



What if
**everyone had
an affordable place
to call home?**

Washington State Housing Finance Commission
2016 Annual Report



2016 Commissioners

Karen Miller
Commission Chair

James L. McIntire
Washington State Treasurer
Ex Officio

Brian Bonlender
Director, Department of Commerce
Ex Officio

Diane Klontz
Designee
Department of Commerce

Regina Stark
Designee
State Treasurer's Office

Beth Baum
At-Large

Steven Moss
Low-Income Persons Representative

Randy Robinson
Housing Consumer Interests
Representative

Gabe Spencer
Publicly Elected Official

Pam Tietz
Public Member

Ken A. Larsen
Public Member

Wendy L. Lawrence
Public Member

That's **our vision.**

For more than 30 years, we've been working to make it come true.

In 2016, we strengthened communities and opened doors for thousands of families across Washington.

What if we could open even more doors?

Q&A with Karen Miller, Chair

The Commission has had a busy year, matching people with loan programs, downpayment assistance, energy-saving projects, and more.

What if we could open even more doors? We are committed to all the resources we can—from tried-and-true financial tools to new partnerships and leveraged resources—to help Washington residents thrive.

What is your proudest achievement of the Commission this year?

We were able to provide loans to more single-family buyers than in the past. That's always a joy for me to see.

How are you helping more people find sustainable housing?

We're working to make it easier for people to participate in loan programs. We're also helping developers build affordable housing. And as you'll read in this annual report, we're investing in restoration projects that ensure affordable housing for years to come.

If you could have three wishes for the Commission in the year ahead, what would they be?

My first wish is that Congress will pass the bill to expand the low-income housing tax credit. Sen. Maria Cantwell and Sen. Orrin Hatch are sponsoring the legislation, which would help developers build more affordable housing.

Second, I want to make sure we retain our high-quality staff. I've never seen our team daunted by the amount of work there is to do. They can handle the workload and still serve people well.

My third wish is that the state legislature would put a good sum of money into the Housing Trust Fund, to help provide affordable housing for Washington residents.

We are committed to using all the resources we can to help Washington residents thrive.



Karen Miller, Chair

Washington State
Housing Finance Commission



See our programs in action:

Homeownership p. 8-13

Multifamily p. 14-23

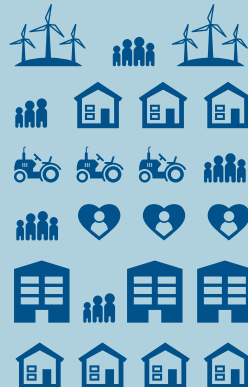
**Enhancing
Communities** p. 24-31

Small Budget. Big Impact.

The Commission's operating expenses are dwarfed by our investments in Washington state communities.


\$17 million
operating expense


\$2.6 billion
investments in Homeownership, Multifamily Housing and Community Projects




Homeownership Highlights

The Commission's home-loan programs continue to grow, with more and more homebuyers turning to us for downpayment assistance, home loans, and free homebuyer education.

 **Mortgage Loans**
\$1.3 billion
6,169
households served
4,014 Home Advantage loans
121 House Key loans
+54% from 2015

 **Down-payment and closing-costs loans***
\$42.8 million
5,115
homebuyers served (buyers using our home loans)
+49% from 2015

 **Mortgage Credit Certificates***
\$449 million
2,025
credit certificates

 **Free Homebuyer Education Seminars**
13,182
potential homebuyers attended a seminar, including **3,745 online**
1,328
in-person seminars held statewide
612 instructors trained

* These programs may be used in tandem with our first-mortgage loan.

Multifamily Highlights

As rents rise throughout the state, our bonds and housing tax credits are helping to create and preserve affordable housing.



6,788

units of housing created, including:

- 1,045 for seniors
- 583 for disabled households
- 272 for homeless households

\$545 million

issued in bonds

\$521 million

allocated in housing credits

54

total projects



Combined Bonds and 4% Tax Credits

\$545 million

in bonds

\$345 million

in tax credits

5,820

rental housing units created or preserved



9% Housing Tax Credits

\$176 million

in tax credits

968

units created or preserved (231 for seniors)

17

projects in 8 counties statewide



Nonprofit Housing

\$196 million

in bonds issued to create 395 units and refinance more than 838 existing units

Asset Management Impact

Our Asset Management and Compliance team makes sure the projects we finance remain viable for up to 40 years, through ongoing monitoring and technical assistance.

