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**HOUSE BILL 1975**

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**State of Washington**

**67th Legislature**

**2022 Regular Session**

**By** Representatives Wylie, Harris, Berry, Chopp, Stonier, Ryu, Peterson, and Macri

Read first time 01/13/22. Referred to Committee on Housing, Human Services & Veterans.

1 AN ACT Relating to property management services provided to  
2 housing authority properties; amending RCW 35.82.070; and creating a  
3 new section.

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

5 NEW SECTION. **Sec. 1.** The legislature recognizes the important  
6 role housing authorities play in providing much needed affordable  
7 housing to more than 35,000 households through their inventory of  
8 rental housing, including through workforce housing programs where  
9 housing authorities keep rents as low as possible and operate on very  
10 thin margins.

11 The legislature finds that for nearly 30 years without issue,  
12 objection, or complaint, housing authorities have been contracting  
13 with property management services companies for site operations at  
14 unsubsidized workforce housing properties. The legislature further  
15 finds that it is critical to continue efforts to preserve and expand  
16 naturally occurring workforce housing units statewide. Therefore, the  
17 legislature recognizes that, at unsubsidized housing authority  
18 properties, tenant rents and deposits paid to property management  
19 companies and used to pay for regular maintenance and operations are  
20 private funds and such maintenance work is not a public work.

1       **Sec. 2.** RCW 35.82.070 and 2002 c 218 s 22 are each amended to  
2 read as follows:

3       An authority shall constitute a public body corporate and  
4 politic, exercising public and essential governmental functions, and  
5 having all the powers necessary or convenient to carry out and  
6 effectuate the purposes and provisions of this chapter, including the  
7 following powers in addition to others herein granted:

8       (1) To sue and be sued; to have a seal and to alter the same at  
9 pleasure; to have perpetual succession; to make and execute contracts  
10 and other instruments, including but not limited to partnership  
11 agreements and joint venture agreements, necessary or convenient to  
12 the exercise of the powers of the authority; to participate in the  
13 organization or the operation of a nonprofit corporation which has as  
14 one of its purposes to provide or assist in the provision of housing  
15 for persons of low income; and to make and from time to time amend  
16 and repeal bylaws, rules and regulations, not inconsistent with this  
17 chapter, to carry into effect the powers and purposes of the  
18 authority.

19       (2) Within its area of operation: To prepare, carry out, acquire,  
20 lease and operate housing projects; to provide for the construction,  
21 reconstruction, improvement, alteration or repair of any housing  
22 project or any part thereof; to agree to rent or sell dwellings  
23 forming part of the projects to or for persons of low income. Where  
24 an agreement or option is made to sell a dwelling to a person of low  
25 income, the authority may convey the dwelling to the person upon  
26 fulfillment of the agreement irrespective of whether the person is at  
27 the time of the conveyance a person of low income. Leases, options,  
28 agreements, or conveyances may include such covenants as the  
29 authority deems appropriate to assure the achievement of the  
30 objectives of this chapter.

31       (3) To acquire, lease, rent, sell, or otherwise dispose of any  
32 commercial space located in buildings or structures containing a  
33 housing project or projects.

34       (4) To arrange or contract for the furnishing by any person or  
35 agency, public or private, of services, privileges, works, or  
36 facilities for, or in connection with, a housing project or the  
37 occupants thereof; and (notwithstanding anything to the contrary  
38 contained in this chapter or in any other provision of law) to  
39 include in any contract let in connection with a project,  
40 stipulations requiring that the contractor and any subcontractors

1 comply with requirements as to minimum wages and maximum hours of  
2 labor, and comply with any conditions which the federal government  
3 may have attached to its financial aid of the project.

4 (5) To lease or rent any dwellings, houses, accommodations,  
5 lands, buildings, structures or facilities embraced in any housing  
6 project and (subject to the limitations contained in this chapter) to  
7 establish and revise the rents or charges therefor; to own or manage  
8 buildings containing a housing project or projects as well as  
9 commercial space or other dwelling units that do not constitute a  
10 housing project as that term is defined in this chapter. However,  
11 notwithstanding the provisions under subsection (1) of this section,  
12 dwelling units made available or sold to persons of low income,  
13 together with functionally related and subordinate facilities, shall  
14 occupy at least (~~(fifty)~~) 50 percent of the interior space in the  
15 total development owned by the authority or at least (~~(fifty)~~) 50  
16 percent of the total number of units in the development owned by the  
17 authority, whichever produces the greater number of units for persons  
18 of low income, and for mobile home parks, the mobile home lots made  
19 available to persons of low income shall be at least (~~(fifty)~~) 50  
20 percent of the total number of mobile home lots in the park owned by  
21 the authority; to own, hold, and improve real or personal property;  
22 to purchase, lease, obtain options upon, acquire by gift, grant,  
23 bequest, devise, or otherwise including financial assistance and  
24 other aid from the state or any public body, person or corporation,  
25 any real or personal property or any interest therein; to acquire by  
26 the exercise of the power of eminent domain any real property; to  
27 sell, lease, exchange, transfer, assign, pledge, or dispose of any  
28 real or personal property or any interest therein; to sell, lease,  
29 exchange, transfer, or dispose of any real or personal property or  
30 interest therein at less than fair market value to a governmental  
31 entity for any purpose when such action assists the housing authority  
32 in carrying out its powers and purposes under this chapter, to a low-  
33 income person or family for the purpose of providing housing for that  
34 person or family, or to a nonprofit corporation provided the  
35 nonprofit corporation agrees to sell the property to a low-income  
36 person or family or to use the property for the provision of housing  
37 for persons of low income for at least (~~(twenty)~~) 20 years; to insure  
38 or provide for the insurance of any real or personal property or  
39 operations of the authority against any risks or hazards; to procure  
40 or agree to the procurement of insurance or guarantees from the

