
HOUSE BILL 2535

State of Washington

55th Legislature

1998 Regular Session

By Representatives Veloria, Butler, O'Brien, Tokuda, Conway, Mason, Chopp, Kessler, Wood and Ogden

Read first time 01/15/98. Referred to Committee on Trade & Economic Development.

1 AN ACT Relating to preservation of federally subsidized housing;
2 creating a new section; and making an appropriation.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** (1) The legislature finds that:

5 (a) In the 1960s and 1970s, the federal government entered into
6 agreements with private owners of real estate to provide affordable
7 housing to low-income tenants in exchange for mortgage or rent
8 subsidies;

9 (b) These contracts contained an escape clause allowing owners to
10 convert the entire complex to more profitable real estate after a
11 certain time;

12 (c) In 1990, congress passed the Low-Income Housing Preservation
13 and Resident Homeownership Act (LIHPRHA) which required owners to file
14 a notice of intent either to sell the property or to stay in the
15 program;

16 (d) The LIHPRHA also provided an opportunity for resident groups
17 and nonprofit organizations to purchase the housing, with federal
18 assistance, from private owners;

1 (e) In 1996, congress modified the LIHPRHA, allowing owners to
2 prepay their mortgages and convert their properties to higher income
3 uses. The regulations now encourage property owners to sell their
4 properties to resident groups and other nonprofit organizations;

5 (f) In the state of Washington, there are an estimated one hundred
6 thirty-nine housing projects, containing nine thousand housing units,
7 owned by parties eligible for prepayment of federally subsidized
8 mortgages;

9 (g) If the prepayment-eligible owners of those federally subsidized
10 low-income housing units exercise their prepayment options, the
11 resulting loss of affordable housing for low-income and very low-income
12 households will be significant; and

13 (h) One of the objectives of the Washington housing policy act is
14 preserving the supply of existing affordable housing.

15 (2) The legislature declares that the purpose of this act is:

16 (a) To assist in the preservation of the existing supply of
17 affordable federally subsidized housing; and

18 (b) To provide a source of financial assistance to eligible
19 organizations and groups in support of their efforts to preserve
20 federally subsidized housing owned by parties who have filed notice to
21 sell the property.

22 NEW SECTION. **Sec. 2.** The sum of thirty million dollars, or as
23 much thereof as may be necessary, is appropriated for the fiscal year
24 ending June 30, 1999, from the general fund to the Washington housing
25 trust fund created in chapter 43.185 RCW for the purpose of preserving,
26 as low-income or very low-income housing, existing housing units which
27 are subject to expiring federal mortgage or rental subsidy contracts.

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