

HOUSE BILL REPORT

EHB 1740

*As Passed House
March 11, 1991*

Title: An act relating to public housing authorities.

Brief Description: Changing provisions relating to housing authorities.

Sponsor(s): Representatives Ogden, Winsley, Nelson, Leonard, May, Ebersole, Ballard, R. Johnson and Wineberry.

Brief History:

Reported by House Committee on:
Housing, February 14, 1991, DPA;
Passed House, March 11, 1991, 96-0.

**HOUSE COMMITTEE ON
HOUSING**

Majority Report: *Do pass as amended.* Signed by 8 members: Representatives Nelson, Chair; Franklin, Vice Chair; Mitchell, Ranking Minority Member; Winsley, Assistant Ranking Minority Member; Ballard; Leonard; Ogden; and Wineberry.

Staff: Kenny Pittman (786-7392).

Background: The state's Housing Authority Law, enacted in 1939, created local public housing authorities in each county and city of the state. The purpose of a public housing authority is to provide safe and sanitary housing for persons of low-income. "Persons of low-income" is defined as persons who lack the resources to enable them to live in decent, safe and sanitary dwellings. The housing for persons of low-income is provided through the administration of federal, state, or local housing programs.

Under current law, local public housing authorities: a) are not given authority to set up and operate nonprofit organizations; b) can sell property at less than fair market value to a nonprofit organization provided the nonprofit organization agrees to use the property to provide housing for persons of low-income; c) can make loans to persons of low-income to enable them to rehabilitate or purchase a dwelling unit; d) can make, purchase, participate in, invest in, take assignments of, or acquire loans on buildings or

developments containing housing for persons of low-income; and e) can make loans to a nonprofit organization or a for-profit business that is used for a building or development and must contain an agreement that the specified dwelling units be occupied by persons of low-income for at least 20 years.

Housing authorities located in first class counties are allowed to establish and operate group homes or halfway houses to serve juveniles and the developmentally disabled.

Under current law, the Housing Cooperation Law provides procedures for state public bodies to cooperate or participate with local public housing authorities in providing housing for persons of low-income. The definition of state public body includes any city, town, county, municipal corporation, commission, district, authority, other subdivision or public body of the state.

The Housing Cooperation Law also allows a state public body to dedicate, sell, convey, or lease its interest in any property to be used by a local public housing authority to provide housing to persons of low-income.

Summary of Bill: Revisions are made to the state's Housing Authority and Housing Cooperation Laws in the following areas: 1) General powers of the public housing authority; 2) The issuance of bonds; 3) Establishment and operation of group homes and halfway houses serving juveniles and the developmentally disabled; and 4) the Housing Cooperation Law.

1. General Powers of Housing Authorities

Public housing authorities (housing authorities) are authorized to participate in the organization or operation of a nonprofit organization that provides or assists in the development of housing for persons of low-income.

In determining the percentage of interior space that is used for persons of low-income, the floor space used for social support services and management of the low-income housing is included in the interior space requirements. This provision also applies to loans made to finance developments owned by nonprofit organizations.

Housing authorities are required to own either 50 percent of the total interior space of the development or at least 50 percent of the dwelling units, whichever produces the greatest number of units for persons of low-income. This provision also applies to mobile home parks developed or assisted by the housing authority.

Housing authorities are authorized: a) to sell property at less than fair market value to nonprofit organizations that agree to sell the property to a low-income person or family for housing; b) to purchase or participate in loans made to persons of low-income by others (financial institutions, governmental entities, or nonprofit organizations); and c) to finance vacant land in addition to buildings and developments. Development includes either land or buildings or both.

Housing authorities are authorized to provide financing to either nonprofit organizations or for-profit businesses to develop housing for persons of low-income. Housing authorities that provide financing to nonprofit organizations are required to own either 50 percent of the total interior area of the development or at least 50 percent of the dwelling units, whichever produces the greatest number of units for persons of low-income. This provision also applies to mobile home parks developed or assisted by housing authorities.

Housing authority loans made to for-profit businesses require that the dwelling units or mobile home lots are required to be rented to persons with incomes at or below 50 percent of median income, adjusted for household size, and the rents cannot exceed 15 percent of median income, adjusted for household size. Rents can exceed the 15 percent of median income if the tenant has a rent subsidy designed to make the unit more affordable.

Housing authority loans made to developments where the majority is owned or controlled by a governmental entity or nonprofit organization through a partnership agreement between a for-profit business and a governmental entity or nonprofit organization is considered a nonprofit organization. To obtain financing from the housing authority, the dwelling units or mobile home lots must be made available to persons with incomes that do not exceed 60 percent of median income, adjusted for household size. The private entity must also agree to transfer its ownerships interest in the development to the governmental entity or nonprofit organization or provide a right of first refusal when it wishes to sell the property.

Commercial space in any building or development that exceeds four stories cannot be more than 20 percent of the interior area of the building.

2. Issuance of Bonds

Housing authorities are authorized to issue taxable revenue bonds. The proceeds from the bond sales are then used to provide housing for persons of low-income.

3. Establishment and Operation of Group and Halfway Houses Serving Juveniles and the Developmentally Disabled

All housing authorities are allowed to establish and operate group homes or halfway houses to serve juveniles and the developmentally disabled. Housing authorities are also authorized to provide support or supportive services to facilities that serve juveniles, the developmentally disabled or other persons who are disabled, and the frail elderly, whether or not they are operated by the public housing authority.

4. Housing Cooperation Law

The definition of state public body is expanded to include the state of Washington as a public body that can cooperate with a local public housing authority in meeting the housing needs of persons with low-income.

State public bodies are authorized to "grant" interest in any property to a local public housing authority in addition to the power to sell or lease the property to be used to provide housing for persons of low-income.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of the session in which the bill is passed.

Testimony For: The changes are technical corrections and allow the flexible use of resources to meet changing housing needs. Housing authorities are responding to housing needs in the state and the changing role of the federal government. While federal laws encourage housing to be built by nonprofit organizations, housing authorities are limited in their participation of these programs. Housing authorities want to participate in the new housing programs. The changes also maintain a clear distinction between financing programs offered by housing authorities and the Washington State Housing Finance Commission.

Testimony Against: None.

Witnesses: Mike Ryherd, Low-Income Housing Congress (in favor of bill); Mike Sivia, Seattle Housing Authority (in favor of the bill); and Kim Herman, Washington State Housing Finance Commission (in favor of the bill).