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## Housing Committee

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# HB 1601

**Brief Description:** Dissolving joint housing authorities.

**Sponsors:** Representatives Ormsby, Holmquist and Pettigrew.

### Brief Summary of Bill

- Defines the conditions under which joint housing authorities may be dissolved.
- Mandates activation of replacement housing authorities to assume the assets and liabilities of the joint housing authority being dissolved.
- Outlines the procedure to determine the subsequent distribution of joint housing authority assets and liabilities.

**Hearing Date:** 2/17/05

**Staff:** CeCe Clynch (786-7168).

### Background:

#### General Overview

Washington's Housing Authorities Law permits cities and counties to create housing authorities to provide safe, affordable housing in their communities. Among other things, local housing authorities own and manage properties, administer rental assistance and self-sufficiency programs, and operate first-time home ownership programs. They possess considerable powers, including the power to lease, sell, and rent property; the power to issue bonds; the power to sue or be sued; the power to contract; and the power of eminent domain.

Current statutes permit the creation of joint housing authorities between and among cities and counties. There are no current laws authorizing or governing the dissolution of joint housing authorities.

#### Joint Housing Authority of Pasco and Franklin County

The City of Pasco and Franklin County formed a joint housing authority (JHA) in 1981. In 2002, the City Council passed an ordinance withdrawing from and effectively dissolving the JHA. At the same time, the City Council approved another ordinance creating a new city housing authority. The JHA brought a court action to prevent its dissolution, arguing that the ordinances were unenforceable because they conflicted with Chapter 35.82, the Housing Authorities Law.

The trial court concurred and declared null and void the city's ordinances dissolving the joint authority and creating a new authority. The city appealed.

In March of 2004, the Court of Appeals upheld the trial court's decision. The Court of Appeals found that nothing in the state's current law directly authorized the city to take the action that it did. The Court of Appeals also determined that allowing the city to act unilaterally would hinder the ability of all housing authorities to incur debt, contract with others, or obtain funding, thereby preventing the authorities from fulfilling their missions of providing safe and sanitary housing for low income persons. Neither party filed a petition for review with the Washington Supreme Court.

### **Summary of Bill:**

#### Dissolution of a Joint Housing Authority

Joint housing authorities may be dissolved by complying with the following procedures and requirements:

- The legislative authority for each of the counties or cities that previously authorized the joint housing authority must present substantially identical resolutions or ordinances stating their decision to dissolve the joint housing authority;
- The joint housing authority's board of commissioners must pass a resolution to dissolve the authority; and
- At the time of, or before, the dissolution, each of the cities and counties involved in the joint housing authority must activate individual housing authorities, or other joint housing authorities, for their respective areas.

#### Distribution of Assets, Obligations and Liabilities

All assets, obligations and liabilities of the dissolved joint housing authority are distributed to the newly activated housing authorities, according to the following characteristics of each new housing authority's defined service area:

- The population size;
- The number of housing units owned by the joint housing authority;
- The number of low-income residents; and
- Any other reasonable criteria.

#### Fiscal Responsibility of Housing Authorities Assuming Assets and Liabilities

Newly activated housing authorities are responsible for the debt service associated with the projects, properties and other assets distributed to them under the dissolution of the joint housing authority.

If a bond issue or other obligation is not secured solely by a specific property and, instead, was originally tied to the joint housing authority's general or unrestricted funds, each newly activated or reactivated housing authority will be liable for repayment of the outstanding bonds and other obligations of the joint housing authority.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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