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HOUSE BILL 1699

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State of Washington

62nd Legislature

2011 Regular Session

By Representatives Kenney, Smith, and Maxwell; by request of Washington State Department of Commerce

Read first time 01/31/11. Referred to Committee on Community Development & Housing.

1 AN ACT Relating to housing trust fund administrative costs;  
2 amending RCW 43.185.020, 43.185.050, 43.185A.010, and 43.185A.050; and  
3 reenacting and amending RCW 43.185.070 and 43.185A.030.

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

5 **Sec. 1.** RCW 43.185.020 and 2009 c 565 s 37 are each amended to  
6 read as follows:

7 (1) "Contracted amount of state investment in the housing  
8 assistance program" or "contracted amount" means the aggregate amount  
9 of all state funds for which the department has monitoring and  
10 compliance responsibility.

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

12 (3) "Director" means the director of the department of commerce.

13 **Sec. 2.** RCW 43.185.050 and 2006 c 371 s 236 are each amended to  
14 read as follows:

15 (1) The department (~~(shall)~~) must use moneys from the housing trust  
16 fund and other legislative appropriations to finance in whole or in  
17 part any loans or grant projects that will provide housing for persons  
18 and families with special housing needs and with incomes at or below

1 fifty percent of the median family income for the county or standard  
2 metropolitan statistical area where the project is located. At least  
3 thirty percent of these moneys used in any given funding cycle shall be  
4 for the benefit of projects located in rural areas of the state as  
5 defined by the department. If the department determines that it has  
6 not received an adequate number of suitable applications for rural  
7 projects during any given funding cycle, the department may allocate  
8 unused moneys for projects in nonrural areas of the state.

9 (2) Activities eligible for assistance from the housing trust fund  
10 and other legislative appropriations include, but are not limited to:

11 (a) New construction, rehabilitation, or acquisition of low and  
12 very low-income housing units;

13 (b) Rent subsidies;

14 (c) Matching funds for social services directly related to  
15 providing housing for special-need tenants in assisted projects;

16 (d) Technical assistance, design and finance services and  
17 consultation, and administrative costs for eligible nonprofit community  
18 or neighborhood-based organizations;

19 (e) Administrative costs for housing assistance groups or  
20 organizations when such grant or loan will substantially increase the  
21 recipient's access to housing funds other than those available under  
22 this chapter;

23 (f) Shelters and related services for the homeless, including  
24 emergency shelters and overnight youth shelters;

25 (g) Mortgage subsidies, including temporary rental and mortgage  
26 payment subsidies to prevent homelessness;

27 (h) Mortgage insurance guarantee or payments for eligible projects;

28 (i) Down payment or closing cost assistance for eligible first-time  
29 home buyers;

30 (j) Acquisition of housing units for the purpose of preservation as  
31 low-income or very low-income housing;

32 (k) Projects making housing more accessible to families with  
33 members who have disabilities; and

34 (l) During the 2005-2007 fiscal biennium, a manufactured/mobile  
35 home landlord-tenant ombudsman conflict resolution and park  
36 registration program.

37 (3) During the 2005-2007 fiscal biennium, revenues generated under

1 RCW 36.22.178 may be used for the development of affordable housing  
2 projects and other activities funded in section 108, chapter 371, Laws  
3 of 2006.

4 (4) Legislative appropriations from capital bond proceeds may be  
5 used only for the costs of projects authorized under subsection (2)(a),  
6 (i), and (j) of this section, and not for the administrative costs of  
7 the department.

8 (5) Moneys from repayment of loans from appropriations from capital  
9 bond proceeds may be used for all activities necessary for the proper  
10 functioning of the housing assistance program except for activities  
11 authorized under subsection (2)(b) and (c) of this section.

12 (6) Administrative costs associated with application, distribution,  
13 and project development activities of the department (~~shall~~) may not  
14 exceed (~~five~~) three percent of the annual funds available for the  
15 housing assistance program.

