HOUSE BILL 1709

State of Washington 68th Legislature 2023 Regular Session

By Representatives Tharinger and Macri; by request of Department of Commerce

- 1 AN ACT Relating to housing programs administered by the 2 department of commerce; amending RCW 43.185.010, 43.185.030, 3 43.185.070, 43.185.074, 43.185.080, 43.185A.010, 43.185A.020, 31.04.025, 39.35D.080, 4 43.185A.060, 43.185A.070, 18.85.311, 43.185C.200, 43.185C.210, 5 43.63A.680, 43.79.201, 47.12.063, 59.24.060, 82.14.400, and 82.45.100; reenacting and amending RCW 6 7 43.185.050; adding new sections to chapter 43.185A RCW; adding a new 8 section to chapter 42.56 RCW; adding a new section to chapter 43.185B RCW; recodifying RCW 43.185.010, 43.185.030, 43.185.050, 43.185.070, 9 43.185.074, 43.185.080, and 43.185.110; and repealing RCW 43.185.015, 10 43.185.020, 43.185.060, 43.185.076, 43.185.090, 11 43.185.100, 43.185.910, 43.185A.030, 12 43.185.120, 43.185.130, 43.185.140, 13 43.185A.050, 43.185A.080, 43.185A.090, 43.185A.100, 43.185A.110, 43.185A.120, and 43.185A.900. 14
- 15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 16 **Sec. 1.** RCW 43.185.010 and 1991 c 356 s 1 are each amended to read as follows:
- The legislature finds that current economic conditions, federal housing policies and declining resources at the federal, state, and
- 20 local lovel adversely affect the ability of low and very low-income
- 20 local level adversely affect the ability of low and very low-income

21 persons to obtain safe, decent, and affordable housing.

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The legislature further finds that members of over ((one hundred twenty thousand households live in housing units which are overcrowded, lack plumbing, are otherwise threatening to health and safety, and have rents and utility payments which exceed thirty percent of their income)) 150,000 households pay more than 50 percent of their income for rent and housing costs.

The legislature further finds that minorities, rural households, and migrant farmworkers require housing assistance at a rate which significantly exceeds their proportion of the general population.

The legislature further finds that one of the most dramatic housing needs is that of persons needing special housing-related services, such as ((the mentally ill)) individuals with mental illness, recovering alcoholics, frail elderly persons, families with members who have disabilities, and single parents. These services include medical assistance, counseling, chore services, and child care.

The legislature further finds that ((housing assistance programs in the past have often failed to help those in greatest need)) state investments in affordable housing, as enabled by the legislature in 1986, have exceeded \$1,800,000,000 to provide over 55,000 units of safe and affordable housing to low-income individuals.

((The legislature declares that it is in the public interest to establish a continuously renewable resource known as the housing trust fund and housing assistance program to assist low and very low-income citizens in meeting their basic housing needs, and that the needs of very low-income citizens should be given priority and that whenever feasible, assistance should be in the form of loans.))

Sec. 2. RCW 43.185.030 and 2016 sp.s. c 36 s 936 are each 29 amended to read as follows:

There is hereby created in the state treasury an account to be known as the Washington housing trust fund. The housing trust fund shall include revenue from the sources established by this chapter, appropriations by the legislature, private contributions, repayment of loans, and all other sources. ((During the 2015-2017 fiscal biennium, the legislature may transfer from the Washington housing trust fund to the home security fund account and to the state general fund such amounts as reflect the excess balance in the fund.))

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- **Sec. 3.** RCW 43.185.050 and 2021 c 332 s 7032 and 2021 c 130 s 5 2 are each reenacted and amended to read as follows:
 - (1) The department must use moneys from the housing trust fund and other legislative appropriations to finance in whole or in part any loan((s)) or grant projects that will provide <u>affordable</u> housing for persons and families with special housing needs and ((with incomes at or below fifty percent of the median family income for the county or standard metropolitan statistical area where the project is located)) who are low-income households.
 - (2) At least thirty percent of these moneys used in any given funding cycle must be for the benefit of projects located in rural areas of the state as defined by the department. If the department determines that it has not received an adequate number of suitable applications for rural projects during any given funding cycle, the department may allocate unused moneys for projects in nonrural areas of the state.
- $((\frac{(2)}{(2)}))$ <u>(3)</u> Activities eligible for assistance from the housing trust fund and other legislative appropriations include, but are not limited to:
 - (a) New construction, rehabilitation, or acquisition of low and very low-income housing units;
 - (b) ((Rent subsidies;

- (c) Matching funds for social services directly related to providing housing for special-need tenants in assisted projects;
 - (d) Technical)) Preconstruction technical assistance, design and finance services and consultation, and administrative costs for eligible nonprofit community or neighborhood-based organizations;
 - $((\frac{(e)}{(e)}))$ (c) Administrative costs for housing assistance groups or organizations when such grant or loan will substantially increase the recipient's access to housing funds other than those available under this chapter;
- $((\frac{f}))$ <u>(d)</u> Shelters $(\frac{and\ related\ services}{})$ for the homeless, including emergency shelters and overnight youth shelters;
- 34 (((g) Mortgage subsidies, including temporary rental and mortgage
 35 payment subsidies to prevent homelessness;
- 36 (h) Mortgage insurance guarantee or payments for eligible
 37 projects;
- 38 (i) Down payment or closing cost assistance for eligible first39 time home buyers;

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1 (j)) (e) Down payment or closing costs assistance for low-income
2 first-time home buyers;

