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## Housing Committee

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# HB 1914

**Brief Description:** Prescribing procedures for dissolving or deactivating joint housing authorities.

**Sponsors:** Representatives Walsh, Schindler and Grant.

### Brief Summary of Bill

- Provides that ordinances creating joint housing authorities also prescribe the procedure for dissolution.
- Allows a city or county that created a joint housing authority to deactivate it after giving consideration to listed findings as well as the local needs of the city or county.
- Requires that any ordinance or resolution deactivating a housing authority or joint housing authority provide for payment of financial obligations of the deactivated authority.

**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:**

Ordinances creating joint housing authorities must include provisions outlining the procedure for deactivation or dissolution of that joint housing authority. These ordinances must distribute the assets, liabilities, and obligations of the joint housing authority to (1) the original activating governing bodies for the limited purposes of winding up the affairs of the deactivated joint authority or (2) the housing authority of a city, town, or county.

Any city, county, or town that created a housing authority or joint housing authority by ordinance or resolution may deactivate that housing authority or joint housing authority by similar procedure. There is no provision requiring that the legislative authorities be in agreement with respect to the deactivation of a joint housing authority. Before authorizing deactivation of any authority, the city, town, or county shall consider the findings set forth in the ordinance or resolution which created the authority in the first place. With respect to the dissolution of a joint housing authority, the city, town, or county may also consider the local needs of the city, town, or county.

Any ordinance or resolution authorizing deactivation must include adequate provision to assure the payment of all financial obligations incurred by the housing authority or joint housing authority which exist at the time of the passage of the ordinance or resolution.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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