78,000+

units in 950 properties monitored statewide

600+

property owners and managers trained in compliance monitoring and reporting

300+

properties inspected each year

Natalie Troupe found permanent housing in Seattle's University District





Homeownership

Washington state residents in every county have achieved the dream of homeownership thanks to the Commission's home loans and downpayment assistance.

Homeownership
loan production was
up 54% in 2016.

\$1.3 billion in 2016

\$772 million in 2015



Paty, Prosser

- Home Advantage mortgage and downpayment assistance loan
- Pride in ownership
- Home base for kids

What if your kids could have a permanent address?

Young mother becomes a homeowner

Paty Saldana knew she wanted to own a home. She just didn't know how.

"I hated paying rent, all that money for nothing," she said. "I put my mindset on buying a house of my own. I want to be something."

The 25-year-old single mom of two works in a grocery store in Grandview, in the Yakima Valley. "I never thought I'd be able to qualify for a loan," she said.

Paty lived with her mother to save money and build up good credit—and her efforts paid off. She started looking at houses, and through a real estate agent was referred to Dora Castaneda of 1st Security Bank home lending.

Dora connected Paty with the Commission's Home Advantage mortgage program, which also offers downpayment assistance loans.

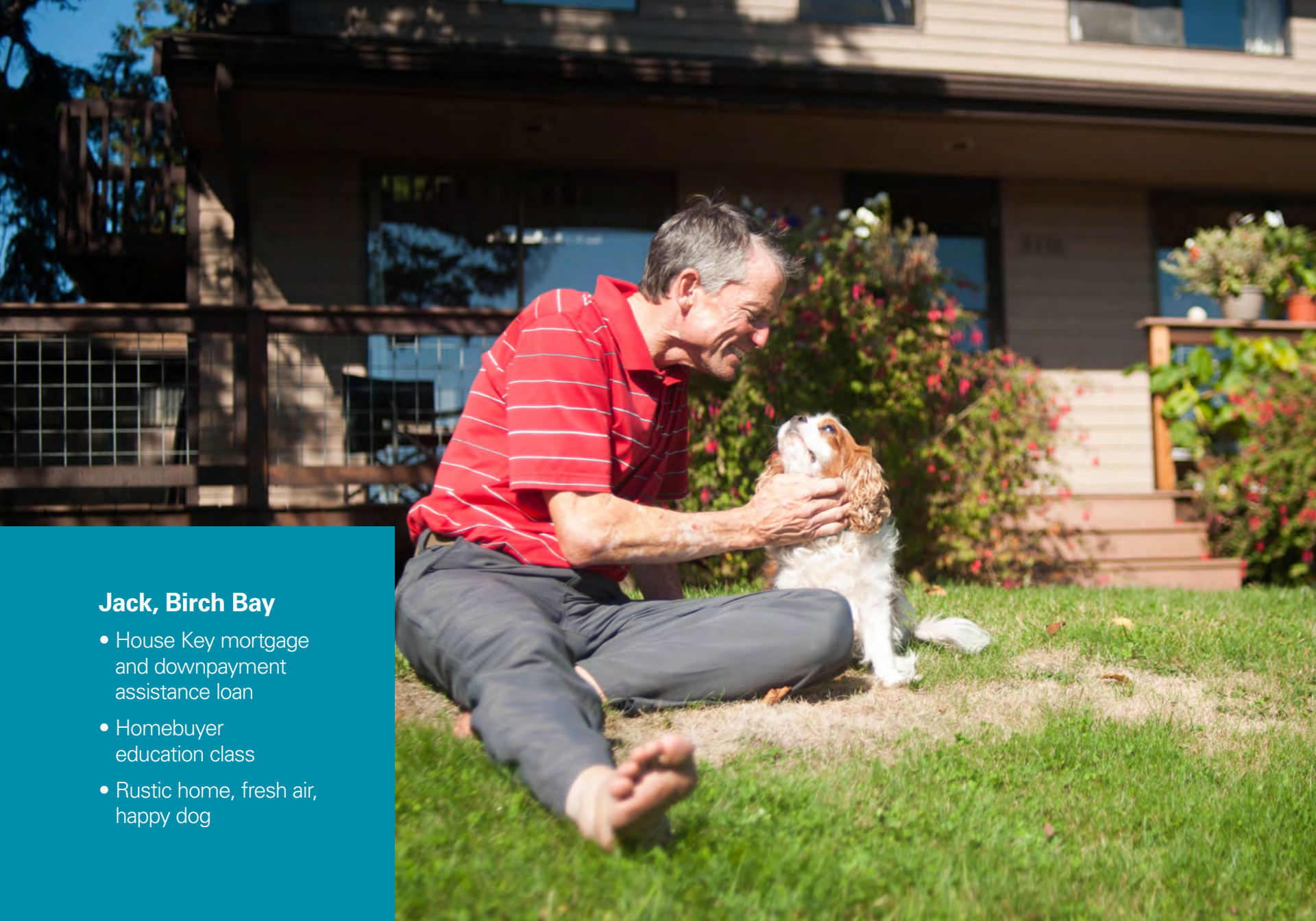
In July 2016, Paty, her 7-year-old daughter and her 4-year-old son moved into their quiet manufactured home in Prosser.