16 (7) Administrative costs associated with compliance and monitoring  
17 activities of the department may not exceed one-quarter of one percent  
18 annually of the contracted amount of state investment in the housing  
19 assistance program.

20 **Sec. 3.** RCW 43.185.070 and 2005 c 219 s 2 and 2005 c 518 s 1802  
21 are each reenacted and amended to read as follows:

22 (1) During each calendar year in which funds from the housing trust  
23 fund or other legislative appropriations are available for use by the  
24 department for the housing assistance program, the department (~~shall~~)  
25 must announce to all known interested parties, and through major media  
26 throughout the state, a grant and loan application period of at least  
27 ninety days' duration. This announcement (~~shall~~) must be made as  
28 often as the director deems appropriate for proper utilization of  
29 resources. The department (~~shall~~) must then promptly grant as many  
30 applications as will utilize available funds less appropriate  
31 administrative costs of the department as provided in RCW 43.185.050.  
32 (~~Administrative costs paid out of the housing trust fund may not~~  
33 ~~exceed five percent of annual revenues available for distribution to~~  
34 ~~housing trust fund projects.)) In awarding funds under this chapter,~~  
35 the department (~~shall~~) must provide for a geographic distribution on  
36 a statewide basis.

1           (2) The department (~~shall~~) must give first priority to  
2 applications for projects and activities which utilize existing  
3 privately owned housing stock including privately owned housing stock  
4 purchased by nonprofit public development authorities and public  
5 housing authorities as created in chapter 35.82 RCW. As used in this  
6 subsection, privately owned housing stock includes housing that is  
7 acquired by a federal agency through a default on the mortgage by the  
8 private owner. Such projects and activities (~~shall~~) must be  
9 evaluated under subsection (3) of this section. Second priority  
10 (~~shall be~~) is given to activities and projects which utilize existing  
11 publicly owned housing stock. All projects and activities (~~shall~~)  
12 must be evaluated by some or all of the criteria under subsection (3)  
13 of this section, and similar projects and activities shall be evaluated  
14 under the same criteria.

15           (3) The department (~~shall~~) must give preference for applications  
16 based on some or all of the criteria under this subsection, and similar  
17 projects and activities (~~shall~~) must be evaluated under the same  
18 criteria:

19           (a) The degree of leveraging of other funds that will occur;

20           (b) The degree of commitment from programs to provide necessary  
21 habilitation and support services for projects focusing on special  
22 needs populations;

23           (c) Recipient contributions to total project costs, including  
24 allied contributions from other sources such as professional, craft and  
25 trade services, and lender interest rate subsidies;

26           (d) Local government project contributions in the form of  
27 infrastructure improvements, and others;

28           (e) Projects that encourage ownership, management, and other  
29 project-related responsibility opportunities;

30           (f) Projects that demonstrate a strong probability of serving the  
31 original target group or income level for a period of at least twenty-  
32 five years;

33           (g) The applicant has the demonstrated ability, stability and  
34 resources to implement the project;

35           (h) Projects which demonstrate serving the greatest need;

36           (i) Projects that provide housing for persons and families with the  
37 lowest incomes;

1 (j) Projects serving special needs populations which are under  
2 statutory mandate to develop community housing;

3 (k) Project location and access to employment centers in the region  
4 or area;

5 (l) Projects that provide employment and training opportunities for  
6 disadvantaged youth under a youthbuild or youthbuild-type program as  
7 defined in RCW 50.72.020; and

8 (m) Project location and access to available public transportation  
9 services.

10 (4) The department (~~(shall)~~) may only approve applications for  
11 projects for (~~(mentally ill persons)~~) individuals with mental illness  
12 that are consistent with a regional support network six-year capital  
13 and operating plan.

