriations act, this act is null and
20 void.

--- END ---