

CERTIFICATION OF ENROLLMENT

HOUSE BILL 1975

Chapter 273, Laws of 2022

67th Legislature
2022 Regular Session

PUBLIC HOUSING AUTHORITIES—PROPERTY MANAGEMENT SERVICES

EFFECTIVE DATE: June 9, 2022

Passed by the House March 7, 2022
Yeas 97 Nays 1

LAURIE JINKINS

**Speaker of the House of
Representatives**

Passed by the Senate March 2, 2022
Yeas 47 Nays 1

DENNY HECK

President of the Senate

Approved March 31, 2022 4:40 PM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 1975** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

April 1, 2022

**Secretary of State
State of Washington**

HOUSE BILL 1975

AS AMENDED BY THE SENATE

Passed Legislature - 2022 Regular Session

State of Washington 67th Legislature 2022 Regular Session

By Representatives Wylie, Harris, Berry, Chopp, Stonier, Ryu,
Peterson, and Macri

Read first time 01/13/22. Referred to Committee on Housing, Human
Services & Veterans.

1 AN ACT Relating to property management services provided to
2 housing authority properties; amending RCW 35.82.070; and creating a
3 new section.

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

5 NEW SECTION. **Sec. 1.** The legislature recognizes the important
6 role housing authorities play in providing much needed affordable
7 housing to more than 35,000 households through their inventory of
8 rental housing, including through workforce housing programs where
9 housing authorities keep rents as low as possible and operate on very
10 thin margins.

11 The legislature finds that for nearly 30 years without issue,
12 objection, or complaint, housing authorities have been contracting
13 with property management services companies for site operations at
14 unsubsidized workforce housing properties. The legislature further
15 finds that it is critical to continue efforts to preserve and expand
16 naturally occurring workforce housing units statewide. Therefore, the
17 legislature recognizes that, at unsubsidized housing authority
18 properties, tenant rents and deposits paid to property management
19 companies and used to pay for regular maintenance and operations are
20 private funds and such maintenance work is not a public work.

1 **Sec. 2.** RCW 35.82.070 and 2002 c 218 s 22 are each amended to
2 read as follows:

3 An authority shall constitute a public body corporate and
4 politic, exercising public and essential governmental functions, and
5 having all the powers necessary or convenient to carry out and
6 effectuate the purposes and provisions of this chapter, including the
7 following powers in addition to others herein granted:

8 (1) To sue and be sued; to have a seal and to alter the same at
9 pleasure; to have perpetual succession; to make and execute contracts
10 and other instruments, including but not limited to partnership
11 agreements and joint venture agreements, necessary or convenient to
12 the exercise of the powers of the authority; to participate in the
13 organization or the operation of a nonprofit corporation which has as
14 one of its purposes to provide or assist in the provision of housing
15 for persons of low income; and to make and from time to time amend
16 and repeal bylaws, rules and regulations, not inconsistent with this
17 chapter, to carry into effect the powers and purposes of the
18 authority.

19 (2) Within its area of operation: To prepare, carry out, acquire,
20 lease and operate housing projects; to provide for the construction,
21 reconstruction, improvement, alteration or repair of any housing
22 project or any part thereof; to agree to rent or sell dwellings
23 forming part of the projects to or for persons of low income. Where
24 an agreement or option is made to sell a dwelling to a person of low
25 income, the authority may convey the dwelling to the person upon
26 fulfillment of the agreement irrespective of whether the person is at
27 the time of the conveyance a person of low income. Leases, options,
28 agreements, or conveyances may include such covenants as the
29 authority deems appropriate to assure the achievement of the
30 objectives of this chapter.

31 (3) To acquire, lease, rent, sell, or otherwise dispose of any
32 commercial space located in buildings or structures containing a
33 housing project or projects.

34 (4) To arrange or contract for the furnishing by any person or
35 agency, public or private, of services, privileges, works, or
36 facilities for, or in connection with, a housing project or the
37 occupants thereof; and (notwithstanding anything to the contrary
38 contained in this chapter or in any other provision of law) to
39 include in any contract let in connection with a project,
40 stipulations requiring that the contractor and any subcontractors

1 comply with requirements as to minimum wages and maximum hours of
2 labor, and comply with any conditions which the federal government
3 may have attached to its financial aid of the project.

