
SUBSTITUTE HOUSE BILL 3125

State of Washington

60th Legislature

2008 Regular Session

By House Community & Economic Development & Trade (originally sponsored by Representatives Kenney, Haler, Sullivan, Simpson, Barlow, Quall, Kagi, Flannigan, Cody, Nelson, Ormsby, Darneille, and Hasegawa)

READ FIRST TIME 02/05/08.

1 AN ACT Relating to creating the building communities fund program;
2 amending RCW 43.63A.125; adding new sections to chapter 43.63A RCW; and
3 creating new sections.

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

5 NEW SECTION. **Sec. 1.** FINDINGS AND INTENT. (1) The legislature
6 recognizes that although many regions of the state are thriving, there
7 are still distressed communities throughout rural and urban Washington
8 where capital investments in community services initiatives could
9 create vibrant local business districts and prosperous neighborhoods.

10 (2) The legislature also recognizes that nonprofit organizations
11 provide a variety of community services that serve the needs of the
12 citizens of Washington, including many services implemented under
13 contract with state agencies. The legislature also finds that the
14 efficiency and quality of these services may be enhanced by the
15 provision of safe, reliable, and sound facilities, and that, in certain
16 cases, it may be appropriate for the state to assist in the development
17 of these facilities.

18 (3) The legislature finds that providing these capital investments
19 is critical for the economic health of local distressed communities,

1 helps build strong relationships with the state, and expands life
2 opportunities for underserved, low-income populations. The legislature
3 therefore finds that programs by nonprofit organizations, local
4 governments, and federally recognized Indian tribes to help distressed
5 communities and underserved low-income populations could be enhanced by
6 creating the building communities fund program.

7 NEW SECTION. **Sec. 2.** DEFINITIONS. The definitions in this
8 section apply throughout RCW 43.63A.125, this section, and sections 3
9 and 5 of this act unless the context clearly requires otherwise.

10 (1) "Department" means the department of community, trade, and
11 economic development.

12 (2) "Distressed community" means: (a) A county that has an
13 unemployment rate that is twenty percent above the state average for
14 the immediately previous three years; (b) an area within a county that
15 the department determines to be a low-income community, using as
16 guidance the low-income community designations under the community
17 development financial institutions fund's new markets tax credit
18 program of the United States department of the treasury; or (c) a
19 school district in which at least fifty percent of local elementary
20 students receive free and reduced-price meals.

21 (3) "Local government" means cities, towns, counties, or those
22 special purpose districts whose statutory purposes are directly related
23 to the purposes of the building communities fund program.

24 (4) "Nonprofit organization" means an organization that is tax
25 exempt, or not required to apply for an exemption, under section
26 501(c)(3) or 501(c)(6) of the federal internal revenue code of 1986, as
27 amended.

28 (5) "Technical assistance" means providing professional services
29 under contract to emerging or expanding nonprofit organizations that
30 will enable them to initiate or improve service to their customers.

31 NEW SECTION. **Sec. 3.** BUILDING COMMUNITIES FUND ACCOUNT CREATED.
32 The building communities fund account is created in the state treasury.
33 The account shall consist of legislative appropriations and gifts,
34 grants, or endowments from other sources as permitted by law. Moneys
35 in the account may be spent only after appropriation. Expenditures

1 from the account may be used only for capital and technical assistance
2 grants as provided in RCW 43.63A.125.

3 **Sec. 4.** RCW 43.63A.125 and 2006 c 371 s 233 are each amended to
4 read as follows:

5 (1) The department shall establish ~~((a competitive process to~~
6 ~~solicit proposals for and prioritize projects that assist nonprofit~~
7 ~~organizations in))~~ the building communities fund program. Under the
8 program, capital and technical assistance grants may be made to
9 nonprofit organizations, local governments, or federally recognized
10 Indian tribes for acquiring, constructing, or rehabilitating facilities
11 used for the delivery of nonresidential ~~((social))~~ community services,
12 including social service centers, multipurpose community centers, and
13 cultural centers. Such facilities must be located in a distressed
14 community or have as a primary mission to serve low-income persons, and
15 must meet at least one of the following objectives:

- 16 (a) To provide social services;
- 17 (b) To encourage small business start-ups or sustainability, expand
18 employment opportunities for community residents, or increase the
19 employability of community residents;
- 20 (c) To offer educational and recreational opportunities separate
21 from the public education system; or
- 22 (d) To serve a high priority need for nonresidential community
23 services not addressed under (a), (b), or (c) of this subsection.

24 (2) The department shall establish a competitive process to
25 solicit, evaluate, and prioritize applications for the ~~((assistance))~~
26 building communities fund program as follows:

27 (a) The department shall conduct a statewide solicitation of
28 project applications from nonprofit organizations, local governments,
29 ~~((nonprofit organizations, and other entities, as determined by the~~
30 ~~department))~~ and federally recognized Indian tribes.

