
SUBSTITUTE HOUSE BILL 1808

State of Washington

69th Legislature

2025 Regular Session

By House Housing (originally sponsored by Representatives Zahn, Low, Parshley, Thomas, Scott, Ramel, Gregerson, Doglio, Eslick, Reed, Fosse, Ormsby, Nance, Salahuddin, Macri, Hill, Street, and Obras)

READ FIRST TIME 02/21/25.

1 AN ACT Relating to creating the affordable homeownership
2 revolving loan fund program; reenacting and amending RCW 43.84.092
3 and 43.84.092; adding a new chapter to Title 43 RCW; providing an
4 effective date; and providing an expiration date.

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

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

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

10 (2) "Eligible organizations" mean nonprofit developers building
11 permanently affordable homeownership for sale to low-income
12 households.

13 (3) "Low-income household" means a single person, family, or
14 unrelated persons living together whose adjusted income does not
15 exceed 80 percent of the median family income adjusted for family
16 size, for the county or the metropolitan area where the affordable
17 housing is located, as reported by the United States department of
18 housing and urban development, whichever is larger.

19 (4) "Permanently affordable homeownership" means homeownership
20 that, in addition to meeting the definition of "affordable housing"
21 in RCW 43.185A.010, is:

1 (a) Sponsored by a nonprofit organization or governmental entity
2 and the sponsor organization:

3 (i) Executes a new ground lease or deed restriction with a
4 duration of at least 99 years at the initial sale and with each
5 successive sale; and

6 (ii) Supports homeowners and enforces the ground lease or deed
7 restriction; and

8 (b) Subject to a ground lease or deed restriction that includes:

9 (i) A resale restriction designed to provide affordability for
10 future low-income and moderate-income homebuyers;

11 (ii) A right of first refusal for the sponsor organization to
12 purchase the home at resale; and

13 (iii) A requirement that the sponsor organization must approve
14 any refinancing, including home equity lines of credit.

15 (5) "Program" means the affordable homeownership revolving loan
16 fund program created under this chapter.

17 NEW SECTION. **Sec. 2.** The program is created in the department
18 to provide loans to eligible organizations to finance affordable
19 homeownership construction for low-income households, subject to the
20 availability of amounts appropriated for the specific purposes
21 provided in this chapter.

22 NEW SECTION. **Sec. 3.** The affordable homeownership revolving
23 loan fund account is created in the state treasury. Revenues to the
24 account shall consist of appropriations by the legislature, loan
25 repayments, and all other sources deposited into the account. Moneys
26 in the account may be spent only after appropriation. Expenditures
27 from the account may be used only for purposes of the program created
28 in this chapter.

29 NEW SECTION. **Sec. 4.** Under the program, the department may
30 administer loans to eligible organizations to assist with the
31 development of housing for low-income households subject to the
32 following considerations:

33 (1) Loans must be awarded to eligible organizations based on
34 criteria established by the department, including at least the
35 following:

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

1 (b) Amount and commitment of capital being leveraged as part of
2 the financing for the project, including public funding;

3 (c) Proposed cost efficiency;

4 (d) Development location, with the goal of awarding funding to
5 projects in as many areas of the state as financially feasible and
6 viable;

7 (e) The applicant's qualifications and demonstrated capability to
8 develop the proposed project; and

9 (f) Any other criteria established by the department, provided
10 that such criteria may not exceed the priority of any other criterion
11 listed in this subsection (1).

12 (2) Any housing financed under the program must serve low-income
13 households for at least 99 years; however, the department, in
14 consultation with program awardees, may establish a longer time
15 period.

16 (3) Loans awarded under this section may not exceed 50 percent of
17 the total project costs of the housing to be developed. The
18 department may exceed this maximum allowable loan amount for cause.

19 (4) Loans awarded under this section may be used in combination
20 with private sector loans or any other source of capital as
21 recognized by the department.

22 (5) The department must structure loans issued pursuant to this
23 section with an interest rate above one percent, but not exceeding
24 2.5 percent. Repayment of loans administered under this section is
25 due after all of the homes included in the financed project are sold,
26 except as required by rules established by the department. All
27 receipts from repayment of loans administered under this section must
28 be deposited into the affordable homeownership revolving loan fund
29 account created in section 3 of this act.

30 (6) Upon receipt and repayment, any interest earnings and repaid
31 loan funds must be tracked separately from other revenue and must be
32 relaned to qualifying applicants to finance additional permanently
33 affordable homeownership under the program.