1 federal government of the payment of any bonds or parts thereof  
2 issued by an authority, including the power to pay premiums on any  
3 such insurance.

4 (6) To contract with a property management services company for  
5 purposes of operating a housing project. Rental and other project  
6 revenues collected by a property management services company from the  
7 housing project's tenants and used to pay operating and maintenance  
8 costs incurred by the company under the terms of the contract with  
9 the authority shall be treated as private funds, and any resulting  
10 services as executed at the cost of the property management services  
11 company and the housing project's tenants, until the net operating  
12 revenues are distributed to the authority for its exclusive use and  
13 control.

14 (7) To invest any funds held in reserves or sinking funds, or any  
15 funds not required for immediate disbursement, in property or  
16 securities in which savings banks may legally invest funds subject to  
17 their control; to purchase its bonds at a price not more than the  
18 principal amount thereof and accrued interest, all bonds so purchased  
19 to be canceled.

20 ((+7)) (8) Within its area of operation: To investigate into  
21 living, dwelling and housing conditions and into the means and  
22 methods of improving such conditions; to determine where slum areas  
23 exist or where there is a shortage of decent, safe and sanitary  
24 dwelling accommodations for persons of low income; to make studies  
25 and recommendations relating to the problem of clearing, replanning  
26 and reconstructing of slum areas, and the problem of providing  
27 dwelling accommodations for persons of low income, and to cooperate  
28 with the city, the county, the state or any political subdivision  
29 thereof in action taken in connection with such problems; and to  
30 engage in research, studies and experimentation on the subject of  
31 housing.

32 ((+8)) (9) Acting through one or more commissioners or other  
33 person or persons designated by the authority: To conduct  
34 examinations and investigations and to hear testimony and take proof  
35 under oath at public or private hearings on any matter material for  
36 its information; to administer oaths, issue subpoenas requiring the  
37 attendance of witnesses or the production of books and papers and to  
38 issue commissions for the examination of witnesses who are outside of  
39 the state or unable to attend before the authority, or excused from  
40 attendance; to make available to appropriate agencies (including

1 those charged with the duty of abating or requiring the correction of  
2 nuisances or like conditions, or of demolishing unsafe or insanitary  
3 structures within its area of operation) its findings and  
4 recommendations with regard to any building or property where  
5 conditions exist which are dangerous to the public health, morals,  
6 safety or welfare.

7 ~~((9))~~ (10) To initiate eviction proceedings against any tenant  
8 as provided by law. Activity occurring in any housing authority unit  
9 that constitutes a violation of chapter 69.41, 69.50, or 69.52 RCW  
10 shall constitute a nuisance for the purpose of RCW 59.12.030(5).

11 ~~((10))~~ (11) To exercise all or any part or combination of  
12 powers herein granted.

13 No provisions of law with respect to the acquisition, operation  
14 or disposition of property by other public bodies shall be applicable  
15 to an authority unless the legislature shall specifically so state.

16 ~~((11))~~ (12) To agree (notwithstanding the limitation contained  
17 in RCW 35.82.210) to make such payments in lieu of taxes as the  
18 authority finds consistent with the achievement of the purposes of  
19 this chapter.

20 ~~((12))~~ (13) Upon the request of a county or city, to exercise  
21 any powers of a community renewal agency under chapter 35.81 RCW or a  
22 public corporation, commission, or authority under chapter 35.21 RCW.

23 ~~((13))~~ (14) To exercise the powers granted in this chapter  
24 within the boundaries of any city, town, or county not included in  
25 the area in which such housing authority is originally authorized to  
26 function: PROVIDED, HOWEVER, The governing or legislative body of  
27 such city, town, or county, as the case may be, adopts a resolution  
28 declaring that there is a need for the authority to function in such  
29 territory.

