

HB 1975 - S COMM AMD

By Committee on Housing & Local Government

ADOPTED 03/02/2022

1 Strike everything after the enacting clause and insert the
2 following:

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

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

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

21 An authority shall constitute a public body corporate and
22 politic, exercising public and essential governmental functions, and
23 having all the powers necessary or convenient to carry out and
24 effectuate the purposes and provisions of this chapter, including the
25 following powers in addition to others herein granted:

26 (1) To sue and be sued; to have a seal and to alter the same at
27 pleasure; to have perpetual succession; to make and execute contracts
28 and other instruments, including but not limited to partnership
29 agreements and joint venture agreements, necessary or convenient to
30 the exercise of the powers of the authority; to participate in the

1 organization or the operation of a nonprofit corporation which has as
2 one of its purposes to provide or assist in the provision of housing
3 for persons of low income; and to make and from time to time amend
4 and repeal bylaws, rules and regulations, not inconsistent with this
5 chapter, to carry into effect the powers and purposes of the
6 authority.

7 (2) Within its area of operation: To prepare, carry out, acquire,
8 lease and operate housing projects; to provide for the construction,
9 reconstruction, improvement, alteration or repair of any housing
10 project or any part thereof; to agree to rent or sell dwellings
11 forming part of the projects to or for persons of low income. Where
12 an agreement or option is made to sell a dwelling to a person of low
13 income, the authority may convey the dwelling to the person upon
14 fulfillment of the agreement irrespective of whether the person is at
15 the time of the conveyance a person of low income. Leases, options,
16 agreements, or conveyances may include such covenants as the
17 authority deems appropriate to assure the achievement of the
18 objectives of this chapter.

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

22 (4) To arrange or contract for the furnishing by any person or
23 agency, public or private, of services, privileges, works, or
24 facilities for, or in connection with, a housing project or the
25 occupants thereof; and (notwithstanding anything to the contrary
26 contained in this chapter or in any other provision of law) to
27 include in any contract let in connection with a project,
28 stipulations requiring that the contractor and any subcontractors
29 comply with requirements as to minimum wages and maximum hours of
30 labor, and comply with any conditions which the federal government
31 may have attached to its financial aid of the project.

32 (5) To lease or rent any dwellings, houses, accommodations,
33 lands, buildings, structures or facilities embraced in any housing
34 project and (subject to the limitations contained in this chapter) to
35 establish and revise the rents or charges therefor; to own or manage
36 buildings containing a housing project or projects as well as
37 commercial space or other dwelling units that do not constitute a
38 housing project as that term is defined in this chapter. However,
39 notwithstanding the provisions under subsection (1) of this section,
40 dwelling units made available or sold to persons of low income,

1 together with functionally related and subordinate facilities, shall
2 occupy at least (~~(fifty)~~) 50 percent of the interior space in the
3 total development owned by the authority or at least (~~(fifty)~~) 50
4 percent of the total number of units in the development owned by the
5 authority, whichever produces the greater number of units for persons
6 of low income, and for mobile home parks, the mobile home lots made
7 available to persons of low income shall be at least (~~(fifty)~~) 50
8 percent of the total number of mobile home lots in the park owned by
9 the authority; to own, hold, and improve real or personal property;
10 to purchase, lease, obtain options upon, acquire by gift, grant,
11 bequest, devise, or otherwise including financial assistance and
12 other aid from the state or any public body, person or corporation,
13 any real or personal property or any interest therein; to acquire by
14 the exercise of the power of eminent domain any real property; to
15 sell, lease, exchange, transfer, assign, pledge, or dispose of any
16 real or personal property or any interest therein; to sell, lease,
17 exchange, transfer, or dispose of any real or personal property or
18 interest therein at less than fair market value to a governmental
19 entity for any purpose when such action assists the housing authority
20 in carrying out its powers and purposes under this chapter, to a low-
21 income person or family for the purpose of providing housing for that
22 person or family, or to a nonprofit corporation provided the
23 nonprofit corporation agrees to sell the property to a low-income
24 person or family or to use the property for the provision of housing
25 for persons of low income for at least (~~(twenty)~~) 20 years; to insure
26 or provide for the insurance of any real or personal property or
27 operations of the authority against any risks or hazards; to procure
28 or agree to the procurement of insurance or guarantees from the
29 federal government of the payment of any bonds or parts thereof
30 issued by an authority, including the power to pay premiums on any
31 such insurance.

32 (6) To contract with a property management services company for
33 purposes of operating a housing project. Rental and other project
34 revenues collected by a property management services company from the
35 housing project's tenants and used to pay administrative operating
36 and ordinary maintenance costs incurred by the company under the
37 terms of the contract with the authority shall be treated as private
38 funds, and any resulting services as executed at the cost of the
39 property management services company and the housing project's
40 tenants, until the net operating revenues are distributed to the

1 authority for its exclusive use and control. For the purposes of this
2 subsection, "ordinary maintenance" only includes: Routine repairs
3 related to unit turnover work; grounds and parking lot upkeep; and
4 repairs and cleaning work needed to keep a property in a clean, safe,
5 sanitary, and rentable condition that are customarily undertaken or
6 administered by residential property management services companies.
7 "Ordinary maintenance" does not include repairs that would be
8 considered replacement capital repairs or scheduled regular
9 maintenance work on plumbing, electrical, or HVAC/R systems or their
10 components.

