
Community Development & Housing Committee

HB 1440

Brief Description: Regarding the building communities fund program competitive process.

Sponsors: Representatives Kenney, Ryu, Liias and Hasegawa.

Brief Summary of Bill

- Requires the Department of Commerce to rank Building Communities Fund proposals, and submit a ranked list of proposals biennially in its Capital Budget request.
- Expands one of the qualification requirements to include proposed projects offering three or more distinct activities that meet a single community service objective.
- Allows up to 10 percent of total grant funds to be awarded to qualified eligible projects that meet the definition of exceptional circumstances.

Hearing Date: 2/2/11

Staff: Jennifer Thornton (786-7147).

Background:

An amendment to 2SSB 6855 from 2008 directed the Department of Commerce to establish and administer the Building Communities Fund Program (BCF Program). The BCF Program replaced and expanded upon the Community Services Facilities Program and provides capital and technical assistance grants to nonprofit organizations.

The BCF Program provides a means of identifying qualified community and social service capital projects in distressed areas of the state, and provides funding support to nonprofit agencies to acquire, develop, or rehabilitate these facilities. These facilities must be used for the delivery of nonresidential community services, including social service centers and multipurpose

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community centers. Qualified projects must be located in a distressed community or serve a substantial number of low-income or disadvantaged persons.

Distressed communities are defined as:

- a county that has an unemployment rate that is 20 percent above the state average for the immediately previous three years;
- an area within a county that the Department of Commerce determines to be a low-income community, using as guidance the low-income community designations under the community development financial institutions fund's new markets tax credit program; or
- a school district in which at least 50 percent of local elementary students receive free and reduced-price meals.

Grant assistance awarded through the BCF Program may cover up to 25 percent of the total cost of qualified projects, with the ability to reduce the non-state match requirement under exceptional circumstances. Beginning January 1, 2011, the Department of Commerce is required to submit an annual report to the Legislature on the BCF Program.

The 2009 Capital Budget, ESHB 1216, made some changes to the authorizing legislation for the 2009-2011 biennium. Those changes included:

- requiring the Department of Commerce to rank BCF Program applications;
- providing for one of the qualification requirements to be met if a proposed project offers three or more distinct activities that meet a single community service objective;
- allowing for up to 10 percent of the total granted amount to be awarded for eligible projects meeting the specified definition of exceptional circumstances; and
- requiring that Commerce submit a biennial rather than annual ranked list of qualified eligible projects to the Governor and the Legislature.

Twenty-five projects approved by the Governor and the Legislature were awarded Building Communities Fund awards in the amount of \$28,000,349 for the 2009-11 biennium. As of December 2010, \$21,916,909 was expended.

For the 2011-13 biennium, 22 projects totaling \$14,679,000 were submitted to the Governor and the Legislature for consideration.

Summary of Bill:

The Department of Commerce is required to rank Building Communities Fund (BCF) proposals, in addition to their current requirement to solicit and evaluate proposals.

An applicant can meet one of the qualification requirements for BCF consideration by demonstrating that a proposed project will offer three or more distinct activities that meet a single community service objective.

Up to 10 percent of the total grant amount may be awarded to qualified eligible projects that meet the definition of exceptional circumstances as defined in the bill. These include but are not limited to:

- natural disasters affecting projects;

- emergencies beyond an applicant's control such as a fire or unanticipated loss of a lease where services are currently provided;
- a delay that could result in a threat to public health or safety; and
- instances where a local community could quantifiably demonstrate that they had exhausted all possible fund-raising efforts.

The Department of Commerce must submit a ranked list biennially, not annually, in its Capital Budget request to the Governor and the Legislature.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.