HOUSE BILL REPORT
HB 1046

As Passed Legislature

Title: An act relating to expanding housing supply by supporting the ability of public housing authorities to finance affordable housing developments by rebenchmarking area median income limits.

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.

Brief History:

Committee Activity:

Housing: 1/10/23, 1/16/23 [DP].

Floor Activity:

Passed House: 1/25/23, 96-0.
Passed Senate: 4/10/23, 49-0.
Passed Legislature.

Brief Summary of Bill

- Increases the area median income limits on a public housing authority-financed, low-income housing development to 80 percent.

HOUSE COMMITTEE ON HOUSING

Majority Report: Do pass. Signed by 13 members: Representatives Peterson, Chair; Alvarado, Vice Chair; Leavitt, Vice Chair; Klicker, Ranking Minority Member; Connors, Assistant Ranking Minority Member; Barkis, Bateman, Chopp, Entenman, Hutchins, Low, Reed and Taylor.

Staff: Audrey Vasek (786-7383).

Background:

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.

<u>PHA Financing Authority</u>.

A PHA may finance a low-income housing development if certain conditions are met. In 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.

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

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.

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 of Bill:

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 directly or through a partnership by a governmental entity or a nonprofit organization, the area median income limit is increased from 60 percent to 80 percent.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill expands housing resources to low-income households and updates policies to address affordable housing needs. Today we need a higher percentage of area median income to afford housing than in the past. Rebenchmarking area median income to 80 percent allows public housing authorities to better leverage their ability to finance affordable housing and negotiate without drawing on the limited reservoir of bonds, housing trust fund, and tax credit dollars. This bill opens up more opportunities for public housing authorities to partner with private developers to increase affordable housing.

(Opposed) None.

Persons Testifying: Representative Amy Walen, prime sponsor; Andrew Calkins and Dan Watson, King County Housing Authority; Pamela Parr, Spokane Housing Authority; and Keith James, Inland Group.

Persons Signed In To Testify But Not Testifying: None.