A woman with long blonde hair, wearing a black floral top, is holding a young child in a red shirt. They are standing on a balcony at night, looking out towards the left. The balcony has a black metal railing with a grid pattern. String lights are draped across the railing. In the background, there is a window with white curtains and a dark wooden frame. The house has grey shingled siding. The overall scene is warm and intimate.

2017 Annual Report

# Building Brighter Futures

Washington State Housing Finance Commission



## 2017 Commissioners

Karen Miller  
Commission Chair

Brian Bonlender  
Director, Department of Commerce  
Ex Officio

Diane Klontz  
Designee  
Department of Commerce

Duane Davidson  
State Treasurer  
Ex Officio

Johnna Craig  
State Treasurer's Office  
Interim Designee

Beth Baum  
At-Large

Steven Moss  
Low-Income Persons Representative

Randy Robinson  
Housing Consumer Interests  
Representative

Alishia Topper  
Publicly Elected Official Representative

Lowel Krueger  
Public Member

Ken A. Larsen  
Public Member

Wendy L. Lawrence  
Public Member



# The Dream is Still Bright

Dark clouds are everywhere you look when it comes to housing: *homelessness, rising rents, skyrocketing home prices.*

But lighting up that darkness is a dedicated group of housing developers, lenders, and advocates. We're proud to stand among them, offering financial tools and support that build both rental housing and bridges to homeownership.

Together, this year we brightened futures by funding homes for the homeless, transforming a historic Spokane hotel into affordable apartments, helping families make the leap to homeownership, and sparking revitalization in communities from Vancouver to Yakima.

We are energized by this year's successes, and we will continue our commitment to shine light on affordable housing opportunities across all corners of our state.



Karen Miller, Chair

Washington State  
Housing Finance Commission



# Small Budget. Big Impact.

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

**\$15 MILLION**  
operating expense

**\$3.4 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.



**\$1.8 BILLION**

**7,957**

households served  
7,379 Home Advantage loans  
578 House Key loans

+29% from 2016



**\$58.9 MILLION**

**6,572**

homebuyers served  
(buyers using our home loans)

+28% from 2016



**\$184 MILLION**

**781**

credit certificates



**18,646**

potential homebuyers attended a seminar, including 6,177 online

**1,294**





in-person seminars held statewide

**406** 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.

	<p><b>7,346</b> units of housing financed, including:</p> <ul style="list-style-type: none"> <li>• 1,265 for seniors</li> <li>• 603 for disabled households</li> <li>• 472 for homeless households</li> </ul>	<p><b>\$854 MILLION</b> total bonds issued</p>	<p><b>\$644 MILLION</b> allocated in housing credits</p>	<p><b>56</b> total projects</p>
 <p>Combined Bonds &amp; 4% Tax Credits</p>	<p><b>5,997</b> rental housing units created or preserved</p>	<p><b>\$732 MILLION</b> issued in bonds</p>	<p><b>\$454 MILLION</b> in tax credits</p>	<p><b>33</b> projects statewide</p>
 <p>9% Housing Tax Credits</p>	<p><b>1,052</b> units created or preserved (193 for seniors)</p>		<p><b>\$190 MILLION</b> in tax credits</p>	<p><b>17</b> projects statewide</p>
 <p>Nonprofit Housing</p>	<p><b>297</b> units created</p>	<p><b>\$122 MILLION</b> in bonds issued to create 297 units and refinance more than 559 existing units</p>		<p><b>6</b> projects statewide</p>

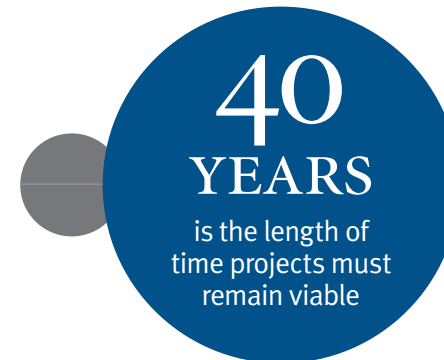
## Asset Management Impact

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.

**89,000**  
units in 1,030 properties monitored statewide

**600+**  
property owners and managers trained in compliance monitoring and reporting

**300+**  
properties inspected each year



# Warm Setting Made 1st Street Her First Choice

*Kelsey Castrey's face lit up when she described herself as confident, independent, and self-supporting. Affordable housing helped get her there.*

"I used every dollar I had to cover rent and move-in fees, but it was liberating," Kelsey said. She and her young son now thrive in their comfy home at 1st Street Apartments in east Vancouver. She works two part-time jobs and no longer relies on food stamps or subsidized day care.

