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**SUBSTITUTE HOUSE BILL 2640**

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**State of Washington**

**62nd Legislature**

**2012 Regular Session**

**By** House Community & Economic Development & Housing (originally sponsored by Representatives Smith, Kenney, Warnick, Finn, Walsh, Orcutt, and Kelley)

READ FIRST TIME 01/31/12.

1       AN ACT Relating to emphasizing cost-effectiveness in the housing  
2 trust fund; amending RCW 43.185A.050; and reenacting and amending RCW  
3 43.185.070.

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

5       **Sec. 1.** RCW 43.185.070 and 2005 c 518 s 1802 and 2005 c 219 s 2  
6 are each reenacted and amended to read as follows:

7       (1) During each calendar year in which funds from the housing trust  
8 fund or other legislative appropriations are available for use by the  
9 department for the housing assistance program, the department shall  
10 announce to all known interested parties, and through major media  
11 throughout the state, a grant and loan application period of at least  
12 ninety days' duration. This announcement shall be made as often as the  
13 director deems appropriate for proper utilization of resources. The  
14 department shall then promptly grant as many applications as will  
15 utilize available funds less appropriate administrative costs of the  
16 department. Administrative costs paid out of the housing trust fund  
17 may not exceed five percent of annual revenues available for  
18 distribution to housing trust fund projects.

1        (2) In awarding funds under this chapter, the department (~~shall~~)  
2 must:

3        (a) Provide for a geographic distribution on a statewide basis; and

4        (b) Until June 30, 2013, consider the total cost and per-unit cost  
5 of each project for which an application is submitted for funding under  
6 RCW 43.185.050(2) (a) and (j), as compared to similar housing projects  
7 constructed or renovated within the same geographic area.

8        (~~2~~) (3) The department, with advice and input from the  
9 affordable housing advisory board established in RCW 43.185B.020, or a  
10 subcommittee of the affordable housing advisory board, must report  
11 recommendations for awarding funds in a cost-effective manner. The  
12 report must include an implementation plan, timeline, and any other  
13 items the department identifies as important to consider to the  
14 legislature by December 1, 2012.

15        (4) The department shall give first priority to applications for  
16 projects and activities which utilize existing privately owned housing  
17 stock including privately owned housing stock purchased by nonprofit  
18 public development authorities and public housing authorities as  
19 created in chapter 35.82 RCW. As used in this subsection, privately  
20 owned housing stock includes housing that is acquired by a federal  
21 agency through a default on the mortgage by the private owner. Such  
22 projects and activities shall be evaluated under subsection (~~3~~) (5)  
23 of this section. Second priority shall be given to activities and  
24 projects which utilize existing publicly owned housing stock. All  
25 projects and activities shall be evaluated by some or all of the  
26 criteria under subsection (~~3~~) (5) of this section, and similar  
27 projects and activities shall be evaluated under the same criteria.

28        (~~3~~) (5) The department shall give preference for applications  
29 based on some or all of the criteria under this subsection, and similar  
30 projects and activities shall be evaluated under the same criteria:

31        (a) The degree of leveraging of other funds that will occur;

32        (b) The degree of commitment from programs to provide necessary  
33 habilitation and support services for projects focusing on special  
34 needs populations;

35        (c) Recipient contributions to total project costs, including  
36 allied contributions from other sources such as professional, craft and  
37 trade services, and lender interest rate subsidies;

1 (d) Local government project contributions in the form of  
2 infrastructure improvements, and others;

3 (e) Projects that encourage ownership, management, and other  
4 project-related responsibility opportunities;

5 (f) Projects that demonstrate a strong probability of serving the  
6 original target group or income level for a period of at least twenty-  
7 five years;

8 (g) The applicant has the demonstrated ability, stability and  
9 resources to implement the project;

10 (h) Projects which demonstrate serving the greatest need;

11 (i) Projects that provide housing for persons and families with the  
12 lowest incomes;

13 (j) Projects serving special needs populations which are under  
14 statutory mandate to develop community housing;

15 (k) Project location and access to employment centers in the region  
16 or area;

17 (l) Projects that provide employment and training opportunities for  
18 disadvantaged youth under a youthbuild or youthbuild-type program as  
19 defined in RCW 50.72.020; and

20 (m) Project location and access to available public transportation  
21 services.

22 ~~((+4))~~ (6) The department shall only approve applications for  
23 projects for ~~((mentally ill))~~ persons with mental illness that are  
24 consistent with a regional support network six-year capital and  
25 operating plan.

26 **Sec. 2.** RCW 43.185A.050 and 1991 c 356 s 14 are each amended to  
27 read as follows:

28 (1) During each calendar year in which funds are available for use  
29 by the department for the affordable housing program, the department  
30 shall announce to all known interested parties, and through major media  
31 throughout the state, a grant and loan application period of at least  
32 ninety days' duration. This announcement shall be made as often as the  
33 director deems appropriate for proper utilization of resources. The  
34 department shall then promptly grant as many applications as will  
35 utilize available funds less appropriate administrative costs of the  
36 department, not to exceed five percent of moneys appropriated to the  
37 affordable housing program.

1       (2) Until June 30, 2013, for applications submitted for funding  
2 under RCW 43.185A.030(2)(a), the department shall consider total cost  
3 and per-unit cost of each project compared to similar housing projects  
4 constructed or renovated within the same geographic area.

5       (3) The department shall develop, with advice and input from the  
6 (~~low income [housing] assistance advisory committee~~) affordable  
7 housing advisory board established in RCW (~~43.185.110~~) 43.185B.020,  
8 or a subcommittee of the affordable housing advisory board:

9       (a) Additional criteria to evaluate applications for assistance  
10 under this chapter; and

11       (b) Recommendations for awarding funds under RCW 43.185A.030(2)(a)  
12 in a cost-effective manner, including an implementation plan, timeline,  
13 and any other items the department identifies as important to consider.  
14 The department must submit a report with the recommendations to the  
15 legislature by December 1, 2012.

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