
HOUSE BILL 1624

State of Washington

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By Representatives Ormsby, Kenney, Dunshee, Upthegrove, Cody, Fitzgibbon, Roberts, and Billig

Read first time 01/27/11. Referred to Committee on Community Development & Housing.

1 AN ACT Relating to promoting residential infrastructure development
2 in urban growth areas; amending RCW 43.330.010; adding a new section to
3 chapter 43.330 RCW; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** The legislature recognizes that one goal of
6 the growth management act is to encourage development in urban areas
7 where adequate public facilities and services exist or can be provided
8 in an efficient manner.

9 A second goal of the growth management act is to encourage the
10 availability of affordable housing to all economic segments of the
11 population, to promote a variety of residential densities and housing
12 types, and to encourage the preservation of existing housing stock.

13 The legislature recognizes also that these goals can be promoted
14 through efforts to thoughtfully and efficiently foster residential
15 infrastructure development in urban growth areas, the locally
16 designated population and activity centers to which local governments
17 are encouraged to direct growth. The legislature, therefore, intends
18 to establish new policies for promoting residential infrastructure in
19 urban growth areas designated under the growth management act.

1 **Sec. 2.** RCW 43.330.010 and 2009 c 565 s 2 are each amended to read
2 as follows:

3 Unless the context clearly requires otherwise, the definitions in
4 this section apply throughout this chapter.

5 (1) "Affordable residential development" or "affordable housing"
6 means:

7 (a) For owner occupied housing, housing that is owned and occupied
8 by a person or household with an income not exceeding one hundred
9 twenty percent of the median family income, adjusted for household
10 size; or

11 (b) For rental housing, housing that is rented and occupied by a
12 household with an income not exceeding eighty percent of the median
13 family income, adjusted for household size, whose monthly housing
14 costs, including utilities other than telephone, do not exceed thirty
15 percent of the household's monthly income.

16 (2) "Associate development organization" means a local economic
17 development nonprofit corporation that is broadly representative of
18 community interests.

19 ((+2)) (3) "Comparable replacement housing" means any dwelling
20 that is (a) decent, safe, and sanitary; (b) adequate in size to
21 accommodate the occupants; (c) within the financial means of the
22 displaced person; (d) functionally equivalent; (e) in an area not
23 subject to unreasonably adverse environmental conditions; and (f) in a
24 location generally not less desirable than the location of the
25 displaced person's dwelling with respect to public utilities,
26 facilities, services, and the displaced person's place of employment.

27 (4) "Consumer price index" means, for any calendar year, that
28 year's annual average consumer price index, for Washington state, for
29 wage earners and clerical workers, all items, compiled by the bureau of
30 labor and statistics, United States department of labor.

31 (5) "Dense" means the same as transit-supportive density.

32 (6) "Department" means the department of commerce.

33 ((+3)) (7) "Director" means the director of the department of
34 commerce.

35 ((+4)) (8) "Eligible jurisdiction" means a county or city planning
36 under RCW 36.70A.040 or a federally recognized Indian tribe in the
37 state of Washington.

1 (9) "Financial institution" means a bank, trust company, mutual
2 savings bank, savings and loan association, or credit union authorized
3 to do business in this state under state or federal law.

4 (~~(+5)~~) (10) "High capacity transit station" means a stop or
5 station for public transportation that operates on a fixed guideway
6 rail system or designated bus rapid transit line.

7 (11) "Low-income household" has the same meaning as in RCW
8 43.185A.010.

9 (12) "Major transit stop" means a stop for a bus or other transit
10 mode providing fixed route service in intervals of at least every
11 thirty minutes during peak hours of operation.

12 (13) "Market rate" means the current average market interest rate
13 that is determined at the time an individual loan is closed upon, or
14 grant is awarded, using a widely recognized current market interest
15 rate measurement to be selected for use by the department. This
16 interest rate must be noted in an attachment to the closing documents
17 for any loan and in any grant contract for reference if the loan or
18 grant must be repaid with interest.

19 (14) "Microenterprise development organization" means a community
20 development corporation, a nonprofit development organization, a
21 nonprofit social services organization or other locally operated
22 nonprofit entity that provides services to low-income entrepreneurs.

23 (~~(+6)~~) (15) "Nonprofit organization" means an organization that is
24 tax exempt, or not required to apply for an exemption, under section
25 501(c)(3) of the federal internal revenue code, or similar successor
26 provisions.

