

**HOUSE BILL 1259**

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**State of Washington**

**52nd Legislature**

**1991 Regular Session**

**By** Representatives H. Sommers, Schmidt, Rasmussen, Heavey, Wilson, Winsley, Phillips, Jacobsen, R. King, Nelson, Jones, Wineberry, Dellwo, Brekke, Scott and Anderson.

Read first time January 25, 1991. Referred to Committee on Capital Facilities & Financing.

1 AN ACT Relating to the housing trust fund and housing assistance  
2 program; amending RCW 43.185.010, 43.185.030, 43.185.050, 43.185.070,  
3 and 43.185.080; and adding a new section to chapter 43.185 RCW.

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

5 **Sec. 1.** RCW 43.185.010 and 1986 c 298 s 1 are each amended to read  
6 as follows:

7 The legislature finds that current economic conditions, federal  
8 housing policies and declining resources at the federal, state, and  
9 local level adversely affect the ability of low and very low-income  
10 persons to obtain safe, decent, and affordable housing.

11 The legislature further finds that members of over one hundred  
12 twenty thousand households live in housing units which are overcrowded,  
13 lack plumbing, are otherwise threatening to health and safety, and have  
14 rents and utility payments which exceed thirty percent of their income.

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

4 The legislature further finds that one of the most dramatic housing  
5 needs is that of persons needing special housing-related services, such  
6 as the mentally ill, recovering alcoholics, frail elderly persons, and  
7 single parents. These services include medical assistance, counseling,  
8 chore services, and child care.

9 The legislature further finds that housing assistance programs in  
10 the past have often failed to help those in greatest need.

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

16 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.185 RCW  
17 to read as follows:

18 There is created within the department of community development the  
19 housing assistance program to carry out the purposes of this chapter.

20 **Sec. 3.** RCW 43.185.030 and 1987 c 513 s 6 are each amended to read  
21 as follows:

22 There is hereby created a fund in the office of the treasurer known  
23 as the Washington housing trust fund. The housing trust fund shall  
24 include revenue from the sources established by this chapter,  
25 appropriations by the legislature, private contributions, repayment of  
26 loans, and all other sources. Eighty percent of the return on the fund  
27 in the form of investment income or interest shall be added to the

1 principal of the fund. The remaining twenty percent shall be placed in  
2 the general fund.

3 **Sec. 4.** RCW 43.185.050 and 1986 c 298 s 6 are each amended to read  
4 as follows:

5 (1) The department shall use funds from the housing trust fund and  
6 other legislative appropriations to finance in whole or in part any  
7 loans or grant projects that will provide housing for persons and  
8 families with special housing needs and with incomes at or below fifty  
9 percent of the median family income for the county or standard  
10 metropolitan statistical area where the project is located. Not less  
11 than thirty percent of such funds used in any given biennium shall be  
12 for the benefit of projects located in rural areas as defined in 63  
13 Stat. 432, 42 U.S.C. Sec. 1471 et seq.

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

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

18 (b) Rent subsidies in new construction or rehabilitated multifamily  
19 units;

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

22 (d) Technical assistance, design and finance services and  
23 consultation, and administrative costs for eligible nonprofit community  
24 or neighborhood-based organizations;

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

29 (f) Shelters and related services for the homeless;

1 (g) Mortgage subsidies for new construction or rehabilitation of  
2 eligible multifamily units;

3 (h) Mortgage insurance guarantee or payments for eligible projects;  
4 and

5 (i) Acquisition of housing units for the purpose of preservation as  
6 low-income or very low-income housing.

7 (3) Legislative appropriations from capital bond proceeds and  
8 moneys from repayment of loans from appropriations from capital bond  
9 proceeds may be used only for the costs of projects authorized under  
10 subsection (2) (a) and (i) of this section, and not for the  
11 administrative costs of the department.

12 **Sec. 5.** RCW 43.185.070 and 1988 c 286 s 1 are each amended to read  
13 as follows:

14 (1) During each calendar year in which funds from the housing trust  
15 fund or other legislative appropriations are available for use by the  
16 department ~~((from the housing trust fund, as prescribed in RCW~~  
17 ~~43.185.030,)) for the housing assistance program, the department shall  
18 announce to all known interested parties, and through major media  
19 throughout the state, a grant and loan application period of at least  
20 ninety days' duration. This announcement shall be made as often as the  
21 director deems appropriate for proper utilization of resources, but at  
22 least twice annually. The department shall then promptly grant as many  
23 applications as will utilize available funds less appropriate  
24 administrative costs of the department~~((, not to)). Administrative~~  
25 costs paid out of the housing trust fund may not exceed ~~((thirty-seven~~  
26 ~~thousand five hundred dollars in the fiscal year ending June 30, 1988,~~  
27 ~~and seventy-five thousand dollars in the fiscal year ending June 30,~~  
28 ~~1989, and not to exceed)) five percent of annual revenues to the fund~~  
29 ~~((thereafter)).~~~~

1 (2) The department shall give first priority to applications for  
2 projects and activities which utilize existing privately owned housing  
3 stock including privately owned housing stock purchased by nonprofit  
4 public development authorities. Such projects and activities shall be  
5 evaluated under subsection (3) of this section. Second priority shall  
6 be given to activities and projects which utilize existing publicly  
7 owned housing stock. Such projects and activities shall be evaluated  
8 under subsection (3) of this section.

9 (3) The department shall give preference for applications based on  
10 the following criteria:

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

12 (b) Recipient contributions to total project costs, including  
13 allied contributions from other sources such as professional, craft and  
14 trade services, and lender interest rate subsidies;

15 (c) Local government project contributions in the form of  
16 infrastructure improvements, and others;

17 (d) Projects that encourage ownership, management, and other  
18 project-related responsibility opportunities;

19 (e) Projects that demonstrate a strong probability of serving the  
20 original target group or income level for a period of at least fifteen  
21 years;

22 (f) The applicant has the demonstrated ability, stability and  
23 resources to implement the project;

24 (g) Projects which demonstrate serving the greatest need; and

25 (h) Projects that provide housing for persons and families with the  
26 lowest incomes.

27 **Sec. 6.** RCW 43.185.080 and 1986 c 298 s 9 are each amended to read  
28 as follows:

1 (1) The department may use moneys from the housing trust fund and  
2 other legislative appropriations, but not appropriations from capital  
3 bond proceeds, to provide preconstruction technical assistance to  
4 eligible recipients seeking to construct, rehabilitate, or finance  
5 housing-related services for very low and low-income persons. The  
6 department shall emphasize providing preconstruction technical  
7 assistance services to rural areas and small cities and towns. The  
8 department may contract with nonprofit organizations to provide this  
9 technical assistance. The department may contract for any of the  
10 following services:

11 (a) Financial planning and packaging for housing projects,  
12 including alternative ownership programs, such as limited equity  
13 partnerships and syndications;

14 (b) Project design, architectural planning, and siting;

15 (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 improvements,  
19 waivers of development fees, locally and state-managed funds, zoning  
20 variances, or creative local planning;

21 (f) Coordination with local planning, economic development, and  
22 environmental, social service, and recreational activities;

23 (g) Construction and materials management; and

24 (h) Project maintenance and management.

25 (2) The department shall publish requests for proposals which  
26 specify contract performance standards, award criteria, and contractor  
27 requirements. In evaluating proposals, the department shall consider  
28 the ability of the contractor to provide technical assistance to low  
29 and very low-income persons and to persons with special housing needs.