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ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1777

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State of Washington

65th Legislature

2017 Regular Session

By House Capital Budget (originally sponsored by Representatives Kagi, Johnson, Doglio, Dent, Ryu, MacEwen, Senn, Farrell, Nealey, Ortiz-Self, McBride, Macri, Fey, Slatter, and Jinkins)

READ FIRST TIME 02/24/17.

1 AN ACT Relating to financing early learning facilities to support  
2 the needed expansion of early learning classrooms across Washington;  
3 amending RCW 43.185.050; reenacting and amending RCW 43.84.092;  
4 adding new sections to chapter 43.31 RCW; creating a new section; and  
5 declaring an emergency.

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

7 NEW SECTION. **Sec. 1.** The legislature finds that there is a  
8 significant and critical need for additional early learning  
9 facilities to meet the state's commitment to providing high quality  
10 early learning opportunities to low-income children, including the  
11 legal mandate to provide preschool opportunities through the early  
12 childhood education and assistance program to all eligible children  
13 by 2023.

14 The legislature further finds that private and public  
15 partnerships and investments are critical to meeting the need for  
16 increased classrooms necessary to deliver high quality early learning  
17 opportunities to low-income children across Washington.

18 The legislature intends to provide state financial assistance to  
19 leverage local and private resources to enable early childhood  
20 education and assistance program contractors and child care providers  
21 to expand, remodel, purchase, or construct early learning facilities

1 and classrooms necessary to support state-funded early learning  
2 opportunities for low-income children.

3 NEW SECTION. **Sec. 2.** The department of early learning, in  
4 consultation with stakeholders, shall review existing licensing  
5 standards including, but not limited to, plumbing, fixtures, and  
6 playground equipment, related to facility requirements to eliminate  
7 potential barriers to licensing while ensuring the health and safety  
8 of children in early learning programs. The department must create a  
9 process by which projects for eligible organizations and school  
10 districts receiving grants or loans from the early learning  
11 facilities revolving account or the early learning facilities  
12 development account created in section 4 of this act can be  
13 preapproved under existing licensing standards related to facility  
14 requirements. The licensing standards accepted in the preapproval are  
15 the licensing standards that must be met upon project completion.

16 NEW SECTION. **Sec. 3.** Unless the context clearly requires  
17 otherwise, the definitions in this section apply throughout this act:

- 18 (1) "Department" means the department of commerce.  
19 (2) "Director" means the director of commerce.  
20 (3) "Early learning facility" means a facility providing  
21 regularly scheduled care for a group of children one month of age  
22 through twelve years of age for periods of less than twenty-four  
23 hours.

24 NEW SECTION. **Sec. 4.** (1) The early learning facilities  
25 revolving account and the early learning facilities development  
26 account are created in the state treasury.

27 (2) Revenues to the early learning facilities revolving account  
28 shall consist of appropriations by the legislature, early learning  
29 facilities grant and loan repayments, taxable bond proceeds, and all  
30 other sources deposited in the account.

31 (3) Revenues to the early learning facilities development account  
32 shall consist of tax-exempt bond proceeds.

33 (4) Expenditures from the accounts shall be used, in combination  
34 with other private and public funding, for state matching funds for  
35 the planning, renovation, purchase, and construction of early  
36 learning facilities as established in sections 6 through 12 of this  
37 act.

1 (5) Expenditures from the accounts are subject to appropriation  
2 and the allotment provisions of chapter 43.88 RCW.

3 NEW SECTION. **Sec. 5.** (1) The department, in consultation with  
4 the department of early learning, shall oversee the early learning  
5 facilities revolving account and the early learning facilities  
6 development account, and is the lead state agency for the early  
7 learning facilities grant and loan program.

8 (2) It is the intent of the legislature that state funds invested  
9 in the accounts be matched by private or local government funding.  
10 Every effort shall be made to maximize funding available for early  
11 learning facilities from public schools, community colleges,  
12 education service districts, local governments, and private funders.

13 (3) Amounts used for program administration by the department may  
14 not exceed an average of four percent of the appropriated funds.

15 (4) Commitment of state funds for construction, purchase, or  
16 renovation of early learning facilities may be given only after  
17 private or public match funds are committed. Private or public match  
18 funds may consist of cash, equipment, land, buildings, or like-kind.  
19 In determining the level of match required, the department shall take  
20 into consideration the financial need of the applicant and the  
21 economic conditions of the location of the proposed facility.

