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HOUSE BILL 1616

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State of Washington

65th Legislature

2017 Regular Session

By Representatives McBride, Johnson, Stanford, Pollet, and Jinkins;  
by request of Housing Finance Commission

Read first time 01/25/17. Referred to Committee on Community  
Development, Housing & Tribal Affairs.

1 AN ACT Relating to affordable housing loan programs; and amending  
2 RCW 43.185A.110.

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

4 **Sec. 1.** RCW 43.185A.110 and 2008 c 112 s 1 are each amended to  
5 read as follows:

6 (1) The affordable housing land acquisition revolving loan fund  
7 program is created in the department to assist eligible  
8 organizations, described under RCW 43.185A.040, to purchase land for  
9 affordable housing development. The department shall contract with  
10 the Washington state housing finance commission to administer the  
11 affordable housing land acquisition revolving loan fund program.  
12 Within this program, the Washington state housing finance commission  
13 shall establish and administer the Washington state housing finance  
14 commission land acquisition revolving loan fund.

15 (2) As used in this chapter, "market rate" means the current  
16 average market interest rate that is determined at the time any  
17 individual loan is closed upon using a widely recognized current  
18 market interest rate measurement to be selected for use by the  
19 Washington state housing finance commission with the department's  
20 approval. This interest rate must be noted in an attachment to the  
21 closing documents for each loan.

1 (3) Under the affordable housing land acquisition revolving loan  
2 fund program:

3 (a) Loans may be made to purchase vacant or improved land on  
4 which to develop affordable housing. In addition to affordable  
5 housing, facilities intended to provide supportive services to  
6 affordable housing residents and low-income households in the nearby  
7 community may be developed on the land.

8 (b) Eligible organizations applying for a loan must include in  
9 the loan application a proposed affordable housing development plan  
10 indicating the number of affordable housing units planned, a  
11 description of any other facilities being considered for the  
12 property, and an estimated timeline for completion of the  
13 development. The Washington state housing finance commission may  
14 require additional information from loan applicants and may consider  
15 the efficient use of land, project readiness, organizational  
16 capacity, and other factors as criteria in awarding loans.

17 (c) Forty percent of the loans shall go to eligible applicants  
18 operating homeownership programs for low-income households in which  
19 the households participate in the construction of their homes. Sixty  
20 percent of loans shall go to other eligible organizations. If the  
21 entire forty percent for applicants operating self-help homeownership  
22 programs cannot be lent to these types of applicants, the remainder  
23 shall be lent to other eligible organizations.

24 (d) Within five years of receiving a loan, a loan recipient must  
25 present the Washington state housing finance commission with an  
26 updated development plan, including a proposed development design,  
27 committed and anticipated additional financial resources to be  
28 dedicated to the development, and an estimated development schedule,  
29 which indicates completion of the development within eight years of  
30 loan receipt. This updated development plan must be substantially  
31 consistent with the development plan submitted as part of the  
32 original loan application as required in (b) of this subsection.

33 (e) Within eight years of receiving a loan, a loan recipient must  
34 develop affordable housing on the property for which the loan was  
35 made and place the affordable housing into service.

36 (f) A loan recipient must preserve the affordable rental housing  
37 developed on the property acquired under this section as affordable  
38 housing for a minimum of thirty years.

39 (4) If a loan recipient does not place affordable housing into  
40 service on a property for which a loan has been received under this

1 section within the eight-year period specified in subsection (3)(e)  
2 of this section, or if a loan recipient fails to use the property for  
3 the intended affordable housing purpose consistent with the loan  
4 recipient's original affordable housing development plan, then the  
5 loan recipient must pay to the Washington state housing finance  
6 commission an amount consisting of the principal of the original loan  
7 plus compounded interest calculated at the current market rate. The  
8 Washington state housing finance commission shall develop guidelines  
9 for the time period in which this repayment must take place, which  
10 must be noted in the original loan agreement. The Washington state  
11 housing finance commission may grant a partial or total exemption  
12 from this repayment requirement if it determines that a development  
13 is substantially complete or that the property has been substantially  
14 used in keeping with the original affordable housing purpose of the  
15 loan. Any repayment funds received as a result of noncompliance with  
16 loan requirements shall be deposited into the Washington state  
17 housing finance commission land acquisition revolving loan fund for  
18 the purposes of the affordable housing land acquisition revolving  
19 loan fund program.

20 (5) The Washington state housing finance commission, with  
21 approval from the department, may adopt guidelines and requirements  
22 that are necessary to administer the affordable housing land  
23 acquisition revolving loan fund program.

24 (6) Interest rates on property loans granted under this section  
25 may not exceed one percent. All loan repayment moneys received shall  
26 be deposited into the Washington state housing finance commission  
27 affordable housing land acquisition revolving loan fund for the  
28 purposes of the affordable housing land acquisition revolving loan  
29 fund program.

30 (7) The Washington state housing finance commission must develop  
31 performance measures for the program, which must be approved by the  
32 department, including, at a minimum, measures related to:

33 (a) The ability of eligible organizations to access land for  
34 affordable housing development;

35 (b) The total number of dwelling units by housing type and the  
36 total number of low-income households and persons served; and

37 (c) The financial efficiency of the program as demonstrated by  
38 factors, including the cost per unit developed for affordable housing  
39 units in different areas of the state and a measure of the effective

1 use of funds to produce the greatest number of units for low-income  
2 households.

3 (8) By December 1st of each year, beginning in 2007, the  
4 Washington state housing finance commission shall report to the  
5 department and the appropriate committees of the legislature using,  
6 at a minimum, the performance measures developed under subsection (7)  
7 of this section.

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