Rental assistance was a deciding factor for Kelsey to choose the 152-unit apartment complex, built by the Vancouver Housing Authority using tax-exempt bonds and Commission-issued tax credits. The playground, community center, and other on-site amenities contribute to a sense of neighborly warmth that money can't buy.

"Thanks to having help with rent, I can put money toward groceries, insurance, and the electric bill," Kelsey said.



**\$644M**

allocated in housing  
credits statewide  
in 2017

1st Street Apts.  
rented all  
**152 UNITS**  
in 2.5 months,  
a year faster  
than expected

**7,346**  
affordable  
apartments financed  
statewide in 2017







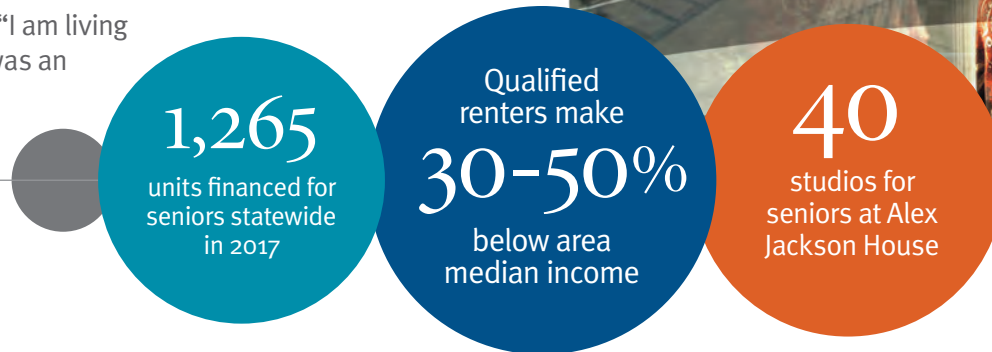
# Downtown Living Energizes Seniors

*Between retirement and the loss of her husband, Claudia Best's life changed greatly in a few short years. Living alone, she now faced soaring rents on a limited income.*

Claudia was grateful to find her “lifesaver,” Alex Jackson House. The 40 apartments for low-income seniors were built in 2017 by the Pike Place Market Preservation & Development Authority—right next to the Market’s brand-new addition on Western Avenue.

Living in the heart of downtown Seattle, Claudia has reconnected with her city. She loves mingling with the Market crowds and looking out on Elliott Bay from the window of her impeccably decorated, brightly lit studio apartment.

“This is a miracle!” Claudia said. “I am living off my Social Security check. It was an impossible goal, and I did it because of this place!”



# Downpayment Assistance Powers the Way to a Dream Home

*“Green was my mother’s favorite color.” Juliette Williams looked longingly at the house tucked behind trees. Her eyes rested on the For Sale sign.*

Juliette, her husband, and their three children lived in the Eliza McCabe Townhomes—a Commission-enabled development built by Mercy Housing Northwest in 2003. Its affordable rent allowed Juliette to complete her degree in health care from Tacoma Community College.

Eventually, Juliette’s increased income disqualified them from the Townhomes. But the family had outgrown the space anyway, and they yearned to own a home of their own. Juliette knew the family’s two incomes would likely cover a home mortgage, but could they afford a downpayment?

Hope dawned when Juliette learned about the Commission’s downpayment assistance programs. They powered through the process with the help of their lender, Dale Golder of Umpqua Bank. Before long, the green four-bedroom house became their home—with space enough for everyone.



29%

increase in home  
loans issued  
in 2017

7,957

home loans  
statewide in 2017





# Reliable Renter Switches to Homeowner with Man Cave

*“I love knowing this place is mine,” Juan Spencer said.  
“It just feels good to be a homeowner.”*

Juan thought his prospects of owning a home were dim. He worked as a mental health counselor, with a daughter to raise and school debt to pay off.

He heard about the Commission’s downpayment assistance program through his landlord. *Prove yourself as a renter, and we’ll connect you with financing.* For two years, he diligently cared for his rented space in Tacoma. Then the house hunt began.

Juan’s timing was perfect: a house just down the street with a circular driveway and big yard was for sale. It even had an extra bathroom for his daughter and a big room perfect for a man cave.

Juan purchased the home in time to host Thanksgiving for 70 family members and friends.



