## JUNE 23, 2022

WASHINGTON STATE HOUSING FINANCE COMMISSION

# COMMISSION MEETING PACKET

WSHFC

WASHINGTON STATE
HOUSING FINANCE
COMMISSION

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**WASHINGTON STATE HOUSING FINANCE COMMISSION**
**COMMISSION WORK SESSION AGENDA**

YOU ARE HEREBY NOTIFIED that the Washington State Housing Finance Commission will hold a **Work Session** in the **28th Floor Board Room**, located at **1000 Second Avenue, Seattle, WA 98104-3601**, on Thursday, June 23, 2022, at 11:00 a.m., to consider the items in the agenda below.

Pursuant to RCW 42.30.030(2), which encourage public agencies to provide for public access to meetings, this meeting can also be viewed via Zoom or joined telephonically.

**To join virtually, please go to www.zoom.us, go to "Join a Meeting," and enter:**

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**Participants wishing to provide public comments, please see public engagement opportunities on page two below for instructions.**

**I.** **Lisa Vatske/Dan Rothman**: Summary of the UW Evans School students' (Robbie Adams, Conor Ford, and Connor Urcuyo) findings of evaluating cost containment strategies for MFH projects. (20 min.) **A**

**II.** **Lisa DeBrock/Margret Graham:** Housing Assistance Fund Marketing and Outreach Strategy (15 min.)

**III.** **Russ Evenhuis/Margret Graham:** Affordable Housing Data Portal (10 min.)

**IV.** **Diane Klontz:** Informational Report on Department of Commerce Activities (if time allows)

**V.** **Steve Walker:** Executive Director's Report (if time allows)

**Note: There will be a break after the conclusion of the Work Session. The Commission Meeting will reconvene at 1 p.m.**

## Public Engagement at Commission Meetings

All Special Board Meetings and Work Sessions of the Washington State Housing Finance Commission are open to the public. Our intention is to welcome all members of the public and to provide a clear and reasonable process through which they can share their thoughts with us.

### Different ways to Join a Commission Meeting:

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4. Members of the public can attend either or both the 11 a.m. Work Session and/or the 1 p.m. Special Meeting in-person in the 28th Floor Board Room, located at 1000 Second Avenue, Seattle, WA 98104-3601.

### During Meetings:

During Commission board work sessions and board meetings, attendees can see and hear all presentations and business taking place. Microphones will be turned off except to receive comment during public hearings and the public general comment period.

### Public Hearings:

Commission meetings often include public hearings for specific housing projects or other policy decisions. Please limit comments to those directly related to the public hearing topic.

### Public Comment:

- **Purpose of Public Comment**
  During this period, the Commissioners listen to public concerns and comments but do not generally engage in dialogue. Staff will follow up with commenters who request assistance or answers to questions, providing that contact information is shared. Anyone who wishes to speak during the public comment period can take this opportunity.

- **When to Comment**
  The public comment period takes place near the end of the afternoon Commission board meeting (and not during the morning work session). The starting time for the public comment period depends on the length of the Commission's other business. Typically, the public comment period is reached after about an hour (2 p.m.) but may be sooner or later.

- **Raising Your Hand in Zoom or Through Phone Participation**
  To give us a sense of the number of people wishing to speak and help us call on you in an orderly fashion, the meeting Chair will ask you to use the Zoom "raise hand" feature to indicate you would like to speak. People participating on the telephone can press *9 to virtually "raise a hand." Whether or not you are able to virtually raise a hand, the chair will provide time and opportunity for all to share their comments before closing the public comment period.

- **Timing of Comments:**
  We ask that speakers keep their comments brief (2 to 3 minutes). The chair may ask you to begin bringing your statement to a close after that time, especially if others are waiting to speak. Our intention is not to impose a specific time limit unless it seems necessary to give a large number of speakers an equal chance to share their comments.

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**COMMISSION MEETING AGENDA**

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**I. Chair: Approval of the Minutes from the May 23 & 24, 2022, Special Meeting.** (5 min.) **1**

**II. Chair: Conduct a Public Hearing on the following:**

**A. Annual public hearing for the issuance of single-family bonds** **2**
**Lisa DeBrock:** The Commission has determined that in order to provide affordable homeownership opportunities it is desirable to issue its single-family mortgage revenue bonds, in multiple programs and series to facilitate the financing of single-family housing in a total amount not to exceed $250,000,000. (10 mins.)

**B. Pine Ridge Apartments, OID # 21-40A** **3**
**Claire Petersky**: The proposed issuance of one or more series of tax-exempt and/or taxable revenue bonds to finance a portion of the costs for the acquisition, rehabilitation and equipping of a 105-unit multifamily housing facility located at 3725 S. 180th Street, SeaTac, WA 98188, to be owned by SeaTac PR LLC, a Washington limited liability company. Proceeds of the bonds may also be used to pay all or a portion of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed $20,000,000. (5 min.)

**C. Jacob Richardson**: Recommend and present Projects for Allocation of Low-Income Housing Tax Credits from the 2022 funding round. (15 min.) **4**
(see next page)

| TC # | Project Name | City | County | Credit Amount |
|---|---|---|---|---|
| 22-01 | Fruitvale Housing | Yakima | Yakima | $1,333,411 |
| 22-10 | Good Shepherd Housing | Seattle | King | $2,163,829 |
| 22-16 | Laurel Manor | Vancouver | Clark | $2,163,816 |

## III. Consider and Act on the Following Action Items:

**A. Resolution No. 22-53, Resolution for the 2022 Allocation of Credit for the Housing Tax Credit Program** ~~5~~
**Lisa Vatske**: A resolution authorizing the Executive Director to make reservations and/or allocations of 2022 Housing Tax Credits. (5 min.)

| TC # | Project Name | City | County | Credit Amount |
|---|---|---|---|---|
| 22-01 | Fruitvale Housing | Yakima | Yakima | $1,333,411 |
| 22-10 | Good Shepherd Housing | Seattle | King | $2,163,829 |
| 22-16 | Laurel Manor | Vancouver | Clark | $2,163,816 |

**B. Resolution No. 22-52, Spokane United Methodist Homes, OID # 21-103A** ~~6~~
**Lisa Vatske:** A resolution amending Resolution 22-29 which approved the issuance of one or more series of tax-exempt and/or taxable revenue bonds for Spokane United Methodist Homes d/b/a Rockwood Retirement Communities, a Washington 501(c)(3) nonprofit corporation. The amendment approves the extension of the delegation to the Executive Director to sign one or more bond purchase agreements prior to December 15, 2022. (5 min.)

**C. Resolution No. 22-50, Evergreen Ridge Apartments, OID # 22-46A** ~~7~~
**Lisa Vatske**: A resolution approving the issuance of a tax-exempt revenue bond to finance the acquisition and rehabilitation of an existing apartment project located at 3451 Woburn Street, Bellingham, Washington 98226, to be owned by a single asset entity, the sole member of which is Mercy Housing Northwest, a Washington nonprofit corporation and an organization described under section 501(c)(3). Proceeds of the bonds may also be used to pay all or a portion of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed $28,000,000. The public hearing was held May 26, 2022. (5 min.)

**D. ~~Resolution No. 22-30, Grand Street Commons, OID # 20-95A~~** 8
~~**Lisa Vatske:** A resolution approving the issuance of one or more series of tax-exempt revenue notes to finance a portion of the costs for the acquisition, construction and equipping of a 206-unit multifamily housing facility located at 2201 S. Grand Street, Seattle, WA 98144, to be owned by Grand Street Commons MBH LLLP, a Washington limited liability limited partnership. Proceeds of the notes may also be used to pay all or a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed $46,000,000. The public hearing was held January 27, 2022. (5 min.)~~

**E. ~~Resolution No. 22-32, Mirabeau Townhomes, OID # 21-37A~~** ~~9~~
~~**Lisa Vatske:** A resolution approving the issuance of one or more series of tax-exempt and taxable revenue notes to finance a portion of the costs for the acquisition, construction and equipping of a 72-unit multifamily housing~~

~~facility located at approximately 19400 East Euclid Avenue (an approximately 12-acre rectangular plot South of East Euclid Avenue and North of East Buckeye Avenue), Spokane Valley, WA 99027, to be owned by Mirabeau Townhomes LLC, a Washington limited liability company. Proceeds of the notes may also be used to pay all or a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed $12,500,000. The public hearing was held February 24, 2022. (5 min.)~~

F. **Lisa DeBrock & Dietrich Schmitz: Amortizing DPA Programs** **10**
Request to allow for amortizing Down Payment Assistance (DPA) Programs that would facilitate offering a broader range of tools in this current housing market. (10 mins.)

G. **Resolution No. 22-54, Single Family Resolution** **11**
**Lisa DeBrock:** A Resolution authorizing the issuance and remarketing of Single-Family Mortgage Revenue Bonds, Homeownership Program Bonds, and Special Program Bonds in one or more series, in total amount not to exceed $250,000,000; re-authorizing the Home Advantage Program, use of undeployed funds to provide liquidity for mortgage loan purchases, payments agreements, and the sale of certificates without the issuance of bonds, all to facilitate the financing of Single-family housing. (10 mins.)

H. **Operating Budget for Fiscal Year 2023 (July 1, 2022 – June 30, 2023)** **12**
**Fenice Taylor/Lucas Loranger:** Consider and act on a recommendation to approval the Operating Budget for the fiscal year 2023, July 1, 2022 through June 30, 2023. (15 min.)

I. **Transfer of reserves to Program-Related Investments (PRI)** **13**
**Fenice Taylor/Lucas Loranger:** Consider and act on a recommendation to transfer operating reserves to Program-Related Investments as of June 30, 2022. (5 min.)

IV. **Informational Report on Department of Commerce Activities.** (10 min.)

V. **Executive Director's Report** (10 min.)

VI. **Commissioners' Reports** (10 min.)

VII. **Chair: Consent Agenda** (5 min.)

A. **Homeownership & Homebuyer Education Programs Monthly Activities Report** **14**

B. **Multifamily Housing and Community Facilities Monthly Activities Report** **15**

C. **Asset Management and Compliance Monthly Activities Report** **16**

D. **Financial Statements as of May 31, 2022** **17**

**VIII. Chair: Miscellaneous Correspondence and Articles of Interest** (5 min.)

**A. Miscellaneous Correspondence and Articles of Interest** **18**

**B. HFC Events Calendar** **19**

**IX. Chair: Public Comment**

**X. Executive Session (if necessary)**

**XI. Adjourn**

Bill Rumpf, Chair
Consent Agenda items will only be discussed at the request of a Commissioner.

# EVALUATING COST CONTAINMENT IN AFFORDABLE HOUSING

*A STUDY OF COST CONTAINMENT AND PUBLIC BENEFIT STRATEGIES FOR THE ADMINISTRATION OF LOW-INCOME HOUSING TAX CREDITS IN WASHINGTON STATE.*


**Robbie Cunningham Adams, Conor Ford, Connor Urcuyo, Mackenzie Visser**

EVANS SCHOOL OF PUBLIC POLICY & GOVERNANCE
UNIVERSITY of WASHINGTON

WASHINGTON STATE HOUSING FINANCE COMMISSION

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# Table of Contents

TABLE OF CONTENTS ....1

ACKNOWLEDGEMENTS ....3

ABOUT OUR TEAM ....4

KEY TERMINOLOGY ....5

EXECUTIVE SUMMARY ....7

CHAPTER 1: INTRODUCTION ....9

1.1 BACKGROUND OVERVIEW ....9

1.2 CLIENT OBJECTIVE ....9

1.3 BACKGROUND OF LIHTC PROGRAM IN WASHINGTON STATE ....10

1.4 PROBLEM OVERVIEW ....11

1.5 RESEARCH QUESTIONS AND METHODS ....12

1.6 DELIVERABLES ....12

CHAPTER 2: LITERATURE REVIEW ....14

2.1 LITERATURE REVIEW OVERVIEW ....14

2.2 COST EFFICIENCY ....17

2.3 TOTAL DEVELOPMENT COST (TDC) LIMITS ....20

2.4 OTHER STATE TDC CALCULATION METHODS ....23

2.5 BENEFITS AND BARRIERS OF COMMUNITY BASED ORGANIZATIONS (CBOS) ....34

**CHAPTER 3: RESEARCH METHODS**......38

**3.1 RESEARCH OVERVIEW**......38

**3.2 LITERATURE REVIEW**......38

**3.3 QUALITATIVE INTERVIEWS WITH LIHTC STAKEHOLDERS**......39

**3.4 WSHFC ALLOCATION DATA ANALYSIS**......42

**CHAPTER** 4: FINDINGS AND ANALYSIS......43

**4.1 OVERVIEW**......43

**4.2 HOW IS COST EFFICIENCY BEST MEASURED?**......43

**4.3 COST DRIVERS OF LIHTC PROJECTS**......47

**4.4 HOW DO OTHER HOUSING FINANCE AGENCIES MEASURE PUBLIC BENEFITS? HOW WOULD STAKEHOLDERS IN WASHINGTON STATE REFORM THE CURRENT LIHTC ALLOCATION POLICIES TO MAXIMIZE PUBLIC BENEFITS?**......56

**4.5 WHAT BARRIERS DO HISTORICALLY DISADVANTAGED DEVELOPERS HAVE THAT PREVENT ACCESS TO PARTICIPATION IN LIHTC PROJECTS IN WASHINGTON STATE?**......59

**CHAPTER 5: RECOMMENDATIONS**......72

**5.1 OVERVIEW**......72

**5.2 PRIMARY CHALLENGE: HOW TO WEIGH PUBLIC BENEFITS**......72

**5.3 RECOMMENDATIONS**......73

**5.4 OPPORTUNITIES FOR FUTURE RESEARCH**......77

**APPENDIX**......79

**REFERENCES**......83

# Acknowledgements

Our team would like to thank the following groups and individuals for their contributions to this project:

**The Commission:** Thank you to the Commission for entrusting our team with this analysis and for including us in their work. We would especially like to thank Lisa Vatske, Dan Rothman, and Sojung Choi for their time, guidance, and feedback throughout this project.

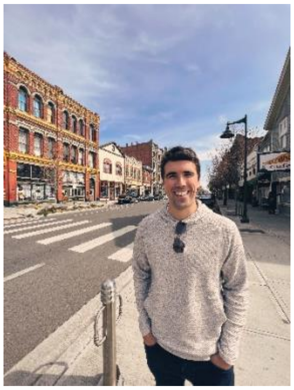
**Adrienne Quinn:** Thank you to our wonderful capstone advisor, Adrienne Quinn, for sharing her considerable affordable housing expertise with our team, as well as for her ongoing support throughout this process.

**Our colleagues:** Thank you to our Capstone Seminar cohort for providing such thoughtful editing and feedback throughout the writing process.

**Our interviewees:** Thank you to our stakeholder interviewees for their participation in our qualitative research. These interviews were invaluable in shaping our understanding and analysis of this issue, and we sincerely appreciate the gift of our interviewees' time, expertise, and valuable input.

**Friends and family:** Thank you for your love and support throughout this process.

# About Our Team



**Robbie Cunningham Adams** came to Seattle in 2011 from Northern California to attend the University of Washington. After completing a B.A. in International Studies and Political Science Robbie spent five years in the non-profit sector in refugee resettlement and international public health. This experience inspired Robbie to pursue a MPA at the UW Evans School and a career in local government.

**Conor Ford** grew up in Ferndale, Washington before moving to Seattle to study Public Health at the University of Washington. Conor spent four years in the non-profit sector focused on youth access to educational opportunities, before electing to pursue an MPA at the UW Evans School. Conor now works as an Associate Director for Enrollment Solutions at the same non-profit, bringing his interest in data and problem-solving to the forefront.

**Connor Urcuyo** grew up in Bellingham, Washington and came to Seattle in 2016 to attend the University of Washington where he earned undergraduate degrees in International Studies and Political Sciences. He currently works as an Operational Support Technician and Photographer for the Seattle FBI, with goals to pursue an Intelligence Analyst career. In his free time, he loves to play chess and is a Sounders season ticket holder.

**Mackenzie Visser** grew up in south King County and completed her undergraduate degree at the University of Michigan. After three years of providing housing case management at a community-based nonprofit in Bellevue, Washington she decided to pursue her MPA with a concentration in Public Financial Management. Following graduation, Mackenzie plans to continue working in the affordable housing and homelessness services space.

# Key Terminology

**Boosts:** Specific expenditures in Washington State Housing Finance Commission ("Commission") funded housing developments that (up to a point) can increase the calculated Total Development Cost (TDC) Limit for a project. Common examples of boost categories are structured parking, and prevailing wage rates. By allowing these cost drivers to increase a project's cost containment measures, the Commission is acknowledging the high cost of including these features and/or benefits.

**By and For Initiatives:** The Commission defines this goal as addressing the needs of Communities Most Impacted (CMI) by housing disparities by awarding points to projects that can demonstrate that they are by and/or for their community. This policy encourages applicants to identify and engage with a CMI to understand and respond to their specific concerns, issues, and requirements.

**Community-Based Organization (CBO):** According to the Commission, a CBO is any organization or group with demonstrated ability to meaningfully represent one or more Communities Most Impacted (CMI) or Identity-Based Communities. A CBO does not have to be a non-profit organization.

**Communities Most Impacted (CMI):** According to the Commission, communities identified as disproportionally impacted by housing disparities. These communities could include Black, Indigenous, or other People of Color, immigrants, LGBTQ people, people with disabilities, large families, and seniors. This policy recognizes identity-based and geographically based communities.

**Cost Containment:** In the context of rising housing development costs and increasingly limited affordable housing availability in Washington state, the Commission has an interest in limiting costs for Commission funded multifamily affordable housing development to maximize the use of its finite Low Income Housing Tax Credit (LIHTC) resources and volume cap (tax-exempt bonds paired with 4% LIHTC). Currently, the Commission allocates certain points in its LIHTC application to reward projects that propose projects under calculated TDC limits. In response to these cost containment efforts, developers may need to make decisions about whether to include certain aspects of proposals (for example, including an onsite community center) to limit overall costs and earn cost containment points.

**Cost Limits:** State Housing Finance Agencies including the Commission, have designated cost ceilings for certain aspects of a housing development. In Washington state, these limits are associated with bedroom size. The limits are used to calculate unique TDCs for each proposed development and to allocate points when scoring proposals' cost containment measures.

**Identity-Based Communities:** According to the Commission, these communities share a common heritage, language, cultural, or other identity-based characteristic such as age, ability, or sexual identity and/or orientation. They also share a common set of community values, goals, and needs.

**Low Income Housing Tax Credits (LIHTC):** Distributed to the Commission by the Internal Revenue Service (IRS), LIHTC is the largest funding source for affordable housing development. This program has two aspects: (1) 9% tax credits allocated through an annual competitive process and (2) 4% tax credits that combine tax credit equity with tax exempt bonds.

**Housing Finance Agency (HFA):** State HFAs are set up to allocate and distribute affordable housing financing, including LIHTC. In Washington state, the Commission is the designated HFA.

**Permanent Supportive Housing (PSH):** Housing which primarily serves individuals with chronic homelessness and other barriers, providing long-term subsidized housing often alongside other social services and case management.

**Public Benefits:** We use "public benefits" to refer to any benefits that affordable housing may bring to a community; these benefits range from community-building aspects, the provision of social services, sustainability measures, to the existence of affordable housing in a community. While some of these benefits overlap with public benefits currently incentivized through the Commission's point allocation system, this system provides a much more limited scope of public benefits. By allocating points for certain public benefits, the Commission effectively weights or incentivizes these public benefits over others.

**Qualified Allocation Plan (QAP):** Written in conjunction with state legislatures, a state's QAP defines the state Housing Financing Agencies' (HFAs) priorities and criteria to allocate low-income housing tax credits to eligible developers. In Washington state, the QAP functions as an umbrella document for LIHTC policies, with more specific policy documentation updated yearly to show current policies and criteria.

**Total Development Cost (TDC) Limit:** Each proposed affordable housing development has a TDC limit, calculated in Washington state by multiplying the total number of units per number of bedrooms by the specified cost limits for each bedroom size. While many other HFAs calculate TDC limits for housing developments, there is some variance in how TDC limits are calculated across states.

**Vertically Integrated Developer:** Developers that have internal development, design, and/or builder capabilities and do not need to contract these services.

# Executive Summary

Our client, the Washington State Housing Finance Commission ("the Commission"), contracted our University of Washington Evans School consulting team, Mackenzie Visser, Robbie Cunningham Adams, Conor Ford, and Connor Urcuyo, to evaluate cost containment strategies for multifamily housing projects financed through the Commission's Low-Income Housing Tax Credit (LIHTC) program. To determine LIHTC funding awards, the Commission has designed a competitive process which scores applications on a points basis to promote various public benefits. One of the benefits for which additional points are awarded, is cost containment. Cost containment is calculated by comparing proposed project costs to a project's Total Development Cost (TDC) limit. The TDC limit recognizes that housing development costs will vary based on factors such as the housing location (e.g., urban infill site v. farmworker housing) or the number of bedrooms proposed for each unit within the development (e.g., studios v. family-sized units). Accordingly, these factors are included in the TDC limit which considers the housing development's location, the overall cost, and the unit type (one bedroom, two bedrooms, etc.). With the rising development and housing costs statewide, the Commission has contracted our team to explore cost efficiency measures to maximize the use of limited LIHTC resources.

## Methods

To conduct this analysis, the Commission determined the following research objective: **Analyze the balance between cost efficiency and other public benefits within affordable housing funded by LIHTC.** To accomplish this, we identified the following sub-questions to guide our research:

1. **How is cost efficiency best measured?**
2. **How do other housing finance agencies measure public benefits? How would stakeholders in Washington state reform the current LIHTC allocation policies to maximize public benefits?**
3. **What barriers do historically disadvantaged developers have that prevent access to participation in LIHTC projects in Washington state?**

To answer these questions, our team first reviewed the national literature on best practices in cost-containment and public benefits using a mixture of academic literature, documentation from other state Housing Finance Agencies (HFAs), and gray literature. Next, we interviewed a variety of stakeholders in the Washington affordable housing market including for-profit, nonprofit, and community-based developers, consultants, other state housing finance agencies, and general contractors. Finally, our team reviewed the Commission's internal cost data to identify cost drivers, differences in project cost by developer type, and other relevant trends.

## Analysis

This literature review revealed the Commission has already implemented many of the best practices for cost containment nationwide, and in many regards is leading its peers regarding its racial equity and community-based development goals. Additionally, we generally did not hear a desire or need for cost calculation changes from stakeholders we interviewed. Taken together, we did not find evidence to suggest there are major changes necessary to the Commission's cost containment policy.

Rather, stakeholder concerns focused on cost drivers, cost differences by developer type, and public benefits tradeoffs. We found that stakeholders are primarily framing cost containment challenges in terms of units built; stakeholders are questioning whether the affordable housing market should seek to maximize unit production or provide additional community benefits at the expense of units built**.** Discussions also centered around costs and public benefits associated with Community-Based Organization (CBO) led development.

## Recommendations

**TDC limit reform:** Our team found the Commission has implemented nationwide best practices on cost containment in its LIHTC program. Additionally, we did not find evidence that there is a need to change the TDC calculation methodology. However, we did identify areas where TDC limits could be evaluated. We recommend the Commission consider ensuring TDC limits are comparing like projects and introducing a "boost" for developers building "by and for" development.

**Expand and Improve Goals of the CBO and Community Engagement Points:** Despite the success of some CBOs in developing affordable housing in Washington state many market barriers persist. While still too early to fully evaluate, the new incentives in the bond program scoring system on CBO partnership and community engagement show promises of success. Our team recommends the Commission build on these incentives and consider the following: expanding its 4% bond program CBO incentives to its 9% tax credit program, updating BIPOC ownership and leadership metrics, and clarifying CBO definitions and intent.

**Identify and Clarify Public Values:** Our research suggests a primary challenge facing the Commission is a value-based challenge rather than technical. Stakeholders grapple not with whether to provide certain amenities over others, but whether to provide certain public benefits over constructing additional units. While our team, and the CBOs that we interviewed, generally believes the benefits of culturally and community centered equitable development outweigh the cost of the immediate potential reduction in unit production, we ultimately cannot determine how the Commission weighs different public benefits. However, we recommend the Commission consider the risks and benefits of both approaches, determine its own values, and publicly commit to its stance.

# Chapter 1: Introduction

## 1.1 Background Overview

In this chapter, we provide background on the Commission, why they requested this analysis and an overview of the Low-Income Housing Tax Credit (LIHTC) program. We then provide a problem overview for the specific research objective we pursued: **an analysis of the balance between cost efficiency and public benefits within affordable housing funded by LIHTC.** We end this chapter with a description of our deliverables provided by this report.

## 1.2 Client Objective

### Our Team

We are a team of Master of Public Administration (MPA) candidates from the University of Washington Evans School of Public Policy & Governance completing our capstone consulting project. Our capstone advisor, Adrienne Quinn, has extensive experience in affordable housing development and provided our team with feedback, expertise, and connections to stakeholders for qualitative analysis. This analysis was conducted over the course of five months as the culmination of the MPA academic curriculum.

### Positionality Statement

While our team has done our best to conduct this analysis with an equity lens, we would like to acknowledge our own privileges and limitations within this academic setting. Importantly, for the scope of this analysis, our team was not able to obtain feedback from one of the most important stakeholders of affordable housing development: the end user. Considering the intersections of housing instability with other forms of marginalization, we believe it is important to acknowledge and center the experiences of individuals and communities experiencing homelessness, marginalization, and disenfranchisement from mainstream systems in our community.

### Washington State Housing Finance Commission Background

Low-income housing tax credits (LIHTC) are distributed annually to states by the Internal Revenue Service (IRS). In Washington State, the Washington State Housing Finance Commission ("the Commission") is the sole administrator of this program. The Commission is a financially self-supporting, publicly accountable organization dedicated to "increasing housing access and affordability and to expanding the availability of quality community services for the people of Washington."[1] Each year, the Commission allocates both 4% and 9% tax credits to finance affordable housing development in Washington state. From 1998 to 2019, the Commission allocated $6 billion in tax credits.

Costs associated with housing development have continued to rise; at the same time, the need for affordable housing in Washington state has continued to grow. Taken together, the Commission has a strong interest in containing affordable housing project costs to maximize the number of affordable housing units developed with limited tax credit resources.

### Client Goals

The Commission requested an evaluation of cost containment strategies for multifamily housing projects financed through the Commission's LIHTC programs, culminating in strategic recommendations for cost-efficiency measures to maximize and promote an equitable allocation of LIHTC resources across for-profit, nonprofit, and community-based developers. Beyond developer type, the Commission must consider equity implications across a variety of development factors, including location, community served, unit size, number of housing units produced, and affordability. With the rising development and housing costs statewide, the Commission has contracted our team to explore cost efficiency measures to maximize public benefits and program distribution across Washington.

## 1.3 Background of LIHTC Program in Washington State

Created by the Tax Reform Act of 1986, the LIHTC program is the largest subsidy of affordable housing in the United States. There are two different programs within LIHTC: (1) 9% tax credits allocated through an annual competitive process; and (2) 4% tax credits which combine tax credit equity with tax exempt bonds.[1] Tax credits for both programs are issued to states yearly by the IRS. However, while LIHTC is the largest source of funding for affordable housing development, it is important to note that developers usually need to secure additional sources of funding to fully finance development projects.

In Washington State, LIHTC allocation policies and decisions are determined by the Commission. To determine LIHTC funding awards, the Commission has designed a competitive process which scores applications on a points basis. Scoring guidelines are determined each year by the Commission to promote various public benefits; for example, applications could receive points for including additional low-income housing units, a community center, or incorporating various environmentally sustainable design practices. For a complete overview of Commission 9% program and 4% program scoring guidelines, please see Appendix Figure 1 and Appendix Figure 2, respectively.

In the context of this analysis, there is a distinction in public benefits associated with affordable housing and public benefits that are incentivized by the Commission's proposal scoring system.

[1] For the purposes of this analysis the 4% and 9% tax credit program titles are not relevant numerically; these designations are used as program titles only.

In general, our use of "public benefits" is referring to any benefits that affordable housing may bring to a community; these benefits range from community-building aspects, the provision of social services, sustainability measures, to the existence of affordable housing in a community. In general, there is not disagreement among developers about the existence of these benefits; rather, stakeholders disagree about how each benefit should be weighted or prioritized. While some of these benefits overlap with public benefits currently incentivized through the Commission's point allocation system, this system provides a much more limited scope of public benefits. By allocating points for certain public benefits, the Commission effectively weights or incentivizes these public benefits over others.

One of these chosen benefits is cost containment via the Total Development Cost (TDC) limit. TDC limits are calculated for each proposed development, considering location, overall cost, and number of units. As part of the application process, projects are awarded points based on a cost reduction percentage when compared to the TDC limit. Currently, the Commission allocates up to 10 points, out of a total of up to 98 points, for project cost containment in the 4% program.[2] In the 9% program, the Commission allocates up to 7 points for project cost containment out of a total of 232 points.[3] However, should developers exceed determined cost limits, they may apply for a cost limit waiver, in which the Commission weighs the added value with the additional costs.

## 1.4 Problem Overview

In response to the Commission's scoring guidelines, LIHTC applicants tailor their project proposals to maximize their chances of receiving LIHTC funding within the competitive market. With respect to cost containment, many developers must make tradeoffs between building additional public benefits, such as solar panels or community centers, while minimizing development costs to earn the maximum LIHTC application score. Developers may also need to make other tradeoffs, such as lowering overall units built to maximize cost containment points. These tradeoffs may vary in impact across different types of stakeholders, such as for-profit firms, non-profit firms, and community-based organizations (CBOs). For example, a large for-profit developer with architectural and construction departments in-house may be able to produce units at lower cost. However, a CBO may produce more expensive housing that better serves the community in terms of cultural relevance, tenant retention rates, or amenities. Different developers may provide different benefits, and may approach the LIHTC application process; accordingly, the for-profit developer may cut its overall costs to maximize points while the CBO may pursue alternative public benefit point categories.

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[2] While there are 98 points available for collection in total, certain points are only available for acquisition and rehabilitation projects.

[3] While there are 232 points total, not all projects may be eligible for all points available.

Additionally, affordable housing developers often combine multiple public and private funding sources in addition to LIHTC. These funding sources may have additional requirements, which could increase total costs. Developers must balance funder requirements, public benefits, and many other factors when designing proposals.

As housing costs continue to rise in Washington state, community access to affordable housing has become more critical than ever. At the same time, development costs have risen significantly, due in part to cost increases in land, building materials, and labor. While cost containment policies are intended to limit costs to maximize use of the limited LIHTC resource, the Commission is interested in evaluating their overall impact. The Commission requested an analysis on cost containment practices, considering total costs, public benefits, and equity in market access, considering developer type, location, communities served, and other factors.

## 1.5 Research Questions and Methods

To complete this evaluation, our team identified the following research objectives and tailored our research methods accordingly:

### Research Questions

Based on the Commission's objectives, we pursued the following research objective: **Analyze the balance between cost efficiency and other public benefits within affordable housing funded by LIHTC.** To accomplish this, we identified the following sub-questions to guide our research:

1. **How is cost efficiency best measured?**
2. **How do other housing finance agencies measure public benefits? How would stakeholders in Washington state reform the current LIHTC allocation policies to maximize public benefits?**
3. **What barriers do historically disadvantaged developers have that prevent access to participation in LIHTC projects in Washington state?**

### Research Methods

We employed three different research methods (a literature review, qualitative interviews with LIHTC stakeholders, and an analysis of Commission data for LIHTC-funded housing from 2008 to 2021) to identify best practices and current stakeholder sentiment, in addition to analyzing trends in cost drivers among data from previous Commission projects. Each of the three research methods and how they enabled our team to answer this research question are described in detail in Chapter 3.

## 1.6 Deliverables

To analyze the balance between cost efficiency and other public benefits within affordable housing funded by LIHTC**,** we provided the following deliverables:

**Literature Review.** In Chapter 2, we summarize the existing literature regarding cost containment and public benefits associated with LIHTC-supported projects. This review provides detailed information on public benefits, cost containment best practices, and peer state Housing Finance Agency policies.

**Stakeholder Interviews.** In Chapter 3, we outline our stakeholder interview methods and present our semi-structured interview questions. In Chapter 4, we present the deidentified results of these interviews, as well as our analysis of relevant stakeholder trends, feedback, and experiences. These interviews provide information on stakeholder sentiment, particularly regarding cost containment strategies, cost drivers, public benefits, and community-based development.

**Analysis of the Commission's Internal LIHTC Allocation Data.** In Chapter 3, we outline our methodology for analysis of the Commission's internal data. In Chapter 4, we present the results of this analysis, with an emphasis on key cost drivers and differences by developer type.

**Strategic Recommendations.** In Chapter 5, we present our strategic recommendations for the implementation of balanced cost-efficiency measures to maximize and promote an equitable allocation of LIHTC resources. These recommendations draw on our findings presented in Chapter 2 and Chapter 4.

# Chapter 2: Literature Review

## 2.1 Literature Review Overview

This literature review provides further context about the Low-Income Housing Tax Credit (LIHTC) program and best practices for cost-containment and public benefit provision. The review covers five main themes:

**History of the LIHTC Program:** This section provides background regarding how the LIHTC program functions, as well as its history and state housing finance agency allocation systems work.

**Cost Efficiency:** This section discusses how cost efficiency is defined across stakeholder agencies and organizations, how different housing developers approach cost efficiency, and the largest cost drivers in LIHTC projects.

**Total Development Cost Limits:** This section defines total development cost limits and compares methods used by other Housing Finance Agencies to development costs.

**Public Benefits:** This section discusses best practices for balancing public benefits with cost containment strategies across the LIHTC program. Additionally, this section focuses on how public benefits align with the Commission's mission.

**Barriers to Access:** This section describes barriers that prevent historically disadvantaged and community-based developers from accessing LIHTC credits, as well as best practices for facilitating more equitable access and community input during the planning/development process.

### History of the LIHTC Program

Since the implementation of the Tax Reform Act in 1986, over three million housing units have been created using the Low-Income Housing Tax Credit (LIHTC).[2] LIHTC is the federal government’s largest subsidy program for producing affordable housing. Each year, tax credits are issued to states by the Internal Revenue Service (IRS) and are distributed in Washington state by the Washington State Housing Finance Commission (WSHFC).[3] The Commission awards both 4% tax-exempt bonds/tax credits and 9% tax credits to housing developers that build new construction or refurbish existing low-income housing developments across the state. Across the U.S., most of these tax credits are awarded to for-profit developers; of the top 50 LIHTC developers in 2021, only ten of them were classified as anything other than for-profit.[4]

In Washington, 9% tax credits are typically distributed toward new construction of affordable housing. In recent years, the state has sought to prioritize 9% credits for the construction of permanent supportive housing (PSH). PSH primarily serves individuals with chronic homelessness and other barriers, providing long-term subsidized housing often alongside other social services and case management.[4] While 9% tax credits are not specifically restricted to PSH developments, current Commission scoring allocations heavily reward developments serving this population.[5] Due to limited 9% tax credits allocated to the Commission, these applications can be especially competitive. Last year alone, over 23 different projects were submitted for the 9% cap space, but only 12 were approved.[6] The 4% credits are not themselves limited and can be used more flexibly to support rehabilitation of buildings, however they are in practice limited by the availability of bond cap required to be matched with the tax credit.[7] Due to this relationship, in the 4% option, tax credit and bond cap are often used interchangeably.

To be eligible for the credits, the project will need to serve populations earning under 60% of the area median income (AMI), but many developments serve populations whose incomes are well below 60% AMI. Serving individuals with lower AMIs will provide a more competitive application by earning more points. Affordable housing developments will need to comply with investment regulations for 15 years and continue to meet rent requirements for the following 30 years. Essentially, they will be rent controlled for this duration, or they would need to pay back the credit they utilized for the project. After receiving the tax credits from the Commission developers sell the tax credits to investors to increase the equity of their development. This reduces the need for costlier financing options such as bank loans reducing the upfront and ongoing cost of development.

### Scoring

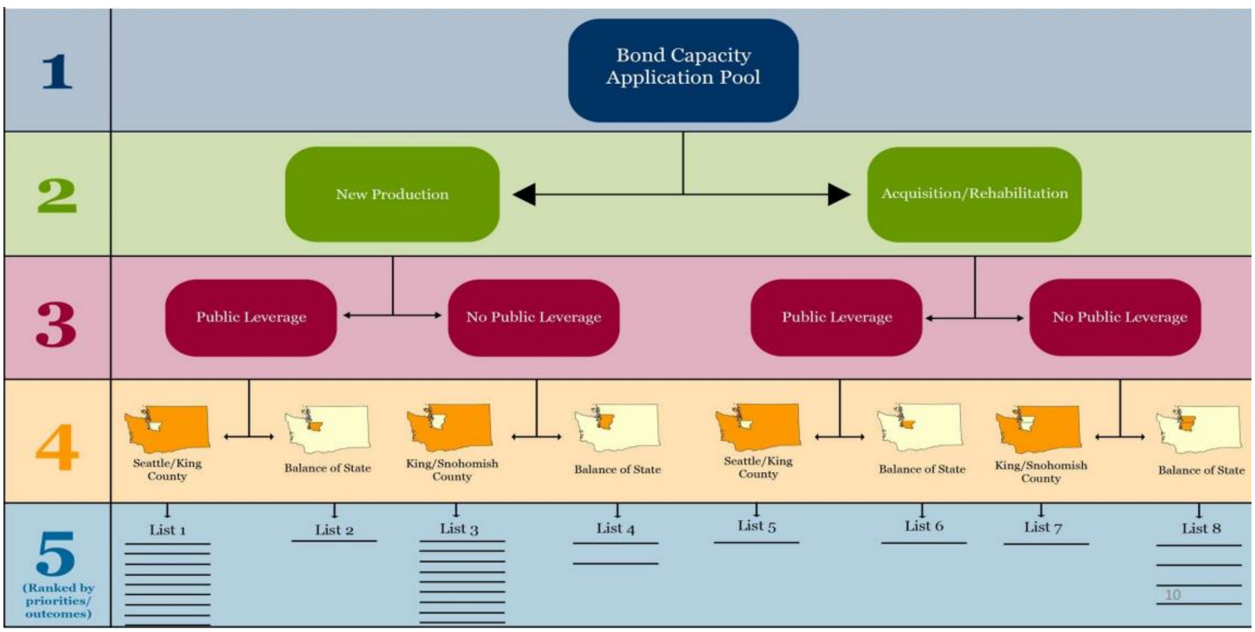
To be eligible for tax credits, developers complete a competitive application process that awards points for benefits and Commission priorities. These points can differ from the 9% and 4% program. Some of these points focus on how many housing units are going to be built for the overall cost, while other points focus on green energy or sustainability. There are also points that are awarded for community contributions, and overall cost efficiency. For example, in the 4% program, developers can receive up to 10 points for projects with final costs that are up to 25% less than expected. The expected cost limit is calculated on a cost per unit-by-unit type basis, combined with estimated costs for labor and materials. If the total project cost is less than 75% of the expected Project cost, that project would earn the full 10 points. If a project finishes at 90% of the expected cost, they would still earn points for being cost efficient but would earn less than 10 points. There are six points available for achieving different green energy or sustainability metrics, and eight points available for developments with a governing board of over 50% BIPOC individuals.[8]

[4] Barriers can include chemical dependency, mental health concerns, or physical disabilities.

One of the methods that developers use to score points is the usage of the Total Development Cost (TDC) Limits. Points are allocated up to 10 points in the 4% program and 7 points in the 9% program for applications that are equal to or come under the median cost per square ft in its TDC limit. In Washington state, the overall cost limit is calculated based on the location of the development in addition to the overall cost per unit. A combination of industry standard cost increases by region as determined by Engineering News Record and an inflation indexed averaging of previous WSHFC project costs by unit type and location is used to determine each year's TDC limit. By instituting a cap on the TDC, the Commission seeks to be a good fiscal steward of a limited resource. It remains an integral part of the application scoring system in Washington.

The Commission revised the scoring system in 2022 for the 4% tax credit program to attempt to ensure like projects are compared against each other. This change was instituted because of the wide variety of project contexts that are often difficult to compare against each other. As seen in the graphic below, projects are separated by geography, project type, and public funding status. The public funding status, while not exclusive to any one developer type, is typically also a proxy for for-profit vs non-profit developer. Non-profit and community-based developers are typically more likely to require public subsidy.

**Figure 1:** Evaluation lists by project type for 4% tax credit program[9]




## Public Benefits

To score highly on LIHTC applications, developers will also need to include specific public benefits outlined by the Qualified Allocation Plan (QAP) of a particular state. Cost containment can be an important measure to ensure points, but some states allocate additional points for benefits such as structured parking, large family rooms, and sustainable construction practices. Each state program outlines the specific public benefits if the building code does not already include those benefits.

An additional way to measure some of the overall public benefits is to also look at how personalized construction is to the intended clientele. Providing a greater proportion of two-bedroom or larger rooms instead of individual units can better match the needs of a growing family. These changes can be a public benefit by better serving the intended tenant population, but do not often fall under typical point breakdowns. Additionally, developments can be tailored to specific communities, many of which have been historically disenfranchised. While many of our interviews highlighted the benefits of these amenities, these development aspects can be difficult to quantify from a monetary perspective.

Additionally, there can be environmental and health benefits associated with the communities living in LIHTC buildings that can also be described as public benefits. LIHTC buildings with capped average median income restrictions provide financial and economic stability for tenants who would otherwise not be able to access housing in their communities. Many LIHTC buildings are also placed intentionally close to public transportation areas, providing easy access to a wider net of locations. Most new developments are also energy efficient, saving long term costs for residents.

## 2.2 Cost Efficiency

### Non-Profit versus For-Profit

Cost efficiency differences between for-profit and nonprofit developers are debated in affordable housing literature. A study done by the Washington State Joint Legislative Audit and Review Committee (JLARC) used a regression analysis across tax-credit affordable housing developments in Washington State comparing affordable housing developed by for-profits as compared with those developed by nonprofits. This study showed that there are significant cost savings associated with housing developed by for-profit developers across comparable development types.[10] The figure below highlights the predicted cost per bedroom by developer type.

**Figure 2:** Predicted Development Cost by Developer type and Vertical Integration Status

| All else being equal, if a developer is: | Predicted development cost per bedroom is: | For example, a development that costs: | | |
|---|---|---|---|---|
| A nonprofit or a housing authority | **15-28% more** than if the developer were a for-profit. | $100K/bedroom if developed by a for-profit | predicted to cost | $115K/bedroom if developed by a nonprofit<br>$128K/bedroom if developed by a housing authority |
| Vertically integrated[2] | **11% less** than if the developer were not vertically integrated. | $100K/bedroom if developer is not vertically integrated | predicted to cost | $89K/bedroom if developer is vertically integrated |

Source: JLARC staff statistical analysis of LIHTC and U.S. Census data.

A plausible reason for this discrepancy is there is more inherent flexibility with for-profit development options, allowing for more cost-efficient decisions. Relying on fewer funding sources, using the same architects and contractors on multiple projects and vertically integrated development allows for-profit entities to save and absorb costs throughout the development process raising the overall transaction costs for non-profits. To better serve a specific clientele, a non-profit developer may have less choice in location. [11] The clients that many non-profits serve are less able to travel or need close access to a variety of services that exist in more urban/city developments, restricting their choices of location. Non-profits will often focus on culturally specific design choices that best fit the client population, but these aesthetic choices can drive up the cost. Lastly, non-profit developments are also often less able to obtain the capital needed for larger projects, which can increase the cost per unit overall. For-profit entities in Washington have instead focused on creating housing opportunities more often in areas that are slightly cheaper to build in, outside of King County based on the allocation data provided.

For-profit developers are also incentivized to maximize units even if it slightly reduces the individual square footage of units as this maximizes the earning potential. For-profit developments generally rely on fewer funding sources than similar non-profit/community driven projects. One study estimated a development with eight different funding sources compared to a development with four funding sources will be on average an estimated $24,000 more expensive per unit to build due to the different administrative and transaction costs.[12] Creating two units over one much larger unit generally allows for higher rental income, even with the 60% adjusted restrictions.

That said, in other academic studies, cost differences between nonprofit and for-profit developers were either negligible or inconsistent. A study by ABT associates found that differences in overall development costs between for-profit and non-profit developers were not statistically significant after controlling for location in analysis.[13] Essentially the differences in project costs were similar when compared across similar locations across developer types.

The types of development options can also impact the overall estimated costs.[14] Permanent Supportive Housing (PSH), financed primarily through non-profits at the 9% level costs more overall than other housing development types to build and operate.[15] Additionally, PSH units frequently include additional community services, such as mental health counseling, childcare or other benefits that reduce the overall square footage available for housing units. These additional factors make it more difficult to accurately compare project costs between different developer and project types.

### Consistent Cost Drivers

Across all new construction, there are consistent cost drivers that will likely continue to increase over the years. Currently, permitting processes, design and building code requirements, number and size of units-built costs, project geography costs, workforce regulations and ordinances and environmental regulations all contribute to rising development and housing costs.[16] The cost of materials and wages are the largest cost drivers of construction projects and generally represent 70% of overall costs. This is partly due to prevailing wage requirements often required by public funders (although it is not a requirement specifically from LIHTC) which standardizes the cost of labor by instituting county specific wage rates for workers on construction jobs. Most projects that receive federal, state, or local public funds must adhere to prevailing wage rates to receive funding which drives up the cost of LIHTC projects in comparison to other development. For-profit developers can sidestep this issue by providing inhouse funding, however, most still adhere to prevailing wage rates to take advantage of smaller federal funding sources or to retain high quality workers. While these factors are not limited to LIHTC development projects, they represent a major portion of affordable housing costs largely outside of the Commission's control.

Figure 3 highlights the relationship between cost drivers and common factors that could impact the overall development. Additionally, this study did a regression to focus on which factors were statistically significant.[17]

**Figure 3:** LIHTC Specific Cost Drivers: Relationship of Project Characteristics to Per-Unit TDC

| Factor | Description of relationship to per-unit TDC | Statistical Significance |
|---|---|---|
| **Development type** | New construction projects had higher costs than acquisition-rehab projects. | Highly significant |
| **Total units** | Projects with more units had lower per-unit costs. | Highly significant |
| **Tax credit type** | Projects developed with 9% credits had higher per-unit costs than 4% credit projects. | Significant |
| **Financing sources** | Costs increased as financing sources increased. | Significant |
| **Average bedrooms** | While results differed a bit in different models, in general, we found projects with a higher average bedroom size had higher per-unit costs. | Significant. |
| **Target population** | Our main model finds that projects for the elderly had lower per-unit costs than family projects and that special needs projects had higher per-unit costs than family projects. However, these effects did not persist in two of our alternative models. | Mixed |
| **Developer type** | In our main model, we found that projects developed by non-profit developers had higher per-unit costs than projects developed by for-profit developers. However, we did not find this result in two of our alternative models. | Mixed |
| Note: Mixed indicates we found significant relationships for some categories, but not all, included in the regression model, or that results differed in different regression model. Highly significant indicates significance level of $p < 0.001$. Significant indicates a significance level of $p < .10$. | | |

There are consistent trends that impact the overall total cost that mainly impact LIHTC projects. Because there are large upfront construction costs, projects that have more units have lower average costs per unit. This trend can also be seen when comparing costs across project types; new construction projects cost more on average than acquisition rehab projects, as the upfront construction costs are less. This data set found a similar challenge with differentiating the cost differences by developer type.