22 NEW SECTION. **Sec. 6.** (1) The department must expend moneys from  
23 the early learning facilities revolving account to provide state  
24 matching funds for early learning facilities grants or loans to  
25 provide classrooms necessary for children to participate in the early  
26 childhood education and assistance program and working connections  
27 child care.

28 (2) The department must expend moneys from the early learning  
29 facilities development account to provide state matching funds for  
30 early learning facilities grants to provide classrooms necessary for  
31 children to participate in the early childhood education and  
32 assistance program and working connections child care.

33 (3) Funds expended from the accounts as specified in subsections  
34 (1) and (2) of this section may fund projects only for:

35 (a) Eligible organizations identified in section 7 of this act;  
36 and

37 (b) School districts.

38 (4)(a) Beginning August 1, 2017, the department shall:

1 (i) In consultation with the office of the superintendent of  
2 public instruction, implement and administer the early learning  
3 facilities grant and loan program for school districts as described  
4 in sections 9(3) and 10(1) of this act; and

5 (ii) Contract with one or more nongovernmental private-public  
6 partnerships that are certified by the community development  
7 financial institutions fund to implement and administer grants and  
8 loans funded through the early learning facilities revolving account  
9 or for a grant funded through the early learning facilities  
10 development account, for eligible organizations. Any nongovernmental  
11 private-public partnership that is certified by the community  
12 development financial institutions fund that is seeking early  
13 learning fund resources must demonstrate an ability to raise funding  
14 from private and other public entities for early learning facilities  
15 construction projects.

16 (b) The department may allow the application of an eligible  
17 organization for a grant or loan from the early learning facilities  
18 revolving account or for a grant from the early learning facilities  
19 development account created in section 4 of this act to be considered  
20 without the involvement of the nongovernmental private-public  
21 partnership that is certified by the community development financial  
22 institutions fund if a nongovernmental private-public partnership  
23 certified by the community development financial institutions fund is  
24 not reasonably available to the location of the proposed facility or  
25 if the eligible organization has sufficient ability and capacity to  
26 proceed with a project absent the involvement of a nongovernmental  
27 private-public partnership that is certified by the community  
28 development financial institutions fund.

29 (5) The department shall monitor performance of the early  
30 learning facilities grant and loan program. Any nongovernmental  
31 private-public partnership that is certified by the community  
32 development financial institutions fund receiving state funds for  
33 purposes of this act shall provide annual reports, beginning July 1,  
34 2018, to the department. The reports must include, but are not  
35 limited to, the following:

36 (a) A list of projects funded through the early learning  
37 facilities grant and loan program for eligible organizations to  
38 include:

39 (i) Name;

40 (ii) Location;

- 1 (iii) Grant or loan amount;
- 2 (iv) Private match amount;
- 3 (v) Public match amount;
- 4 (vi) Number of early learners served; and
- 5 (vii) Other elements as required by the department;
- 6 (b) A demonstration of sufficient investment of private match
- 7 funds; and
- 8 (c) A description of how the projects met the criteria described
- 9 in section 10 of this act.

10 NEW SECTION. **Sec. 7.** (1) Organizations eligible to receive  
11 funding from the early learning facilities grant and loan program  
12 include:

- 13 (a) Early childhood education and assistance program providers;
- 14 (b) Working connections child care providers who are eligible to
- 15 receive state subsidies;
- 16 (c) Licensed early learning centers not currently participating
- 17 in the early childhood education and assistance program, but
- 18 intending to do so;
- 19 (d) Developers of housing and community facilities;
- 20 (e) Community and technical colleges;
- 21 (f) Educational service districts;
- 22 (g) Local governments;
- 23 (h) Federally recognized tribes in the state; and
- 24 (i) Religiously affiliated entities.

25 (2) To be eligible to receive funding from the early learning  
26 facilities grant and loan program for activities described in section  
27 8(1) (b) and (c) and (2) of this act, eligible organizations and  
28 school districts must:

29 (a) Commit to being an active participant in good standing with  
30 the early achievers program as defined by chapter 43.215 RCW;

31 (b) Demonstrate that projects receiving construction, purchase,  
32 or renovation grants or loans less than two hundred thousand dollars  
33 must also:

34 (i) Demonstrate that the project site is under the applicant's  
35 control for a minimum of ten years, either through ownership or a  
36 long-term lease; and

37 (ii) Commit to using the facility funded by the grant or loan for  
38 the purposes of providing preschool or child care for a minimum of  
39 ten years;

1 (c) Demonstrate that projects receiving construction, purchase,  
2 or renovation grants or loans of two hundred thousand dollars or more  
3 must also:

4 (i) Demonstrate that the project site is under the applicant's  
5 control for a minimum of twenty years, either through ownership or a  
6 long-term lease; and

7 (ii) Commit to using the facility funded by the grant or loan for  
8 the purposes of providing preschool or child care for a minimum of  
9 twenty years.