14 **Sec. 4.** RCW 43.185A.010 and 2009 c 565 s 38 are each amended to  
15 read as follows:

16 Unless the context clearly requires otherwise, the definitions in  
17 this section apply throughout this chapter.

18 (1) "Affordable housing" means residential housing for rental  
19 occupancy which, as long as the same is occupied by low-income  
20 households, requires payment of monthly housing costs, including  
21 utilities other than telephone, of no more than thirty percent of the  
22 family's income. The department (~~(shall)~~) must adopt policies for  
23 residential homeownership housing, occupied by low-income households,  
24 which specify the percentage of family income that may be spent on  
25 monthly housing costs, including utilities other than telephone, to  
26 qualify as affordable housing.

27 (2) "Contracted amount of state investment in the housing  
28 assistance program" or "contracted amount" has the same meaning as  
29 provided in RCW 43.185.020.

30 (3) "Department" means the department of commerce.

31 (~~(+3)~~) (4) "Director" means the director of the department of  
32 commerce.

33 (~~(+4)~~) (5) "First-time home buyer" means an individual or his or  
34 her spouse or domestic partner who have not owned a home during the  
35 three-year period prior to purchase of a home.

36 (~~(+5)~~) (6) "Low-income household" means a single person, family or

1 unrelated persons living together whose adjusted income is less than  
2 eighty percent of the median family income, adjusted for household  
3 size, for the county where the project is located.

4 **Sec. 5.** RCW 43.185A.030 and 2005 c 219 s 3 and 2005 c 518 s 1803  
5 are each reenacted and amended to read as follows:

6 (1) Using moneys specifically appropriated for such purpose, the  
7 department shall finance in whole or in part projects that will provide  
8 housing for low-income households.

9 (2) Activities eligible for assistance include, but are not limited  
10 to:

11 (a) New construction, rehabilitation, or acquisition of housing for  
12 low-income households;

13 (b) Rent subsidies in new construction or rehabilitated multifamily  
14 units;

15 (c) Down payment or closing costs assistance for first-time home  
16 buyers;

17 (d) Mortgage subsidies for new construction or rehabilitation of  
18 eligible multifamily units; and

19 (e) Mortgage insurance guarantee or payments for eligible projects.

20 (3) Legislative appropriations from capital bond proceeds may be  
21 used only for the costs of projects authorized under subsection (2)  
22 (a), (c), (d), and (e) of this section, and not for the administrative  
23 costs of the department.

24 (4) Moneys from repayment of loans from appropriations from capital  
25 bond proceeds may be used for all activities necessary for the proper  
26 functioning of the affordable housing program except for activities  
27 authorized under subsection (2)(b) of this section.

28 (5) Administrative costs associated with application, distribution,  
29 and project development activities of the department (~~(shall)~~) may not  
30 exceed (~~(five)~~) three percent of the annual funds available for the  
31 affordable housing program.

32 (6) Administrative costs associated with compliance and monitoring  
33 activities of the department may not exceed one-quarter of one percent  
34 annually of the contracted amount of state investment in the affordable  
35 housing program.

1       **Sec. 6.** RCW 43.185A.050 and 1991 c 356 s 14 are each amended to  
2 read as follows:

3       (1) During each calendar year in which funds are available for use  
4 by the department for the affordable housing program, the department  
5 (~~shall~~) must announce to all known interested parties, and through  
6 major media throughout the state, a grant and loan application period  
7 of at least ninety days' duration. This announcement (~~shall~~) must be  
8 made as often as the director deems appropriate for proper utilization  
9 of resources. The department (~~shall~~) must then promptly grant as  
10 many applications as will utilize available funds less appropriate  
11 administrative costs of the department (~~(, not to exceed five percent of~~  
12 ~~moneys appropriated to the affordable housing program)) as provided in~~  
13 RCW 43.185A.030.

14       (2) The department (~~shall~~) must develop, with advice and input  
15 from the (~~low income assistance advisory committee established in RCW~~  
16 ~~43.185.110)) affordable housing advisory board, criteria to evaluate  
17 applications for assistance under this chapter.~~

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