"I wanted my kids to be in their own home," she said.



"I put my mindset
on buying a house
of my own. I want
to be something."

Paty Saldana



Jack, Birch Bay

- House Key mortgage and downpayment assistance loan
- Homebuyer education class
- Rustic home, fresh air, happy dog

What if you had a second chance to be a homeowner?

Derailed by disability, renter buys a home again

Jack Hughes had a home, family, and career as an electronics engineer when life threw him a curve ball.

It was the big C—cancer. Treatment required a bone-marrow transplant to fight leukemia. Then Jack suffered a stroke, which rendered him disabled and unable to work. A layoff followed, then a divorce, and then the loss of his house when he could no longer make the payments.

With few options, Jack moved to Ferndale to live with his brother and family. He eventually rented a condo, but that turned uncomfortable when he had to frequently call police because the neighbors repeatedly threatened him.

As Jack contemplated moving to a new rental unit, he saw a flier for one of the Commission's homebuyer education classes offered by Guild Mortgage.

Suddenly, Jack realized he could buy a home again.

Once he identified a wood-heated, rustic home in Birch Bay, with a small yard for his dog Cody, Jack used the Commission's House Key program to apply for a home loan and downpayment assistance.

After five years of physical therapy, Jack enjoys his life with 95 percent physical capacity. He spends his time outdoors, going to yoga classes, and walking his dog.



“The joy I get every day from living in my house... makes me smile.”

Jack Hughes



Multifamily Housing

As rents rise throughout the state, affordable rental housing is more important than ever. Fortunately, our bonds and housing tax credits are helping to create and preserve housing for every kind of household.

The Low-Income Housing Tax Credit turned 30 years old in 2016.

This federal program has created or preserved

78,174

housing units in Washington state alone.

What if preservation kept homes affordable?

Beautiful remodel helps seniors, people with disabilities stay in town they love

Marlaina Verraes gets to keep the same address she's had for more than 20 years, thanks to financing coordinated through the Commission.

Marlaina's apartment was one of 40 at Marine Plaza Apartments in Port Townsend to be completely remodeled in spring 2015. What's more, it is now preserved as affordable housing for decades to come.

The apartment building remodel gave residents new appliances, cabinets, flooring, paint, and more. It also gave Marlaina more independence.

"Now I can help sweep and make lots of different food in the kitchen," she said.

Marlaina uses an electric wheelchair and enjoys the improvements that make her one-bedroom unit more accommodating—lower countertops, wider doorways and an easy-access bathtub.