10 (3) To be eligible to receive funding from the early learning  
11 facilities grant and loan program for activities described in section  
12 8(1) (b) and (c) and (2) of this act, religiously affiliated entities  
13 must use the facility to provide child care and education services  
14 consistent with subsection (4)(a) of this section.

15 (4)(a) Upon receiving a grant or loan, the recipient must  
16 continue to be an active participant and in good standing with the  
17 early achievers program.

18 (b) If the recipient does not meet the conditions specified in  
19 (a) of this subsection, the grants shall be repaid to the early  
20 learning facilities revolving account or the early learning  
21 facilities development account, as directed by the department. So  
22 long as an eligible organization continues to provide an early  
23 learning program in the facility, the facility is used as authorized,  
24 and the eligible organization continues to be an active participant  
25 and in good standing with the early achievers program, the grant  
26 repayment is waived.

27 (c) The department, in consultation with the department of early  
28 learning, must adopt rules to implement this section.

29 NEW SECTION. **Sec. 8.** (1) Activities eligible for funding  
30 through the early learning facilities grant and loan program for  
31 eligible organizations include:

32 (a) Facility predesign grants or loans of no more than ten  
33 thousand dollars to allow eligible organizations to secure  
34 professional services or consult with organizations certified by the  
35 community development financial institutions fund to plan for and  
36 assess the feasibility of early learning facilities projects or  
37 receive other technical assistance to design and develop projects for  
38 construction funding;

1 (b) Grants or loans of no more than one hundred thousand dollars  
2 for minor renovations or repairs of existing early learning  
3 facilities; and

4 (c) Major construction and renovation grants or loans and grants  
5 or loans for facility purchases of no more than eight hundred  
6 thousand dollars to create or expand early learning facilities.

7 (2) Activities eligible for funding through the early learning  
8 facilities grant and loan program for school districts include major  
9 construction, purchase, and renovation grants or loans of no more  
10 than eight hundred thousand dollars to create or expand early  
11 learning facilities that received priority and ranking as described  
12 in section 10 of this act.

13 (3) Beginning July 1, 2018, amounts in this section must be  
14 increased annually by the United States implicit price deflator for  
15 state and local government construction provided by the office of  
16 financial management.

17 NEW SECTION. **Sec. 9.** (1) It is the intent of the legislature  
18 that state funds invested in the early learning facilities grant and  
19 loan program be matched by private or local government funding. Every  
20 effort shall be made to maximize funding available for early learning  
21 facilities from public schools, community colleges, education service  
22 districts, local governments, and private funders.

23 (2) In the administration of the early learning facilities grant  
24 and loan program for eligible organizations, any nongovernmental  
25 private-public partnership that is certified by the community  
26 development financial institutions fund contracted with the  
27 department shall award grants or loans as described in section 8 of  
28 this act, that meet the criteria described in section 10 of this act,  
29 through an application process or in compliance with state and  
30 federal requirements of the funding source.

31 (3) In the administration of the early learning facilities grant  
32 and loan program for school districts, the department, in  
33 coordination with the office of the superintendent of public  
34 instruction, shall submit a ranked and prioritized list of proposed  
35 purchases and major construction or renovation of early learning  
36 facilities projects for school districts subject to the  
37 prioritization methodology described in section 10 of this act to the  
38 office of financial management and the relevant legislative

1 committees by December 15, 2017, and by September 15th of even-  
2 numbered years thereafter.

3 NEW SECTION. **Sec. 10.** (1) The department shall convene a  
4 committee of early learning facilities experts to advise the  
5 department regarding the prioritization methodology of applications  
6 for projects described in section 8 of this act including no less  
7 than one representative each from the department of early learning,  
8 the Washington state housing finance commission, an organization  
9 certified by the community development financial institutions fund,  
10 and the office of the superintendent of public instruction.

