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SENATE BILL 5788

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State of Washington

61st Legislature

2009 Regular Session

By Senators Prentice, Benton, Pflug, Hobbs, Shin, and Kline

Read first time 02/02/09. Referred to Committee on Financial Institutions, Housing & Insurance.

1 AN ACT Relating to state funding for low-income housing; amending  
2 RCW 43.185.050 and 43.180.080; and adding a new section to chapter  
3 36.22 RCW.

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

5 **Sec. 1.** RCW 43.185.050 and 2006 c 371 s 236 are each amended to  
6 read as follows:

7 (1) The department shall use moneys from the housing trust fund and  
8 other legislative appropriations to finance in whole or in part any  
9 loans or grant projects that will provide housing for persons and  
10 families with special housing needs and with incomes at or below fifty  
11 percent of the median family income for the county or standard  
12 metropolitan statistical area where the project is located. At least  
13 thirty percent of these moneys used in any given funding cycle shall be  
14 for the benefit of projects located in rural areas of the state as  
15 defined by the department. If the department determines that it has  
16 not received an adequate number of suitable applications for rural  
17 projects during any given funding cycle, the department may allocate  
18 unused moneys for projects in nonrural areas of the state.

1 (2) Activities eligible for assistance from the housing trust fund  
2 and other legislative appropriations include, but are not limited to:

3 (a) New construction, rehabilitation, or acquisition of low and  
4 very low-income housing units;

5 (b) Rent subsidies;

6 (c) Matching funds for social services directly related to  
7 providing housing for special-need tenants in assisted projects;

8 (d) Technical assistance, design and finance services and  
9 consultation, and administrative costs for eligible nonprofit community  
10 or neighborhood-based organizations;

11 (e) Administrative costs for housing assistance groups or  
12 organizations when such grant or loan will substantially increase the  
13 recipient's access to housing funds other than those available under  
14 this chapter;

15 (f) Shelters and related services for the homeless, including  
16 emergency shelters and overnight youth shelters;

17 (g) Mortgage subsidies, including temporary rental and mortgage  
18 payment subsidies to prevent homelessness;

19 (h) Mortgage insurance guarantee or payments for eligible projects;

20 (i) Down payment or closing cost assistance for eligible first-time  
21 home buyers;

22 (j) Acquisition of housing units for the purpose of preservation as  
23 low-income or very low-income housing; and

24 (k) Projects making housing more accessible to families with  
25 members who have disabilities(~~(; and~~

26 ~~(1) During the 2005-2007 fiscal biennium, a manufactured/mobile~~  
27 ~~home landlord-tenant ombudsman conflict resolution and park~~  
28 ~~registration program)).~~

29 ~~(3) ((During the 2005-2007 fiscal biennium, revenues generated~~  
30 ~~under RCW 36.22.178 may be used for the development of affordable~~  
31 ~~housing projects and other activities funded in section 108, chapter~~  
32 ~~371, Laws of 2006.~~

33 ~~(4))~~ Legislative appropriations from capital bond proceeds may be  
34 used only for the costs of projects authorized under subsection (2)(a),  
35 (i), and (j) of this section, and not for the administrative costs of  
36 the department.

37 ~~((+5))~~ (4) Moneys from repayment of loans from appropriations from

1 capital bond proceeds may be used for all activities necessary for the  
2 proper functioning of the housing assistance program except for  
3 activities authorized under subsection (2)(b) and (c) of this section.

4 ~~((+6+))~~ (5) Administrative costs of the department shall not exceed  
5 five percent of the annual funds available for the housing assistance  
6 program.

7 (6) The department shall include a life-cycle cost analysis in its  
8 process for evaluating proposals for state funding.

9 **Sec. 2.** RCW 43.180.080 and 1997 c 163 s 1 are each amended to read  
10 as follows:

11 In addition to other powers and duties specified in this chapter,  
12 the commission may:

13 (1) Establish in resolutions relating to any issuance of bonds, or  
14 in any financing documents relating to such issuance, such standards  
15 and requirements applicable to the purchase of mortgages and mortgage  
16 loans or the making of loans to mortgage lenders as the commission  
17 deems necessary or desirable, including but not limited to: (a) The  
18 time within which mortgage lenders must make commitments and  
19 disbursements for mortgages or mortgage loans; (b) the location and  
20 other characteristics of single-family housing or multifamily housing  
21 to be financed by mortgages and mortgage loans; (c) the terms and  
22 conditions of mortgages and mortgage loans to be acquired; (d) the  
23 amounts and types of insurance coverage required on mortgages, mortgage  
24 loans, and bonds; (e) the representations and warranties of mortgage  
25 lenders confirming compliance with such standards and requirements; (f)  
26 restrictions as to interest rate and other terms of mortgages or  
27 mortgage loans or the return realized therefrom by mortgage lenders;  
28 (g) the type and amount of collateral security to be provided to assure  
29 repayment of any loans from the commission and to assure repayment of  
30 bonds; and (h) any other matters related to the purchase of mortgages  
31 or mortgage loans or the making of loans to lending institutions as  
32 shall be deemed relevant by the commission;

33 (2) Sue and be sued in its own name;

34 (3) Make and execute contracts and all other instruments necessary  
35 or convenient for the exercise of its purposes or powers, including but  
36 not limited to contracts or agreements for the origination, servicing,

1 and administration of mortgages or mortgage loans, and the borrowing of  
2 money;

3 (4) Procure such insurance, including but not limited to insurance:  
4 (a) Against any loss in connection with its property and other assets,  
5 including but not limited to mortgages or mortgage loans, in such  
6 amounts and from such insurers as the commission deems desirable, and  
7 (b) to indemnify members of the commission for acts done in the course  
8 of their duties;