**\$58.9M**  
in downpayment  
and closing-cost  
loans for homebuyers

**18,646**  
potential homebuyers  
who attended  
education seminars  
statewide

# New Lights and Windows Brighten Theater's Future

*The historic Pantages Theater in Tacoma is shining brighter while saving thousands in annual energy costs.*

Built in 1918 and restored in 1983, the theater has upgraded again with energy and design retrofits both inside and out—including its iconic vintage sign.

A low-interest loan from the Commission's Sustainable Energy Trust restored and replaced 210 single-paned windows, replaced floodlights and theater signs with LED fixtures, and repaired the theater's terra cotta exterior.

**\$1.7M**

energy projects  
the Commission  
financed in  
FY2017

The Pantages  
will save 39%  
in natural gas  
and 4% in  
electricity costs

The Pantages is  
the oldest of  
22 West Coast  
vaudeville theaters  
built by Alexander  
Pantages



# Chicken Farm Turns Waste into Power

*“You have to think outside the box if you’re a smaller farm.”*

Laile Fletcher is energized by the new biodigester she purchased for her three-acre farm near Carnation. The biodigester breaks down waste animal products to produce energy.

Without a loan from the Commission’s Sustainable Energy Trust, Laile would have saved money for another two years to afford the biodigester. Instead, she’s already generating benefits by reducing waste, selling energy back to the utility grid, and selling the highly nutritious liquid soil amendment from the biodigester to other farmers who need it.



Crooked Shed Farm raises chickens, pigs, goats, and cattle

5

projects financed by the Sustainable Energy Trust in 2017



# Enhancing Communities

## Sustainable Energy Program

5 projects **\$1.7 MILLION** financed

In 2017, our Sustainable Energy Program provided financing for four new energy-efficient homes in Seattle's Beacon Hill neighborhood. In nearby downtown Seattle, the program financed an energy and water systems renovation in Plymouth Housing Group's David Colwell apartments.

We financed a new biodigester at a woman-owned chicken farm in rural King County. The Marge Williams Center, a resource for nonprofits based on Bainbridge Island, received financing for solar energy upgrades.

The largest project our Sustainable Energy Program financed this year helped improve Tacoma's historic Pantages Theater. Energy and design retrofits were completed inside and out, including its iconic vintage sign.

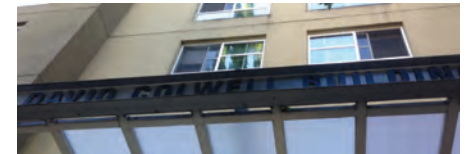
**Pantages Theater**  
Energy & design retrofits  
*Tacoma*  
**\$800,000**



**Green Canopy Homes**  
Energy-efficient homes  
*Seattle-Beacon Hill*  
**\$475,000**



**David Colwell Apartments**  
Energy & water systems  
*Seattle-South Lake Union*  
**\$299,715**



**Crooked Shed Farm**  
Biodigester  
*Carnation*  
**\$60,000**



**Marge Williams Center**  
Solar energy upgrades  
*Winslow*  
**\$50,000**





## Nonprofit Facilities

4 projects **\$50 MILLION** financed

### Seattle Academy of Arts & Sciences

*Seattle*

Built new school and gym, doubling the educational space.

**\$27.5 MILLION**

### Hopelink

*Redmond*

Financed a new 27,862-square foot integrated service center and administrative offices.

**\$12 MILLION**

### Sea Mar Gallery & Community Center

*Seattle*

Expanded and renovated existing facility for office space, teen boxing program, and art gallery.

**\$6 MILLION**

### Children's Institute for Learning Differences

*Renton*

Bought and renovated building for therapeutic school; built new administrative building.

**\$4.6 MILLION**

## Beginning Farmer/Rancher

1 project **\$295,000** financed

Through this financing, a family purchased 83 acres for farming near Washougal in Clark County.