Resident Carol Fisher, originally from Southern California, likes the remodel along with Port Townsend's views and small-town charm.

"Everyone here is friendly, and we all get along. We also respect each other's space, so I can be alone when I want to be," she said.

Marine Plaza is one of three apartment complex renovations financed in 2015 by Preservation Partners Development. A total of 125 units in Bremerton, Olympia, and Port Townsend have now been renovated and preserved.



"Now I can help
sweep and make
lots of different
food in the kitchen."

Marlaina Verraes



Marlaina, Port Townsend

- Apartment fully remodeled
- Affordable housing preserved
- Greater accessibility and independence



Tom and Dave, Walla Walla

- Historic housing on VA campus
- Formerly homeless veterans
- Safe homes near medical services

What if veterans could count on a place to live?

Historic campus provides easy path to services, support

Stately homes where army officers lived 158 years ago are once again providing shelter to U.S. service members.

The white clapboard houses, originally built in 1858 as part of Fort Walla Walla, have been remodeled as apartments for homeless veterans. Each holds new appliances, simple furnishings and the chance to start a new chapter.

A few dozen previously homeless veterans moved in to St. Michael's Haven in July 2016.

"Having my own place makes me feel like a normal person again," said resident Tom Dishion. "I've put my past behind me and now I'm living like I'm supposed to be living."

Catholic Charities Spokane spearheaded the housing project, financed through the Commission. This is now the only VA medical facility in the country with independent veterans housing on-site.

Residents can walk to their doctor appointments across the fort's old parade grounds, a green expanse bordered by huge trees in front of their new homes. Many attend Narcotics Anonymous meetings nearby. A grocery store is just blocks away.

"I love it here. You couldn't put me in a better place," said resident David Kidgell.

"I'm still kind of in awe," Tom added. "I've been waiting for something like this for a long time."



"I love it here. You
couldn't put me
in a better place."

David Kidgell

What if renovation preserved downtown history and housing?

Residents proud to live in remodeled 1925 Tacoma landmark

When Billie Mazza first walked in to her 8th floor apartment at the former Winthrop Hotel, she saw the view of Mount Rainier and knew this was the place for her.

Now seven years later, Billie is thrilled with the Winthrop's renovations—and the owners' commitment to maintain the Tacoma landmark's 194 units as affordable housing.


"I would be on the street without this," Billie said. "I tell people, 'My house, my rules.' I've been waiting for years to say that," she added with a grin.

The Winthrop Hotel opened in 1925 and for many years was the grande dame of downtown Tacoma, famed for its Crystal Ballroom. It was converted to low-income apartments in the 1970s and fell into disrepair over the years.

New owners Redwood Housing Partners invested in major renovations this year with financing coordinated through the Commission.

"The construction noise was music to my ears. It meant things were getting fixed!" said Carol Inman, who's lived at the Winthrop since 2001.

"The building looks beautiful. The new owners and management staff really mean business."



"My house, my rules.' I've been waiting for years to say that."

Billie Mazza



Billie, Tacoma

- Historic Winthrop Hotel restored
- Apartments fully updated, accessibility improved
- Security, satisfaction, and pride



Natalie, Seattle

- U-District apartments for homeless young adults
- Building includes food bank and café
- Safe space to work toward future

What if homeless young adults had safe, affordable homes?

New apartment helps young person rebuild life

It's difficult to have a conversation with Natalie Troupe at a University District café—she's constantly approached by neighbors and friends.

Natalie grew up comfortably with her family in the small town of Omak. When her stepfather unexpectedly passed away, her mother was left with debt and a mortgage she couldn't pay.

At age 18, Natalie left her hometown and experienced homelessness for the next six years. Her search for stable housing was challenged by an array of discrimination against her as a queer, transgender female of color.

Natalie found her way to the concentration of homeless services for youth in the University District of Seattle. She was largely supported by Teen Feed, a local nonprofit that helps at-risk and homeless youth.

Natalie was ecstatic when she was contacted about moving into Marion West, an apartment complex developed by the Low Income Housing Institute that offers permanent housing for homeless young adults up to age 24. The Commission helped finance the 48 units, built above the U-District food bank and a café.