- (f) Acquisition of housing units for the purpose of preservation
 as low-income ((or very low-income)) housing;
- $((\frac{k}{k}))$ <u>(g)</u> Projects making <u>affordable</u> housing <u>projects</u> more accessible to $(\frac{families}{k})$ <u>low-income households</u> with members who have disabilities; and
- (((1))) (h) Remodeling and improvements as required to meet building code, licensing requirements, or legal operations to residential properties owned and operated by an entity eligible under RCW 43.185A.040, which were transferred as described in RCW 82.45.010(3)(t) by the parent of a child with developmental disabilities.
- 14 (((3) Preference must be given for projects that include an early learning facility, as defined in RCW 43.31.565.))
 - (4) (a) Legislative appropriations from capital bond proceeds may be used ((only)) for the costs of projects authorized under subsection (((2)(a), (i), and (j))) (3) of this section, ((and not for the administrative costs of the department,)) except ((that during the 2021-2023 fiscal biennium, the)) for costs of subsection (3) (c) of this section.
 - (b) The department may use up to three percent of the appropriations from capital bond proceeds or other new appropriations for affordable housing investments for administrative costs associated with application, distribution, and project development activities of the affordable housing ((assistance)) program.
 - (c) Reappropriations must not be included in the calculation of the annual funds available for determining the administrative costs.
 - (5) (a) Moneys received from repayment of housing trust fund loans ((from appropriations from capital bond proceeds)) or other affordable housing appropriations may be used for all activities necessary for the proper functioning of the affordable housing ((assistance)) program ((except for activities authorized under subsection (2)(b) and (c) of this section)), including, but not limited to, providing preservation funding, as provided in section 13 of this act, and preconstruction technical assistance as provided in RCW 43.185.080 (as recodified by this act).
 - (((6) Administrative costs associated with application, distribution, and project development activities of the department may not exceed three percent of the annual funds available for the

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housing assistance program. Reappropriations must not be included in the calculation of the annual funds available for determining the administrative costs.

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- (7))) (b) Administrative costs associated with compliance and monitoring activities of the department may not exceed ((one-quarter)) four-tenths of one percent annually of the contracted amount of state investment in ((the housing assistance program)) affordable housing programs.
- **Sec. 4.** RCW 43.185.070 and 2019 c 325 s 5013 are each amended to 10 read as follows:
 - (1) During each calendar year in which funds from the housing trust fund or other legislative appropriations are available for use by the department for the <u>affordable</u> housing ((assistance)) program, the department must announce to all known interested parties, and ((through major media throughout the state)) on its website, a grant and loan application period of at least ((ninety)) 60 days' duration. This announcement must be made as often as the director deems appropriate for proper utilization of resources. The department must then promptly grant as many applications as will utilize available funds less appropriate administrative costs of the department as provided in RCW 43.185.050 (as recodified by this act).
 - (2) In awarding funds under this chapter, the department must:
 - (a) Provide for a geographic distribution on a statewide basis; and
 - (b) ((Until June 30, 2013, consider)) Consider the total cost and per-unit cost of each project for which an application is submitted for funding ((under RCW 43.185.050(2) (a) and (j))), as compared to similar housing projects constructed or renovated within the same geographic area.
 - (3) ((The department, with advice and input from the affordable housing advisory board established in RCW 43.185B.020, or a subcommittee of the affordable housing advisory board, must report recommendations for awarding funds in a cost-effective manner. The report must include an implementation plan, timeline, and any other items the department identifies as important to consider to the legislature by December 1, 2012.
 - (4))) The department must give first priority to applications for projects and activities ((which utilize existing privately owned housing stock including privately owned housing stock purchased by

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1 nonprofit public development authorities and public housing authorities as created in chapter 35.82 RCW. As used in this subsection, privately owned housing stock includes housing that is 3 acquired by a federal agency through a default on the mortgage by the 4 private owner. Such projects and activities must be evaluated under 6 subsection (5) of this section. Second priority must be given to activities and projects which utilize existing publicly owned housing 7 stock)) that increase the total number of units of affordable housing 8 in the state. All projects and activities must be evaluated by some or all of the criteria under subsection (5) of this section, and similar projects and activities shall be evaluated under the same 11 12 criteria.

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- (4) The department must use a separate application form for applications to provide homeownership opportunities and evaluate homeownership project applications as allowed under chapter 43.185A
- (5) The department must give preference for applications based on some or all of the criteria under this subsection, and similar projects and activities must be evaluated under the same criteria:
 - (a) The degree of leveraging of other funds that will occur;
- (b) The degree of commitment from programs to provide necessary habilitation and support services for projects focusing on special needs populations;
- (c) Recipient contributions to total project costs, including allied contributions from other sources such as professional, craft and trade services, and lender interest rate subsidies;
- Local government project contributions in the form of infrastructure improvements, and others;
- (e) Projects that encourage ownership, management, and other project-related responsibility opportunities;
- (f) Projects that demonstrate a strong probability of serving the original target group or income level for a period of at least ((twenty-five)) <u>40</u> years;
- (g) The applicant has the demonstrated ability, stability and resources to implement the project;
 - (h) Projects which demonstrate serving the greatest need;
- 37 (i) Projects that provide housing for persons and families with the lowest incomes; 38
- 39 Projects serving special needs populations which ((are under)) fulfill statutory mandates to develop community housing; 40

p. 6 HB 1709 1 (k) Project location and access to employment centers in the 2 region or area;

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- (1) Projects that provide employment and training opportunities for disadvantaged youth under a youthbuild or youthbuild-type program as defined in RCW 50.72.020;
- 6 (m) Project location and access to available public 7 transportation services; ((and))
 - (n) Projects involving collaborative partnerships between local school districts and either public housing authorities or nonprofit housing providers, that help children of low-income families succeed in school. To receive this preference, the local school district must provide an opportunity for community members to offer input on the proposed project at the first scheduled school board meeting following submission of the grant application to the department;
- 15 (o) The degree of funding that has already been committed to the project by nonstate entities; and
- 17 <u>(p) Projects that demonstrate a strong readiness to proceed to</u>
 18 <u>construction</u>.
- 19 <u>(6) Preference must be given for projects that include an early</u> 20 <u>learning facility.</u>
- 21 **Sec. 5.** RCW 43.185.074 and 1987 c 513 s 11 are each amended to 22 read as follows:
 - The director shall designate grant and loan applications for approval and for funding under the revenue from remittances made pursuant to RCW ((18.85.310. These applications shall then be reviewed for final approval by the broker's trust account board created by RCW 18.85.500.
- The director shall submit to the broker's trust account board within any fiscal year only such applications which in their aggregate total funding requirements do not exceed the revenue to the housing trust found [fund] from remittances made pursuant to RCW 18.85.310 for the previous fiscal year)) 18.85.285.
- 33 **Sec. 6.** RCW 43.185.080 and 1991 c 356 s 6 are each amended to 34 read as follows:
- 35 (1) The department may use moneys from the housing trust fund and 36 other legislative appropriations, ((but not appropriations from 37 capital bond proceeds,)) to provide preconstruction technical 38 assistance to eligible recipients seeking to construct, rehabilitate,