Other state housing finance agencies such as Minnesota Housing have found there are other trade-offs involved between efficient production of housing and quality. Using lower quality materials, more basic designs for unit construction, and siting developments in less expensive locations reduces upfront costs. These cost savings though come at a price of increasing long-term maintenance needs, increased community opposition to placement of LIHTC funded properties in their neighborhood, and reduction of tenant's access to community assets and services.[18]

## 2.3 Total Development Cost (TDC) Limits

### Washington State TDC Limit

To maximize use of the limited LIHTC resource, the Commission incentivizes cost containment via Total Development Cost Limit (TDC limit). This limit is calculated by multiplying the total number of units per number of bedrooms by the specified cost limits for each bedroom size. Any development that fails to stay under the estimated costs as outlined by this formula will receive progressively fewer points. For example, a proposal for a development 25% under the published limit would net the application 10 additional points, while a proposal only 2.5% under the estimated TDC would only receive one additional point.[19] Figure 4 presents potential cost containment points for 2022 4% bond/tax credit program applications:

**Figure 4:** 4% Bond/Tax Credit Cost Containment Incentive Point System[20]

**Summary of Bond/Tax Credit Program Scoring**

**Green for New Production Only; Yellow for Preservation Only**

| Category | Points |
|---|---|
| **4.1 Cost Efficient Development** | |
| ≥ 2.5% of the limits | 1 |
| ≥ 5% of the limits | 2 |
| ≥ 7.5% of the limits | 3 |
| ≥ 10% of the limits | 4 |
| ≥ 12.5% of the limits | 5 |
| ≥ 15% of the limits | 6 |
| ≥ 17.5% of the limits | 7 |
| ≥ 20% of the limits | 8 |
| ≥ 22.5% of the limits | 9 |
| ≥ 25% of the limits | 10 |

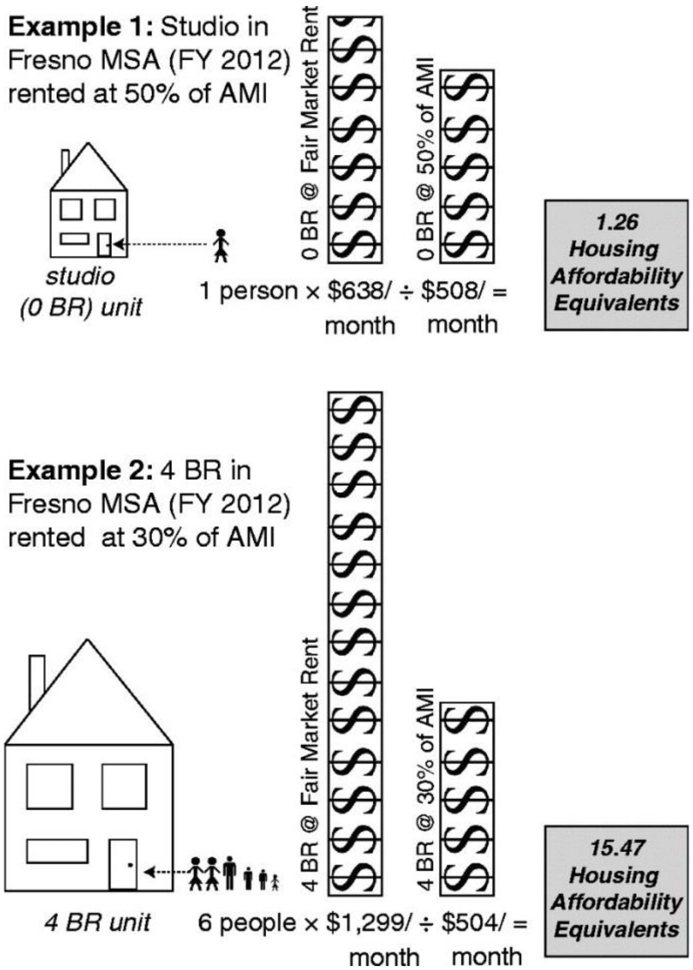
Due to the competitive nature of accessing LIHTC credits, developers must maximize their application point total, including cost containment points, to be competitive for tax credit funding. However, should proposals exceed the TDC limit, developers can seek a waiver, approved by the Commission, to allow the application to still be considered. These waivers provide justification for the use of additional funding beyond the TDC limit and demonstrate additional benefits. However, waivers cannot be used to justify project overruns to pay prevailing wage, as prevailing wage was assumed when the limits were established. This can be used for commercial wage increases, which go above prevailing wage for highly skilled positions.[21]

Additionally, the Commission has also implemented specific TDC "boosts" that allow for additional expenditures to not count towards the total cost limits for a project. Common examples of boost categories are parking and commercial wage increases. By allowing these cost drivers to increase the project's total cost, the Commission is acknowledging the inflated cost of including these features and/or benefits.

### Other Cost Containment Measures

Nationwide, states have adopted different approaches for calculating project TDC limit. Currently, the cost-per-unit approach, which is the method used by Washington, is the prevailing method to gauge cost efficiency, but there are a few other possible methods for measuring cost efficiency and the public benefit of projects. One such method proposed in the literature is to use a "Subsidy per Housing Affordability Ratio Equivalent" (SHARE). This metric seeks to better capture the number of individuals using a space to better account for the advantages of a larger space. Often there are many individuals using the same space, so categorizing the development strictly by the number of units may not capture its full usage. Figure 5 below illustrates how using the SHARE method can help adjust the public benefit score based on the number of individuals a unit would house.

**Figure 5:** Example of SHARE Calculation[22]




By creating a new term called "housing affordability equivalents" which subdivides a housing resource by the individual it serves, more value is placed on units that provide for more individuals. This measure would need to still align with location data and account for the additional construction costs associated with creating a maintaining a larger space.[23] Overall, this method puts more weight on developments that have multi-bedroom units rather than developments primarily comprised of studio units because the more individuals housed, the more cost efficient the unit is. For example, the traditional TDC of the total cost divided by the number of units would value multiple apartments as more cost efficient than two bedroom or multifamily unit equivalents.

## 2.4 Other State TDC Calculation Methods

Our analysis of housing finance agency (HFA) LIHTC policies is based off those in economically comparable states. For our analysis, we relied on several reports to provide benchmarks for economic comparability.

The Washington Citizens' Commission on Salaries for Elected Officials established a list of 14 states that are economically comparable to Washington in terms of state population, revenue levels, income levels, unemployment rate, cost of living and Real GDP.[24] These states are Arizona, Colorado, Georgia, Indiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, North Carolina, Tennessee, Virginia, and Wisconsin.

Similarly, a 2018 U.S. Government Accountability Office (GAO) report detailed the cost-management approaches employed by different state HFAs. This report revealed that the majority of HFA's have total development costs limits across various categories. While these vary widely by agency and category, nearly all agencies incentivize containing development costs. Washington is in the solid majority (68%) that cap with a cost limit by project type. The GAO report made clear that Washington's goals in cost containment as they relate to TDC, cost-based scoring, and tiebreakers, all exist within common state HFA practices. Figure 6 provides an overview of how 57 American HFA's address cost containment.

**Figure 6:** Cost-Management Approaches by Allocating Agencies

**Table 30: Cost-Management Approaches by Allocating Agencies, as of 2017**

| Cost-management approach | Number of agencies (out of 57) | Percent |
|---|---|---|
| Cost limits[a] | 39 | 68 |
| Total development cost limits | 33 | |
| By project type[b] | 16 | |
| By bedroom type[c] | 14 | |
| By location[d] | 11 | |
| By project size[e] | 2 | |
| Other | 10 | |
| Eligible basis limits | 10 | |
| By project type[b] | 2 | |
| By bedroom type[c] | 5 | |
| By location[d] | 5 | |
| By project size[e] | 1 | |
| Other | 4 | |
| Credit allocation limits[f] | 34 | 60 |
| Per unit | 6 | |
| Per project | 29 | |
| Per developer | 14 | |
| Fee limits[g] | 51 | 89 |
| Developer fee limit | 51 | |
| Developer fee acquisition limit | 25 | |
| Developer fee cap | 16 | |
| General contractor fee limit | 47 | |
| Related party fees | 27 | |
| Other fee limits | 20 | |
| Cost-based scoring criteria[h] | 51 | 89 |
| Blind measure[i] | 18 | |
| Cost standard[j] | 24 | |
| Credit efficiency[k] | 11 | |
| Penalty for past poor performance[l] | 3 | |
| Tiebreaker[m] | 35 | |
| Other | 7 | |

Washington state has implemented the four common practice cost containment policies seen in Figure 7. This places the Commission at the forefront of cost containment policy relative to other states. Many states are also using new QAP adjustments to implement 10-15% cost basis "boosts" against the total development cost limit to account for rising material costs, labor costs, and TDC limit increases that have historically lagged inflation.[25]

**Figure 7:** Cost Containment Criteria by State (recreated from source)[26]

| State | Cost Limits | Credit Allocation Limits | Fee Limits | Cost-based Scoring Criteria |
|---|---|---|---|---|
| Arizona | ● | | ● | ● |
| California | ● | ● | ● | ● |
| Colorado | ● | ● | ● | ● |
| Florida | ● | | ● | |
| Georgia | ● | ● | ● | ● |
| Indiana | | ● | ● | ● |
| Maryland | ● | ● | ● | ● |
| Massachusetts | ● | ● | ● | ● |
| Michigan | ● | ● | ● | ● |
| Minnesota | ● | ● | ● | ● |
| Missouri | ● | ● | ● | |
| New Jersey | ● | | ● | ● |
| North Carolina | | ● | ● | ● |
| Tennessee | | ● | ● | ● |
| Virginia | ● | | ● | ● |
| Washington | ● | ● | ● | ● |
| Wisconsin | ● | ● | | ● |

Additionally, our team examined current state HFA policy trends and found that while the Commission is addressing issues such as racial equity and cost containment, other states are largely still focused on incentivizing amenities to projects. Many states are using new QAP adjustments to implement 10-15% cost basis boosts against the total development cost limit to account for rising materials costs due to the pandemic, rising inflation, and TDC limit increases that have not matched inflation for multiple years. States vary in their administration of this boost.

Overall, our quantitative analysis replicated the conclusions of the GAO report.

## Cost Containment and Policy Approaches by Economically Comparable States

We analyzed a selection of other state's QAPs, state policy documents, cost containment approaches, and equitable development strategies that have been implemented among the economically comparable states above. We identified significant cost containment strategies that are considered standard practice, emerging trends, and newly implemented practices.[5]

Most states implement scoring best practices related to equity, community development, and addressing systemic issues of poverty and inequality. In the literature, we did not find that any one state has found a best method to quantifying public benefits or a best formula for distributing LIHTC. We also did not find any evidence that Washington's total development cost is at any disadvantage or lacking fundamental practices. Instead, states adjust allocation practices frequently based on trends, politics, and reactive public administration. This also highlights the role that public values play in each state—for example, one state may prioritize equity-based building requirements while another might incentivize lowest cost development regardless of public benefit. Our literature review found that for dilemmas such as these, there is not a single evidence-based answer as to which strategy is best from a financial or social benefit perspective and instead each strategy provides trade-offs to consider.

### *Arizona*

The Arizona Housing Finance Authority (AHFA) uses a scoring system that differs slightly by development type for 4% LIHTC, 9% LIHTC Rehabilitation, 9% LIHTC New Construction, and 9% LIHTC Tribal. Each of these "buckets" generally use the same scoring principles and categories, with varying weight for the following criteria: Developer Experience, Supportive Housing, Proximity to Amenities, Community Revitalization, Energy Efficiency, and Difficult Development Area (DDA). Arizona does differ with point categories for Senior, Family and Homeownership, and for the 9% Tribal—an incentive to use Native American Housing Assistance and Self Determination Act (NAHASDA) funding.

Their cost containment strategies are on par with standard practices of other economically comparable states. Their points-based scoring system incentivizes amenities that provide public benefits while enforcing a total development cost limit.

[5] Each state's QAP and policy documents range from 50 to 250 pages. Some scoring systems are too long, complex, and variable to distill into a table or formula. However, we have highlighted the most important information pertaining to cost containment and LIHTC allocation for these states.

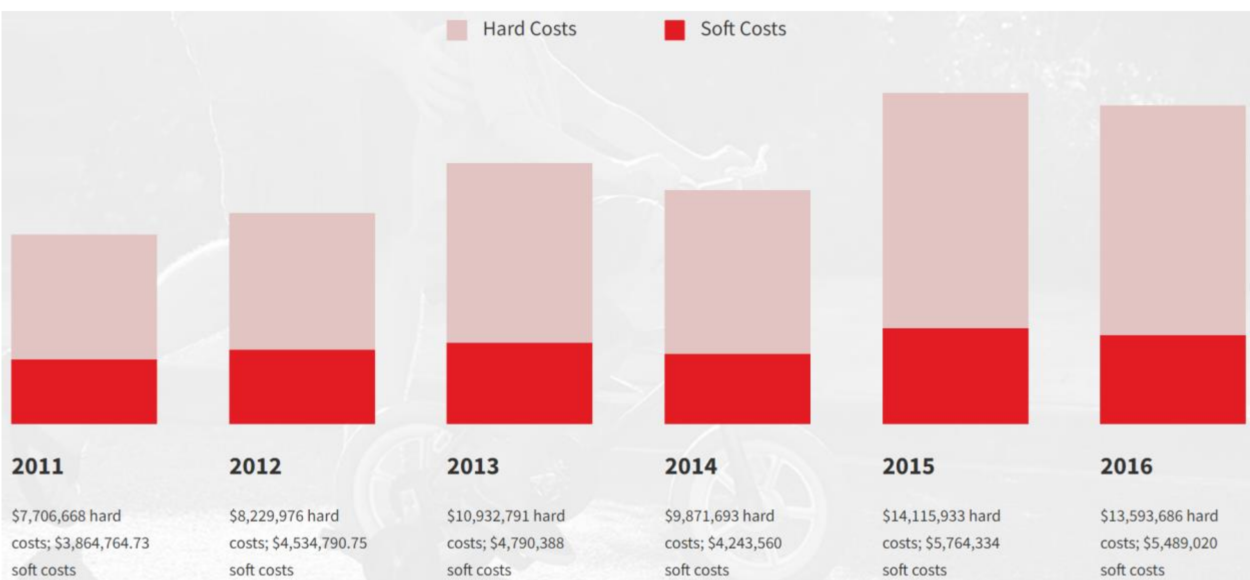
*Colorado*

In 2022 the Colorado Housing Finance Authority (CHFA) funded 13 projects with the 9% credit and 37 with the federal 4% credit for a total of $101.8 million in tax credits leveraged.[27] This is part of a trend of growth in units produced by the 4% program.

In 2016 Root Policy Research released the results of their Cost Containment Study of the Colorado Housing Finance Authority. While the study remains proprietary, the group did present their findings to the CHFA on how their cost containment strategies may be affected by the disparate impact Supreme Court ruling from 2015 in *Texas Department of Housing and Community Affairs v. The Inclusive Communities Project*. Their overall conclusion was that rising labor costs were contributing most to cost increases.[28]

In addition to the study above, the CHFA contracted BBC Research & Consultants to produce an analysis of cost trends and solutions for rising development costs that resulted in recommendations like the observations we see in Washington and those that are presented in our data analysis. BBC conducted a qualitative interview of 20 developers, builders, architects, and nonprofit housing providers and found that rising costs were a result of increased labor costs and increased cost of materials. They recommended some modifications to their QAP to, "help incentivize cost-conscious developments without imposing rigid cost caps."[29] While it seems that this study also remains proprietary, a summary of their results reveals that their literature analysis was conducted with very similar methods to our study. They produced proportional results in hard and soft costs that are overall like those of our data analysis. Colorado soft and hard costs are shown in figure 8.

**Figure 8:** Colorado Soft and Hard Costs in Housing Development[30]



Overall, the Colorado Housing Finance Authority (CHFA) observationally seems to be in an analogous situation to Washington in terms of rising costs due to labor and materials. Their consultants prescribe QAP adjustments that do not require cost caps.

CHFA requires a minimum score of 130 points for eligibility to apply for their 9% credit and 80 points for other applications. Colorado utilizes a 30% basis boost authorized under IRS code for projects in the following categories as a method to administer additional credits:[31]

- Qualified Census Tracts (QCT): 50% or more of households have an income less than 60% of area median income
- Difficult Development Areas (DDAs): Designated by HUD as areas with high construction, land, and utility costs relative to area median income
- Small Area Difficult Development Areas (SADDA's): HUD Designated areas within metropolitan statistical areas
- CHFA Basis Boost: CHFA is authorized to award up to a 30% basis boost to buildings that it determines need the boost to be economically feasible. This is not available to projects that qualify the basis boosts above. The request for this must be supported by a narrative that details the financial need and this only applies to 9% credits.

CHFA has implemented in recent years additions to their QAP to cap costs and these policies are typical of best practices across the nation. These policies include Aggregate Developer and Consultant Fee limits and Aggregate Builder profit limits. These cost limits are calculated as a percentage of project costs seen in figure 9.

**Figure 9:** Aggregate Builder's Profit Cap as a Percent of Hard Construction Costs[32]

| project type | number of units | w/identity of interest** | w/o identity of interest** |
|---|---|---|---|
| rehab and new construction | 75 units + | 6% | 8% |
| | 31-74 units | 8% | 10% |
| | 30 units or less | 10% | 12% |

* Overhead must be project-related and may include a percentage for main office expenses for the job

** Identity of interest between Applicant, Owner, builder, and/or subcontractors. An identity of interest will be assumed if any of the following factors are present: common financial interest; any family members; individual and corporation where 50 percent or more of outstanding stock is owned by that individual; members of the same controlled group of corporations; a partnership and each of its partners; a corporation and each of its shareholders.

Aggregate Developer Fee and Consultant Fee Limits are capped as a percentage of certain project costs by subtracting the following costs from the total project costs and applying the allowable percentage rate from the table below.

**Figure 10:** Aggregate Developer Fee and Consultant Fee Limits[33]

| project type | number of units | percent allowed |
|---|---|---|
| substantial rehabilitation & new construction | 51 units or more | 12% |
| | 50 units or less | 15% |

* Consultant fee (in lieu of or as part of the developer fee) is defined as a fee to a third party(ies) for performing tasks that a Applicant would normally perform (e.g., prepare Housing Credit Application and loan Application, manage local government approvals, act as Owner agent during project construction).

** Certain project costs: Total cost to complete the project, minus the cost of land, developer fees, consultant fees, and project reserves. In the case of acquisition and rehabilitation projects, this calculation requires documentation in the appraisal for the value of the land separate from the building.

### *Georgia*

Like Washington state, Georgia has implemented community-based partnerships in the 9% program. Georgia varies these point incentives by the number and length of partnerships established, as shown in the figure below. They also award points to projects on a scaled basis for each subcontract that engages a women or minority owned business.[34]

**Figure 11:** Georgia WMB Points Allocations[35]

**A1. Number of partnerships**

| 3 points | 2 points | 1 point | 0 points |
|---|---|---|---|
| 5 or more partnerships | 4 partnerships | 3 partnerships | Less than 3 partnerships |

**A2. Combined number of years for partnerships**

| 4 points | 3 points | 2 points | 1 point | 0 points |
|---|---|---|---|---|
| More than 16 years | 13-16 years | 9-12 years | 5-8 years | Less than 5 years |

No more than 5 years per partnership will be counted towards the combined years total.

**A3. Partnerships cover a variety of sectors**

| 3 points | 2 points | 1 point | 0 points |
|---|---|---|---|
| Partnerships span all four sectors | Three sectors | Two sectors | Less than 2 sectors |

This policy goal is supplemented with typical scoring incentives based on community revitalization along QCTs.

Georgia distributes 9% credits statewide with 35% rural, 30% Atlanta metro, and 35% other metro.[36] Like other states, they have also experimented with a state designated basis boost that increases the number of credits generated which affects the overall competitiveness of credits in Georgia. The state boost is awarded to multifamily rural projects that meet stable community criteria (a census track designation.)[37]

### *Indiana*

The Indiana Housing & Community Development Authority (IHCDA) administers LIHTC using the scoring system illustrated in the figure below:[38]

**Figure 12:** Indiana Scoring System[39]

| Scoring Section | Total Number of Points |
|---|---|
| 1. Affordability | 28 Points |
| 2. Development Characteristics | 63 Points |
| 3. Sustainable Development Characteristics | 16 Points |
| 4. Financing & Market | 22 Points |
| 5. Other | 30 Points |
| **Total Number of Points Possible** | **159 Points** |

IHCDA cost containment policy information is limited but regulated by a maximum tax credit awarded per unit, which may indicate that cost containment is not a primary policy goal for IHCDA.[40] However, Indiana does cap certain fees: contractor fees cannot exceed 14% of total construction cost and developer fees cannot exceed a sliding scale based on cost per unit of tax credits above a threshold. Fee allowances are slightly higher for rehabilitation than new construction to incentivize adaptive reuse.

Indiana also has a basis boost up to 30% for the 9% credit for developments within a QCT, DDA, disaster location, and other criteria. This can be applied for by the developer and the IHCDA does not maintain as strong a discretionary use of this boost as some other states. IHCDA also incentivizes disadvantaged business enterprises (DBEs) and women & minority-owned business (WMB) contractors and subcontractors for development by implementing scoring incentives for them, but these are overall minor in terms of total available points.[41]

*Minnesota*

*In 2006 Minnesota Housing developed a predictive cost model to compare a project's proposed costs with expected development costs, based on comparison to similar projects and industry-wide standards. This model identifies projects that may end up with high development costs, regardless of proposed costs at initial application. The model predicts a development's TDC per unit based on its characteristics. To develop the parameters for the model, they run a multivariate regression analysis on the inflation-adjusted costs and characteristics of the developments that the Agency financed between 2003 and 2020. The analysis uses the historical data to assess the effect that each of the following factors simultaneously has on total development cost per unit:*

- Activity Type (new construction vs rehab):
- Building Type Number of Stories
- Unit Size – based on average number of bedrooms per unit in the development
- Gross Square Footage
- Location
- Year Built
- Underground Garage
- Acquisition (land, structure, none) Financing:
- Special Costs

*They apply the model's cost parameters for these factors to a proposed development to predict its costs. The model is also benchmarked against industry-wide cost data to ensure their costs are in line with the industry. Their model is claimed to explain a sizable portion (56 percent to 73 percent) of the variation in the costs for developments that they financed between 2003 and 2020. For comparison, early cost analysis studies we cited from ABT Associates and the 2018 GAO report explained similar ranges of the variation in development costs. Each year, they revise and enhance the model based on the previous year's results and staff feedback. Projects with a proposed cost 25 percent higher than the model's predicted cost are flagged. Staff can choose to give said project a waiver based on professional judgement.*[42]

*Minnesota Housing tested models that predict costs on a per-unit basis and a per-square-foot basis, finding that per-unit models explained a larger share of the variation in costs, as some costs are tied to the unit and do not increase with the size of the units and the per-unit method Minnesota uses (like Washington) adjusts based on the number of bedrooms per-unit (which have higher predicted costs in the model).*[43]

Additionally, Minnesota Housing recently phased out a strategy for rewarding cost containment like those currently used by WSHFC. Previously, starting in 2014 Minnesota Housing gave a preference to the 50% of applications with the lowest TDC per unit, considering unit size, location, and type of activity (new construction vs rehabilitation). The 2022-2023 QAP dropped this scoring criterion due to concerns the points disincentivized innovative sustainability practices, difficulty in accurately comparing projects with different funding and regulatory requirements, and a lack of evidence that the policy had a substantial impact on costs after it was implemented in 2014.[44]

*New Jersey*

Instead of incentivizing lower Total Development Cost through annual adjustments to a scoring system, New Jersey sets a hard TDC limit that every project must meet. In New Jersey's highly competitive LIHTC market this limit is low enough that it does not serve as a burdenless requisite. A 2017 assessment of New Jersey's LIHTC program found that their emphasis in localizing developments out of neighborhoods with already high poverty and into areas of higher economic opportunity has produced positive public benefits for economic mobility and access to economic resources and community development.[45]

New Jersey separates tiers of cost limits by building size rather than by unit type. For example, buildings of one to four residential stories have a hard cap of $275,000 per unit. They also have a unique tiebreaker for projects that score similarly (which is common as many projects score the maximum points possible under New Jersey's QAP). Projects for the elderly are given to the developer that request the least amount of credits per credit unit. Other project types break ties by whoever has the lowest ratio of tax credits requested divided by the number of bedrooms in the project. If the project is still tied the award is given to the project with the lower total development cost per bedroom.[46]

*North Carolina*

The North Carolina Housing Finance Agency follows the same general best practice cost containment of the finance agencies listed above. While they do not have a TDC limit, they do allocate based on a scoring system that accounts for proportional geographic distribution across metro and rural areas. Their scoring system places relative high point values as a percentage of total points on amenities. In 2020 the North Carolina Program Evaluation Division of the North Carolina General Assembly conducted a study that found that their local amenity policy lacks clear rationale and may prevent the siting of projects in otherwise advantageous locations.[47]

This prohibitive policy resulted in the arbitrary amenities restricting projects that would have been built in underserved communities or otherwise good public benefit because they could not deliver on proximity to amenities that were out of developer control. Examples include proximity to grocery stores, public services, public transit, shopping centers. North Carolina does not just list these categories in their definition of amenity – they specifically define certain institutions as eligible for these categories (e.g., Target qualifies as shopping while Super Target qualifies as grocery and shopping). Additionally, North Carolina specifies who qualifies under their definition in each category (e.g., dentists are eligible to be considered a health care amenity while orthodontists are not). They also provide penalties for proximity to undesirables such as jails, adult entertainment, interstates.

Often the areas that are "dead zones" for these amenities are disproportionately communities of color, due to historic underinvestment and systemic racism in urban planning and zoning. Thus, the necessity for these amenities for an application to remain competitive, results in a LIHTC cost containment policy that attempts to provide public benefit but ultimately perpetuates this cycle of underinvestment. This shows how a cost containment strategy that purports to account for public benefits in amenities can further disparities in communities through administration that lacks clear rational.

The biggest QAP stipulation North Carolina has directed toward equity is a 10% minimum and 20% maximum of units in each project dedicated to persons with disabilities or those experiencing homelessness.

### *Virginia*

The Virginia Housing Development Authority allocates three types of LIHTC: 9% credit, 4% for new construction or substantial rehab, and 4% for acquisition of existing developments. Virginia also distributes credits geographically by regional "pools" that like projects compete in. In addition to these pools, there is also an at-large pool separated into two tiers: developments that could not be funded from geographic pools, and all remaining developments ranking above threshold. Each of these pools has their own cost limits proportionate to regional market circumstances. They also implemented a 10-point scoring penalty for developers who had previous projects that exceeded cost limits.[48] This penalty lasts for all applications from the developer for three years from the year of noncompliance. Virginia also adjusts their total development cost limit annually to account for inflation.[49]

To address the housing crisis in the Northern Virginia (NoVA) and Washington suburbs, the commission has established a non-competitive pool worth 15% of total credits awarded to this geographic region. This policy came from the fact that LIHTC was lagging in NoVA due to the higher cost of development, lack of development to meet demand, and a population boom in recent years. The commission maintains discretion over these applications to prevent dissuading developers who would otherwise provide viable applications to competitive tax credits.[50]

Virginia's scoring system is 425 points for the 9% credit and 325 points for the 4% credit. This highly detailed scoring system is compiled of basic best practices when it comes to cost limits per square foot, incentivized amenities, and developer expertise requirements.

### *Wisconsin*

The Wisconsin Housing and Economic Development Authority administers a 188-point scoring system that has recently added categories aimed at promoting nonprofits for the social benefits that come with organizations who have a social mission in their utilization of LIHTC. As seen in the figure below, Wisconsin is one of the few states to incentivize nonprofit ownership models in their scoring system because of the tertiary benefits that nonprofits have on developments and in communities.

**Figure 13:** Wisconsin Points System[51]

| **Scoring Categories** | **Max Points** |
|---|---|
| Applicable Existing Scoring Categories: | |
| Lower-Income Areas | 5 |
| Serves Lowest-Income Residents | 60 |
| Universal Design | 18 |
| Eventual Tenant Ownership | 3 |
| *Subtotal:* | *86* |
| New IHSA Scoring Categories: | |
| Serves Special Needs Population | 40 |
| Catalyst for Revitalization | 24 |
| Health and the Built Environment | 18 |
| Innovative Housing Narrative | 10 |
| Nonprofit Ownership | 10 |
| *Subtotal:* | *102* |
| ***Total Available Points:*** | ***188*** |

In Wisconsin, the scoring criteria for amenities are equal in weight to the bonuses given for nonprofit ownership of developments. In contrast to the WSHFC policy of highly incentivizing CBOs, we can see that there are other states which have clearly considered the value that CBOs and nonprofits play in LIHTC – a public benefit that Wisconsin rates as equal in scoring to that of building fitness centers, bike racks, and libraries.[52] [53] When a QAP provides equal incentive for amenities and community-based partnerships there is an obvious consideration for a developer as to whether the development control that social impact organizations may hold over a project is worth forgoing in place of fixed dollar cost amenities. This hypothetical trade-off is not necessarily realistic considering 2021 Wisconsin were highly competitive; however, the insight is important to evaluate how economically comparable states value the public benefits that CBOs provide.

## 2.5 Benefits and Barriers of Community Based Organizations (CBOs)

Our team analyzed how LIHTC distribution policies could better promote an equitable allocation across for-profit, nonprofit, and community-based developers. Developments in our qualitative analysis and further investigation into the policy and administration changes the Commission has made in the last year revealed to us that this focus on equity is more directed at community-based development and nonprofit involvement.

## The Benefits of Community Based Developers and Intentional QAPs

While there is not a strong literature base for explaining the barriers that nonprofit and minority developers face specific to the LIHTC market, our qualitative analysis section provides evidence in this area. However, the literature is clear that nonprofits often have the greatest impact in communities across a myriad of economic development benchmarks.

A study conducted by Lan Deng at the University of Michigan found that nonprofit developers have generated the greatest neighborhood impacts. In Deng's baseline hedonic regression model, she found that when LIHTC projects reach a certain magnitude—both large and medium -sized—the projects have statistically significant impacts on property values, so long as they produce at least 50 units.[54] The greatest impact occurred when large nonprofits were involved in the LIHTC market because their large developments had an over 5% increase on surrounding property values[55]—which researchers have found have direct benefit to self-reported health levels in Seattle.[56] Other research indicates that increased property values had additional benefits for health and education outcomes.[57]

Since LIHTC functions as a transfer of a federal tax credit to states for local distribution, the unequal administration of credits in favor of for-profit developers can be a barrier to nonprofits. As the competitiveness of the LIHTC market has become a race to the bottom, smaller nonprofit developers have faced difficulties in competition due to strong cost containment policies that create an inability to match the efficiency of mid to large sized nonprofits, and for-profits.

In markets where demand for 9% tax credits exceeds availability, QAPs are most effective at achieving policy goals,[58] especially those goals in poverty de-concentration.[59] This was the case in California and New Jersey where demand for 9% credits can exceed supply by 3 to 1, so QAPs can be hyper specific.[60] Deng found that a lack of many developments by smaller community-based development organizations was a result of the recent hyper-competitiveness of the LIHTC market. Thus, the effectiveness of a QAP is magnified in these competitive markets and without policies to keep small community developers competitive, they will be pushed out of the market.[61]

Deng's research emphasized that without an intentional QAP policy that enables small community-based developers to remain part of the LIHTC market, they will often be pushed out. Deng also states that in a highly competitive LIHTC market, "[A] state could choose the projects that fit its policy goals [and]… strongly influence the characteristics of the LIHTC units being developed."[62] Ultimately a highly competitive LIHTC market enables an active HFA to achieve its policy goals. Small nonprofit and community developers must have reciprocal QAP benefits, or they will be pushed out of the market.

## FHFA's Recommendations for Incentivizing DBE Subcontracting

The Federal Housing Finance Agency (FHFA) Office of Minority and Women Inclusion created an examination module of best practices for Diversity & Inclusion (D&I) that apply to Fannie Mae and Freddie Mac, Federal Home Loan Banks (FHLBanks), and the Office of Finance. These best practices were made to promote greater inclusion for disadvantaged business enterprises (DBEs) in the administration of housing finance and have strong applications to states who have DBE incentives in their scoring criteria. The concepts that the FHFA proposed for themselves have great application to state HFA's who aim to promote diversity and inclusion in construction and subcontracting. Their analysis produced a myriad of proposals across all levels of FHFA management which have relevant application to DBE scoring incentives which are a best practice among many states.

### *Procurement*

The D&I Supplier program sets forth requirements for regulated entities (Fannie Mae, Freddie Mac, etc.) to support D&I in the procurement process. This is one of the systemic ways that FHFA proposes addressing the systemic discrimination faced by "socially and economically disadvantaged individuals"[63] that the DBE program was created to address.

The regulated entity should develop a supplier diversity component as part of its procurement policies and procedures to promote opportunities for MWDOBs (DBE) to compete for procurement opportunities. (e.g., workforce-related services… contracts for issuing debt, equity, or securities; selling assets; managing assets; and equity investments)[64]

FHFA implements a diversity component for procurement of supply goods and services of all kinds. Too often the conversation for public works DBE requirements is concerned with DBE certified subcontractors who provide labor or construction supplies. These types of businesses promote high paying and often prevailing wage blue color labor that America aims to promote, but they are not the only sector that stands to benefit from the DBE certification. The FHFA has made efforts to include all types of services as eligible for DBE including our white collar and digital economy. This includes industries where higher education and industry certifications are required such as "information technology, legal, administrative services, [and] brokers or dealers."[65]

### *Development Plans*

One of the strongest barriers that disadvantaged businesses face to market access in all sectors of the economy is financing.[66,67] By engaging financing institutions into the market for disadvantaged businesses, this can have effects greater than the housing finance and market for housing and mix-used developments. We know that research shows that a relationship with financing unleashes the potential of a minority business to grow[68], and this can have greater tertiary effects on the Washington State economy outside of DBE engagement in the Housing

Finance and Development markets. FHFA discusses this proposal in their D&I examination module

> *"The regulated entity should develop a plan to conduct eternal outreach activities seeking MWDOBs (DBE) through active involvement with national and regional minority business development organizations, and participation in procurement events."*[69]

FHFA requires Fannie Mae, Freddie Mac, FHLBanks and the Office of Finance to conduct outreach to DBEs and keep them actively involved in opportunities for procurement. There has been successful implementation of similar programs in the insurance industry[70] which focuses on giving DBEs access to existing markets.

### *Measurement*

To track the development of DBEs into the HFA created markets, FHFA proposes creating evaluation metrics that should: [71]

- Develop metrics and performance measures, allowing regular benchmarking of actual performance versus planned projections
- Evaluate supplier diversity using data on contract spending volume
- Perform ongoing monitoring and reviews of the supplier diversity program to assess program performance
- Require evaluations of approvals and authorizations for contract spending to confirm adherence to supplier diversity program reporting

Ultimately the FHFA proposal has implementation methods which track progress of the program's goals over time.

Overall, our literature review explored a brief history of LIHTC, common cost drivers of affordable housing construction, cost containment strategies and public benefit requirements of other HFAs, and current and historical barriers to entering the LIHTC market. These findings provide an overview of nationwide practices to compare WSHFC cost containment and public benefit policy against and support the findings from our interviews and quantitative analysis. Additionally, our literature review provides evidence backing our recommendations.

# Chapter 3: Research Methods

## 3.1 Research Overview

The Commission asked our team to identify best practices in cost containment among LIHTC projects, and how the Commission could implement cost containment measures while promoting maximum public benefits of funded housing projects.

To accomplish this, our team first reviewed the national literature on best practices in cost-containment and public benefits using a mixture of academic literature, documentation from other state Housing Finance Agencies (HFAs), and gray literature. Next, we interviewed a variety of stakeholders in the Washington affordable housing market including for-profit, nonprofit, and community-based developers, consultants, other state housing finance agencies, and general contractors. Finally, our team reviewed the Commission's internal cost data to identify cost drivers, differences in project cost by developer type, and other relevant trends. The following sections provide more detail on each of the three research methods.

## 3.2 Literature Review

### Methods

We reviewed the national literature on best practices in cost-containment and public benefits of LIHTC projects. This includes a mixture of academic literature, reports from various other state housing finance agencies and federal government agencies, and gray literature from a variety of trade groups and academic research centers that focus on affordable housing production and community economic and social development around housing. Initially, the Commission provided a list of literature they are familiar with and believed may be a helpful starting point. We took this literature into account and used snowballing techniques to lead to other sources, while also maintaining independent search parameters for identifying other best practices in the literature.

Our main research method was utilizing the UW Library search engine and Google Scholar. To begin, we researched general topics such as "LIHTC" and "cost containment." From these resources, we used degrees of separation in source citation. Once we found a source, we would investigate the sources they cited, and the sources that those sources cited. This helped us develop a general overview of literature surrounding our research questions by using the existing work of established subject matter experts to identify additional experts in the field.

Once we had a wholistic understanding of the issues associated with our research questions, we used more in-depth filtration methods such as library search engine syntax, publication year, material type, and peer review. By narrowing our general searches with more specific topics or more specific ranges of material, we were able to find deeper literature that was more specific to LIHTC, housing development, cost containment, equitable access to housing assets for residents of affordable housing and community-based organizations.

### Limitations

Our literature review is limited in part by a lack of academic evaluation specific to Washington's LIHTC program. Administration of tax credits differs considerably from state to state. While researchers we referenced frequently, such as the Terner Center at University of California at Berkely, provide rich research on the California tax credit system, these findings are only partially relevant in the Washington context. More institutional research and partnerships are needed beyond our work on the WSHFC tax credit program.

Additionally, we cited evidence that applies to inequities in access to financing and general evidence on merits of equitable and community based economic development, but not specifically the LIHTC market. While these trends and learnings in parallel market access issues may be transferable to affordable housing and LIHTC, there is a noticeable gap in the research about housing and/or LIHTC. There is significant potential for future research on the subject beyond the scope of our work.

Our literature review mostly sourced from grey literature and academic and peer reviews articles but lacked in citing books. This was due to pandemic restrictions, deadlines, and UW Library service availability, which created barriers to timely access to books about housing. The sources that we did not investigate that were only available in book form were associated with housing and homelessness as a whole and usually presented personal narratives in specific markets rather than involvement of LIHTC or developers. Additionally, our literature relying partially on a snowball method from Commission provided materials likely introduced some bias into the types of sources and perspectives we considered. However, we partially controlled for this bias with independent search term methods detailed above.

While there is an extensive history of research on LIHTC cost containment and affordable housing development, the literature is somewhat thinner on equitable access to historically disadvantaged developers. We will rely more on the qualitative interviews for that research question. While we do have empirical evidence for minority participation in markets sometimes this does not directly relate to LIHTC or housing development.

## 3.3 Qualitative Interviews with LIHTC Stakeholders

### Goals of Interviews

We sought to interview a variety of stakeholders in the Washington LIHTC market to identify and discuss cost drivers, trends, and market access issues regarding LIHTC projects. We prioritized interviewing a diversity of perspectives and organization types to ensure we had a representative sample size. This includes for-profit, nonprofit, and community-based developers of various sizes of market share, affordable housing consultants, other state housing finance agencies, and general contractors.

### Selection Process of Interview List

Interviewed stakeholders were primarily recommendations of the Commission and our capstone advisor, Adrienne Quinn, who has extensive professional background in affordable housing locally with the City of Seattle Office of Housing and the King County Department of Community and Human Services. In collaboration with the Commission and Adrienne Quinn, we identified a list of thirty potential stakeholder staff to interview. Acknowledging the limited timeframe of this research project, we prioritized an initial pool of twelve stakeholders, as a representative sample, to reach out to schedule an interview. These prioritized candidates were chosen with input from the Commission and Adrienne on interviewees most likely to provide valuable information, and our own selection criteria based on ensuring a representative sample size as noted earlier. However, as time allowed or with some stakeholders unable to meet with us, we established a second priority list of interviewees we could contact. Additionally, we wanted to allow our consulting team the flexibility to utilize snowball sampling as the individuals we interviewed introduced us to other key informants that could provide valuable insights into our research questions. Ultimately, we interviewed 13 organizations. Our sample included two for-profit and three non-profit developers, two community-based organizations, two general contractors who build LIHTC developments, one affordable housing consultant, and two state housing finance agencies.

### Semi-Structured Interview Strategy

Each interview was conducted using a semi-structured interview methodology, guided by a set of four main themes with a total of nine question types. We used a semi-structured strategy to allow for nimbleness in responding to interviewee answers, and to give flexibility to tailor questions to be appropriate for the various roles our interviewees play in the LIHTC process. The four themes are detailed below, while a more detailed interview structure and question list can be found in Appendix Figure 3.

**Introduction:** In addition to introducing ourselves, our positionality, and goals of the interview to the interviewee, we gave an opportunity for the stakeholder(s) to give a brief overview of their individual and their organizations role in LIHTC projects in Washington State.

**Cost-efficiency/Cost-drivers:** This theme meant different things to different actors in the LIHTC market (i.e., a general contractor thinks about this differently than a community-based developer). We sought to understand how they define cost-efficiency and its various trade-offs. We then moved to understand how the structure of the WSHFC cost-containment and scoring system influences their decision making around cost-controls. We also asked what they saw as the most significant cost drivers in the construction of affordable housing, especially around the areas that the Commission may have power or influence to change.

**Public Benefits:** We wanted interviewees to weigh in on the relationship between providing public benefits when building affordable housing and cost-containment. We sought to understand what amenities or features are prioritized and how community feedback is incorporated.

**Equitable Access**: We focused on barriers facing historically disadvantaged developers from participating in LIHTC market in Washington State. We wanted to know the impacts of recent efforts by the Commission to increase access for BIPOC developers.

All interviews were conducted using Zoom. All interviews were either led by Robbie Cunningham Adams or Mackenzie Visser, but each person asked questions in every interview they attended. These two team members both attended all interviews. To encourage more candid responses, we have de-identified the results of our qualitative analysis. We also gained consent from interviewees for us to record our conversation (the interviews were exclusively done remotely on zoom). These video and transcript recordings were used exclusively to assist in our data analysis. Upon completion of the project, these recordings and transcripts were destroyed.

### Interview Coding and Analysis

Upon completion of an interview, we used recorded video of the interview and the Zoom generated transcript to create a clean, readable, and accurate transcript of the conversation. We then assigned team members to read and analyze each transcript, with each interview having at least two team members reviewing them. We created an Excel spreadsheet where quotes or points of evidence were coded into possible themes. The Excel table can be sorted by theme, which were analyzed and condensed to become specific points of analysis in Chapter 4.

### Limitations of Qualitative Interviews

Our sample size of 13, while representing many types of stakeholders, has limited ability to speak for all actors in the LIHTC market in Washington State. The small sample size with limited number of interviewees per stakeholder type (usually no more than two) limits the validity, which is a measure of how representative our sample is of the general stakeholder group.

Additionally, all our interviewees have participated in the LIHTC market in Washington State, meaning we did not capture data from the corollary actors who may want to participate in LIHTC projects but cannot or have not. This unassessed data point may contain unidentified points of evidence for our research questions, especially our question on how to improve equitable access for historically disadvantaged developers.

Additionally, our interview sample contains only two developers of color. Unfortunately, another developer of color we reached out to did not respond to set up an interview. A key focus of our research was understanding what barriers communities disproportionately affected by the housing crisis face in participating in housing development. Our constrained ability to interview this population limits our evidence base for answering this research question.

Finally, the 2022 round of 4% tax credit allocation contained significant changes to the scoring and evaluation system by the Commission. These changes specifically focused on increasing access to historically disadvantaged developers and community-based organizations, in addition to changes to the total development cost limits. These are all key focus areas of our research. Many of those we interviewed had feedback and strong feelings about these changes. However, the recent nature of the change limits how much interviewees could accurately predict how these changes will play out. These changes were often front-of-mind for interviewees, and those we interviewed seemed eager to discuss their feelings on the changes in our interviews. These were rich discussions, but at times distracted interviewees from our core research questions we were asking them. Ultimately, it is simply too soon to definitively evaluate the changes in scoring methodology, and interviewee evaluations of them should be taken in context.

## 3.4 WSHFC Allocation Data Analysis

We reviewed the Commission's entire dataset of LIHTC funded project applications and documentation from 2008 to 2021. This allocation data allowed us to compare the different projects by developer type, location and a breakdown between the soft costs and hard costs across the projects.

We chose these areas based in part from the narratives and answered in our structured interviews. By asking for-profit and non-profit developers to discuss their strengths and pain points with the Commission's scoring system we were able to cross reference to see if those trends existed in the historical data.

### Limitations of Data Analysis

Due to the impacts of the pandemic, fewer projects were approved, making it more difficult to draw substantiative conclusions from the last few years. Additionally, there are some differences in how other HFA's and Housing Authorities categorize soft and hard costs across projects. For example, some of the studies put the consultant and construction fees in the soft costs while the Commission allocates them as hard costs. This makes it difficult to compare trends across states regarding the soft/hard cost breakdown by developer types.

# Chapter 4: Findings and Analysis

## 4.1 Overview

This chapter provides discussion and analysis of the results of our three research methodologies described previously; the findings of our literature review, qualitative interviews, and quantitative analysis inform our discussion of our key research themes. In Section 4.2, we discuss prevalent cost measurement approaches, and in Section 4.3, we discuss significant cost drivers. In Section 4.4, we discuss affordable housing public benefits and associated tradeoffs. Finally, in Section 4.5, we discuss CBO barriers to market access, public benefits, and trends associated with developer/CBO partnerships.

## 4.2 How is Cost Efficiency Best Measured?

The current WSHFC TDC limit is clearly constrained by the myriad of factors increasing the costs of building affordable housing and additional social issues we often ask affordable housing to facilitate solutions to. On the other hand, there is a legitimate fear that removing any guardrails on costs can lead to a collapse in the production of housing, something we heard in our interviews has occurred in the Portland, OR LIHTC program, or the astronomical unit prices seen in California affordable housing construction. A theme we will continue to develop in this analysis is the value question asked often in our interviews and literature review. Is spending more money on public benefits worth a loss in overall unit production? How can the TDC limit best measure these public benefits? Should the Commission narrow its mission to focus solely on affordable housing? What makes a housing unit a home?

Our literature review shows there are several alternative ways to control for costs and measure cost containment when evaluating LIHTC applications. Our interviews and analysis however demonstrate there is limited demand among interviewed stakeholders for changes in the TDC measurement methodology (as discussed below the issue is how generous or not the top-line number is and how the top-line number keeps up with inflation). Additionally, there is limited evidence currently available that alternative approaches are better or worse than the WSHFC cost-per-bedroom method. Ultimately, as previously demonstrated in the JLARC report and the GAO report discussed in the literature review, the Commission follows most national best practices for monitoring and controlling costs. There is simply no low-hanging fruit left for the Commission to further control costs.

### Stakeholder Sentiment of Current Total Development Cost (TDC) limits

The Total Development Cost (TDC) limit remains the primary strategy for cost containment by the Commission. Our interviews revealed strong opinions on the efficacy and achievability of these cost limits, especially in the wake of recent changes to the cost limits. Those from CBO's and non-profit developers question whether TDC incentivizes the right outcomes and instead acts as a race toward the bottom of housing quality. One contractor argued that sometimes, the community good outweighs the price tag.

> *"There are projects that come along that are really special and unique. We were involved in one couple years ago…If you only looked at the at the math, if you only looked at the costs related to that renovation and how many units we got, it never would have made sense. But as part of the greater public good and what happened with that building and how it was saved to create a sense of community there was – a lot of good came from that so I see I see both sides of the coin."*

The TDC limits, and the affiliated "boosts," seek to balance keeping unit costs within reason while allowing flexibility for some projects that provide exceptional public good to be built. Some argue that under recent TDC policy changes this balance no longer exists, especially from for-profit developers who feel they are not being recognized for achieving greater cost efficiencies.

> *"…Unfortunately, I think they [the Commission] don't currently have a cost containment policy. They used to and it used to be meaningful, and it used to be that if you worked hard to keep your costs down you got meaningful points that meant something in the competitive nature of getting these tax credits…I would say this year, in particular, there is no cost containment for all intents and purposes..."*

There is a sense among for-profit developers that political pressure forced the Commission to change the TDC limits to facilitate fewer waiver requests from non-profit developers who could not compete with for-profit enterprises on the TDC point scale. We dive deeper into this divide in a later section, but the developer quoted above expressed that it is now easy for their projects to come in well below the new TDC limits. While they are awarded points for doing that, it means there are other projects that normally would not get waivers that are now eligible for competing with their projects, despite having significantly higher costs.

As we discuss in later sections, there is little debate by either side that the types of projects pursued by CBO and non-profits cost more than the types of projects built by for-profit developers. Why that dynamic exists is worth exploring from the perspective of the TDC limit. The counternarrative from non-profit developers is the type of housing needs they are addressing require more funding and that previous iterations of the TDC limit were not allowing these acute needs to be met.

*"I think the only building that we [a non-profit developer] really got cost containment points on was our [redacted] project. We funded that through private investment dollars…we had no public funding so we didn't have to do prevailing wages and so that was another huge cost saving point… so it feels like you're stuck in this kind of catch 22 a little bit of like, the way nonprofits work in trying to build urban infill sites and use public dollars all of those things increase the cost and so the only way for us to score high enough points is to take the other measures that are going to increase our cost further so that nonprofits are kind of [in a] cycle of, the only way we can get funded is by making our projects more expensive, whereas the for-profits are looking at the other way and they're saying we'll get all our points from being cost effective"*

There is however general agreement among our interviewees that the current methodology for calculating each year's TDC limit fails to keep up with the inflation of labor and construction costs. As one non-profit developer explains, the past few years of rapid cost inflation has worsened the long-standing issue, making it increasingly difficult for some applicants to meet the TDC limit.

*"It's very hard for the Commission to keep up with where costs are. And particularly over the last two years and this year, in particular…from our perspective we're just dealing with inflation…and everybody is. No one can really predict at this time, what anything is going to cost…so while the Commission was making these policies, a year and a half ago, they're already in an environment that's quite different"*

Finally, some developers we interviewed argue the geographic categories (Seattle, King County, Metro, Balance of State) are not specific enough to capture increasing costs in certain parts of the state. While Eastern Washington is acknowledged to remain a relatively affordable geography to develop in, some question whether evaluation TDC in east of the mountains and alongside non-Metro areas of the I-5 corridor still makes sense. One developer specially mentioned how development costs in Skagit county and other non-metro parts of the I-5 corridor are now nearly the same as more urban areas. Many other states have more nuanced geographic categories for the cost containment caps. California even calculates a unique cost cap number for every single county in the state. It is unlikely such a detailed effort is necessary in Washington State, but the current balance of state category may need additional nuance.

## Alternative Methods for Measuring Cost-Containment

### *Alternatives to Cost-per-unit approach*

The traditional measure of cost-per-unit by bedroom type currently used in the Commissions TDC limit is sometimes criticized for not measuring the most important outcome, which is arguably the number of people housed (or people most in need housed). Some argued that the TDC limit discourages the construction of larger units with more bedrooms. Our literature review uncovered a viable alternative, SHARE or "subsidy per housing affordability equivalent ratio", that creates a quantitative metric that focuses on the number of individuals served. Instead of measuring cost by unit, the number of individuals housed by the unit is added to the equation which gives more "points" toward larger families housed. This effectively incentives two bedroom and family units over studios which are more cost efficient in the traditional sense. However, when presented with the SHARE measure from our literature review, one interviewee pointed out that there may be no single measure that works for all situations.

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*"We looked at the cost per person and that didn't seem to make sense either. Just because one person can live in 190 square feet somebody else needs to live in 350 square feet, because they have different [needs]; one person's in a wheelchair, and the other person's not. One person cooks, and the other person eats out, and we all have different lifestyles and trying to boil it all down one set of numbers is so difficult."*

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Especially considering the specific needs of some target populations identified by CBOs discussed in Section 4.4, a more nuanced approach is needed. We also looked to other HFAs to see how they formulated cost containment metrics.

