
SUBSTITUTE HOUSE BILL 1250

State of Washington

68th Legislature

2023 Regular Session

By House Capital Budget (originally sponsored by Representatives Steele and Eslick)

READ FIRST TIME 02/17/23.

1 AN ACT Relating to modifying the low-income home rehabilitation
2 program; amending RCW 43.330.480, 43.330.482, and 43.330.488; adding
3 new sections to chapter 43.330 RCW; repealing RCW 43.330.482 and
4 43.330.486; providing an effective date; providing a contingent
5 effective date; and declaring an emergency.

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

7 **Sec. 1.** RCW 43.330.480 and 2017 c 285 s 1 are each amended to
8 read as follows:

9 The definitions in this section apply throughout this chapter
10 unless the context clearly requires otherwise.

11 (1) "Home" means a single-family residential structure.

12 (2) "Home rehabilitation" means residential repairs and
13 improvements that address health, safety, and durability issues in
14 existing housing in rural areas.

15 (3) "Homeowner" means a person who owns and resides permanently
16 in the home the person occupies.

17 (4) "Low-income" means persons or households with income at or
18 below (~~two hundred~~) 200 percent of the federal poverty level
19 (~~as~~), 80 percent of the area median income for the county in which
20 the home receiving rehabilitation is located, or 60 percent of the
21 state median income, whichever is greater, and adjusted for

1 ((family)) household size ((and determined annually by the federal
2 department of health and human services)).

3 (5) "Rehabilitation agency" means any approved department
4 grantee, tribal nation, or any public service company, municipality,
5 public utility district, mutual or cooperative, or other entity that
6 bears the responsibility for rehabilitating residences under this
7 chapter and has been approved by the department.

8 (6) "Rural areas" means areas of Washington state defined as
9 nonentitlement areas by the United States department of housing and
10 urban development.

11 **Sec. 2.** RCW 43.330.482 and 2017 c 285 s 2 are each amended to
12 read as follows:

13 (1) ~~((Subject to availability of amounts appropriated for this
14 specific purpose, the low-income home rehabilitation revolving loan
15 program is created within the department.~~

16 ~~(2) The program must include the following elements:~~

17 ~~(a) Eligible homeowners must be low-income and live in rural
18 areas.~~

19 ~~(b) Homeowners who are senior citizens, persons with
20 disabilities, families with children five years old and younger, and
21 veterans must receive priority for loans.~~

22 ~~(c) The cost of the home rehabilitation must be the lesser of
23 eighty percent of the assessed value of the property post
24 rehabilitation or forty thousand dollars.~~

25 ~~(d) The maximum amount that may be loaned under this program may
26 not exceed the cost of the home rehabilitation as provided in (c) of
27 this subsection, and must not result in total loans borrowed against
28 the property equaling more than eighty percent of the assessed value.~~

29 ~~(e) The interest rate of the loan must be equal to the previous
30 calendar year's annual average consumer price index compiled by the
31 bureau of labor statistics, United States department of labor.~~

32 ~~(f)) On July 1, 2023, the low-income home rehabilitation
33 revolving loan program is terminated except for purposes of
34 addressing outstanding loans as provided in this section, and the
35 department and partnering rehabilitation agencies must immediately
36 cease issuing new loans under the program.~~

37 (2) The department must allow participating homeowners to defer
38 repayment of the loan principal and interest and any fees related to
39 the administration or issuance of the loan. Any amounts deferred

1 pursuant to this section become a lien in favor of the state. The
2 lien is subordinate to liens for general taxes, amounts deferred
3 under chapter 84.37 or 84.38 RCW, or special assessments as defined
4 in RCW 84.38.020. The lien is also subordinate to the first deed of
5 trust or the first mortgage on the real property but has priority
6 over all other privileges, liens, monetary encumbrances, or other
7 security interests affecting the real property, whenever incurred,
8 filed, or recorded. The department must take such necessary action to
9 file and perfect the state's lien. (~~(All amounts due under the loan
10 become due and payable upon the sale of the home or upon change in
11 ownership of the home.)~~)

12 (3) The balance of any loan previously issued under this section
13 that is outstanding as of the effective date of this section is
14 forgiven. The forgiveness applies to all remaining amounts owed,
15 including loan principal, interest, and fees. Loan forgiveness is not
16 retroactive, and does not apply to any loans issued under this
17 section paid in full before the effective date of this section.

