

---

HOUSE BILL 1738

---

State of Washington

67th Legislature

2022 Regular Session

By Representative Peterson; by request of Housing Finance Commission  
Prefiled 01/04/22.

1 AN ACT Relating to changing the total amount of outstanding  
2 indebtedness of the Washington state housing finance commission; and  
3 amending RCW 43.180.160.

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

5 **Sec. 1.** RCW 43.180.160 and 2018 c 78 s 1 are each amended to  
6 read as follows:

7 (1) The total amount of outstanding indebtedness of the  
8 commission may not exceed (~~eight billion dollars~~) \$14,000,000,000  
9 at any time. The calculation of outstanding indebtedness shall  
10 include the initial principal amount of an issue and shall not  
11 include interest that is either currently payable or that accrues as  
12 a part of the face amount of an issue payable at maturity or earlier  
13 redemption. Outstanding indebtedness shall not include notes or bonds  
14 as to which the obligation of the commission has been satisfied and  
15 discharged by refunding or for which payment has been provided by  
16 reserves or otherwise.

17 (2)(a) The Washington works housing program is created to  
18 increase opportunities for nonprofit organizations and public  
19 agencies to purchase, acquire, build, and own real property to be  
20 used for affordable housing for low and moderate-income households.  
21 The Washington works housing program is intended to provide access to

1 new funding mechanisms and build long-term community equity by  
2 increasing the stock of permanently affordable housing owned by  
3 nonprofit organizations and public agencies.

4 (b) The Washington works housing program is intended to provide  
5 these opportunities for public agencies and nonprofit organizations,  
6 including those materially participating as a managing member or  
7 general partner of a partnership, limited liability company, or  
8 equivalent organization, through the issuance of tax exempt or  
9 taxable revenue bonds issued by the commission in conjunction with a  
10 subsidy necessary to make bond issues to finance affordable housing  
11 properties financially feasible. The program is intended to provide  
12 financing for affordable housing that will meet the (~~following~~)  
13 income and rent restrictions in (c) and (d) of this subsection during  
14 the period of initial bond indebtedness and thereafter.

15 (c) During the period of initial bond indebtedness under the  
16 program, the owner of the property must meet one of the following  
17 requirements: A minimum of twenty percent of the units will be  
18 occupied by households earning less than fifty percent of area median  
19 income and an additional thirty-one percent of the units will be  
20 occupied by persons earning less than eighty percent of area median  
21 income; or forty percent of the units will be occupied by households  
22 earning less than sixty percent of area median income and an  
23 additional eleven percent of the units will be occupied by households  
24 earning less than eighty percent of area median income.

25 (d) After the initial bond indebtedness is retired, the rents  
26 charged for units in the project will be adjusted to be sufficient to  
27 pay reasonable operation and maintenance expenses, including  
28 necessary capital needs, and to make reasonable deposits into a  
29 reserve account with the intent of providing affordable housing to  
30 very low or low-income households for the remaining useful life of  
31 the property. The reasonableness of the rent levels must be  
32 periodically approved by the commission based on information provided  
33 by the owner of the property about income, expenses, and necessary  
34 reserve levels. The determination of the commission regarding the  
35 reasonableness of the rent levels will be final.

36 (e) The commission will enter into a recorded regulatory  
37 agreement with the borrower at the time of the issuance of bonds  
38 under the program for the purpose of ensuring that the property will  
39 meet the income and rent restrictions established in this section.  
40 The commission may charge such compliance fees as necessary to ensure

1 enforcement of the income and rent restrictions during the useful  
2 life of the property.

3 (3) One billion dollars of the outstanding indebtedness of the  
4 commission is for the primary purpose of implementing the Washington  
5 works housing program.

6 (4) If no subsidies are available to make the program in  
7 subsection (2) of this section feasible, then the commission may pass  
8 a resolution stating these facts and authorize the use of a portion  
9 of the one billion dollars of indebtedness intended for the program  
10 to support its other bond programs until such time as the one billion  
11 dollars is exhausted or subsidies are available to make the program  
12 feasible.

--- END ---