### *Lessons learned from other Housing Finance Agencies on Cost Containment*

Our literature review detailed a sample of other cost containment programs from other state housing finance agencies. It is clear there are a variety of ways to mathematically calculate cost-caps or cost limits across LIHTC programs nationwide. Less clear is if the methodology makes a significant difference. Minnesota Housings annual cost containment evaluation was one of the few to detail experiments they did to compare different methods of measuring cost. Their comparison between measuring costs per-square foot and costs per-unit confirmed measuring cost per-unit better predicted and reflected variation in project costs. This confirms anecdotal evidence we found during our interviews. We asked our interviewees if they would prefer to measure cost efficiency differently than by unit size and geographic location. It is fair to say no one is claimed the current WSHFC methodology is perfect, but most agreed the TDC measuring by unit and size was the most effective method. This feeling was especially confirmed by the general contractors we interviewed.

There is a lack of evidence that there are better measures for TDC to assess than cost-per-unit by number of bedrooms. But we did see a few ideas of how WSHFC could consider addressing some concerns expressed by stakeholders about the TDC limits. It is sometimes argued the TDC points incentivize lower quality buildings and may not be all that effective in containing cost. Some states do not have these kinds of cost limits in the first place, and Minnesota has even dropped their cost containment incentive program for 2022-2023. Minnesota Housing justified this by arguing that a point system led to bad incentives on housing design and quality, and did not show compelling evidence for reducing costs. It is possible such a change could be justified on the merits, and WSHFC should follow the evaluation Minnesota Housing is conducting on the effects of this change. But the risks are significant to WSHFC. Politically, removing a highly visible cost containment incentive would be significantly contentious and would invite pressure from state legislatures. Additionally, with for-profit developers concerned about how changes to the 4% bond round affect their competitiveness, removing cost containment points removes the category this developer type excels in. This may possible further push them out of a market they historically dominated, and they would not accept this change without a fight.

Other options include expansion of the use of “boosts” to a projects TDC basis to acknowledge project features that increase costs but provide significant public benefit. California, who originally inspired WSHFC’s introduction of boosts, is currently considering further expansion of the program to other project features. Colorado has developed an expansive list of boosts, including for projects in a variety of difficult to develop geographies or parcels. They even have a boost that is purely discretionary to promote prioritized projects that would otherwise be economically unfeasible. That may be too extreme of an option to consider, but it is clear there is precedent for WSHFC to consider giving more flexibility for community and equity driven projects that provide high public benefits but may have difficulty meeting existing TDC limit, without having to go through a formal waiver process.

Finally, to address the difficulty of the TDC calculation based on past information not keeping up well with inflation, Minnesota Housing may again have a potential alternative. Their predictive cost model detailed in the literature review may provide a way to calculate what the costs on an application may look like when a project is being built years later. It may require further study by WSHFC, but there may be a way to use a similar method to calculate the TDC limit.

## 4.3 Cost Drivers of LIHTC Projects

Our literature review along with our interviews identified many of the well-known cost drivers affecting all construction in the United States, not just LIHTC projects. These include onerous building permit and design review processes (especially in many King County cities), government fees and taxes, rising material, and labor costs, increasing land costs, and stricter building codes. Many of these high costs are here to stay and will continue rising. And unless the Commission is willing to be a louder advocate for changes in public policy, many are outside of the direct control of the Commission. We want to instead focus our analysis on cost drivers whose solution may be directly implementable by the Commission.

### Public funding requirements and transaction costs

By focusing on permanent supportive housing (PSH) with the 9% program, and an increasing use of 4% credits by non-profits and CBOs, the number of projects using other public funding in their capital stack is increasing. These other public funding sources bring additional regulations that add significant friction and transaction costs. Most significant is the prevailing wage rates required by these other funding sources. Overall, as one interviewee put it, it is primarily death by a thousand cuts that add up to significant cost increase of publicly funded projects. Interviewees often discussed the increased time it takes to organize publicly funded deals as another type of cost. Combined with the Commission's own fees and time spent with their lawyers and counsel, there are significant transaction costs involved with working with public money.

As the Commission has moved toward emphasizing non-profit projects primarily in King County, these cost drivers will continue to be significant. This is a trade-off of de-prioritizing suburban deals done by for-profit entities at more modest AMI levels, as those projects can often be built with just the tax credit subsidy and much quicker, thus not triggering many of the other public funder regulations.

### Lack of standardization and efficiencies of scale

A common refrain we heard from general contractors and for-profit developers was a lament in the lack of standardization and simplicity in designing and building affordable housing. We discussed how repetition and lean manufacturing practices have lessons for reducing costs. Right now, "every project we build is a prototype" said one builder. A general contractor noted how over complicated we make design choices and the consequences for cost efficiency:

> *"We build affordable housing projects where we have 44 different unit types and 15 different colors. Nobody interested in efficiency and cost containment is going to allow that to happen. Our market rate developers would never do that. So they're going to have three unit types, they're going to have two color schemes and that's it. They're going to choose pretty standard products"*

When developers can design and build multiples of the same project type, there are efficiencies in scale of retaining the same general architectural plans, not needing to do multiple rounds of bids for subcontractors, and purchase materials in larger quantities. This strategy is where vertically integrated developers (organizations that have internal development, design, and builder capabilities and do not need to contract out these services), have their highest efficiency, especially when building in simpler land use and site conditions in suburban cities. However, as discussed in Section 4.4, a CBO leader noted that the "cookie cutter" mass production method has significant risk of not addressing community needs and placing housing where it is most essential, a sentiment held by most of the CBO and non-profit developers we interviewed. It again raises a value question for the Commission whether the goals are the most units of housing or prioritizing the right kind of housing. Further consideration could be given to how to meet in the middle. What practices of building efficiently at scale could community-oriented developers adopt from for-profit developers while retaining the ability to still create community-centered spaces?

### Limited developers with PSH experience

In recent years, the 9% credit program has become the near exclusive domain of non-profit developed permanent supportive housing (PSH). Some developers interviewed identified a lack of competition in this sub-market driving up prices.

> *"There's not a lot of developers to build permanent supportive housing, there's only a couple of contractors they're using and I think when you get in a small insular world like that it's easy for the cost to just go up. And then you only have nonprofits doing it too. And there's an out, right? they're just like "hey public funder, I need more money." Whereas you know we [private for-profit developers] have personal guarantees on our construction loans, like if we don't close the deal like we're spending our own money on pre-development expenses, if we don't close the deal we're [screwed]…I think the best I think any solution should include everyone doing all the things. Because when you really start to get insular like that, that's when you start to lose the competition."*

Other interviewees mentioned there are early demonstration projects in recent years of for-profit entities building PSH units to be turned over to service organizations. PSH seems to be a natural fit for turn-key projects where buildings are built efficiently and then handed over to CBO or human service-based organizations.

## Cost Differences Between For-Profit and Non-Profit Developers

Our literature review revealed conflicting evidence in the ongoing debate over the cost-efficiency of non-profit vs for-profit developers of affordable housing. Most recently here in Washington state the JLARC study seemed to confirm the narrative we heard from for-profit developers and general contractors that they are capable of significant reductions in cost-per-unit compared to non-profit developers. While acknowledging the different strengths developer types can bring to the field, one of our interviewees empathized the downsides in cost containment brought by non-profit involvement.

> *"I really believe in the vision and the mission of our nonprofit community […] on the other hand, I also recognize the tradeoffs that we sometimes make for quality over quantity, I would say you know, are there, more efficient ways to do this, where we potentially could get more units built for less money? Yes, I think there are."*

Even the non-profit and community-based developers we interviewed generally agreed that, in a vacuum, the experienced for-profit developers can typically deliver more units of housing at a lower cost. Our research, however, suggests that this is where the agreement in the literature and among stakeholders ends. The question centers around whether these are apple-to-apple comparisons. As one general contractor put, it is more like "apples [to] oranges [to] grapes [to] plums [to] bananas [to] tangerines. Are non-profit and CBO developers really building the same type of housing in the same context as for-profits?

### *Cost drivers of non-profit development*

There is scant evidence that there are significant inherent differences in "hard costs" such as materials and construction between for-profit and non-profit developers. Cost drivers such as prevailing wage are dependent on regulations of certain public funding and can drive cost increases for non-profits (who typically are more likely to use public funding) but is not a cost specific to the operating practices of non-profit developers. As one nonprofit developer argued, the differences in cost come from soft costs, and assertation made by for-profit developers we spoke too as well.

> *"I think our hard costs are very similar…to the extent that there are costs differentials [between develop types] are much more around the soft costs in which carrying costs […] attorney's fees are significantly higher. I think our architect fees are typically higher*

*so… the materials costs are going to be about the same unless you're such a such a large developer, that you can demand you know better, better pricing on things."*

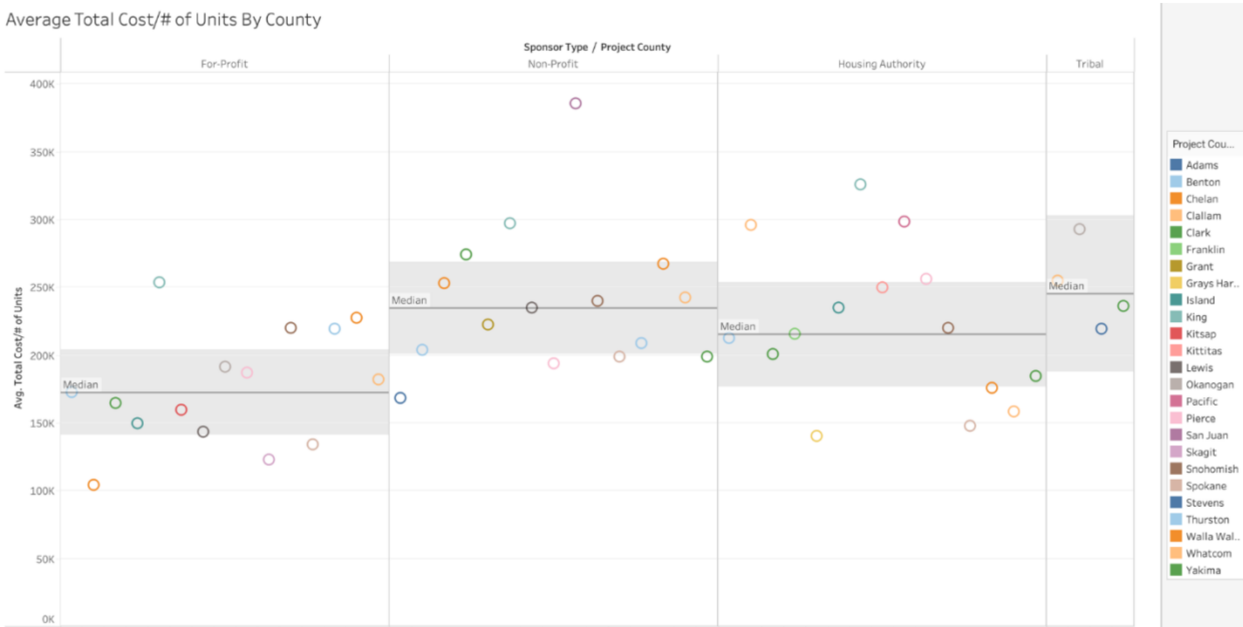
Our literature review discussed how non-profits typically have more funding sources, especially public funding, and charitable fundraising, in their capital stack, naturally leading to higher transaction costs in securing deals. Non-profits, even the larger ones in Washington State, typically do not have the capacity to build vertically integrated organizations which can control pricing and further reduce transaction costs (although one non-profit developer said their organization is looking into becoming vertically integrated long-term). For-profit developers that are vertically integrated have their own in-house architects and builders, eliminating the need to contract out for each project. This leads to non-profits being more likely to need to contract various aspects of the construction and development process.

Finally, there is a contention by the for-profit developers that they must meet their bottom-line while non-profits' lack of profit motive and greater access to public funding diminishes the incentive to control costs. Combined with, as one for-profit developer contested, a narrative of self-fulfilling prophesies around non-profits needing more resources creates different operating environment among developer types. A general contractor argues these differencing motives combined with the structure of the LIHTC credit creates bad cost containment incentives.

*"[...] for most affordable housing providers who are building – nonprofit affordable housing providers, or people using public money – there's no built-in incentive for them to make it cost less. So, they get a tax credit allocation based on it, costing so much money…the pro forma is set at the beginning of the project. In the private world there is continuous incentive to reduce costs throughout the course of construction, because it increases the ROI to the investors…But cost savings don't really benefit [non-profits] in the same way as a reduced overall cost would benefit private development LLC."*

Our research is not able to prove or disprove this notion of the different motivations of for-profit vs non-profit actors in the affordable housing space. The TDC limits in theory should control for this and treat both developer types fairly in this regard. Our earlier discussion of the impact of the changing TDC limit practices may argue that they have limited efficacy in containing cost, and many for-profit actors argue they have been raised to a level to accommodate non-profits that render the TDC meaningless.

**Figure 14:** Ratio of Average Total Development Cost and Number of Units per project by County and Developer Type.

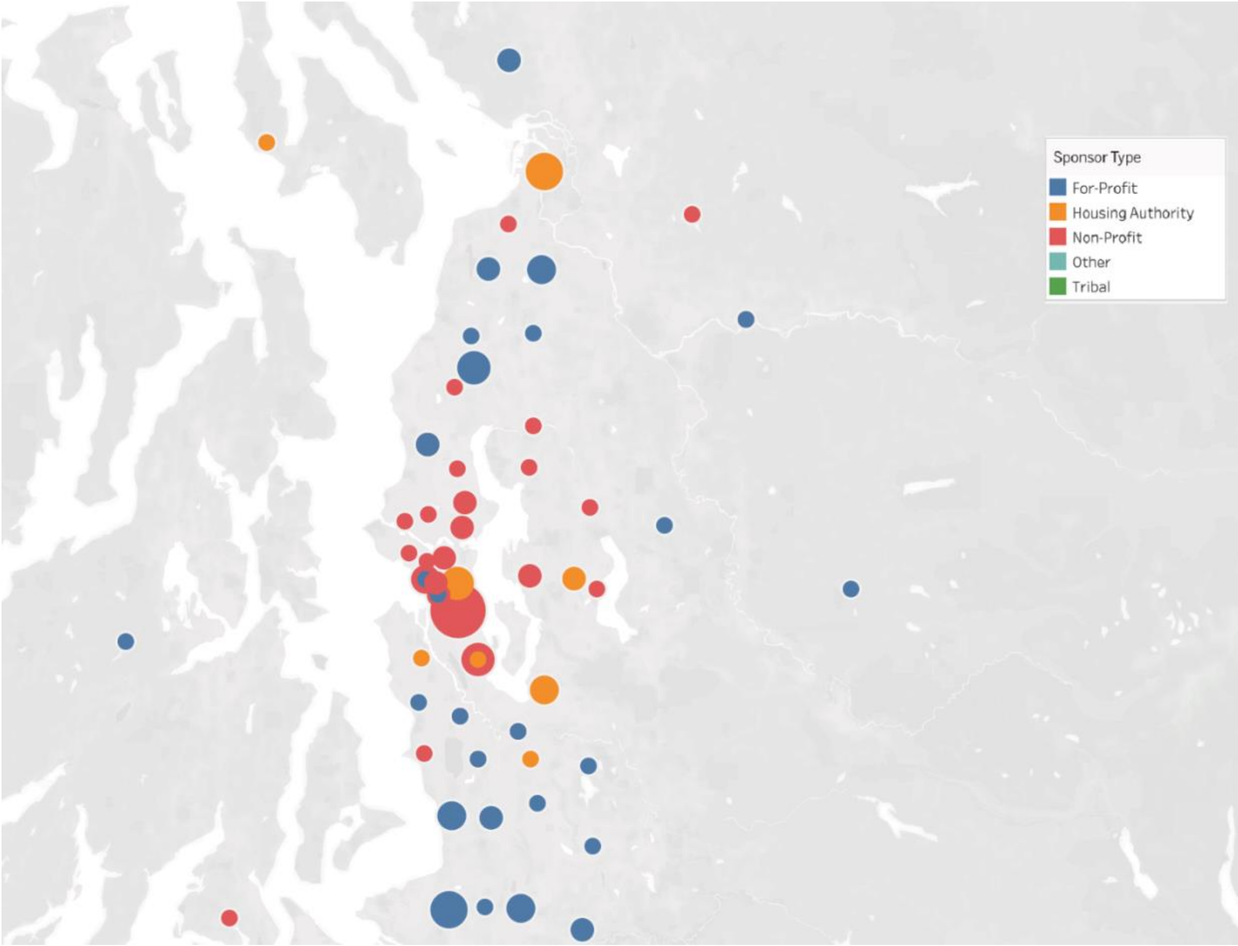



When the average total cost per unit is compared by developer types, for profits on average have the lowest cost per unit. The gray areas represent the confidence intervals centered around the Median and focus on four major categories.

### *Operational context*

The most common counterargument against JLARC report style claims of greater efficiencies among for-profit developers is whether these projects operate in similar contexts. The literature supports the contention by the non-profit and CBO developers that they are more likely to build projects in geographies that are more difficult to develop. This typically refers to urban infill projects that face higher regulatory and design issues, located in neighborhoods with high socio-economic needs, frictions involved with using public funding and partnering with CBOs, and larger unit types to fill community needs. Our section on public benefits highlights that housing built in partnership with non-profits and CBOs can often create housing that better serves the communities which live in them. For-profit developers on the other hand focus more on finding deals that maximize number of units created, which tends to occur outside of urban centers in King County where parcels are cheaper and simpler to build, and public funding may not be necessary to acquire to make a LIHTC project pencil-out. Figure 15 shows the previous 10 years of Washington's LIHTC projects around the Seattle area and the distribution between for-profit and non-profit is clear. Non-profits are building in high density areas, which often incur higher land costs in comparison to For-profit development.

**Figure 15:** LIHTC Project Location by Developer Type




It is fair to argue that when controlling for these factors, the cost-difference per unit is negligible between developer type. A non-profit leader argued that context is key, and that this difference can be seen even within their own organization's projects:

> *"In our development pipeline, we have projects that are much more like this is a deal to maximize units and we're not partnering with anybody and we're just we're just you know […] it's gonna be community facing and be a lovely building but it's much more like let's get units on the ground, so I don't think that as an industry or as organizations, we have to be one or the other."*

Our analysis suggests this comparison becomes a prioritization question for the Commission and public leaders in affordable housing. Is the need the most affordable units for the least amount of money? Or is accepting fewer units that are better tailored to target populations a worthwhile trade-off?

### *Political Tension*

An element we clearly heard from for-profit developers was a feeling that for-profit developers are structurally discriminated against in the affordable housing market in Washington State. It is worth noting our literature review found for-profits tend to be the largest affordable housing developers nationwide. Regardless, the for-profit developers we interviewed say this is especially pronounced in the changes in the point system for tax credits in the 2022 bond round. They primarily place blame at the political power they claim the non-profit affordable housing providers have built, especially in King County and in state government. One for-profit developer describes their interpretation of this dynamic.

> *"There's this strong us-versus-them (nonprofit [vs] for-profit) situation here that just really doesn't exist in many other places. It's very, very unique to Washington how the programs are structured to favor nonprofits, just very, very different than in many other states…some of this change came from lobbying from the nonprofits, lobbying that they were frustrated, they didn't want to have to compete against the private developers doing deals in the suburbs or deals in the city. Because they weren't able to compete on points, and the supposition was, 'hey, our projects have public dollars,' so they have more public benefit, so they should be prioritized for funding."*

For-profit developers are frustrated that during an affordable housing crisis the commission is prioritizing non-profits that cannot build as much housing as they can. There is a sense that political entities are no longer comfortable awarding requests-for-proposals (RFPs) to private developers. They also mention the types of projects that are missing out from the new scoring system, such as basic 60% AMI projects outside of King County, in favor of more targeted population projects overwhelmingly placed in urban King County. For-profits we interviewed strongly feel they are capable (and are bound by the same LIHTC regulations as non-profits) to build housing with as much quality and income targeted as anyone else. We discuss in a separate section concerns we heard from for-profit over the administration of increasing funding from the Commerce Department's Housing Trust Fund.

Overall, there is a sense from for-profit developers we interviewed that the LIHTC market in Washington State may no longer be welcoming to them. There are costs associated with applying for credits, and if the system is perceived to be not favorable to their applications it may make sense for them to exit the market. This has the potential of being a significant risk for the Commission, as fewer players in the market reduces competition and could further increase costs. There is an understanding of the potential upsides of the Commission prioritizing CBOs and mission-oriented projects by for-profits, but they argue the Commission should explicitly state they are comfortable accepting fewer overall affordable housing units built in favor of the types of projects sponsored by non-profit and CBO developers.

### Effects of Housing Trust Fund Projects

An interesting concern brought to us in interviews with for-profit developers was the growing influence of the Washington State Department of Commerce Housing Trust Fund. This program has rapidly seen increased funding in recent years (a trend only accelerating in the 2022 supplemental state budget). As described by one developer we spoke to, this public funding stream is alleged to be not well integrated into the existing Commission led funding prioritization process.

> *"You have started to see the Housing Trust Fund show up in the bond program. The problem is they're not competitive…how it always works in the 9% program is they do their fall funding, and then you get your applications in, and then the public funders do this like highly coordinated dance behind closed doors to maximize spreading the dollars and get as many deals as possible, I […] And a couple of their [Commerce] deals didn't get funded, and then there was some behind closed doors, like 'hey Commission, like where is the Department of Commerce?' […] all of this change was in part to prioritize housing Trust Fund deals within the bond Program...then you're bringing your Housing Trust Fund deal over to the Commission. At that point, the Commission doesn't really have a lot of say in the deal, the deal's already baked…Sort of like, throw the points out the window and fund their deals and move on, because the Commission is not driving the ship on those deals."*

As other for-profit developers pointed out and is explicit within the Housing Trust Fund is explicitly barred from funding deals with any partnership with a for-profit entity. This unnecessarily restricts competition and the ability for CBOs or non-profits to partner with for-profit entities, even if that may improve cost effectiveness or any other aspect of the project. The Housing Trust Fund is outside the scope of our research, but the evidence suggests it may be worthwhile for the Commission to identify if there are ways to better integrate this increasing pot of public money into existing public partnerships to distribute public resources most efficiently and effectively.

## 4.4 How do other housing finance agencies measure public benefits? How would stakeholders in Washington state reform the current LIHTC allocation policies to maximize public benefits?

Stakeholders shared with us a range of public benefits associated with affordable development projects. However, stakeholders universally described tradeoffs associated with these benefits in terms of units built. In this section we discuss this tradeoff as it pertains to certain public benefits, including development location, onsite amenities, culturally specific housing, unit size, and developer type.

### Measuring Public Benefits

Our literature review and stakeholder interviews revealed a range of public benefits potentially associated with or promoted by affordable housing development; benefits included sustainability measures, tenant amenities such as onsite case management or community centers, economic opportunities, culturally relevant art or amenities, proximity to employment and social services, and the availability of affordable housing units. While we asked stakeholders about which public benefits they would prioritize in a reformed scoring system, the answers we received reframed our thinking about the question of public benefits. Rather than identifying certain public benefits they would like to see prioritized, all stakeholders acknowledged the value of different public benefits, and instead emphasized tradeoffs. Many stakeholders also felt tradeoffs were not necessarily between benefits such as certain amenities or sustainable building practices, and noted existing pressures to provide these benefits, such as the design review process and Washington state building code. Rather, stakeholders felt tradeoffs tended to be between producing additional units versus providing other public benefits, such as additional amenities or proximity to employment opportunities.

### Tradeoffs of Public Benefits

As previously mentioned, many stakeholders noted that development tradeoffs centered around providing certain public benefits versus maximizing unit delivery. Here, we discuss several themes we heard regarding this tension. For many of these themes most stakeholders expressed that they could not make a values judgement on which benefit was more important, but felt it was important to acknowledge the costs associated with each benefit. However, stakeholders did express that they felt the Commission should clearly examine, determine, and communicate how it weights different public benefits to developers.

#### *Location of housing*

Housing units in urban areas are often closer to amenities such as public transportation, social services, and proximity to employment opportunities, all of which can facilitate long-term housing stability. However, these units can often be more expensive to build than units in more suburban and rural zip codes. One CBO developer highlighted another aspect of location tradeoffs: that of gentrification. This developer explained,

> *"Talking about displacement, because you can build more affordable further away from the city where land is cheaper. But when we look at displacement and people having to move further and further away from Seattle to find affordable rent I think there's a role for smaller nonprofit organizations and communities of color to stop that. [...] There's also an element of saying part of developing affordable housing is making it affordable to live in neighborhoods where communities have been for decades who are now being quickly priced out."*

### *On-site Amenities*

Providing certain on-site amenities, such as a business center, fitness center, or security measures can provide value to residents. Particularly for permanent supportive housing projects, residents have often experienced chronic homelessness and other major barriers, and benefit from on-site amenities such as on-site case management services. However, these amenities all add costs to projects, which are often not reflected in TDC limits.

Additionally, amenities can often vary from project to project, based on community need. However, consulting with communities about needs and tailoring project design accordingly can have higher costs than a more standardized "plug and play" design approach. A development consultant told us,

> *"Some folks say 'why do you start over on every building? Why don't you just take the same building and build it over and over again?' Some people can do that, but that model doesn't fit every community's needs. We're working on a project [right now] and it's a very unique design because they have a very unique set of goals that you can't just transplant. And we're working with [another organization] that has completely different goals, different clients, different neighborhood, different community. So [we have] a set of design driven goals that also cost money."*

### *Culturally Specific Housing*

As previously discussed, any stakeholders highlighted cultural relevance as a positive benefit of CBO involvement and development in projects. For many communities, having art, community gathering spaces, and other culturally specific amenities is critical to creating a sense of home and community. Especially for communities who have been historically denied access to stable housing, these aspects can be a source of healing and safety, with positive effects on long-term and generational stabilization. However, designing and building these aspects often comes at a higher price tag than more standardized projects, which can lead to fewer units available in an already sparse market. One CBO leader explained,

> *"Anything to do with affordable housing [people think] 'all we need to do is give people a dry place, four walls, and a roof, and they have a cookie cutter mass produced thing, but we know that community starts with an ambience – you need you need art, you need decor, you need all those things. Nobody wants to fund those things when it comes to developing, and to be a [community] space, that is one of the biggest things you need."*

Stakeholders were not able to value judgements between these aspects, but noted it was important to recognize the tension between them. Many interviewees also acknowledged that these were issues they grappled with internally with their own boards and stakeholders.

### *Unit Size*

Developers can typically increase revenues by prioritizing smaller and more efficient units to increase overall unit counts in projects and overall rental income. While this is positive from a unit-creation and space utility perspective (and serves single adults, who are often deprioritized in housing resource allocation systems), larger families are left with few options in the affordable housing market. Larger families can face significant barriers to finding and paying for housing large enough to adequately house all family members and can face high competition for limited four- and five-bedroom affordable housing units. Affordable housing developers are often faced with the dilemma of building as many units as possible versus increasing availability of larger units within a scarce LIHTC market. Stakeholders did not make claims as to one being better than the other and acknowledged the merits of both approaches.

### *Developer Type*

As previously discussed, projects developed with and by CBOs are often associated with certain public benefits, such as culturally specific housing, engagement with historically disenfranchised communities, and more equitable leasing outcomes. These projects also offer an opportunity for communities who have been disproportionately impacted by homelessness to build wealth through affordable housing development. However, these projects also tend to have higher total costs, implying that higher CBO involvement could lead to reduced overall units in the community.

However, bringing more potential developers into the market may lower costs in the long run. Multiple interviewees told us they felt competition was a positive force for cost containment in the affordable housing market. However, stakeholders also noted that there would be a period of increased costs (and thus, fewer units), while newer developers gained experience in the market. One for-profit developer told us,

> *"I think, eventually, the more people competing should lower costs, I mean that's just how it's set up to be. And so, hopefully, more units are created in the long run. In the short term, I think we're going to see a decrease in the amount of units being built, because the point system is favoring not so much efficiency or the amount of units, but other goals. Which is fine, I think that there just needs to be a recognition that for a period of time [...] you're going to see a decrease in production in order to reach those goals around equity and inclusion first."*

This sentiment again implies the nature of competing benefits in affordable housing market and highlights the need for clear communication of Commission goals and priorities for LIHTC allocation.

## 4.5 What Barriers Do Historically Disadvantaged Developers Have That Prevent Access to Participation in LIHTC Projects in Washington State?

While CBOs often face barriers to accessing LIHTC funding, there are equity implications for their involvement in the affordable housing market. CBO-led developments were associated with a range of public benefits, including increased community engagement, culturally specific housing, diverse subcontractors, and community mentorship opportunities. While stakeholders generally agreed that partnerships with CBOs tended to have higher project costs, stakeholders also agreed these partnerships were often beneficial for all parties.

### CBO Definition

The Commission defines a CBO as "any organization or group with a demonstrated ability to meaningfully represent one or more Communities Most Impacted (CMI). A CBO does not have to be a nonprofit organization." This policy is intended to promote the Commission's stated goal of promoting developing by and for communities have been disproportionately impacted by housing instability, including BIPOC communities, immigrant communities, large families, and seniors.

The 2022 Commission 4% Bond/Tax Credit application allocates up to eight points if the development will be owned long term by a CBO, and up to five points if the development entity includes or partners with a CBO that has a "history of supporting the community". The current

Commission 9% Total Cost Policy allocates up to five points in the LIHTC funding application for a "nonprofit sponsor". Applicants are eligible for these points under three scenarios: nonprofit only developer, for-profit/nonprofit partnership, or a nonprofit sponsor waiver in the case that no viable nonprofit organization is available. The intent of this policy is stated as threefold:

1. To increase the capacity of nonprofit organizations to provide affordable housing and therefore increase the number of affordable housing projects developed and owned by nonprofit organizations in the future.
2. To encourage partnerships between nonprofit and for-profit entities, expanding the capacity of nonprofit organizations.
3. To recognize situations where there are insufficient nonprofit organizations and provide incentives to for-profit organizations to develop affordable housing.

As part of its stated goal of increasing development "by and for" marginalized communities, the Commission 4% bond/tax credit application also allocates up to eight points if the development ownership entity is more than 50% BIPOC owned or controlled, as measured by for-profit ownership, non-profit board makeup, and executive director identity. However, some interviewees questioned how indicative board changes are to actual systemic anti-racist change within the organization, and whether these actions are sometimes more performative than evidence of actual organizational change. One nonprofit developer told us,

> *"It's easy to kind of separate those organizations out and say, 'okay here's a BIPOC organization that's serving a BIPOC community'. I think it becomes a little squishier when you've got an organization like mine, where maybe 50% of my board is BIPOC, maybe 50% of my staff is BIPOC, but probably nobody would say [we are] a BIPOC organization. Should we be getting some points because we're focused on representation and diversity and inclusion? I think the answer is sure, but we're not the small organization serving the community. There's a difference in those organizations and it's clear."*

Some stakeholders also felt frustration that the Commission allocated points to prioritize BIPOC-led developers, without acknowledging non-BIPOC developers building affordable housing primarily in BIPOC communities.

### CBO Motivations for Developing

We spoke with CBO developers about their motivations for entering an already saturated affordable housing development market. Many of these organizations have a background in social services and became involved in housing development to address observed inequity in the existing housing market. Despite recent efforts of housing resource allocation systems to prioritize housing communities with the highest need, end users of affordable housing units still do not reflect the broader population experiencing housing instability. Many of the barriers to housing access persist within these systems and continue to prevent marginalized communities from equitable access.[vi] One CBO developer explained,

> *"We know that nobody else was serving [our community], not the social service providers who are getting people housed with vouchers, and not in housing itself. We weren't getting moved in at a rate of what we should have been, so we knew we had to take the reins. We have to keep building, and it is still going to be a long, long time before we stabilize our community."*

Additionally, even if offered an affordable housing unit, many tenants need additional support to remain stably housed, especially tenants who may have experienced chronic homelessness, mental or physical health concerns, chemical dependency, and/or domestic violence. For communities who have often lack access to culturally appropriate services and housing, these barriers may lead to eviction or not receiving lease renewal offers. Many CBOs observed the need for culturally relevant housing to support the communities they served beyond lease-up. One CBO developer told us,

> *"You go back five years, we were a [social service provider] and we had a lot of wraparound services. We knew we didn't have housing for our community, even though we built a team of case managers trying to get our people housed. The recidivism of homelessness was rampant, so we knew there wasn't culturally appropriate housing out there [...] and we knew we needed a developer on housing."*

### CBO Barriers to Access

Both CBOs and larger developers acknowledged that CBOs often faced significant barriers to accessing LIHTC funding and building in the affordable housing market; for example, we heard that it is very difficult to receive LIHTC funding if a developer has not already completed three LIHTC funded projects. In a competitive market, CBOs often lack the capital and resources to compete with larger firms with stronger balance sheets. In the 4% program, investors may view

[vi] For example, language barriers, inability to stay in regular communication with service providers, frequently changing contact information, lack of access to personal documents such as ID and SSN cards, discrimination from service providers, etc.

CBO investments as too risky, even if CBOs are awarded tax credits to sell. Additionally, CBOs often lack the experience and technical knowledge necessary to navigate the complicated housing market, creating informal barriers to entry. One CBO developer explained,

> *"[We had to build] our own capacity as an organization to be able to compete and seek out the funding to be able to do the project. It meant really improving our fiscal capabilities, our HR capabilities, our policies and procedures, our board policies, and really having the nuts and bolts of what an organization has to have for funders to say 'okay, you're a solid organization that we're willing to fund and invest in this affordable housing project.' And honestly for ourselves, as an organization grounded in a community of color, and at a small organization, relatively speaking, that does [social services], and a little bit of affordable housing, it was a lot of work. It was a big lift, it took a lot of work to really get ourselves to the place where we knew 'okay, now we have the capacity to at least move forward.'"*

Another CBO explained, of their first project,

> *"It took a lot of hard work, a lot of people. Nobody believed in us and it was hard. Now, I know there's a lot of small community BIPOC led organizations that would love to build, but they run into the same things that we ran into early on. They don't have the financial statements or assets, collateral, all that kind of stuff."*

Even if CBOs complete a project using LIHTC funding either alone or via a partnership with a larger developer, they can continue to face barriers to market access. One CBO developer told us,

> *"That was a whole other process of, 'how do we get to the point of being able to do [another project]?' And it took us [a few years] to find an opportunity where we could purchase or partner to acquire property to do another development. Compared to larger housing developers, it's just our second project, so we have a [smaller] portfolio, but it is significant growth for our organization. [...] We were clear that we needed to be the developer of the project and benefit from the developer fees and be able to grow our organization by expanding the services through affordable housing."*

Smaller organizations may also face barriers to accessing other affordable housing funding typically used in conjunction with LIHTC to finance projects. To counter this, CBOs may need to rely on alternative funding strategies, such as capital campaigns.

### Equity in Market Access

In acknowledging CBO barriers to access, CBO developers emphasized the racial equity implications of increasing CBO-led affordable housing development. A CBO developer stated, regarding CBO market involvement,

> *"The first thing that comes to mind is the question of equity, and if the state or the Commission is interested in having equity goals related to serving communities of color because so many of our folks who need affordable housing are disproportionately from communities of color. And you know, historically, the affordable housing industry, if you will, a lot of community organizations based in communities of color have not been the affordable housing providers. It's been larger mainstream organizations that are providing affordable housing. And it's a billion-dollar industry, and so if there's a question of equity. [...] Because of our experience and our knowledge and our staffing [...] we are providing affordable housing for our community and for the broader community. [...] And so there's a question of equity and how to support organizations who want to be part of the affordable housing solution."*

CBO developers also emphasized they felt it was important to build CBO capacity building programs into Commission policies. A CBO developer told us,

> *"There has to be some investment in capacity building for smaller CBOs. Because we saw the benefit of being able to create affordable housing development that provided the services and support for tenants that are long standing and proven programs. And the commitment and the commitment to the mission-driven ability and commitment to provide those types of services and community support in addition to the affordable housing. [...] I think there's some good intent, and I think the knowledge and awareness of the benefit of investing in smaller communities is there, but how does it become policy? How does it become measured? How does it become structured so that [...] it continues to be how business is done? How does that investment become part of the mission of those organizations, and how does it become part of doing business and measured for success?"*

### *Public Benefits of CBO-Developed Affordable Housing*

In our discussions, we heard from nearly every stakeholder that there were benefits to having CBOs leading or partnering on affordable housing projects. CBOs tend to be more engaged with communities who have been historically disenfranchised from housing access, have a deeper understanding of community needs, seek out culturally relevant contractors to support on projects, and provide mentorship to other potential affordable housing developers.

#### Community engagement

CBOs often have deep engagement with the communities they serve, who are often disproportionately impacted by housing instability. CBO staff are often part of the communities they serve and work closely with their clients to understand barriers and provide culturally appropriate services. Clients often have higher trust with CBO staff than with mainstream homelessness or social service systems; because of this, nonprofit and for-profit developers will often partner with CBOs to increase community engagement for feedback on current and future housing developments. One non-profit developer explained,

> *"I will say, sometimes getting those community meetings can be more challenging depending on your exposure to the community, and I think what we've done most successfully, and try to replicate, is attaching ourselves to a community organization and then [starting] with their population that that they've already outreached to."*

CBO involvement can significantly increase engagement with marginalized populations regarding developments in their own communities. One CBO developer explained, of its community engagement process,

> *"We had organized our community and had so many people at the table at the community meetings, at the design process, that generally are left out of that process. You know, immigrant families, lower income families [who typically don't attend] these types of community meetings. But we said, 'it's important, you have to be a voice that says what's important and what you want to see in this development, and why you want to see it.' And making sure that we did it at different times when people are available, and that we provided food and childcare and all the things that families would need to be able to come and participate in this type of thing. And we were able to create a development where everyone saw something there for them."*

Additionally, because CBOs work closely with the communities they serve, they are equipped to provide information and support to potential tenants of new housing developments. CBO case managers can support with marketing outreach, as well as helping ensure potential tenants are ready to apply for units upon opening. Because CBO staff have a unique understanding of their clients' barriers, as well as the lease-up process, they can support their clients through what can be a difficult and frustrating process. This can help ensure that communities who have been historically disenfranchised from accessing affordable housing are equitably represented in new affordable housing developments. During a housing crisis, in a community with an affordable housing shortage, this support is often necessary to ensure historical housing disparities are not replicated.[vii] One CBO developer explained their approach for ensuring their culturally specific housing was able to be used by its target population, telling us,

*"You have to do very intentional marketing to your own community. You prep your own community, ensure that their documents are ready when it's time to start taking applications. [...] When we started, we looked at [projects other CBOs] had done recently, and they all managed to [lease to] around 90% of their targeted demographic. That's kind of the norm, so that was our goal."*

CBOs may also be more successful in reaching the broader community, beyond potential tenants. CBOs often have connections within the communities they are located in and can advocate for affordable housing development. Because affordable housing development can often be politically contentious within communities, this can be an additional benefit in successfully completing a project. One CBO explained its community engagement process,

*"We did a financial analysis of the purchasing power of the people that were going to live there, because our project is [an affordable housing] project, so a lot of working families. And we did crunch the numbers and it was [a high amount] of purchasing power that everyone would bring to the neighborhood [...] So we actually went to every business [in the community], knocked on the door and said, 'this is where we're actually growing your market, and this is who's moving in, and this is the purchasing power that they're*

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[vii] For example, the traditional lease-up strategy of "first come, first serve," often preferences applicants with the fewest barriers—those who have application documentation available, who can take time off work or childcare to tour units and apply, who have security deposits available (rather than having to coordinate social service providers for financial support), etc.

*bringing.' So I think we did a really good job of organizing and sharing that message of what this development meant in benefiting everyone else in the neighborhood as well."*

### Culturally appropriate housing

Because CBOs are often run by and for specific populations, they can have an extensive understanding of their housing needs. These needs may be unique to certain communities, and CBOs often understand the public benefits associated with providing certain amenities that mainstream housing developers may not immediately recognize. These include amenities such as community gathering spaces, certain activity spaces, or culturally specific art and design elements. CBO developers emphasized the importance of these aspects in helping tenants feel a sense of safety and community in their homes.[viii]

These community-specific amenities are especially important when designing housing for communities that have histories of trauma and disenfranchisement; it is important for developers to take care to not perpetuate additional trauma and marginalization in their pursuit of developing affordable housing quickly and efficiently. Marginalized communities often face intersecting barriers to accessing and maintaining housing, and often derive benefits that are difficult to quantify from additional considerations in project design and community building. A CBO leader told us a particularly powerful anecdote about the architectural design of one of their projects,

*"In any kind of simplistic [design] logic, we would [...] put one long corridor down the middle of the building [to] maximize units per floor. The first thing he said was we can't do that. [Our community], with our […] trauma, with our overrepresentation in institutions, whether prisons or jails or even mental health and all those things. You can't be in a place of healing when you have long corridors and that kind of [floor plan]. He knew that, just being [from the community]. First thing, he chopped up our floor plans. […] We probably lost a unit or two per floor to make sure we did that, but it's more healing, it's better right and I don't know how you place a value on it, but [to our community] it's invaluable, right?"*

[viii] To respect the privacy of our interviewees, certain quotes given by CBO leaders have been especially redacted, given the specificity of the communities they serve. However, we believe we have preserved the essence of these statements.

### Seek out Diverse Subcontractors

CBOs are more likely to seek out diverse contractors to provide culturally relevant services, including contractors, architects, construction firms, and property management services. One CBO developer explained,

> *"With [one project] we found an architect to start the plans, it was a white organization, an old school architectural firm in Seattle. [...] This was very early stages, and we kept talking to them about early schematic drawings and then they weren't listening to us, they weren't hearing us. And they kept coming back to like, 'it's just how it's done, this is our standard.' Well, we don't want to hear those things, because if it's the same, how is it going to be unique? And it got to the point where we're just like 'this just ain't going to work'."*

This implies increasing CBO market access could allow other historically disadvantaged firms to gain experience and resources within the affordable housing market. Despite federal contracting requirements to seek out and procure historically disadvantaged businesses[ix], many firms prefer to contract with established partners, perpetuating an insular market.

### Community Mentorship

CBO developers we spoke with shared that they were eager to share the knowledge they had learned throughout the development process. CBO developers viewed their experience as a resource they could provide to other community organizations in pursuit of affordable housing development. One CBO developer told us,

> *"You know, we've been approached by [other potential developers] saying, 'we have a piece of land, and we want to provide affordable housing. Can you tell us how you did it? Can you share with us anything that will be helpful to do that?' So we'll sit down and we'll go through it and we'll share policies, will share procedures, will share our experience, and will say 'call this or that'." We've talked about our experience of needing to partner with experts [...] but whenever someone knocks on the door we'll sit down, and we will share that because for [us] it meant helping to stabilize and really grow our organization."*

[ix] This includes women-owned, minority-owned, and small businesses.

*CBO and Developer Partnerships*

Commission 4% policies currently allocate additional points to applications led by or in partnership with CBOs, largely to incentivize capacity building for these organizations. These partnerships have several benefits, including increased community benefits, CBO access to resources and mentorship, and increased market competition. While nearly all stakeholders noted that these partnerships were associated with higher costs, they also acknowledged that there were often tradeoffs with providing higher public benefits.

Many nonprofit and for-profit developers noted that they often already pursued partnerships with CBOs prior to Commission incentives. However, developers did acknowledge that incentives had increased pressure to partner with BIPOC-led organizations that had strong ties to the communities they served.

Partnership Benefits

Partnerships between CBOs and larger nonprofit or for-profit developers were often mutually beneficial, providing benefits to all parties. These benefits include:

**Higher community engagement:** For larger developers, multiple stakeholders noted that developments completed in partnership with a CBO had higher community benefit and more connection to mission. Developers noted that they were able to benefit from CBO ties to the community, leading to better informed resident services and community engagement. One for-profit developer stated,

> *"One project we just finished [...] we worked with a CBO [...] and they really wanted to see a [certain amenity] on the premises, and that to them was [...] a part of their community and culture and created for them an opportunity to have to have discussions about the neighborhood and meet your neighbors. That was a good benefit, and so we put in [that amenity] essentially as part of that amenity package."*

CBO developers also noted this benefit, recognizing that resources provided in partnerships allowed them to develop projects that best served their communities. One CBO developer stated,

> *"I think, for the most part [our development partners] have been willing to go through that process of better understanding the needs of our organization and of our community. And really establishing that partnership, where they're the experts at the details of affordable housing development and funding and all of it, the incredible amount of work it takes to go from a piece of land to developing affordable housing. But*

*also seeing us as the experts of what is best for our community and what elements are going to best serve our community, and how we best create a development that meets our needs."*

**Access to financial resources:** These partnerships can also benefit newer CBO developers, who often face barriers to accessing the LIHTC market and other financing. These partnerships can often provide access to resources and mentorship to help CBOs successfully enter the affordable housing market and help prepare them to take on future development projects independently. One CBO leader explained, of a partnership with a large nonprofit developer,

*"They're a bigger developer, that's why they can do a [large] family-style building. We probably aren't ready to develop something on that scale yet, and so we need each other, they need us to get that competitive tax credit and we need them [for the financing]."*

**Capacity building:** Because the affordable housing development process can be extremely complicated, many newer developers become more cost efficient as they complete more projects. New developers often quickly develop skills through mentorship and experience, allowing them to eventually produce at a lower cost. Many stakeholders identified a need for increased technical assistance for CBOs who are new to the market. A nonprofit developer stated,

*"We've seen it with [redacted] where we're partnering […] and it is this mentoring relationship that we have there with them. Especially with their development team, they have a younger, less experienced developer on it, but by them seeing the process and us working with them on it together, we're showing them step by step what you do."*

CBO developers also noted that they quickly became more efficient as they took on additional projects. One CBO developer told us,

*"[In our first development project] we didn't understand our own role at all. [With our consultants], we were like 'are we supposed to just sit back, and we'll wait for you to ask us questions whenever you need it?' Or knowing how engaged we're supposed to be and all that. But now we kind of do understand that, we know when the developer or the contractors are telling us, 'it's just done that way' we can kind of read into it when it's*

*BS or things like that. So I think we've definitely gotten more knowledgeable now, [...] and we definitely improved with each [project], without a doubt."*

**Market competition:** Because these partnerships can often facilitate access to the market, many stakeholders noted the benefits of resulting increased market competition. Bringing in additional LIHTC-eligible developers could break up an insular market, driving down costs and promoting innovation. A for-profit developer stated,

*"Changes are good and level the playing field and allow access for groups that have been sidelined in the program or perceived to have been sidelined. Either way, I think getting folks [into the market] is a good thing, competition is a good thing. A different way of doing development for communities that might not have been represented is always a good thing."*

### Partnership Costs

However, nearly all stakeholders agreed that projects completed in partnership with a CBO were more expensive at face value. As previously discussed, increased hard costs associated with public funding, unique building plans, and less experienced developers often lead to higher overall development costs. Because CBOs often do not have enough capital to secure large loans from lenders, larger developers often take on the risks of loan guarantees and development in partnerships. Larger developers also noted the impact of partnerships on overall profits, due to sharing developer fees and rental incomes with partner organizations. Additionally, larger developers often felt they took on additional work in CBO partnerships to provide mentoring to newer developers.

However, stakeholders often acknowledged additional costs were a tradeoff with additional public benefits. One non-profit developer stated,

*"If you look at a project like we're partnering with [redacted] it's another one of our partnership deals, that project does not make sense from a purely financial, delivery of units perspective. It makes a lot of sense from a community perspective […]. And the cost of that project is astronomical, and so [people criticize the budget]. And they've got a point, if you're just looking at cost per unit, we could build a lot more units in Kent than we can in [Seattle], but the value of building units on [Seattle] is [higher]. There's a need there. It's closer to employment opportunities, it's closer to services, it's closer to*

*transportation, so when you think about these things not just as housing developments, but as public developments and developments for the public good, then it makes sense that we're going to spend a little bit more money on these."*

This quote highlights the crux of the debate emphasized by many stakeholders: what is the role of affordable housing in our community? What does it mean to maximize this resource during a housing crisis? And how can the Commission promote an equitable distribution of these scarce resources?

# Chapter 5: Recommendations

## 5.1 Overview

Through our stakeholder interviews and analysis of how other HFA's attempts to control costs and balance public benefits, our analysis indicates that stakeholders are primarily framing cost containment challenges as a question of number of units built. Many stakeholders are considering **whether the affordable housing market should seek to maximize unit production or provide additional community benefits at the expense of units built**. Stakeholders generally agreed upon the existence of these tradeoffs, but also expressed a desire for additional guidance and acknowledgment of the costs and benefits involved. We used this feedback to guide our recommendations for how the Commission can consider its own role in facilitating this balance.

In Section 5.2, we expand on the primary public values question currently facing the Commission. Section 5.3 provides specific recommendations to the Commission in addressing this challenge, including potential risks and benefits. Finally, we end this chapter with a discussion of suggestions for future research.

## 5.2 Primary Challenge: How to Weigh Public Benefits

Our research suggests the primary challenge facing the Commission is how to balance providing additional public benefits and promoting cost-efficient unit construction, rather than a technical question of how-to best measure cost-efficiency. As told to us in our qualitative interviews, stakeholders grapple with not whether to provide certain amenities over others, but whether to provide certain public benefits over constructing additional units. Our findings do generally support the notion that for-profit developers can create a higher overall number of affordable units statewide than non-profits and community-based organizations (CBOs). However, non-profit and CBO partnerships typically build housing with greater equity considerations at the cost of building less overall affordable housing units. **Our team believes the increase in public benefits of culturally and community centered equitable development outweighs the cost of the immediate potential reduction in unit production.** However, the trade-offs are difficult and complex, and either approach is legitimate and defensible on the merits.

