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**Housing, Community Development &  
Veterans Committee**

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**HB 1834**

**Brief Description:** Providing for adequate provisions for low-income homeownership opportunities.

**Sponsors:** Representatives Ryu and Doglio.

**Brief Summary of Bill**

- Requires at least 15 percent of Housing Trust Fund grants and loans in any funding cycle under the Housing Assistance Program to be used for the benefit of homeownership projects for households at or below 80 percent of the area median family income.
- Authorizes the Department of Commerce to provide down payment or closing cost assistance to a wider range of first-time home buyers.
- Establishes a target of 15 percent of affordable housing program funds in any funding cycle for homeownership projects under the Affordable Housing Program.

**Hearing Date:** 2/8/19

**Staff:** Cassie Jones (786-7303).

**Background:**

Housing Trust Fund.

Established in 1986, the Washington Housing Trust Fund (HTF) helps communities develop and preserve affordable housing to meet the needs of low-income and special needs populations. Since 1986, the HTF has awarded over \$1 billion in funding and helped build or preserve nearly 47,000 units of affordable housing statewide.

Housing Assistance Program.

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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.*

The Housing Assistance Program, administered by the Department of Commerce (Department), uses the HTF and other appropriations to finance loans and grant projects providing housing for households with special housing needs and with incomes at or below 50 percent of the project areas median family income. At least 30 percent of funds in any cycle must benefit projects located in rural parts of the state. Organizations eligible to receive funding include local governments, local housing authorities, regional support networks, nonprofit community or neighborhood-based organizations, federally recognized Indian tribes, and regional or statewide nonprofit housing assistance organizations. Eligible activities include:

- new construction, rehabilitation, or acquisition of low-income and very low-income housing units;
- rent subsidies;
- matching funds for social services directly related to providing housing for special-need tenants in assisted projects;
- technical assistance, design and finance services and consultation, and administrative costs for eligible nonprofit community or neighborhood-based organizations;
- administrative costs for housing assistance groups or organizations when such grants or loans will substantially increase the recipients' access to other housing funds;
- shelters and related services for the homeless, including emergency shelters and overnight youth shelters;
- mortgage subsidies, including temporary rental and mortgage payment subsidies to prevent homelessness;
- mortgage insurance guarantees or payments for eligible projects;
- down payment or closing cost assistance for eligible first-time home buyers;
- acquisition of housing units for the purpose of preservation as low-income or very low-income housing; and
- projects making housing more accessible to families with members who have disabilities.

#### Affordable Housing Program.

The Affordable Housing Program, administered by the Department, uses the HTF and other appropriations to develop and coordinate public and private resources targeted to meet the affordable housing needs of households whose income is below 80 percent of the project areas median family income. Eligible activities include, but are not limited to:

- new construction, rehabilitation, or acquisition of housing for low-income households;
- rent subsidies in new construction or rehabilitated multifamily units;
- down payment or closing costs assistance for first-time home buyers;
- mortgage subsidies for new construction or rehabilitation of eligible multifamily units; and
- mortgage insurance guarantees or payments for eligible projects.

For purposes of the Affordable Housing Program, "first time home buyer" means an individual or his or her spouse or domestic partner who have not owned a home during the three year period prior to purchase of a home.

#### **Summary of Bill:**

##### Housing Assistance Program.

The Department must use moneys from the HTF and other appropriations to finance loans and grant projects providing housing for households with special housing needs and with incomes at

or below 80 percent, rather than 50 percent, of the project areas median family income. At least 15 percent of the moneys used in any given funding cycle must be used to benefit homeownership projects. If the Department imposes a funding limit on homeownership projects, the limit must be at least 30 percent higher than the limit placed on rental projects. The Department must use a separate application form for applications to provide homeownership opportunities and evaluate homeownership project applications as allowed under the Affordable Housing Program.

Affordable Housing Program.

The definition of "first time home buyer" is expanded to include any individual who meets any of the following criteria:

- an individual or the individuals spouse who has not owned a principal residence within three years before the date of purchase of the property;
- a single parent who has only owned a home with a former spouse while married;
- an individual who is a displaced homemaker and has only owned a home with a spouse;
- an individual who has only owned a principal residence not permanently affixed to a permanent foundation; and
- an individual who has only owned a principal residence not in compliance with existing building codes and cannot be brought into compliance for less than the cost of constructing a permanent structure.

A target of 15 percent of the moneys used in any given funding cycle is established to promote homeownership projects. The Department may allocate unused program funds for non-homeownership projects if it determines it has not received an adequate number of suitable applications for homeownership projects in any given funding cycle.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 2019.