"Being homeless helped me find myself," she said. "But now I'm thankful for my trauma because it molded me into the beautiful person I am today. I have experience others may never get and it helps me strive to make a safer and better space for my community."



"I'm thankful for my trauma because it molded me into the beautiful person I am today."

Natalie Troupe



Enhancing Communities

While affordable apartments and home loans are our core mission, we also support people and build communities in other important ways.

Our financing allows nonprofits to build and remodel facilities, beginning farmers to purchase land and equipment, and many kinds of entities to conserve and create sustainable energy.



The Luft family, Endicott

- Young family buys 530 acres for wheat
- Area homesteaded by great-grandparents
- Solid ground from which to grow

What if a family's farming roots could continue to grow?

Young family plans future with loan for wheat farm

Growing up near Endicott in Whitman County, Keith Luft was more likely to grab work gloves than a baseball glove on a sunny afternoon. A farm kid, he was always working toward his goal of having a farm of his own.

This fall, for the first time, Keith is sowing wheat on his own land.

Keith, 26, and his wife Ashley received a loan from the Commission's Beginning Farmer/Rancher Program in partnership with the lender Northwest Farm Credit.

"It's definitely a dream come true—an expensive dream, but it's what I've been saving up for and preparing for all my life," Keith said.

The Lufts were able to borrow not only \$455,000 to buy 530 acres, they were also the first participants in a tandem program that helped them over the barrier of the up-front cash investment required. The Lufts put down \$50,000, and the program loaned them another \$50,000 at 1.5 percent interest.

Their new ground is next door to the farm Keith grew up on, where his parents still live. Across the road—appropriately named Luft Road—is the land Keith's great-grandfather established as the first farm in Whitman County.

As they raise their 1-year-old son, Braxten, Keith and Ashley are continuing to grow the family's roots in this very special ground.



"It's definitely a dream come true—it's what I've been saving up for and preparing for all my life."

Keith Luft

What if neighbors owned their community?

Residents form a co-op to purchase mobile-home park

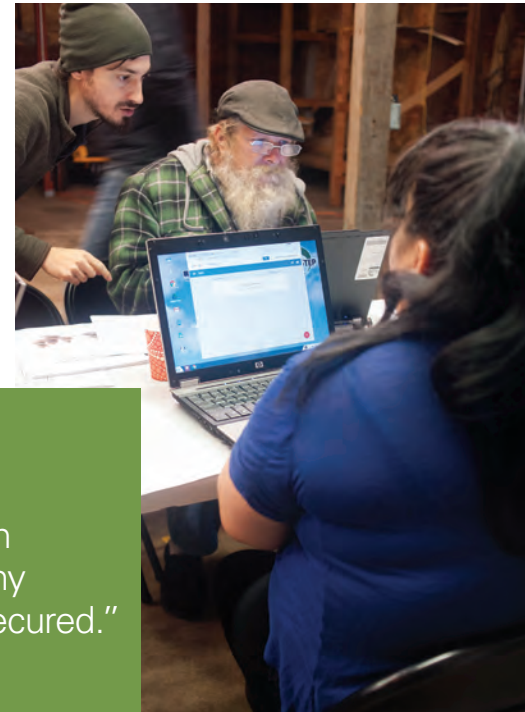
Owners of “mobile” homes are uniquely vulnerable. They don’t own the land under their homes, so rents can go up unpredictably, and residents don’t control maintenance or rules. And if the land is sold for new development, they could be out of a home.

For one hard-working and mostly Spanish-speaking community near Centralia, that insecurity is over. With the help of a loan through the Commission and other partners, they formed a resident-owned cooperative and bought the land under their mobile-home park.

Hillside is the eighth manufactured-home community in Washington to finance the purchase of their land through the Commission.

“As part owner, I find comfort in knowing that my place here is secured,” said Gaby Niño, treasurer of the Hillside Homeowners Cooperative. “We are talking about fixing the roads, securing our mailboxes, and our options for the forested parcels.”

