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## Housing Committee

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### HB 1892

**Brief Description:** Concerning the workforce housing accelerator program.

**Sponsors:** Representatives Leavitt, Alvarado, Bateman, Peterson, Shavers, Reed, Fosse, Hackney, Barkis, Low, Eslick, Callan, Abbarno, Taylor, Klicker, Connors, Walen, Reeves, Ryu, Berry, Cortes, Stearns, Slatter, Duerr, Bronoske and Ramos.

#### Brief Summary of Bill

- Creates the Workforce Housing Accelerator Revolving Loan Fund Program (WHLP) within the Department of Commerce (DOC).
- Directs the DOC to contract with the Washington State Housing Finance Commission (WHFC) to administer the WHLP.
- Allows the WHFC to administer loans under the WHLP to eligible organizations to assist with the development of housing for low-income households.

**Hearing Date:** 1/9/24

**Staff:** Austin Borcharding (360) 786-7094

#### **Background:**

##### Housing Finance Commission.

The Washington State Housing Finance Commission (WHFC) is a finance authority established to act as a conduit to make additional funds available at affordable rates to help provide housing throughout the state. The WHFC is financially self-supported and does not receive funding from the state. To provide financing, the WHFC may:

- issue bonds;

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- make loans to or deposits with mortgage lenders for making mortgage loans;
- make loans for down payment assistance to home buyers; and
- participate in federal and other government programs to carry out its purpose.

Low-Income Housing Tax Credit Program.

The WHFC administers the Low-Income House Tax Credit (LIHTC) program, which finances construction of low-income housing through federal tax incentives. Housing financed through the LIHTC program must be affordable to households with incomes at 60 percent or less than the area median income and must remain affordable to low-income tenants for at least 30 years.

The Evergreen Sustainable Development Standard.

The Evergreen Sustainable Development Standard (ESDS) is a building performance standard that affordable housing projects which receive capital funds through the state Housing Trust Fund program must comply with. The ESDS covers areas including health and safety, durability, sustainability, environmental preservation, and energy and water efficiency.

**Summary of Bill:**

A program is created within the the Department of Commerce (DOC) under which loans may be issued to eligible organizations to assist with the development of housing for "low-income households." The program is titled the Workforce Housing Accelerator Revolving Loan Fund Program (HALP) and will be administered by the Washington State Housing Finance Commission (WHFC).

"Low-income household" is specifically defined as "a single person, family, or unrelated persons living together whose adjusted income is at or above 50 percent, but not exceeding 80 percent, of the median family income."

The WHFC is directed to establish criteria to prioritize and award loans under the program.

A non-exhaustive list of requirements which must be included in the criteria is provided, several of which are listed here, truncated for brevity:

- readiness to proceed with construction;
- commitment of private capital;
- proposed cost efficiency; and
- applicant's qualifications.

Housing financed utilizing program loan funds must serve low-income households for a minimum of 99 years, and loan amounts are not to exceed 20 million dollars or 20 percent of total project cost, whichever is less.

The WHFC must:

- ensure equitable geographic distribution of loan funding awarded, with no more than \$20,000,000 per round of funding going to projects in each individual county;

- establish criteria and procedures for long-term monitoring of affordability of housing and compliance; and
- establish annual reporting requirements for loan recipients.

Loan recipients must:

- commit to beginning construction within 180 days of award;
- adhere to the Evergreen Sustainable Development Standard adopted by the DOC;
- file an annual compliance report containing information as specified by the commission; and
- restrict use of awarded loan funding to eligible costs of housing as defined under RCW 43.180.020.

**Appropriation:** None.

**Fiscal Note:** Requested on January 4, 2024.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.