Our team believes the Commission should consider the risks and benefits of each, determine its own values, and commit to its stance publicly and wholeheartedly. **Both choices carry political risk. Choosing efficiency may increase available units at the risk of excluding marginalized communities from the housing market. On the other hand, pursuing equitable development risks lowering the availability of affordable units amid a housing crisis**. Ultimately, our team cannot decide how the Commission weighs the various trade-offs of this problem. However, we do feel it is our responsibility to communicate the results of our findings with an equity lens and have tailored our recommendations accordingly.

Below, we have provided recommendations relating to challenges that fall within this larger public values question. **Our recommendations focus on how to implement changes to cost containment strategy to pursue an equitable development strategy development strategy.**

## 5.3 Recommendations

### Recommendation 1: Total Development Cost Limit Reform

*Challenge: The TDC limit struggles to keep up with rising costs, and only considers a limited number of factors in its calculation.*

Overall, the Commission has implemented nationwide best practices on cost containment in their LIHTC program. Additionally, we did not find evidence that there is a need to change the per-bedroom type measurement for quantifying the TDC. However, there are areas where the TDC limit could be improved. The TDC limit is struggling to keep up with rising costs in materials, wages, soft costs etc. These costs disproportionately affect the ability of CBO and non-profit developers to meet TDC limits while providing strong public benefits. It also does not fully account for the many reasons non-profit and CBO developers have higher costs than for-profit developers. These include the cost effects of many of the public benefits that seek to meet the goals of the Commission's "By and For" initiative, which may be well worth the cost to include. However, the TDC limit does provide a level of accountability on runaway costs as seen in other municipalities. The experience of for-profit developers does suggest it can be a powerful incentive for developers to build efficiently to score points for being under the limit. We recommend that some version of the TDC limit be kept in place, but that the Commission adjust it so as not to penalize the public benefits that come non-profit and CBO developers.

#### Ensure TDC limit is comparing like projects

Our findings confirmed that for-profit developers are producing units of housing at a lower cost than non-profit and CBO developers. However, it is clear the comparison is of apples and oranges (As one general contractor put, it is more like "apples [to] oranges [to] grapes [to] plums [to] bananas [to] tangerines"). The different developer types and project partnerships are typically building differing types of projects, with different goals, in different contexts. As our discussion above states the trade-offs between these projects each have their merits, but both types of projects operating under similar TDC limits are not fair or equitable.

The newer practice in the 4% program of sorting projects by geographic location and public funding status is a strong step forward and should be kept and expanded to the 9% program as well. Typically, non-profit/CBO led projects operate in different contexts than for-profit developers and should usually be evaluated separately. These projects will only be evaluated against other similar projects, allowing a fairer comparison of competing cost proposals from applicants. The current separation by public funding status likely acts as a proxy for developer type. The Commission should consider ways to adjust the overall cost limit by project type. The TDC limit could be lowered among for-profit dominated categories to better reward efficient projects, acknowledging the concerns we heard from for-profit developers that the current limit is easy for them to score well below. Vice versa the TDC limit could be increased for CBO and non-profit projects allowing them to properly fund community centered projects.

This would require a decision on what percentage of limited tax credits (and bond cap) is available for each developer type category. We are not recommending a specific split at this time, but we continue to argue that the value of equitable community-based development is worth the cost and should be prioritized. However, we again acknowledge the role efficient, for-profit led projects play and should continue to play in however the Commission chooses to allocate tax credits.

### Introduce a “boost” that acknowledges costs of public benefits

The California HFA previously introduced WSHFC to the strategy of implementing “boosts” to the TDC limit. These allow additional cap room on the per-unit cost for projects inclusive of certain features. Currently WSHFC has “boosts” for including known cost drivers such as structured parking, prevailing wage requirements, and certain building sustainability practices.

Our findings confirm that projects/developers partnering with CBOs, centering equity in housing design, and building housing where it is most needed increases per-unit costs of LIHTC projects. The Commission could consider identifying a boost that recognizes the increased costs and public benefit of these types of projects. This boost could also take the form like those of other states of being applicable for projects in qualified census tracks or other difficult to develop areas or parcels. These are typically (but not always) associated with projects targeting disadvantaged communities. A TDC limit boost would increase financial feasibility and attractiveness of CBO partnerships and enable CBOs to take greater stake in these partnerships. A TDC limit boost for CBOs and nonprofits would magnify the public benefits these organizations provide to Washington by acting as a funding arm for many of the “By and For” initiatives evident in the 2022 bond round scoring system. At the same time, it maintains the accountability of reasonable cost containment and continues to incentivize projects that are below the TDC limit. The consolidated point system in the 2022 bond round amplifies the value of each point because there are fewer ways to score points.

Any boost like this must ensure the higher cost limits primarily enable CBOs to provide greater public benefits without providing excess profit to non-CBO project partnership members. The Commission should require the applicant to meet certain qualifications as seen in the 2022 bond program point system (such as the CBO partnership and ownership incentives) to receive the TDC limit CBO partnership boost to maintain accountability. A TDC limit boost could include a sliding scale of the boost based on if the CBO is a majority vs minority owner of the development partnership to incentivize greater participation. In stakeholder interviews, our team observed that as CBOs can increase their stake in a project, their amplified voice leads to greater agency which is focused on social benefit.

*Benefits*

***TDC limits better reflect the actual costs of meeting equity goals of "By and For" initiatives and compare the costs of like projects***: Initial round of "By and For" initiatives in the 2022 bond round scoring incentivized these partnerships and public benefits but does not acknowledge the higher costs these partnerships will likely bring. TDC limit boost can put financial capacity behind those goals.

***Increased access for and investment in CBO lead projects***: CBO's will have increased ability to fund the community outreach and design that meets the needs of their communities. Will facilitate more CBO partnerships and long-term capacity building of these types of organizations.

*Risks*

***Increases per-unit costs***: Most applicants will take advantage of the "boost" to increase per-unit costs.

***Reduces overall statewide unit production total***: There are limited tax credits and bonding available. Increase in per-unit costs will mean less projects funded, and fewer units built.

***Further discourages participation of for-profit developers in LIHTC program***: There is already a sense among for-profit developers that WA LIHTC program is biased toward non-profit providers. This change may further strengthen this narrative and may lead some for-profit developers to leave the LIHTC market. This may have unintended consequences of reducing competition and further increasing prices.

***Political Risk***: Maintaining general structure of the cost-containment program while furthering flexibility and tools in meeting cost limits may be politically risky. State legislature may question why costs of program go up while production goes down. Some for-profit developers may leave the market leading to less competition. Potential further loss in market share by for-profit developers could be unpopular, and these actors have political influence with some in state legislature.

## Recommendation 2: Expand and Improve Goals of the CBO and Community Engagement Points

### Challenge: Many historically disadvantaged communities still face barriers to market access and disproportionate rates of housing insecurity.

Despite the success of some CBOs in developing affordable housing in Washington state many market barriers persist. This is especially true for communities already disproportionately experiencing housing instability, including Black, Indigenous, Latino, and other communities of color. Mitigating barriers for these communities to build equitable and accessible housing can provide significant public benefits for communities who have historically been excluded from the housing market.

The Commission should explore strategies to increase market access for developers building affordable housing "by and for" marginalized communities. While too early to fully evaluate, the new incentives in the bond program scoring system on CBO partnership and community engagement show promises of success. Our team recommends the Commission build on its work in the 4% bond program, and consider the following strategies:

### Expand bond program CBO incentives to 9% tax credit program

Currently, the 9% tax credit program allocates points for non-profit developers but does not specify any incentives for CBOs or BIPOC developer involvement. Our team believes the Commission should build upon its stated goal of incentivizing development by and for historically disadvantaged communities and expand its 4% bond round point allocation for CBO and BIPOC-led partnerships to its 9% tax credit program.

### Update BIPOC ownership metrics

We heard concerns from a few stakeholders that some developers may be responding to Commission point incentives without embodying the equity intention behind them. Specifically, some questioned if a majority BIPOC board is a strong enough indicator that an organization is BIPOC-led. While we believe there is merit to board representation, we recommend the Commission explore additional metrics for organization racial equity.

### Clarify CBO definition

Like concerns of BIPOC representation, we heard concerns regarding which organizations should qualify as CBOs, as well as concerns that some partnerships may include CBOs in name only. Providing clarity and guidance for the intention behind CBO inclusion may help developers engage with CBOs intentionally and equitably. In addition, the Commission could consider creating a community engagement liaison or team to provide guidance and oversight to these partnerships.

*Benefits*

***More equitable housing market****:* Our qualitative analysis revealed that projects built by and for marginalized communities can have more equitable outcomes in community engagement, lease-up and tenant retention. Despite reforms at the city and county levels to address inequity in mainstream housing systems, many communities continue to face systemic discrimination in accessing affordable housing.

***Onsite public benefits****:* Many projects built by CBOs have additional public benefits that meet specific community needs.

*Risks*

***Performative partnerships****:* As previously noted, some stakeholders expressed concern that racial equity incentives could lead to performative partnerships, even under clarified guidelines. The Commission should take steps to ensure racial equity measures are taken in good faith and allocate points accordingly.

***Increased costs****:* We found projects developed by or in partnership with CBOs tended to have higher costs due to a variety of reasons. While we believe these tradeoffs are in service of more equitable public benefits, they will likely lead to a decrease in unit production, even if only in the short term. This is a risk that the Commission should carefully consider and be prepared to defend to its stakeholders.

## 5.4 Opportunities for Future Research

During this analysis, our team noted a few themes that fell outside the scope of our analysis but may impact the Commission's work in this area. Our team believes the Commission should consider the following areas of future research: CBO capacity building, certain sustainable building initiatives, and coordination with other funding sources such as Housing Trust Fund.

### Facilitate CBO capacity building

As noted by our qualitative analysis in Section 4.5, CBOs often face barriers to the affordable housing market including smaller balance sheets, less experience with housing development, and less experience with government contracting and funding. These challenges can influence overall costs, as well as financing and investor risk. Interviewees consistently emphasized the importance of mentorship, connections, and technical assistance in mitigating these barriers.

While it is outside the scope of this analysis to provide concrete recommendations addressing this challenge, our team believes the Commission should explore strategies to close the capacity and cost efficiency gap between for-profit, nonprofit, and CBO projects. We believe the Commission should encourage technical assistance, mentorship, and capacity building aspects of

CBO partnerships, while mitigating transaction costs incurred by their for-profit and nonprofit partners.

Expansion of CBO capacity may lead to several market benefits. First, expanding access to CBOs could provide historically disadvantaged communities an opportunity to access wealth via housing development markets. As CBOs gain experience and capacity, they may also be able to lower their overall costs. Additionally, as more developers can enter the market, increased competition may drive innovation while keeping costs contained. Finally, CBOs we spoke with expressed that they were eager to share the experience they had gained with other CBOs interested in development work. This suggests that building development capacity for CBOs could have a ripple effect, creating additional mentorship opportunities and connections in the community.

However, there may be risks involved with a program of this nature, and the Commission should carefully weigh the following when considering next steps. First, providing mentorship and technical assistance may create additional work for more senior development partners, for which there is currently no compensation. Second, there is a risk that developers may include CBOs in development proposals to achieve CBO involvement points without respecting them as equal partners. To establish equitable and positive partnership practices, the Commission will need to develop mechanisms to mitigate power differentials between larger developers and CBOs. Finally, some developers may not agree with the Commission's decision to prioritize CBO involvement via point incentives; specifically, some for-profit developers expressed frustration towards a felt sense of preference for publicly funded applicants. However, while some for-profit developers may eventually leave the affordable housing market, others will likely continue to seek out partnerships with CBOs.

### *Funder Coordination*

We heard some interesting concerns around the lack of coordination by the growing state Housing Trust Fund managed by the state commerce department with other public funders, especially how their funding process may act to circumvent some of the Commission's cost containment policies. The Commission should consider further research into how to better coordinate funding decisions and streamline processes for projects seeking both Trust Fund and tax credit funding.

# Appendix

## Figure 1: 9% Tax Credit Allocation Criteria

| Summary of Allocation Criteria | King County Points | Metro County Points | Non-Metro County Points |
|---|---|---|---|
| Additional Low-Income Set-Aside | 50-60 | 50-60 | 50-60 |
| Additional Low-Income Housing Use Period | 2-44 | 2-44 | 2-44 |
| Serving Special Needs Populations: | | | |
| 75% Homeless | 35 | | |
| 50% Homeless | | | 35 |
| 25% Homeless | | 25 | |
| 75% Farmworker | | 35 | 35 |
| Up to two of the following: | | | |
| 20% Farmworker | 10 | 10 | 10 |
| 20% Large Households | 10 | 10 | 10 |
| 20% Disabled | 10 | 10 | 10 |
| 20% Homeless | 10 | 10 | 10 |
| 100% Elderly | 10 | 10 | 10 |
| Funding: | | | |
| Leverage | 2-10 | 2-10 | 2-10 |
| Public Funding | 2 | 2 | 2 |
| Development Costs: | | | |
| Cost Containment Incentive | | | |
| TDC Limit | 1-6 | 1-6 | 1-6 |
| Median Square Footage | 2 | 2 | 2 |
| Developer Fees | 2-10 | 2-10 | 2-10 |
| Targeted Areas: | | | |
| Eligible Tribal Area | 6 | 5 | 10 |
| Location Efficient Projects | 2 | 2 | 2 |
| Area Targeted by a Local Jurisdiction | 2 | 2 | - |
| Community Revitalization Plan | 1 | 1 | - |
| Transit Oriented Development | 1 | - | - |
| Job Centers | - | 1 | 1 |
| High/Very High Opportunity Areas | 1 | - | - |
| At-Risk of Loss or Market Conversion (Rehab only) | 4/6 | 4/6 | 4/6 |
| Historic Property (New Production Only) | 5 | 5 | 5 |
| Nonprofit Sponsor | 5 | 5 | 5 |
| Donation in Support of Local Housing Needs | 5 | 5 | 5 |
| Eventual Tenant Ownership | 2 | 2 | 2 |
| Energy Modeling Option | 2 | 2 | 2 |

## Figure 2: Summary of Bond/Tax Credit Program Scoring (4% Tax Credit Allocation Criteria)

| Category | Points |
|---|---|
| **4.1 Cost Efficient Development** | |
| ≥ 2.5% of the limits | 1 |
| ≥ 5% of the limits | 2 |
| ≥ 7.5% of the limits | 3 |
| ≥ 10% of the limits | 4 |
| ≥ 12.5% of the limits | 5 |
| ≥ 15% of the limits | 6 |
| ≥ 17.5% of the limits | 7 |
| ≥ 20% of the limits | 8 |
| ≥ 22.5% of the limits | 9 |
| ≥ 25% of the limits | 10 |
| **4.2 Additional Low-Income Set-Asides (King/Snohomish Counties Only)** | |
| 70% at 60% AMI & 30% at 50% AMI | 2 |
| 50% at 60% AMI & 50% at 50% AMI | 4 |
| 30% at 60% AMI & 70% at 50% AMI | 6 |
| **4.3 Serving Priority Populations** | |
| 20% for Large Households | 2 |
| 100% of the units for Older Adults | 2 |
| **4.4 Ownership Entity is more than 50% BIPOC owned or controlled [8 POINTS TOTAL POSSIBLE]** | |
| **Sole Entity Sponsors only** | |
| For Profit: more than 50% BIPOC owned | **8** |
| Nonprofit: more than 50% BIPOC board | 5 |
| Nonprofit: BIPOC Executive Director | 3 |
| **Partnerships only** | |
| BIPOC entity has MORE than 50% ownership in the GP | 8 |
| BIPOC entity has LESS than 50% ownership in the GP, BIPOC entity receives more than 40% of the developer fee and significant development decision making power. | 6 |
| **4.5.1 Development will be owned long term by a CBO [8 POINTS TOTAL POSSIBLE]** | |
| CBO is Majority Owner or Sole Sponsor | 8 |
| CBO is Minority Owner in Development Entity—Partnership Agreement Elements: | |
| The CBO has first right to exercise option to purchase at Year 15 | 4 |
| The CBO is first in the waterfall for deferred developer fee | 2 |
| The partnership has explicit terms in Operating Agreement documenting roles and finances, such as cash flow, decision-making, and management fees | 2 |
| **4.5.2 Development entity includes or partners with a CBO that has a history of supporting the community [5 POINTS TOTAL POSSIBLE]** | |
| **EITHER:** The Sponsor or an entity within the General Partnership qualifies as a CBO | 5 |
| **OR:** Sponsor partners with a CBO, with points possible when: | |
| CBO benefits financially from the partnership (as determined by the CBO) (e.g. nonprofit donation goes to the CBO, CBO pays below-market rent, etc.) | 3 |
| Sponsor partners with a CBO that brings value to the tenants and/or provides services to the tenants of the proposed development (as determined by the tenants) | 1 |
| CBO benefits from the partnership in capacity building or other non-financial way (as determined by the CBO) | 1 |

## Figure 2 Continued: 4% Tax Credit Allocation Criteria

### Summary of Bond/Tax Credit Program Scoring

**Green for New Production Only; Yellow for Preservation Only**

| Category | Points |
|---|---|
| **4.5.3 Development entity engages in a meaningful community participation process [5 POINTS TOTAL POSSIBLE]** | |
| **EITHER**: Sponsor provides budgeted community engagement resources to partner CBO who conducts the community engagement process | 2 |
| **OR**: Sponsor conducts a community engagement process using one of the toolkits provided by the Commission **OR**: Sponsor provides documentation of a community engagement process that meets or exceeds the standards of the approved toolkits (pre-approval by the Commission is necessary) | 1 |
| Demonstrate that results of community input are implemented in the development | 2 |
| Service provider partnership results from community input | 1 |
| **4.6 Donation in Support of Local Housing Needs** (0.10% of the total bond issue) | 2 |
| **4.7 Property Type** | |
| Historic | 1 |
| Adaptive Reuse | 1 |
| Brownfield | 3 |
| **4.8-9 Sustainability Measures** | |
| Solar Options (0.28 kWh/SF/Year or greater) | 3 |
| Energy Efficient Building | 5 |
| Electric Vehicle Charging Stations | 2 |
| Solar Option (0.42 kWh/SF/Year or greater) | 3 |
| Heat Pump | 5 |
| Balanced Ventilation with Wildfire Smoke Filters | 5 |
| Electric Vehicle Charging Stations | 1 |
| **4.10 Combination 9%/Bond 4% Property** | 5 |
| **4.11 Rehab off Major Systems** (up to 3 major systems to total 30 points) | 10 |
| **4.12 Broadband Installation** | 1 |
| **4.13 Pipeline transition** (2022 round only): Application for project was submitted in 2021, met readiness criteria, and received at least 70 points | 5 |

Figure 3: Semi-structured interview questions

**Introduction**

We are part of the Evans school serving in a consulting capacity for the Washington Housing and Finance Commission to look at cost efficiency and their application process. We had some questions regarding your experience at your organization and how you have used the LIHTC market. Something vague but also helps them ground themselves in the conversation but also reference that their responses will be kept anonymous.

1. What role does your organization play in the LIHTC market?

**Cost-efficiency/Cost-drivers**

2. How does your organization define and address cost-efficiency/cost-containment in the context of affordable housing?
3. How does the structure of the Washington State Housing Finance Commission Qualified Action Plan (QAP)/ scoring system influence what kinds of housing/amenities are built?
4. What are the largest cost drivers for your organization when building housing using LIHTC?

**Public Benefits**

5. How do you prioritize different kinds of public benefits (environmental, amenities, location, transit-oriented development, etc.) included in LIHTC projects?
6. How does your organization solicit and respond to feedback from residents or other community-based housing organizations?

**Equitable Access**

7. What, if any, are barriers to participating in the LIHTC program?
8. What question should we have asked but did not?

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# WASHINGTON STATE
# HOUSING FINANCE COMMISSION
# MINUTES

## May 23, 2022

The Commission meeting was called to order by Chair Bill Rumpf at 9:00 a.m. in the Baker Room at 804 10th Street, Bellingham, Washington 98225 and via Zoom and conference call. Those Commissioners present were Nicole Bascomb, Pedro Espinoza, Diane Klontz, Lowel Krueger, Ken Larsen, Wendy Lawrence, Mike Pellicciotti and Alishia Topper.

**Approval of the Minutes**

The minutes of the April 28, 2022 special meeting were approved as distributed.

**Commission Briefing on Evergreen Ridge Apartments, OID # 22-46A**

Lisa Vatske, Director of the Multifamily Housing and Community Facilities Division, briefed the Commissioners on the Evergreen Ridge Apartments, OID #22-46A and said the Commission is considering the issuance of tax-exempt revenue bonds to finance the acquisition and rehabilitation of an existing facility that has approximately 145 units, located at 3451 Woburn Street, Bellingham, WA 98226, to be owned by Mercy Housing Northwest, a Washington nonprofit 501(c)(3) corporation. The total estimated bond amount is not expected to exceed $2,520,000. Ms. Vatske stated she is briefing the Commission now due to it having a bond resolution scheduled for the June Commission Meeting. The TEFRA public hearing will be held on May 26, 2022.

**Action Item: Resolution No. 22-30, Grand Street Commons, OID # 20-95A**

This item was pulled from the agenda.

**Action Item: Resolution No. 22-31, Watershed Renton, OID # 20-94A**

Ms. Vatske said this is a resolution approving the issuance of one or more series of tax-exempt and/or taxable notes to finance a portion of the costs for the acquisition, construction and equipping of a 145-unit multifamily housing facility located at 615 and 617 Williams Avenue S., Renton, WA 98055, to be owned by

GMD Renton LLLP, a Washington limited liability limited partnership. Proceeds of the notes may also be used to pay all or a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed $48,000,000. The public hearing was held January 27, 2022.

Mr. Krueger moved to approve the resolution. Mr. Larsen seconded the motion. The resolution was unanimously approved with one abstention from Ms. Bascomb due to a conflict of interest because her employer is the bond trustee.

**The business meeting was adjourned at 9:11 a.m. on May 23, 2022 for a Budget and Planning Session, then reconvened on May 24, 2022 at 11:55 a.m. to continue the business meeting.**

**Action Item: Revolve Home Advantage Downpayment Assistance Repayments**

Lisa DeBrock, Director of Homeownership Division stated that the Commission's Downpayment Assistance (DPA) programs were originally funded with Program Related Investments. When the Commission started the Home Advantage program, the DPA loans in that program were funded with the "premium" on the Home Advantage loans. As the Commission began receiving Home Advantage DPA repayments, it deposited those amounts into PRI. Today, there is currently $131 million held at the Commission within the PRI representing Home Advantage DPA loan repayments.

On December 14, 2017, in response to the success of the Home Advantage Program and recognizing that the Commission was beginning to see repayments of Home Advantage DPA loans, the Commission approved the reinvestment of 1% of Home Advantage DPA repayments to help reduce the interest rates offered in the Home Advantage program.

The market has now changed and the Commission is no longer able to generate the premium needed to fully fund the Home Advantage DPA loans. In response to the market changes, staff is now asking for approval to revolve Home Advantage DPA repayments above that 1% threshold. The repayments would be used to fund all or a portion of the Home Advantage DPA loans by buying down the premium on the Home Advantage loans.

However, because much of the $131 million within PRI representing Home Advantage DPA repayments will be needed to provide the Commission with the liquidity reserves required to establish itself as a seller-servicer, staff proposes that the balance of Home Advantage DPA repayments in the PRI not be permitted to fall below $80 million.

Ms. Topper moved to approve the request to authorize the Executive Director to reallocate Home Advantage DPA repayments in excess of $80 million to revolving Commission Down Payment Assistance Programs. Mr. Kreuger seconded the motion. The request was unanimously approved.

**Adjournment** The meeting was adjourned at 12:01 p.m.

**Signature** ______________________________

**NOTICE OF PUBLIC HEARING**

Notice is hereby given that the Washington State Housing Finance Commission (the "Commission") will hold a **Public Hearing** in the **28th Floor Board Room**, located at **1000 Second Avenue, Seattle, WA98104-3601**, at 1:00 p.m., Thursday, June 23, 2022, or as soon thereafter as practicable, for the purpose of receiving public comment regarding the issuance of single-family mortgage revenue bonds.

Pursuant to RCW 42.30.030(2), which encourage public agencies to provide for public access to meetings, this meeting can also be viewed via Zoom or joined telephonically.

**To join virtually, please go to [www.zoom.us](http://www.zoom.us), go to "Join a Meeting," and enter: Webinar/Meeting ID: 873 2198 3671 Passcode: 130205**

**Participants who wish to participate telephonically in the United States, please dial either toll free number: 1-(888) 788-0099 or 1-(877) 853-5247.**

Please note that the line will be muted except during the public hearing and public comment portions of the meeting.

The Commission intends to issue its Single-Family Program Bonds, Single Family Special Program Bonds and Homeownership Program Bonds, in one or more series, in a total amount not to exceed $250,000,000 (together, the "Bonds"). The Bonds will be used to finance the acquisition of eligible single-family residences throughout the state. Mortgage loans will be originated by lending institutions under standard FHA, VA, USDA, Freddie Mac, and Fannie Mae guidelines, and sold to a master servicer. The master servicer will pool the mortgage loans and sell Ginnie Mae, Fannie Mae or Freddie Mac mortgage-backed securities, including Uniform Mortgage-Backed Securities, secured by such loans to the Commission's bond trustee. Proceeds of the Bonds may also, in limited cases, be used to make loans for downpayment and closing cost assistance. The issuance of the Bonds and any remarketing or refunding thereof are pursuant to a plan of financing of the Commission.

The mortgage loans must meet the requirements of the originating lenders as well as Section 143 of the Internal Revenue Code of 1986, as amended ("Code"). Borrowers must be first-time homebuyers (unless the property is located in targeted areas as defined by the Code) and are subject to maximum income limits. Properties are subject to maximum purchase prices and must be owner occupied.

The public is invited to attend and make written or oral statements including objections, if any, concerning the proposed Bonds. Written comments may be mailed to the attention of Lisa DeBrock, 1000 Second Avenue, Suite 2700, Seattle, WA 98104-3601 or faxed to (206) 587-5113, for receipt no later than 5 p.m. on Wednesday, June 22, 2022. Anyone requiring an accommodation consistent with the Americans with Disabilities Act should contact Lisa DeBrock at least 48 hours in advance of the hearing. The results of the hearing will be sent to the Governor for approval. This notice is published pursuant to Section 147(f) of the Code.

Posted to www.wshfc.org on [6/6/2022].

NOTICE OF PUBLIC HEARING

The Washington State Housing Finance Commission (the "Commission") will hold an open public hearing with respect to a proposed plan of financing for the issuance by the Commission of one or more series of tax–exempt and/or taxable revenue obligations (the "Bonds") to finance a portion of the costs for the acquisition and rehabilitation of a multifamily housing facility in SeaTac, Washington, to be owned by SeaTac PR LLC, a Washington limited liability company. The Bonds may be issued as one or more series issued from time to time. The public hearing will be held starting at 1:00 p.m., Thursday, June 23, 2022, in the 28th Floor Board Room of the Commission's offices at 1000 2nd Avenue, Seattle, Washington 98104.

Pursuant to RCW 42.30.030(2) (effective June 9, 2022), which encourages public agencies to provide for remote public access to meetings, this meeting can also be viewed via Zoom or joined telephonically.

**To join virtually, please go to www.zoom.us, go to "Join a Meeting," and enter:**

**Webinar/Meeting ID: 873 2198 3671**
**Passcode: 130205**

**Participants who wish to participate toll-free telephonically in the United States, please dial either: 1-(888) 788-0099 or 1-(877) 853-5247.**

The Bonds will be issued pursuant to Chapter 43.180 Revised Code of Washington for the purpose of financing a qualified residential rental facility under Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code").

The proceeds of the Bonds will be used to provide financing for the following project:

| | |
|---|---|
| Project: | Pine Ridge Apartments |
| Project Address: | 3725 South 180th Street<br>SeaTac, WA 98188 |
| Total Estimated Project Cost: | $25,242,350 |
| Estimated Maximum Bond Amount: | $20,000,000 (a portion of which may be taxable) |

Proceeds of the Bonds will be used to provide a portion of the financing for the acquisition, rehabilitation and equipping of a 105-unit multifamily housing facility in SeaTac, Washington, and to pay all or a portion of the costs of issuing the Bonds. Each apartment will be a complete and separate dwelling unit consisting of living, eating and sanitation facilities. A percentage of the total units will be set aside for persons or households with low incomes.

This notice is intended to comply with the public notice requirements of Section 147(f) of the Code. Written comments with respect to the proposed Project and the proposed Bonds may be mailed or faxed to the attention of Jason Hennigan, WSHFC, MHCF Division, 1000 Second Avenue, Suite 2700, Seattle, WA 98104-3601 or to (206) 587-5113, for receipt no later than 5 p.m. on Wednesday, June 22, 2022. Public testimony will be heard from all interested members of the public attending the hearing. The Commission will consider the public testimony and written comments in determining if the project will receive funding from tax–exempt and/or taxable obligations. Testimony and written comments regarding land use, zoning and environmental regulation should be directed to the local jurisdiction that is authorized to consider these matters when issuing building permits for the project.

Anyone requiring an accommodation consistent with the Americans with Disabilities Act should contact the MHCF division at 206-464-7139 or 1-800-767-HOME (in state) at least 48 hours in advance of the hearing.

The results of the hearing will be sent to the Governor for approval.

# Multifamily Housing Program

| | |
|---|---|
| **Project Name** | Pine Ridge Apartments |
| **Developer** | DH&G LLC |
| **Description** | Acquisition and rehabilitation of an existing 105-unit apartment community located in SeaTac. Residents consist primarily of African, Hispanic, and Afghan immigrant refugees working in SeaTac. Renovations will include roof replacement, elevator replacement, new siding, plumbing and sewer replacement, upgraded landscaping, upgraded lighting, new flooring, appliances, countertops, cabinets, moisture sensing fans in all bathrooms, wildfire air quality control systems, solar energy installation, broadband internet access, and ductless heat pumps. |
| **Location** | 3725 South 180th Street<br>SeaTac, WA 98188 |
| **Project Type** | Acquisition/Rehabilitation |

**Units**

| | |
|---|---|
| Studio | 5 |
| One Bedroom | 52 |
| Two Bedroom | 37 |
| Three Bedroom | 11 |
| **Total** | **105** |

| | |
|---|---|
| **Housing Tax Credits** | Yes |
| **Income Set-Aside** | 70% at 50% AMI, 30% @ 60% AMI |
| **Regulatory Agreement Term** | Minimum 40 years |

**Evaluation Plan Scoring**

| | |
|---|---|
| Cost Efficient Development | 10 |
| Additional Low-Income Housing Commitment | 6 |
| Overcoming Historic & Systemic Barriers | 6 |
| CBO Ownership | 8 |
| CBO Inclusion | 5 |
| Community Engagement | 2 |
| Application of Community Engagement | 3 |
| Donation in Support of Local Nonprofit Programs | 2 |
| Energy Efficiency Rehab | 14 |
| Rehab of Major Systems | 30 |
| Installation of Broadband | 1 |
| Pipeline Transition | 5 |
| **Total Points** | **92** |

| | |
|---|---|
| **Estimated Tax-Exempt Note Amount (Not to exceed)** | $20,000,000 |
| **Note Structure** | Private Placement |
| **Lender** | Banner Bank |

**Development Budget**

| | |
|---|---|
| Acquisition Costs | $15,030,000 |
| Construction | $5,225,250 |
| Soft Costs | $3,394,812 |
| Financing Costs | $1,120,288 |
| Capitalized Reserves | $320,000 |
| Other Development Costs | $152,000 |
| **Total Development Costs** | **$25,242,350** |

**Permanent Sources**

| | |
|---|---|
| Permanent Mortgage | $14,000,000 |
| Net Operating Income during rehab | $477,444 |
| Deferred Developer Fee | $1,709,965 |
| Renewable Energy Tax Credit Equity | $18,720 |
| Tax Credit Equity at $0.90 per credit x 10 years | $9,036,221 |
| **Total Permanent Sources** | **$25,242,350** |

**Total Development Cost Limit**

| | |
|---|---|
| Project's Total Development Cost Limit | $40,507,589 |
| Total Development Cost (minus land and reserves) | $23,472,350 |
| Waiver | Not required |

**Project Operations**

| *Unit Size* | *Market Rents* | *Proposed Rent Range* |
|---|---|---|
| *Studio* | *$1,175* | *$955- $1,158* |
| One Bedroom | $1,550 | $1,028- $1,245 |
| Two Bedroom | $ 1,700 | $1,229- $1,490 |
| Three Bedroom | $ 2,250 | $1,414- $1,715 |

| | |
|---|---|
| **Action** | Public Hearing for OID# 21-40A |
| **Anticipated Closing Date** | August 2022 |

The Washington State
HOUSING FINANCE COMMISSION

**NOTICE OF PUBLIC HEARING**

The Washington State Housing Finance Commission (the "Commission") will hold an open public hearing on Thursday, June 23, 2022, at 1:00 p.m., in the 28th Floor Board Room of the Commission's offices at 1000 2nd Avenue, Seattle, Washington 98104 for the purpose of considering the allocation by the Commission of federal low-income housing tax credits (the "Credits") to sponsor multifamily residential projects. The projects to be considered for an allocation of Credits are:

| TC# | Project Name | City | County | Credit Amount |
|---|---|---|---|---|
| 22-01 | Fruitvale Housing | Yakima | Yakima | $1,333,411 |
| 22-10 | Good Shepherd Housing | Seattle | King | $2,163,829 |
| 22-16 | Laurel Manor | Vancouver | Clark | $2,163,816 |

Pursuant to RCW 42.30.030(2), which encourages public agencies to provide for public access to meetings, this meeting can also be viewed via Zoom or joined telephonically.

**To join virtually, please go to www.zoom.us, go to "Join a Meeting," and enter:**

**Webinar/Meeting ID: 873 2198 3671**
**Passcode: 130205**

**Participants who wish to participate toll-free telephonically in the United States, please dial either: 1-(888) 788-0099 or 1-(877) 853-5247.**

Anyone requiring an accommodation consistent with the Americans with Disabilities Act should contact the Multifamily Housing and Community Facilities Division at 206.464.7139 or 1.800.767.HOME (in state) at least *48 hours* in advance of the hearing.

The Credits will be allocated pursuant to the authority of the Commission under Chapter 43. 180 RCW as amended, Executive Order 94-05, dated April 2, 1994, and the Internal Revenue Code of 1986, as amended. As a condition of receiving an allocation of tax credits and under a competitive process, the developers commit to serving very low and extremely low income and special needs populations for up to 40 years.

Written comments with respect to the proposed projects and allocation of Credits may be emailed to lisa.vatske@wshfc.org, mailed or faxed to the Washington State Housing Finance Commission (Attention: Lisa Vatske, MHCF Division Director, 1000 Second Avenue, Suite 2700, Seattle, Washington, 98104-3601; fax number 206.587.5113) for receipt no later than *5:00 p.m.* on *June 22, 2022*. The public testimony will be heard from all interested members of the public attending the hearing. The Commission will consider the public testimony and written comments in determining if the projects will receive Credits; however, the Commission will not consider testimony and written comments regarding land use, zoning, and environmental regulation, which should be directed to the local jurisdictions that are authorized to consider these matters when issuing building permits for the project.

# 9% Competitive Housing Tax Credit Program

| | |
|---|---|
| **Project Name** | Fruitvale Housing |
| **Sponsor** | Housing Authority of the City of Yakima |
| **Description** | Fruitvale Housing is planned to be a single, new construction, four-story building, located on Fruitvale Boulevard in Yakima. The new development will create 54 units, 27 of them supportive housing for homeless individuals. The 54 units will consist of 23 studios, 23 1-bedroom flats and eight (8) 2-bedroom flats, located adjacent to YHA's multifamily housing development, Nueva Primavera. |
| **Location** | TBD Fruitvale Blvd.<br>Yakima, WA 98902 |
| **Credit Pool** | Non-Metro |
| **Project Type** | New Construction without Federal Subsidies |

**Low-Income Housing Units**

| | |
|---|---|
| Studio | 23 |
| One Bedroom | 23 |
| Two Bedroom | 8 |
| **Total** | **54** |

**Income Set-Asides**

50% of units at 30% AMI
10% of units at 40% AMI

**Scoring**

| | |
|---|---|
| Additional Low-Income Housing Set-Aside | 60 |
| Additional Low-Income Use Period (22 Years) | 44 |
| Housing Commitments for Priority Populations | 35 |
| Leveraging | 10 |
| Public Funding | 2 |
| Project-Based Rental Assistance (PBRA) | 3 |
| Developer Fees | 10 |
| Location Efficient Project | 2 |
| Located near a Job Center | 1 |
| Nonprofit Sponsor | 5 |
| Donation in Support of Local Housing Needs | 5 |
| Energy Consumption Model | 2 |
| Cost Containment Incentive | 6 |
| **Total Points** | **185** |

**Credit Request** **$1,333,411**

| **Development Budget** | |
|---|---|
| Acquisition Costs | $276,689 |
| Construction | $12,582,391 |
| Soft Costs | $2,259,934 |
| Financing Costs | $715,249 |
| Capitalized Reserves | $183,316 |
| Other Development Costs | $601,413 |
| **Total Development Costs** | **$16,618,992** |

| **Permanent Sources** | |
|---|---|
| WA State - HTF | $3,500,000 |
| City of Yakima - HOME | $300,000 |
| Dept of Ecology | $100,000 |
| Deferred dev fee | $131,000 |
| City of Yakima - CHIP | $720,634 |
| Tax Credit Equity at $0.8900 per credit x 10 years | $11,867,358 |
| **Total Sources** | **$16,618,992** |

| **Total Development Cost Limit** | |
|---|---|
| Project's Total Development Cost Limit | $18,259,900 |
| TDC less Land, Offsite Infrastructure, and Reserves | $16,144,276 |
| Waiver | Not required |

**Project Operations**

| *Unit Size* | *Market Rents* | *Proposed Rent Range* |
|---|---|---|
| Studio | $620 | $334-$558 |
| One Bedroom | $760 | $354-$684 |
| Two Bedroom | $1035 | $578-$896 |

# 9% Competitive Housing Tax Credit Program

| | |
|---|---|
| **Project Name** | Good Shepherd Housing |
| **Sponsor** | Low Income Housing Institute (LIHI) |
| **Description** | After serving individuals experiencing homelessness in the Tiny House Village hosted on the site for 5 years, the Lutheran Church of the Good Shepherd wanted to take the next step to utilize their excess land. Despite having been bombarded with proposals by private for-profit developers to buy their land and develop market rate housing, the Church has insisted on retaining Black ownership of their land in the Central Area and providing services to community members, combatting the tide of gentrification and displacement. 75% of units will be designated for homeless clients. |
| **Location** | 1415-1419 22nd Ave<br>Seattle, WA 98122 |
| **Credit Pool** | King County |
| **Project Type** | New Construction without Federal Subsidies |

**Low-Income Housing Units**

| | |
|---|---|
| Studio | 85 |
| **Total** | **85** |

**Income Set-Asides**

25% of units at 40% AMI
50% of units at 30% AMI

**Scoring**

| | |
|---|---|
| Additional Low-Income Housing Set-Aside | 60 |
| Additional Low-Income Use Period (22 Years) | 44 |
| Housing Commitments for Priority Populations | 35 |
| Leveraging | 10 |
| Public Funding | 2 |
| Project-Based Rental Assistance (PBRA) | 4 |
| Developer Fees | 10 |
| Location Efficient Project | 2 |
| Area Targeted by a Local Jurisdiction | 2 |
| Community Revitalization Plan | 1 |
| Transit Oriented Development | 1 |
| Located in a High/Very High Opportunity Area | 1 |

| | |
|---|---|
| Nonprofit Sponsor | 5 |
| Donation in Support of Local Housing Needs | 5 |
| Energy Consumption Model | 2 |
| Cost Containment Incentive | 6 |
| **Total Points** | **190** |

**Credit Request** **$2,163,829**

| **Development Budget** | |
|---|---|
| Acquisition Costs | $3,067,750 |
| Construction | $22,850,586 |
| Soft Costs | $2,858,002 |
| Financing Costs | $1,188,800 |
| Capitalized Reserves | $469,265 |
| Other Development Costs | $947,990 |
| **Total Development Costs** | **$31,382,395** |

| **Permanent Sources** | |
|---|---|
| City of Seattle | $8,347,145 |
| State of WA HTF | $1,878,023 |
| Philanthropic Donation (Wyncote Foundation) | $500,000 |
| Sponsor Loan | $750,000 |
| Tax Credit Equity at $0.9200 per credit x 10 years | $19,907,227 |
| **Total Sources** | **$31,382,395** |

| **Total Development Cost Limit** | |
|---|---|
| Project’s Total Development Cost Limit | $28,891,500 |
| TDC less Land, Offsite Infrastructure, and Reserves | $27,974,032 |
| Waiver | Not required |

**Project Operations**

| *Unit Size* | *Market Rents* | *Proposed Rent Range* |
|---|---|---|
| Studio | $1,450 | $610 - $1,049 |

# 9% Competitive Housing Tax Credit Program

**Project Name** Laurel Manor

**Sponsor** Columbia Non-Profit Housing

**Description** Laurel Manor will be a single, new construction, wood-framed, four-story building, located on NE Fourth Plain Boulevard in Vancouver. The new development will create 82 units, 41 of them for very low-income seniors and 41 units as supportive housing for homeless seniors. The project will consist of all 1-bedroom units.

**Location** Address TBD, Adjacent to 6600 NE Fourth Plain Blvd
Vancouver, WA 98661

**Credit Pool** Metro

**Project Type** New Construction without Federal Subsidies

| | |
|---|---|
| One Bedroom | 82 |
| **Total** | **82** |

**Income Set-Asides** 50% of units at 50% AMI
50% of units at 30% AMI

**Scoring**

| | |
|---|---|
| Additional Low-Income Housing Set-Aside | 60 |
| Additional Low-Income Use Period (22 Years) | 44 |
| Housing Commitments for Priority Populations | 20 |
| Leveraging | 10 |
| Public Funding | 2 |
| Project-Based Rental Assistance (PBRA) | 2 |
| Developer Fees | 10 |
| Location Efficient Project | 2 |
| Area Targeted by a Local Jurisdiction | 2 |
| Located near a Job Center | 1 |
| Nonprofit Sponsor | 5 |
| Donation in Support of Local Housing Needs | 5 |
| Cost Containment Incentive | 2 |
| **Total Points** | **165** |

| | |
|---|---|
| **Credit Request** | **$2,163,816** |

**Development Budget**

| | |
|---|---|
| Acquisition Costs | $855,843 |
| Construction | $22,972,697 |
| Soft Costs | $3,105,500 |
| Financing Costs | $1,607,695 |
| Capitalized Reserves | $258,135 |
| Other Development Costs | $850,000 |
| **Total Development Costs** | **$29,649,870** |

**Permanent Sources**

| | |
|---|---|
| Housing Trust Fund | $5,000,000 |
| VHA Loan | $2,300,000 |
| CNPH Equity | $10,000 |
| City of Vancouver Affordable Housing Fund | $2,000,000 |
| Tax Credit Equity at $0.9400 per credit x 10 years | $20,339,870 |
| **Total Sources** | **$29,649,870** |

**Total Development Cost Limit**

| | |
|---|---|
| Project's Total Development Cost Limit | $29,249,400 |
| TDC less Land, Offsite Infrastructure, and Reserves | $28,258,148 |
| Waiver | Not required |

**Project Operations**

| *Unit Size* | *Market Rents* | *Proposed Rent Range* |
|---|---|---|
| One Bedroom | $1,435 | $544-$863 |

**WASHINGTON STATE HOUSING FINANCE COMMISSION**
**RESOLUTION NO. 22-53**

**A RESOLUTION of the Washington State Housing Finance Commission authorizing the Executive Director to make reservations and/or allocations of 2022 federal low-income housing tax credits.**

WHEREAS, Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"), authorizes tax credits for the construction, acquisition or rehabilitation of residential rental projects meeting the requirements of the Code, including the set-aside of rental units for low-income tenants; and

WHEREAS, the Code authorizes the housing credit agency of a state to allocate the limited amount of federal low-income housing tax credits (the "Credit") available for projects within the state among such projects; and

WHEREAS, by Executive Order No. 94-05, the Governor of the State of Washington has designated the Washington State Housing Finance Commission (the "Commission") as the housing credit agency of Washington for the purposes of allocating Credit and has authorized the Commission to allocate such Credit in accordance with the terms and conditions of such Executive Order; and

WHEREAS, in order to provide decent, safe and affordable housing, the Commission is authorized pursuant to RCW 43.180.050(d) to participate fully in federal programs and to take such actions as are necessary and consistent with RCW 43.180.010 et seq. to secure to itself and the people of the State of Washington the benefits of those programs; and

WHEREAS, the Commission has approved a Qualified Allocation Plan (the "Allocation Plan") for the allocation of Credit, the Allocation Plan has been approved by the Governor in accordance with WAC 262-01-120; the Commission has approved rules (WAC 262-01-130) for the administration of the tax credit program (the "Rules"); and the Commission has issued policy statements advising the public about the Commission's current opinions, approaches, and likely courses of action in implementing the tax credit program (the "Policies"); and

WHEREAS, the Commission has received applications from developers of residential projects for consideration in the Commission's 2022 allocation program (the "Program"); and

WHEREAS, staff has reviewed the application(s) for the project(s) listed below in accordance with the Allocation Plan, the Rules and the Policies and has presented a recommendation to the Commission for the allocation of Credit to selected projects; and

NOW, THEREFORE, BE IT RESOLVED by the Washington State Housing Finance Commission as follows:

Section 1. The Commission authorizes the Executive Director to reserve and/or allocate 2022 Credit in the anticipated amount, to the project or projects listed below, subject to the conditions set forth below. The Commission authorizes the Executive Director to take such actions as are necessary to make such reservations and/or allocations in accordance with the Code, the Allocation Plan, the Rules, and the Policies, including the criteria contained in Chapter Five of the

Policies (Project Ranking Policies") and project feasibility and viability and other requirements as described in Chapters Two through Seven of the Policies.

Project(s):

| TC # | Project Name | City | County | Credit Amount |
|---|---|---|---|---|
| 22-01 | Fruitvale Housing | Yakima | Yakima | $1,333,411 |
| 22-10 | Good Shepherd Housing | Seattle | King | $2,163,829 |
| 22-16 | Laurel Manor | Vancouver | Clark | $2,163,816 |

Section 2. All actions previously taken by the Commission or its staff or agents in furtherance of the Program are hereby ratified and confirmed.

ADOPTED by the Washington State Housing Finance Commission at a special meeting duly noticed and called this 23rd day of June 2022.