31 (b) The department shall evaluate and rank applications in
32 consultation with a citizen advisory committee using objective
33 criteria. ~~((At a minimum,))~~ Applicants must demonstrate that the
34 ~~((requested assistance))~~ proposed project:

- 35 (i) Will increase the range, efficiency, or quality of the
36 ~~((social))~~ services ((it provides)) provided to citizens;

1 (ii) Will be located in a distressed community or will have as a
2 primary mission to serve low-income persons;

3 (iii) Meets at least one of the objectives in subsection (1)(a)
4 through (d) of this section;

5 (iv) Reflects a long-term vision for the development of the
6 community, shared by residents, businesses, leaders, and partners;

7 (v) Requires state funding to accomplish a discrete, usable phase
8 of the project;

9 (vi) Is ready to proceed and will make timely use of the funds;

10 (vii) Is sponsored by one or more entities that have the
11 organizational and financial capacity to fulfill the terms of the grant
12 agreement and to maintain the project into the future;

13 (viii) Fills an unmet need for community services;

14 (ix) Will achieve its stated objectives; and

15 (x) Is a community priority as shown through tangible commitments
16 of existing or future assets made to the project by community
17 residents, leaders, businesses, and partners. ((The evaluation and
18 ranking process shall also include an examination of existing assets
19 that applicants may apply to projects. Grant assistance under this
20 section shall not exceed twenty five percent of the total cost of the
21 project. The nonstate portion of the total project cost may include
22 cash, the value of real property when acquired solely for the purpose
23 of the project, and in-kind contributions.

24 ~~(b))~~ (c) The department may not:

25 (i) Set a monetary limit to funding requests;

26 (ii) Require applicants to contribute cash or an in-kind match to
27 the state funds requested; or

28 (iii) Require that state funds be the last to be spent on a
29 project.

30 (3)(a) The department shall submit a ((prioritized)) ranked list of
31 recommended projects annually to the governor and the legislature in
32 the department's ((biennial)) capital budget requests beginning with
33 the ((2001-2003)) 2009-2011 biennium and thereafter. ((For the 1999-
34 2001 biennium, the department shall conduct a solicitation and ranking
35 process, as described in (a) of this subsection, for projects to be
36 funded by appropriations provided for this program in the 1999-2001
37 capital budget.)) The list shall include a description of each

1 project, its total cost, the amount of requested state funding, and the
2 amount of recommended state funding~~((, and documentation of nonstate~~
3 ~~funds to be used for the project))~~.

4 (b) The total amount of recommended state capital funding for
5 projects on ~~((a biennial))~~ the annual ranked project list shall not
6 exceed ~~((ten))~~ fourteen million dollars, or forty percent of the total
7 amount appropriated for this purpose. In addition, if cash funds have
8 been appropriated, up to three million dollars may be used for
9 technical assistance grants. ~~((Except for the 1999-2001 biennium,))~~
10 The department shall not sign contracts or otherwise financially
11 obligate funds under this section until the legislature has approved a
12 specific list of projects.

13 ~~((c))~~ (4) The department shall also submit to the legislature an
14 unranked list of the remaining eligible projects for which applications
15 were received. The list must include a description of each project,
16 its total cost, and the amount of state funding requested. The
17 appropriate fiscal committees of the legislature shall use this list to
18 determine, in the legislature's sole discretion, any additional
19 building communities fund projects that may receive funding in the
20 capital budget. The total amount of state capital funding available
21 for all projects on the annual unranked list shall not exceed
22 twenty-one million dollars, or sixty percent of the total amount
23 appropriated for this purpose.

24 (5) In addition to the ranked and the unranked lists, the
25 department shall submit to the appropriate fiscal committees of the
26 legislature all application materials it received and all working
27 papers it developed during its evaluation process.

28 (6) After the legislature has approved a specific list of projects
29 in law, the department shall develop and manage appropriate contracts
30 with the selected applicants; monitor project expenditures and grantee
31 performance; report project and contract information; and exercise due
32 diligence and other contract management responsibilities as required.

33 (7) In contracts for grants authorized under this section the
34 department shall include provisions which require that capital
35 improvements shall be held by the grantee for a specified period of
36 time appropriate to the amount of the grant and that facilities shall
37 be used for the express purpose of the grant. If the grantee is found
38 to be out of compliance with provisions of the contract, the grantee

1 shall repay to the state general fund the principal amount of the grant
2 plus interest calculated at the rate of interest on state of Washington
3 general obligation bonds issued most closely to the date of
4 authorization of the grant.

5 NEW SECTION. **Sec. 5.** ACCOUNTABILITY. (1) The department shall
6 develop accountability and reporting standards for grant recipients.
7 At a minimum, the department shall use the objectives listed in RCW
8 43.63A.125(1) and the criteria listed in RCW 43.63A.125(2)(b) to
9 evaluate the progress of each grant recipient.

10 (2) Beginning January 1, 2011, the department shall submit an
11 annual report to the appropriate committees of the legislature,
12 including:

13 (a) A list of projects currently under contract with the department
14 under the building communities fund program; a description of each
15 project, its total cost, the amount of state funding awarded and
16 expended to date, the project milestones completed, and the extent to
17 which the project has met the objectives and criteria in RCW
18 43.63A.125(1) and (2)(b); and

19 (b) Recommendations, if any, for policy and programmatic changes to
20 the building communities fund program to better achieve program
21 objectives.

22 NEW SECTION. **Sec. 6.** CAPTIONS NOT LAW. Captions used in this act
23 are not any part of the law.

24 NEW SECTION. **Sec. 7.** Sections 2, 3, and 5 of this act are each
25 added to chapter 43.63A RCW.

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