Also bringing new life to the community is a partnership that aims to improve residents’ computer skills and English literacy. Donated computers, student interns from The Evergreen State College, the Olympia-based nonprofit CIELA, and a \$10,000 grant from Compass Compact are all helping the new Hillside owners take the next steps forward.



“As part owner,
I find comfort in
knowing that my
place here is secured.”

Gaby Niño



Hillside Homeowners Cooperative, Centralia

- Neighbors purchase community together
- Security from rising rents
- Capital raised for improvements and maintenance

Enhancing Communities

Sustainable Energy Program

5 projects \$4.7 million financed

Our Sustainable Energy Program had a record year in 2016. We provided financing for 16 new energy-efficient homes in Seattle and Spokane—the latter our first energy project in eastern Washington.

We also financed upgrades to the Whatcom Family YMCA in Bellingham and the Seattle Art Museum’s iconic downtown building, both of which have resulted in immediate savings on energy and water bills.

In addition, we launched a partnership with Seattle City Light that allows the repayment of our energy loans right on the utility bill. Our first on-bill participant, Plymouth Housing Group, renovated all the energy systems in its St. Charles Apartments in downtown Seattle.

St. Charles
Apartments—retrofit
(Seattle)
\$90,100

Green Canopy
Wetmore Eight—
new energy-
efficient homes
(Seattle)
\$750,000

Valley Pointe—
new energy-
efficient homes
(Spokane)
\$1,000,000

Seattle Art
Museum
downtown—
energy upgrades
(Seattle)
\$2,802,964

Whatcom Family
YMCA—retrofit
(Bellingham)
\$100,000

TOP:
Valley Pointe,
Spokane

BOTTOM:
Seattle Art Museum
Photo: Benjamin
Benschneider



Nonprofit Facilities

4 projects **\$19.6 million** financed

Financing from the Commission helped nonprofit organizations improve their facilities. One example is the Northwest Railway Museum, which opened a new building in fall 2016 to welcome visitors, hold precious archives, and house staff all in one place.

Northwest Railway Museum (Snoqualmie)
\$3.6 million

Bertschi School (Seattle)
\$7.5 million

Senior Life Resources (Richland)
\$1.5 million

Columbia Basin College, Richland Health
Science Center (Richland)
\$7 million

Beginning Farmer/Rancher

2 projects **\$670,000** financed

This year we helped two families in Whitman County buy their first farmland, a total of 740 acres.

We also launched a new tandem program that helps borrowers who lack a significant cash downpayment by providing a second loan of up to 10 percent of the purchase price.

TOP:
Northwest Railway Museum,
Snoqualmie
Photo: Northwest
Railway Museum

BOTTOM:
The Luft family at
their new farm



Financial Performance Unaudited (in thousands)

Statement of Net Assets For the years ending June 30, 2016 and 2015

	2016	2015	\$ Change	% Change
Assets				
Cash and cash equivalents	\$ 6,332	\$ 28,869	\$ (22,537)	-78.1%
Investment securities	\$ 20,237	–	\$ 20,237	100.0%
Receivables and prepaids	\$ 6,165	\$ 5,100	\$ 1,065	20.9%
Furniture and fixtures (net of depreciation)	\$ 328	\$ 152	\$ 176	115.8%
Total assets	\$ 33,062	\$ 34,121	\$ (1,059)	-3.1%
<i>Deferred Outflows of Resources</i>	<i>\$ 572</i>	<i>422</i>	<i>\$ 150</i>	<i>35.5%</i>
Total assets and outflows of resources	\$ 33,634	\$ 34,543	\$ (909)	-2.6%
Liabilities				
Accounts payable and other liabilities	\$ 2,538	\$ 2,268	\$ 270	11.9%
Net pension liability	\$ 4,102	\$ 3,113	\$ 989	31.8%
Unearned fee income	\$ 10,227	\$ 13,606	\$ (3,379)	-24.8%
Total liabilities	\$ 16,867	\$ 18,987	\$ (2,120)	-11.2%
<i>Deferred Inflows of Resources</i>	<i>\$ 617</i>	<i>\$ 1,393</i>	<i>\$ (776)</i>	<i>NA</i>
Net Assets				
Total net assets	\$ 16,150	\$ 14,163	\$ 1,987	14.0%
Total liabilities, net assets, and inflows of resources	\$ 33,634	\$ 34,543	\$ (909)	-2.6%