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- 1 or finance housing-related services for very low and low-income
- 2 persons. The department shall emphasize providing preconstruction
- 3 technical assistance services to rural areas and small cities and
- 4 towns, to nonprofits serving marginalized communities without a
- 5 <u>history of receiving housing trust fund or other affordable housing</u>
- 6 investments, and to other nonprofit community organizations led by
- 7 and for black, indigenous, and persons of color. The department may
- 8 contract with <u>private and</u> nonprofit organizations to provide this
- 9 technical assistance. The department may contract for any of the
- 10 following services:

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- 11 (a) Financial planning and packaging for housing projects, 12 including alternative ownership programs, such as limited equity 13 partnerships and syndications;
 - (b) Project design, architectural planning, and siting;
 - (c) Compliance with planning requirements;
- 16 (d) Securing matching resources for project development;
- 17 (e) Maximizing local government contributions to project 18 development in the form of land donations, infrastructure 19 improvements, waivers of development fees, locally and state-managed 20 funds, zoning variances, or creative local planning;
- 21 (f) Coordination with local planning, economic development, and 22 environmental, social service, and recreational activities;
 - (g) Construction and materials management; and
 - (h) Project maintenance and management.
- 25 (2) The department shall publish requests for proposals which 26 specify contract performance standards, award criteria, and 27 contractor requirements. In evaluating proposals, the department 28 shall consider the ability of the contractor to provide technical 29 assistance to low and very low-income persons and to persons with 30 special housing needs.
- NEW SECTION. Sec. 7. A new section is added to chapter 43.185A RCW to read as follows:
- The legislature declares that it is in the public interest for the department to operate an affordable housing program and to establish a continuously renewable resource known as the housing trust fund to assist low and very low-income residents in meeting their basic housing needs, and that the needs of very low-income residents should be given priority. Whenever feasible, affordable

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- 1 housing shall be permanent and sustainable and assistance should be
- 2 in the form of loans.

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3 **Sec. 8.** RCW 43.185A.010 and 2013 c 145 s 4 are each amended to 4 read as follows:

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

- (1) "Affordable housing" means residential housing for rental occupancy which, as long as the same is occupied by low-income households, requires payment of monthly housing costs, including utilities other than telephone, of no more than thirty percent of the ((family's)) household's income. The department must adopt policies for residential homeownership housing, occupied by low-income households, which specify the percentage of family income that may be spent on monthly housing costs, including utilities other than telephone, to qualify as affordable housing.
- (2) "Contracted amount" ((has the same meaning as provided in RCW 43.185.020)) means the aggregate amount of all state funding for which the department has monitoring and compliance responsibility.
 - (3) "Department" means the department of commerce.
 - (4) "Director" means the director of the department of commerce.
- (5) "First-time home buyer" means ((an individual or his or her spouse or domestic partner who have not owned a home during the three-year period prior to purchase of a home)):
- (a) An individual or the individual's spouse who has had no ownership in a principal residence during the three-year period ending on the date of purchase of the property;
- 27 <u>(b) A single parent who has only owned a home with a former</u> 28 spouse while married;
- (c) An individual who is a displaced homemaker as defined in 24

 C.F.R. Sec. 93.2 as it exists on the effective date of this section,

 or such subsequent date as may be provided by the department by rule,

 consistent with the purposes of this section, and has only owned a

 home with a spouse;
- 34 <u>(d) An individual who has only owned a principal residence not</u> 35 <u>permanently affixed to a permanent foundation in accordance with</u> 36 <u>applicable regulations; or</u>
- 37 <u>(e) An individual who has only owned a property that is</u> 38 <u>determined by a licensed building inspector as being uninhabitable</u>.

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- 1 (6) "Low-income household" means a single person, family or 2 unrelated persons living together whose adjusted income is less than 3 eighty percent of the median family income, adjusted for household 4 size, for the county where the project is located.
- 5 **Sec. 9.** RCW 43.185A.020 and 1995 c 399 s 103 are each amended to read as follows:

The affordable housing program is created in the department for the purpose of developing <u>and preserving affordable housing</u> and coordinating public and private resources targeted to meet the affordable housing needs of low-income households in the state of Washington. The program shall be developed and administered by the department with advice and input from the affordable housing advisory board established in RCW 43.185B.020.

- 14 **Sec. 10.** RCW 43.185A.060 and 1991 c 356 s 15 are each amended to 15 read as follows:
- The department shall adopt policies to ensure that the state's 16 interest will be protected upon either the sale or change of use of 17 18 projects financed in whole or in part under RCW ((43.185A.030)) 19 43.185.050(2) (a), (b), (c), (d), and (e) (as recodified by this 20 act). These policies may include, but are not limited to: (1) 21 Requiring payment to the state of a share of the appreciation in the project in proportion to the state's contribution to the project; (2) 22 23 requiring a lump-sum repayment of the loan or grant upon the sale or 24 change of use of the project; or (3) requiring a deferred payment of principal or principal and interest on loans after a specified time 25 26 period. The policies must require projects to remain as affordable housing for a minimum of 40 years except for projects that provide 27 homes for low-income first-time home buyers, which must remain 28 29 affordable for a minimum of 25 years.
- 30 **Sec. 11.** RCW 43.185A.070 and 1991 c 356 s 16 are each amended to read as follows:
- ((The)) (1) To the extent funds are appropriated for this purpose, the director shall monitor the activities of recipients of grants and loans under this chapter to determine compliance with the terms and conditions set forth in its application or stated by the department in connection with the grant or loan.

