

FINAL BILL REPORT

SSB 6663

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Synopsis as Enacted

Brief Description: Preserving federally assisted housing and minimizing the involuntary displacement of tenants residing in such housing.

Sponsors: Senate Committee on Commerce, Trade, Housing & Financial Institutions (originally sponsored by Senators Wojahn, Prentice, Winsley and Kohl-Welles).

Senate Committee on Commerce, Trade, Housing & Financial Institutions
House Committee on Economic Development, Housing & Trade

Background: Many rental housing assistance programs provide an economic incentive to developer-owners in return for their agreement to keep rents at a certain level for a certain period of time. The agreement might involve only a percentage of units in a particular building or development. Some economic benefits, such as below-market loans, can be paid off prior to their maturity date and relieve the owner of the low-income use restrictions.

Current law requires a 12-month notice to be given to tenants prior to expiration of a rental assistance contract, or prepayment of an obligation that would allow early termination of the rental assistance contract. The notice must be given to local government officials, the state, and to the tenants. The notice to tenants must include the effect the expiration or prepayment will have on tenants' rent or other terms of their rental agreement. The notice to state and local officials must contain a variety of information designed to help them assess the impact of the expiration or prepayment.

During the 12 months following the notice, tenants may not be evicted (except for good cause), rents may not be raised, and rental agreements may not be modified except as permitted under the existing agreement.

The notice requirements do not apply to owners participating in the section 8 certificate or voucher program.

Summary: The owner is not required to give notice of a prepayment if the owner has entered into an agreement with a government agency that continues existing, or imposes new low-income use restrictions for a period of at least 20 years that will ensure against involuntary displacement of current low-income tenants.

An owner is not required to give notice of an expiration of a rental assistance contract if the owner has entered into an agreement with a government agency to renew the contract for a period of at least five years.

The 12-month notices that owners of federally assisted housing must now serve on state and local officials must also be given to public housing agencies that would be impacted, and on tenants that move into the property during the 12-month notice period. The contents of the

notice to tenants is expanded to include a number of elements that could assist tenants in predicting whether they are able to remain in their homes. These include whether the owner plans to seek an end to low-income use restrictions, plans for renewing the rental assistance contract, anticipated date of loan prepayment or contract expiration and its effect it will have on rents or other terms.

The required notice to state and local officials is expanded to include the availability of any other rental assistance after the expiration of the agreement or prepayment of the mortgage, and certain data on applicants on the project's waiting list without disclosing their identities.

Statutory damages of \$50 are provided, in addition to actual damages in a civil action to recover damages caused by noncompliance.

The Department of Community, Trade, and Economic Development is authorized to adopt policies for housing owned and occupied by low-income households which specify the percentage of family income that may be spent on housing that receives support from the housing trust fund.

Votes on Final Passage:

Senate	33	8	
House	98	0	(House amended)
Senate	32	14	(Senate concurred)

Effective: March 31, 2000