FINANCIAL PERFORMANCE UNAUDITED (IN THOUSANDS)

## Statement of Net Assets

	2017	2016	\$ Change	% Change
<b>Assets</b>				
Cash and cash equivalents	\$ 15,309	\$ 6,332	\$ (8,977)	-141.8%
Investment securities	\$ 9,186	\$ 20,237	\$ 11,051	54.6%
Receivables and prepaids	\$ 6,582	\$ 6,165	\$ (417)	-6.8%
Furniture and fixtures (net of depreciation)	\$ 349	\$ 328	\$ (21)	-6.4%
<b>Total assets</b>	<b>\$ 31,426</b>	<b>\$ 33,062</b>	<b>\$ 1,636</b>	<b>4.9%</b>
<i>Deferred Outflows of Resources</i>	\$ 1,059	\$ 572	\$ (487)	-85.1%
<b>Total assets and outflows of resources</b>	<b>\$ 32,485</b>	<b>\$ 33,634</b>	<b>\$ 1,149</b>	<b>3.4%</b>
<b>Liabilities</b>				
Accounts payable and other liabilities	\$ 1,974	\$ 2,538	\$ 564	22.2%
Net pension liability	\$ 5,207	\$ 4,102	\$ (1,105)	-26.9%
Unearned fee income	\$ 9,131	\$ 10,227	\$ 1,096	10.7%
<b>Total liabilities</b>	<b>\$ 16,312</b>	<b>\$ 16,867</b>	<b>\$ 555</b>	<b>3.3%</b>
<i>Deferred Inflows of Resources</i>	\$ 0	\$ 617	\$ 617	100%
<b>Net Assets</b>				
<b>Total net assets</b>	<b>\$ 16,173</b>	<b>\$ 16,150</b>	<b>\$ (23)</b>	<b>-0.1%</b>
<b>Total liabilities, net assets, and inflows of resources</b>	<b>\$ 32,485</b>	<b>\$ 33,634</b>	<b>\$ 1,149</b>	<b>3.4%</b>

## Statement of Activities and Change in Net Assets

<b>Revenues</b>				
Fee and other income	\$ 31,998	\$ 25,953	\$ (6,045)	-23.3%
Interest and investment income (net)	\$ 487	\$ 1,493	\$ 1,006	67.4%
Grants and other pass-through revenue	\$ 3,614	\$ 5,578	\$ 1,964	35.2%
<b>Total revenues</b>	<b>\$ 36,099</b>	<b>\$ 33,024</b>	<b>\$ (3,075)</b>	<b>-9.3%</b>
<b>Expenses</b>				
Salaries, wages, and employee benefits	\$ 7,754	\$ 7,166	\$ (588)	-8.2%
Professional fees	\$ 1,219	\$ 1,275	\$ 56	4.4%
Office and other expense	\$ 2,661	\$ 3,062	\$ 401	13.1%
Grants and other pass-through expense	\$ 3,614	\$ 5,578	\$ 1,964	35.2%
<b>Total expenses</b>	<b>\$ 15,248</b>	<b>\$ 17,081</b>	<b>\$ 1,833</b>	<b>10.7%</b>
Allocated to Commission fund	\$ 3,638	\$ 2,425	\$ (1,213)	-50.0%
Excess allocated to program investments	\$ 17,190	\$ 11,466	\$ (5,724)	-49.9%

The Commission  
is a Self-Sustaining  
Organization

Self-Generated  
Revenue

\$31,998,000

89%

11%

Pass-Through  
Grants, etc.

\$4,101,000

## Downtowns Light Up with More Affordable Living

### Spokane: Former jewel finally reborn as apartments

The historic Ridpath Hotel had seen better days, and that was before it sat empty and neglected while endless lawsuits raged over its fate. Fortunately, developer Ron Wells, backed by the Spokane community, persevered with his vision of transforming the Ridpath into affordable apartments. The 206 new units—almost all of which are limited to those with low incomes—will open in 2018.



Photo: Jon Roanhaus

### Olympia: Residents connect with on-site services

Billy Frank Jr. Place in Olympia answers the need for affordable housing—and connects formerly homeless residents with social services on-site. The four-story complex built by the Low Income Housing Institute is near public transportation and serves veterans, young adults, and the disabled.





WASHINGTON STATE  
**HOUSING FINANCE  
COMMISSION**

*Opening doors to a better life*

[www.WSHFC.org](http://www.WSHFC.org)



[facebook.com/WSHFC](https://facebook.com/WSHFC)



[@WSHFC](https://twitter.com/WSHFC)

---

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](http://www.wshfc.org) or call 206-464-7139 or 1-800-767-HOME (4663) in Washington state.

*Photo credits: Colin Mulvany, The Spokesman-Review, page 2; Steve Towell, Vancouver Housing Authority, cover, pages 6-7; Tom Turley, pages 8-9, 15-16; Ingrid Barrentine, pages 10-14, 16*