11 (2) When developing a prioritization methodology under this  
12 section, the committee shall consider, but is not limited to:

13 (a) Projects that add part-day, full-day, or extended day early  
14 childhood education and assistance program slots in areas with the  
15 highest unmet need;

16 (b) Projects benefiting low-income children;

17 (c) Projects located in low-income neighborhoods;

18 (d) Projects that provide more access to the early childhood  
19 education and assistance program as a ratio of the children eligible  
20 to participate in the program;

21 (e) Projects that are geographically disbursed relative to  
22 statewide need;

23 (f) Projects that include new or renovated kitchen facilities  
24 equipped to support the use of from scratch, modified scratch, or  
25 other cooking methods that enhance overall student nutrition;

26 (g) Projects that balance mixed-use development and rural  
27 locations; and

28 (h) Projects that maximize resources available from the state  
29 with funding from other public and private organizations, including  
30 the use of state lands or facilities.

31 (3) Committee members shall serve without compensation, but may  
32 request reimbursement for travel expenses as provided in RCW  
33 43.03.050 and 43.03.060.

34 (4) Committee members are not liable to the state, the early  
35 learning facilities revolving account, the early learning facilities  
36 development account, or to any other person, as a result of their  
37 activities, whether ministerial or discretionary, as members except  
38 for willful dishonesty or intentional violation of the law.



1 (5) The department may purchase liability insurance for members  
2 and may indemnify these persons against the claims of others.

3 NEW SECTION. **Sec. 11.** When funding is provided in the previous  
4 biennium, the department, in collaboration with the department of  
5 early learning, shall submit a report no later than December 1st of  
6 even-numbered years, to the governor and the appropriate committees  
7 of the legislature that provides an update on the status of the early  
8 learning facilities grant and loan program that includes, but is not  
9 limited to:

10 (1) The total amount of funds, by grant and loan, spent or  
11 contracted to be spent; and

12 (2) A list of projects awarded funding including, but not limited  
13 to, information about whether the project is a renovation or new  
14 construction or some other category, where the project is located,  
15 and the number of slots the project supports.

16 **Sec. 12.** RCW 43.84.092 and 2016 c 194 s 5, 2016 c 161 s 20, and  
17 2016 c 112 s 4 are each reenacted and amended to read as follows:

18 (1) All earnings of investments of surplus balances in the state  
19 treasury shall be deposited to the treasury income account, which  
20 account is hereby established in the state treasury.

21 (2) The treasury income account shall be utilized to pay or  
22 receive funds associated with federal programs as required by the  
23 federal cash management improvement act of 1990. The treasury income  
24 account is subject in all respects to chapter 43.88 RCW, but no  
25 appropriation is required for refunds or allocations of interest  
26 earnings required by the cash management improvement act. Refunds of  
27 interest to the federal treasury required under the cash management  
28 improvement act fall under RCW 43.88.180 and shall not require  
29 appropriation. The office of financial management shall determine the  
30 amounts due to or from the federal government pursuant to the cash  
31 management improvement act. The office of financial management may  
32 direct transfers of funds between accounts as deemed necessary to  
33 implement the provisions of the cash management improvement act, and  
34 this subsection. Refunds or allocations shall occur prior to the  
35 distributions of earnings set forth in subsection (4) of this  
36 section.

37 (3) Except for the provisions of RCW 43.84.160, the treasury  
38 income account may be utilized for the payment of purchased banking

1 services on behalf of treasury funds including, but not limited to,  
2 depository, safekeeping, and disbursement functions for the state  
3 treasury and affected state agencies. The treasury income account is  
4 subject in all respects to chapter 43.88 RCW, but no appropriation is  
5 required for payments to financial institutions. Payments shall occur  
6 prior to distribution of earnings set forth in subsection (4) of this  
7 section.

8 (4) Monthly, the state treasurer shall distribute the earnings  
9 credited to the treasury income account. The state treasurer shall  
10 credit the general fund with all the earnings credited to the  
11 treasury income account except:

12 (a) The following accounts and funds shall receive their  
13 proportionate share of earnings based upon each account's and fund's  
14 average daily balance for the period: The aeronautics account, the  
15 aircraft search and rescue account, the Alaskan Way viaduct  
16 replacement project account, the brownfield redevelopment trust fund  
17 account, the budget stabilization account, the capital vessel  
18 replacement account, the capitol building construction account, the  
19 Cedar River channel construction and operation account, the Central  
20 Washington University capital projects account, the charitable,  
21 educational, penal and reformatory institutions account, the Chehalis  
22 basin account, the cleanup settlement account, the Columbia river  
23 basin water supply development account, the Columbia river basin  
24 taxable bond water supply development account, the Columbia river  
25 basin water supply revenue recovery account, the common school  
26 construction fund, the community forest trust account, the connecting  
27 Washington account, the county arterial preservation account, the  
28 county criminal justice assistance account, the deferred compensation  
29 administrative account, the deferred compensation principal account,  
30 the department of licensing services account, the department of  
31 retirement systems expense account, the developmental disabilities  
32 community trust account, the diesel idle reduction account, the  
33 drinking water assistance account, the drinking water assistance  
34 administrative account, the drinking water assistance repayment  
35 account, the early learning facilities development account, the early  
36 learning facilities revolving account, the Eastern Washington  
37 University capital projects account, the Interstate 405 express toll  
38 lanes operations account, the education construction fund, the  
39 education legacy trust account, the election account, the electric  
40 vehicle charging infrastructure account, the energy freedom account,