27 (16) "Residential development" means a unit of housing that is
28 contained within a single, multifamily, or mixed use development.

29 (17) "Statewide microenterprise association" means a nonprofit
30 entity with microenterprise development organizations as members that
31 serves as an intermediary between the department of commerce and local
32 microenterprise development organizations.

33 (18) "Transfer of development rights" or "rural and resource land
34 transfer of development rights" includes methods for protecting land
35 from development by voluntarily removing the development rights from a
36 transfer of development rights sending site and transferring them to a
37 transfer of development receiving site for the purpose of increasing
38 development density in the receiving site. Methods for protecting

1 sending sites and increasing the development density in receiving sites
2 include awarding bonuses or regulatory flexibility to receiving sites
3 when persons within a receiving site purchase development rights from
4 a sending site through a transfer of development rights bank or from a
5 landowner who is a willing development rights seller. Bonuses include,
6 but are not limited to, increased height, density, or floor area ratio.
7 Options for regulations on which a jurisdiction could award increased
8 flexibility include, but are not limited to, parking requirements,
9 impervious surface limits, or setbacks.

10 (19) "Transfer of development rights receiving site" or "transfer
11 of development rights sending site" means an area that a city or county
12 has designated as either a receiving site or sending site in accordance
13 with a rural and resource land transfer of development rights program.

14 (20) "Transit-proximate" means within one-half mile walking
15 distance of a high capacity transit station or within one-quarter mile
16 of another major transit stop.

17 (21) "Transit-supportive density" means a minimum average of fifty
18 units of development for each acre of land within one-half mile walking
19 distance of a high capacity transit station, and a minimum of ten
20 development units for each acre of land within one-quarter mile of
21 another major transit stop.

22 (22) "Very low-income household" means a single person, family, or
23 unrelated persons living together whose adjusted income is less than
24 fifty percent of the median family income, adjusted for household size,
25 for the county where the project is located.

26 NEW SECTION. Sec. 3. A new section is added to chapter 43.330 RCW
27 to read as follows:

28 (1) The residential infrastructure program is created in the
29 department to provide loans to eligible jurisdictions and grants to
30 nonprofit organizations for public infrastructure that supports
31 increased capacity for dense, affordable residential development in
32 transit-proximate areas.

33 (2) The department may provide direct loans to eligible
34 jurisdictions for projects meeting the requirements of subsection (3)
35 of this section or provide grants to nonprofit organizations for
36 projects meeting the requirements of subsection (4) of this section.
37 Funds appropriated through the program must be used to pay for the cost

1 of public infrastructure projects that support increased capacity for
2 dense, affordable residential development in transit-proximate areas,
3 including the planning, construction, repair, reconstruction,
4 replacement, rehabilitation, or improvement of sidewalks, streets and
5 roads, bridges, publicly owned utilities, drinking water systems, and
6 storm and sanitary sewage systems. The department may also provide
7 loans to eligible jurisdictions or grants to nonprofit organizations
8 for the acquisition of real property when the acquisition is directly
9 related to the development of public infrastructure projects to support
10 dense, affordable residential development in transit-proximate areas.

11 (3) An eligible jurisdiction seeking funding from the residential
12 infrastructure program must:

13 (a) Designate a project area within its urban growth area
14 designated under RCW 36.70A.110 and demonstrate with official plans
15 that overall development within the project area will increase the
16 supply of dense, affordable residential development units and that the
17 project area currently, or will within eight years of the loan award,
18 meets the definitions of transit-proximate and will achieve minimum
19 transit-supportive density;

20 (b) Demonstrate that designated infrastructure projects, for which
21 an eligible jurisdiction seeks funding:

22 (i) Are contained in the eligible jurisdictions' capital facilities
23 element of the comprehensive plan under RCW 36.70A.070;

24 (ii) Maximize the use of existing infrastructure; and

25 (iii) Will increase existing system capacity to accommodate
26 projected population growth in a manner that supports infill and
27 redevelopment of existing urban areas;

28 (c) Demonstrate a commitment to promoting affordable residential
29 development within the designated project area through:

30 (i) Local funding commitments to affordable residential housing
31 projects in the proposed project area; or

32 (ii) The official adoption and implementation of policies and
33 ordinances that include affordable housing incentive initiatives, such
34 as those outlined within RCW 36.70A.540, or other policies and programs
35 intended to promote the creation of affordable housing;

