

Housing Trust Fund – 2019 Budget Action

The information on this page was prepared by the Washington Low Income Housing Alliance

Quick overview:

- The Housing Trust Fund is funded through the state’s Capital Budget.
- The funds are administered by the Department of Commerce and are used to build affordable housing across the state.
- The Housing Trust Fund is the most important investment that Washington State makes in safe, healthy, and affordable homes.
- This year’s \$175 million investment is the largest biennial budget investment for the HTF in state history.

2019/2021 Capital Budget (HB 1102) Housing Trust Fund Appropriation

\$175 million is split between buckets and direct earmarks, with \$37.05 million generally for low-income and special needs populations.

- \$35 million is solely for Permanent Supportive Housing
- \$10 million is solely for modular housing
- \$10 million is solely for a state match on private contributions for the production or preservations of affordable housing.
- \$10 million is solely for housing preservation grants or loans.
- \$7 million is solely for loans or grants to design and construct ultra-high energy efficient affordable housing projects.
- \$45.95 million is earmarked for specific housing projects.
- \$57.05 is solely for affordable housing projects that serve and benefit low income and special needs populations:
 - i) \$5 million is solely for housing for veterans,
 - ii) \$5 million is solely for housing serving people with developmental disabilities,
 - iii) \$5 million is solely for housing that serves people employed as farmworkers,
 - iv) \$5 million is solely for housing projects that benefit homeownership.
- \$37.05 million is left in this category, not tied to any specific bucket or project other than for “low-income and specials needs populations.”

Summary of 2019 Housing Legislation of Note
List of legislation from AWC. Bill Analysis from legislative final bill reports.

#	Brief description	Bill Analysis as presented in final bill report ¹
HB 1105	Protecting taxpayers from home foreclosure <i>Law; effective January 1, 2020</i>	Requires treasurers to annually distribute tax statements by March 15. Requires county treasurers to provide the contact information of delinquent taxpayers to a homeownership resource center after the expiration of two years from the date of the property tax delinquency. Authorizes taxpayers to participate in payment agreements for delinquent taxes in any case where current or past taxes may be delinquent. Requires that all payments, received from a taxpayer participating in a payment agreement or making a partial tax payment for a delinquency, to be applied to the oldest delinquent year first unless the taxpayer requests otherwise. Prohibits property foreclosures on tax delinquencies totaling \$100 or less. Authorizes assessors to assist taxpayers in applying for the tax deferral or exemption program and requires assessors to refer them to the statewide foreclosure hotline.
HB 1107	Nonprofit homeownership development <i>Law; effective July 28, 2019</i>	Expands the low-income housing development property tax exemption to include qualified cooperative associates.
HB 1219	Providing cities and counties authority to use real estate excise taxes to support	Authorizes counties and cities required to plan or who are planning under the Growth Management Act to use real estate excise tax (REET 2) revenue for the planning, acquisition,

¹ Each bill report includes the following statement: *This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

	<p>affordable housing and homelessness projects</p> <p><i>Law; effective July 28, 2019</i></p>	<p>construction, reconstruction, repair, replacement, rehabilitation, or improvement of facilities for persons experiencing homelessness and affordable housing projects until January 1, 2026.</p>
HB 1290	<p>Reviews of voluntary cleanups</p> <p><i>Law; effective July 28, 2019</i></p>	<p>Authorizes the Department of Ecology (DOE) to establish an expedited review process for independent remedial actions, and waive costs for cleaning up properties for affordable housing.</p> <p>Requires persons requesting an expedited review to cover all costs for DOE's assistance.</p>
HB 1377	<p>Requiring cities to offer a density bonus for affordable housing development on religious organization property</p> <p><i>Law; effective July 28, 2019</i></p>	<p>A city planning under certain planning enabling statutes, or a city or county fully planning under the Growth Management Act (GMA), must allow an increased density bonus consistent with local needs for any affordable housing development of any single-family or multifamily residence located on real property owned or controlled by a religious organization if the affordable housing development:</p> <ul style="list-style-type: none"> ○ is set aside for, or occupied exclusively for, low-income households. "Low-income household" means a single person, family, or unrelated persons living together whose adjusted income is less than 80 percent of the median family income, adjusted for household size for the county where the affordable housing development is located; ○ is part of a lease or other binding obligation that requires development to be used exclusively for affordable housing purposes for at least 50 years, even if the religious organization no longer owns the property; and ○ does not discriminate against any person who qualifies as a member of a low-income household. <p>A city or town, code city, or county may develop policies to implement the increased density bonus if it receives a request from a religious organization for the increased density bonus. The religious organization developing the qualifying affordable housing must pay all fees, mitigation costs, and other charges required and, if applicable, should work with local transit agencies to ensure appropriate transit services are provided to the affordable housing development.</p> <p>"Affordable housing development" means a proposed or existing structure in which 100 percent of all single-family or multifamily residential dwelling units within the development are set</p>