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- 1 (2) Personally identifiable information of occupants or 2 prospective tenants of affordable housing or the street address of 3 the residential real property occupied or applied for by tenants or 4 prospective tenants of affordable housing, obtained by the department 5 of commerce during monitoring activities or contract administration 6 are exempt from inspection and copying under section 12 of this act.
- NEW SECTION. Sec. 12. A new section is added to chapter 42.56 RCW to read as follows:
- Information obtained by the department of commerce under chapter 43.185A RCW during monitoring activities or contract administration that reveals the name or other personal information of occupants or prospective tenants of affordable housing, or the street address of the residential real property occupied or applied for by tenants or prospective tenants of affordable housing, is exempt from disclosure under this chapter.
- NEW SECTION. Sec. 13. A new section is added to chapter 43.185A RCW to read as follows:

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- (1) In order to maintain the long-term viability of affordable housing, using funding from the housing trust fund account established under RCW 43.185.030 (as recodified by this act) or from other legislative appropriations, the department may make competitive grant or loan awards to projects in need of major building improvements, preservation repairs, or system replacements.
- (2) The department must solicit and review applications and evaluate projects based on the following criteria:
- 26 (a) The age of the property, with priority given to buildings 27 that are more than 15 years old;
- 28 (b) The population served, with priority given to projects 29 serving persons or families with the lowest incomes;
- 30 (c) The degree to which the applicant demonstrates that the 31 improvements will result in a reduction of operating or utility 32 costs, or both;
- 33 (d) The potential for additional years added to the affordability 34 commitment period of the property; and
- 35 (e) Other criteria that the department considers necessary to achieve the purpose of the housing trust fund program.

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- 1 (3) The department must require an award recipient to submit a 2 property capital needs assessment, in a form acceptable to the 3 department, prior to contract execution.
- 4 <u>NEW SECTION.</u> **Sec. 14.** A new section is added to chapter 43.185A 5 RCW to read as follows:
- 6 (1) The department must report on its website on an annual basis, 7 for each funding cycle:
- 8 (a) The number of homeownership and multifamily rental projects 9 funded;
- 10 (b) The percentage of funding allocated to homeownership and 11 multifamily rental projects; and

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- (c) For both homeownership and multifamily rental projects, the total number of households being served at up to 80 percent of the area median income, up to 50 percent of the area median income, and up to 30 percent of the area median income.
- (2) All housing trust fund loan or grant recipients, except for 16 17 those receiving preservation awards under section 13 of this act, 18 must provide certified final development cost reports to the 19 department in a form acceptable to the department. The department 20 must use the certified final development cost reports data as part of 21 its cost containment policy and to report to the legislature. Beginning December 1, 2023, and continuing every odd-numbered year, 22 23 department must provide the appropriate committees of the 24 legislature with a report of its final cost data for each project 25 funded through the housing trust fund. Such cost data must, at a minimum, include: 26
 - (a) Total development cost per unit for each project completed within the past two complete fiscal years; and
- 29 (b) Descriptive statistics such as average and median per unit 30 costs, regional cost variation, and other costs that the department 31 deems necessary to improve cost controls and enhance understanding of 32 development costs.
- 33 (3) The department must coordinate with the housing finance 34 commission to identify relevant development costs data and ensure 35 that the measures are consistent across relevant agencies.
- 36 **Sec. 15.** RCW 18.85.311 and 2008 c 23 s 38 are each amended to read as follows:

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Remittances received by the state treasurer pursuant to RCW 18.85.285 shall be divided between the housing trust fund created by RCW 43.185.030 (as recodified by this act), which shall receive seventy-five percent and the real estate education program account created by RCW 18.85.321, which shall receive twenty-five percent.

- 6 **Sec. 16.** RCW 31.04.025 and 2015 c 229 s 20 are each amended to 7 read as follows:
 - (1) Each loan made to a resident of this state by a licensee, or persons subject to this chapter, is subject to the authority and restrictions of this chapter.
 - (2) This chapter does not apply to the following:

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- 12 (a) Any person doing business under, and as permitted by, any law 13 of this state or of the United States relating to banks, savings 14 banks, trust companies, savings and loan or building and loan 15 associations, or credit unions;
 - (b) Entities making loans under chapter 19.60 RCW (pawnbroking);
 - (c) Entities conducting transactions under chapter 63.14 RCW (retail installment sales of goods and services), unless credit is extended to purchase merchandise certificates, coupons, open or closed loop stored value, or other similar items issued and redeemable by a retail seller other than the retail seller extending the credit;
- 23 (d) Entities making loans under chapter 31.45 RCW (check cashers 24 and sellers);
 - (e) Any person making a loan primarily for business, commercial, or agricultural purposes unless the loan is secured by a lien on the borrower's primary dwelling;
 - (f) Any person selling property owned by that person who provides financing for the sale when the property does not contain a dwelling and when the property serves as security for the financing. This exemption is available for five or fewer transactions in a calendar year. This exemption is not available to individuals subject to the federal S.A.F.E. act or any person in the business of constructing or acting as a contractor for the construction of residential dwellings;
- 35 (g) Any person making loans made to government or government 36 agencies or instrumentalities or making loans to organizations as 37 defined in the federal truth in lending act;
- 38 (h) Entities making loans under chapter ((43.185)) 43.185A RCW 39 (housing trust fund);

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(i) Entities making loans under programs of the United States department of agriculture, department of housing and urban development, or other federal government program that provides funding or access to funding for single-family housing developments or grants to low-income individuals for the purchase or repair of single-family housing;