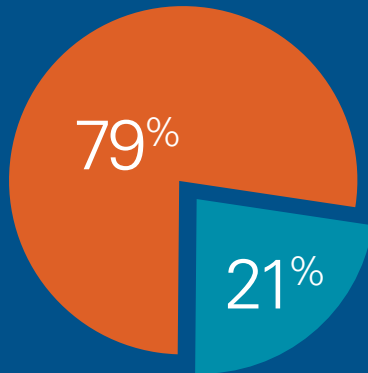
Statement of Activities and Change in Net Assets For the years ending June 30, 2016 and 2015

Revenues				
Fee and other income	\$ 25,953	\$ 21,577	\$ 4,376	20.3%
Interest and investment income (net)	\$ 1,493	\$ 728	\$ 765	105.1%
Grants and other pass-through revenue	\$ 5,578	\$ 5,799	\$ (221)	-3.8%
Total revenues	\$ 33,024	\$ 28,104	\$ 4,920	17.5%
Expenses				
Salaries, wages, and employee benefits	\$ 7,166	\$ 6,476	\$ 690	10.7%
Professional fees	\$ 1,275	\$ 1,068	\$ 207	19.4%
Office and other expense	\$ 3,062	\$ 3,384	\$ (322)	-9.5%
Grants and other pass-through expense	\$ 5,578	\$ 5,799	\$ (221)	-3.8%
Total expenses	\$ 17,081	\$ 16,727	\$ 354	2.1%
Allocated to Commission fund	\$ 2,425	\$ 2,431	\$ (6)	-0.2%
Excess allocated to program investments	\$ 11,466	\$ 9,352	\$ 2,114	22.6%

The Commission is a Self-Sustaining Organization

Self-Generated Revenue

\$25,953,000



Pass-Through Grants, etc.

\$7,071,000

What if laws changed to support affordable housing?

Advocacy efforts benefit homeowners, renters alike

In 2016, the Commission worked to pass several state laws that improve affordable housing in Washington state.

Thanks to one, homeowners facing foreclosure can continue to access financial counselors, supported by lender fees, to guide them in making decisions. Another new law lets Habitat for Humanity affiliates buy and hold land for future development for up to eight years without paying state property taxes.

At the national level, the Commission supported U.S. Senator Maria Cantwell in her important work on behalf of the Low-Income Housing Tax Credit. With Senator Orrin Hatch (R-Utah) as co-sponsor, Senator Cantwell introduced two bills in the Senate that would improve and expand this critical program—which celebrated its 30th year of success in 2016.

The Commission worked closely with Senator Cantwell to help her hold affordable-housing roundtable discussions in nine communities around the state, from Bremerton to Spokane. For our advocacy work with the senator in 2016, we received an Award for Excellence from the National Council of State Housing Finance Agencies.



Senator Maria Cantwell co-sponsored two bills that would expand the Low-Income Housing Tax Credit.

Senator Cantwell kicked off her statewide affordable-housing tour with a press conference in Seattle in March 2016.



WASHINGTON STATE
HOUSING FINANCE
COMMISSION

Opening doors to a better life

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The Washington State Housing Finance Commission is a publicly accountable, self-supporting team dedicated to increasing housing access and affordability and to expanding the availability of quality community services for the people of Washington. We work to increase housing people can afford statewide, and we issue below-market-rate, tax-exempt bonds, and federal housing credits to fund housing and nonprofit facilities across Washington. The bonds of the Washington State Housing Finance Commission are not obligations of Washington state and are not repaid with tax dollars. The Commission is financially self-sufficient. All operating expenses are paid from program revenues. No taxpayer dollars were used to produce this document. For more information about the Commission and its work, visit www.wshfc.org or call 206-464-7139 or 1-800-767-HOME (4663) in Washington state.