WASHINGTON STATE
HOUSING FINANCE COMMISSION

By ______________________________
Chair

ATTEST:

______________________________
Secretary

APPROVED AS TO FORM:

______________________________
General Counsel

# WASHINGTON STATE HOUSING FINANCE COMMISSION
## 9% Housing Tax Credit Program
## 2022 Allocation List

**Final Allocation amounts may change if new Federal resources are made available.**

### King County Pool (November 2021 application round)

| | | | | | | | | | | % of Low-Income Housing Units | | | | Units for Priority Populations | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| TC# | Project Status | Project Name | Project Sponsor | City | County | Points | Credit/Unit | Credit Request | Total Low-Income Units | 30% AMI | 40% AMI | 50% AMI | 60% AMI | Farm workers | Large Households | Elderly | Persons with Disabilities | Homeless |
| 22-10 | Application | Good Shepherd Housing | Low Income Housing Institute (LIHI) | Seattle | King County | 190 | $ 25,760 | $ 2,163,829 | 84 | 50% | 25% | | 25% | 0 | 0 | 0 | 0 | 63 |
| 22-08 | Application | Horizon Housing at Totem Lake | Horizon Housing Alliance | Kirkland | King County | 189 | $ 26,576 | $ 1,063,040 | 40 | 50% | | 50% | | 0 | 0 | 0 | 0 | 30 |
| 22-20 | Approved 4/28/2022 | DESC Woodland | Downtown Emergency Service Center | Seattle | King County | 187 | $ 21,636 | $ 2,163,612 | 100 | 50% | | 50% | | 0 | 0 | 0 | 0 | 75 |
| 22-12 | Application | DESC Burien Supportive | Downtown Emergency Service Center | Burien | King County | 185 | $ 22,540 | $ 2,141,260 | 95 | 50% | | 50% | | 0 | 0 | 0 | 0 | 68 |
| 22-51 | credit exchange | Sacred Medicine House | Chief Seattle Club | Seattle | King County | 188 | 16,618 | 1,944,266 | 117 | 50% | | 50% | | | | | | 88 |
| | | | | | King County Credit Allocated: | | | $9,476,007 | 436 | | | | | 0 | 0 | 0 | 0 | 324 |
| | | | | | King County Credit Available: | | | $7,548,600 | | | | | | | | | | |
| | | | | | Balance: | | | ($1,927,407) | | | | | | | | | | |

### *King County Waiting List*

| TC# | Project Status | Project Name | Project Sponsor | City | County | Points | Credit/Unit | Credit Request | Total Low-Income Units | 30% AMI | 40% AMI | 50% AMI | 60% AMI | Farm workers | Large Households | Elderly | Persons with Disabilities | Homeless |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 22-07 | Application | Ballard PSH* | Plymouth Housing Group | Seattle | King County | 190 | $ 14,815 | $ 1,200,000 | 81 | 50% | | 50% | | 0 | 0 | 0 | 0 | 61 |
| 22-21 | Application | South Park Housing | Sea Mar Community Health Centers | Seattle | King County | 164 | $ 26,576 | $ 2,046,352 | 77 | 50% | | 50% | | 0 | 16 | 0 | 0 | 16 |
| 22-22 | Application | SeaMar Kent Housing | Sea Mar Community Health Centers | Kent | King County | 163 | $ 26,576 | $ 823,856 | 31 | 50% | | 50% | | 0 | 0 | 0 | 7 | 7 |
| | | | | | | | | | | | | | | | | | | |
| | | | | | King Waiting List Balance: | | | $ 4,070,208 | 189 | | | | | 0 | 16 | 0 | 7 | 84 |

### Metro Pool (November 2021 application round)

| | | | | | | | | | | % of Low-Income Housing Units | | | | Units for Priority Populations | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| TC# | Project Status | Project Name | Project Sponsor | City | County | Points | Credit/Unit | Credit Request | Total Low-Income Units | 30% AMI | 40% AMI | 50% AMI | 60% AMI | Farm workers | Large Households | Elderly | Persons with Disabilities | Homeless |
| **Preservation and Recapitalization Pool** | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | |
| | | | | | | | | $0 | 0 | | | | | 0 | 0 | 0 | 0 | 0 |

### *New Production*

| TC# | Project Status | Project Name | Project Sponsor | City | County | Points | Credit/Unit | Credit Request | Total Low-Income Units | 30% AMI | 40% AMI | 50% AMI | 60% AMI | Farm workers | Large Households | Elderly | Persons with Disabilities | Homeless |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 22-11 | Application | Edmonds Lutheran | Housing Hope | Edmonds | Snohomish | 170 | $ 27,852 | $ 1,448,295 | 52 | 50% | | 50% | | 0 | 0 | 0 | 0 | 26 |
| 22-16 | Application | Laurel Manor | Columbia Non-Profit Housing | Vancouver | Clark | 167 | $ 26,388 | $ 2,163,816 | 82 | 50% | | 50% | | 0 | 0 | 0 | 0 | 17 |
| 22-04 | Application | Highland Village Phase 2 | Community Frameworks | Airway Heights | Spokane | 164 | $ 28,621 | $ 1,402,427 | 49 | 50% | 10% | | 40% | 0 | 11 | 0 | 10 | 0 |
| 22-09 | Application | Laurel & Forest | Opportunity Council | Bellingham | Whatcom | 163 | $ 27,640 | $ 1,547,840 | 56 | 50% | | 50% | | 0 | 0 | 56 | 12 | 0 |
| 22-17 | Application | Shiloh Redevelopment | New Life Housing/Shiloh Baptist Church | Tacoma | Pierce | 161 | $ 26,576 | $ 1,594,560 | 60 | 50% | | 50% | | 0 | 0 | 0 | 12 | 12 |
| | | | | | | | | | | | | | | | | | | |
| | | | | | Total Metro Credit Allocated: | | | $8,156,938 | 299 | | | | | 0 | 11 | 56 | 34 | 55 |
| | | | | | Metro Credit Available: | | | $7,228,556 | | | | | | | | | | |
| | | | | | Metro Balance (Total): | | | ($928,382) | | | | | | | | | | |

### *Metro Wait List*

| | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | | | | | | |
| | | | | | Metro Waiting List Balance: | | | $0 | 0 | | | | | 0 | 0 | 0 | 0 | 0 |

## Non-Metro Pool (November 2021 application round)

| TC# | Project Status | Project Name | Project Sponsor | City | County | Points | Credit/Unit | Credit Request | Total Low-Income Units | % of Low-Income Housing Units: 30% AMI | 40% AMI | 50% AMI | 60% AMI | Units for Priority Populations: Farm workers | Large Households | Elderly | Persons with Disabilities | Homeless |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Preservation and Recapitalization Pool** | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | |
| | | | | | **Non-Metro Rehab Credit Allocated:** | | | **$0** | 0 | | | | | **0** | **0** | **0** | **0** | **0** |
| ***New Production*** | | | | | | | | | | | | | | | | | | |
| 22-23 | Application | Colville Family Haven | Catholic Housing Services of Eastern WA | Colville | Stevens | 187 | $ 26,021 | $1,821,481 | 70 | 50% | 10% | | 40% | | | | | 35 |
| 22-01 | Application | Fruitvale Housing | The Housing Authority of the City of Yakima | Yakima | Yakima | 185 | $ 24,693 | $1,333,411 | 54 | 50% | 10% | | 40% | | | | | 27 |
| 22-24 | Application | Martin Way Phase 2 | Low Income Housing Institute | Olympia | Thurston | 180 | $ 27,640 | $1,741,320 | 63 | 50% | | 50% | | | | | | 32 |
| 22-47 | credit exchanged | Warrior Ridge | Port Gamble S'Klallam Housing Authority | Kingston | Kitsap | 169 | $ 26,576 | $797,200 | 30 | 50% | 25% | | 25% | | | | | 15 |
| | | | | | **Non-Metro Credit Allocated:** | | | **$5,693,412** | **217** | | | | | **0** | **0** | **0** | **0** | **109** |
| | | | | | **Non-Metro Credit Available:** | | | **$2,942,486** | | | | | | | | | | |
| | | | | | **Non-Metro Balance:** | | | **($2,750,926)** | | | | | | | | | | |
| ***Non-Metro Wait List*** | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | |
| 22-06 | Application | The Cape at Interlake | MacDonald Ladd/Trillium Housing Services | Moses Lake | Grant | 178 | $ 26,041 | $1,536,440 | 59 | 10% | 50% | 40% | | 45 | | | | |
| 22-14 | Application | CCHS Grant County Preservation | Catholic Charities Housing Services | Scattered Site | Grant | 172 | $ 13,872 | $1,290,104 | 93 | 10% | 50% | 40% | | 70 | | | | |
| 22-18 | Application | Teanaway Court | HopeSource | Cle Elum | Kittitas | 171 | $ 28,206 | $1,353,874 | 48 | 50% | | 50% | | | | | | 24 |
| 22-13 | Application | Othello Permanent Farmworker Housing | Othello Housing Authority | Othello | Adams | 170 | $ 17,579 | $703,152 | 40 | 10% | 50% | 40% | | 30 | | | | |
| 22-19 | Application | Orchard II | Trillium Housing Services | Mattawa | Grant | 170 | $ 21,277 | $1,000,000 | 47 | 10% | 50% | 40% | | 36 | | | | |
| 22-15 | Application | Willow Grove | Kelso Housing Authority | Kelso | Cowlitz | 169 | $ 26,514 | $848,432 | 32 | 10% | 50% | 40% | | | | | | 16 |
| 22-05 | Application | Sunrise Village | Longview Housing Auth/HOSWWA | Longview | Cowlitz | 169 | $ 27,403 | $1,233,138 | 45 | 50% | 30% | | 40% | | | | | 23 |
| 22-25 | Application | Hilltop II | Trillium Housing Services | Wenatchee | Chelan | 166 | $ 26,966 | $1,537,054 | 57 | 10% | 50% | 40% | | | | | | 43 |
| | | | | | **Non-Metro Waiting List Balance:** | | | **$9,502,194** | **515** | | | | | **181** | **0** | **0** | **0** | **106** |

### Statewide Allocation Round Totals:

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Total Project Applications:** | **23** | **Total Credit Requested:** | **$36,898,759** | **1,656** | **181** | **27** | **56** | **41** | **678** |
| **Total Projects Above Line:** | **12** | **Total Credit Above Line:** | **$23,326,357** | **952** | **0** | **11** | **56** | **34** | **488** |
| **Application Success Percentage:** | **52%** | **Total Credit Available:** | **$16,572,577** | | | | | | |
| | | **Statewide FWD Commit:** | **($5,606,714)** | | | | | | |

**Final Allocation amounts may change if new Federal resources are made available.**

* Ballard PSH (TC 22-07) is being funded with other Public Funds.

# 9% Housing Tax Credit Program
## Credit Summary

| | | | Per Capita Rate | | Credit |
|---|---|---|---|---|---|
| **State Credit Authority** | | | | | |
| 2022 Per Capita Credit (IRS Notice Pending) | | 7,738,692 | 2.60000 | $ | 20,120,599 |
| | | | | $ | - |
| 2022 National Pool Credit (IRS Revenue Procedure 21-44) | | | | $ | - |
| **Total 2022 Credit Authority** | | | | **$** | **20,120,599** |
| | | | | | |
| **Total 2022 Credit Authority for Geographic Credit Pool Division** | | | | $ | 20,120,599 |
| | | | | | |
| Less 2021 Forward Commitment | Taken From Pools Below | | | $ | (3,548,023) |
| | | | | | |
| **King County** | | | | | |
| 35% of Total Credit Authority | | 35% | | $ | 7,042,210 |
| less 2021 KC fwd allocation of 2022 KC Credit | | | | $ | (1,437,876) |
| plus KC Returned Credit | | | | $ | 1,944,266 |
| Credit Allocated | | | | $ | (9,476,007) |
| **King County Balance** | | | | **$** | **(1,927,407)** |
| | | | | | |
| **Metro Credit** | | | | | |
| 37% of Total Credit Authority | | 37% | | $ | 7,444,622 |
| less 2021 Metro FWD allocation of 2022 Metro Credit | | | | $ | (216,065) |
| plus Metro Returned Credit | | | | | |
| Credit Allocated | | | | $ | (8,156,938) |
| **Metro Balance** | | | | **$** | **(928,382)** |
| | | | | | |
| **Non-Metro Credit** | | | | | |
| 28% of Total Credit Authority | | 28% | | $ | 5,633,768 |
| less 2021 NM FWD allocation of 2022 NM Credit | | | | $ | (1,894,082) |
| plus NM Returned Credit | Warrior Ridge 21-17 | | | $ | (797,200) |
| Credit Allocated | | | | $ | (5,693,412) |
| **Non-Metro Balance** | | | | **$** | **(2,750,926)** |
| | | | | | |
| **Metro Pool per County Limit** 35% of Pool Authority | | | | $ | 2,605,618 |
| **Non Metro Pool per County Limit** (35% of Pool Authority) | | | | $ | 1,971,819 |
| | | | | | |
| **Statewide Accounting of 2021 Credit** | | | | | |
| Total 2022 Credit Authority | | | | $ | 20,120,599 |
| 2021 Unused Credit | | | | $ | - |
| 2021 King County Forward Commitment | | | | $ | (1,437,876) |
| 2021 Metro Forward Commitment | | | | $ | (216,065) |
| 2021 Non-Metro Forward Commitment | | | | $ | (1,894,082) |
| Returned Credit from King County | | | | $ | 1,944,266 |
| Returned Credit from Metro Pool | | | | | |
| Returned Credit from Non-Metro Pool | | | | $ | (797,200) |
| Credit Allocated to King County | | | | $ | (9,476,007) |
| Credit Allocated to Metro | | | | $ | (8,156,938) |
| Credit Allocated to Non-Metro | | | | $ | (5,693,412) |
| **Balance of 2021 Credit** | | | | $ | (5,606,714) |
| % of credit authority forward committed | | | | | 27.87% |
| | | | | | |
| **Qualified Nonprofit Allocations** | | | | | |
| Total 2021 Credit Authority for Geographic Credit Pool Division | | | | $ | 20,120,599 |
| 2021 Unused Credit | | | | $ | - |
| Returned Credit from King County | | | | $ | 1,944,266 |
| Returned Credit from Metro Pool | | | | | |
| Returned Credit from Non-Metro Pool | | | | $ | (797,200) |
| Total 2021 Credit Authority for QNP Requirement | | | | $ | 21,267,665 |
| Credit Allocated to QNPs | | | | $ | 3,612,124 |
| **Percent allocated to QNPs** | Good Shepherd Housing | $ 2,163,829 | | | 16.98% |
| | Edmonds Lutheran | $ 1,448,295 | | | |
| | | | | | |
| **Forward Commitment RAC's of 2022 credit** | | | | | |
| | DESC Burien Supportive | | | $ | 2,141,260 |
| | Shiloh Redevelopment | | | $ | 1,594,560 |
| | Laurel & Forest | | | $ | 1,547,840 |
| | 0 | | | $ | - |
| | | | Total | **$** | **6,878,220** |
| | | | | | |
| **Summary for 8610** | | | | | |
| 2022 Per Capita Credit | | | | $ | 20,120,599 |
| 2022 National Pool Credit | | | | $ | - |
| 2022 Returned Credit | | | | $ | 1,147,066 |
| Less forward Commitment from 2021 | | | | $ | (3,548,023) |
| TOTAL credit to allocate | | | | $ | 17,719,643 |
| 2022 credit allocated (all pools) | | | | | $23,326,357 |
| Forward commitment of 2022 credit | | | | $ | (5,606,714) |

WASHINGTON STATE HOUSING
FINANCE COMMISSION

RESOLUTION NO. 22-52

A RESOLUTION of the Washington State Housing Finance Commission amending Resolution No. 22-29 which authorized the issuance of one or more series of tax-exempt or taxable nonrecourse nonprofit housing revenue and refunding revenue bonds in an aggregate principal amount of not to exceed $85,000,000 for Spokane United Methodist Homes d/b/a Rockwood Retirement Communities, to extend the delegation of authority to the Executive Director of the Commission to execute one or more bond purchase agreements.

APPROVED ON JUNE 23, 2022

PREPARED BY:

PACIFICA LAW GROUP LLP
1191 Second Avenue, Suite 2000
Seattle, Washington 98101

## Table of Contents

**Page**

Section 1. Definitions........................................................ **Error! Bookmark not defined.**

Section 2. Financing Program............................................ **Error! Bookmark not defined.**

Section 3. Authorization of the Bonds; Refunding................................................................ 2

Section 4. Approval of Documents..................................... **Error! Bookmark not defined.**

Section 5. Sale of the Bonds ............................................................................................ 2

Section 6. Executive Director ............................................................................................ 2

Section 7. Effective Date .................................................................................................. 2

RESOLUTION NO. 22-52

A RESOLUTION of the Washington State Housing Finance Commission amending Resolution No. 22-29 which authorized the issuance of one or more series of tax-exempt or taxable nonrecourse nonprofit housing revenue and refunding revenue bonds in an aggregate principal amount of not to exceed $85,000,000 for Spokane United Methodist Homes d/b/a Rockwood Retirement Communities, to extend the delegation of authority to the Executive Director of the Commission to execute one or more bond purchase agreements.

WHEREAS, the Washington State Housing Finance Commission, a public body corporate and politic of the State of Washington (the “Commission”) previously approved Resolution No. 22-29, authorizing the issuance of nonrecourse nonprofit housing revenue and refunding revenue bonds (the “Bonds”) for Spokane United Methodist Homes, a Washington nonprofit corporation and an organization described in Section 501(c)(3) of the Code doing business as Rockwood Retirement Communities (the “Borrower”); and

WHEREAS, proceeds of the Bonds are to be used to finance and refinance a portion of the costs of (1) the renovation, improvement and equipping of independent living homes, apartments and common areas at Rockwood South Hill, (2) the defeasance, refunding and redemption of outstanding bonds previously issued by the Commission to finance and refinance the acquisition, expansion, renovation, improvement and equipping of Rockwood South Hill and Rockwood at Whitworth (previously Rockwood Hawthorne), (3) the funding of debt service reserve funds, and (4) the payment of costs of issuing the Bonds (collectively, the “Project”); and

WHEREAS, the Commission delegated to the Executive Director the authority to execute one or more bond purchase contracts with B.C. Ziegler and Company (the “Underwriter”) and the Borrower for the Bonds pursuant to parameters set forth in Resolution No. 22-29, including that such bond purchase contracts must be executed prior to June 30, 2022; and

WHEREAS, due to changes in the municipal market, the Underwriter has requested an extension of the delegation of authority to the Executive Director; and

NOW, THEREFORE, BE IT RESOLVED by the Washington State Housing Finance Commission as follows:

Section 1. Amendment. The Commission hereby authorizes the amendment of Resolution No. 22-29 to extend the delegation of authority contained in Section 5 of such resolution as follows (additions are double underlined, deletions are stricken):

> Section 5. Sale of the Bonds. The Commission hereby authorizes and approves the sale of the Bonds to B.C. Ziegler and Company, an underwriter listed on its roster of approved underwriting firms as described in RCW 43.180.100, in accordance with the terms and conditions set forth in the Purchase Contracts. The Commission hereby delegates to the Executive Director the authority to execute the Purchase Contracts on behalf of the Commission in substantially the forms filed with the Commission, subject to the following limitations: (a) the aggregate principal amount of the Bonds does not exceed $85,000,000; (b) the interest rate on the Bonds does not exceed 6.00%; (c) each of the Purchase Contracts is executed prior to December 15, 2022~~June 30, 2022~~; (d) the settlement of the Series 2023 Bonds occurs no later than December 31, 2023; and (e) the final terms of the Purchase Contracts are otherwise in furtherance of the Act and the Plan.

Section 2. Ratification. Except as set forth in Section 1, all other terms of Resolution No. 22-29 are hereby ratified and confirmed.

Section 3. Effective Date. This resolution shall become effective immediately after its adoption and signature by the Chair and attestation by the Secretary of the Commission or his designee and when effective shall act to ratify and confirm all acts taken previously in furtherance of and consistent with this resolution.

ADOPTED at a special meeting duly noticed and called this 23rd day of June, 2022.

WASHINGTON STATE HOUSING
FINANCE COMMISSION

By ___________________________________
Chair

ATTEST:

_______________________________
Secretary

APPROVED AS TO FORM:

_______________________________
General Counsel

**Nonprofit Housing Program**

| | |
|---|---|
| **Project Name** | Spokane United Methodist Homes d/b/a Rockwood Retirement Communities |
| **Developer** | Spokane United Methodist Homes d/b/a Rockwood Retirement Communities |
| **Description** | Proceeds of the Bonds may be used, together with other funds of Rockwood, to (i) refund prior bonds issued by the Commission to finance and refinance capital expenditures relating to the above Projects and related expenses, and (ii) finance additions to and the rehabilitation of Rockwood South Hill facilities, including costs of issuing the Bonds and other related expenses. |
| **Location** | 2903 E 25th Avenue<br>Spokane, WA 99223<br><br>101 East Hawthorne Road<br>Spokane, WA 99218 |
| **Project Type** | Addition and rehabilitation of an existing facility, and refinance of an existing debt |
| **Regulatory Agreement Term** | Minimum of 15 years |
| **Estimated Tax-Exempt Bond Amount** | $85,000,000 |
| **Bond Structure** | Public Sale |
| **Lender** | Ziegler |
| **Action** | Approval of Resolution No. 22-52 |
| **Anticipated Closing Date** | December 2022 |

WASHINGTON STATE HOUSING FINANCE COMMISSION

RESOLUTION NO. 22-50

A RESOLUTION of the Washington State Housing Finance Commission authorizing the issuance of a nonrecourse nonprofit housing revenue bond in a maximum principal amount of $28,000,000 to finance the acquisition and rehabilitation of a housing facility located in Bellingham, Washington to be owned by MHNW 23 Evergreen Ridge LLC, a Washington limited liability company; approving the sale of the bond to Columbia State Bank pursuant to its purchase offer; approving the form of a financing agreement, regulatory agreement and tax certificate; ratifying approval of a subordinate loan to finance the facility and approving the form of a loan agreement, note and deed of trust; and authorizing the Chair, Vice-Chair, Treasurer, Secretary, or his designee, and Executive Director of the Commission to execute such documents and other related documents.

APPROVED ON JUNE 23, 2022

PREPARED BY:

PACIFICA LAW GROUP LLP
1191 Second Avenue, Suite 2000
Seattle, Washington 98101

**Table of Contents**

**Page**


| | | |
|---|---|---|
| Section 1. | Definitions | 3 |
| Section 2. | Findings | 3 |
| Section 3. | Financing Program | 3 |
| Section 4. | Authorization of the Bond | 4 |
| Section 5. | Approval of Documents | 4 |
| Section 6. | Sale of the Bond | 4 |
| Section 7. | Ratification of Subordinate Commission Loan | 5 |
| Section 7. | Executive Director | 5 |
| Section 8. | Effective Date | 5 |

Exhibit A Purchase Offer

RESOLUTION NO. 22-50

A RESOLUTION of the Washington State Housing Finance Commission authorizing the issuance of a nonrecourse nonprofit housing revenue bond in a maximum principal amount of $28,000,000 to finance the acquisition and rehabilitation of a housing facility located in Bellingham, Washington to be owned by MHNW 23 Evergreen Ridge LLC, a Washington limited liability company; approving the sale of the bond to Columbia State Bank pursuant to its purchase offer; approving the form of a financing agreement, regulatory agreement and tax certificate; ratifying approval of a subordinate loan to finance the facility and approving the form of a loan agreement, note and deed of trust; and authorizing the Chair, Vice-Chair, Treasurer, Secretary, or his designee, and Executive Director of the Commission to execute such documents and other related documents.

WHEREAS, the Washington State Housing Finance Commission, a public body corporate and politic of the State of Washington (the "Commission"), has been duly constituted pursuant to the authority and procedures of Laws of 1983, Chapter 161 of the State of Washington, as amended, and codified at RCW 43.180 et seq. (the "Act"); and

WHEREAS, the Act authorizes the Commission to finance eligible facilities owned and operated by nonprofit organizations described under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Act further authorizes the Commission to issue its bonds for the purpose of acquiring mortgage loans used to finance multifamily housing facilities in Washington; and

WHEREAS, the Code exempts from federal income tax the interest paid on bonds the proceeds of which are used to finance projects owned and operated by 501(c)(3) organizations; and

WHEREAS, the Commission adopted a Housing Finance Plan (the "Plan") on December 12, 2019, following public notice and hearings as required by the Act; and

WHEREAS, Columbia State Bank (the "Bank") has offered to originate a mortgage loan in a maximum principal amount of $28,000,000 (the "Loan") to finance the acquisition and rehabilitation of a 145-unit residential rental property located in Bellingham, Washington, and owned by the MHNW 23 Evergreen Ridge LLC, a Washington limited liability company (the "Borrower"), the sole member of which is Mercy Housing Northwest, a Washington nonprofit corporation and an organization described under Section 501(c)(3) of the Code, and to pay costs of issuance of the Bond (collectively, the "Project"), and to sell the Loan to the Commission; and

WHEREAS, it is desirable for the Commission to provide the Borrower with tax-exempt financing for the Project through: (1) the issuance of its Washington State Housing Finance Commission Nonprofit Housing Revenue Bond (Evergreen Ridge Apartments Project), Series 2022, in a maximum principal amount of $28,000,000 (the "Bond"); and (2) its acquisition of the Loan with proceeds of the Bond; and

WHEREAS, the Commission has given preliminary approval of the Project by Official Intent Declaration No. 22-46A, the Commission held a public hearing on May 26, 2022, and the Governor has, or by the closing on the Bond will have, approved the Project and the Bond; and

WHEREAS, the Commission has received an offer from the Bank to purchase the Bond (the "Purchase Offer"); and

WHEREAS, the Commission has previously approved a Critical Preservation Program Loan in a maximum principal amount of $5,000,000 (the "Subordinate Commission Loan") to assist in financing the Project; and

NOW, THEREFORE, BE IT RESOLVED by the Washington State Housing Finance Commission as follows:

Section 1. Definitions. Unless otherwise defined in this resolution, capitalized terms used herein have the meanings set forth in the following documents filed with the Commission: the Financing Agreement among the Commission, the Borrower, the Bank, and U.S. Bank Trust Company, National Association, as fiscal agent (the "Financing Agreement"), the Non-Arbitrage Certificate of the Commission (the "Tax Certificate"), and the Regulatory Agreement between the Borrower and the Commission (the "Regulatory Agreement").

Section 2. Findings. The Commission hereby ratifies its prior findings that a substantial number of persons and families in the state of Washington are unable to rent apartments in various parts of the state or the rents required of such persons or families substantially exceed their available income. As a result, many persons and families are unable to rent safe and sanitary housing at reasonable cost without financial assistance. A principal reason that the cost of renting apartments is not affordable for such persons and families is the interest rate on mortgage loans used to acquire, construct and rehabilitate multifamily rental projects. The issuance of the Bond by the Commission will encourage developers to construct new projects and rehabilitate existing projects, which will make additional units available to persons and families at affordable rents.

Section 3. Financing Program. The Commission hereby confirms and ratifies its program for the acquisition of loans under the Act for the financing and refinancing of eligible nonprofit facilities owned by organizations described under Section 501(c)(3) of the Code through the issuance of privately placed nonrecourse revenue bonds (the "Program"). The Commission hereby finds and determines that the Program is in furtherance of the Act and the Plan.

Section 4. Authorization of the Bond. The Commission hereby authorizes the issuance and sale of the Bond in a maximum principal amount of $28,000,000, pursuant to and in accordance with the provisions of the Act and the Code.

Section 5. Approval of Documents. The Commission hereby finds and determines that the Financing Agreement, the Tax Certificate and the Regulatory Agreement conform to the requirements of the Act and the Code and provide appropriate security for the Bond consistent with the Act and the Code.

The Financing Agreement, Tax Certificate, and Regulatory Agreement are hereby approved in substantially the forms filed with the Commission. The Commission hereby authorizes the Chair, Vice-Chair, Treasurer, Executive Director and the Secretary, or his designee, to execute on its behalf such documents, the documents contemplated therein, and any other necessary documents or certificates, and to do all things necessary on its behalf to proceed with the Program, the issuance, sale and delivery of the Bond to acquire the Loan, as authorized herein. Those officers, the Executive Director and the Secretary's designee, are each authorized to approve such changes in these documents as are recommended by counsel to the Commission that are consistent with the Program and do not materially increase the obligations of the Commission as described in the documents on file with the Commission. The designee of the Secretary may execute documents on behalf of the Secretary, and all prior acts of such designee on behalf of the Secretary are hereby ratified and confirmed.

Section 6. Sale of the Bond. The Commission hereby authorizes and approves the sale of the Bond to the Bank, in accordance with the Purchase Offer attached hereto as Exhibit A.

Section 7. Ratification of Subordinate Commission Loan. The Commission hereby ratifies its approval of the Subordinate Commission Loan in a maximum principal amount of $5,000,000 from the Critical Preservation Program Fund.

The Subordinate Loan Agreement, Subordinate Commission Multifamily Note and Subordinate Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing are hereby approved in substantially the forms filed with the Executive Director of the Commission. The Commission hereby authorizes the Chair, Vice-Chair, Treasurer, Executive Director and the Secretary, or his designee, to execute such document, the documents contemplated therein, and any other necessary documents or certificates on its behalf, and to do all things necessary on its behalf to proceed with the Subordinate Commission Loan as previously authorized and ratified herein. Such officers, the Executive Director and the Secretary's designee, are each authorized to approve such changes in these documents as are recommended by counsel to the Commission that are consistent with the policies of the Commission and which do not materially increase the obligations of the Commission as described in the documents on file with the Commission. The designee of the Secretary may execute documents on behalf of the Secretary and all prior acts of such designee on behalf of the Secretary are hereby ratified and confirmed.

Section 8. Executive Director. The Deputy Executive Director or an alternate designee is hereby authorized to act on behalf of the Executive Director for all purposes of this Resolution if it is necessary or desirable to accomplish the purposes of this resolution.

Section 9. Effective Date. This resolution shall become effective immediately after its adoption and signature by the Chair and attestation by the Secretary of the Commission or his designee and when effective shall act to ratify and confirm all acts taken previously in furtherance of and consistent with this resolution.

ADOPTED at a special meeting duly noticed and called this 23rd day of June, 2022.

WASHINGTON STATE HOUSING FINANCE COMMISSION

By ________________________________________
Chair

ATTEST:

________________________________
Secretary

APPROVED AS TO FORM:

________________________________
General Counsel

EXHIBIT A

Purchase Offer

# Nonprofit Housing Program
## Project Summary

| | |
|---|---|
| ***Project Description*** | Evergreen Ridge is a 145-unit building in Bellingham, Washington. The property serves small households and families up to 60% AMI, and the Extended Use Agreement will expire in 2025. MHNW intends to complete deferred maintenance, including building envelope and life/safety issues. this work is estimated at $15,000 per unit. The property has demonstrated strong historic operations and low vacancy rate and is a significant community asset in Bellingham. This activity will ensure preservation of the affordability for at least an additional 50 years. |
| **Project Name** | Evergreen Ridge Apartments |
| **OID #** | 22-46A |
| **Location** | 3451 Woburn Street<br>Bellingham, WA 98118 |
| **Developer** | Mercy Housing Northwest |
| **Project Type** | Acquisition and rehabilitation of an existing facility |
| **Relation to Mission and Goals** | To provide effective, low-cost financing for housing and nonprofit facilities. |

*Financial Information*

| | | |
|---|---|---|
| **Estimated Bond Amount** | $26,000,000 | Tax-Exempt |
| | $0 | Taxable |
| | **$26,000,000** | **Total** |
| **Total Estimated Project Cost** | $39,035,380 | |

| | |
|---|---|
| **Bond Structure** | Private Sale |
| **Lender/ Credit Enhancer** | Columbia Bank |
| **Expected Closing** | July 2022 |
| **Action** | Approval of Resolution No. 22-50 |

WASHINGTON STATE HOUSING FINANCE COMMISSION

RESOLUTION NO. 22-30

A RESOLUTION of the Washington State Housing Finance Commission authorizing the issuance of tax-exempt and taxable nonrecourse revenue notes in an aggregate principal amount of not to exceed $46,000,000, to finance the acquisition, construction, and equipping of a 206-unit mixed use multifamily housing facility in Seattle, Washington, to be owned by Grand Street Commons MBH LLLP; approving the issuance and delivery of the notes to Citibank, N.A.; approving the form of a funding loan agreement, a borrower loan agreement, a regulatory agreement and a tax certificate; and authorizing the Chair, Vice-Chair, Treasurer, Secretary or his designee, and Executive Director of the Commission to amend and execute such documents and other related documents.

APPROVED ON JUNE 23, 2022

PREPARED BY:

PACIFICA LAW GROUP LLP
1191 Second Avenue, Suite 2000
Seattle, Washington 98101

## Table of Contents

**Page**


Section 1. Definitions .......... 3

Section 2. Findings .......... 3

Section 3. Financing Program .......... 3

Section 4. Authorization of the Notes .......... 4

Section 5. Approval of Documents .......... 4

Section 6. Issuance and Delivery of the Notes .......... 5

Section 7. Executive Director .......... 5

Section 8. Effective Date .......... 5

Exhibit A Loan Commitment

RESOLUTION NO. 22-30

A RESOLUTION of the Washington State Housing Finance Commission authorizing the issuance of tax-exempt and taxable nonrecourse revenue notes in an aggregate principal amount of not to exceed $46,000,000, to finance the acquisition, construction, and equipping of a 206-unit mixed use multifamily housing facility in Seattle, Washington, to be owned by Grand Street Commons MBH LLLP; approving the issuance and delivery of the notes to Citibank, N.A.; approving the form of a funding loan agreement, a borrower loan agreement, a regulatory agreement and a tax certificate; and authorizing the Chair, Vice-Chair, Treasurer, Secretary or his designee, and Executive Director of the Commission to amend and execute such documents and other related documents.

WHEREAS, the Washington State Housing Finance Commission, a public body corporate and politic of the State of Washington (the "Commission") has been duly constituted pursuant to the authority and procedures of the Laws of 1983, Chapter 161 of the State of Washington, as amended, and codified at RCW 43.180 et seq. (the "Act"); and

WHEREAS, the Act authorizes the Commission to issue its bonds and other evidences of indebtedness for the purpose of acquiring mortgage loans used to finance multifamily housing facilities in Washington; and

WHEREAS, the Internal Revenue Code of 1986, as amended (the "Code"), grants an exemption from federal income tax for interest paid on obligations where the proceeds thereof are used to finance multifamily housing facilities meeting the requirements of the Code; and

WHEREAS, the Commission adopted a Housing Finance Plan (the "Plan") on December 12, 2019, following public notice and hearings as required by the Act; and

WHEREAS, Citibank, N.A. ("Citi") has offered to make two loans in an aggregate principal amount of not to exceed $46,000,000 to the Commission (together, the "Funding

Loan”) to provide funds for the acquisition, construction and equipping of a mixed use multifamily residential rental facility with 206 housing units (the “Project”) located in Seattle, Washington, to be owned by Grand Street Commons MBH LLLP, a Washington limited liability limited partnership (the “Borrower”); and

WHEREAS, the Commission will use the proceeds of the Funding Loan to acquire two loans originated by a mortgage lender to the Borrower (together, the “Borrower Loan”) for the Project; and

WHEREAS, it is desirable for the Commission to provide the Borrower with tax-exempt and taxable financing of the Project through: (1) the incurrence of the Funding Loan, as evidenced by its Multifamily Revenue Note (Grand Street Commons Apartments Project), Series 2022A and its Taxable Multifamily Revenue Note (Grand Street Commons Apartments Project), Series 2022B (together, the “Notes”) in the aggregate principal amount of not to exceed $46,000,000; and (2) its acquisition of the Borrower Loan with proceeds of the Notes; and

WHEREAS, the Notes are unrated and privately placed and will be issued with terms consistent with and in furtherance of the Commission’s policy for unrated obligations; and

WHEREAS, the Commission has previously given preliminary approval of the Project by Official Intent Declaration No. 20-95A, the Commission held a public hearing on January 27, 2022, and the Governor has approved the Project and the Series 2022A Note; and

WHEREAS, the Commission has received an offer to make the Funding Loan evidenced by the Notes (the “Loan Commitment”) from Citi; and

NOW, THEREFORE, BE IT RESOLVED by the Washington State Housing Finance Commission as follows:

Section 1. Definitions. Unless otherwise defined in this resolution, capitalized terms used herein shall have the meanings set forth in the following documents filed with the Executive Director of the Commission: the Funding Loan Agreement (the "Funding Loan Agreement"), among Citi, the Commission and U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent"); the Borrower Loan Agreement (the "Borrower Loan Agreement"), among the Commission, the Fiscal Agent, Citi, acting as mortgage lender, and the Borrower; the Non-Arbitrage Certificate of the Commission (the "Tax Certificate"); and the Regulatory Agreement (the "Regulatory Agreement") between the Borrower and the Commission.

Section 2. Findings. The Commission hereby ratifies its prior findings that there are a substantial number of persons and families in the state of Washington (the "State") who are unable to rent apartments in various parts of the state or the rents required are substantially in excess of the available income of such persons or families. As a result, many persons and families are unable to rent safe and sanitary housing at reasonable cost without financial assistance. A principal reason that the cost of renting apartments is not affordable for such persons and families is the interest rate on mortgage loans used to acquire, construct and rehabilitate multifamily rental projects. The provision of lower interest rate loans will encourage developers to acquire, construct and rehabilitate projects which will make additional units available to persons and households at affordable cost and will act as a significant stimulant to the economy of the State.

Section 3. Financing Program. The Commission hereby confirms and ratifies its program for the acquisition of loans for the financing of eligible housing facilities under the Act through the issuance of privately placed nonrecourse revenue obligations (the "Program"). The

Commission hereby finds and determines that the Program and the Notes are in furtherance of the Act and the Plan.

Section 4. Authorization of the Notes. The Commission hereby authorizes the issuance and delivery of its Notes to be designated "Multifamily Revenue Note (Grand Street Commons Apartments Project), Series 2022A" and "Taxable Multifamily Revenue Note (Grand Street Commons Apartments Project), Series 2022B" in an aggregate principal amount of not to exceed $46,000,000 pursuant to and in accordance with the provisions of the Act, the Code and the Funding Loan Agreement.

Section 5. Approval of Documents. It is hereby found and determined that the Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement and the Tax Certificate conform to the requirements of the Act and the Code and provide appropriate security for the Notes consistent with the Act and the Code.

The Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement and the Tax Certificate are hereby approved in substantially the forms filed with the Executive Director of the Commission. The Commission hereby authorizes the Chair, Vice-Chair, Treasurer, Executive Director and the Secretary, or his designee, to execute on its behalf such documents, the documents contemplated therein, and any other necessary documents or certificates, and to do all things necessary on its behalf to proceed with the Program and the issuance and delivery of the Notes as authorized herein. Such officers, the Executive Director and the Secretary's designee, are each authorized to approve such changes in these documents as are recommended by counsel to the Commission that are consistent with the Program and which do not materially increase the obligations of the Commission as described in the documents on file with the Commission. The designee of the Secretary may execute documents on behalf of the Secretary, and all prior acts of such designee on behalf of the Secretary are hereby ratified and confirmed.

Section 6. Issuance and Delivery of the Notes. The Commission hereby authorizes and approves the issuance and delivery of the Notes to Citi to evidence the Funding Loan, in accordance with the terms and conditions set forth in the Loan Commitment, attached hereto as Exhibit A.

Section 7. Executive Director. The Deputy Director is hereby authorized to act on behalf of the Executive Director for all purposes of this resolution if it is necessary or desirable to accomplish the purposes hereof.

Section 8. Effective Date. This resolution shall become effective immediately after its adoption and signature by the Chair and attestation by the Secretary of the Commission or his designee and when effective shall act to ratify and confirm all acts taken previously in furtherance of and consistent with this resolution.

[*Signature Page Follows*]

ADOPTED at a special meeting duly noticed and called this 23rd day of June, 2022.

WASHINGTON STATE HOUSING
FINANCE COMMISSION

By ___________________________________
Chair

ATTEST:

________________________________
Secretary

APPROVED AS TO FORM:

________________________________
General Counsel

# EXHIBIT A

## Loan Commitment

# Multifamily Housing Program

**Project Name** Grand Street Commons

**Developer** Mount Baker Housing Association

**Description** Grand Street Commons will be 6 floors of wood framing over a one level of concrete. Located within a ¼ mile of the new Judkins Park light rail station overly slated to open in 2023, parking will not be required. The street level will be a lobby, management offices and a fitness room along with back of house uses such as mechanical, electrical, transformer vault, trash room, building maintenance and bike storage.

Between all 3 buildings, the retail on the ground floors of the buildings will include a grocer, a retail pharmacy, medical offices, and pedestrian retail.

**Location** 2201 S Grand Street
Seattle, WA 98144

**Project Type** New Construction

**Units**

| | |
|---|---|
| Studio | 43 |
| One Bedroom | 113 |
| Two Bedroom | 8 |
| Three Bedroom | 42 |
| **Total** | **206** |

**Housing Tax Credits** Yes

**Income Set-Aside** 70% at 50% AMI
30% at 60% AMI

**Regulatory Agreement Term** Minimum 40 years

**Evaluation Plan Scoring**

| | |
|---|---|
| Commitments for Priority Populations | 20 |
| Leveraging of Public Resources | 6 |
| Property Type | 6 |
| Location Efficient Projects | 3 |
| Area Targeted by Local Jurisdiction | 2 |
| Transit Development | 3 |
| Community Revitalization Plan | 3 |

| | |
|---|---|
| High and Very High Opportunity Area | 1 |
| Nonprofit Sponsor | 3 |
| Donation in Support of Local Nonprofit | 8 |
| Solar Options | 5 |
| Energy Efficient Building | 6 |
| Electric Vehicle Charging Stations | 1 |
| **Total Points** | **67** |

**Estimated Tax-Exempt Note Amount (Not to exceed)** $46,000,000

**Note Structure** Private Placement

**Permanent Lender** Citi Community Capital

**Development Budget**

| | |
|---|---|
| Acquisition Costs | $5,559,171 |
| Construction | $67,283,006 |
| Soft Costs | $11,402,421 |
| Financing Costs | $5,701,488 |
| Capitalized Reserves | $951,843 |
| Other Development Costs | $2,624,752 |
| **Total Development Costs** | **$93,522,681** |

**Permanent Sources**

| | |
|---|---|
| Tax Exempt Bond | $33,000,000 |
| Seattle OH | $14,387,806 |
| Deferred Development Fee | $5,438,885 |
| WA Ecology Healthy Housing Program | $4,250,000 |
| Tax Credit Equity at $0.8800 per credit x 10 years | $36,445,992 |
| **Total Permanent Sources** | **$93,522,683** |

**Total Development Cost Limit**

| | |
|---|---|
| Project's Total Development Cost Limit | $71,067,140 |
| Total Development Cost (minus land and reserves) | $82,006,321 |
| Waiver | Approved |

**Project Operations**

| *Unit Size* | *Market Rents* | *Proposed Rent Range* |
|---|---|---|
| Studio | $1,405 | $982-$1,185 |
| One Bedroom | $1,585 | $1,050-$1,267 |
| Two Bedroom | $2,270 | $1,252-$1,513 |
| Three Bedroom | $2,830 | $1,424-$1,725 |

| | |
|---|---|
| **Action** | Approval of Resolution No. 22-30 |
| **Anticipated Closing Date** | July 2022 |

WASHINGTON STATE HOUSING FINANCE COMMISSION

# RESOLUTION NO. 22-32

A RESOLUTION of the Washington State Housing Finance Commission authorizing a plan of finance relating to the issuance of a tax-exempt nonrecourse revenue note in a principal amount of not to exceed $12,500,000, to finance the acquisition, construction and equipping of a multifamily housing facility in Spokane Valley, Washington, to be owned by Mirabeau Townhomes LLC; approving the issuance and delivery of the note to Columbia State Bank; approving the form of a funding loan agreement, a borrower loan agreement, a regulatory agreement and a tax certificate; and authorizing the Chair, Vice-Chair, Treasurer, Secretary, or his designee, and Executive Director of the Commission to amend and execute such documents and other related documents.

APPROVED ON JUNE 23, 2022

PREPARED BY:

PACIFICA LAW GROUP LLP
1191 Second Avenue, Suite 2000
Seattle, Washington 98101

## Table of Contents

**Page**


Section 1. Definitions ... 2

Section 2. Findings ... 3

Section 3. Financing Program ... 3

Section 4. Authorization of the Note ... 4

Section 5. Approval of Documents ... 4

Section 6. Issuance and Delivery of the Note ... 5

Section 7. Executive Director ... 5

Section 8. Effective Date ... 5

Exhibit A Loan Commitment

RESOLUTION NO. 22-32

A RESOLUTION of the Washington State Housing Finance Commission authorizing a plan of finance relating to the issuance of a tax-exempt nonrecourse revenue note in a principal amount of not to exceed $12,500,000, to finance the acquisition, construction and equipping of a multifamily housing facility in Spokane Valley, Washington, to be owned by Mirabeau Townhomes LLC; approving the issuance and delivery of the note to Columbia State Bank; approving the form of a funding loan agreement, a borrower loan agreement, a regulatory agreement and a tax certificate; and authorizing the Chair, Vice-Chair, Treasurer, Secretary, or his designee, and Executive Director of the Commission to amend and execute such documents and other related documents.

WHEREAS, the Washington State Housing Finance Commission, a public body corporate and politic of the State of Washington (the "Commission") has been duly constituted pursuant to the authority and procedures of Laws of 1983, Chapter 161 of the State of Washington, as amended, and codified at RCW 43.180 et seq. (the "Act"); and

WHEREAS, the Act authorizes the Commission to issue its bonds and other evidences of indebtedness for the purpose of acquiring mortgage loans used to finance multifamily housing facilities in Washington; and

WHEREAS, the Internal Revenue Code of 1986, as amended (the "Code"), grants an exemption from federal income tax for interest paid on obligations where the proceeds thereof are used to finance multifamily housing facilities meeting the requirements of the Code; and

WHEREAS, the Commission adopted a Housing Finance Plan (the "Plan") on December 12, 2019, following public notice and hearings as required by the Act; and

WHEREAS, Columbia State Bank ("Bank") has offered to make a loan in a principal amount of not to exceed $12,500,000 to the Commission (the "Funding Loan") to provide funds for the acquisition, construction and equipping of a 72-unit multifamily residential rental facility (the “Project”) located in Spokane Valley, Washington, to be owned by Mirabeau Townhomes LLC, a Washington limited liability company (the “Borrower”); and

WHEREAS, the Commission will use the proceeds of the Funding Loan to acquire a loan originated by a mortgage lender to the Borrower (the “Borrower Loan”) for the Project; and

WHEREAS, it is desirable for the Commission to provide the Borrower with tax-exempt financing of the Project through: (1) the incurrence of the Funding Loan, as evidenced by its Multifamily Revenue Note (Mirabeau Townhomes Project), Series 2022 (the “Note”) in the principal amount of not to exceed $12,500,000; and (2) its acquisition of the Borrower Loan with proceeds of the Note; and

WHEREAS, the Note is unrated and privately placed and will be issued with terms consistent with and in furtherance of the Commission’s policy for unrated obligations; and

WHEREAS, the Commission has previously given preliminary approval of the Project by Official Intent Declaration No. 21-37A, the Commission held a public hearing as required by federal tax law, and the Governor has, or by the closing on the Note will have, approved the Project, the plan of finance and the Note; and

WHEREAS, the Commission has received an offer to make the Funding Loan evidenced by the Note (the “Loan Commitment”) from the Bank, which will sell the Note to Citibank, N.A. (“Citi”) pursuant to a Forward Purchase Agreement among the Borrower, the Bank and Citi to provide financing for the Project; and

NOW, THEREFORE, BE IT RESOLVED by the Washington State Housing Finance Commission as follows:

Section 1. Definitions. Unless otherwise defined in this resolution, capitalized terms used herein shall have the meanings set forth in the following documents filed with the

Executive Director of the Commission: the Funding Loan Agreement (the "Funding Loan Agreement"), among the Bank, the Commission and U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent"); the Borrower Loan Agreement (the "Borrower Loan Agreement"), among the Commission, the Fiscal Agent, the Bank, acting as mortgage lender, and the Borrower; the Non-Arbitrage Certificate of the Commission (the "Tax Certificate"); and the Regulatory Agreement (the "Regulatory Agreement") between the Borrower and the Commission.

Section 2. Findings. The Commission hereby ratifies its prior findings that there are a substantial number of persons and families in the state of Washington who are unable to rent apartments in various parts of the state or the rents required are substantially in excess of the available income of such persons or families. As a result, many persons and families are unable to rent safe and sanitary housing at reasonable cost without financial assistance. A principal reason that the cost of renting apartments is not affordable for such persons and families is the interest rate on mortgage loans used to acquire, construct and rehabilitate multifamily rental projects. The provision of lower interest rate loans will encourage developers to acquire, construct and rehabilitate projects which will make additional units available to persons and households at affordable cost and will act as a significant stimulant to the economy of the state.

Section 3. Financing Program. The Commission hereby confirms and ratifies its program for the acquisition of loans for the financing of eligible housing facilities under the Act through the issuance of privately placed nonrecourse revenue obligations (the "Program"). The Commission hereby finds and determines that the Program is in furtherance of the Act and the Plan.

Section 4. Authorization of the Note. The Commission hereby authorizes a plan of finance relating to the issuance and delivery of its Note to be designated "Multifamily Revenue Note (Mirabeau Townhomes Project), Series 2022" in a principal amount of not to exceed $12,500,000, pursuant to and in accordance with the provisions of the Act, the Code and the Funding Loan Agreement.

Section 5. Approval of Documents. It is hereby found and determined that the Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement and the Tax Certificate conform to the requirements of the Act and the Code and provide appropriate security for the Note consistent with the Act and the Code.

The Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement and the Tax Certificate are hereby approved in substantially the forms filed with the Executive Director of the Commission. The Commission hereby authorizes the Chair, Vice-Chair, Treasurer, Executive Director and the Secretary, or his designee, to execute such documents, the documents contemplated therein, and any other necessary documents or certificates on its behalf, and to do all things necessary on its behalf to proceed with the Program and the issuance and delivery of the Note as authorized herein. Such officers, the Executive Director and the Secretary's designee, are each authorized to approve such changes in these documents as are recommended by counsel to the Commission that are consistent with the Program and which do not materially increase the obligations of the Commission as described in the documents on file with the Commission. The designee of the Secretary may execute documents on behalf of the Secretary and all prior acts of such designee on behalf of the Secretary are hereby ratified and confirmed.

Section 6. Issuance and Delivery of the Note. The Commission hereby authorizes and approves the issuance and delivery of the Note to the Bank to evidence the Funding Loan, in accordance with the terms and conditions set forth in the Loan Commitment, attached hereto as Exhibit A.

Section 7. Executive Director. The Deputy Director is hereby authorized to act on behalf of the Executive Director for all purposes of this Resolution if it is necessary or desirable to accomplish the purposes hereof.

Section 8. Effective Date. This resolution shall become effective immediately after its adoption and signature by the Chair and attestation by the Secretary of the Commission or his designee and when effective shall act to ratify and confirm all acts taken previously in furtherance of and consistent with this resolution.

ADOPTED at a special meeting duly noticed and called this 23rd day of June, 2022.

