

## EXECUTIVE ORDER 81-21

### HOUSING FINANCING

This Executive Order is necessary for the local implementation of the Federal Mortgage Subsidy Bond Tax Act of 1980.

#### I. TARGET AREAS

The Mortgage Subsidy Bond Tax Act of 1980, 26 U.S.C.A. § 103A (the "Act"), amended the Internal Revenue Code of 1954 with respect to tax-exempt financing by local governmental units of the states for the purchase, rehabilitation or improvement of single-family homes ("housing financing"). This Act provides that a certain proportion of any housing financing must be set aside for housing located in targeted areas in which there exists a concentration of low income families or substandard housing as defined in the Act. The Act further permits the states to designate "areas of chronic economic distress" for the purpose of identifying targeted areas, where such state designation meets the criteria of subparagraph (k)(3)(B) of the Act and is approved by the Secretary of the Treasury and the Secretary of Housing and Urban Development. Since the Act's alternative criteria for determining targeted areas do not necessarily reach the conditions within this state sought by the Act to be alleviated, it is in the best interests of the state and its inhabitants that the state designate "areas of chronic economic distress."

**NOW, THEREFORE, I, John Spellman, Governor of the state of Washington, by virtue of the power vested in me, do hereby order:**

A. That an "area of chronic economic distress" is a neighborhood strategy area" as defined in 24 C.F.R. 570.301(c) and designated by a county, city or town in its community development and housing plan prepared pursuant to laws and regulations for carrying out the federal community development block grant program; provided, that the population in areas of chronic economic distress designated by any county, city or town may not exceed 20 percent of the population in that county, city or town, excluding the population in qualified census tracts.

B. That the Director of the Planning and Community Affairs Agency be designated as the state official responsible for taking such action and executing such documents on behalf of the state as may be necessary or appropriate to comply with federal laws and regulations relating to designation of areas of economic distress proposed by local governmental units.

#### II. STATE CEILING

The Act sets an annual state ceiling on the aggregate amount of obligations issued by those local governmental units of the state having statutory authority to issue housing financing bonds. It also provides that the Governor of the state has interim authority, if exercised prior to December 31, 1981, to provide a different formula from that provided by the Act for allocation of the state ceiling among the local governmental units. The statistical data required to determine such allocation under the Act are not readily available, and the difficulty of complying with the

formula of the Act will effectively and indefinitely eliminate any housing financing within the state. Since there continues to be a shortage of decent, safe, sanitary and energy efficient housing within the state, it is in the best interests of the state and its inhabitants that local governmental units have the ability to provide or authorize the provision of housing financing.

**NOW, THEREFORE, I,** John Spellman, Governor of the state of Washington, by virtue of the power vested in me, do hereby order:

C. That an annual state ceiling of \$100,000,000 for local governmental units be allocated to the counties, cities and towns of the state according to the following formulae.

(1) The allocation for any city or town is: \$100,000,000 multiplied by the fraction having as its numerator the population of the city or town, according to the 1980 decennial census (the "census"), and as its denominator the population of the state according to the census.

(2) The allocation for any county is: \$100,000,000 multiplied by the fraction having as its numerator the population of the unincorporated areas of the county, according to the census, and as its denominator the population of the state according to the census.

D. That each county, city or town may designate one or more entities (including itself) permitted by law to provide housing financing to issue housing financing obligations; provided, that the aggregate amount of housing financing does not exceed its allocation and the financed housing is located within its boundaries and, in the case of counties, within the unincorporated areas of such county or within the overall boundaries of cooperating jurisdiction in the county.

**IN WITNESS WHEREOF,** I have hereunto set my hand and caused the seal of the State of Washington to be affixed at Olympia this 9th day of December A.D., Nineteen hundred and eighty-one.

John Spellman  
Governor of Washington

**BY THE GOVERNOR:**

Secretary of State

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