- (j) Nonprofit housing organizations making loans, or loans made, under housing programs that are funded in whole or in part by federal or state programs if the primary purpose of the programs is to assist low-income borrowers with purchasing or repairing housing or the development of housing for low-income Washington state residents;
- (k) Entities making loans which are not residential mortgage loans under a credit card plan;
- (1) Individuals employed by a licensed residential mortgage loan servicing company engaging in activities related to servicing, unless licensing is required by federal law or regulation; and
- (m) Entities licensed under chapter 18.44 RCW that process payments on seller-financed loans secured by liens on real or personal property.
- (3) The director may, at his or her discretion, waive applicability of the consumer loan company licensing provisions of this chapter to other persons, not including individuals subject to the S.A.F.E. act, making or servicing loans when the director determines it necessary to facilitate commerce and protect consumers.
- (4) The burden of proving the application for an exemption or exception from a definition, or a preemption of a provision of this chapter, is upon the person claiming the exemption, exception, or preemption.
 - (5) The director may adopt rules interpreting this section.
- **Sec. 17.** RCW 39.35D.080 and 2005 c 12 s 12 are each amended to read as follows:

Except as provided in this section, affordable housing projects funded out of the state capital budget are exempt from the provisions of this chapter. On or before July 1, 2008, the department of ((community, trade, and economic development)) commerce shall identify, implement, and apply a sustainable building program for affordable housing projects that receive housing trust fund (under chapter ((43.185)) 43.185A RCW) funding in a state capital budget. The department of ((community, trade, and economic development))

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commerce shall not develop its own sustainable building standard, but shall work with stakeholders to adopt an existing sustainable building standard or criteria appropriate for affordable housing. Any application of the program to affordable housing, including any monitoring to track the performance of either sustainable features or energy standards or both, is the responsibility of the department of ((community, trade, and economic development)) commerce. Beginning in 2009 and ending in 2016, the department of ((community, trade, and economic development)) commerce shall report to the department as required under RCW 39.35D.030(3)(b).

Sec. 18. RCW 43.63A.680 and 1993 c 478 s 19 are each amended to 12 read as follows:

- (1) The department may develop and administer a home-matching program for the purpose of providing grants and technical assistance to eligible organizations to operate local home-matching programs. For purposes of this section, "eligible organizations" are those organizations eligible to receive assistance through the Washington housing trust fund, chapter ((43.185)) 43.185A RCW.
- (2) The department may select up to five eligible organizations for the purpose of implementing a local home-matching program. The local home-matching programs are designed to facilitate: (a) Intergenerational homesharing involving older homeowners sharing homes with younger persons; (b) homesharing arrangements that involve an exchange of services such as cooking, housework, gardening, or babysitting for room and board or some financial consideration such as rent; and (c) the more efficient use of available housing.
- (3) In selecting local pilot programs under this section, the department shall consider:
- (a) The eligible organization's ability, stability, and resources to implement the local home-matching program;
- (b) The eligible organization's efforts to coordinate other support services needed by the individual or family participating in the local home-matching program; and
 - (c) Other factors the department deems appropriate.
- (4) The eligible organizations shall establish criteria for participation in the local home-matching program. The eligible organization shall make a determination of eligibility regarding the individuals' or families' participation in the local home-matching program. The determination shall include, but is not limited to a

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- verification of the individual's or family's history of making rent payments in a consistent and timely manner.
- 3 **Sec. 19.** RCW 43.79.201 and 2016 sp.s. c 36 s 930 are each 4 amended to read as follows:
- charitable, educational, penal and reformatory 5 The institutions account is hereby created, in the state treasury, into 6 which account there shall be deposited all moneys arising from the 7 sale, lease or transfer of the land granted by the United States 8 government to the state for charitable, educational, penal and 9 10 reformatory institutions by section 17 of the enabling act, or 11 otherwise set apart for such institutions, except all moneys arising from the sale, lease, or transfer of that certain one hundred 12 thousand acres of such land assigned for the support of the 13 University of Washington by chapter 91, Laws of 1903 and section 9, 14 chapter 122, Laws of 1893. 15

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- (2) If feasible, not less than one-half of all income to the charitable, educational, penal, and reformatory institutions account shall be appropriated for the purpose of providing housing, including repair and renovation of state institutions, for persons with mental illness or developmental disabilities, or youth who are blind, deaf, or otherwise disabled. If moneys are appropriated for community-based housing, the moneys shall be appropriated to the department of commerce for the housing assistance program under chapter ((43.185)) 43.185A RCW. During the 2015-2017 fiscal biennium, the legislature may transfer from the charitable, educational, penal and reformatory institutions account to the state general fund such amounts as reflect excess fund balance of the account.
- 28 **Sec. 20.** RCW 43.185C.200 and 2007 c 483 s 604 are each amended 29 to read as follows:
- 30 (1) The department of ((community, trade, and economic development)) commerce shall establish a pilot program to provide grants to eligible organizations, as described in RCW ((43.185.060)) 43.185A.040, to provide transitional housing assistance to offenders who are reentering the community and are in need of housing.
- 35 (2) There shall be a minimum of two pilot programs established in 36 two counties. The pilot programs shall be selected through a request 37 for proposal process and in consultation with the department of

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1 corrections. The department shall select the pilot sites by January 2 1, 2008.

(3) The pilot program shall:

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- (a) Be operated in collaboration with the community justice center existing in the location of the pilot site;
- (b) Offer transitional supportive housing that includes individual support and mentoring available on an ongoing basis, life skills training, and close working relationships with community justice centers and community corrections officers. Supportive housing services can be provided directly by the housing operator, or in partnership with community-based organizations;
- (c) In providing assistance, give priority to offenders who are designated as high risk or high needs as well as those determined not to have a viable release plan by the department of corrections;
- (d) Optimize available funding by utilizing cost-effective community-based shared housing arrangements or other noninstitutional living arrangements; and
- (e) Provide housing assistance for a period of time not to exceed twelve months for a participating offender.
- (4) The department may also use up to twenty percent of the funding appropriated in the operating budget for this section to support the development of additional supportive housing resources for offenders who are reentering the community.
 - (5) The department shall:
- (a) Collaborate with the department of corrections in developing criteria to determine who will qualify for housing assistance; and
- (b) Gather data, and report to the legislature by November 1, 2008, on the number of offenders seeking housing, the number of offenders eligible for housing, the number of offenders who receive the housing, and the number of offenders who commit new crimes while residing in the housing to the extent information is available.
- 32 (6) The department of corrections shall collaborate with 33 organizations receiving grant funds to:
- 34 (a) Help identify appropriate housing solutions in the community 35 for offenders;
- 36 (b) Where possible, facilitate an offender's application for 37 housing prior to discharge;
- 38 (c) Identify enhancements to training provided to offenders prior 39 to discharge that may assist an offender in effectively transitioning 40 to the community;