4 (5) To lease or rent any dwellings, houses, accommodations,
5 lands, buildings, structures or facilities embraced in any housing
6 project and (subject to the limitations contained in this chapter) to
7 establish and revise the rents or charges therefor; to own or manage
8 buildings containing a housing project or projects as well as
9 commercial space or other dwelling units that do not constitute a
10 housing project as that term is defined in this chapter. However,
11 notwithstanding the provisions under subsection (1) of this section,
12 dwelling units made available or sold to persons of low income,
13 together with functionally related and subordinate facilities, shall
14 occupy at least (~~(fifty)~~) 50 percent of the interior space in the
15 total development owned by the authority or at least (~~(fifty)~~) 50
16 percent of the total number of units in the development owned by the
17 authority, whichever produces the greater number of units for persons
18 of low income, and for mobile home parks, the mobile home lots made
19 available to persons of low income shall be at least (~~(fifty)~~) 50
20 percent of the total number of mobile home lots in the park owned by
21 the authority; to own, hold, and improve real or personal property;
22 to purchase, lease, obtain options upon, acquire by gift, grant,
23 bequest, devise, or otherwise including financial assistance and
24 other aid from the state or any public body, person or corporation,
25 any real or personal property or any interest therein; to acquire by
26 the exercise of the power of eminent domain any real property; to
27 sell, lease, exchange, transfer, assign, pledge, or dispose of any
28 real or personal property or any interest therein; to sell, lease,
29 exchange, transfer, or dispose of any real or personal property or
30 interest therein at less than fair market value to a governmental
31 entity for any purpose when such action assists the housing authority
32 in carrying out its powers and purposes under this chapter, to a low-
33 income person or family for the purpose of providing housing for that
34 person or family, or to a nonprofit corporation provided the
35 nonprofit corporation agrees to sell the property to a low-income
36 person or family or to use the property for the provision of housing
37 for persons of low income for at least (~~(twenty)~~) 20 years; to insure
38 or provide for the insurance of any real or personal property or
39 operations of the authority against any risks or hazards; to procure
40 or agree to the procurement of insurance or guarantees from the

1 federal government of the payment of any bonds or parts thereof
2 issued by an authority, including the power to pay premiums on any
3 such insurance.

4 (6) To contract with a property management services company for
5 purposes of operating a housing project. Rental and other project
6 revenues collected by a property management services company from the
7 housing project's tenants and used to pay administrative operating
8 and ordinary maintenance costs incurred by the company under the
9 terms of the contract with the authority shall be treated as private
10 funds, and any resulting services as executed at the cost of the
11 property management services company and the housing project's
12 tenants, until the net operating revenues are distributed to the
13 authority for its exclusive use and control. For the purposes of this
14 subsection, "ordinary maintenance" only includes: Routine repairs
15 related to unit turnover work; grounds and parking lot upkeep; and
16 repairs and cleaning work needed to keep a property in a clean, safe,
17 sanitary, and rentable condition that are customarily undertaken or
18 administered by residential property management services companies.
19 "Ordinary maintenance" does not include repairs that would be
20 considered replacement capital repairs or scheduled regular
21 maintenance work on plumbing, electrical, or HVAC/R systems or their
22 components.

23 (7) To invest any funds held in reserves or sinking funds, or any
24 funds not required for immediate disbursement, in property or
25 securities in which savings banks may legally invest funds subject to
26 their control; to purchase its bonds at a price not more than the
27 principal amount thereof and accrued interest, all bonds so purchased
28 to be canceled.

29 ~~((7))~~ (8) Within its area of operation: To investigate into
30 living, dwelling and housing conditions and into the means and
31 methods of improving such conditions; to determine where slum areas
32 exist or where there is a shortage of decent, safe and sanitary
33 dwelling accommodations for persons of low income; to make studies
34 and recommendations relating to the problem of clearing, replanning
35 and reconstructing of slum areas, and the problem of providing
36 dwelling accommodations for persons of low income, and to cooperate
37 with the city, the county, the state or any political subdivision
38 thereof in action taken in connection with such problems; and to
39 engage in research, studies and experimentation on the subject of
40 housing.

1 ~~((8))~~ (9) Acting through one or more commissioners or other
2 person or persons designated by the authority: To conduct
3 examinations and investigations and to hear testimony and take proof
4 under oath at public or private hearings on any matter material for
5 its information; to administer oaths, issue subpoenas requiring the
6 attendance of witnesses or the production of books and papers and to
7 issue commissions for the examination of witnesses who are outside of
8 the state or unable to attend before the authority, or excused from
9 attendance; to make available to appropriate agencies (including
10 those charged with the duty of abating or requiring the correction of
11 nuisances or like conditions, or of demolishing unsafe or insanitary
12 structures within its area of operation) its findings and
13 recommendations with regard to any building or property where
14 conditions exist which are dangerous to the public health, morals,
15 safety or welfare.

16 ~~((9))~~ (10) To initiate eviction proceedings against any tenant
17 as provided by law. Activity occurring in any housing authority unit
18 that constitutes a violation of chapter 69.41, 69.50, or 69.52 RCW
19 shall constitute a nuisance for the purpose of RCW 59.12.030(5).

20 ~~((10))~~ (11) To exercise all or any part or combination of
21 powers herein granted.

22 No provisions of law with respect to the acquisition, operation
23 or disposition of property by other public bodies shall be applicable
24 to an authority unless the legislature shall specifically so state.

25 ~~((11))~~ (12) To agree (notwithstanding the limitation contained
26 in RCW 35.82.210) to make such payments in lieu of taxes as the
27 authority finds consistent with the achievement of the purposes of
28 this chapter.

29 ~~((12))~~ (13) Upon the request of a county or city, to exercise
30 any powers of a community renewal agency under chapter 35.81 RCW or a
31 public corporation, commission, or authority under chapter 35.21 RCW.