		<p>aside for or are occupied by low-income households at a sales price or rent amount that may not exceed 30 percent of the income limit for the low-income housing unit.</p> <p>An affordable housing development created by a religious institution within a city or county fully planning under the GMA must be located within an urban growth area.</p> <p>The Joint Legislative Audit and Review Committee must review the efficacy of the increased density bonus incentive for affordable housing development located on property owned by a religious organization and must report its findings to the appropriate committees of the Legislature by December 1, 2030. The review must include a recommendation on whether this incentive should be continued without change or should be amended or repealed. Votes</p>
<p>HB 1406</p>	<p>Encouraging investments in affordable and supportive housing</p> <p><i>Law; effective July 28, 2019</i></p>	<p>County and city legislative authorities are authorized to implement a local sales tax to fund affordable or supportive housing. The maximum rate imposed may not exceed either 0.0146 percent or 0.0073 percent.</p> <p>For the first 12 months following the effective date of the bill, the maximum rate of 0.0146 percent is available only to:</p> <ul style="list-style-type: none"> ○ a city levying a qualifying local tax; ○ a city located in a county that declares it will not levy the tax; and ○ a county within its unincorporated areas and within the limits of a city that declares it will not levy the tax. <p>Beginning 12 months after the effective date of the bill, the maximum rate of 0.0146 percent is available only to:</p> <ul style="list-style-type: none"> ○ a city levying a qualifying local tax; and ○ a county within its unincorporated areas and within the limits of a city that is not levying the tax. <p>Beginning 12 months after the effective date of the bill, cities without a qualifying tax may impose a rate of 0.0073 percent, and a county may impose a rate of 0.0073 percent within the limits of a city imposing the tax at 0.0073 percent. A county may not levy the tax within the limits of a city imposing the tax at 0.0146 percent.</p>

A "qualifying local tax" is defined as the affordable housing levy, the sales and use tax for housing and related services, the sales and use tax for chemical dependency and mental health treatment services or therapeutic courts, or a voter-approved property tax levy used solely for affordable housing. To impose the tax, a county or city legislative authority must adopt a resolution of intent within six months of the effective date of the bill and impose the tax within one year.

The tax is credited against the state sales tax collected in the jurisdiction. The amount a county or city may collect in any state fiscal year is limited based on taxable retail sales in the jurisdiction for state fiscal year 2019.

A county or city may bond against the revenue. The revenue collected or bonds issued may only be used for:

- acquiring, rehabilitating, or constructing affordable housing, including new units of affordable housing within an existing structure or facilities providing supportive housing services to individuals with mental or behavioral disorders; or
- operations and maintenance costs of new units of affordable or supportive housing.

Counties with a population of 400,000 or less and cities with a population of 100,000 or less may also use the revenue to provide rental assistance to tenants.

Housing and services may only be provided to persons whose income is at or below 60 percent of the county median income. A county or city may enter into an interlocal agreement with one or more other counties, cities, or housing authorities to provide affordable or supportive housing.

Counties and cities imposing the tax must submit annual reports on the collection and uses of the revenue to the Department of Commerce (COM), and the COM must submit a report annually to the appropriate legislative committees.

The tax expires 20 years after the jurisdiction first imposes the tax.

<p>HB 1798</p>	<p>Short-term rentals <i>Law; effective July 28, 2019</i></p>	<p>Requires short-term rental owners and online platforms to register with the Department of Revenue, collect and remit taxes, maintain liability insurance, and comply with certain consumer safety requirements.</p>
<p>HB 1923</p>	<p>Increasing urban residential building capacity <i>Law; effective July 28, 2019 except section 11, relating to the document recording surcharge, which takes effect July 1, 2019.</i></p>	<p>Encourages cities that are planning fully under the Growth Management Act (GMA) to take certain actions to increase residential building capacity and housing affordability.</p> <p>Authorizes cities that are planning fully under the GMA to adopt a housing action plan.</p> <p>Exempts from appeal under the State Environmental Policy Act (SEPA) and the Growth Management Act (GMA) certain nonproject actions taken by a city to implement the residential building capacity elements of the act.</p> <p>Authorizes planning grants of up to \$100,000 for certain cities that take certain actions with regard to residential building capacity.</p> <p>Exempts certain project actions from appeals under SEPA on the basis of transportation impacts, provided they meet certain criteria.</p> <p>Directs the Washington Center for Real Estate Research at the University of Washington to prepare a biennial report on housing supply and affordability.</p> <p>Establishes certain requirements related to minimum residential parking requirements in certain cities.</p> <p>Creates a document recording fee of \$2.50 for certain documents, to be deposited into the GMA Planning and Environmental Review Fund.</p> <p>See Attachment A for additional detail.</p>
<p>SB 5025</p>	<p>Creating sales and use and excise tax exemptions for self-help housing development</p>	<p>. Provides a real estate excise tax exemption on the sale of self-help housing by an affordable homeownership facilitator to a low-income household. Defines "self-help housing," "affordable homeownership facilitator," and "low-income."</p> <p>"Self-help housing" is defined as dwelling residences provided for ownership by low-income individuals and families whose ownership requirement includes labor participation. "Self-help</p>