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(d) Maintain communication between the organization receiving grant funds, the housing provider, and corrections staff supervising the offender; and

- (e) Assist the offender in accessing resources and services available through the department of corrections and a community justice center.
- (7) The state, department of ((community, trade, and economic development)) commerce, department of corrections, local governments, local housing authorities, eligible organizations as described in RCW ((43.185.060)) 43.185A.040, and their employees are not liable for civil damages arising from the criminal conduct of an offender solely due to the placement of an offender in housing provided under this section or the provision of housing assistance.
- 14 (8) Nothing in this section allows placement of an offender into 15 housing without an analysis of the risk the offender may pose to that 16 particular community or other residents.
- **Sec. 21.** RCW 43.185C.210 and 2020 c 155 s 1 are each amended to 18 read as follows:
 - (1) The transitional housing operating and rent program is created in the department to assist individuals and families who are homeless or who are at risk of becoming homeless to secure and retain safe, decent, and affordable housing. The department shall provide grants to eligible organizations, as described in RCW ((43.185.060)) 43.185A.040, to provide assistance to program participants. The eligible organizations must use grant moneys for:
 - (a) Rental assistance, which includes security or utility deposits, first and last month's rent assistance, and eligible moving expenses to be determined by the department;
 - (b) Case management services designed to assist program participants to secure and retain immediate housing and to transition into permanent housing and greater levels of self-sufficiency;
 - (c) Operating expenses of transitional housing facilities that serve homeless families with children; and
- 34 (d) Administrative costs of the eligible organization, which must 35 not exceed limits prescribed by the department.
- 36 (2) Eligible to receive assistance through the transitional 37 housing operating and rent program are:

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(a) Families with children who are homeless or who are at risk of becoming homeless and who have household incomes at or below fifty percent of the median household income for their county;

- (b) Families with children who are homeless or who are at risk of becoming homeless and who are receiving services under chapter 13.34 RCW;
- (c) Individuals or families without children who are homeless or at risk of becoming homeless and who have household incomes at or below thirty percent of the median household income for their county;
- (d) Individuals or families who are homeless or who are at risk of becoming homeless and who have a household with an adult member who has a mental health or chemical dependency disorder; and
- (e) Individuals or families who are homeless or who are at risk of becoming homeless and who have a household with an adult member who is an offender released from confinement within the past eighteen months.
- (3) All program participants must be willing to create and actively participate in a housing stability plan for achieving permanent housing and greater levels of self-sufficiency.
- (4) Data on all program participants must be entered into and tracked through the Washington homeless client management information system as described in RCW 43.185C.180. For eligible organizations serving victims of domestic violence or sexual assault, compliance with this subsection must be accomplished in accordance with 42 U.S.C. Sec. 11383(a)(8).
- (5) The department may develop rules, requirements, procedures, and guidelines as necessary to implement and operate the transitional housing operating and rent program.
- (6) The department shall produce an annual transitional housing operating and rent program report that must be included in the department's homeless housing strategic plan as described in RCW 43.185C.040. The report must include performance measures to be determined by the department that address, at a minimum, the following issue areas:
- (a) The success of the program in helping program participants transition into permanent affordable housing and achieve self-sufficiency or increase their levels of self-sufficiency, which shall be defined by the department based upon the costs of living, including housing costs, needed to support: (i) One adult individual;

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- and (ii) two adult individuals and one preschool-aged child and one school-aged child;
- (b) The financial performance of the program related to efficient program administration by the department and program operation by selected eligible organizations, including an analysis of the costs per program participant served;
- (c) The quality, completeness, and timeliness of the information on program participants provided to the Washington homeless client management information system database; and
- 10 (d) The satisfaction of program participants in the assistance 11 provided through the program.
- 12 **Sec. 22.** RCW 47.12.063 and 2022 c 186 s 710 are each amended to 13 read as follows:
 - (1) It is the intent of the legislature to continue the department's policy giving priority consideration to abutting property owners in agricultural areas when disposing of property through its surplus property program under this section.
 - (2) Whenever the department determines that any real property owned by the state of Washington and under the jurisdiction of the department is no longer required for transportation purposes and that it is in the public interest to do so, the department may sell the property or exchange it in full or part consideration for land or building improvements or for construction of highway improvements at fair market value to any person through the solicitation of written bids through public advertising in the manner prescribed under RCW 47.28.050 or in the manner prescribed under RCW 47.12.283.
- 27 (3) The department may forego the processes prescribed by RCW 47.28.050 and 47.12.283 and sell the real property to any of the following entities or persons at fair market value:
 - (a) Any other state agency;

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- (b) The city or county in which the property is situated;
- (c) Any other municipal corporation;
- 33 (d) Regional transit authorities created under chapter 81.112 34 RCW;
- 35 (e) The former owner of the property from whom the state acquired 36 title;
- 37 (f) In the case of residentially improved property, a tenant of 38 the department who has resided thereon for not less than six months 39 and who is not delinquent in paying rent to the state;

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(g) Any abutting private owner but only after each other abutting private owner (if any), as shown in the records of the county assessor, is notified in writing of the proposed sale. If more than one abutting private owner requests in writing the right to purchase the property within 15 days after receiving notice of the proposed sale, the property shall be sold at public auction in the manner provided in RCW 47.12.283;

