
SUBSTITUTE HOUSE BILL 1734

State of Washington

52nd Legislature

1991 Regular Session

By House Committee on Housing (originally sponsored by Representatives Nelson, Mitchell, Leonard, Winsley, Ogden, May, Franklin, Van Luven, Wineberry and Anderson).

Read first time February 27, 1991.

1 AN ACT Relating to the purchase of section 8 assisted housing
2 developments; adding new sections to chapter 59.28 RCW; creating a new
3 section; and providing an expiration date.

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

5 NEW SECTION. **Sec. 1.** (1) Any owner who has a controlling
6 interest in a section 8 assisted housing development shall not sell or
7 transfer title to the property when such transfer would result in the
8 termination of financial assistance designed to make a rental unit
9 affordable to low-income or moderate-income people, without first
10 providing a notice of intent to sell or transfer title to the
11 department of community development and clerk of the city, or county if
12 in an unincorporated area, in which the property is located, by regular
13 and certified mail. The notice shall be sent before the owner enters
14 into a contract for the sale or transfer of the property.

1 (2) The notice of intent to sell or transfer title shall be in a
2 form to be approved by the department of community development and
3 shall contain at least the following information and include the
4 following statements with which the owner must comply:

5 (a) The sales price, the terms of assumable or purchase money
6 financing, if any, the terms of the subsidy contract, if any, and the
7 proposed improvements to the development to be made by the owner in
8 connection with the sale, if any;

9 (b) A statement that each of the entities that have expressed an
10 interest in bidding on properties under section 2 of this act has the
11 right of first refusal to purchase the section 8 assisted housing
12 development;

13 (c) A statement that the owner will make available to those
14 entities that have expressed an interest on bidding on properties under
15 section 2 of this act, within fifteen days of receiving the request,
16 the regulatory agreement for the development, promissory notes,
17 mortgages or deeds of trust, itemized lists of monthly operating
18 expenses, capital improvements, as determined by the owner, made within
19 each of the two preceding calendar years, the amount of project
20 reserves, and copies of the two most recent financial and physical
21 inspection reports on the development, if any, filed with federal,
22 state, or local agencies;

23 (d) A statement that the owner will make available to those
24 entities that have expressed an interest in bidding on properties under
25 section 2 of this act, within fifteen days of a request, the most
26 recent rent roll listing the size and income level of each tenant
27 household, the rent paid by each tenant, the subsidy, if any, paid by
28 a governmental agency as of the date of the notice of intent to sell or
29 transfer the property, and a statement of the vacancy rate at the

1 section 8 assisted housing development for each of the two preceding
2 calendar years;

3 (e) A statement that the owner will authorize the release to those
4 entities that have expressed an interest in bidding on properties under
5 section 2 of this act, within fifteen days of a request, of any
6 information related to the physical and financial condition of the
7 section 8 assisted housing development held by any federal, state, or
8 local agency; and

9 (f) A statement that the owner will permit reasonable access to the
10 section 8 assisted housing development by each of those entities that
11 have expressed an interest in bidding on properties under section 2 of
12 this act, upon reasonable advance notice, for the purpose of
13 inspection, taking measurements, conducting surveys, or for any other
14 reasonable purpose.

15 NEW SECTION. **Sec. 2.** (1) The department of community
16 development shall develop and maintain a register of public housing
17 authorities, nonprofit organizations, and cities and counties that have
18 expressed an interest in bidding on properties.

19 (2) The department of community development shall, upon receipt of
20 the notice of intent to sell or transfer title required by section 1 of
21 this act, provide written notification to all parties that have
22 expressed an interest in bidding on properties.

23 NEW SECTION. **Sec. 3.** (1) Any tenant association of the
24 development, public housing authority, nonprofit organization, or city
25 or county that has expressed an interest in bidding on properties has
26 the right of first refusal to purchase the property. The interested
27 tenant association of the development, public housing authority,
28 nonprofit organization, or city or county shall hold the right of first

1 refusal for not more than ninety days from the department of community
2 development's receipt of the notice required in section 1 of this act.
3 Failure to respond to the notice of right of first refusal in ninety
4 days constitutes a waiver of that right of first refusal by the
5 interested tenant association of the development, public housing
6 authority, nonprofit organization, or city or county. By stating in
7 writing its intention to pursue its right of first refusal during the
8 ninety-day period, the interested tenant association of the
9 development, public housing authority, nonprofit organization, or city
10 or county shall have an additional ninety days, commencing upon the
11 date of the termination of the first right of refusal period, to buy or
12 to produce a buyer for the property. This additional ninety-day period
13 may be extended by mutual agreement between the interested tenant
14 association of the development, public housing authority, nonprofit
15 organization, or city or county and the owner of the property.