WASHINGTON STATE HOUSING
FINANCE COMMISSION

By ________________________________
Chair

ATTEST:

________________________________
Secretary

APPROVED AS TO FORM:

________________________________
General Counsel

# EXHIBIT A

## Loan Commitment

# Multifamily Housing Program

| | |
|---|---|
| **Project Name** | Mirabeau Townhomes |
| **Developer** | Whitewater Creek, Inc. |
| **Description** | Mirabeau Townhomes is a planned 71-unit (plus one manager unit) new construction, rental townhouse-style duplex complex to be built in Spokane Valley, WA. The 12-acre site will include a children's playground and bountiful green space for outdoor recreation. The project will have 11 one-bedroom units, 36 two-bedroom units, and 25 three-bedroom units to serve households earning from 30% to 60% of the area median income.<br><br>Amenities will include a 3,240 sq. ft. Resident Center with free Wi-Fi, a large gathering room and television, a kitchenette, a dining area, a business and learning center with computers, a media room, a fitness center with equipment, a laundry facility (coin-op), and an office for the on-site managers and maintenance workers. |
| **Location** | Approximately 19400 East Euclid Avenue (an approximately 12-acre rectangular plot south of East Euclid Avenue and north of East Buckeye Avenue)<br>Spokane Valley, WA 99027 |
| **Project Type** | New Construction |

**Units**

| | |
|---|---|
| One Bedroom | 11 |
| Two Bedroom | 36 |
| Three Bedroom | 25 |
| **Total** | **72** |

| | |
|---|---|
| **Housing Tax Credits** | Yes |
| **Income Set-Aside** | 30% at 50% AMI |
| **Regulatory Agreement Term** | Minimum 40 years |

**Evaluation Plan Scoring**

| | |
|---|---|
| Additional Low Income Set Asides | 4 |
| Commitments for Priority Populations | 20 |
| Project-Based Rental Assistance | 8 |
| Leveraging of Public Resources | 4 |

| | |
|---|---|
| Cost Efficient Development | 10 |
| Energy Efficient Modeling | 2 |
| Area Targeted by Local Jurisdiction | 2 |
| Community Revitalization Plan | 3 |
| Nonprofit Sponsor | 3 |
| Donation in Support of Local Nonprofit | 8 |
| Solar Options | 5 |
| Energy Efficient Building | 6 |
| Community Facilities | 2 |
| Electric Vehicle Charging Stations | 1 |
| **Total Points** | **78** |

| | |
|---|---|
| **Estimated Tax-Exempt Note Amount (Not to exceed)** | $10,000,000 |
| **Taxable Bond Amount** | $3,670,000 |
| **Note Structure** | Private Placement |
| **Lender** | Citi Community Capital |

**Development Budget**

| | |
|---|---|
| Acquisition Costs | $3,136,520 |
| Construction | $7,544,836 |
| Soft Costs | $2,140,582 |
| Financing Costs | $1,223,217 |
| Capitalized Reserves | $260,000 |
| Other Development Costs | $854,845 |
| **Total Development Costs** | **$15,160,000** |

**Permanent Sources**

| | |
|---|---|
| Citi Bank | $8,680,000 |
| Deferred Developer Fee | $1,258,677 |
| Spokane County HOME | $600,000 |
| FHLB DM AHP | $500,000 |
| Tax Credit Equity at $0.9300 per credit x 10 years | $4,121,323 |
| **Total Permanent Sources** | **$15,160,000** |

**Total Development Cost Limit**

| | |
|---|---|
| Project's Total Development Cost Limit | $26,916,997 |
| Total Development Cost (minus land and reserves) | $11,728,480 |
| Waiver | Not required |

**Project Operations**

| *Unit Size* | *Market Rents* | *Proposed Rent Range* |
|---|---|---|
| One Bedroom | $1,000 | $382- $818 |
| Two Bedroom | $1,250 | $455- $978 |
| Three Bedroom | $1,500 | $522- $1,207 |

**Action** Approval of Resolution No. 22-32

**Anticipated Closing Date** July 2022

# memo

**Washington State Housing Finance Commission Homeownership Division**

To: Commissioners

From: Lisa DeBrock, Director

Date: 6/14/2023

Re: Amortizing Home Advantage DPAs

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The Home Advantage Down Payment Assistance Program assists thousands of borrowers each year and has become the bedrock of how the Homeownership Division has helped to make housing more accessible for Washingtonians. Throughout the history of our work, however, we have offered both Downpayment Assistance (DPA) programs with and without monthly payments. Up until early this year, the best approach is to offer DPA without monthly payments, as this approach generally helps the borrowers to qualify more easily for their first mortgage.

With the recent volatility in the market, we have been unable to fully premium price DPA which resulted in greater difficulty in offering products to homebuyers. At May's Commission Meeting, you approved the use of prior Home Advantage repayments to help issue new DPA loans, provided that the balance of repayments received does not fall below $80 million. In the present market, we believe returning to the use of DPA 2nds with amortizing monthly payments will expand this resource, by realizing repayments more quickly and allow us to reach more homebuyers.

*We ask Commissioners to approve the Homeownership Division to offer additional avenues of down payment assistance through down payment assistance seconds with monthly payments on the Home Advantage program per the details in the PRI Application.*

# Program-Related Investment Application

**Program Name:** **Home Advantage Amortizing Down Payment Assistance**

**Program Purpose:** **To help bridge the gap of funds for homebuyers to purchase homes**

**Amount Requested:** **As needed**

A. **Please describe the proposed program investment:**

Presently, the Home Advantage Down Payment Assistance (DPA) program helps borrowers throughout the state to receive funds to cover the minimum amount required to buy a home using Government and Conventional first mortgage financing. The funds come with deferred payments on the assistance, until the borrower sells, moves out, refinances, pays off the 1st mortgage or 30 years go by. Until that point no payment is required. This has been quite successful since program inception, of late allowing over 8000 homebuyers per year to use the Home Advantage program.

The recent rise in inflation and coupled market volatility has created an environment in which it has become more and more difficult to offer all our Home Advantage products to homebuyers.

At the May 24, 2022 Commission Meeting, the Commission authorized the reinvestment of prior Home Advantage DPA repayments in to new DPA loans, provided the balance of repayments does not fall below $80 million.

To improve our position in the marketplace and expand the resources available for Home Advantage DPA programs, we can offer an additional version of the Home Advantage Down Payment Assistance program that would have amortizing monthly payments built into the loan. Historically, the Commission has had many amortizing DPAs that have worked well. We tended to move away from them to help provide the borrower with greater buying power and administrative simplicity. However, they are still a useful tool towards keeping the door open for more homebuyers.

B. **Please describe specifically how will the proposed program investment will meet the Commission's Mission** to increase housing access and affordability and to expand the availability of quality community services according to the definitions below:

This new set of DPAs shall have an interest rate of 1% - 4% as set by the Director of the Homeownership Division. They shall have a monthly payment on them amortized over 30 years, but with a requirement to be paid in full after 15. This shall otherwise follow the guidelines of the already established Home Advantage program.

C. **Source of PRI Investment**

**COMMISSION INVESTMENT:**

Total Request of Commission funds for this investment:

As needed, so long as undeployed Home Advantage DPA and Amortizing DPA repayments do not fall below $80 million

Is the entire Commission Investment to come from existing PRI Undesignated Funds as shown above? No. Investment from revolving prior DPA repayments in Home Advantage Deferred and Home Advantage Amortizing programs to new loans.

If yes, continue to the next section, EXTERNAL INVESTMENTS, otherwise complete Schedule A and attach it to this application.

**EXTERNAL INVESTMENTS:**

Are there external or partner funds to be invested in this program administered by the Commission through PRI?

No.

D. **Return of PRI Investment**

Please describe the investment repayment to the Commission. (Grants are not an eligible use of PRI monies.) Will the Investment/Loan term be longer than fifteen years?

*If yes, please describe the reason for the longer term on separate sheet titled "Request for Waiver to the Fifteen Year Policy"*

Investment/Loan term: Maximum of 15 years, with an estimate of 8 as payoffs and monthly payments will return funds over time.

Amortization method and period: Loans will be made on a 30-year amortization, with a balloon payment due at year 15.

| Characteristics | Principal | Interest |
|---|---|---|
| **1. Payment Frequency** | Monthly payments from servicer coupled with loan payoffs over time. | Monthly |
| **2. Revolves in Program?** | Yes | Yes |

***Funds that do not revolve will revert to undesignated funds no less than quarterly.***

Please describe the proposed return on investment. (From 0-5%, compounded annually.)

i. Interest at 1% to 4% per year

ii. Shared Appreciation terms, if any: N/A

**Proposed Investment Risk Analysis**

Please provide an analysis of the investment risk. Please describe what makes it risky and what steps will be taken to mitigate the risks.

Risk is in line with our other Home Advantage programs in that it is primarily in the event of default by the homeowner. However it is mitigated by the fact that the borrower will be paying down the principal of the Down Payment Assistance 2$^{nd}$ over time, thus reducing what is owed.

Additional risk is the requirement of payoff after 15 years. However, appreciating property values over an extended period such as this coupled with a sizable reduction of the 1$^{st}$ mortgage through the regular payments of said loan, should allow most all borrowers to refinance and pay

**<u>Program-Related Investment Application Approval</u>**

Division presenting the application:

Division Director: ________________________________ Date: ______________________

EMT Recommendation: **Yes** **No** Date: ______________________

Executive Director (or Designee) Signature________________________________________

**Commission Approval: Yes No**

**Date:** ____________________________

WASHINGTON STATE HOUSING
FINANCE COMMISSION

RESOLUTION NO. 22-54

A RESOLUTION of the Washington State Housing Finance Commission making findings with respect to housing needs within Washington; reaffirming its program to finance single-family housing through the acquisition of Ginnie Mae, Freddie Mac or Fannie Mae Certificates representing pools of mortgage loans; authorizing the issuance and remarketing of single-family mortgage revenue and refunding bonds to establish mortgage interest rates and the issuance of additional bonds pending the establishment of mortgage interest rates, in multiple series in an aggregate principal amount of not to exceed $250,000,000, to carry out said program of financing; making findings with respect to use of payment agreements in connection with the bonds while at a variable rate of interest, and authorizing the Executive Director to select counterparties and to approve such payment agreements; authorizing the Executive Director to approve the sale and remarketing of said bonds subject to certain limitations; authorizing the acquisition and sale of such certificates without the issuance of bonds to facilitate the financing of single-family housing; reauthorizing the Home Advantage Program; and authorizing the Executive Director to use undeployed funds to provide liquidity for mortgage loan purchases.

ADOPTED: JUNE 23, 2022

TABLE OF CONTENTS

Page


| | | |
|---|---|---|
| Section 1. | Findings | 4 |
| Section 2. | Single-Family Program | 4 |
| Section 3. | Authorization of Bonds | 5 |
| Section 4. | Approval of Bond Program Documents | 5 |
| Section 5. | Sale of the Bonds | 7 |
| Section 6. | Authorization to Expend Commission Funds | 8 |
| Section 7. | Findings and Authorization Regarding Payment Agreements | 9 |
| Section 8. | Authorization to Sell Certificates | 11 |
| Section 9. | Home Advantage Program | 11 |
| Section 10. | Executive Director | 12 |
| Section 11. | Ratification | 12 |
| Section 12. | Effective Date | 13 |

RESOLUTION NO. 22-54

A RESOLUTION of the Washington State Housing Finance Commission making findings with respect to housing needs within Washington; reaffirming its program to finance single-family housing through the acquisition of Ginnie Mae, Freddie Mac or Fannie Mae Certificates representing pools of mortgage loans; authorizing the issuance and remarketing of single-family mortgage revenue and refunding bonds to establish mortgage interest rates and the issuance of additional bonds pending the establishment of mortgage interest rates, in multiple series in an aggregate principal amount of not to exceed $250,000,000, to carry out said program of financing; making findings with respect to use of payment agreements in connection with the bonds while at a variable rate of interest, and authorizing the Executive Director to select counterparties and to approve such payment agreements; authorizing the Executive Director to approve the sale and remarketing of said bonds subject to certain limitations; authorizing the acquisition and sale of such certificates without the issuance of bonds to facilitate the financing of single-family housing; reauthorizing the Home Advantage Program; and authorizing the Executive Director to use undeployed funds to provide liquidity for mortgage loan purchase.

WHEREAS, the Washington State Housing Finance Commission, a public body corporate and politic constituting an instrumentality of the State of Washington (the "Commission"), has been duly constituted pursuant to the authority and procedures of Laws of 1983, Chapter 161 of the State of Washington now codified at RCW 43.180 et seq., as amended (the "Act"); and

WHEREAS, the Commission has found that many persons and families in the state of Washington are unable to purchase safe and sanitary housing in the areas in which they reside at an affordable cost to them; and

WHEREAS, the Commission has previously issued its single-family mortgage revenue bonds in several series and has the ongoing opportunity to currently refund a portion of such bonds which will be redeemed from payments and prepayments of mortgage loans financed with the proceeds of such bonds and unused bond proceeds; and

WHEREAS, such refundings will enable the Commission to preserve a portion of its state volume cap authority; and

WHEREAS, the Commission has developed a program (the "Bond Program") to assist eligible persons and families to acquire single-family residences pursuant to which the Commission will purchase, with funds made available from the issuance of its nonrecourse revenue bonds, certificates (including Uniform Mortgage-Backed Securities) issued by Ginnie Mae, Freddie Mac or Fannie Mae (together, the "Certificates") representing participations in below market mortgage loans which are originated by participating lending institutions and are acquired and pooled by a master servicer; and

WHEREAS, under the Bond Program, participating lending institutions reserve bond proceeds to finance individual mortgage loans on a first-come, first-served basis and it is important that funds be made available on a continuous basis at below then-prevailing market rates; and

WHEREAS, the Commission has determined that in order to help provide additional affordable housing throughout the state and to stimulate the construction industry through its program it is desirable periodically to issue, remarket or refund its bonds and establish mortgage interest rates, in multiple series which may be taxable and tax-exempt and at fixed and variable rates of interest (together, the "Bonds"); and

WHEREAS, the Internal Revenue Code of 1986, as amended (the "Code"), grants an exemption from federal income tax for interest paid on the Bonds if the requirements of the Code are met, including those with respect to the purchase price of homes, the eligibility of homebuyers, and the use of bond proceeds; and

WHEREAS, the Commission is authorized to delegate its powers pursuant to RCW 43.180.080(17), if such delegation is consistent with the purposes of the Act; and

WHEREAS, the Commission has previously delegated to the Executive Director the authority to approve the issuance and remarketing of single-family revenue bonds within specified limitations and the Commission has determined that such delegation is an effective means to implement the Bond Program; and

WHEREAS, pursuant to Chapter 39.96 RCW (the "Interest Rate Swap Act"), which authorizes the Commission, to enter into payment agreements, including interest rate swaps, ceilings and floors, the Commission approved an Interest Rate Swap Policy, amended as of July 26, 2007, governing the Commission's use and management of all such payment agreements with respect to variable rate bonds; and

WHEREAS, pursuant to the Interest Rate Swap Act and the Commission's Interest Rate Swap Policy, the payment agreements can be executed only upon authorization by resolution of the Commission; and

WHEREAS, it may be desirable for a portion of the Bonds to bear interest at variable rates, and the Commission desires to reduce the Bond Program's exposure to such interest rate risk by entering into one or more interest rate swaps pursuant to payment agreements in connection with the Bonds issued at a variable rate; and

WHEREAS, given the volatility of the interest rates on tax-exempt and taxable bonds, fixed rate and variable rate bonds and the investments of bond proceeds as well as changes in the Code and federal housing and economic stimulus programs, it is important to maintain flexibility in the timing and structure of its bond issues and the entry into payment agreements; and

WHEREAS, prior to the issuance of the Bonds the Commission will receive the approval of the Bonds by the Governor of the State of Washington, if required, pursuant to Section 147(f) of the Code, following public notice and hearing pursuant to the Code; and

WHEREAS, market conditions with respect to the issuance of Bonds and the origination of conventional loans may make the issuance of Bonds an impractical source of funding to finance the purchase of single-family residences, and the Commission has developed and operates a program that does not rely on the issuance of Bonds for such financing and consequently broadens the eligibility of such loans (the "Home Advantage Program"); and

WHEREAS, the Commission may provide funds to purchase and own first mortgage loans from the master servicer(s) or which are outsourced to subservicers until they are pooled into Certificates and sold; and

WHEREAS, the Commission adopted a Housing Finance Plan (the "Plan") on December 12, 2019, following public notice and hearing as required by the Act.

NOW, THEREFORE, BE IT RESOLVED by the Washington State Housing Finance Commission as follows:

<u>Section 1</u>. <u>Findings</u>. The Commission ratifies its prior findings that there are a substantial number of persons and families in the state of Washington who are unable to obtain loans to purchase residences and who require substantial down payments or, if such loans are obtainable, monthly mortgage payments are required which are substantially in excess of the available income of such persons or families. As a result, many persons and families are unable to purchase safe and sanitary housing at reasonable cost without financial assistance. The provision of lower interest rate loans and down payment assistance will provide sufficient financial assistance to enable many of such persons and families to purchase residences at affordable cost and will act as a significant stimulant to the economy of the state.

<u>Section 2</u>. <u>Single-Family Programs</u>. The Commission reaffirms its ongoing programs to provide financing for the purchase of single-family residences through the issuance of Bonds in

the Bond Program, the Home Advantage Program (described in Section 9 hereof) and the provision of down payment assistance to homebuyers. The Commission finds and determines that its single-family programs currently operate at a significant monthly level of mortgage origination and are in furtherance of the Act and the Plan.

Section 3. Authorization of Bonds. The Commission authorizes the issuance and sale of not to exceed $250,000,000 in aggregate amount of its nonrecourse, single-family mortgage revenue bonds to be designated "Single-Family Program Bonds," "Homeownership Bonds" or "Single-Family Special Program Bonds" in multiple series, which may include taxable and tax-exempt bonds and may also include bonds with or without corresponding mortgage interest rates established in order to support the current level of mortgage origination. The Bonds shall be issued pursuant to and in accordance with the provisions of the Act and the Code, if applicable, shall be in furtherance of the Bond Program, and shall be subject to approval of the Governor of the State of Washington, if required, and the provisions hereof. The Bonds may include bonds issued to refund outstanding bonds of the Commission (including bonds which may otherwise have been redeemed with prepayments of mortgage loans), as well as bonds using volume cap authority. The issuance of the Bonds and the remarketing or refunding thereof will be in accordance with and in furtherance of the Plan.

Section 4. Approval of Bond Program Documents. (a) The Commission finds and determines that: (i) the Amended and Restated General Trust Indenture dated as of November 1, 2010, as amended by a First Supplement to Amended and Restated General Trust Indenture dated as of March 1, 2019, as it may be further supplemented and amended from time to time, between the Commission and Wilmington Trust, National Association, as successor trustee to Wells Fargo Bank, National Association, and any successors thereto (the "Trustee") providing for the issuance of parity debt (collectively, the "General Indenture"), the form of the Mortgage Origination Agreement among the Commission, Idaho Housing and Finance Association ("IHFA") and individual mortgage lenders dated as of December 1, 2017, as it may be supplemented and amended from time to time, and the Program Administration and Servicing Agreement dated as of December 1, 2017, as amended, as it may be further supplemented and amended from time to time, among the Commission, the Trustee and IHFA, provide for the issuance of the Bonds in such a manner to provide a continuous supply of funds to finance mortgage loans; (ii) the Bonds will conform, as required, to the requirements of the Act and the Code; and (iii) the General Indenture provides for the maximum available security for the Bonds consistent with the Act and the Code.

(b) The Commission finds and determines that: (i) the Homeownership General Trust Indenture dated as of December 1, 2009, as supplemented and amended from time to time, between the Commission and the Trustee (the "Homeownership Indenture") provides for the issuance of debt in such a manner to provide a continuous supply of funds to finance mortgage loans; (ii) the Bonds will conform, as required, to the requirements of the Act and the Code; and (iii) the Homeownership Indenture provides for the maximum available security for the Bonds consistent with the Act and the Code

(c) The Commission finds and determines that: (i) the Single-Family Special Program Master Trust Indenture dated as of October 1, 2012, as supplemented and amended from time to time, between the Commission and the Trustee (the "Master Indenture") provides for the issuance of non-parity Bonds in such a manner to provide a continuous supply of funds to finance mortgage loans; (ii) the Bonds will conform, as required, to the requirements of the Act and the Code; and (iii) the Master Indenture provides for the maximum available security for the Bonds consistent with the Act and the Code.

(d) The Commission hereby approves the use of such documents referenced above and delegates to the Executive Director the authority to approve additional servicing and subservicing agreements with individual servicers, subservicers and lenders and supplements and amendments to the documents referenced above in a manner consistent with and in furtherance of the Plan and the Bond Program. The Commission hereby authorizes the Chair, Vice Chair, Treasurer, Secretary (or his designee) and the Executive Director to execute such documents (as they may be modified on the recommendation of the Commission's finance team and bond counsel) and any other necessary documents or certificates on its behalf, including but not limited to any preliminary or final official statements with respect to the Bonds, and to do all things necessary on its behalf to proceed with the Bond Program and the issuance, sale and delivery of the Bonds as authorized herein.

Section 5. Sale of the Bonds. Subject to the conditions set forth in this section, the Commission hereby delegates to the Executive Director the authority to approve the sale and/or the remarketing of Bonds in one or more series and with fixed or variable interest rates to and with Morgan Stanley, Wells Fargo Securities, and RBC Capital Markets, LLC (or such other institution(s) as the Commission may appoint following a selection process as required by WAC 262-01-070) and/or the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Washington State Investment Board and the Federal Home Loan Bank, as applicable, and to execute purchase contracts and remarketing agreements with respect to the Bonds on its behalf. This delegation is limited as follows: (1) the aggregate principal amount of Bonds sold and/or remarketed (a) with corresponding established mortgage interest rates on mortgage loans and (b) without establishing mortgage interest rates pending changes in rates or demand among other factors, may not exceed $250,000,000; (2) upon the establishment of mortgage interest rates, the rates on mortgage loans or participations therein provided with the proceeds of the tax-exempt and taxable Bonds must be no more than .50% above the rate for government-insured and/or privately insured conventional loans at comparable buyer/seller points and the borrower/seller points may not be greater than 2.25 points, unless, in either case, the Executive Director reasonably determines that the mortgage loans are likely to be originated within a reasonable period of time taking into consideration the terms and conditions of the mortgage loans and market conditions; (3) the final purchase and remarketing contracts with respect to the Bonds must be in furtherance of the Bond Program and the Plan; (4) the principal amount of Bonds with respect to which a mortgage interest rate is established shall be sized to meet the expected demand for funds; (5) the issuance of the Bonds of any series under the General Indenture, Homeownership Indenture or Master Indenture will not cause a reduction in the then-existing rating on any Bonds outstanding under the General Indenture, Homeownership Indenture or Master Indenture, respectively; and (6) this delegation shall expire on July 31, 2023.

Section 6. Authorization to Expend Commission Funds. The Executive Director is authorized to expend Commission funds held under the General Indenture, Homeownership Indenture or Master Indenture, as necessary to issue the Bonds; provided, the amount of Commission funds needed to pay costs of issuance and to provide for expected case negative arbitrage and to lower the mortgage interest rate, upon the establishment of long-term interest rates shall not exceed $35,000 per million dollars of principal amount of the Bonds. The authorization to expend Commission funds shall include the authority to provide down-payment assistance in connection with, and as part of the Commission's single-family programs. The Executive Director shall report to the Commission regarding any execution of a purchase or remarketing contract at the next meeting of the Commission.

Section 7. Findings and Authorization Regarding Payment Agreements. The interest rates to be paid on the Bonds in the variable rate mode will vary over their term. The Commission's swap financial advisor has provided information regarding the variability of interest rates on obligations such as the Bonds, based on historical fluctuations in relevant market indices. The Commission's swap financial advisor has also provided information regarding the expected effect of payment agreements on the Commission's exposure to variable interest rates. The Commission hereby finds that payment agreements, if fully performed by all parties thereto, will reduce the amount of the Commission's exposure to changes in interest rates.

The Commission hereby delegates to the Executive Director the selection of a counterparty (the "Counterparty") for any payment agreements, after due consideration by the Executive Director of proposals from qualified entities that meet the criteria set forth in the Interest Rate Swap Act and the Commission's Interest Rate Swap Policy. The Commission hereby finds, consistent with RCW 39.96.030(3), that such selection process is a reasonable method for the solicitation and consideration of counterparties.

The Commission hereby authorizes and approves the use of payment agreements in the form of interest rate swap agreements with respect to Bonds in a variable rate mode. The Commission hereby delegates to the Executive Director the authority to approve the specific terms of such payment agreements, subject to the following limitations:

(1) the aggregate notional amount of the payment agreements shall not exceed $75,000,0000;

(2) the term of the payment agreements shall not exceed the term of the related Bonds;

(3) the Commission's obligation to pay regularly scheduled amounts due under the payment agreements absent an event of default shall be on a parity of lien with the

Commission's obligation to pay principal of and interest on the Bonds issued under the General Indenture, Homeownership Indenture or Master Indenture, as applicable;

(4) the Commission's obligation to pay any other amount due under the payment agreements (including without limitation any termination payments) shall be subordinate to the Commission's obligation to pay principal of and interest on the Bonds issued under the General Indenture, Homeownership Indenture or Master Indenture, as applicable;

(5) any payment agreement shall be executed prior to July 31, 2023;

(6) the Commission's swap financial advisor shall provide, on or prior to the date of execution of a payment agreement, the certification required by RCW 39.96.030(2)(b); and

(7) the final terms of the payment agreements are otherwise in furtherance of the Interest Rate Swap Act and the Commission's Interest Rate Swap Policy.

The Executive Director is authorized to execute payment agreements pursuant to the Interest Rate Swap Act and consistent with and in furtherance of the Commission's Interest Rate Swap Policy and this resolution. The Executive Director is further authorized to execute the documents contemplated therein, and any other necessary documents or certificates on its behalf, and to do all things necessary on its behalf to proceed with the execution of the payment agreements as authorized herein.  Only one signature is required to bind the Commission.

The Executive Director is furthermore authorized to execute a replacement payment agreement with a qualified counterparty selected in the same manner as for initial payment agreements if the Commission determines to terminate a payment agreement because an existing counterparty's rating is downgraded or if it would be otherwise desirable to the Commission and in furtherance of the Commission's Interest Rate Swap Policy.

Section 8. Authorization to Sell Certificates. The Executive Director is authorized to sell Certificates for the account of the Commission upon his determination that such sales are in the best interest of the Commission.

Section 9. Home Advantage Program. The Commission previously approved and hereby reaffirms its Home Advantage Program to provide financing for the purchase of eligible single-family residences without the issuance of Bonds through the use of frequent, periodic pricing and sale of Certificates. The Commission finds and determines that under certain bond market and conventional loan market conditions the Home Advantage Program provides a useful addition to the Bond Program in furtherance of its public purpose to provide affordable housing to low and moderate income individuals and families. The Commission hereby ratifies the Program Administration and Servicing Agreement, dated as of January 1, 2018, as amended, as it may be further supplemented and amended from time to time, between the Commission and Lakeview Loan Servicing LLC, a Delaware limited liability company ("Lakeview") and the Program Administration and Servicing Agreement, dated as December 1, 2017, as amended, as it may be further supplemented and amended from time to time, between the Commission and Idaho Housing and Finance Association, for the administration of the Home Advantage Program and the agreement with Hilltop Securities Inc. for the purchase and sale of Certificates to fund the Home Advantage Program, as such agreements may be supplemented and amended from time to time. The Executive Director is delegated the authority to enter into additional program administration and servicing agreements and replacements, supplements and amendments to the documents referenced above in a manner consistent with and in furtherance of the Plan as are necessary to ensure the continued efficiency of its single-family program.

The Executive Director is further delegated the authority to manage the acquisition and sale of Certificates and do all things reasonable or necessary pursuant to the Home Advantage Program to provide efficient financing for the purchase of eligible single-family residences and is directed to report periodically to the Commission with regard to the status of the Bond Program and the Home Advantage Program.

The Commission finds and determines that by using its available funds for the purchase of Mortgage Loans it can reduce its need to purchase liquidity and increase the efficiency of the Home Advantage Program. The Executive Director is therefore delegated the authority to take all actions necessary to use undeployed General Operating funds, Program-Related Investment funds, amounts in the Commission Fund and other undeployed funds, to provide liquidity for the purchase of Mortgage Loans. The Commission hereby ratifies its prior action to permit the allocation of Program-Related Investment funds representing Home Advantage Downpayment Assistance loan repayments in excess of $80 million to revolving Commission Down Payment Assistance Programs.

<u>Section 10</u>. <u>Executive Director</u>. The Deputy Executive Director or any other designee of the Executive Director is hereby authorized to act on behalf of the Executive Director for all purposes of this Resolution if it is necessary or desirable to accomplish the purposes hereof.

<u>Section 11</u>. <u>Ratification</u>. The Commission hereby ratifies and confirms all actions taken prior to the adoption of this resolution by the Executive Director in furtherance of the Single-Family Program, the Bond Program, the Home Advantage Program and the Plan.

Section 12. Effective Date. This resolution shall become effective immediately after its adoption and signature by the Chair of the Commission and attestation by the Secretary of the Commission, or his designee.

ADOPTED at a special meeting duly noticed and called this 23rd day of June, 2022.

WASHINGTON STATE HOUSING
FINANCE COMMISSION

By ________________________________
Chair

ATTEST:

________________________________
Secretary

APPROVED AS TO FORM:

________________________________
General Counsel

WASHINGTON STATE
HOUSING FINANCE
COMMISSION

Bill Rumpf
*Chair*
Steve Walker
*Executive Director*

# Memorandum

To: Commissioners

From: Fenice Taylor, Lucas Loranger, Shirleen Noonan

Date: June 13, 2022

**Re: Budget proposal for Fiscal Year 2023 (July 1, 2022 – June 30, 2023)**

CC: Executive Management Team

**BACKGROUND**

The proposed budget for the Washington State Housing Finance Commission's upcoming fiscal year 2023 (July 1, 2022 through June 30, 2023) follows. Although we have updated a few items, this proposed annual budget stays substantially the same as the draft we presented to you at the May Budget Planning Session.

The few changes since the May draft include the following additional services or labor costs:
- Redesign of WSHFC website and intranet ($130,000)
- Translation services for the Compliance Division ($20,000)
- Elimination of WHEFA (Washington Higher Education Facilities Authority) and TSA (Tobacco Settlement Authority) allocation for the Deputy Director position with a small increase in the affiliate allocation for the Executive Director and IT staff. ($33,127)

In summary, the net effect of the total changes ($183,127) from the May draft budget is approximately 0.3% of the total budgeted expense or 1% of the projected net income for FY 2023.

**PROPOSED ACTION**

Consider and act on the approval of the proposed fiscal year 2023 budget.

1000 Second Avenue, Suite 2700, Seattle, WA 98104-1046
tel 206.464.7139 800.767.HOME fax 206.587.5113 www.wshfc.org

# WASHINGTON STATE HOUSING FINANCE COMMISSION

## Budget for Fiscal Year Ending June 30, 2023

| | HOMEOWNERSHIP | | | MULTIFAMILY HSG & COMMUNITY FACILITIES* | | | | ASSET | FINANCE | | | EXECUTIVE OFFICE | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Home-ownership | Homebuyer Education | TOTAL | Multifamily Housing | Nonprofit Housing | Nonprofit Facilities | TOTAL | MANAGEMENT AND COMPLIANCE | Bond Portfolio Management | General Operations | TOTAL | Admin | IT Services | Comm. | TOTAL | TOTAL BUDGET |
| **REVENUE** | | | | | | | | | | | | | | | | |
| Fee Revenue | 13,957,080 | - | 13,957,080 | 6,441,748 | 695,585 | 334,533 | 7,471,866 | 7,563,596 | 4,181,450 | - | 4,181,450 | - | - | - | - | 33,173,992 |
| Interest Revenue | - | - | - | - | - | - | - | - | - | 1,236,057 | 1,236,057 | - | - | - | - | 1,236,057 |
| Misc. Revenue | - | 508,500 | 508,500 | - | - | - | - | 130,000 | - | 4,000 | 4,000 | 30,300 | - | - | 30,300 | 672,800 |
| Pass through Grants | - | 48,884,523 | 48,884,523 | 150,000 | - | - | 150,000 | - | - | - | - | - | - | - | - | 49,034,523 |
| **TOTAL REVENUE** | **13,957,080** | **49,393,023** | **63,350,103** | **6,591,748** | **695,585** | **334,533** | **7,621,866** | **7,693,596** | **4,181,450** | **1,240,057** | **5,421,507** | **30,300** | **-** | **-** | **30,300** | 84,117,372 |
| **EXPENSES** | | | | | | | | | | | | | | | | |
| Salaries & Wages | 2,469,320 | 441,608 | 2,910,928 | 2,352,982 | 102,691 | 126,204 | 2,581,877 | 1,995,818 | 674,017 | 1,054,226 | 1,728,243 | 2,133,935 | 629,079 | 21,463 | 2,784,477 | 12,001,343 |
| Travel | 49,120 | 8,581 | 57,701 | 46,857 | 4,112 | 4,999 | 55,968 | 39,101 | 11,522 | 20,430 | 31,952 | 56,816 | 15,287 | 65,210 | 137,313 | 322,035 |
| Professional Fees | 341,600 | 20,000 | 361,600 | 170,000 | 7,000 | 5,000 | 182,000 | 250,000 | 199,200 | 226,000 | 425,200 | 90,000 | - | - | 90,000 | 1,308,800 |
| Office Exp. & Other | 697,023 | 77,157 | 774,180 | 435,634 | 23,088 | 20,132 | 478,854 | 832,276 | 142,024 | 146,226 | 288,250 | 1,583,440 | 589,522 | 25,976 | 2,198,938 | 4,572,498 |
| Pass through Grants | - | 48,884,523 | 48,884,523 | 150,000 | - | - | 150,000 | - | - | - | - | - | - | - | - | 49,034,523 |
| **TOTAL EXPENSES** | **3,557,063** | **49,431,869** | **52,988,932** | **3,155,473** | **136,891** | **156,335** | **3,448,699** | **3,117,195** | **1,026,763** | **1,446,882** | **2,473,645** | **3,864,191** | **1,233,888** | **112,649** | **5,210,728** | 67,239,199 |
| **EXCESS OF REVENUES** | | | | | | | | | | | | | | | | |
| OVER EXPENSES | 10,400,017 | (38,846) | 10,361,171 | 3,436,275 | 558,694 | 178,198 | 4,173,167 | 4,576,401 | 3,154,687 | (206,825) | 2,947,862 | (3,833,891) | (1,233,888) | (112,649) | (5,180,428) | 16,878,173 |
| | | | | | | | | | | | | | | | | - |
| **Overhead Allocations** | (1,659,537) | (255,363) | (1,914,900) | (1,402,195) | (63,866) | (72,938) | (1,538,999) | (1,454,319) | (479,034) | 206,825 | (272,209) | 3,833,891 | 1,233,888 | 112,649 | 5,180,428 | - |
| | | | | | | | | | | | | | | | | - |
| **Program Allocations** | 160,539 | 26,757 | 187,296 | 1,819,444 | 428,104 | 240,809 | 2,488,357 | - | (2,675,653) | - | (2,675,653) | - | - | - | - | - |
| | | | | | | | | | | | | | | | | - |
| **NET INCOME** | **8,901,019** | **(267,452)** | **8,633,567** | **3,853,524** | **922,932** | **346,069** | **5,122,525** | **3,122,082** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | 16,878,173 |

| CAPITAL EXPENDITURES | 107,000 |
|---|---|

### FYE 2022 Budgeted Revenue & Expenses for Comparative Purposes

| | Home-ownership | Homebuyer Education | TOTAL | Multifamily Housing | Nonprofit Housing | Nonprofit Facilities | TOTAL | Asset Management and Compliance | Bond Portfolio Management | General Operations | TOTAL | Admin | IT Services | Comm. | TOTAL | TOTAL BUDGET |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **REVENUE** | | | | | | | | | | | | | | | | |
| Fee Revenue | 21,582,346 | - | 21,582,346 | 7,454,310 | 581,434 | 332,932 | 8,368,676 | 7,097,868 | 4,001,771 | - | 4,001,771 | - | - | - | - | 41,050,661 |
| Interest Revenue | - | - | - | - | - | - | - | - | - | 491,672 | 491,672 | - | - | - | - | 491,672 |
| Misc. Revenue | - | 295,132 | 295,132 | - | - | - | - | 144,000 | - | 4,000 | 4,000 | 25,680 | - | - | 25,680 | 468,812 |
| Pass through Grants | - | 7,108,759 | 7,108,759 | - | - | - | - | - | - | - | - | - | - | - | - | 7,108,759 |
| **TOTAL REVENUE** | **21,582,346** | **7,403,891** | **28,986,237** | **7,454,310** | **581,434** | **332,932** | **8,368,676** | **7,241,868** | **4,001,771** | **495,672** | **4,497,443** | **25,680** | **-** | **-** | **25,680** | **49,119,904** |
| **EXPENSES** | | | | | | | | | | | | | | | | |
| Salaries & Wages | 2,291,293 | 278,289 | 2,569,582 | 1,969,783 | 87,809 | 163,324 | 2,220,916 | 1,981,498 | 643,663 | 899,938 | 1,543,601 | 1,881,595 | 473,997 | 20,211 | 2,375,803 | 10,691,400 |
| Travel | 27,390 | 3,118 | 30,508 | 31,581 | 1,850 | 7,385 | 40,816 | 38,510 | 6,946 | 10,666 | 17,612 | 42,507 | 8,675 | 62,363 | 113,545 | 240,991 |
| Professional Fees | 451,600 | 10,000 | 461,600 | 165,000 | 7,000 | 5,000 | 177,000 | 150,000 | 211,200 | 196,000 | 407,200 | 90,000 | - | - | 90,000 | 1,285,800 |
| Office Exp. & Other | 540,873 | 49,688 | 590,561 | 258,643 | 20,110 | 28,757 | 307,510 | 717,277 | 139,242 | 119,871 | 259,113 | 1,407,623 | 487,102 | 26,042 | 1,920,767 | 3,795,228 |
| Pass through Grants | - | 7,108,759 | 7,108,759 | - | - | - | - | - | - | - | - | - | - | - | - | 7,108,759 |
| **TOTAL EXPENSES** | **3,311,156** | **7,449,854** | **10,761,010** | **2,425,007** | **116,769** | **204,466** | **2,746,242** | **2,887,285** | **1,001,051** | **1,226,475** | **2,227,526** | **3,421,725** | **969,774** | **108,616** | **4,500,115** | **23,122,178** |
| **EXCESS OF REVENUES** | | | | | | | | | | | | | | | | |
| OVER EXPENSES | 18,271,190 | (45,963) | 18,225,227 | 5,029,303 | 464,665 | 128,466 | 5,622,434 | 4,354,583 | 3,000,720 | (730,803) | 2,269,917 | (3,396,045) | (969,774) | (108,616) | (4,474,435) | 25,997,726 |
| | | | | | | | | | | | | | | | | - |
| **Overhead Allocations** | (1,675,478) | (172,597) | (1,848,075) | (1,227,078) | (59,086) | (103,462) | (1,389,626) | (1,460,995) | (506,542) | 730,803 | 224,261 | 3,396,045 | 969,774 | 108,616 | 4,474,435 | - |
| | | | | | | | | | | | | | | | | - |
| **Program Allocations** | 162,122 | 24,942 | 187,064 | 1,715,994 | 361,656 | 229,464 | 2,307,114 | - | (2,494,178) | - | (2,494,178) | - | - | - | - | - |
| | | | | | | | | | | | | | | | | - |
| **NET INCOME** | **16,757,834** | **(193,618)** | **16,564,216** | **5,518,219** | **767,235** | **254,468** | **6,539,922** | **2,893,588** | **-** | **-** | **-** | **-** | | **-** | **-** | **25,997,726** |

| CAPITAL EXPENDITURES | 135,000 |
|---|---|

(0)

* Programs Beginning Farmer (BFL), Sustainable Energy (SEP), and Tax Credits (TCR) are included in Multifamily Housing (MFH).

# WSHFC

## FYE 2023 -- BUDGET Roll-up by Division

| | HOMEOWNERSHIP | | | | MULTIFAMILY HOUSING & COMMUNITY FACILITIES | | | | ASSET MANAGEMENT & COMPLIANCE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Budget FYE 2023 | Budget FYE 2022 | Projected Act FYE 2022 | Actual FYE 2021 | Budget FYE 2023 | Budget FYE 2022 | Projected Act FYE 2022 | Actual FYE 2021 | Budget FYE 2023 | Budget FYE 2022 | Projected Act FYE 2022 | Actual FYE 2021 |
| *Revenues:* | | | | | | | | | | | | |
| Commission Fees | - | | - | - | 3,797,029 | 3,633,216 | 3,720,680 | 3,482,147 | 3,437,566 | 3,734,108 | 3,478,730 | 3,238,935 |
| Compliance Fees | - | | - | - | - | | - | - | 4,126,030 | 3,363,760 | 3,655,536 | 3,533,872 |
| All other Program Fees | 5,163,905 | 3,026,076 | 3,370,642 | 2,411,358 | - | | 311,262 | 14,321 | - | | 200,070 | 177,290 |
| Issuance & Application Fees | 8,793,175 | 18,556,270 | 17,970,346 | 21,798,713 | 3,674,837 | 4,735,460 | 8,118,704 | 8,697,465 | - | - | - | - |
| Interest Revenue | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Income | 508,500 | 295,132 | 230,221 | 191,059 | - | - | - | - | 130,000 | 144,000 | 93,666 | 138,617 |
| Grant Revenue | 48,884,523 | 7,108,759 | 6,648,715 | 3,696,435 | 150,000 | - | - | - | - | - | - | - |
| *Total Unadjusted Revenues* | **63,350,103** | **28,986,237** | **28,219,923** | **28,097,565** | **7,621,866** | **8,368,676** | **12,150,647** | **12,193,933** | **7,693,596** | **7,241,868** | **7,428,003** | **7,088,715** |
| *Expenses:* | | | | | | | | | | | | |
| **EMPLOYEE EXPENSES** | | | | | | | | | | | | |
| Salaries, Wages & Temp. staffing | 2,237,553 | 2,002,653 | 1,869,711 | 1,657,848 | 1,981,868 | 1,726,538 | 1,469,221 | 1,439,318 | 1,533,533 | 1,548,700 | 1,304,543 | 1,299,542 |
| Employee Benefits | 657,225 | 556,729 | 553,821 | 559,377 | 584,511 | 477,128 | 436,948 | 477,598 | 451,235 | 421,748 | 394,978 | 436,049 |
| Conference, Education & Training | 16,150 | 10,200 | 4,904 | 4,812 | 15,498 | 17,250 | 5,624 | 11,873 | 11,050 | 11,050 | 9,866 | 12,611 |
| **TRAVEL EXPENSES** | | | | | | | | | | | | |
| Travel out of state | 43,750 | 29,063 | 30 | - | 37,500 | 26,666 | 2,356 | - | 28,750 | 28,750 | 1,508 | - |
| Travel in state | 13,951 | 1,445 | 227 | - | 18,468 | 14,150 | 727 | - | 10,351 | 9,760 | - | - |
| **PROFESSIONAL FEES** | | | | | | | | | | | | |
| Accounting Fees | - | - | - | - | - | - | - | - | - | - | - | - |
| Legal Fees | 140,000 | 260,000 | 98,768 | 110,812 | 150,000 | 150,000 | 116,230 | 136,056 | 250,000 | 150,000 | 224,537 | 121,639 |
| Financial Advisor Fees | 221,600 | 201,600 | 195,840 | 201,600 | 32,000 | 27,000 | - | - | - | - | - | - |
| Investment Management Fees | - | - | - | - | - | - | - | - | - | - | - | - |
| **OFFICE EXPENSE** | | | | | | | | | | | | |
| Office Rent/Conf. Room Rentals | 125,532 | 127,533 | 120,952 | 102,839 | 141,104 | 141,105 | 139,560 | 116,992 | 168,408 | 166,508 | 167,472 | 137,889 |
| Furniture & Equipment Rental | - | - | - | - | - | - | - | - | 500 | 300 | 199 | 130 |
| Advertising | 257,700 | 202,700 | (41,670) | 62,026 | 12,300 | 15,200 | 1,800 | 4,750 | 1,000 | - | 1,669 | - |
| Publications/ Subscriptions/ Dues | 11,000 | 10,000 | 1,385 | 1,295 | 30,500 | 32,550 | 21,342 | 22,920 | 7,500 | 7,500 | 4,612 | 5,463 |
| Deliveries | 500 | 500 | - | 53 | 500 | - | 603 | 396 | 100 | 400 | 62 | 151 |
| Insurance | 1,000 | 2,000 | - | 807 | - | - | - | - | - | - | - | - |
| Meeting Expense | 6,500 | 7,500 | 458 | 375 | 13,750 | 2,000 | 54 | - | 1,500 | 1,500 | - | - |
| Equipment & Building Maintenance | - | - | - | - | - | - | - | 225 | 2,000 | - | 424 | - |
| Software Maint. Support & Other Info | 175,535 | 118,082 | 120,743 | 93,587 | 86,882 | 33,530 | 48,692 | 52,778 | 204,673 | 187,320 | 149,004 | 153,151 |
| Non-capitalized Equipment/Supplies | 2,896 | 2,746 | 4,200 | 187 | 2,596 | 2,362 | - | 3,273 | 1,995 | 2,049 | 3,007 | 265 |
| Postage | 3,700 | 3,500 | 2,701 | 2,867 | 250 | 400 | 204 | 327 | 500 | 1,450 | 312 | 625 |
| Printing | 3,000 | 5,250 | 40 | - | - | 150 | 40 | 66 | 100 | 250 | 79 | 33 |
| State Services | - | - | - | - | - | - | - | - | - | - | - | - |
| Supplies | 2,500 | 5,500 | 1,011 | 328 | 500 | 900 | 441 | 508 | 4,000 | 4,000 | 2,156 | 2,471 |
| Telephone | 13,250 | 10,250 | 11,371 | 9,252 | 10,000 | 10,000 | 11,559 | 11,473 | - | 6,000 | 9,276 | 6,527 |
| Other Office Expenses | - | - | - | - | - | - | - | - | - | - | - | - |
| Contract Services | 147,000 | 95,000 | 2,268 | 9,173 | 95,000 | 10,000 | 1,110 | 1,850 | 440,000 | 340,000 | 32,118 | 24,352 |
| Depreciation | 24,067 | - | - | - | 85,472 | 59,313 | 57,105 | 32,063 | - | - | - | - |
| Grant Pass-Through | 48,884,523 | 7,108,759 | 6,648,715 | 3,696,435 | 150,000 | - | - | - | - | - | - | - |
| **Total Expenses** | **52,988,932** | **10,761,010** | **9,595,473** | **6,513,671** | **3,448,699** | **2,746,242** | **2,313,616** | **2,312,466** | **3,117,195** | **2,887,285** | **2,305,820** | **2,200,898** |
| **Revenue over expense, prior to allocations** | 10,361,171 | 18,225,227 | 18,624,450 | 21,583,894 | 4,173,167 | 5,622,434 | 9,837,031 | 9,881,467 | 4,576,401 | 4,354,583 | 5,122,182 | 4,887,817 |
| **% of Total Expenses** | 22.5% | 22.8% | 22.7% | 23.4% | 18.1% | 17.1% | 17.8% | 19.2% | 17.1% | 18.0% | 17.7% | 18.2% |
| **NET INCOME** | 10,361,171 | 18,225,227 | 18,624,450 | 21,583,894 | 4,173,167 | 5,622,434 | 9,837,031 | 9,881,467 | 4,576,401 | 4,354,583 | 5,122,182 | 4,887,817 |
| **OVERHEAD ALLOCATION** | (1,914,900) | (1,848,075) | (2,348,868) | (638,405) | (1,538,999) | (1,389,626) | (1,902,737) | (501,237) | (1,454,319) | (1,460,995) | (1,697,035) | (499,548) |
| **PROGRAM ALLOCATION** | | | | | | | | | | | | |
| BOND PORTFOLIO MANAGEMENT | 187,296 | 187,064 | 477,472 | 118,917 | 2,488,357 | 2,307,114 | 5,490,930 | 1,579,893 | - | - | - | - |
| BOND COMPLIANCE | | | | | | | | | | | | |
| TAX CREDIT COMPLIANCE | | | | | | | | | | | | |
| **NET INCOME** | **8,633,567** | **16,564,216** | **16,753,054** | **21,064,405** | **5,122,525** | **6,539,922** | **13,425,225** | **10,960,124** | **3,122,082** | **2,893,588** | **3,425,147** | **4,388,269** |
| **OVERHEAD ALLOCATION PERCENTAGE** | **36%** | **35%** | **35%** | **35%** | **29%** | **28%** | **28%** | **28%** | **27%** | **25%** | **25%** | **28%** |
| **PROGRAM ALLOCATION PERCENTAGE** | | | | | | | | | | | | |
| BOND PORTFOLIO MANAGEMENT (Based or | **7%** | **8%** | **8%** | **7%** | **93%** | **92%** | **92%** | **93%** | **0%** | **0%** | **0%** | **0%** |

