

HOUSE BILL REPORT

HB 1975

As Amended by the Senate

Title: An act relating to property management services provided to housing authority properties.

Brief Description: Concerning property management services provided to housing authority properties.

Sponsors: Representatives Wylie, Harris, Berry, Chopp, Stonier, Ryu, Peterson and Macri.

Brief History:

Committee Activity:

Housing, Human Services & Veterans: 1/21/22, 1/28/22 [DP].

Floor Activity:

Passed House: 2/11/22, 96-1.

Senate Amended.

Passed Senate: 3/2/22, 47-1.

Brief Summary of Bill

- Explicitly allows a public housing authority to contract with a property management services company for the operation of a housing project.
- Specifies that rent and other housing project revenues collected by a property management services company to pay operating and maintenance costs must be treated as private funds.

HOUSE COMMITTEE ON HOUSING, HUMAN SERVICES & VETERANS

Majority Report: Do pass. Signed by 8 members: Representatives Peterson, Chair; Taylor, Vice Chair; Caldier, Ranking Minority Member; Gilday, Assistant Ranking Minority Member; Bateman, Chopp, Donaghy and Leavitt.

Staff: Serena Dolly (786-7150).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Background:

Public Housing Authorities.

Authorized by state law in 1939, a public housing authority (PHA) is an independent municipal corporation established to provide safe and affordable rental housing for low-income individuals, families, senior citizens, and people with disabilities. A PHA must be activated by a resolution of the governing body of a city or county, and a PHA's boundaries are coextensive with the creating city or county, unless established as a joint housing authority comprised of two or more jurisdictions. With some exceptions, PHAs are governed by a five-member commission appointed by a city's mayor or a county's commissioners.

While PHAs are created under state law, they primarily serve as a conduit for federally funded housing programs, such as tenant-based vouchers and publicly owned housing. The PHAs also own and operate other rental housing, such as emergency and transitional housing, senior housing, and properties funded through low-income housing tax credits. The PHAs have no taxing authority, and a majority of their funding is provided by the federal government.

Public Works.

"Public works" means all work, construction, alteration, repair, or improvement, other than ordinary maintenance, executed at the cost of the state or a municipality. All public works, including maintenance when performed by contract, must comply with prevailing wage statutes.

Summary of Bill:

A PHA may contract with a property management services company to operate a housing project. Rental and other project revenues collected by a property management services company from the housing project's tenants and used to pay operating and maintenance costs must be treated as private funds.

EFFECT OF SENATE AMENDMENT(S):

The Senate amendment:

1. clarifies that the revenues collected by property management companies from housing project tenants that must be treated as private funds are those used to pay administrative operating and ordinary maintenance costs; and
2. defines "ordinary maintenance" as only routine repairs related to unit turnover, premises upkeep, and other work necessary to keep the property clean and rentable that is customarily administered by property management companies and specifically excludes replacement capital repairs and routine maintenance on plumbing, electrical, or heating, ventilating, air conditioning, and refrigeration (HVAC/R) systems.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) Many housing authority properties operate without an operating subsidy, and housing authorities work hard to keep rents as low as possible. A key component in keeping rents low is the use of private property management companies. Ordinary maintenance does not always require high skill level. Residents expect maintenance issues to be resolved quickly and cost effectively. Without this technical fix, housing authorities will be required to use the public works procurement process for routine maintenance, such as a clogged drain. Rents will increase, and repairs and maintenance will be delayed. The bill addresses issues created by an agency-imposed rule.

(Opposed) None.

(Other) While the intent of the bill is to cover activities related to getting an apartment ready for the next tenant, such as cleaning or touch-up paint, the bill does not establish limits on the maintenance activities that would be allowed. The bill needs to clearly define the types of maintenance that would not be considered a public work.

Persons Testifying: (In support) Representative Sharon Wylie, prime sponsor; Dan Watson, King County Housing Authority; Roy Johnson, Vancouver Housing Authority; Duane Leonard, Everett Housing Authority; and Patience Malaba, Housing Development Consortium of Seattle—King County.

(Other) Mark Riker, Washington State Building and Construction Trades Council.

Persons Signed In To Testify But Not Testifying: None.