34 (7) All loans issued pursuant to this section must be assumable
35 under terms and conditions established by the department.

36 (8) Loan recipients must:

37 (a) Commit to beginning construction within 180 days of
38 contracting the loan;

39 (b) Adhere to the evergreen sustainable development standard
40 adopted by the department;

1 (c) File an annual compliance report containing information as
2 specified by the department; and

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

5 (9) The department must:

6 (a) Establish criteria and procedures for long-term monitoring of
7 housing affordability and compliance under the program. The
8 department may charge monitoring fees; and

9 (b) Establish annual reporting requirements for loan recipients.

10 (10) The department shall adopt policies necessary to administer
11 the program established in this section and section 2 of this act.

12 (11) No department general funds shall be expended to implement
13 this program. The department may use up to three percent of the
14 biennial appropriation from the affordable homeownership revolving
15 loan fund account created in section 3 of this act for administrative
16 costs related to the program.

17 **Sec. 5.** RCW 43.84.092 and 2024 c 210 s 4 and 2024 C 168 s 12 are
18 each reenacted and amended to read as follows:

19 (1) All earnings of investments of surplus balances in the state
20 treasury shall be deposited to the treasury income account, which
21 account is hereby established in the state treasury.

22 (2) The treasury income account shall be utilized to pay or
23 receive funds associated with federal programs as required by the
24 federal cash management improvement act of 1990. The treasury income
25 account is subject in all respects to chapter 43.88 RCW, but no
26 appropriation is required for refunds or allocations of interest
27 earnings required by the cash management improvement act. Refunds of
28 interest to the federal treasury required under the cash management
29 improvement act fall under RCW 43.88.180 and shall not require
30 appropriation. The office of financial management shall determine the
31 amounts due to or from the federal government pursuant to the cash
32 management improvement act. The office of financial management may
33 direct transfers of funds between accounts as deemed necessary to
34 implement the provisions of the cash management improvement act, and
35 this subsection. Refunds or allocations shall occur prior to the
36 distributions of earnings set forth in subsection (4) of this
37 section.

38 (3) Except for the provisions of RCW 43.84.160, the treasury
39 income account may be utilized for the payment of purchased banking

1 services on behalf of treasury funds including, but not limited to,
2 depository, safekeeping, and disbursement functions for the state
3 treasury and affected state agencies. The treasury income account is
4 subject in all respects to chapter 43.88 RCW, but no appropriation is
5 required for payments to financial institutions. Payments shall occur
6 prior to distribution of earnings set forth in subsection (4) of this
7 section.

8 (4) Monthly, the state treasurer shall distribute the earnings
9 credited to the treasury income account. The state treasurer shall
10 credit the general fund with all the earnings credited to the
11 treasury income account except:

12 (a) The following accounts and funds shall receive their
13 proportionate share of earnings based upon each account's and fund's
14 average daily balance for the period: The abandoned recreational
15 vehicle disposal account, the aeronautics account, the affordable
16 homeownership revolving loan fund account, the Alaskan Way viaduct
17 replacement project account, the ambulance transport fund, the budget
18 stabilization account, the capital vessel replacement account, the
19 capitol building construction account, the Central Washington
20 University capital projects account, the charitable, educational,
21 penal and reformatory institutions account, the Chehalis basin
22 account, the Chehalis basin taxable account, the clean fuels credit
23 account, the clean fuels transportation investment account, the
24 cleanup settlement account, the climate active transportation
25 account, the climate transit programs account, the Columbia river
26 basin water supply development account, the Columbia river basin
27 taxable bond water supply development account, the Columbia river
28 basin water supply revenue recovery account, the common school
29 construction fund, the community forest trust account, the connecting
30 Washington account, the county arterial preservation account, the
31 county criminal justice assistance account, the covenant
32 homeownership account, the deferred compensation administrative
33 account, the deferred compensation principal account, the department
34 of licensing services account, the department of retirement systems
35 expense account, the developmental disabilities community services
36 account, the diesel idle reduction account, the opioid abatement
37 settlement account, the drinking water assistance account, the
38 administrative subaccount of the drinking water assistance account,
39 the early learning facilities development account, the early learning
40 facilities revolving account, the Eastern Washington University

