

SENATE BILL REPORT

SHB 1892

As of February 12, 2024

Title: An act relating to the workforce housing accelerator program.

Brief Description: Concerning the workforce housing accelerator program.

Sponsors: House Committee on Housing (originally sponsored by 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, Ramos, Ormsby, Barnard, Fey, Timmons, Kloba, Macri, Street, Chopp, Paul, Gregerson, Sandlin, Orwall, Bergquist, Goodman, Ortiz-Self, Nance, Santos and Pollet).

Brief History: Passed House: 2/8/24, 97-0.

Committee Activity: Housing: 2/14/24.

Brief Summary of Bill

- Creates the Workforce Housing Accelerator Revolving Loan Fund Program within the Department of Commerce and in contract with the Washington State Housing Finance Commission to administer loans to eligible organizations to assist with the development of housing for low-income households.

SENATE COMMITTEE ON HOUSING

Staff: Samantha Doyle (786-7335)

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:

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- issue bonds;
- 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 provides federal tax credits for construction of low-income housing. Housing constructed by utilizing 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: The Workforce Housing Accelerator Revolving Loan Fund Program (Program) is created within the Department of Commerce (Commerce) where loans may be issued to eligible organizations to assist with the development of housing for low-income households. Commerce is directed to contract the Washington State Housing Finance Commission (Commission) to administer the funds.

Low-income households are defined as households whose adjusted income is at or above 50 percent, but not exceeding 80 percent, of the median family income adjusted for family size, for the county where the affordable housing is located, as reported by the United States Department of Housing and Urban Development. Eligible organizations are nonprofit developers, for profit developers, public housing authorities, public development authorities, or other any others established as eligible under rules by the Commission.

In awarding loans, the Commission must establish criteria that includes and prioritizes the following considerations:

- readiness to proceed with construction, including possession of necessary permits and completed land use entitlements;
- amount and commitment of private capital being leveraged as part of the financing for the project;
- proposed cost efficiency;
- development location, with the goal of awarding funding to projects in as many areas of the state as financially feasible and viable; and
- the applicant's qualifications and demonstrated capability to develop and manage the proposed project.

Housing financed under the Program must serve low-income households for at least 99 years. Unless the Commission finds cause, loans may not exceed the lessor of \$20 million

or 20 percent of the entire project costs. Loans may be used in combination with other funding sources. Loans must be issued at an interest rate between 1 and 2.5 percent for the first 20 years and not require annual loan repayments in excess of 15 percent the annual cash flow. Repayment plans may not exceed 30 years except as established by Commission rules.

Loan recipients must:

- begin construction within 180 days of award;
- adhere to the evergreen sustainable development standard;
- file an annual compliance report; and
- restrict use of awarded loan costs of housing as defined by the Commission.

The Commission must:

- provide as much geographic distribution as feasible and viable;
- award no more than \$20 million per funding round to projects in a county unless there are no qualifying applicants in other counties;
- establish criteria and procedures for long-term monitoring of project compliance; establish annual reporting requirements; and
- adopt policies to administer the Program.

Commission general funds are not to be expended to implement the Program.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.