16 (2) Nothing in this section may preclude an owner of a section 8
17 assisted housing development from withdrawing the property from the
18 market and revoking the notice required by section 1 of this act at any
19 time before the expiration of the one hundred eighty-day period. The
20 withdrawal or revocation shall extinguish any right of first refusal
21 held by the interested tenant association of the development, public
22 housing authority, nonprofit organization, or city or county.

23 (3) An interested tenant association of the development, public
24 housing authority, nonprofit organization, or city or county shall not
25 possess any right of first refusal when a bona fide buyer, by contract
26 with the seller, agrees to maintain the property as low-income or
27 moderate-income housing. The notice provisions of section 1 of this
28 act shall apply to this subsection.

29 (4) For the purposes of this section and sections 1 and 2 of this
30 act, "section 8 assisted housing" means a multifamily housing

1 development that is assisted under section 8 of the United States
2 housing act of 1937, as amended, 42 U.S.C. Sec. 1437f, but not
3 including existing housing participating in either the section 8
4 certificate or voucher programs under a housing assistance contract
5 with a public housing agency.

6 NEW SECTION. **Sec. 4.** (1) The department of community
7 development shall establish the section 8 assisted housing preservation
8 advisory group to consist of eleven members selected by the department
9 of community development as follows:

10 (a) One representative from the federal home loan bank of Seattle;

11 (b) Two representatives of financial institutions that provide
12 development financing;

13 (c) One representative of the Washington state housing finance
14 commission;

15 (d) One representative of nonprofit housing development
16 organizations;

17 (e) One representative of public housing authorities;

18 (f) One representative of public-private housing partnership
19 organizations;

20 (g) One representative of cities;

21 (h) One representative of counties;

22 (i) One representative of the department of community development,
23 as an ex officio, nonvoting member;

24 (j) One representative selected by the advisory committee to act as
25 chair.

26 (2) The chair shall be a nonvoting member, except in the case of
27 ties.

28 (3) The director of community development shall appoint the members
29 of the advisory committee within sixty days from the effective date of

1 this section. The director shall consider obtaining a geographic
2 distribution and balance through the state.

3 (4) Staffing shall be provided through the members of the advisory
4 committee.

5 (5) The advisory committee shall meet at such times as it is called
6 by the director or by the chair of the advisory committee.

7 (6) Members of the advisory committee shall receive no
8 compensation.

9 (7) The advisory committee shall conduct a study to determine the
10 most efficient combination of state tax provisions, and direct public
11 and private financing to preserve, to the greatest extent practicable,
12 the continued occupancy of low and moderate-income persons in section
13 8 assisted housing that could be converted to other uses.

14 (8) In developing the study, the advisory committee shall:

15 (a) Conduct a comprehensive examination of initiatives to preserve
16 section 8 assisted housing developments caused by, but not limited to,
17 the prepayment of federally assisted mortgages and the expiration of
18 low and moderate-income use restrictions;

19 (b) Determine financial strategies and methods to assist nonprofit
20 organizations, tenant associations, public housing authorities, and
21 local governments in the purchase of section 8 assisted housing
22 developments from owners wanting to sell the property;

23 (c) Determine appropriate state tax policies that could be used to
24 assist in the preservation of federally assisted housing;

25 (d) Take any other action relating to carrying out this section;
26 and

27 (e) Provide a written report to the house of representatives
28 housing and revenue committees and the senate commerce and labor and
29 ways and means committees by December 1, 1991, presenting the
30 recommendations of the advisory committee.

1 NEW SECTION. **Sec. 5.** Section 4 of this act shall expire
2 January 1, 1992.

3 NEW SECTION. **Sec. 6.** Sections 1 through 3 of this act are
4 each added to chapter 59.28 RCW.

5 NEW SECTION. **Sec. 7.** If any provision of this act or its
6 application to any person or circumstance is held invalid, the
7 remainder of the act or the application of the provision to other
8 persons or circumstances is not affected.