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HOUSE BILL 1892

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State of Washington

68th Legislature

2024 Regular Session

**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

Prefiled 12/06/23. Read first time 01/08/24. Referred to Committee on Housing.

1 AN ACT Relating to the workforce housing accelerator program; and  
2 adding a new chapter to Title 43 RCW.

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

4 NEW SECTION. **Sec. 1.** The definitions in this section apply  
5 throughout this chapter unless the context clearly requires  
6 otherwise.

7 (1) "Commission" means the Washington state housing finance  
8 commission.

9 (2) "Department" means the department of commerce.

10 (3) "Eligible organizations" includes nonprofit developers, for-  
11 profit developers, public housing authorities, public development  
12 authorities, or other applicants eligible under rules established by  
13 the commission.

14 (4) "Low-income household" means a single person, family, or  
15 unrelated persons living together whose adjusted income is at or  
16 above 50 percent, but not exceeding 80 percent, of the median family  
17 income adjusted for family size, for the county where the affordable  
18 housing is located, as reported by the United States department of  
19 housing and urban development.

20 (5) "Program" means the workforce housing accelerator revolving  
21 loan fund program created under sections 2 and 3 of this act.

1        NEW SECTION.    **Sec. 2.**    The program is created in the department  
2 to provide loans to eligible organizations to finance affordable  
3 housing for low-income households. The department shall contract with  
4 the commission to administer the program.

5        NEW SECTION.    **Sec. 3.**    Under the program, the commission may  
6 administer loans to eligible organizations to assist with the  
7 development of housing for low-income households subject to the  
8 following requirements:

9        (1) Loans must be prioritized and awarded to eligible  
10 organizations based on criteria established by the commission,  
11 including at least the following:

12        (a) Readiness to proceed with construction, including possession  
13 of necessary permits and completed land use entitlements;

14        (b) Commitment of private capital, with highest priority to  
15 applicants demonstrating the largest percentage of private capital  
16 committed to the project;

17        (c) Proposed cost efficiency, including development of a variety  
18 of unit types at the lowest cost;

19        (d) Development location, with the goal of awarding funding to  
20 projects equitably across the state;

21        (e) The applicant's qualifications and demonstrated capability to  
22 develop and manage the proposed project; and

23        (f) Any other criteria established by the commission, provided  
24 that such criteria shall not exceed the priority of any other  
25 criterion listed in this subsection (1).

26        (2) Any housing financed under the program must serve low-income  
27 households for at least 99 years; however, the commission, in  
28 consultation with program awardees, may establish a longer time  
29 period.

30        (3) Loans awarded under this section may not exceed the lesser of  
31 \$20,000,000 or 20 percent of total project costs of the housing to be  
32 developed. The commission may exceed this maximum allowable loan  
33 amount for cause.

34        (4) Loans awarded under this section may be used in combination  
35 with private sector loans, tax exempt bonds, real estate excise tax  
36 abatements, corporate housing funding, or any other source of capital  
37 as recognized by the commission.

38        (5) The commission must structure loans issued pursuant to this  
39 section with an interest rate above one percent, but not exceeding

1 2.5 percent, for the first 20 years. The commission may not require  
2 annual loan repayments in excess of 15 percent of annual cash flow on  
3 the project for the 12-month period preceding a repayment. Loans  
4 administered under this section may not include repayment timelines  
5 longer than 30 years, except as authorized by rules established by  
6 the commission.

7 (6) If a loan recipient refinances, the commission may require  
8 loan repayment at an equivalent percentage to the overall capital  
9 project financing package at the time of award.

10 (7) Upon receipt and repayment, any interest earnings and repaid  
11 loan funds must be tracked separately from other revenue and must be  
12 relented to qualifying applicants to finance additional housing  
13 serving low-income populations under the program.

14 (8) All loans issued pursuant to this section must be assumable  
15 by a qualifying applicant under terms and conditions established by  
16 the commission.

17 (9) Loan recipients must:

18 (a) Commit to beginning construction within 180 days of award;

19 (b) Adhere to the evergreen sustainable development standard  
20 adopted by the department;

21 (c) File an annual compliance report containing information as  
22 specified by the commission; and

23 (d) Restrict use of awarded loan funding to eligible costs of  
24 housing as defined under RCW 43.180.020.

25 (10) The commission must:

26 (a) Ensure equitable geographic distribution of loan funding  
27 awarded. The commission may not allocate more than \$20,000,000 per  
28 round of funding to projects in each individual county. However, the  
29 commission may award more than \$20,000,000 per round of funding to  
30 projects in an individual county if there are no qualifying  
31 applications in other counties;

32 (b) Establish criteria and procedures for long-term monitoring of  
33 affordability of housing and compliance. The commission may charge  
34 monitoring fees; and

35 (c) Establish annual reporting requirements for loan recipients.

36 (11) The commission shall adopt rules necessary to administer the  
37 program established in this section and section 2 of this act.

1        NEW SECTION.        **Sec. 4.**        Sections 1 through 3 of this act  
2        constitute a new chapter in Title 43 RCW.

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