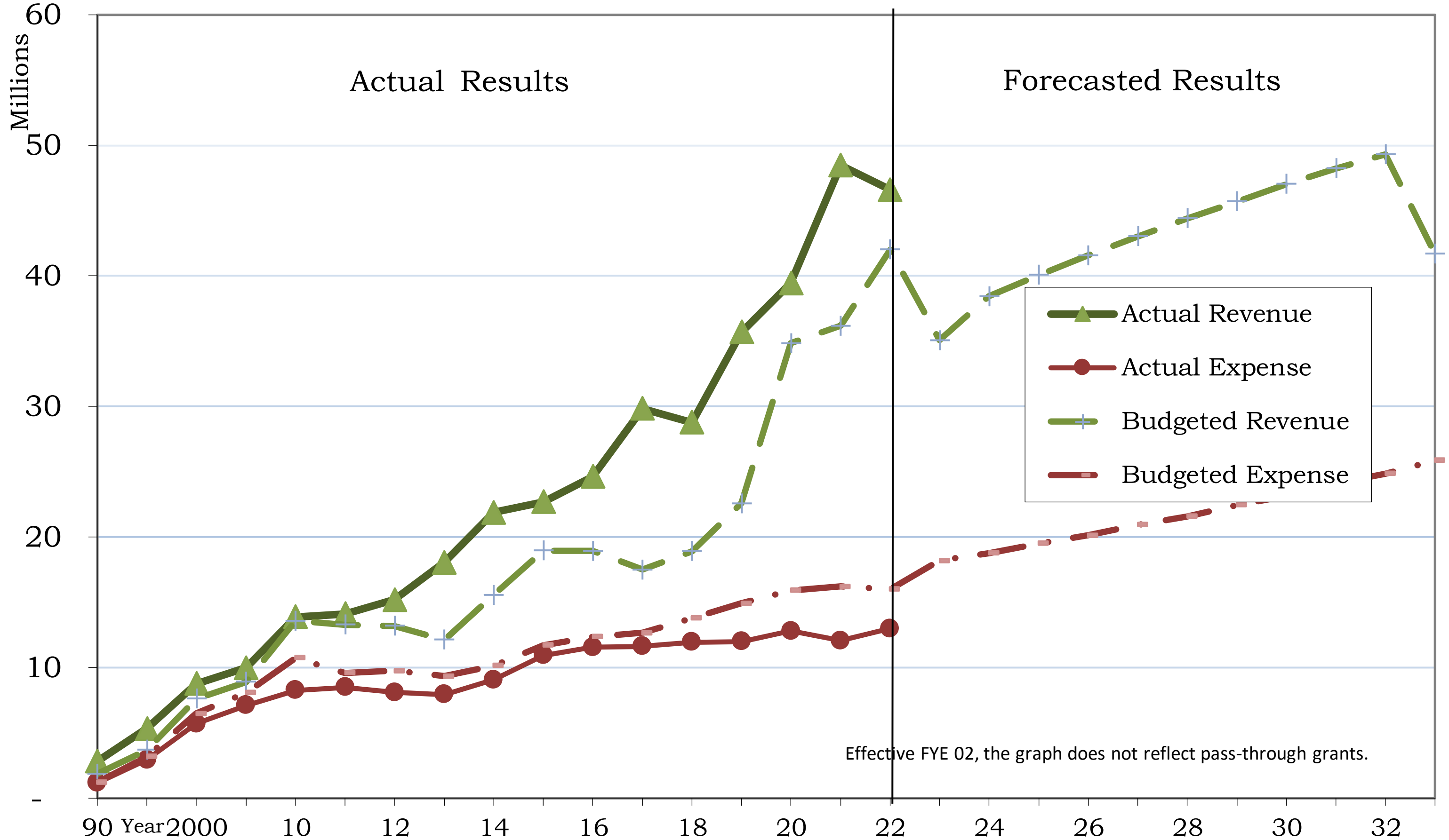
# WSHFC

| | FINANCE | | | | EXECUTIVE OFFICE | | | | FYE 2023 | FYE 2022 | @ 04/30/22 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Budget FYE 2023 | Budget FYE 2022 | Projected Act FYE 2022 | Actual FYE 2021 | Budget FYE 2023 | Budget FYE 2022 | Projected Act FYE 2022 | Actual FYE 2021 | TOTAL BUDGET | TOTAL Budget | FYE 2022 Proj Actl | Actual FYE 2021 |
| *Revenues:* | | | | | | | | | | | | |
| Commission Fees | 4,181,450 | 4,001,771 | 4,123,983 | 3,885,237 | - | - | - | - | 11,416,046 | 8,130,195 | 11,323,393 | 10,606,320 |
| Compliance Fees | - | - | - | - | - | - | - | - | 4,126,030 | 3,363,760 | 3,655,536 | 3,533,872 |
| All other Program Fees | - | | 306,230 | 14,321 | - | | - | - | 5,163,905 | 6,264,976 | 4,188,204 | 2,617,289 |
| Issuance & Application Fees | - | - | - | - | - | - | - | - | 12,468,011 | 23,291,730 | 26,089,050 | 30,496,179 |
| Interest Revenue | 1,236,057 | 491,672 | 979,689 | 861,794 | - | - | - | - | 1,236,057 | 491,672 | 979,689 | 861,794 |
| Other Income | 4,000 | 4,000 | 8,927 | 1,871 | 30,300 | 25,680 | 30,336 | 26,840 | 672,800 | 468,812 | 363,150 | 358,387 |
| Grant Revenue | - | - | - | - | - | - | - | - | 49,034,523 | 7,108,759 | 6,648,715 | 3,696,435 |
| *Total Unadjusted Revenues* | **5,421,507** | **4,497,443** | **5,418,829** | **4,763,223** | **30,300** | **25,680** | **30,336** | **26,840** | **84,117,372** | **49,119,904** | **53,247,737** | **52,170,275** |
| *Expenses:* | | | | | | | | | | | | |
| **EMPLOYEE EXPENSES** | | | | | | | | | | | | |
| Salaries, Wages & Temp. staffing | 1,313,118 | 1,196,337 | 914,486 | 1,042,394 | 2,072,754 | 1,785,057 | 1,589,106 | 1,683,409 | 9,138,826 | 8,259,285 | 7,147,066 | 7,122,512 |
| Employee Benefits | 404,975 | 340,664 | 279,337 | 357,958 | 657,223 | 544,746 | 447,383 | (243,855) | 2,755,169 | 2,341,015 | 2,112,467 | 1,587,127 |
| Conference, Education & Training | 10,150 | 6,600 | 2,274 | 2,821 | 54,500 | 46,000 | 21,589 | 17,556 | 107,348 | 91,100 | 44,258 | 49,673 |
| **TRAVEL EXPENSES** | | | | | | | | | | | | |
| Travel out of state | 21,250 | 15,937 | 1,666 | - | 83,650 | 75,837 | 10,553 | 25 | 214,900 | 176,253 | 16,113 | 25 |
| Travel in state | 10,702 | 1,675 | - | - | 53,663 | 37,708 | 2,347 | 1,026 | 107,135 | 64,738 | 3,302 | 1,026 |
| **PROFESSIONAL FEES** | | | | | | | | | | | - | |
| Accounting Fees | 124,000 | 146,000 | 116,699 | 128,074 | - | - | - | - | 124,000 | 146,000 | 116,699 | 128,074 |
| Legal Fees | 1,000 | 1,000 | - | - | 90,000 | 90,000 | 58,922 | 86,098 | 631,000 | 651,000 | 498,457 | 454,605 |
| Financial Advisor Fees | 100,200 | 100,200 | 104,160 | 98,400 | - | - | - | - | 353,800 | 328,800 | 300,000 | 300,000 |
| Investment Management Fees | 200,000 | 160,000 | 164,293 | 126,783 | - | - | - | - | 200,000 | 160,000 | 164,293 | 126,783 |
| **OFFICE EXPENSE** | | | | | | | | | | | - | |
| Office Rent/Conf. Room Rentals | 107,439 | 107,438 | 111,648 | 89,549 | 399,700 | 399,700 | 383,615 | 322,374 | 942,183 | 942,284 | 923,247 | 769,643 |
| Furniture & Equipment Rental | - | - | - | - | 21,719 | 17,216 | 17,604 | 22,098 | 22,219 | 17,516 | 17,803 | 22,228 |
| Advertising | 1,900 | 900 | - | - | 286,500 | 160,000 | 38,428 | 43,843 | 559,400 | 378,800 | 227 | 110,619 |
| Publications/ Subscriptions/ Dues | 2,190 | 1,850 | 780 | 540 | 55,729 | 57,063 | 53,143 | 53,667 | 106,919 | 108,963 | 81,261 | 83,884 |
| Deliveries | 100 | 100 | - | 13 | 4,570 | 2,785 | 1,897 | 2,214 | 5,770 | 3,785 | 2,562 | 2,827 |
| Insurance | - | - | - | - | 60,000 | 40,812 | 54,511 | 40,810 | 61,000 | 42,812 | 54,511 | 41,617 |
| Meeting Expense | 750 | 750 | - | - | 92,000 | 87,000 | 339 | - | 114,500 | 98,750 | 851 | 375 |
| Equipment & Building Maintenance | 1,000 | 1,000 | 3,943 | 290 | 89,833 | 80,433 | 42,893 | 16,095 | 92,833 | 81,433 | 47,260 | 16,610 |
| Software Maint. Support & Other Info | 159,442 | 139,311 | 102,551 | 102,235 | 445,938 | 428,267 | 435,133 | 389,157 | 1,072,470 | 906,510 | 856,123 | 790,908 |
| Non-capitalized Equipment/Supplies | 1,889 | 1,754 | - | 390 | 104,661 | 44,616 | 33,736 | 32,726 | 114,037 | 53,527 | 40,943 | 36,841 |
| Postage | 860 | 860 | 525 | 541 | 2,160 | 2,160 | 633 | 819 | 7,470 | 8,370 | 4,375 | 5,177 |
| Printing | 320 | 300 | 627 | - | 16,046 | 19,396 | 4,125 | 7,164 | 19,466 | 25,346 | 4,910 | 7,263 |
| State Services | - | - | - | - | 14,970 | 22,818 | 3,135 | 3,684 | 14,970 | 22,818 | 3,135 | 3,684 |
| Supplies | 7,350 | 2,300 | 6,756 | 2,850 | 20,250 | 33,752 | 6,696 | 9,776 | 34,600 | 46,452 | 17,059 | 15,933 |
| Telephone | 4,510 | 1,550 | 2,189 | 2,540 | 51,916 | 34,036 | 24,543 | 26,011 | 79,676 | 61,836 | 58,938 | 55,804 |
| Other Office Expenses | - | - | - | - | - | - | - | - | - | - | - | - |
| Contract Services | 500 | 1,000 | - | - | 500,000 | 432,132 | 350,960 | 207,752 | 1,182,500 | 878,132 | 386,456 | 243,127 |
| Depreciation | - | - | - | - | 32,946 | 58,581 | 36,177 | 52,616 | 142,485 | 117,894 | 93,281 | 84,678 |
| Grant Pass-Through | - | - | - | - | - | - | - | - | 49,034,523 | 7,108,759 | 6,648,715 | 3,696,435 |
| **Total Expenses** | **2,473,645** | **2,227,526** | **1,811,934** | **1,955,378** | **5,210,728** | **4,500,115** | **3,617,468** | **2,775,064** | **67,239,199** | **23,122,178** | **19,644,311** | **15,757,477** |
| **Revenue over expense, prior to allocations** | 2,947,862 | 2,269,917 | 3,606,895 | 2,807,844 | (5,180,428) | (4,474,435) | (3,587,132) | (2,748,224) | 16,878,173 | 25,997,726 | 33,603,426 | 36,412,798 |
| **% of Total Expenses** | 13.6% | 13.9% | 13.9% | 16.2% | 28.6% | 28.1% | 27.8% | 23.0% | 100% | 100% | 100% | 100% |
| **NET INCOME** | 2,947,862 | 2,269,917 | 3,606,895 | 2,807,844 | (5,180,428) | (4,474,435) | (3,587,132) | (2,748,224) | 16,878,173 | 25,997,726 | 33,603,426 | 36,412,798 |
| **OVERHEAD ALLOCATION** | (272,209) | 224,261 | 2,361,508 | (1,109,034) | 5,180,428 | 4,474,435 | 3,587,132 | 2,748,224 | - | - | - | - |
| **PROGRAM ALLOCATION** | | | | | | | | | | | | |
| BOND PORTFOLIO MANAGEMENT | (2,675,653) | (2,494,177) | (5,968,402) | (1,698,810) | - | - | - | - | - | - | - | - |
| BOND COMPLIANCE | | | | | | | | | | | | |
| TAX CREDIT COMPLIANCE | | | | | | | | | | | | |
| **NET INCOME** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **16,878,173** | **25,997,726** | **33,603,426** | **36,412,798** |
| **OVERHEAD ALLOCATION PERCENTAGE** | **9%** | **11%** | **11%** | **10%** | | | | | **100%** | **100%** | **100%** | **100%** |
| **PROGRAM ALLOCATION PERCENTAGE** | | | | | | | | | | | | |
| BOND PORTFOLIO MANAGEMENT (Based or | **0%** | 0% | 0% | 0% | | | | | **100%** | **100%** | **100%** | **100%** |

## Washington State Housing Finance Commission
## Projected Statement of Operations
### FYE 22 Projected Actual & Budget versus FYE 23 Budget

| | FYE 2023 Bdgt vs. FYE 2022 Bdgt Change | FYE 2023 Bdgt vs. FYE 2022 Bdg Variance | FYE 2022 Budget | FYE 2023 Budget | @ 04/30/22 FYE 2022 Projected Actual | FYE 2023 Bdgt vs. FYE 2022 Proj Variance | FYE 2023 Bdgt vs. FYE 2022 Prj Change | FYE 2023 Budget % |
|---|---|---|---|---|---|---|---|---|
| *Revenues:* | | | | | | | | |
| Program Fees | 17% | 2,947,050 | 17,758,931 | **20,705,981** | 19,167,134 | 1,538,847 | 8% | **24.6%** |
| Issuance & Application Fees | -46% | (10,823,719) | 23,291,730 | **12,468,011** | 26,089,050 | (13,621,039) | -52% | **14.8%** |
| Interest Revenue | 151% | 744,385 | 491,672 | **1,236,057** | 979,689 | 256,368 | 26% | **1.5%** |
| Other Income | 44% | 203,988 | 468,812 | **672,800** | 363,150 | 309,650 | 85% | **0.8%** |
| Grant Revenue | 590% | 41,925,764 | 7,108,759 | **49,034,523** | 6,648,715 | 42,385,808 | 638% | **58.3%** |
| *Total Unadjusted Revenues* | **71%** | **34,997,468** | **49,119,904** | **84,117,372** | **53,247,737** | **30,869,635** | **58%** | **100%** |
| *Expenses:* | | | | | | | | |
| **EMPLOYEE EXPENSES** | | | | | | | | |
| Salaries, Wages & Temp. staffing | 11% | 879,541 | 8,259,285 | **9,138,826** | 7,147,066 | 1,991,760 | 28% | **13.6%** |
| Employee Benefits | 18% | 414,154 | 2,341,015 | **2,755,169** | 2,112,467 | 642,702 | 30% | **4.1%** |
| Conference, Education & Training | 18% | 16,248 | 91,100 | **107,348** | 44,258 | 63,090 | 143% | **0.2%** |
| **TRAVEL EXPENSES** | | | | | | | | |
| Travel out of state | 22% | 38,647 | 176,253 | **214,900** | 16,113 | 198,787 | 1234% | **0.3%** |
| Travel in state | 65% | 42,397 | 64,738 | **107,135** | 3,302 | 103,833 | 3145% | **0.2%** |
| **PROFESSIONAL FEES** | | | | | | | | |
| Accounting Fees | -15% | (22,000) | 146,000 | **124,000** | 116,699 | 7,301 | 6% | **0.2%** |
| Legal Fees | -3% | (20,000) | 651,000 | **631,000** | 498,457 | 132,543 | 27% | **0.9%** |
| Financial Advisor Fees | 8% | 25,000 | 328,800 | **353,800** | 300,000 | 53,800 | 18% | **0.5%** |
| Investment Management Fees | 25% | 40,000 | 160,000 | **200,000** | 164,293 | 35,707 | 22% | **0.3%** |
| **OFFICE EXPENSE** | | | | | | | | |
| Office Rent/Conf. Room Rentals | 0% | (101) | 942,284 | **942,183** | 923,247 | 18,936 | 2% | **1.4%** |
| Furniture & Equipment Rental | 27% | 4,703 | 17,516 | **22,219** | 17,803 | 4,416 | 25% | **0.0%** |
| Advertising | 48% | 180,600 | 378,800 | **559,400** | 227 | 559,173 | 246593% | **0.8%** |
| Publications/ Subscriptions/ Dues | -2% | (2,044) | 108,963 | **106,919** | 81,261 | 25,658 | 32% | **0.2%** |
| Deliveries | 52% | 1,985 | 3,785 | **5,770** | 2,562 | 3,208 | 125% | **0.0%** |
| Insurance | 42% | 18,188 | 42,812 | **61,000** | 54,511 | 6,489 | 12% | **0.1%** |
| Meeting Expense | 16% | 15,750 | 98,750 | **114,500** | 851 | 113,649 | 13362% | **0.2%** |
| Equipment & Building Maintenance | 14% | 11,400 | 81,433 | **92,833** | 47,260 | 45,573 | 96% | **0.1%** |
| Software Maint. Support & Info Svcs | 18% | 165,960 | 906,510 | **1,072,470** | 856,123 | 216,347 | 25% | **1.6%** |
| Non-capitalized Equipment/Supplies | 113% | 60,510 | 53,527 | **114,037** | 40,943 | 73,094 | 179% | **0.2%** |
| Postage | -11% | (900) | 8,370 | **7,470** | 4,375 | 3,095 | 71% | **0.0%** |
| Printing | -23% | (5,880) | 25,346 | **19,466** | 4,910 | 14,556 | 296% | **0.0%** |
| State Services | -34% | (7,848) | 22,818 | **14,970** | 3,135 | 11,835 | 377% | **0.0%** |
| Supplies | -26% | (11,852) | 46,452 | **34,600** | 17,059 | 17,541 | 103% | **0.1%** |
| Telephone | 29% | 17,840 | 61,836 | **79,676** | 58,938 | 20,738 | 35% | **0.1%** |
| Contract Services | 35% | 304,368 | 878,132 | **1,182,500** | 386,456 | 796,044 | 206% | **1.8%** |
| Depreciation | 21% | 24,591 | 117,894 | **142,485** | 93,281 | 49,204 | 53% | **0.2%** |
| Grant Pass-Through | 590% | 41,925,764 | 7,108,759 | **49,034,523** | 6,648,715 | 42,385,808 | 638% | **72.9%** |
| **Total Expenses** | **191%** | **44,117,021** | **23,122,178** | **67,239,199** | **19,644,311** | **47,594,888** | **242%** | **100%** |
| **REVENUES OVER EXPENSES:** | **-35%** | **(9,119,553)** | **25,997,726** | **16,878,173** | **33,603,426** | **(16,725,253)** | **-50%** | |
| | | | | | | | | |
| **EXCESS OF REVENUE OF EXPENSES** | **-35%** | **(9,119,553)** | **25,997,726** | **16,878,173** | **33,603,426** | **(16,725,253)** | **-50%** | |

# Actual vs. Budget



# STAFFING SUMMARY

| Division/Entity | Fiscal Year 2022 Budget | FY 23 FTE Addition/(Reduction) Manager | Analyst | Admin Assistant | Fiscal Year 2023 Budget |
|---|---|---|---|---|---|
| Homeownership | 18.30 | | 1.00 | | 19.30 |
| MHCF | 15.74 | | 1.26 | 0.30 | 17.30 |
| Compliance | 13.66 | | (0.36) | | 13.30 |
| Finance | 11.69 | | 0.90 | | 12.59 |
| Administration/IT | 15.77 | 0.16 | 1.98 | (0.17) | 17.74 |
| **WSHFC** | **75.16** | **0.16** | **4.78** | **0.13** | **80.23** |
| **WHEFA** | 2.43 | (0.16) | 0.05 | 0.02 | 2.34 |
| **TSA** | 0.41 | | 0.01 | 0.01 | 0.43 |
| **Total** | 78.00 | - | 4.84 | 0.16 | 83.00 |

# WASHINGTON STATE HOUSING FINANCE COMMISSION
# CAPITAL BUDGET SUMMARY
## For The Budget Year Ending: June 30, 2023

| CATEGORY<br>Program | Description | TOTAL |
|---|---|---|
| **COMPUTERS & RELATED HARDWARE** | | |
| ITS | Disaster recovery server - Rubrik | 50,000 |
| ITS | Upgrade data wire to Cat5e and Cat6 | 27,000 |
| | ***TOTAL COMPUTERS & RELATED HARDWARE*** | 77,000 |
| **SOFTWARE** | | |
| MFH | MHCF On-line application for 9%, NPF, NPH - Build/Test Phases | 30,000 |
| | ***TOTAL SOFTWARE*** | 30,000 |
| | ***GRAND TOTAL*** | $ 107,000 |

| Allowance for Annual Depreciation: | Life | Basis | In Service | Depreciation |
|---|---|---|---|---|
| ITS - Disaster Recovery Server - Rubrik | 3 | 50,000 | July 2022 | 16,667 |
| ITS - Upgrade data wire to Cat5e and Cat6 | 3 | 27,000 | July 2022 | 9,000 |
| MFH - On-line application system Phase 2 | 3 | 30,000 | July 2022 | 10,000 |
| New Depreciation | | | | 35,667 |
| | | | | |
| Depreciation of Existing Capital Assets | | | | |
| MFH - On-line application system Phase 1 | 3 | | | 75,472 |
| ADM - Board Room Equipment | 3 | | | 7,279 |
| HBE - Homebuyer Portal | 3 | | | 24,067 |
| **Total Depreciation** | | | | $ 142,485 |

**WASHINGTON STATE**
**HOUSING FINANCE COMMISSION**

**Program Summary**
**Fiscal Year 2022-2023**

**Program: Homeownership Programs** **Division: Homeownership**

**Commission Goals:**

To provide effective, low-cost financing for low to moderate income homebuyers.

**Problem/Need:**

Low and moderate-income households especially underserved communities and communities of color can't afford a modest priced home at conventional rates and are often subject to predatory loans. They are unable to save for downpayment and closing costs and are denied access to credit due to inflexible investor guidelines.

**Program Goal:**

To bridge the gap to homeownership for low and moderate-income homebuyers by providing safe and affordable financing options to include downpayment assistance at favorable rates and terms and also broadening the credit box through flexible underwriting guidelines for credit worthy homebuyers.

**Business Objectives (Outputs/Outcomes):**

1. Consider the impacts resulting from historic and systemic racism on Commission programs and processes, including the homeownership programs, change programs and develop new tools to mitigate the impact of such racism

2. By June 30, 2023, continue to work on marketing and outreach to reach underserved communities and communities of color groups in our homeownership programs.

3. Purchase 4,700 Home Advantage loans and 300 House Key loans by June 30, 2023.
4. Conduct 10 lender Home Advantage training seminars; 10 real estate professional/lender presentations; 20 outreach activities with non-profits, lenders, real estate professionals and/or government entities, and 4 HomeChoice down payment assistance training seminars by June 30, 2023.
5. Conduct an RFP to hire Master Loan Servicer(s) or extend current contracts by 12/31/2022.
6. Conduct an RFP to hire for Quantitative Services or extend current contract by 12/31/2022.

7. Conduct an RFP and hire Single-Family Investment Bankers by 12/31/2022.
8. Work with Seller Servicer Consultant on a Work Plan and timeline for application if applicable for certification of the Commission as a Fannie Mae or Freddie Mac seller/servicer by June 30, 2023.

**Performance Measures:**

1. 5.000 low and moderate-income households purchase an affordable home using the House Key Program/Home Advantage by the Commission by June 30, 2023.
2. 90% of the loans are reviewed within 3 business days of receipt by June 30, 2023.
3. The delinquency rate for Home Advantage/House Key programs borrowers is less than the FHA fixed rate average for Washington State as published quarterly by the MBA by June 30, 2023.
4. The Homeownership division receives an average score of 4 or better on the evaluation of division conducted training workshops.

**Assumptions:**

1. Assumes the daily-priced MBS market is financially feasible during the FY.
2. Assumes sufficient down payment assistance funds.
3. Assumes there is a conventional offering under Home Advantage.
4. Assumes GSEs maintains their current downpayment assistance guidelines.
5. Assumes having the products requested by lending partners to meet customer needs.
6. Assumes competitive Home Advantage/House Key programs interest rate sufficient to maintain a $40 million average per week reservation rate.
7. Assumes competitive rates are available in the daily-priced market.
8. Assumes we have Master Servicers who review loans in a timely manner and have liquidity to purchase loans daily.
9. Assumes the Commission has liquidity to purchase loans.
10. Assumes we have positive arbitrage to use in FY 2022-23.
11. Assumes there in an inventory of affordable homes.

**First-time Home Buyers (FTH)**
**Budget Summary for the fiscal year ending: June 30, 2023**

## FINANCIAL AND PROGRAM INFORMATION

| | FYE 23 Proposed Budget | FYE 22 Projected Actual | FYE 22 Budget as Adopted |
|---|---|---|---|
| **Personnel Resources [FTE's]** | | | |
| Permanent | 16.43 | 16.15 | 16.43 |
| Temporary | - | - | - |
| **Total FTE's** | **16.43** | **16.15** | **16.43** |
| **Program Budget** | | | |
| Fee Income | 13,957,080 | 26,643,882 | 21,582,346 |
| Interest Income | - | - | - |
| Other Income | - | - | - |
| Grant Program Income | - | - | - |
| **Total Revenue** | 13,957,080 | 26,643,882 | 21,582,346 |
| Employee Expenses | 2,469,320 | 2,120,356 | 2,291,293 |
| Travel Expenses | 49,120 | 258 | 27,390 |
| Professional Fees | 476,600 | 259,982 | 536,600 |
| Office Expenses | 562,023 | 175,079 | 455,873 |
| Grant Program Expense | - | - | - |
| **Total Expenses** | 3,557,063 | 2,555,676 | 3,311,156 |
| **Income over Expense Excess (Deficit)** | 10,400,017 | 24,088,206 | 18,271,190 |
| Overhead Allocation | (1,659,537) | (2,036,876) | (1,675,478) |
| Program Allocation | 160,539 | 178,866 | 162,122 |
| **Total Income/(Loss)** | 8,901,019 | 22,230,196 | 16,757,834 |

## PERFORMANCE MEASUREMENTS

| **PERFORMANCE MEASUREMENTS** | FYE 23 Proposed Budget | FYE 22 Project Actual | FYE 22 Budget as Adopted |
|---|---|---|---|
| House Key Loans/Home Advantage | 5,000 | 5,000 | 7,500 |
| Home Advantage DPA Loans | 4,700 | 5,000 | 7,000 |
| HomeChoice Loans | 0 | 30 | 25 |
| New MCCs Issued | 0 | 0 | 0 |
| Minority Participation % | 25% | 35% | 25% |
| Bond Issues | $ 125,000,000 | $ 79,525,000 | $ 100,000,000 |
| MCCs Reissued | 10 | 60 | 10 |
| Lender Training Seminars | 10 | 15 | 10 |
| Realtor/Lender/NP Presentations | 10 | 15 | 10 |
| Homebuyer Instructor Classes | 10 | 15 | 10 |
| Downpayment Assistance Workshops | 4 | 10 | 4 |
| Outreach Activities | 20 | 70 | 20 |
| Loan File Response In Three Days* | 90% | 98% | 90% |
| Portfolio Deliquency Rate** | <National Average | 13% | <National Average |
| Training Workshop Survey Scores | 4 | 4 | 4 |

*unable to measure in Emphasys, but will be able to measure going forward

** Nat'l average (or WA FHA average) at 12.0%

**WASHINGTON STATE**
**HOUSING FINANCE COMMISSION**

**Program Summary**
**Fiscal Year 2022-2023**

---

**Program: Homebuyer Education and Counseling** **Division: Homeownership**

**Commission Goal:**

To actively support our potential homebuyers and existing homeowners through education and counseling services.

**Problem/Need:**

Many lower income and first-time homebuyers lack the community resources to learn how to buy a home and understand the responsibilities of homeownership, including what to do if they are having difficulty making their monthly mortgage payment.

**Program Goal:**

To provide the educational opportunity for potential homebuyers to learn how to buy, maintain and stay in their home.

**Business Objectives (Outputs/Outcomes):**

1. Consider the impacts resulting from historic and systemic racism on Commission programs and processes, including the homeownership programs, change programs and develop new tools to mitigate the impact of such racism. Ensure that any grant administration program complies with the Commission's efforts regarding racial and social justice initiatives.
2. Conduct 800 homebuyer education seminars, with 8,000 participants, including on-line classes by June 30, 2023.
3. For new grants or existing grants develop and/or implement the appropriate distribution program by June 30, 2023.
4. For grants that may expire this fiscal year, ensure that counseling funds are distributed by the grant end dates, or seek extensions as appropriate by June 30, 2023.
5. Continue cooperative work with the Department of Commerce to assist in implementing any Foreclosure Fairness Act funds that become available to comply with program goals that may be set by the Commission, Commerce, or the Washington State Legislature by July 1, 2022.
6. Continue to implement the American Rescue Plan Act Homeownership Assistance Program to comply with program goals that may be set by the Commission, Treasury, or the Washington State Legislature by June 30, 2023.

**Performance Measures:**

1. Ten percent (10%) of the Homebuyer Education class instructor's participants teach a class within twelve (12) months of taking the class.
2. All required reporting associated with any counseling grant be completed by their respective deadlines.

**Assumptions:**

1. Assumes current demand for SF programs during the FY.
2. Assumes loan officers, real estate professionals and nonprofits will cooperate to teach seminars with the enforcement of the one loan per year policy.
3. Assumes homebuyer education and counseling funding for a grant distribution program.
4. Assumes Department of Financial Institutions will continue to provide counseling workbooks at no charge to seminar instructors.
5. Assumes homebuyer education database upgrades are implemented and functioning.
6. Assumes sufficient administrative funds to cover staffing and system set up are available through the American Rescue Plan Act.
7. Assumes capacity for funding for homeownership assistance grants/loans.
8. Assumes sufficient partner network to provide services developed for default counseling and other related support services.

**Homebuyers Education (HBE)**

**Budget Summary for the fiscal year ending: June 30, 2023**

## FINANCIAL AND PROGRAM INFORMATION

| | FYE 23 Proposed Budget | FYE 22 Projected Actual | FYE 22 Budget as Adopted |
|---|---|---|---|
| **Personnel Resources [FTE's]** | | | |
| Permanent | 2.87 | 2.21 | 1.87 |
| Temporary | | | |
| **Total FTE's** | **2.87** | **2.21** | **1.87** |
| **Program Budget** | | | |
| Fee Income | - | - | - |
| Interest Income | - | - | - |
| Other Income | 508,500 | 231,107 | 295,132 |
| Grant Program Income | 48,884,523 | 6,674,315 | 7,108,759 |
| **Total Revenue** | 49,393,023 | 6,905,422 | 7,403,891 |
| Employee Expenses | 441,608 | 317,430 | 278,289 |
| Travel Expenses | 8,581 | - | 3,118 |
| Professional Fees | 32,000 | 38,036 | 20,000 |
| Office Expenses | 65,157 | 46,962 | 39,688 |
| Grant Program Expense | 48,884,523 | 6,674,315 | 7,108,759 |
| **Total Expenses** | 49,431,869 | 7,076,744 | 7,449,854 |
| **Income over Expense Excess (Deficit)** | (38,846) | (171,321) | (45,963) |
| Overhead Allocation | (255,363) | (320,736) | (172,597) |
| Program Allocation | 26,757 | 29,811 | 24,942 |
| **Total Income/(Loss)** | (267,452) | (462,246) | (193,618) |

## PERFORMANCE MEASUREMENTS

| **PERFORMANCE MEASUREMENTS** | FYE 23 Proposed Budget | FYE 22 Project Actual | FYE 22 Budget as Adopted |
|---|---|---|---|
| Number Of Seminars | 800 | 500 | 800 |
| Number In Attendance | 8,000 | 9,500 | 8000 |
| HBE Participants Teach A Class W/In 12 M | >10% | 10% | >10% |
| Post-Occupancy Homeowners | n/a | n/a | n/a |
| Counseled Avoid Foreclosure | n/a | n/a | n/a |
| Homebuyer Education Instructor Classes | 10 | 15 | 10 |

* Includes online

** In person classes cancelled due to COVID 19

**WASHINGTON STATE**
**HOUSING FINANCE COMMISSION**

**Program Summary**
**Fiscal Year 2022-2023**

---

**Program: Multifamily Housing Program** **Division: MHCF**

## Commission Goal:

To provide equitable access and effective, low-cost financing for the new construction and preservation of multifamily housing for the homeless, farmworkers, and other special needs populations.

## Problem/Need:

There is a lack of sufficient affordable rental housing throughout the State and the cost of housing exceeds the incomes of many households. Resources are insufficient to meet the affordable housing need.

## Program Goal:

To create and preserve affordable rental housing and provide access to capital to underserved communities.

## Business Objectives (Outputs/Outcomes):

### 1. Program wide:

a. Evaluate the impacts resulting from historic and systemic racism on Commission programs and processes, including the multifamily housing programs, change programs and develop new tools to mitigate the impact of such racism.

b. Evaluate opportunities for grant applications for all division programs and report quarterly to AMT and Administration.

c. Tax credit and housing bond policies reviewed annually, including total development costs limits.

d. Continued process improvement and streamlining of application and placed in service functions by leveraging technologies such as Salesforce, Laserfiche, and more. Add additional programs as budget and timeline allows. Add 9% by 12/31/22 and other programs by 6/30/22.

e. Assess current staffing needs and objectives based on legislative, emerging program initiatives and automation by December 31, 2022. Provide internship opportunities, either through HDC program or other avenues, track and report progress by 6/30/23.

f. Develop preservation policy with AMC, outline specific criteria by 12/31/22 with implementation by 6/30/23.

g. Engage in agency wide strategic planning process and make any necessary alignments to divisional objectives by 6/30/23.

2. **Multi-family housing bonds:**
   a. Finance 3,000 units of affordable rental housing or issue $350,000,000 in tax exempt bonds by 6/30/2023
   b. Monitor and control multifamily bond cap including transfers to other issuers to ensure maximum use of the state's resource, review quarterly through 6/30/23
   c. Pursue initiatives for increasing private activity bond cap, including recycling of bond cap, lowering of 50% test and other initiatives depending on federal and state framework with a report by 06/30/2023.
   d. Seek additional and alternative methods of financing multifamily housing
      i. Model additional financing structures with EIHFs and continue to staff and evaluate additional options with the Seattle Foundation for furthering housing development by 12/31/22
      ii. Create BIPOC fund or capacity building initiatives aimed at addressing gaps in communities most impacted having access to capital by 12/31/22.

3. **Housing Credits:**
   a. Allocate credits to 860 or more units of affordable housing by 12/31/22 issuing final allocations to 100% of the projects with all PIS requirements satisfied by 1/15/2023.
   b. Assess and redefine 9% policies based on specific values and outcomes based approach with initial scoping and stakeholder engagement by 12/31/22 and final policy approach by 6/30/23 for implementation for 2024 allocations.
   c. Review and process non-Commission bond/housing credit applications received within 30 days.

## Performance Measures:

1. Approximately 3,000 low and moderate-income households will have affordable rental housing as a result of bond and tax credit financing, and 50% of the 860 units to be financed with 9% tax credits will serve households earning less than 50% AMI or meet other program set-asides and 95% of carryover projects will perform within specified timelines. Estimated bonds for fiscal year - $350,000,000.
2. Incorporate client recommendations into program revisions when appropriate.
3. Heightened awareness of race, equity, and social justice issues and how our policies either help or hinder enabling greater access amongst all of the division's program to communities of color. Evidenced by Commission co-sponsored initiatives or policy improvements with a report on activities by 6/30/2023.
4. Reports and Program initiatives are completed and or implemented by 6/30/2023
5. Develop baseline and measures to track outcomes and bond/tax credit policy changes by 12/31/22.

## Assumptions:

1. The financing tools available to the Commission provide a cost-effective and efficient benefit to eligible borrowers.
2. Changes to the tax code do not impede the issuance of bonds.
3. There is sufficient issuance authority under the debt ceiling.
4. One Tax Credit (TC) application round per year and housing credit of $2.40.
5. Commission policy requirements are not in irresolvable conflict with market requirements.

**Beginning Farmers Loan (MFH|SEP|TCR|BFL)**
**Budget Summary for the fiscal year ending: June 30, 2023**

## FINANCIAL AND PROGRAM INFORMATION

| | FYE 23 Proposed Budget | FYE 22 Projected Actual | FYE 22 Budget as Adopted |
|---|---|---|---|
| **Personnel Resources [FTE's]** | | | |
| Permanent | 15.75 | 12.80 | 13.84 |
| Temporary | - | - | - |
| **Total FTE's** | **15.75** | **12.80** | **13.84** |
| **Program Budget** | | | |
| Fee Income | 6,441,748 | 11,273,738 | 7,454,310 |
| Interest Income | - | - | - |
| Other Income | - | - | - |
| Grant Program Income | 150,000 | - | - |
| **Total Revenue** | 6,591,748 | 11,273,738 | 7,454,310 |
| Employee Expenses | 2,352,982 | 1,680,888 | 1,969,783 |
| Travel Expenses | 46,857 | 3,095 | 31,581 |
| Professional Fees | 265,000 | 117,791 | 170,000 |
| Office Expenses | 340,634 | 250,939 | 253,643 |
| Grant Program Expense | 150,000 | - | - |
| **Total Expenses** | 3,155,473 | 2,052,713 | 2,425,007 |
| **Income over Expense Excess (Deficit)** | 3,436,275 | 9,221,025 | 5,029,303 |
| Overhead Allocation | (1,402,195) | (1,636,014) | (1,227,078) |
| Program Allocation | 1,819,444 | 2,027,143 | 1,715,994 |
| **Total Income/(Loss)** | 3,853,524 | 9,612,153 | 5,518,219 |

## PERFORMANCE MEASUREMENTS

| | FYE 23 Proposed Budget | FYE 22 Project Actual | FYE 22 Budget as Adopted |
|---|---|---|---|
| **Multifamily Housing** | | | |
| LI Households obtain affordable housing | 3,000 | 2,277 | 3,000 |
| $$ of new tax-exmpt bonds issued | $ 350,000,000 | $ 492,000,000 | $ 350,000,000 |
| 4% Hsg Authority PDA Bonds | $ 100,000,000 | $ 196,000,000 | $ 100,000,000 |
| 4% Hsg Authority PDA Units | 750 | 933 | 750 |
| **9% Tax Credits** | | | |
| Units placed in service | 860 | 1,900 | 860 |
| Units financed (adjusted measure) | 860 | 805 | 860 |
| Units financed serve households earning <50% AMI | 400 | 400 | 400 |
| Conduct two stakeholder meetings/year | 2 | 2 | 2 |
| **Sustainable Enery** | | | |
| SET Loans | $ 2,000,000 | $ 1,743,000 | $ 2,000,000 |
| # of SET Loans | 4 | 4 | 4 |
| **Beginning Farmers Loans** | | | |
| New Loans | 3 | 1 | 3 |
| Issue Bonds | $ 1,500,000 | $ 433,500 | $ 1,500,000 |

**WASHINGTON STATE**
**HOUSING FINANCE COMMISSION**

**Program Summary**
**Fiscal Year 2022 – 2023**

**Program: Nonprofit Financing Program** **Division: MHCF**

**Commission Goal:**

To provide effective, low-cost financing for nonprofit-owned housing and facilities. To administer programs in an equitable and inclusive way.

**Problem/Need:**

Nonprofit organizations have difficulty accessing low-cost credit options due to irregular revenue streams and other considerations. However, developing capital facilities will improve cash flow and assist them in carrying out their missions. The Commission provides options for organizations allowing them to take advantage of multiple choices to develop financing for supportive housing, multifamily facilities and housing intended for special populations.

**Program Goal:**

Eliminating real and perceived barriers to the tax-exempt bond market for eligible borrowers, to lower the cost of debt. To foster partnerships and assist in educating borrowers and the lending community about bond-financing and Commission resources to develop housing including assisted living, congregate care, and nursing beds.

**Business Objectives (Output/Outcomes):**

1. **Program Objectives**: **Nonprofit Financing**
   a. Evaluate the impacts resulting from historic and systemic racism on Commission programs and processes, including the nonprofit facilities and nonprofit housing programs and develop a baseline to track and measure impact.
   b. Identify, communicate, and support changes to current programs as well as develop new tools to mitigate the impact of such racism. ()
   c. Incorporate into the marketing plan specific outreach to communities of color
   d. Make at least 15 meaningful connections to interested groups or organizations across nonprofit programs, including nonprofit housing, by June 30, 2023
   e. Make at least 6 meaningful connections with potential client organizations who were previously unaware of the nonprofit facility bond program.

f. Conduct 6 relationship building activities with existing clients including groundbreakings and dedications, virtual events, or other meaningful engagement
g. Seek out conferences to advertise the program, participate in at least 5 workshops as a sponsor, speaker or exhibitor by 2023
h. Review and refresh marketing materials, website, brochures, handouts to reflect program changes and results as needed throughout 2023.
i. Evaluate nonprofit organizations' barriers to financing capital projects and develop tools to educate and assist organizations in preparing for and undertaking projects, including soliciting input from community based organizations that do not have ready access to capital.
j. Seek out alternative financing structures and provide technical assistance to traditional non-profit housing developers to more fully utilize 501 c3 bonds to develop affordable housing by 2023. Develop baseline index to measure outcomes moving forward by 12.31.2022

2. **Nonprofit Financing Objectives:**
   a. Issue $80 million in bonds or finance 225 units/beds including facilities for senior housing by 6/30/2023
   b. Coordinate and market green initiatives to nonprofit housing providers, with report on successes by 6/30/2023.
   c. Issue $40 million in bonds for non-profit facilities.

**Performance Outcome(s):**

1. Eligible borrowers participate in our programs by developing housing and facilities with bond financing.
2. Portfolio of borrowers is expanded to include new organizations unaware of or unable to use the bond financing program in the past.
3. Nonprofits and banks consider the limitations imposed by 501(c)(3) bonds are not greater than the interest rate benefits.
4. Commission marketing activities continue to generate client interest who use the Commission as issuer.
5. Incorporate client recommendations into the program design when appropriate.
6. Increased use of 501c3 financings for traditional non-profit housing developers.

**Assumptions:**

1. Tax-exempt bond financing provides more beneficial ways of developing nonprofit housing and facilities than other sources of financing for eligible borrowers.
2. Credit is available.

3. Changes to the tax code do not impede the issuance of bonds or do away with them altogether.
4. Commission policy requirements and market requirements are compatible.
5. Changes to health care reimbursement do not make the development of capital facilities providing childcare services, assisted living and/or nursing care infeasible.
6. The economy will support the services provided by eligible borrowers to the community and lenders will continue to underwrite nonprofits for the nonprofit-owned facilities.

**Nonprofit Housing (NPH)**
**Budget Summary for the fiscal year ending: June 30, 2023**

## FINANCIAL AND PROGRAM INFORMATION

| | FYE 23 Proposed Budget | FYE 22 Projected Actual | FYE 22 Budget as Adopted |
|---|---|---|---|
| **Personnel Resources [FTE's]** | | | |
| Permanent | 0.71 | 0.65 | 0.65 |
| Temporary | - | - | - |
| **Total FTE's** | **0.71** | **0.65** | **0.65** |
| **Program Budget** | | | |
| Fee Income | 695,585 | 638,924 | 581,434 |
| Interest Income | - | - | - |
| Other Income | - | - | - |
| Grant Program Income | - | - | - |
| **Total Revenue** | 695,585 | 638,924 | 581,434 |
| Employee Expenses | 102,691 | 82,571 | 87,809 |
| Travel Expenses | 4,112 | - | 1,850 |
| Professional Fees | 7,000 | - | 7,000 |
| Office Expenses | 23,088 | 18,155 | 20,110 |
| Grant Program Expense | - | - | - |
| **Total Expenses** | 136,891 | 100,727 | 116,769 |
| **Income over Expense Excess (Deficit)** | 558,694 | 538,197 | 464,665 |
| Overhead Allocation | (63,866) | (80,279) | (59,086) |
| Program Allocation | 428,104 | 476,975 | 361,656 |
| **Total Income/(Loss)** | 922,932 | 934,893 | 767,235 |

## PERFORMANCE MEASUREMENTS

| **PERFORMANCE MEASUREMENTS** | FYE 23 Proposed Budget | FYE 22 Project Actual | FYE 22 Budget as Adopted |
|---|---|---|---|
| $$ Of Tax Exempt Bond Issued | 80,000,000 | 69,000,000 | 80,000,000 |
| Target Households Obtain Affordable Hsg | 225 | 120 | 225 |
| Hold Or Participate in at Least 2 Wkshps | 2 | 2 | 2 |
| Make Presentations-NP Orgs&Lenders (6) | 6 | 6 | 6 |

**Nonprofit Facilities (NPF)**

**Budget Summary for the fiscal year ending: June 30, 2023**

## FINANCIAL AND PROGRAM INFORMATION

| | FYE 23 Proposed Budget | FYE 22 Projected Actual | FYE 22 Budget as Adopted |
|---|---|---|---|
| **Personnel Resources [FTE's]** | | | |
| Permanent | 0.84 | 1.25 | 1.25 |
| Temporary | - | - | - |
| **Total FTE's** | **0.84** | **1.25** | **1.25** |
| **Program Budget** | | | |
| Fee Income | 334,533 | 284,770 | 332,932 |
| Interest Income | - | - | - |
| Other Income | - | - | - |
| Grant Program Income | - | - | - |
| **Total Revenue** | 334,533 | 284,770 | 332,932 |
| Employee Expenses | 126,204 | 155,696 | 163,324 |
| Travel Expenses | 4,999 | - | 7,385 |
| Professional Fees | 5,000 | - | 10,000 |
| Office Expenses | 20,132 | 13,389 | 23,757 |
| Grant Program Expense | - | - | - |
| **Total Expenses** | 156,335 | 169,084 | 204,466 |
| **Income over Expense Excess (Deficit)** | 178,198 | 115,686 | 128,466 |
| Overhead Allocation | (72,938) | (134,760) | (103,462) |
| Program Allocation | 240,809 | 268,298 | 229,464 |
| **Total Income/(Loss)** | 346,069 | 249,224 | 254,468 |

## PERFORMANCE MEASUREMENTS

| **PERFORMANCE MEASUREMENTS** | FYE 23 Proposed Budget | FYE 22 Project Actual | FYE 22 Budget as Adopted |
|---|---|---|---|
| No. Of Projects Financed | | | 3 |
| NPF Bonds Issued | $ 40,000,000 | $ 19,500,000 | $ 40,000,000 |
| Outreach/Events | 6 | 6 | 6 |
| Workshop/conference presentations | 5 | 5 | 5 |
| Follow-up outreach | 6 | 6 | 6 |
| Outreach To NP Orgs & Lenders | 15 | 15 | 15 |

**WASHINGTON STATE**
**HOUSING FINANCE COMMISSION**

**Program Summary**
**Fiscal Year 2022-2023**

**Program: Special Focus Programs** **Division: MHCF**

## Commission Goal:

To provide access to capital and address gaps in traditional financing for effective, low-cost financing for multifamily housing, manufactured housing communities, land acquisition, beginner farmer ranchers, energy efficiencies in housing and alternative energy technologies.

## Problem/Need:

There is a lack of sufficient affordable rental housing throughout the State and the cost of housing exceeds the incomes of many households. Resources are insufficient to meet the affordable housing need. For beginning farmers and ranchers, there is a lack of sufficient economic resources to purchase land and equipment. In furtherance of State policy to reduce energy consumption, programs are necessary to increase energy efficiency in housing and facilities and to integrate renewable energy resources in these programs.

## Program Goal:

To create and preserve alternative affordable rental housing beyond the traditional financing sources. To provide financing for individuals seeking to begin a life in farming and ranching. To finance energy efficiency and renewable energy sources throughout all Commission programs.

## Business Objectives (Outputs/Outcomes):

1. **Program wide:**

    a. Evaluate the impacts resulting from historic and systemic racism on Commission programs and processes, including the Commission's special focus programs, change programs and develop new tools to mitigate the impact of such racism.

    b. Evaluate opportunities for grant applications for all division programs and report quarterly to AMT and Administration.

    c. Assess current staffing needs and objectives based on legislative or emerging program initiatives by December 31, 2022. Support ongoing internship opportunities within the Division.

2. **Renewable and energy efficiency:**
    a. Close at least 4 SET loans or total SET loan issuance of $2 million by 06/30/2023.
    b. Formalize the City of Seattle funding program. Develop marketing materials and criteria for allocating resources by December 31, 2022.
    c. Continue to assess and develop loan loss reserve model to leverage and access private capital for residential solar and energy retrofits by June 30, 2023.
    d. Track and monitor multifamily point effectiveness and impact on energy efficiency and any potential changes by June 30, 2023.
3. **Beginning farmers and ranchers:**
    a. Issue $1.5 million in tax-exempt bonds in 3 issues by 06/30/23**.**
    b. Monitor and track the Purchase Assistance Loan Program. Report quarterly on any potential loan activity.
    c. Implement and fund 2 farmland preservation projects as a component of Farm PAI by June 30, 2023. Report quarterly on progress to Division Director and AMT.
    d. Develop program guidelines and materials for BIPOC farmer component of Farm PAI by 6/30/23.
4. **Manufactured Housing Communities**
    a. Finance 2 Manufactured Housing Communities, or 100 units, by 6/30/2023
    b. Track and monitor legislation and funding opportunities by 6/30/2023 and report quarterly on any progress or initiatives.
5. **Land Acquisition Program**
    a. Develop measures and report impacts of redefined outcomes by 6/30/2023.

**Performance Measures:**

1. Measure number of transaction and pipeline for each of the PRI programs.
2. Track reoccurring applicants, first time users and race/ethnicity of project sponsors as well as communities most impacted and tenant data, where applicable and available.
3. Create outcomes based approach for all the PRI programs, establishing baselines and key measures to track progress towards the outcomes.

**Assumptions:**

1. The financing tools available to the Commission provide a cost-effective and efficient benefit to eligible borrowers.
2. Changes to the tax code do not impede the issuance of bonds.

3. Funds are available for the SET, LAP, and other Commission PRI programs.
4. There is sufficient issuance authority under the debt ceiling.
5. Commission policy requirements are not in irresolvable conflict with market requirements.

**WASHINGTON STATE**
**HOUSING FINANCE COMMISSION**

**Program Summary**
**Fiscal Year 2022 - 2023**

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**Program: Compliance** **Division: Asset Management & Compliance**

**Commission Goal:**

To provide effective low-cost financing for housing and non-profit facilities in Washington state.

**Problem/Need:**

Ensure consistency in monitoring developments within the state of Washington.