1 capital projects account, the education construction fund, the
2 education legacy trust account, the election account, the electric
3 vehicle account, the energy freedom account, the energy recovery act
4 account, the essential rail assistance account, The Evergreen State
5 College capital projects account, the fair start for kids account,
6 the family medicine workforce development account, the ferry bond
7 retirement fund, the fish, wildlife, and conservation account, the
8 freight mobility investment account, the freight mobility multimodal
9 account, the grade crossing protective fund, the higher education
10 retirement plan supplemental benefit fund, the Washington student
11 loan account, the highway bond retirement fund, the highway
12 infrastructure account, the highway safety fund, the hospital safety
13 net assessment fund, the Interstate 5 bridge replacement project
14 account, the Interstate 405 and state route number 167 express toll
15 lanes account, the judges' retirement account, the judicial
16 retirement administrative account, the judicial retirement principal
17 account, the limited fish and wildlife account, the local leasehold
18 excise tax account, the local real estate excise tax account, the
19 local sales and use tax account, the marine resources stewardship
20 trust account, the medical aid account, the money-purchase retirement
21 savings administrative account, the money-purchase retirement savings
22 principal account, the motor vehicle fund, the motorcycle safety
23 education account, the move ahead WA account, the move ahead WA
24 flexible account, the multimodal transportation account, the multiuse
25 roadway safety account, the municipal criminal justice assistance
26 account, the oyster reserve land account, the pension funding
27 stabilization account, the perpetual surveillance and maintenance
28 account, the pilotage account, the pollution liability insurance
29 agency underground storage tank revolving account, the public
30 employees' retirement system plan 1 account, the public employees'
31 retirement system combined plan 2 and plan 3 account, the public
32 facilities construction loan revolving account, the public health
33 supplemental account, the public works assistance account, the Puget
34 Sound capital construction account, the Puget Sound ferry operations
35 account, the Puget Sound Gateway facility account, the Puget Sound
36 taxpayer accountability account, the real estate appraiser commission
37 account, the recreational vehicle account, the regional mobility
38 grant program account, the reserve officers' relief and pension
39 principal fund, the resource management cost account, the rural
40 arterial trust account, the rural mobility grant program account, the

1 rural Washington loan fund, the second injury fund, the sexual
2 assault prevention and response account, the site closure account,
3 the skilled nursing facility safety net trust fund, the small city
4 pavement and sidewalk account, the special category C account, the
5 special wildlife account, the state hazard mitigation revolving loan
6 account, the state investment board expense account, the state
7 investment board commingled trust fund accounts, the state patrol
8 highway account, the state reclamation revolving account, the state
9 route number 520 civil penalties account, the state route number 520
10 corridor account, the statewide broadband account, the statewide
11 tourism marketing account, the supplemental pension account, the
12 Tacoma Narrows toll bridge account, the teachers' retirement system
13 plan 1 account, the teachers' retirement system combined plan 2 and
14 plan 3 account, the tobacco prevention and control account, the
15 tobacco settlement account, the toll facility bond retirement
16 account, the transportation 2003 account (nickel account), the
17 transportation equipment fund, the JUDY transportation future funding
18 program account, the transportation improvement account, the
19 transportation improvement board bond retirement account, the
20 transportation infrastructure account, the transportation partnership
21 account, the traumatic brain injury account, the tribal opioid
22 prevention and treatment account, the University of Washington bond
23 retirement fund, the University of Washington building account, the
24 voluntary cleanup account, the volunteer firefighters' relief and
25 pension principal fund, the volunteer firefighters' and reserve
26 officers' administrative fund, the vulnerable roadway user education
27 account, the Washington judicial retirement system account, the
28 Washington law enforcement officers' and firefighters' system plan 1
29 retirement account, the Washington law enforcement officers' and
30 firefighters' system plan 2 retirement account, the Washington public
31 safety employees' plan 2 retirement account, the Washington school
32 employees' retirement system combined plan 2 and 3 account, the
33 Washington state patrol retirement account, the Washington State
34 University building account, the Washington State University bond
35 retirement fund, the water pollution control revolving administration
36 account, the water pollution control revolving fund, the Western
37 Washington University capital projects account, the Yakima integrated
38 plan implementation account, the Yakima integrated plan
39 implementation revenue recovery account, and the Yakima integrated
40 plan implementation taxable bond account. Earnings derived from

1 investing balances of the agricultural permanent fund, the normal
2 school permanent fund, the permanent common school fund, the
3 scientific permanent fund, and the state university permanent fund
4 shall be allocated to their respective beneficiary accounts.

5 (b) Any state agency that has independent authority over accounts
6 or funds not statutorily required to be held in the state treasury
7 that deposits funds into a fund or account in the state treasury
8 pursuant to an agreement with the office of the state treasurer shall
9 receive its proportionate share of earnings based upon each account's
10 or fund's average daily balance for the period.