9 (5) Provide for the investment of any funds, including funds held  
10 in reserve, not required for immediate disbursement, and provide for  
11 the selection of investments;

12 (6) Fix, revise, and collect fees and charges in connection with  
13 the investigation and financing of housing or in connection with  
14 assignments, contracts, purchases of mortgages or mortgage loans, or  
15 any other actions permitted under this chapter or by the commission;  
16 and receive grants and contributions;

17 (7) Make such expenditures as are appropriate for paying the  
18 administrative costs of the commission and for carrying out the  
19 provisions of this chapter. These expenditures may be made only from  
20 funds consisting of the commission's receipts from fees and charges,  
21 grants and contributions, the proceeds of bonds issued by the  
22 commission, and other revenues; these expenditures shall not be made  
23 from funds of the state of Washington;

24 (8) Establish such special funds, and controls on deposits to and  
25 disbursements from them, as it finds convenient for the implementation  
26 of this chapter;

27 (9) Conduct such investigations and feasibility studies as it deems  
28 appropriate;

29 (10) Proceed with foreclosure actions or accept deeds in lieu of  
30 foreclosure together with the assignments of leases and rentals  
31 incidental thereto. Any properties acquired by the commission through  
32 such actions shall be sold as soon as practicable through persons  
33 licensed under chapter 18.85 RCW or at public auction, or by transfer  
34 to a public agency. In preparation for the disposition of the  
35 properties, the commission may own, lease, clear, construct,  
36 reconstruct, rehabilitate, repair, maintain, manage, operate, assign,  
37 or encumber the properties;

38 (11) Take assignments of leases and rentals;

1 (12) Subject to any provisions of the commission's contracts with  
2 the holders of obligations of the commission, consent to any  
3 modification with respect to rate of interest, time, and payment of any  
4 installment of principal or interest or any other term of any contract,  
5 mortgage, mortgage loan, mortgage loan commitment, contract, or  
6 agreement of any kind;

7 (13) Subject to provisions of the commission's contracts with the  
8 holders of bonds, permit the reduction of rental or carrying charges to  
9 persons unable to pay the regular rent or schedule of charges if, by  
10 reason of other income of the commission or by reason of payment by any  
11 department, agency, or instrumentality of the United States or of this  
12 state, the reduction can be made without jeopardizing the economic  
13 stability of the housing being financed;

14 (14) Sell, at public or private sale, with or without public  
15 bidding, any mortgage, mortgage loan, or other instrument or asset held  
16 by the commission;

17 (15) Employ, contract with, or engage engineers, architects,  
18 attorneys, financial advisors, bond underwriters, mortgage lenders,  
19 mortgage administrators, housing construction or financing experts,  
20 other technical or professional assistants, and such other personnel as  
21 are necessary. The commission may delegate to the appropriate persons  
22 the power to execute legal instruments on its behalf;

23 (16) Receive contributions or grants from any source unless  
24 otherwise prohibited;

25 (17) Impose covenants running with the land in order to satisfy and  
26 enforce the requirements of applicable state and federal law and  
27 commission policy with respect to housing or other facilities financed  
28 by the commission or assisted by federal, state, or local programs  
29 administered by the commission, by executing and recording regulatory  
30 agreements or other covenants between the commission and the person or  
31 entity to be bound. These regulatory agreements and covenants shall  
32 run with the land and be enforceable by the commission or its  
33 successors or assigns against the person or entity making the  
34 regulatory agreement or covenants or its successors or assigns, even  
35 though there may be no privity of estate or privity of contract between  
36 the commission or its successors or assigns and the person or entity  
37 against whom enforcement is sought. The term of any such covenant  
38 shall be set forth in the recorded agreement containing the covenant.

1 This subsection shall apply to regulatory agreements and covenants  
2 previously entered into by the commission as well as regulatory  
3 agreements and covenants entered into by the commission on or after  
4 July 27, 1997;

5 (18) Include a life-cycle cost analysis in its process for  
6 evaluating proposals for awarding funding;

7 (19) Delegate any of its powers and duties if consistent with the  
8 purposes of this chapter;

9 ~~((19))~~ (20) Exercise any other power reasonably required to  
10 implement the purposes of this chapter.

11 NEW SECTION. Sec. 3. A new section is added to chapter 36.22 RCW  
12 to read as follows:

13 (1) By September 30th of each year, a county receiving funding  
14 authorized under RCW 36.22.178 (1) and (2), 36.22.179(1) (a) and (b),  
15 and 36.22.1791(1) (a) and (b) shall submit to the department of  
16 community, trade, and economic development a report describing the  
17 distribution of funds for the preceding fiscal year. The report must  
18 include:

19 (a) A description of the process used by the county for allocating  
20 funds;

21 (b) The use of funds including, but not limited to, housing  
22 vouchers, program services, and housing projects; and

23 (c) The criteria used for making funding allocation decisions.

24 (2) By December 1st of each year, the department of community,  
25 trade, and economic development shall prepare a report to the  
26 legislature and the office of financial management compiling the  
27 reports submitted under subsection (1) of this section. For the funds  
28 collected under subsection (1) of this section and allocated by the  
29 department to entities other than counties, this report must also  
30 include:

31 (a) A description of the process used by the department for  
32 allocating funds;

33 (b) The use of funds including, but not limited to, housing  
34 vouchers, program services, and housing projects; and

35 (c) The criteria used for making funding allocation decisions.

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