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

17 ~~((7))~~ (8) Within its area of operation: To investigate into
18 living, dwelling and housing conditions and into the means and
19 methods of improving such conditions; to determine where slum areas
20 exist or where there is a shortage of decent, safe and sanitary
21 dwelling accommodations for persons of low income; to make studies
22 and recommendations relating to the problem of clearing, replanning
23 and reconstructing of slum areas, and the problem of providing
24 dwelling accommodations for persons of low income, and to cooperate
25 with the city, the county, the state or any political subdivision
26 thereof in action taken in connection with such problems; and to
27 engage in research, studies and experimentation on the subject of
28 housing.

29 ~~((8))~~ (9) Acting through one or more commissioners or other
30 person or persons designated by the authority: To conduct
31 examinations and investigations and to hear testimony and take proof
32 under oath at public or private hearings on any matter material for
33 its information; to administer oaths, issue subpoenas requiring the
34 attendance of witnesses or the production of books and papers and to
35 issue commissions for the examination of witnesses who are outside of
36 the state or unable to attend before the authority, or excused from
37 attendance; to make available to appropriate agencies (including
38 those charged with the duty of abating or requiring the correction of
39 nuisances or like conditions, or of demolishing unsafe or insanitary
40 structures within its area of operation) its findings and

1 recommendations with regard to any building or property where
2 conditions exist which are dangerous to the public health, morals,
3 safety or welfare.

4 ~~((9))~~ (10) To initiate eviction proceedings against any tenant
5 as provided by law. Activity occurring in any housing authority unit
6 that constitutes a violation of chapter 69.41, 69.50, or 69.52 RCW
7 shall constitute a nuisance for the purpose of RCW 59.12.030(5).

8 ~~((10))~~ (11) To exercise all or any part or combination of
9 powers herein granted.

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

13 ~~((11))~~ (12) To agree (notwithstanding the limitation contained
14 in RCW 35.82.210) to make such payments in lieu of taxes as the
15 authority finds consistent with the achievement of the purposes of
16 this chapter.

17 ~~((12))~~ (13) Upon the request of a county or city, to exercise
18 any powers of a community renewal agency under chapter 35.81 RCW or a
19 public corporation, commission, or authority under chapter 35.21 RCW.

20 ~~((13))~~ (14) To exercise the powers granted in this chapter
21 within the boundaries of any city, town, or county not included in
22 the area in which such housing authority is originally authorized to
23 function: PROVIDED, HOWEVER, The governing or legislative body of
24 such city, town, or county, as the case may be, adopts a resolution
25 declaring that there is a need for the authority to function in such
26 territory.

27 ~~((14))~~ (15) To administer contracts for assistance payments to
28 persons of low income in accordance with section 8 of the United
29 States Housing Act of 1937, as amended by Title II, section 201 of
30 the Housing and Community Development Act of 1974, P.L. 93-383.

31 ~~((15))~~ (16) To sell at public or private sale, with or without
32 public bidding, for fair market value, any mortgage or other
33 obligation held by the authority.

34 ~~((16))~~ (17) To the extent permitted under its contract with the
35 holders of bonds, notes, and other obligations of the authority, to
36 consent to any modification with respect to rate of interest, time,
37 and payment of any installment of principal or interest security, or
38 any other term of any contract, mortgage, mortgage loan, mortgage
39 loan commitment, contract, or agreement of any kind to which the
40 authority is a party.

1 (~~(17)~~) (18) To make, purchase, participate in, invest in, take
2 assignments of, or otherwise acquire loans to persons of low income
3 to enable them to acquire, construct, reconstruct, rehabilitate,
4 improve, lease, or refinance their dwellings, and to take such
5 security therefor as is deemed necessary and prudent by the
6 authority.

7 (~~(18)~~) (19) To make, purchase, participate in, invest in, take
8 assignments of, or otherwise acquire loans for the acquisition,
9 construction, reconstruction, rehabilitation, improvement, leasing,
10 or refinancing of land, buildings, or developments for housing for
11 persons of low income. For purposes of this subsection, development
12 shall include either land or buildings or both.

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

34 (b) In addition, if the development is owned by a for-profit
35 entity, the dwelling units or mobile home lots required to be made
36 available to persons of low income shall be rented to persons whose
37 incomes do not exceed (~~(fifty)~~) 50 percent of the area median income,
38 adjusted for household size, and shall have unit or lot rents that do
39 not exceed (~~(fifteen)~~) 15 percent of area median income, adjusted for

1 household size, unless rent subsidies are provided to make them
2 affordable to persons of low income.

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

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

26 (~~((19))~~) (20) To contract with a public authority or corporation,
27 created by a county, city, or town under RCW 35.21.730 through
28 35.21.755, to act as the developer for new housing projects or
29 improvement of existing housing projects."

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30 On page 1, line 2 of the title, after "properties;" strike the
31 remainder of the title and insert "amending RCW 35.82.070; and
32 creating a new section."

tenants and used to pay administrative operating and ordinary maintenance costs must be treated as private funds.

(2) Defines "ordinary maintenance" as only including routine repairs related to unit turnover, premises upkeep, and other work necessary to keep the property clean and rentable that is customarily administered by property management companies, and not including certain capital repairs or maintenance work on plumbing, electrical, or HVAC/R systems or their components.

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