36 (d) Include a plan to construct, or pay for the construction of,
37 comparable replacement housing within the eligible jurisdiction when
38 housing units are lost as a direct result of the public infrastructure

1 projects funded under this program. A residential unit lost as a
2 result of the infrastructure project must be replaced one-for-one with
3 a unit at an equal or better affordability rate, and relocation
4 assistance must be paid to any displaced households. Projects
5 receiving financing from the residential infrastructure program must
6 comply with any relocation standards and requirements and real property
7 acquisition policies established by the department as a condition of
8 residential infrastructure program assistance; and

9 (e) Commit to paying the prevailing wage as described under RCW
10 39.12.020 for each infrastructure project.

11 (4) A nonprofit organization seeking funding from the residential
12 infrastructure program must:

13 (a) Demonstrate that the funding will support public infrastructure
14 projects or the acquisition of property related to the development of
15 infrastructure projects, as described in subsection (2) of this
16 section, related to a specific affordable residential development that
17 has also received a commitment of funding from the Washington housing
18 trust fund under chapter 43.185 or 43.185A RCW;

19 (b) Demonstrate that the area in which the infrastructure project
20 will take place is within an urban growth area designated by a local
21 jurisdiction under RCW 36.70A.110, and demonstrate with official plans
22 from the jurisdiction that overall development within the project area
23 will increase the supply of dense, affordable residential development
24 and that the project area currently, or will within eight years of the
25 grant award, meets the definitions of transit-proximate and will
26 achieve minimum transit-supportive density;

27 (c) Demonstrate that the specific affordable housing development
28 described in (a) of this subsection will, within eight years of the
29 grant award, contribute to an increase in the supply of dense,
30 affordable residential development within the area referenced in (b) of
31 this subsection; and

32 (d) Comply with the requirements of subsection (3)(d) of this
33 section, related to the provision of comparable replacement housing and
34 relocation standards and requirements.

35 (5) The department must determine each year the total amount of
36 funding available in loans and grants and must establish the total
37 amount of financial assistance to be appropriated to eligible
38 jurisdiction and nonprofit organization applicants based on (a) the

1 total amount of money appropriated to the program; (b) the quality of
2 applications received; and (c) the best available projections of total
3 revenue likely to be available for the program for the subsequent three
4 years. The total amount of financial assistance allocated must not
5 exceed ten million dollars per project for eligible jurisdictions and
6 not exceed one million dollars per project for nonprofit organizations.
7 The maximum project funding limits established in this section must be
8 adjusted for inflation by the office of financial management every
9 other year beginning July 1, 2012, based upon changes in the consumer
10 price index during the time period since the last adjustment. If the
11 bureau of labor and statistics develops more than one consumer price
12 index for areas within the state, the index covering the greatest
13 number of people, covering areas exclusively within the boundaries of
14 the state, and including all items shall be used for the adjustments
15 for inflation in this section. The office of financial management must
16 calculate the new maximum project funding limits and transmit those new
17 limits to the department.

18 (6) Loan interest rates must not exceed one-half of one percent a
19 year. The department shall establish policies, priorities, and
20 procedures by which all or part of a loan may be forgiven if an
21 eligible jurisdiction:

22 (a) Creates a significantly greater number of affordable
23 residential housing units within the project area than the number
24 agreed to during loan contract negotiations;

25 (b) Creates a significant number of residential units that are
26 available and affordable to households of income levels significantly
27 below the maximum income levels allowable under the program; or

28 (c) Significantly exceeds program expectations in other ways to be
29 identified by the department.

30 (7) During each fiscal year in which funds are available for use by
31 the department for the residential infrastructure program, the
32 department shall announce to all known interested parties, and through
33 major media throughout the state, a competitive application period of
34 at least ninety days' duration. This announcement must be made as
35 often as the director deems appropriate for proper utilization of
36 resources.

37 (8) The department shall establish a competitive process for loan
38 and grant awards and shall review and prioritize proposals in

1 consultation with the public works board and the transportation
2 improvement board or designees selected by those boards to represent
3 them.

4 (a) Priority must be awarded to projects that include plans to:

5 (i) Maximize capacity to accommodate growth;

6 (ii) Maximize residential density;

7 (iii) Maximize the number of affordable housing units;

8 (iv) Maintain the affordability of the housing for the longest
9 period of time;

10 (v) Maximize affordability to low-income households and very low-
11 income households;

12 (vi) Maximize access to public transit; and

13 (vii) Demonstrate readiness to proceed.

