

SENATE BILL REPORT

SB 5786

**AS REPORTED BY COMMITTEE ON TRADE, TECHNOLOGY &
ECONOMIC DEVELOPMENT, MARCH 2, 1993**

Brief Description: Regulating public housing authorities.

SPONSORS: Senators Sheldon, Winsley, Bauer, Skratek and Snyder

SENATE COMMITTEE ON TRADE, TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5786 be substituted therefor, and the substitute bill do pass.

Signed by Senators Skratek, Chairman; Sheldon, Vice Chairman; Bluechel, Deccio, Erwin, M. Rasmussen, and Williams.

Staff: Midori Okazaki (786-7444)

Hearing Dates: March 2, 1993

BACKGROUND:

Public housing authorities have helped Washington communities meet their housing needs for over 50 years. Increasingly, they are being looked upon to provide not only affordable housing but also social services which help their projects' residents maintain self-sufficiency. Located in communities throughout the state, they are positioned to play an important role in building local community and economic development capacity. Granting housing authorities new authorities and removing administrative hurdles could enable public housing authorities to better serve their residents and communities.

SUMMARY:

Public housing authorities are given the authority to directly provide social services including drug rehabilitation, and elderly or child day care, and to acquire, own and operate facilities to provide these services to its residents. A housing authority is permitted to finance projects by nonprofit organizations for providing services to low-income housing development residents that are not directly connected to the development. A housing authority is also permitted to exercise any powers of an urban renewal agency or of a public development corporation.

The requirements to dedicate 30 percent of an individual building's interior space for persons of low income and to file any resolutions to pledge the housing authority's credit are removed. Housing projects financed by a housing authority and developed for sale to low- and moderate-income persons by nonprofit organizations or governmental units are not subject to a 50 percent 20 year dedication requirement. The

requirement also is not applicable to projects where the housing authority provides short-term financing.

The property tax exemption is extended to projects undertaken by a housing authority in partnership with nonprofit organizations. Public housing authorities are excluded from the definition of consumer for excise tax purposes.

EFFECT OF PROPOSED SUBSTITUTE:

Public housing authorities are not excluded from the definition of consumer for excise tax purposes.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR:

More than public housing is needed to assist low-income persons live independently. Social services, provided currently on contract basis by housing authorities, are also needed. Giving public housing authorities the ability to finance projects by nonprofit organizations which are not directly connected to a housing project enables the housing authority to respond to stated community needs. It also furthers the policy of developing public-private partnership at the local level. Increasing the sources of funding for these types of projects is beneficial, particularly in light of the fact that the Housing Finance Commission needs to be reauthorized before it can finance any more projects. There is nothing in the housing authorities' lending history which would indicate extending their lending authority would be a threat to the state's credit rating.

TESTIMONY AGAINST:

Giving public housing authorities the ability to finance projects by nonprofits will duplicate authority given to the Housing Finance Commission and creates an ambiguity as to the actual scope of the authority. It may also threaten the state's credit rating.

TESTIFIED: PRO: Senator Betti Sheldon; Kurt Creager, Vancouver Housing Authority; John L. Collins, Vancouver Housing Authority; Norman McLaughlin, Kitsap County Consolidated Housing Authority; Mike Ryherd; CON: John Nettleton, Washington Housing Finance Commission