1 the energy recovery act account, the essential rail assistance  
2 account, The Evergreen State College capital projects account, the  
3 federal forest revolving account, the ferry bond retirement fund, the  
4 freight mobility investment account, the freight mobility multimodal  
5 account, the grade crossing protective fund, the public health  
6 services account, the high capacity transportation account, the state  
7 higher education construction account, the higher education  
8 construction account, the highway bond retirement fund, the highway  
9 infrastructure account, the highway safety fund, the high occupancy  
10 toll lanes operations account, the hospital safety net assessment  
11 fund, the industrial insurance premium refund account, the judges'  
12 retirement account, the judicial retirement administrative account,  
13 the judicial retirement principal account, the local leasehold excise  
14 tax account, the local real estate excise tax account, the local  
15 sales and use tax account, the marine resources stewardship trust  
16 account, the medical aid account, the mobile home park relocation  
17 fund, the money-purchase retirement savings administrative account,  
18 the money-purchase retirement savings principal account, the motor  
19 vehicle fund, the motorcycle safety education account, the multimodal  
20 transportation account, the multiuse roadway safety account, the  
21 municipal criminal justice assistance account, the natural resources  
22 deposit account, the oyster reserve land account, the pension funding  
23 stabilization account, the perpetual surveillance and maintenance  
24 account, the pollution liability insurance agency underground storage  
25 tank revolving account, the public employees' retirement system plan  
26 1 account, the public employees' retirement system combined plan 2  
27 and plan 3 account, the public facilities construction loan revolving  
28 account beginning July 1, 2004, the public health supplemental  
29 account, the public works assistance account, the Puget Sound capital  
30 construction account, the Puget Sound ferry operations account, the  
31 Puget Sound taxpayer accountability account, the real estate  
32 appraiser commission account, the recreational vehicle account, the  
33 regional mobility grant program account, the resource management cost  
34 account, the rural arterial trust account, the rural mobility grant  
35 program account, the rural Washington loan fund, the site closure  
36 account, the skilled nursing facility safety net trust fund, the  
37 small city pavement and sidewalk account, the special category C  
38 account, the special wildlife account, the state employees' insurance  
39 account, the state employees' insurance reserve account, the state  
40 investment board expense account, the state investment board

1 commingled trust fund accounts, the state patrol highway account, the  
2 state route number 520 civil penalties account, the state route  
3 number 520 corridor account, the state wildlife account, the  
4 supplemental pension account, the Tacoma Narrows toll bridge account,  
5 the teachers' retirement system plan 1 account, the teachers'  
6 retirement system combined plan 2 and plan 3 account, the tobacco  
7 prevention and control account, the tobacco settlement account, the  
8 toll facility bond retirement account, the transportation 2003  
9 account (nickel account), the transportation equipment fund, the  
10 transportation fund, the transportation future funding program  
11 account, the transportation improvement account, the transportation  
12 improvement board bond retirement account, the transportation  
13 infrastructure account, the transportation partnership account, the  
14 traumatic brain injury account, the tuition recovery trust fund, the  
15 University of Washington bond retirement fund, the University of  
16 Washington building account, the volunteer firefighters' and reserve  
17 officers' relief and pension principal fund, the volunteer  
18 firefighters' and reserve officers' administrative fund, the  
19 Washington judicial retirement system account, the Washington law  
20 enforcement officers' and firefighters' system plan 1 retirement  
21 account, the Washington law enforcement officers' and firefighters'  
22 system plan 2 retirement account, the Washington public safety  
23 employees' plan 2 retirement account, the Washington school  
24 employees' retirement system combined plan 2 and 3 account, the  
25 Washington state health insurance pool account, the Washington state  
26 patrol retirement account, the Washington State University building  
27 account, the Washington State University bond retirement fund, the  
28 water pollution control revolving administration account, the water  
29 pollution control revolving fund, the Western Washington University  
30 capital projects account, the Yakima integrated plan implementation  
31 account, the Yakima integrated plan implementation revenue recovery  
32 account, and the Yakima integrated plan implementation taxable bond  
33 account. Earnings derived from investing balances of the agricultural  
34 permanent fund, the normal school permanent fund, the permanent  
35 common school fund, the scientific permanent fund, the state  
36 university permanent fund, and the state reclamation revolving  
37 account shall be allocated to their respective beneficiary accounts.