14 (b) In awarding loans and grants from the program established in
15 subsection (1) of this section, the department must consider whether
16 the jurisdiction has completed a Washington state quality award program
17 assessment of management systems.

18 (c) The department shall give additional consideration to
19 jurisdictions that demonstrate a commitment to creating receiving areas
20 for rural and resource land transfer of development rights, which may
21 be demonstrated through one of the following actions, listed in order
22 of highest value and priority:

23 (i) The jurisdiction has in place at the time of application,
24 within the area specified by the application or in other areas within
25 the jurisdiction, designated receiving sites for rural and resource
26 land transfer of development rights established through an ordinance by
27 the jurisdiction and an interlocal agreement with a sending site
28 jurisdiction that enables transfers from rural and resource lands;

29 (ii) The jurisdiction has in place at the time of application,
30 within the area specified by the application or in other areas within
31 the jurisdiction, designated receiving sites for rural and resource
32 land transfer of development rights established through an ordinance by
33 the jurisdiction; or

34 (iii) The jurisdiction states in its comprehensive plan at the time
35 of application a commitment to consider the development and
36 implementation of a rural and resource land transfer of development
37 rights program.

1 (9) Eligible jurisdictions and nonprofit organizations that receive
2 support from the residential infrastructure program must report to the
3 department annually by December 31st of each year following the date of
4 the receipt of the loan or grant until ten years after the completion
5 of the infrastructure project.

6 (a) Reporting before and during the construction of the
7 infrastructure project must include information on the status of the
8 project, the estimated completion date, and any variations from the
9 approved proposal.

10 (b) Reporting after completion of the project must include a
11 description of how the project area is transit-proximate and has
12 achieved transit-supportive density requirements or how the eligible
13 jurisdiction or nonprofit organization is working toward complying with
14 those requirements. The report must also include information about the
15 status of the residential development occurring within the project
16 area, including:

17 (i) The total number of residential units developed or under
18 construction; and

19 (ii) The total number of residential units meeting the definition
20 of affordable residential development.

21 (10)(a) If an infrastructure project funded by the residential
22 infrastructure program is not completed by the agreed upon date or
23 varies substantially from the approved proposal in a way that will
24 result in the creation of less affordable residential development than
25 that agreed to at the time of the project funding award as a condition
26 of the funding, the eligible jurisdiction or nonprofit organization
27 associated with the project shall make the necessary project
28 adjustments as determined by the department or refund all or a portion
29 of the loan or grant amount.

30 (b) If an eligible jurisdiction rescinds its public commitment to
31 promoting affordable residential development within the designated
32 project area by changing officially adopted policies and ordinances or
33 failing to implement these policies and ordinances, eligible
34 jurisdictions may be required to refund all or a portion of the
35 principal loan amount plus compounded interest calculated at the
36 current market rate.

37 (c) If a nonprofit organization fails to produce the agreed upon
38 number of affordable residential units within its designated project,

1 the nonprofit organizations may be required to refund all or a portion
2 of its grant amount plus compounded interest calculated at the current
3 market rate.

4 (d) The department may grant a partial or total exemption from the
5 repayment requirement under this section if the department determines
6 that a project is substantially complete or that the property has been
7 substantially used in keeping with the original affordable residential
8 housing purpose of the loan or grant.

9 (11)(a) Jurisdictions and nonprofit organizations that receive more
10 than two hundred fifty thousand dollars in total loans or grants in a
11 calendar year from the program established in subsection (1) of this
12 section or other state housing-related funding sources, including the
13 housing trust fund, programs of the housing finance commission, and
14 surcharges established in RCW 36.22.178 and 36.22.179, must apply to
15 the Washington state quality award program for an assessment of
16 management systems.

17 (b) Jurisdictions and nonprofit organizations that receive more
18 than two hundred fifty thousand dollars in total loans or grants in a
19 calendar year from the program established in subsection (1) of this
20 section or other state housing-related funding sources, including the
21 housing trust fund, programs of the housing finance commission, and
22 surcharges established in RCW 36.22.178 and 36.22.179, for three or
23 more consecutive calendar years must apply to the Washington state
24 quality award program for an assessment of management systems every
25 three years.

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