30 ~~((14))~~ (15) To administer contracts for assistance payments to  
31 persons of low income in accordance with section 8 of the United  
32 States Housing Act of 1937, as amended by Title II, section 201 of  
33 the Housing and Community Development Act of 1974, P.L. 93-383.

34 ~~((15))~~ (16) To sell at public or private sale, with or without  
35 public bidding, for fair market value, any mortgage or other  
36 obligation held by the authority.

37 ~~((16))~~ (17) To the extent permitted under its contract with the  
38 holders of bonds, notes, and other obligations of the authority, to  
39 consent to any modification with respect to rate of interest, time,  
40 and payment of any installment of principal or interest security, or

1 any other term of any contract, mortgage, mortgage loan, mortgage  
2 loan commitment, contract, or agreement of any kind to which the  
3 authority is a party.

4 (~~((17))~~) (18) To make, purchase, participate in, invest in, take  
5 assignments of, or otherwise acquire loans to persons of low income  
6 to enable them to acquire, construct, reconstruct, rehabilitate,  
7 improve, lease, or refinance their dwellings, and to take such  
8 security therefor as is deemed necessary and prudent by the  
9 authority.

10 (~~((18))~~) (19) To make, purchase, participate in, invest in, take  
11 assignments of, or otherwise acquire loans for the acquisition,  
12 construction, reconstruction, rehabilitation, improvement, leasing,  
13 or refinancing of land, buildings, or developments for housing for  
14 persons of low income. For purposes of this subsection, development  
15 shall include either land or buildings or both.

16 (a) Any development financed under this subsection shall be  
17 subject to an agreement that for at least (~~(twenty)~~) 20 years the  
18 dwelling units made available to persons of low income together with  
19 functionally related and subordinate facilities shall occupy at least  
20 (~~(fifty)~~) 50 percent of the interior space in the total development  
21 or at least (~~(fifty)~~) 50 percent of the total number of units in the  
22 development, whichever produces the greater number of units for  
23 persons of low income. For mobile home parks, the mobile home lots  
24 made available to persons of low income shall be at least (~~(fifty)~~)  
25 50 percent of the total number of mobile home lots in the park.  
26 During the term of the agreement, the owner shall use its best  
27 efforts in good faith to maintain the dwelling units or mobile home  
28 lots required to be made available to persons of low income at rents  
29 affordable to persons of low income. The (~~(twenty-year)~~) 20-year  
30 requirement under this subsection (~~((18))~~) (19)(a) shall not apply  
31 when an authority finances the development by nonprofit corporations  
32 or governmental units of dwellings or mobile home lots intended for  
33 sale to persons of low and moderate income, and shall not apply to  
34 construction or other short-term financing provided to nonprofit  
35 corporations or governmental units when the financing has a repayment  
36 term of one year or less.

37 (b) In addition, if the development is owned by a for-profit  
38 entity, the dwelling units or mobile home lots required to be made  
39 available to persons of low income shall be rented to persons whose  
40 incomes do not exceed (~~(fifty)~~) 50 percent of the area median income,

1 adjusted for household size, and shall have unit or lot rents that do  
2 not exceed (~~(fifteen)~~) 15 percent of area median income, adjusted for  
3 household size, unless rent subsidies are provided to make them  
4 affordable to persons of low income.

5 For purposes of this subsection (~~((+18+))~~) (19)(b), if the  
6 development is owned directly or through a partnership by a  
7 governmental entity or a nonprofit organization, which nonprofit  
8 organization is itself not controlled by a for-profit entity or  
9 affiliated with any for-profit entity that a nonprofit organization  
10 itself does not control, it shall not be treated as being owned by a  
11 for-profit entity when the governmental entity or nonprofit  
12 organization exercises legal control of the ownership entity and in  
13 addition, (i) the dwelling units or mobile home lots required to be  
14 made available to persons of low income are rented to persons whose  
15 incomes do not exceed (~~(sixty)~~) 60 percent of the area median income,  
16 adjusted for household size, and (ii) the development is subject to  
17 an agreement that transfers ownership to the governmental entity or  
18 nonprofit organization or extends an irrevocable right of first  
19 refusal to purchase the development under a formula for setting the  
20 acquisition price that is specified in the agreement.

21 (c) Commercial space in any building financed under this  
22 subsection that exceeds four stories in height shall not constitute  
23 more than (~~(twenty)~~) 20 percent of the interior area of the building.  
24 Before financing any development under this subsection the authority  
25 shall make a written finding that financing is important for project  
26 feasibility or necessary to enable the authority to carry out its  
27 powers and purposes under this chapter.

28 (~~((+19+))~~) (20) To contract with a public authority or corporation,  
29 created by a county, city, or town under RCW 35.21.730 through  
30 35.21.755, to act as the developer for new housing projects or  
31 improvement of existing housing projects.

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