38 (b) Any state agency that has independent authority over accounts  
39 or funds not statutorily required to be held in the state treasury  
40 that deposits funds into a fund or account in the state treasury

1 pursuant to an agreement with the office of the state treasurer shall  
2 receive its proportionate share of earnings based upon each account's  
3 or fund's average daily balance for the period.

4 (5) In conformance with Article II, section 37 of the state  
5 Constitution, no treasury accounts or funds shall be allocated  
6 earnings without the specific affirmative directive of this section.

7 **Sec. 13.** RCW 43.185.050 and 2013 c 145 s 2 are each amended to  
8 read as follows:

9 (1) The department must use moneys from the housing trust fund  
10 and other legislative appropriations to finance in whole or in part  
11 any loans or grant projects that will provide housing for persons and  
12 families with special housing needs and with incomes at or below  
13 fifty percent of the median family income for the county or standard  
14 metropolitan statistical area where the project is located. At least  
15 thirty percent of these moneys used in any given funding cycle shall  
16 be for the benefit of projects located in rural areas of the state as  
17 defined by the department. If the department determines that it has  
18 not received an adequate number of suitable applications for rural  
19 projects during any given funding cycle, the department may allocate  
20 unused moneys for projects in nonrural areas of the state.

21 (2) Activities eligible for assistance from the housing trust  
22 fund and other legislative appropriations include, but are not  
23 limited to:

24 (a) New construction, rehabilitation, or acquisition of low and  
25 very low-income housing units;

26 (b) Rent subsidies;

27 (c) Matching funds for social services directly related to  
28 providing housing for special-need tenants in assisted projects;

29 (d) Technical assistance, design and finance services and  
30 consultation, and administrative costs for eligible nonprofit  
31 community or neighborhood-based organizations;

32 (e) Administrative costs for housing assistance groups or  
33 organizations when such grant or loan will substantially increase the  
34 recipient's access to housing funds other than those available under  
35 this chapter;

36 (f) Shelters and related services for the homeless, including  
37 emergency shelters and overnight youth shelters;

38 (g) Mortgage subsidies, including temporary rental and mortgage  
39 payment subsidies to prevent homelessness;

1 (h) Mortgage insurance guarantee or payments for eligible  
2 projects;

3 (i) Down payment or closing cost assistance for eligible first-  
4 time home buyers;

5 (j) Acquisition of housing units for the purpose of preservation  
6 as low-income or very low-income housing; and

7 (k) Projects making housing more accessible to families with  
8 members who have disabilities.

9 (3) Preference shall be given for projects that include an early  
10 learning facility.

11 (4) Legislative appropriations from capital bond proceeds may be  
12 used only for the costs of projects authorized under subsection  
13 (2)(a), (i), and (j) of this section, and not for the administrative  
14 costs of the department.

15 ((+4)) (5) Moneys from repayment of loans from appropriations  
16 from capital bond proceeds may be used for all activities necessary  
17 for the proper functioning of the housing assistance program except  
18 for activities authorized under subsection (2)(b) and (c) of this  
19 section.

20 ((+5)) (6) Administrative costs associated with application,  
21 distribution, and project development activities of the department  
22 may not exceed three percent of the annual funds available for the  
23 housing assistance program. Reappropriations must not be included in  
24 the calculation of the annual funds available for determining the  
25 administrative costs.

26 ((+6)) (7) Administrative costs associated with compliance and  
27 monitoring activities of the department may not exceed one-quarter of  
28 one percent annually of the contracted amount of state investment in  
29 the housing assistance program.

30 NEW SECTION. Sec. 14. Sections 2 through 11 of this act are  
31 each added to chapter 43.31 RCW.

32 NEW SECTION. Sec. 15. This act is necessary for the immediate  
33 preservation of the public peace, health, or safety, or support of  
34 the state government and its existing public institutions, and takes  
35 effect immediately.

--- END ---