18 (4) All moneys from repayments must be deposited into the low-
19 income home rehabilitation (~~(revolving loan program)~~) account created
20 in RCW 43.330.488.

21 ~~((4))~~ (5) The department must adopt rules for implementation of
22 this program.

23 NEW SECTION. Sec. 3. A new section is added to chapter 43.330
24 RCW to read as follows:

25 (1) Subject to availability of amounts appropriated for this
26 specific purpose, the low-income home rehabilitation grant program is
27 created within the department.

28 (2) The program must include the following elements:

29 (a) Eligible homeowners must be low-income and live in rural
30 areas.

31 (b) Homeowners who are senior citizens, persons with
32 disabilities, families with children five years old and younger, and
33 veterans must receive priority for grants.

34 (c) The cost of the home rehabilitation must be the lesser of:

35 (i) 80 percent of the assessed or appraised value of the property
36 post rehabilitation, whichever is greater; or

37 (ii) \$50,000.

1 (d) The maximum amount that may be granted under this program may
2 not exceed the cost of the home rehabilitation as provided in (c) of
3 this subsection.

4 (3) The department must adopt rules for implementation of this
5 grant program.

6 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.330
7 RCW to read as follows:

8 (1) The department must contract with rehabilitation agencies to
9 provide home rehabilitation to participating homeowners. Preference
10 must be given to local agencies delivering programs and services with
11 similar eligibility criteria.

12 (2) Any rehabilitation agency receiving funding under this
13 section must report to the department at least quarterly, or in
14 alignment with federal reporting, whichever is the greater frequency,
15 the project costs and the number of homes repaired or rehabilitated.
16 The department must review the accuracy of these reports.

17 **Sec. 5.** RCW 43.330.488 and 2017 c 285 s 4 are each amended to
18 read as follows:

19 The low-income home rehabilitation (~~(revolving loan program)~~)
20 account is created in the custody of the state treasury. All
21 transfers and appropriations by the legislature, repayments of loans,
22 private contributions, and all other sources must be deposited into
23 the account. Expenditures from the account may be used only for the
24 purposes of the low-income home rehabilitation revolving loan program
25 created in RCW 43.330.482 and the low-income home rehabilitation
26 grant program created in section 3 of this act. After July 1, 2023,
27 the director may expend moneys in the account only for wind-down
28 costs of the loan program in RCW 43.330.482 until the loan program
29 terminates pursuant to this act, and for the grant program created in
30 section 3 of this act. Only the director or the director's designee
31 may authorize expenditures from the account. The account is subject
32 to allotment procedures under chapter 43.88 RCW, but an appropriation
33 is not required for expenditures.

34 NEW SECTION. **Sec. 6.** The following acts or parts of acts are
35 each repealed:

1 (1) RCW 43.330.482 (Low-income home rehabilitation revolving loan
2 program) and 2023 c . . . s 2 (section 2 of this act) & 2017 c 285 s
3 2; and

4 (2) RCW 43.330.486 (Low-income home rehabilitation revolving loan
5 program—Contracts with rehabilitation agencies—Reports) and 2017 c
6 285 s 3.

7 NEW SECTION. **Sec. 7.** (1) Section 6 of this act takes effect on
8 July 1st of the year following the closure of the last loan issued
9 under the low-income home rehabilitation revolving loan program.

10 (2) The department of commerce must provide written notice of the
11 effective date of section 6 of this act to affected parties, the
12 chief clerk of the house of representatives, the secretary of the
13 senate, the office of the code reviser, and others as deemed
14 appropriate by the department.

15 NEW SECTION. **Sec. 8.** Sections 1 through 5 of this act are
16 necessary for the immediate preservation of the public peace, health,
17 or safety, or support of the state government and its existing public
18 institutions, and take effect July 1, 2023.

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