11 (5) In conformance with Article II, section 37 of the state
12 Constitution, no treasury accounts or funds shall be allocated
13 earnings without the specific affirmative directive of this section.

14 **Sec. 6.** RCW 43.84.092 and 2024 c 210 s 5 and 2024 c 168 s 13 are
15 each reenacted and amended to read as follows:

16 (1) All earnings of investments of surplus balances in the state
17 treasury shall be deposited to the treasury income account, which
18 account is hereby established in the state treasury.

19 (2) The treasury income account shall be utilized to pay or
20 receive funds associated with federal programs as required by the
21 federal cash management improvement act of 1990. The treasury income
22 account is subject in all respects to chapter 43.88 RCW, but no
23 appropriation is required for refunds or allocations of interest
24 earnings required by the cash management improvement act. Refunds of
25 interest to the federal treasury required under the cash management
26 improvement act fall under RCW 43.88.180 and shall not require
27 appropriation. The office of financial management shall determine the
28 amounts due to or from the federal government pursuant to the cash
29 management improvement act. The office of financial management may
30 direct transfers of funds between accounts as deemed necessary to
31 implement the provisions of the cash management improvement act, and
32 this subsection. Refunds or allocations shall occur prior to the
33 distributions of earnings set forth in subsection (4) of this
34 section.

35 (3) Except for the provisions of RCW 43.84.160, the treasury
36 income account may be utilized for the payment of purchased banking
37 services on behalf of treasury funds including, but not limited to,
38 depository, safekeeping, and disbursement functions for the state
39 treasury and affected state agencies. The treasury income account is

1 subject in all respects to chapter 43.88 RCW, but no appropriation is
2 required for payments to financial institutions. Payments shall occur
3 prior to distribution of earnings set forth in subsection (4) of this
4 section.

5 (4) Monthly, the state treasurer shall distribute the earnings
6 credited to the treasury income account. The state treasurer shall
7 credit the general fund with all the earnings credited to the
8 treasury income account except:

9 (a) The following accounts and funds shall receive their
10 proportionate share of earnings based upon each account's and fund's
11 average daily balance for the period: The abandoned recreational
12 vehicle disposal account, the aeronautics account, the affordable
13 homeownership revolving loan fund account, the Alaskan Way viaduct
14 replacement project account, the budget stabilization account, the
15 capital vessel replacement account, the capitol building construction
16 account, the Central Washington University capital projects account,
17 the charitable, educational, penal and reformatory institutions
18 account, the Chehalis basin account, the Chehalis basin taxable
19 account, the clean fuels credit account, the clean fuels
20 transportation investment account, the cleanup settlement account,
21 the climate active transportation account, the climate transit
22 programs account, the Columbia river basin water supply development
23 account, the Columbia river basin taxable bond water supply
24 development account, the Columbia river basin water supply revenue
25 recovery account, the common school construction fund, the community
26 forest trust account, the connecting Washington account, the county
27 arterial preservation account, the county criminal justice assistance
28 account, the covenant homeownership account, the deferred
29 compensation administrative account, the deferred compensation
30 principal account, the department of licensing services account, the
31 department of retirement systems expense account, the developmental
32 disabilities community services account, the diesel idle reduction
33 account, the opioid abatement settlement account, the drinking water
34 assistance account, the administrative subaccount of the drinking
35 water assistance account, the early learning facilities development
36 account, the early learning facilities revolving account, the Eastern
37 Washington University capital projects account, the education
38 construction fund, the education legacy trust account, the election
39 account, the electric vehicle account, the energy freedom account,
40 the energy recovery act account, the essential rail assistance