- (h) To any other owner of real property required for transportation purposes;
- (i) In the case of property suitable for residential use, any nonprofit organization dedicated to providing affordable housing to very low-income, low-income, and moderate-income households as defined in RCW 43.63A.510 and is eligible to receive assistance through the Washington housing trust fund created in chapter ((43.185)) 43.185A RCW;
- (j) During the 2021-2023 fiscal biennium, any nonprofit organization that identifies real property to be sold or conveyed as a substitute for real property owned by the nonprofit within the city of Seattle to be redeveloped for the purpose of affordable housing; or
- 21 (k) A federally recognized Indian tribe within whose reservation 22 boundary the property is located.
 - (4) When selling real property pursuant to RCW 47.12.283, the department may withhold or withdraw the property from an auction when requested by one of the entities or persons listed in subsection (3) of this section and only after the receipt of a nonrefundable deposit equal to 10 percent of the fair market value of the real property or \$5,000, whichever is less. This subsection does not prohibit the department from exercising its discretion to withhold or withdraw the real property from an auction if the department determines that the property is no longer surplus or chooses to sell the property through one of the other means listed in subsection (2) of this section. If a transaction under this subsection is not completed within 60 days, the real property must be put back up for sale.
 - (5) Sales to purchasers may, at the department's option, be for cash, by real estate contract, or exchange of land or highway improvements. Transactions involving the construction of improvements must be conducted pursuant to chapter 47.28 RCW and Title 39 RCW, as applicable, and must comply with all other applicable laws and rules.

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(6) Conveyances made pursuant to this section shall be by deed executed by the secretary of transportation and shall be duly acknowledged.

- (7) Unless otherwise provided, all moneys received pursuant to the provisions of this section less any real estate broker commissions paid pursuant to RCW 47.12.320 shall be deposited in the motor vehicle fund.
- (8) The department may not enter into equal value exchanges or property acquisitions for building improvements without first consulting with the office of financial management and the joint transportation committee.
- **Sec. 23.** RCW 59.24.060 and 1995 c 399 s 159 are each amended to 13 read as follows:

The department of ((eommunity, trade, and economic development)) commerce may receive such gifts, grants, or endowments from public or private sources, as may be made from time to time, in trust or otherwise, to be used by the department of ((community, trade, and economic development)) commerce for its programs, including the rental security deposit guarantee program. Funds from the housing trust fund, chapter ((43.185)) 43.185A RCW, up to one hundred thousand dollars, may be used for the rental security deposit guarantee program by the department of ((community, trade, and economic development)) commerce, local governments, and nonprofit organizations, provided all the requirements of this chapter and chapter ((43.185)) 43.185A RCW are met.

- **Sec. 24.** RCW 82.14.400 and 2020 c 139 s 24 are each amended to read as follows:
 - (1) Upon the joint request of a metropolitan park district, a city with a population of more than one hundred fifty thousand, and a county legislative authority in a county with a national park and a population of more than five hundred thousand and less than one million five hundred thousand, the county must submit an authorizing proposition to the county voters, fixing and imposing a sales and use tax in accordance with this chapter for the purposes designated in subsection (4) of this section and identified in the joint request. Such proposition must be placed on a ballot for a special or general election to be held no later than one year after the date of the joint request.

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(2) The proposition is approved if it receives the votes of a majority of those voting on the proposition.

- (3) The tax authorized in this section is in addition to any other taxes authorized by law and must be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the county. The rate of tax must equal no more than one-tenth of one percent of the selling price in the case of a sales tax, or value of the article used, in the case of a use tax.
- 10 (4) Moneys received from any tax imposed under this section must 11 be used solely for the purpose of providing funds for:
 - (a) Costs associated with financing, design, acquisition, construction, equipping, operating, maintaining, remodeling, repairing, reequipping, or improvement of zoo, aquarium, and wildlife preservation and display facilities that are currently accredited by the American zoo and aquarium association; or
 - (b) Those costs associated with (a) of this subsection and costs related to parks located within a county described in subsection (1) of this section.
 - (5) The department must perform the collection of such taxes on behalf of the county at no cost to the county. In lieu of the charge for the administration and collection of local sales and use taxes under RCW 82.14.050 from which the county is exempt under this subsection (5), a percentage of the tax revenues authorized by this section equal to one-half of the maximum percentage provided in RCW 82.14.050 must be transferred annually to the department of commerce, or its successor agency, from the funds allocated under subsection (6)(b) of this section for a period of twelve years from the first date of distribution of funds under subsection (6)(b) of this section. The department of commerce, or its successor agency, must use funds transferred to it pursuant to this subsection (5) to provide, operate, and maintain community-based housing under chapter ((43.185)) 43.185A RCW for individuals with mental illness.
 - (6) If the joint request and the authorizing proposition include provisions for funding those costs included within subsection (4)(b) of this section, the tax revenues authorized by this section must be allocated annually as follows:
 - (a) Fifty percent to the zoo and aquarium advisory authority; and
 - (b) Fifty percent to be distributed on a per capita basis as set out in the most recent population figures for unincorporated and

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incorporated areas only within that county, as determined by the office of financial management, solely for parks, as follows: To any metropolitan park district, to cities and towns not contained within a metropolitan park district, and the remainder to the county. Moneys received under this subsection (6)(b) by a county may not be used to replace or supplant existing per capita funding.

- (7) Funds must be distributed annually by the county treasurer to the county, and cities and towns located within the county, in the manner set out in subsection (6)(b) of this section.
- (8) Prior to expenditure of any funds received by the county under subsection (6)(b) of this section, the county must establish a process which considers needs throughout the unincorporated areas of the county in consultation with community advisory councils established by ordinance.
- (9) By December 31, 2005, and thereafter, the county or any city with a population greater than eighty thousand must provide at least one dollar match for every two dollars received under this section.
- (10) Properties subject to a memorandum of agreement between the federal bureau of land management, the advisory council on historic preservation, and the Washington state historic preservation officer have priority for funding from money received under subsection (6)(b) of this section for implementation of the stipulations in the memorandum of agreement.
- (a) At least one hundred thousand dollars of the first four years of allocations under subsection (6)(b) of this section, to be matched by the county or city with one dollar for every two dollars received, must be used to implement the stipulations of the memorandum of agreement and for other historical, archaeological, architectural, and cultural preservation and improvements related to the properties.
- (b) The amount in (a) of this subsection must come equally from the allocations to the county and to the city in which the properties are located, unless otherwise agreed to by the county and the city.
- 33 (c) The amount in (a) of this subsection may not be construed to 34 displace or be offered in lieu of any lease payment from a county or 35 city to the state for the properties in question.
- **Sec. 25.** RCW 82.45.100 and 2010 1st sp.s. c 23 s 211 are each 37 amended to read as follows:
 - (1) Payment of the tax imposed under this chapter is due and payable immediately at the time of sale, and if not paid within one

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month thereafter will bear interest from the time of sale until the date of payment.

