FINAL BILL REPORT
HB 1046

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Synopsis as Enacted

Brief Description: Expanding housing supply by supporting the ability of public housing authorities to finance affordable housing developments by rebenchmarking area median income limits.

Sponsors: Representatives Walen, Leavitt, Ryu, Bateman, Peterson, Doglio, Reeves, Wylie, Bergquist, Springer, Kloba, Santos and Ormsby.

House Committee on Housing
Senate Committee on Housing

Background:

Public Housing Authorities.
Authorized by state law in 1939, a public housing authority (PHA) is an independent municipal corporation established to provide safe and affordable rental housing for low-income individuals, families, senior citizens, and people with disabilities. A PHA must be activated by a resolution of the governing body of a city or county, and a PHA's boundaries are coextensive with the creating city or county, unless established as a joint housing authority comprised of two or more jurisdictions. With some exceptions, PHAs are governed by a five-member commission appointed by a city's mayor or a county's commissioners.

While PHAs are created under state law, they primarily serve as a conduit for federally funded housing programs, such as tenant-based vouchers and publicly owned housing. The PHAs also own and operate other rental housing, such as emergency and transitional housing, senior housing, and properties funded through low-income housing tax credits. The PHAs have no taxing authority, and most of their funding is provided by the federal government.

Financing of Low-Income Housing Developments by Public Housing Authorities.
A PHA may finance a low-income housing development if certain conditions are met. In

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general, a PHA-financed, low-income housing development must be subject to a 20-year affordability agreement that requires 50 percent of the dwelling units or 50 percent of the interior space of the development to be made available to low-income households for at least 20 years. For mobile home parks, 50 percent of the total number of mobile home lots in the park must be made available to low-income households for the last 20 years.

The 20-year affordability requirement does not apply when a PHA finances a nonprofit organization or governmental entity's development of dwellings or mobile home lots intended for sale to low- and moderate-income households, or when a PHA provides a nonprofit organization or governmental entity with construction financing or other short-term financing with a repayment term of one year or less.

Development Owned by a For-Profit Entity.
For a PHA-financed, low-income housing development owned by a for-profit entity, the low-income housing portion of the development must be rented to households whose income does not exceed 50 percent of the area median income.

Development Owned by a Governmental Entity or Nonprofit.
For a PHA-financed, low-income housing development owned by a governmental entity or a nonprofit organization, the low-income housing portion of the development must be rented to households whose income does not exceed 60 percent of the area median income.

Summary:

The area median income limits on a low-income housing development financed by a public housing authority are increased as follows:

- For a development owned by a for-profit entity, the area median income limit is increased from 50 percent to 80 percent.
- For a development owned by a governmental entity or a nonprofit organization, the area median income limit is increased from 60 percent to 80 percent.

Votes on Final Passage:

House	96	0
Senate	49	0

Effective: July 23, 2023