

# HOUSE BILL REPORT

## HB 1440

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**As Reported by House Committee On:**  
Community Development & Housing  
Capital Budget

**Title:** An act relating to the building communities fund program competitive process.

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

**Sponsors:** Representatives Kenney, Ryu, Liias and Hasegawa.

**Brief History:**

**Committee Activity:**

Community Development & Housing: 2/2/11, 2/3/11 [DP];  
Capital Budget: 2/15/11, 2/18/11 [DP].

**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.

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### HOUSE COMMITTEE ON COMMUNITY DEVELOPMENT & HOUSING

**Majority Report:** Do pass. Signed by 8 members: Representatives Kenney, Chair; Finn, Vice Chair; Smith, Ranking Minority Member; Ahern, Maxwell, Ryu, Santos and Walsh.

**Staff:** Jennifer Thornton (786-7147).

**Background:**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

An amendment to Second Substitute Senate Bill 6855 from 2008 directed the Department of Commerce (Department) 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 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 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, Engrossed Substitute House Bill 1216, made some changes to the authorizing legislation for the 2009-2011 biennium. Those changes included:

- requiring the Department to rank the 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 the Department 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 million were submitted to the Governor and the Legislature for consideration.

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### **Summary of Bill:**

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

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**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.

**Staff Summary of Public Testimony:**

(In support) This bill makes corrections to conform with what was passed last biennium in a budget proviso.

(Opposed) None.

**Persons Testifying:** Representative Kenney, prime sponsor.

**Persons Signed In To Testify But Not Testifying:** None.

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## HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** Do pass. Signed by 11 members: Representatives Dunshee, Chair; Ormsby, Vice Chair; Warnick, Ranking Minority Member; Zeiger, Assistant Ranking Minority Member; Asay, Jacks, Jinkins, Lytton, Pearson, Smith and Tharinger.

**Staff:** Susan Howson (786-7142).

**Summary of Recommendation of Committee On Capital Budget Compared to Recommendation of Committee On Community Development & Housing:**

No new changes were recommended.

**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.

**Staff Summary of Public Testimony:**

(In support) The changes proposed in this bill have already been successfully implemented by the Department of Commerce for the 2011-13 biennium. The Building Communities Fund (BCF) program is open, competitive, fair, uses logical criteria, sets rational limits, and supports projects statewide.

(Opposed) None.

**Persons Testifying:** Daniel Aarthun, Department of Commerce; and Seth Dawson, Washington State Community Action Partnership.

**Persons Signed In To Testify But Not Testifying:** None.