	<p><i>Law; effective October 1, 2019</i></p>	<p>housing" does not include residential rental housing provided on a commercial basis to the general public.</p> <p>"Affordable homeownership facilitator" is defined as a nonprofit community-based or neighborhood-based organization that acts as a developer of self-help housing and is exempt from federal income tax under Title 26 U.S.C. Sec. 501(c) as of October 1, 2019.</p> <p>"Low-income" is defined as household income as defined by the Department of Revenue (DOR), provided that the definition may not exceed eighty percent of median household income, adjusted for household size, for the county in which the dwelling unit is located.</p>
<p>SB 5160</p>	<p>Property tax exemption for seniors, disabled, and veterans</p> <p><i>Law; Effective March 1, 2021.</i></p>	<p>Senior Citizen, Individuals with Disabilities, and Veterans Tax Relief. The income qualification thresholds for the exemption program are modified beginning with taxes levied for collection in calendar year 2020, and thereafter...</p>
<p>SB 5334</p>	<p>Condominium liability reform</p> <p><i>Law; effective July 28, 2019</i></p>	<p>Condominium Liability. The implied warranties for the construction of a condominium are modified. The requirement that the unit, common elements, and improvements be constructed in compliance with all laws then applicable to such improvements is removed. Instead, the building must be constructed in accordance with applicable building codes, generally accepted in the state of Washington at the time of construction.</p> <p>To establish an alleged breach of warranty has an adverse affect on performance, the purchaser must prove the alleged breach:</p> <ul style="list-style-type: none"> ○ is more than technical; ○ is significant to a reasonable person; and ○ has caused or will cause physical damage to the unit or common elements; has materially impaired the performance of mechanical, electrical, plumbing, elevator, or similar building equipment; or presents an actual unreasonable safety risk to the occupants of the condominium.

SB 5383

Tiny house communities

Law; effective July 28, 2019

Cities and towns may adopt ordinances regulating the creation of tiny house communities, including through use of the binding site plan method.

Cities and towns may not adopt ordinances that prevent entry or require removal of a tiny house with wheels used as a primary residence in a manufactured/mobile home community, with the exception that ordinances may require that tiny houses with wheels contain at least one internal toilet and one internal shower unless the community provides showers and toilets.

The owner of land on which a tiny house community is located must make reasonable accommodation for utility hookups for water, power, and sewer services in compliance with the MHLTA. Tenants of tiny house communities are entitled to all rights and subject to all duties and penalties under the MHLTA.

Tiny house community is defined as real property rented or held out for rent to others for the placement of tiny houses with wheels or tiny houses using the binding site plan method. Tiny house and tiny house community is defined as a dwelling to be used as permanent housing with permanent provisions for living, sleeping, eating, cooking, and sanitation built in accordance with the state building code. Tiny houses and tiny houses with wheels are subject to factory-built housing standards and rules administered by the Department of Labor and Industries.

The [state building code] council must adopt building code standards specific for tiny houses by December 31, 2019. Appendix Q of the International Residential Code is recognized by the Legislature as a potential basis for the adoption of new building code standards for tiny houses.

Schools and training programs for students may contract with community service and nonprofit organizations to build tiny houses for low-income housing, without regard to competitive bidding laws for public works, if the students participating in the building of the tiny houses are in:

- training in a community and technical college construction or construction management program;
- a career and technical education program;
- a state recognized apprenticeship preparation program; or
- training under a construction career exploration program for high school students administered by a nonprofit organization.

Attachment A

Additional Detail on HB 1923 Prepared by Low Income Housing Alliance

Key sections for affordable housing:

- Housing Action Plan, Section 1
 - Cities planning under the Growth Management Act **may** adopt a housing action plan which will include strategies to encourage construction of additional affordable and market rate housing.
 - A city seeking to develop a housing action plan is eligible to apply for a planning grant of up to \$100,000.
- Section 5: Restricts parking requirements that cities can impose on affordable housing.
 - For housing units that are affordable to very-low income or extremely low-income individuals and that are located near transit, minimum residential parking requirements may be no greater than one parking space per bedroom or .75 space per unit.
 - For housing units that are specifically for seniors or people with disabilities that are located near transit, a city may not impose minimum residential parking requirements for the residents of such housing units, although they may require parking for staff and visitors, or may require minimum parking requirements if the city otherwise finds certain problems with on-street parking.

Transit proximity means:

Housing units that are located within one-quarter mile of a transit stop that receives transit service at least four times per hour for twelve or more hours per day.

- Sections 9 and 10 specify that a city may not prohibit permanent supportive housing in areas where multifamily housing is permitted.
- Section 11 establishes a new two dollar and fifty cent document recording fee to be used as follows:
 - Until June 30, 2024 funds will be used for planning grants for cities,
 - Beginning July 1, 2024 sufficient funds must be used for the University of Washington's reports (required under this act) and the remainder must be deposited into the Home Security Fund to be used for the maintenance and operation costs of permanent supportive housing and affordable housing for very-low and extremely-low income households.
 - Funds may only be expended in cities that have taken action under section 1 of this act.