1 account, The Evergreen State College capital projects account, the
2 fair start for kids account, the family medicine workforce
3 development account, the ferry bond retirement fund, the fish,
4 wildlife, and conservation account, the freight mobility investment
5 account, the freight mobility multimodal account, the grade crossing
6 protective fund, the higher education retirement plan supplemental
7 benefit fund, the Washington student loan account, the highway bond
8 retirement fund, the highway infrastructure account, the highway
9 safety fund, the hospital safety net assessment fund, the Interstate
10 5 bridge replacement project account, the Interstate 405 and state
11 route number 167 express toll lanes account, the judges' retirement
12 account, the judicial retirement administrative account, the judicial
13 retirement principal account, the limited fish and wildlife account,
14 the local leasehold excise tax account, the local real estate excise
15 tax account, the local sales and use tax account, the marine
16 resources stewardship trust account, the medical aid account, the
17 money-purchase retirement savings administrative account, the money-
18 purchase retirement savings principal account, the motor vehicle
19 fund, the motorcycle safety education account, the move ahead WA
20 account, the move ahead WA flexible account, the multimodal
21 transportation account, the multiuse roadway safety account, the
22 municipal criminal justice assistance account, the oyster reserve
23 land account, the pension funding stabilization account, the
24 perpetual surveillance and maintenance account, the pilotage account,
25 the pollution liability insurance agency underground storage tank
26 revolving account, the public employees' retirement system plan 1
27 account, the public employees' retirement system combined plan 2 and
28 plan 3 account, the public facilities construction loan revolving
29 account, the public health supplemental account, the public works
30 assistance account, the Puget Sound capital construction account, the
31 Puget Sound ferry operations account, the Puget Sound Gateway
32 facility account, the Puget Sound taxpayer accountability account,
33 the real estate appraiser commission account, the recreational
34 vehicle account, the regional mobility grant program account, the
35 reserve officers' relief and pension principal fund, the resource
36 management cost account, the rural arterial trust account, the rural
37 mobility grant program account, the rural Washington loan fund, the
38 second injury fund, the sexual assault prevention and response
39 account, the site closure account, the skilled nursing facility
40 safety net trust fund, the small city pavement and sidewalk account,

1 the special category C account, the special wildlife account, the
2 state hazard mitigation revolving loan account, the state investment
3 board expense account, the state investment board commingled trust
4 fund accounts, the state patrol highway account, the state
5 reclamation revolving account, the state route number 520 civil
6 penalties account, the state route number 520 corridor account, the
7 statewide broadband account, the statewide tourism marketing account,
8 the supplemental pension account, the Tacoma Narrows toll bridge
9 account, the teachers' retirement system plan 1 account, the
10 teachers' retirement system combined plan 2 and plan 3 account, the
11 tobacco prevention and control account, the tobacco settlement
12 account, the toll facility bond retirement account, the
13 transportation 2003 account (nickel account), the transportation
14 equipment fund, the JUDY transportation future funding program
15 account, the transportation improvement account, the transportation
16 improvement board bond retirement account, the transportation
17 infrastructure account, the transportation partnership account, the
18 traumatic brain injury account, the tribal opioid prevention and
19 treatment account, the University of Washington bond retirement fund,
20 the University of Washington building account, the voluntary cleanup
21 account, the volunteer firefighters' relief and pension principal
22 fund, the volunteer firefighters' and reserve officers'
23 administrative fund, the vulnerable roadway user education account,
24 the Washington judicial retirement system account, the Washington law
25 enforcement officers' and firefighters' system plan 1 retirement
26 account, the Washington law enforcement officers' and firefighters'
27 system plan 2 retirement account, the Washington public safety
28 employees' plan 2 retirement account, the Washington school
29 employees' retirement system combined plan 2 and 3 account, the
30 Washington state patrol retirement account, the Washington State
31 University building account, the Washington State University bond
32 retirement fund, the water pollution control revolving administration
33 account, the water pollution control revolving fund, the Western
34 Washington University capital projects account, the Yakima integrated
35 plan implementation account, the Yakima integrated plan
36 implementation revenue recovery account, and the Yakima integrated
37 plan implementation taxable bond account. Earnings derived from
38 investing balances of the agricultural permanent fund, the normal
39 school permanent fund, the permanent common school fund, the

1 scientific permanent fund, and the state university permanent fund
2 shall be allocated to their respective beneficiary accounts.

3 (b) Any state agency that has independent authority over accounts
4 or funds not statutorily required to be held in the state treasury
5 that deposits funds into a fund or account in the state treasury
6 pursuant to an agreement with the office of the state treasurer shall
7 receive its proportionate share of earnings based upon each account's
8 or fund's average daily balance for the period.

9 (5) In conformance with Article II, section 37 of the state
10 Constitution, no treasury accounts or funds shall be allocated
11 earnings without the specific affirmative directive of this section.

12 NEW SECTION. **Sec. 7.** Sections 1 through 4 of this act
13 constitute a new chapter in Title 43 RCW.

14 NEW SECTION. **Sec. 8.** Section 5 of this act expires July 1,
15 2028.

16 NEW SECTION. **Sec. 9.** Section 6 of this act takes effect July 1,
17 2028.

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