32 ~~((13))~~ (14) To exercise the powers granted in this chapter
33 within the boundaries of any city, town, or county not included in
34 the area in which such housing authority is originally authorized to
35 function: PROVIDED, HOWEVER, The governing or legislative body of
36 such city, town, or county, as the case may be, adopts a resolution
37 declaring that there is a need for the authority to function in such
38 territory.

39 ~~((14))~~ (15) To administer contracts for assistance payments to
40 persons of low income in accordance with section 8 of the United

1 States Housing Act of 1937, as amended by Title II, section 201 of
2 the Housing and Community Development Act of 1974, P.L. 93-383.

3 ~~((15))~~ (16) To sell at public or private sale, with or without
4 public bidding, for fair market value, any mortgage or other
5 obligation held by the authority.

6 ~~((16))~~ (17) To the extent permitted under its contract with the
7 holders of bonds, notes, and other obligations of the authority, to
8 consent to any modification with respect to rate of interest, time,
9 and payment of any installment of principal or interest security, or
10 any other term of any contract, mortgage, mortgage loan, mortgage
11 loan commitment, contract, or agreement of any kind to which the
12 authority is a party.

13 ~~((17))~~ (18) To make, purchase, participate in, invest in, take
14 assignments of, or otherwise acquire loans to persons of low income
15 to enable them to acquire, construct, reconstruct, rehabilitate,
16 improve, lease, or refinance their dwellings, and to take such
17 security therefor as is deemed necessary and prudent by the
18 authority.

19 ~~((18))~~ (19) To make, purchase, participate in, invest in, take
20 assignments of, or otherwise acquire loans for the acquisition,
21 construction, reconstruction, rehabilitation, improvement, leasing,
22 or refinancing of land, buildings, or developments for housing for
23 persons of low income. For purposes of this subsection, development
24 shall include either land or buildings or both.

25 (a) Any development financed under this subsection shall be
26 subject to an agreement that for at least ~~((twenty))~~ 20 years the
27 dwelling units made available to persons of low income together with
28 functionally related and subordinate facilities shall occupy at least
29 ~~((fifty))~~ 50 percent of the interior space in the total development
30 or at least ~~((fifty))~~ 50 percent of the total number of units in the
31 development, whichever produces the greater number of units for
32 persons of low income. For mobile home parks, the mobile home lots
33 made available to persons of low income shall be at least ~~((fifty))~~
34 50 percent of the total number of mobile home lots in the park.
35 During the term of the agreement, the owner shall use its best
36 efforts in good faith to maintain the dwelling units or mobile home
37 lots required to be made available to persons of low income at rents
38 affordable to persons of low income. The ~~((twenty-year))~~ 20-year
39 requirement under this subsection ~~((18))~~ (19)(a) shall not apply
40 when an authority finances the development by nonprofit corporations

1 or governmental units of dwellings or mobile home lots intended for
2 sale to persons of low and moderate income, and shall not apply to
3 construction or other short-term financing provided to nonprofit
4 corporations or governmental units when the financing has a repayment
5 term of one year or less.

6 (b) In addition, if the development is owned by a for-profit
7 entity, the dwelling units or mobile home lots required to be made
8 available to persons of low income shall be rented to persons whose
9 incomes do not exceed (~~(fifty)~~) 50 percent of the area median income,
10 adjusted for household size, and shall have unit or lot rents that do
11 not exceed (~~(fifteen)~~) 15 percent of area median income, adjusted for
12 household size, unless rent subsidies are provided to make them
13 affordable to persons of low income.

14 For purposes of this subsection (~~((18))~~) (19)(b), if the
15 development is owned directly or through a partnership by a
16 governmental entity or a nonprofit organization, which nonprofit
17 organization is itself not controlled by a for-profit entity or
18 affiliated with any for-profit entity that a nonprofit organization
19 itself does not control, it shall not be treated as being owned by a
20 for-profit entity when the governmental entity or nonprofit
21 organization exercises legal control of the ownership entity and in
22 addition, (i) the dwelling units or mobile home lots required to be
23 made available to persons of low income are rented to persons whose
24 incomes do not exceed (~~(sixty)~~) 60 percent of the area median income,
25 adjusted for household size, and (ii) the development is subject to
26 an agreement that transfers ownership to the governmental entity or
27 nonprofit organization or extends an irrevocable right of first
28 refusal to purchase the development under a formula for setting the
29 acquisition price that is specified in the agreement.

30 (c) Commercial space in any building financed under this
31 subsection that exceeds four stories in height shall not constitute
32 more than (~~(twenty)~~) 20 percent of the interior area of the building.
33 Before financing any development under this subsection the authority
34 shall make a written finding that financing is important for project
35 feasibility or necessary to enable the authority to carry out its
36 powers and purposes under this chapter.

37 (~~((19))~~) (20) To contract with a public authority or corporation,
38 created by a county, city, or town under RCW 35.21.730 through
39 35.21.755, to act as the developer for new housing projects or
40 improvement of existing housing projects.

Passed by the House March 7, 2022.
Passed by the Senate March 2, 2022.
Approved by the Governor March 31, 2022.
Filed in Office of Secretary of State April 1, 2022.

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