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SECOND SUBSTITUTE HOUSE BILL 1995

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State of Washington

65th Legislature

2017 Regular Session

By House Capital Budget (originally sponsored by Representatives Pettigrew, Macri, and Santos)

1 AN ACT Relating to the rehabilitation of historic buildings;  
2 adding new sections to chapter 43.330 RCW; creating a new section;  
3 making an appropriation; and providing an expiration date.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 43.330  
6 RCW to read as follows:

7 (1) The historic building rehabilitation financing pilot program  
8 is established in the department. The department must choose a  
9 municipality within which to implement the pilot program. The  
10 selection of the municipality must be criteria that evaluates the  
11 need for historic building rehabilitation and the potential for  
12 achieving the state's goals to support the public interest in  
13 preserving the state's historical heritage, protect public safety and  
14 health in and around historic buildings during and after a natural  
15 disaster, and contribute to the economic stability of Washington  
16 communities by keeping historic buildings functional and economically  
17 viable.

18 (2)(a) The pilot program must make available gap financing to  
19 private building owners within the selected municipality for historic  
20 building rehabilitation projects that otherwise could not be  
21 completed due to the financial circumstances of their owners.

1 Financing may be provided for rehabilitation work that makes a  
2 building safe and secure, such as fire sprinkler systems and  
3 reinforcing walls. Financing may also be provided for rehabilitation  
4 work that is required to make space habitable and in compliance with  
5 code requirements.

6 (b) The department must issue a competitive request for  
7 qualifications and quotations and select a certified nonprofit  
8 community development financial institution to implement the pilot  
9 program within the selected municipality. The department and the  
10 certified nonprofit community development financial institution must  
11 enter into a contract and jointly develop a project solicitation,  
12 evaluation, and selection process.

13 (3)(a) To be eligible for financing, a historic building must  
14 either:

15 (i) Be eligible for listing, or already listed, on the United  
16 States department of the interior's national register of historic  
17 places, or be designated as a landmark by the city of Seattle  
18 landmarks preservation board or similar organizations in other  
19 jurisdictions; or

20 (ii) Be at least fifty years old, retain authentic, distinctive  
21 physical characteristics from its historic period of construction,  
22 and, through rehabilitation, be expected to contribute to the  
23 economic vitality of the surrounding area.

24 (b) Projects must be evaluated on criteria including but not  
25 limited to the following:

26 (i) Whether the project meets at least one of the public purposes  
27 stated in subsection (1) of this section;

28 (ii) The extent to which the project has leveraged funding from  
29 public and private lenders and applicable tax credits;

30 (iii) The extent to which the building owner has committed cash  
31 and in-kind resources to the project; and

32 (iv) The extent to which the project will address the need for  
33 seismic retrofitting or other protection from a natural disaster.

34 (4) The department and the selected certified nonprofit community  
35 development financial institution must consult with the state  
36 department of archaeology and historic preservation to determine  
37 which proposed projects involve historically significant buildings  
38 and whether the rehabilitation plans for those buildings are  
39 consistent with the United States department of the interior's  
40 standards for rehabilitation.

1 (5)(a) Financing must be in the form of low-interest rate loans  
2 to building owners. Forgivable interest loans or grants may be  
3 allowed under certain circumstances, as determined by the department.  
4 Loan repayments must be deposited into the historic building  
5 rehabilitation revolving loan fund created in section 2 of this act,  
6 to be available as financing for future projects.

7 (b) The selected certified nonprofit community development  
8 financial institution must work with other public and private lenders  
9 to underwrite financing packages that leverage additional funding  
10 resources and applicable tax credits.

11 (c) At least five percent of the total project cost must be  
12 contributed by the building owner in cash.

13 (d) Loans under this program only may be made when a two to one  
14 nonstate to state match is provided, including federal, local, or  
15 private funding sources.

16 (6) The department must conduct due diligence activities  
17 associated with the use of public funds, including oversight of the  
18 project selection process and project monitoring.

19 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.330  
20 RCW to read as follows:

21 The historic building rehabilitation revolving loan fund is  
22 created in the state treasury. All receipts from the repayment of  
23 historic building rehabilitation loans must be deposited into the  
24 account. Moneys in the account may be spent only after appropriation.  
25 Expenditures from the account may be used only for loans to historic  
26 building rehabilitation projects as provided for in section 1 of this  
27 act.

28 NEW SECTION. **Sec. 3.** By December 1, 2018, the department of  
29 commerce must submit a report to the appropriate legislative  
30 committees that evaluates whether the pilot program was successful in  
31 achieving the legislative goals set out for the pilot program. The  
32 report should include the number of buildings rehabilitated through  
33 the pilot program, and an estimate of additional historic buildings  
34 within the municipality in need of rehabilitation. The report should  
35 make recommendations on the opportunity and potential for expanding  
36 the pilot program to other municipalities or statewide.

1        NEW SECTION.    **Sec. 4.**    This act expires June 30, 2019.

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