- (a) Interest imposed before January 1, 1999, is computed at the rate of one percent per month.
- (b) Interest imposed after December 31, 1998, is computed on a monthly basis at the rate as computed under RCW 82.32.050(2). The rate so computed must be adjusted on the first day of January of each year for use in computing interest for that calendar year. The department must provide written notification to the county treasurers of the variable rate on or before December 1st of the year preceding the calendar year in which the rate applies.
- (2) In addition to the interest described in subsection (1) of this section, if the payment of any tax is not received by the county treasurer or the department of revenue, as the case may be, within one month of the date due, there is assessed a penalty of five percent of the amount of the tax; if the tax is not received within two months of the date due, there will be assessed a total penalty of ten percent of the amount of the tax; and if the tax is not received within three months of the date due, there will be assessed a total penalty of twenty percent of the amount of the tax. The payment of the penalty described in this subsection is collectible from the seller only, and RCW 82.45.070 does not apply to the penalties described in this subsection.
- (3) If the tax imposed under this chapter is not received by the due date, the transferee is personally liable for the tax, along with any interest as provided in subsection (1) of this section, unless an instrument evidencing the sale is recorded in the official real property records of the county in which the property conveyed is located.
- (4) If upon examination of any affidavits or from other information obtained by the department or its agents it appears that all or a portion of the tax is unpaid, the department must assess against the taxpayer the additional amount found to be due plus interest and penalties as provided in subsections (1) and (2) of this section. The department must notify the taxpayer by mail, or electronically as provided in RCW 82.32.135, of the additional amount and the same becomes due and must be paid within thirty days from the date of the notice, or within such further time as the department may provide.

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- 1 (5) No assessment or refund may be made by the department more 2 than four years after the date of sale except upon a showing of:
- 3 (a) Fraud or misrepresentation of a material fact by the 4 taxpayer;
- 5 (b) A failure by the taxpayer to record documentation of a sale 6 or otherwise report the sale to the county treasurer; or
- 7 (c) A failure of the transferor or transferee to report the sale 8 under RCW 82.45.090(2).
- 9 (6) Penalties collected on taxes due under this chapter under 10 subsection (2) of this section and RCW 82.32.090 (2) through (8) must 11 be deposited in the housing trust fund as described in chapter 12 ((43.185)) 43.185A RCW.
- 13 <u>NEW SECTION.</u> **Sec. 26.** (1) RCW 43.185.010, 43.185.030,
- 14 43.185.050, 43.185.070, 43.185.074, and 43.185.080 are each
- 15 recodified as sections in chapter 43.185A RCW.
- 16 (2) RCW 43.185.110 is recodified as a section in chapter 43.185B 17 RCW.
- NEW SECTION. Sec. 27. The following acts or parts of acts are each repealed:
- 20 (1) RCW 43.185.015 (Housing assistance program) and 1995 c 399 s 21 100 & 1991 c 356 s 2;
- 22 (2) RCW 43.185.020 (Definitions) and 2013 c 145 s 1, 2009 c 565 s 37, 1995 c 399 s 101, & 1986 c 298 s 3;
- 24 (3) RCW 43.185.060 (Eligible organizations) and 2019 c 325 s 5012, 2014 c 225 s 61, 1994 c 160 s 2, 1991 c 295 s 1, & 1986 c 298 s 26 7;
- 27 (4) RCW 43.185.076 (Low-income housing grants and loans—Approval
 28 —License education programs) and 1988 c 286 s 3 & 1987 c 513 s 10;
- 29 (5) RCW 43.185.090 (Compliance monitoring) and 1986 c 298 s 10;
- 30 (6) RCW 43.185.100 (Rule-making authority) and 1987 c 513 s 2 & 31 1986 c 298 s 11;
- 32 (7) RCW 43.185.120 (Protection of state's interest) and 1991 c 33 356 s 7;
- 34 (8) RCW 43.185.130 (Application process—Distribution procedure) 35 and 2006 c 349 s 3;
- 36 (9) RCW 43.185.140 (Findings—Review of all housing properties— 37 Energy audits) and 2009 c 379 s 301;

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- 1 (10) RCW 43.185.910 (Conflict with federal requirements—1991 c 356) and 1991 c 356 s 8;
- 3 (11) RCW 43.185A.030 (Activities eligible for assistance) and 4 2013 c 145 s 5 & 2011 1st sp.s. c 50 s 954;
- 5 (12) RCW 43.185A.050 (Grant and loan application process—Report) 6 and 2013 c 145 s 6, 2012 c 235 s 2, & 1991 c 356 s 14;
- 7 (13) RCW 43.185A.080 (Rules) and 1991 c 356 s 17;
- 8 (14) RCW 43.185A.090 (Application process—Distribution procedure) 9 and 2006 c 349 s 4;
- 10 (15) RCW 43.185A.100 (Housing programs and services—Review of reporting requirements—Report to the legislature) and 2006 c 349 s 12 11;
- 13 (16) RCW 43.185A.110 (Affordable housing land acquisition 14 revolving loan fund program) and 2017 c 274 s 1, 2008 c 112 s 1, & 15 2007 c 428 s 2;
- 16 (17) RCW 43.185A.120 (Affordable housing and community facilities 17 rapid response loan program) and 2008 c 112 s 2; and
- 18 (18) RCW 43.185A.900 (Short title) and 1991 c 356 s 9.

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