Compliance requirements are extensive and complex; Owners may not understand or comply with program regulations, requirements, or commitments. Owners may need assistance maintaining affordable units for the duration of their Regulatory Agreement.

**Program Goal:**

To ensure Owner commitments and public benefits of multifamily propertiesfinanced with Commission Bonds and Tax Credits are satisfied. To ensure financed housing remains affordable and in good repair for the longest time possible.

**Business Objectives (Outputs/Outcomes):**

1. Review all project compliance reports. Complete initial reviews within elevenmonths of report due dates. Issue compliance close-out letters within months of report due dates.

2. Ensure completion of calendar year onsite inspections for 1/3 of all projects byDecember 31st. Note: Goal may be impacted by the continuing threat of the COVID-19 pandemic.

3. Provide regular educational opportunities and resources to owners, managers, and other stakeholders to ensure thorough understanding of Housing Credit development requirements and compliance monitoring procedures. Includes the following:
   - Deliver virtual, in-person and/or hybrid tax credit and bond compliance workshops every other month.
   - Publish 12 electronic newsletters, and online resources throughout the year.
   - Create a Portfolio Analyst training work group by August 31, 2022. The group will be tasked with recreating the Tax Credit Advanced Compliance training module into an online or online/in-person course by March 31, 2023.

4. Develop Preservation policy with MHCF, outline specific criteria by 12/31/22 with final draft ready for approval by 06/30/23.

5. Develop Eventual Tenant Ownership plan implementation and compliance policy with the help of MHCF, outline specific criteria by 09/30/2022 with final draft ready for approval by 12/31/22.

6. Engage in long standing structural inequity outcomes such as evictions and rent burden. Collect data on eviction and rent burden. These questions to be collected on 2022 annual reports (reporting January 2023). Establish and maintain strategic partnership with advocacy partner agencies to support eviction prevention and mitigation legislative work.

7. Engage in the Commission's Strategic Planning Process and realign business objectives with the Commission Strategic Objectives.

8. By 12/31/22, issue RFP for consultant to come up with strategy for moving AMC Division entirely to paperless business. Choose consultant, conduct use cases, and come up with proposed strategy as of March 1, 2023.

**Performance Measures:**

1. 100% of owners and managers with noncompliance issues will experienceresolution of noncompliance issues within stated timeframes (refers to Goals 1, 2 and 3).
2. The average score for the division on post-training evaluations will be 4 or higher,on a scale of 1 to 5.
3. The average score for owner/manager satisfaction for compliance policy assistance and resolving noncompliance issues will be 4 or higher, on a scale of 1to 5.

**Assumptions:**

1. Performance Measure #1: Success will be measured by meeting or exceeding stated timelines based on a query of database dates entered for reviewing projectsand closing out noncompliance issues.

2. Performance Measure #2: All workshop participants will be asked to complete apost training evaluation. Results will be tabulated each quarter for reporting to AMT.

3. Performance Measure #2: This assumes that trainings can be successfully translated to a combination of in person and virtual format.

4. Performance Measure #3: Stakeholders will be sent a customer satisfaction survey; results will be collected and reported by June 30th. Survey results will not be reported if we receive responses from less than 5% of the persons emailedthe survey.

**Compliance (COM)**
**Budget Summary for the fiscal year ending: June 30, 2023**

## FINANCIAL AND PROGRAM INFORMATION

| | FYE 23 Proposed Budget | FYE 22 Projected Actual | FYE 22 Budget as Adopted |
|---|---|---|---|
| **Personnel Resources [FTE's]** | | | |
| Permanent | 13.30 | 12.88 | 14.66 |
| Temporary | - | - | - |
| **Total FTE's** | **13.30** | **12.88** | **14.66** |
| **Program Budget** | | | |
| Fee Income | 7,563,596 | 7,362,576 | 7,097,868 |
| Interest Income | - | - | - |
| Other Income | 130,000 | 94,027 | 144,000 |
| Grant Program Income | - | - | - |
| **Total Revenue** | 7,693,596 | 7,456,603 | 7,241,868 |
| Employee Expenses | 1,995,818 | 1,715,969 | 1,981,498 |
| Travel Expenses | 39,101 | 1,513 | 38,510 |
| Professional Fees | 690,000 | 257,643 | 490,000 |
| Office Expenses | 392,276 | 339,573 | 377,277 |
| Grant Program Expense | - | - | - |
| **Total Expenses** | 3,117,195 | 2,314,699 | 2,887,285 |
| **Income over Expense Excess (Deficit)** | 4,576,401 | 5,141,905 | 4,354,583 |
| Overhead Allocation | (1,454,319) | (1,844,817) | (1,460,995) |
| Program Allocation | - | - | - |
| **Total Income/(Loss)** | 3,122,082 | 3,297,088 | 2,893,588 |

## PERFORMANCE MEASUREMENTS

| PERFORMANCE MEASUREMENTS | FYE 23 Proposed Budget | FYE 22 Project Actual | FYE 22 Budget as Adopted |
|---|---|---|---|
| Annual Reviews | | | |
| Bonds | 77 | 77 | 75 |
| Tax Credits | 1030 | 1019 | 1010 |
| Rtc | 2 | 2 | 2 |
| On Site Inspections | | | |
| Bonds | N/A | 0 | 0 |
| Tax Credits | 350 | 0 | 50 |
| Workshops | | | |
| Bonds | 1 | 1 | 1 |
| Tax Credits | 6 | 6 | 10 |
| Annual Reporting/Wbars | N/A | 0 | 0 |
| Manual Updates | N/A | 2 | 2 |
| Utility Allowance Change Reviews | N/A | 20 | 15 |
| Proc. Assumptions & Transfers | 30 | 24 | 45 |
| Problem Resolution Within Stated Time | 1 | 1 | 1 |
| Serious Noncompliance W/In Portfolio | N/A | <5% | <5% |
| Score Well On Training Evaluations | >4 | >4 | >4 |
| Client Satisfaction Survey Score | >4 | >4 | >4 |
| # Of Newsletter | 12 | 12 | 12 |
| Modification of Reg. Agreements | N/A | 2 | 5 |

**WASHINGTON STATE**
**HOUSING FINANCE COMMISSION**

**Program Summary**
**Fiscal Year 2022 - 2023**

**Program: Bond Portfolio Management** **Division: Finance**

### Commission Goal:

Provide effective, low-cost financing for housing and non-profit facilities while maintaining the financial independence of the Commission.

### Problem/Need:

The financial markets will only purchase the Commission's tax-exempt bonds, certificates and mortgage-backed securities issued on behalf of the Commission when general accounting and financial reporting services and required disclosures are accurate and timely.

### Program Goal:

Provide accurate and timely financial information on the Commission's outstanding bond program obligations and assets to enhance acceptance of future bond and mortgage-backed security sales, guide management decisions and support the Commission's programs and related initiatives.

### Business Objectives (Outputs/Outcomes):

1. Review and record bond transactions, create quarterly financial statements and disclosure and management reports:

| Activity/Reporting | Period | Due (business days) |
|---|---|---|
| a. Review and record monthly transactions | Monthly | 20 |
| b. Quarterly outstanding bond list by program with balances | Quarterly | 10 |
| c. Quarterly single-family and non-conduit multifamily bond disclosure reports posted to website and EMMA, as required. | Quarterly | 35 |
| d. Quarterly financial statements (including parity) and PlainsCap Compliance reporting | Quarterly | 35 |

| | | |
|---|---|---|
| e. Quarterly dashboard of bonds outstanding and activity to management and Commissioners | Quarterly | 35 |
| f. Semi-annual single-family indenture parity reports, liquidity compliance reports, and updates to cross call table | Semi-annual | 45 |
| g. Semi-annual proceeds use report (WAC 262 01 080) | Semi-annual | 45 |
| h. Complete quarterly conduit bond negative confirmations distribution for 25% of outstanding conduit bonds | Quarterly | 35 |

2. Reconcile Home Advantage TBA MBS sales within three days of each sale (generally three times per month with two servicers).
3. Monitor arbitrage liabilities and assure timely calculation, reporting, recording and payment within the quarterly timelines above.
4. Administer the bond cap recycling program including quarterly reporting on available cap and related debt outstanding.
5. Complete annual audit of financial statements and obtain an unqualified audit opinion by December 9, 2022. Publish audited financial statements within 30 days of Commission approval, no later than January 9, 2023.
6. Review and update program policies and procedures by May 26, 2023.

**Performance Measures:**

1. The Commission's annual independent external audit will have an unqualified opinion with no reportable conditions.
2. All of the bond accounting financial reports, including the dashboard and disclosures, will be completed within the specified timeframes.
3. Required Single Family Arbitrage information returns will be timely filed.
4. Home Advantage TBA MBS Sales will be reconciled within three days of receipt of funds and necessary distributions identified.

**Assumptions:**

1. There are no significant trustee errors during fiscal year.
2. Post bond closing activities will not require legal action.
3. Necessary arbitrage calculations have been identified.
4. No changes will be made in disclosure report formats.
5. Appropriate level of trained staff is maintained.

**Bond Portfolio Management (BPM)**

**Budget Summary for the fiscal year ending: June 30, 2023**

## FINANCIAL AND PROGRAM INFORMATION

| | FYE 23 Proposed Budget | FYE 22 Projected Actual | FYE 22 Budget as Adopted |
|---|---|---|---|
| **Personnel Resources [FTE's]** | | | |
| Permanent | 4.54 | 3.50 | 4.61 |
| Temporary | | | |
| **Total FTE's** | **4.54** | **3.50** | **4.61** |
| **Program Budget** | | | |
| Fee Income | 4,181,450 | 4,445,029 | 4,001,771 |
| Interest Income | - | - | - |
| Other Income | - | - | - |
| Grant Program Income | - | - | - |
| **Total Revenue** | 4,181,450 | 4,445,029 | 4,001,771 |
| Employee Expenses | 674,017 | 482,300 | 643,663 |
| Travel Expenses | 11,522 | 1,672 | 6,946 |
| Professional Fees | 199,700 | 212,468 | 211,700 |
| Office Expenses | 141,524 | 118,216 | 138,742 |
| Grant Program Expense | - | - | - |
| **Total Expenses** | 1,026,763 | 814,656 | 1,001,051 |
| **Income over Expense Excess (Deficit)** | 3,154,687 | 3,630,374 | 3,000,720 |
| Overhead Allocation | (479,034) | (649,281) | (506,542) |
| Program Allocation | (2,675,653) | (2,981,092) | (2,494,178) |
| **Total Income/(Loss)** | - | - | - |

## PERFORMANCE MEASUREMENTS

| **PERFORMANCE MEASUREMENTS** | FYE 23 Proposed Budget | FYE 22 Project Actual | FYE 22 Budget as Adopted |
|---|---|---|---|
| Quarterly Bond Statements | 4 | 4 | 4 |
| Number Of Outstdg Issues | 388 | 383 | 379 |
| Amount Of Outstdg Bonds | $7.61 billion | $7.32 billion | $7.08 billion |
| Disclosures, (Qtrly & Semi Annual) | 4 | 4 | 4 |
| Annual Unqual Audited Financials | 1 | 1 | 1 |
| Timely Financial Reports | 100% | 100% | 100% |

**WASHINGTON STATE**
**HOUSING FINANCE COMMISSION**

**Program Summary**
**Fiscal Year 2022– 2023**

**Program: General Operations** **Division: Finance**

## Commission Goal:

Provide effective, low-cost financing for housing and non-profit facilities while maintaining the financial independence of the Commission.

## Problem/Need:

The willingness of the financial markets, our business partners and customers to continue to work with the Commission relies, in part, on the quality of our general accounting and financial reporting services.

## Program Goal:

Provide accurate and timely accounting and financial reporting to support the Commission's operations and inform our partners and customers.

## Business Objectives (Outputs/Outcomes):

### General Operations

1. Deposit and record all receipts, process accounts payable and accounts receivable daily; close general ledger with all appropriate transactions completed:

| Activity/Reporting | Period | Due after period end |
|---|---|---|
| a. Deposits posted to proper Customer or Revenue accounts | Daily | 2nd business day |
| b. Month end purchase and receivable invoices | Monthly | 10th business day |
| c. Month end accrual or adjusting entries | Monthly | 12th business day |
| d. Reconciliation of all accounts | Monthly | 12th business day |

2. Provide accurate and timely management information to divisional directors, managers, and Commissioners:

| Activity/Reporting | Period | Due after period end |
|---|---|---|
| e. Month-end, Commission-wide operating financial statements | Monthly | 13th business day |
| f. Month-end, divisional operating financial statements | Monthly | 14th business day |
| g. Review quarter-end operating results | Quarterly | AMT |

3. Invest the Commission's general operating reserves, monitor investment managers and report status by the end of the month following each quarter.
4. Lead the Commission's annual budgeting process for FY 23-24 with a proposed budget completed for presentation at the Commission May planning session and a final budget adopted at the Commission's June 2023 meeting.
5. Complete quarterly grant reconciliation and required reporting by the 5th business day following receipt of program staff detail following quarters end.
6. In the event of a state audit, facilitate the auditor's review and develop a plan of correction, if required, within 15 business days of the exit conference. Implement plan within 60 days of plan's approval by EMT.
7. Maintain currency of knowledge in relevant SAAM and communicate relevant policies and procedures with appropriate levels of staff.
8. Review and update program policies and procedures by May 28, 2023.
9. Work with Seller Servicer Consultant on a work plan and timeline for application, if applicable, for certification of the Commission as a Ginnie Mae, Fannie Mae, or Freddie Mac seller/servicer by June 30, 2023.

**Program-Related Investments**

10. Provide maximum funds available, including those from the PRI and Bond funds and warehouse lines as necessary for the purchase of timely purchase of mortgage loan participations. Manage the process receiving funds and returning the loan participations, maintaining appropriate control. Reconcile all activity and ensure correct revenue is received.
11. Provide Program Related Investment financial statements including available program balances by the end of the month following quarter end.

**Performance Measures:**

1. The Commission's annual independent external audit will have an unqualified opinion with no reportable conditions.
2. The Commission's annual state compliance audit will report no material instances of non-compliance with applicable statutes and WACs.
3. All of the general operations financial reports will be completed within the specified timeframes.
4. Management will have the materially accurate financial information available monthly by the 20th day of the following month to guide effective decision making.

**Assumptions:**

1. Necessary documents for financial statements completion are provided on a timely basis.
2. Timely submission of all documents to finance personnel.
3. Growth of workload (due to continued growth of Daily Pricing program, liquidity management, and increase in bond activity) does not outpace current staffing.
4. Appropriate level of trained staff is maintained.
5. Timely review and approval of all documentation by management.
6. Notification and involvement of finance staff in advance of the initiation and negotiation of all grants, awards and agreements resulting in the receipt or expenditure of fiscal resources.
7. No major changes in portfolio managers or investment policy during fiscal year.
8. Federal resources received do not require extensive monitoring and compliance.
9. Schedule of State Auditor's office is timely.

**General Operations (GOP)**
**Budget Summary for the fiscal year ending: June 30, 2023**

## FINANCIAL AND PROGRAM INFORMATION

| | FYE 23 Proposed Budget | FYE 22 Projected Actual | FYE 22 Budget as Adopted |
|---|---|---|---|
| **Personnel Resources [FTE's]** | | | |
| Permanent | 8.05 | 6.05 | 7.08 |
| Temporary | - | - | - |
| **Total FTE's** | **8.05** | **6.05** | **7.08** |
| **Program Budget** | | | |
| Fee Income | - | - | - |
| Interest Income | 1,236,057 | (2,108,502) | 491,672 |
| Other Income | 4,000 | 8,957 | 4,000 |
| Grant Program Income | - | - | - |
| **Total Revenue** | 1,240,057 | (2,099,545) | 495,672 |
| Employee Expenses | 1,054,226 | 717,797 | 899,938 |
| Travel Expenses | 20,430 | - | 10,666 |
| Professional Fees | 226,000 | 172,908 | 196,500 |
| Office Expenses | 146,226 | 111,569 | 119,371 |
| Grant Program Expense | - | - | - |
| **Total Expenses** | 1,446,882 | 1,002,274 | 1,226,475 |
| **Income over Expense Excess (Deficit)** | (206,825) | (3,101,819) | (730,803) |
| Overhead Allocation | 206,825 | 3,101,819 | 730,803 |
| Program Allocation | - | - | - |
| **Total Income/(Loss)** | - | - | - |

## PERFORMANCE MEASUREMENTS

| **PERFORMANCE MEASUREMENTS** | FYE 23 Proposed Budget | FYE 22 Project Actual | FYE 22 Budget as Adopted |
|---|---|---|---|
| Quarterly Investment Rpts | 4 | 4 | 4 |
| State Audit W/No Material Non Compliance | 1 | 0 | 1 |
| Qtly Operating/PRI Stmts. | 4 | 4 | 4 |
| Average Amount Invested: | | | |
| General Reserves | $ 30,000,000 | $ 30,000,000 | $ 30,000,000 |
| Annual Yield | 2.00% | 1.25% | 1.00% |
| Program Related Investment | $ 754,501,984 | $ 709,251,984 | $ 652,293,368 |
| Unqualified Audit Opinion | 1 | 1 | 1 |
| Timely Financial Reports | 100% | 22% | 100% |
| Amt Perceived Access Score (1-5 Scale) | >4 | NA | >4 |

**WASHINGTON STATE**
**HOUSING FINANCE COMMISSION**

**Program Summary**
**Fiscal Year 2022-2023**

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**Program: Administration** **Division: Executive Office**

## Commission Agency Wide Performance Measures:

1. Directly finance 320,000 affordable housing units by the end of fiscal year 2025.
2. Directly finance 205 nonprofit owned facilities by the end of fiscal year 2023.
3. Close 40 Farmer/Rancher loans by the end of fiscal year 2023.
4. Directly finance 300 housing units per FTE each fiscal year.
5. Earn a minimum of $380,000 per FTE in revenue each fiscal year.
6. Spend less than $210,000 per FTE each fiscal year.
7. Maintain at least 5 bond issues outstanding per FTE each fiscal year.
8. The Commission's employees will average a score of 4 or better on the "employee engagement" measures developed by DOP when measured each fiscal year.
9. The Commission will receive an average score of 4 or better from clients and partners when asked to score the "organizational success factors" identified by the Commission and measured once during the year.

## Business Objectives:

1. Evaluate the impact of historic and systemic racism on Commission programs and processes by June 30, 2023 and develop new tools to mitigate the impact of such racism.
2. Evaluate the impacts resulting from the COVID-19 pandemic on Commission programs and processes and, implement regulatory requirements or other changes as necessary by June 30, 2023.
3. Identify, communicate, and support enhancements of current programs as well as the development of new tools to mitigate the impact of the COVID-19 pandemic by June 30, 2023.
4. Conduct new Commissioner Orientation within 90 days of new appointments; Prepare for and conduct 11 monthly HFC meetings, one planning session, and assist the Commissioners in the completion of their duties by June 30, 2023.

5. Provide leadership in the development of statewide housing policy and obtain approval of a 2023 legislative agenda by December 30, 2022.

6. Produce and distribute the Annual Report and Cumulative Report by November 15, 2022.

7. Organize and conduct a statewide housing conference by October 30, 2022; prepare and present a final report by January 31, 2023.

8. Lead the Friend of Housing Award selection process and produce the awards ceremony during Housing Washington in October 2022.

9. Coordinate, schedule and complete the annual revisions to the Business Resumption Plan by February 15, 2023.

10. In collaboration with the Deputy Director and EMT/AMT, plan and conduct a staff planning session by June 30, 2023.

11. Complete the on-going implementation, monitoring and training for a Commission electronic content management system by June 30, 2023.

12. Conduct monthly EMT/IT Governance meetings and semi-monthly AMT meetings and record and report actions to Executive Director and staff within 5 days.

13. Monitor the strategic direction of the Commission's IT program and research, report and receive approval to implement new initiatives by December 31, 2022.

14. Throughout 2022/2023 the Administration Division will continue to advance the Commission's commitment to racial equity and social justice by accomplishing the following objectives:

    - By June 30, 2023 provide continued commitment and support of Racial Justice and Equity Team (RJET) efforts, including RJET's workplan development and implementation.
    - By December 31, 2022, review and update Commission policies regarding: 1) Diversity, Equity and Inclusion; 2) Respectful Work Environment; 3) Anti-Discrimination, Harassment, and Sexual Harassment; and 4) Reasonable Accommodation.
    - By June 30, 2023, continue to update the Commission's Office Procedure Manual to ensure relevance to current business practices, as well as ensuring that they reflect the Commission's commitment to racial and social justice.
    - By December 31, 2022, continue to assist the Homeownership Division in creating a marketing plan targeting identified underrepresented borrower households of color our homebuyer downpayment assistance programs.

15. Complete an Organizational Success Factor Survey of key clients and report by May 1, 2023.

**Administration (ADM)**
**Budget Summary for the fiscal year ending: June 30, 2023**

## FINANCIAL AND PROGRAM INFORMATION

| | FYE 23 Proposed Budget | FYE 22 Projected Actual | FYE 22 Budget as Adopted |
|---|---|---|---|
| **Personnel Resources [FTE's]** | | | |
| Permanent | 13.82 | 11.82 | 12.77 |
| Temporary | - | - | - |
| **Total FTE's** | **13.82** | **11.82** | **12.77** |
| **Program Budget** | | | |
| Fee Income | - | - | - |
| Interest Income | - | - | - |
| Other Income | 30,300 | 30,452 | 25,680 |
| Grant Program Income | - | - | - |
| **Total Revenue** | 30,300 | 30,452 | 25,680 |
| Employee Expenses | 2,133,935 | 1,608,768 | 1,881,595 |
| Travel Expenses | 56,816 | 10,714 | 42,507 |
| Professional Fees | 565,000 | 411,461 | 497,132 |
| Office Expenses | 1,108,440 | 649,254 | 1,000,491 |
| Grant Program Expense | - | - | - |
| **Total Expenses** | 3,864,191 | 2,680,197 | 3,421,725 |
| **Income over Expense Excess (Deficit)** | (3,833,891) | (2,649,744) | (3,396,045) |
| Overhead Allocation | 3,833,891 | 2,649,744 | 3,396,045 |
| Program Allocation | - | - | - |
| **Total Income/(Loss)** | - | - | - |

## PERFORMANCE MEASUREMENTS

| | FYE 23 Proposed Budget | FYE 22 Project Actual | FYE 22 Budget as Adopted |
|---|---|---|---|
| **PERFORMANCE MEASUREMENTS** | | | |
| Housing Washington Conference | 1 | 1 | 1 |
| Monthly Hfc Mtgs., 1 Planning | 12 | 12 | 12 |
| Impact Cumulative Report | 1 | 1 | 1 |
| Annual Report & Financial Stmts. | 1 | 1 | 1 |
| **COMMISSION-WIDE PERFORMANCE MEASUREMENTS** | | | |
| Number Of Housing Units Financed / FTE | 300 | 276 | 300 |
| $ Amount Of Bonds Issued / FTE | 5,911,871 | 14,715,448 | 6,231,579 |
| $ Amount Of Revenues / FTE | 437,933 | 662,765 | 552,778 |
| $ Amount Of Expenses / FTE | 227,246 | 184,833 | 210,703 |
| $/Tax Credits Reserved / FTE | 649,107 | 691,913 | 684,211 |
| Number Of Units Monitored / FTE | 1,458 | 1,590 | 1,487 |
| Number Of Bond Issues Outstanding / FTE | 5 | 5 | 5 |
| $ Amount Of Bonds Outstanding / FTE | 91,610,653 | 104,052,567 | 90,774,954 |
| Units By 2025* | 320,000 | 320,000 | 320,000 |
| Number Of Persons Served** | 640,000 | 640,000 | 640,000 |
| Nonprofit Facilities Financed By 2023 | 205 | 205 | 205 |
| Farmer/Rancher Loans By 2023 | 40 | 40 | 40 |
| Score On Employee Engagement | >4 | >4 | >4 |

* Includes projects refinanced with regulatory agreements extended ten years or more.

** Assumes average of 2 persons per unit. Does not include non-housing, nonprofit facilities.

**WASHINGTON STATE**
**HOUSING FINANCE COMMISSION**

**Program Summary**
**Fiscal Year 2022 - 2023**

**Program: IT Services** **Division: Executive Office**

**Commission Goal:**

To focus Commission efforts on building communities.

To maintain financial independence.

To actively support our clients.

To provide improved infrastructure and superior technology.

**Problem/Need:**

The Housing Finance Commission needs to provide technological support to program staff to assure the delivery of affordable housing and community facility programs among others.

**Program Goal:**

To provide support to Commission staff through technology programs that are both relevant to our mission and fiscally responsible.

**Business Objectives (Outputs/Outcomes):**

1. Ensure IT Service Desk incidents are resolved in accordance with the terms of our Service Level Agreement (SLA) which defines response time based upon severity level. This will be reported monthly to the ITG (Information Technology Governance) Committee.
2. Complete quarterly server recovery testing in conjunction with Disaster Recovery exercises to support the Business Resumption Plan.
3. Coordinate and assist in providing IT support for the installation and implementation of a Content Management System project through 6/30/2023.
4. Maintain the Salesforce database with the support of an external contractor; coordinate planning, scheduling and implementation of enhancements and provide a monthly report to ITG.
5. Maintain the Emphasys loan servicing platform with the support of internal staff and external contractor; coordinate planning, scheduling and implementation of enhancements and present monthly reports to ITG on system status.
6. Support Dynamics Nav and Serenic Navigator financial system in accordance with the terms of the SLA. Report monthly status updates to the ITG.

7. Provide and maintain a monthly Service Desk Summary Reports with a roll up of types of issues and resolution results as well as response time statistics in accordance with the SLA to the ITG.
8. Maintain an Information Technology training program that will ensure that current and future IT and Commission staff stay current with present and future technologies. Update current content by September 2023 and report status to the ITG monthly.
9. Maintain a Commission staff training program that will ensure that current and future cyber security vulnerabilities are recognized and how to avoid them. Renew content yearly and publish training videos monthly.
10. Maintain the afterhours maintenance schedule that ensures all servers, desktops, laptops and network equipment stay up to date with all security, firmware and operating system updates as recommended by Microsoft and other Information Technology vendors to be performed quarterly.
11. Maintain and provide a quarterly Security Breach Report to the Information Technology Governance Committee and for audit purposes an intrusions report from both internal and external sources by 10 days following the quarter end.
12. Ensure that all critical IT hardware (servers, switches and firewalls) and software remains under warranty coverage in accordance with the agreed upon SLA (service level agreement). Audit them quarterly and provide a report to ITG of the expiring service contracts.
13. Maintain and update the Commission's IT network infrastructure as well as the Commissions desktops, laptops, and tablets.
14. Monitor the performance of our vendor, Eightcloud as well as other vendors and report to the ITG on whether they are meeting our SLA (Service Level Agreement) as defined in our contract with them.
15. Identify and implement IT Infrastructure that can be moved into a cloud platform and cause little impact on the Commission's SLA by September 15, 2023.
16. Identify and develop an online Salesforce application that can be used to capture the 4% and 9% application process for Multifamily. Also provide continuous access to funded projects for ongoing compliance.
17. Ensure the integration of Salesforce (Homebase) and our Contact Management System (Laserfiche) to move forward in our efforts to move the Commission toward our digital transformation goals by October 1, 2023.
18. Evaluate the impacts resulting from the COVID-19 pandemic on Commission programs and processes and, implement regulatory requirements or other changes as necessary.
19. Identify, communicate, and support enhancements of current programs as well as the development of new tools to mitigate the impact of the COVID-19 pandemic.

20. Review and implement safe return to office procedures and processes.

**Performance Measures:**

1. Commission staff will have reliable access to major IT resources, File server, Office 365, Salesforce, Microsoft Dynamics NAV Remote Access and Emphasys Bond system at least 99.9% of the time (excluding routine, schedule maintenance).
2. Commission staff will have responses to network and peripheral support problems in accordance with our Service Level Agreement (SLA).

**Assumptions:**

1. No major disasters in the physical environment.
2. External contractor for software development and data analyst support.
3. No major disruptions of critical external IT services.
4. Performance outcome #1 will be measured and reported monthly by review of the problem ticket work order log.

**IT Services (rev 07/08 from BIT) (ITS)**
**Budget Summary for the fiscal year ending: June 30, 2023**

## FINANCIAL AND PROGRAM INFORMATION

| | FYE 23 Proposed Budget | FYE 22 Projected Actual | FYE 22 Budget as Adopted |
|---|---|---|---|
| **Personnel Resources [FTE's]** | | | |
| Permanent | 3.92 | 3.00 | 3.00 |
| Temporary | | | |
| **Total FTE's** | **3.92** | **3.00** | **3.00** |
| **Program Budget** | | | |
| Fee Income | - | - | - |
| Interest Income | - | - | - |
| Other Income | - | - | - |
| Grant Program Income | - | - | - |
| **Total Revenue** | - | - | - |
| Employee Expenses | 629,079 | 451,980 | 473,997 |
| Travel Expenses | 15,287 | 147 | 8,675 |
| Professional Fees | 25,000 | - | 25,000 |
| Office Expenses | 564,522 | 487,181 | 462,102 |
| Grant Program Expense | - | - | - |
| **Total Expenses** | 1,233,888 | 939,308 | 969,774 |
| **Income over Expense Excess (Deficit)** | (1,233,888) | (939,308) | (969,774) |
| Overhead Allocation | 1,233,888 | 939,308 | 969,774 |
| Program Allocation | - | - | - |
| **Total Income/(Loss)** | - | - | - |

## PERFORMANCE MEASUREMENTS

| PERFORMANCE MEASUREMENTS | FYE 23 Proposed Budget | FYE 22 Project Actual | FYE 22 Budget as Adopted |
|---|---|---|---|
| Quarterly Server Test Restores | 4 | 4 | 4 |
| Avg Availability Of All Key Servers | 0.999 | 0.999 | 0.999 |
| Client Satisfaction Survey Score | >4 | >4 | >4 |
| Help Desk Response Time | Per SLA | Per SLA | Per SLA |

## Commissioners (EXO)

## Budget Summary for the fiscal year ending: June 30, 2023

## FINANCIAL AND PROGRAM INFORMATION

| | FYE 23 Proposed Budget | FYE 22 Projected Actual | FYE 22 Budget as Adopted |
|---|---|---|---|
| **Personnel Resources [FTE's]** | | | |
| Permanent | | | |
| Temporary | | | |
| **Total FTE's** | - | - | - |
| **Program Budget** | | | |
| Fee Income | - | - | - |
| Interest Income | - | - | - |
| Other Income | - | - | - |
| Grant Program Income | - | - | - |
| **Total Revenue** | - | - | - |
| Employee Expenses | 21,463 | 5,255 | 20,211 |
| Travel Expenses | 65,210 | 2,088 | 62,363 |
| Professional Fees | - | - | - |
| Office Expenses | 25,976 | 4,548 | 26,042 |
| Grant Program Expense | - | - | - |
| **Total Expenses** | 112,649 | 11,891 | 108,616 |
| **Income over Expense Excess (Deficit)** | (112,649) | (11,891) | (108,616) |
| Overhead Allocation | 112,649 | 11,891 | 108,616 |
| Program Allocation | - | - | - |
| **Total Income/(Loss)** | - | - | - |

WASHINGTON STATE
HOUSING FINANCE
COMMISSION

Bill Rumpf
*Chair*

Steve Walker
*Executive Director*

# Memorandum

To: Commissioners

From: Fenice Taylor, Lucas Loranger

CC: Steve Walker

Date: June 13, 2022

**Re: Recommendation regarding the transfer of excess General Operating reserves to Program Related Investments**

**BACKGROUND:**

The Commission adopted its initial Reserves Policy in 1989. It emphasizes the need to maintain an adequate level of General Operating Fund reserves considering factors such as long-term compliance and financial monitoring obligations, the amount of debt outstanding and current operational activity and liquidity needs. Program-Related Investments were established as a mechanism to invest excess reserves in programs and projects related to the Commission's mission.

In recent years, Governmental Accounting Standards Board statements require us to book underfunded Pension and Other Post-employment Benefits (OPEB) liabilities in the General Operating Fund. While we never expect the liabilities to be billed to us directly, necessary funding will be collected over time in ongoing, monthly benefit charges billed to us by the state. However, being required to include them as liabilities, reduces our general reserves.

As we have done every year since June 2019, staff recommends that we retain $30 million in General Operating Fund reserves **before** the effect of these deferred employment-related liabilities is considered. By doing this, the general reserves amount as shown on the financial statements is expected to be between $22 million to $24 million depending on the final calculation of those deferred liabilities for June 30, 2022 ($30 million reserve less the expected $6 million to $8 million underfunded Pension and

OPEB liabilities). Funds in excess of that are recommended to be transferred to Program-Related Investments.

**PROPOSED ACTION:**

Consider and act on a motion to transfer General Operating Fund reserves in excess of $30 million excluding the effect of Pension and Other Post-employment Benefits liabilities as of June 30, 2022 to Program-Related Investments.

Washington State Housing Finance Commission
Homeownership Programs
Fiscal Year Loan Production
July 1, 2021 - May 31, 2022

*<u>*Fiscal Year Goal - 7,500 households purchase an affordable home using the Home Adv/HK programs.*</u>*

*Percentage of Goal reached YTD -* 71.8%

| HOME ADVANTAGE | Loans | $ Volume | % Households of Color |
|---|---|---|---|
| Conventional FNMA | 752 | $ 264,114,662 | 27.9% |
| Conventional FHLMC | 100 | $ 33,712,841 | 30.0% |
| Government | 4026 | $ 1,448,555,469 | 31.6% |
| Energy Spark | 5 | $ 2,012,323 | 60.0% |
| Total | 4883 | $ 1,748,395,295 | 35.1% |

| HOUSE KEY OPPORTUNITY | Loans | $ Volume | % Households of Color |
|---|---|---|---|
| Conventional FNMA | 263 | $ 68,456,728 | 41.8% |
| Conventional FHLMC | 24 | $ 5,869,418 | 25.0% |
| Government | 214 | $ 61,886,962 | 37.8% |
| Total | 501 | $ 136,213,108 | 39.3% |

| DOWNPAYMENT ASSISTANCE | Loans | $ Volume | % Households of Color |
|---|---|---|---|
| Home Adv 0% | 4768 | $ 68,418,368 | 30.8% |
| Home Adv Needs Based 1% | 50 | $ 483,611 | 42.0% |
| Opportunity | 448 | $ 6,176,465 | 39.1% |
| HomeChoice | 28 | $ 414,373 | 35.7% |
| Bellingham | 6 | $ 220,000 | 33.3% |
| East King County | 2 | $ 59,327 | 50.0% |
| Pierce County | 0 | $ - | 0.0% |
| Seattle | 3 | $ 165,000 | 0.0% |
| Tacoma | 1 | $ 20,000 | 0.0% |
| University of WA | 7 | $ 593,945 | 71.4% |
| Veterans | 2 | $ 20,000 | 0.0% |
| CLT | 0 | $ - | 0.0% |
| Social Justice DPA | 9 | $ 90,000 | 100.0% |
| Total | 5324 | $ 76,661,089 | 31.7% |

Washington State Housing Finance Commission/Homeownership Division
Counseling & Grants:
Default Counseling, Pre-Purchase and Other Homeowner Assistance
**Report for May 2022**

| Grant Name/ Description/Service Area | Granting Entity | Subgrantees/ Partners | Clients Served to Date | Grant Amount/Date | Amount Disbursed to Date | Balance Remaining | Grant Expiration |
|---|---|---|---|---|---|---|---|
| **HUD SuperNOFA 2020** Default and Pre-Purchase Counseling. Service Area: **Statewide** | Department of Housing and Urban Development | AFS; CVH; KCLT; OIC; OPAL; Parkview; RRCA; SNAP | 996 | $510,864 2020/2022 | $335,203 | $175,661 | 3/31/2023 Extended |
| **HAF Counseling Sustainability Grant** Default Housing Counseling. Service Area: **Statewide** | U.S. Department of the Treasury | AFS; OIC; NJP; Parkview; RRCA; SNAP; ULMS; ECDLR | 1,428 | $2,000,000 Jan 2022 | $678,077 | $1,321,923 | 6/30/2022 |
| **Foreclosure Fairness Act** Default Housing Counseling and Mediation. Service Area: **Statewide** | Department of Commerce | WHRC; AFS; NJP; Parkview; RRCA; SNAP; ULMS | 3,550 | $1,400,000 July, 2019 | $891,660 | $508,340 | 6/30/2023 |

| | |
|---|---|
| AFS – American Financial Solutions | OIC – Opportunities Industrialization Center |
| CVH – Columbia Valley Affordable Homeownership | Parkview – Parkview Services |
| ECDLR – El Centro de la Raza | RRCA – Rural Resources Community Action |
| KCLT – Kulshan Community Land Trust | SNAP – Spokane Neighborhood Action Partners |
| NJP – Northwest Justice Project | WHRC – Washington Homeownership Resource Center |
| OPAL – Opal Community Land Trust | |

**HOMEOWNERSHIP PROGRAMS**

HOMEBUYER EDUCATION PRODUCTION and HOME LOAN TRAINING

July 1, 2021 - May 31, 2022

**HOMEBUYER CLASS**

Fiscal year goal - 800 classes, 8,000 participants by June 30, 2022

Percentage of goal reached YTD: 126%

| | Classes | Participants |
|---|---|---|
| **Virtual:** | 399 | 2,614 |
| **In-Person:** | 49 | 318 |
| **Online Classes:** | 7,129 | 7,129 |
| **Total:** | **7,577** | **10,061** |

Classes not yet reporting participation: 1,005 — Data lags 3 months due to data collection process

**In-Person and Virtual All-Time Totals 1992 to Present**

| | |
|---|---|
| **Classes:** | 26,256 |
| **Participants** | 209,598 |

**PROGRAM TRAINING ATTENDEES**

Fiscal year goal - 10 Instructor classes by June 30, 2022

Percentage of goal reached YTD: 150%

| Month | Classes | Atendees |
|---|---|---|
| July | 1 | 31 |
| August | 1 | 37 |
| September | 1 | 33 |
| October | 1 | 43 |
| November | 1 | 40 |
| December | 1 | 40 |
| January | 1 | 54 |
| February | 2 | 74 |
| March | 2 | 142 |
| April | 2 | 74 |
| May | 2 | 95 |
| June | | |
| **Total:** | **15** | **663** |

| Legend: |
| --- |
| Lists 1-4: New Production |
| Lists 5-8: Preservation (Acquisition-Rehab) |
| King County Requests |
| Balance of State Requests |
| **Waiting List Projects (Alphabetic order) |

# WASHINGTON STATE HOUSING FINANCE COMMISSION
## Bonds with 4% Housing Tax Credit Program
## 2022 Allocation List

Total Applications: 21 | **Total Requested: $561,098,624**

**Total Allocations: 10** | **Total Allocations: $249,261,103**

**Total homes financed: 1,431**

| List # | Buckets/Pools | Project Sponsor | Community Based Organization | City | County | Points | Tax-Exempt Bond Request | Recycled/Taxable Bond Request | Total Low-Income Units | % of Low-Income Housing Units and Set-Asides | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | | | | | | | | | | 50% AMI | 60% AMI | Elderly | Large Households |
| 1 | **New Production/Public Leverage/King** | | | | | | $287,377,665 | $38,588,408 | | | | | |
| | **Polaris at Totem Lake** | **Inland Construction and Develop** | **Hopelink** | **Kirkland** | **King** | **52** | **$50,420,000** | **$20,500,000** | **257** | **78** | **179** | | **52** |
| | **El Centro de la Raza at Columbia City** | **El Centro de la Raza** | **El Centro de la Raza** | **Seattle** | **King** | **46** | **$23,500,000** | **$5,200,000** | **86** | **61** | **25** | | **18** |
| | **Bryant Manor Redevelopment Phase I** | **First A.M.E. Housing Association** | **First A.M.E Housing Association** | **Seattle** | **King** | **45** | **$30,889,322** | **$7,157,928** | **100** | **70** | **30** | | **20** |
| | | | | | | | **$104,809,322** | **$32,857,928** | | | | | |
| | ** | | | | | | | | | | | | |
| | Creekside Village | Shelter America Group | N/A | Vashon | King | | $10,380,000 | | 40 | 20 | 20 | | 8 |
| | Elements at Georgetown | TWG Development | Georgetown Community Dev. Auth | Seattle | King | | $28,000,000 | | 152 | 107 | 45 | | 31 |
| | Mercy Angle Lake Family Housing | Mercy Housing Northwest | Arc of King County | SeaTac | King | | $28,188,343 | $5,730,480 | 98 | 69 | 29 | | 20 |
| | MLK Mixed Use | Low Income Housing Institute (LIHI) | N/A | Seattle | King | | $30,000,000 | | 147 | 103 | 44 | | 30 |
| | SRM NE Seattle | SRM Development, LLC | N/A | Seattle | King | | $43,000,000 | | 219 | | 219 | | 44 |
| | Via7 | Mount Baker Housing Association | Mount Baker Housing Association | Seattle | King | | $43,000,000 | | 220 | | 220 | | |
| 2 | **New Production/Public Leverage/Balance of State** | | | | | | $57,067,781 | $3,892,219 | | | | | |
| | **KWA 15TH & Tacoma** | **Korean Women's Association** | **Korean Women's Association** | **Tacoma** | **Pierce** | **37** | **$17,904,506** | **$1,295,494** | **86** | | **86** | **86** | |
| | **Millworks Family Housing** | **Mercy Housing Northwest** | **Whatcom Family YMCA** | **Bellingham** | **Whatcom** | **36** | **$18,863,275** | **$2,596,725** | **83** | | **83** | | **17** |
| | **The Lookout** | **Southport Financial Services** | **Anchor Church** | **Tacoma** | **Pierce** | **32** | **$20,300,000** | | **131** | | **131** | **###** | **##** |
| | | | | | | | **$57,067,781** | **$3,892,219** | | | | | |
| 3 | **New Production/No Public Leverage/King and Snohomish** | | | | | | $64,671,000 | $12,250,000 | | | | | |
| | **Ovation at Paine Field** | **DevCo, LLC** | **Rise Up Academy** | **Everett** | **Snohomish** | **54** | **$33,500,000** | **$12,250,000** | **222** | **156** | **66** | **222** | |
| | | | | | | | **$33,500,000** | **$12,250,000** | | | | | |
| | ** | | | | | | | | | | | | |
| | *Village at 47th* | *Veterans Village* | *Veterans Village* | *Tukwila* | *King* | | *$31,171,000* | | *170* | | *170* | *170* | |
| 4 | **New Production/No Public Leverage/Balance of State** | | | | | | $39,980,000 | $9,500,000 | | | | | |
| | ** | | | | | | | | | | | | |
| | *Copper Way Apartments* | *Inland Construction and Developme* | *N/A* | *Spanaway* | *Pierce* | | *$39,980,000* | *$9,500,000* | *276* | | *276* | | *56* |
| 5 | **Preservation/Public Leverage/King** | | | | | | $55,452,178 | $1,250,114 | | | | | |
| | **Eastern and NP Hotel Rehabilitation** | **Interim Community Dev. Assn.** | **Interim Community Dev. Assn.** | **Seattle** | **King** | **79** | **$16,034,000** | | **107** | **75** | **32** | | |
| | | | | | | | **$16,034,000** | | | | | | |
| | ** | | | | | | | | | | | | |
| | Pacific Apartments Rehabilitation | Plymouth Housing | Plymouth Housing | Seattle | King | | $21,251,945 | $1,250,114 | 87 | 61 | 26 | | |
| | The Madison | Southport Financial Services | N/A | Seattle | King | | $18,166,233 | | 72 | | 72 | | |
| 6 | **Preservation/Public Leverage/Balance of State** | | | | | | $24,350,000 | $0 | | | | | |
| | **Englewood Gardens** | **Shelter Resources, Inc./HopeSou** | **N/A** | **Yakima** | **Yakima** | **49** | **$24,350,000** | | **256** | | **256** | **256** | |
| | | | | | | | **$24,350,000** | | | | | | |
| 7 | **Preservation/No Public Leverage/King and Snohomish** | | | | | | $32,200,000 | $5,000,000 | | | | | |
| | **Pine Ridge Apartments** | **DH&G** | **West African Community Counc** | **SeaTac** | **King** | **92** | **$13,500,000** | **$5,000,000** | **103** | **73** | **30** | | |
| | | | | | | | **$13,500,000** | **$5,000,000** | | | | | |
| | ** | | | | | | | | | | | | |
| | Chancery Place | Catholic Housing Services of West. W | N/A | Seattle | King | | $18,700,000 | | 84 | 59 | 25 | 84 | |
| 8 | **Preservation/No Public Leverage/Balance of State** | | | | | | | | | | | | |
| | *No applications received* | | | | | | | | | | | | |
| | Statewide Bond Round Totals: | **Total Applications: 21** | | | | **Total Requested:** | **$561,098,624** | **$70,480,741** | **2,996** | **932** | **2,064** | **949** | **296** |
| | | **Total Allocations: 10** | | | | **Total Allocations:** | **$249,261,103** | **$54,000,147** | **1,431** | | | | |

### Allocations by List:

| | | Applications Received | Applications Allocated |
| --- | --- | --- | --- |
| **List 1** | New/Public Leverage/ King and SnoCo | 9 | 3 |
| **List 2** | New/Public Leverage/ Balance of State | 3 | 3 |
| **List 3** | New/No Public Leverage/ King and SnoCo | 2 | 1 (1*) |
| **List 4** | New/No Public Leverage/ Balance of State | 1 | (1*) |
| **List 5** | Acq-Rehab/ Public Leverage/ King and SnoCo | 3 | 1 |
| **List 6** | Acq-Rehab/ Public Leverage/ Balance of State | 1 | 1 |
| **List 7** | Acq-Rehab/ No Public Leverage/ King and SnoCo | 2 | 1 |
| **List 8** | Acq-Rehab/ No Public Leverage/Balance of State | 0 | 0 |

* Projects pioritized on waiting list

# WASHINGTON STATE HOUSING FINANCE COMMISSION
## 9% Housing Tax Credit Program
## 2022 Allocation List

**Final Allocation amounts may change if new Federal resources are made available.**

### King County Pool (November 2021 application round)

| TC# | Project Status | Project Name | Project Sponsor | City | County | Points | Credit/Unit | Credit Request | Total Low-Income Units | % of Low-Income Housing Units: 30% AMI | 40% AMI | 50% AMI | 60% AMI | Units for Priority Populations: Farm workers | Large Households | Elderly | Persons with Disabilities | Homeless |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 22-10 | Application | Good Shepherd Housing | Low Income Housing Institute (LIHI) | Seattle | King County | 190 | $ 25,760 | $ 2,163,829 | 84 | 50% | 25% | | 25% | 0 | 0 | 0 | 0 | 63 |
| 22-08 | Application | Horizon Housing at Totem Lake | Horizon Housing Alliance | Kirkland | King County | 189 | $ 26,576 | $ 1,063,040 | 40 | 50% | | 50% | | 0 | 0 | 0 | 0 | 30 |
| 22-20 | Approved 4/28/2022 | DESC Woodland | Downtown Emergency Service Center | Seattle | King County | 187 | $ 21,636 | $ 2,163,612 | 100 | 50% | | 50% | | 0 | 0 | 0 | 0 | 75 |
| 22-12 | Application | DESC Burien Supportive | Downtown Emergency Service Center | Burien | King County | 185 | $ 22,540 | $ 2,141,260 | 95 | 50% | | 50% | | 0 | 0 | 0 | 0 | 68 |
| 22-51 | credit exchange | Sacred Medicine House | Chief Seattle Club | Seattle | King County | 188 | 16,618 | 1,944,266 | 117 | 50% | | 50% | | | | | | 88 |
| | | | | | **King County Credit Allocated:** | | | **$9,476,007** | **436** | | | | | **0** | **0** | **0** | **0** | **324** |
| | | | | | **King County Credit Available:** | | | **$7,548,600** | | | | | | | | | | |
| | | | | | **Balance:** | | | **($1,927,407)** | | | | | | | | | | |

### *King County Waiting List*

| TC# | Project Status | Project Name | Project Sponsor | City | County | Points | Credit/Unit | Credit Request | Total Low-Income Units | 30% AMI | 40% AMI | 50% AMI | 60% AMI | Farm workers | Large Households | Elderly | Persons with Disabilities | Homeless |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 22-07 | Application | Ballard PSH* | Plymouth Housing Group | Seattle | King County | 190 | $ 14,815 | $ 1,200,000 | 81 | 50% | | 50% | | 0 | 0 | 0 | 0 | 61 |
| 22-21 | Application | South Park Housing | Sea Mar Community Health Centers | Seattle | King County | 164 | $ 26,576 | $ 2,046,352 | 77 | 50% | | 50% | | 0 | 16 | 0 | 0 | 16 |
| 22-22 | Application | SeaMar Kent Housing | Sea Mar Community Health Centers | Kent | King County | 163 | $ 26,576 | $ 823,856 | 31 | 50% | | 50% | | 0 | 0 | 0 | 7 | 7 |
| | | | | | | | | | | | | | | | | | | |
| | | | | | **King Waiting List Balance:** | | | **$ 4,070,208** | **189** | | | | | **0** | **16** | **0** | **7** | **84** |

### Metro Pool (November 2021 application round)

| TC# | Project Status | Project Name | Project Sponsor | City | County | Points | Credit/Unit | Credit Request | Total Low-Income Units | % of Low-Income Housing Units: 30% AMI | 40% AMI | 50% AMI | 60% AMI | Units for Priority Populations: Farm workers | Large Households | Elderly | Persons with Disabilities | Homeless |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Preservation and Recapitalization Pool** | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | |
| | | | | | | | | **$0** | **0** | | | | | **0** | **0** | **0** | **0** | **0** |
| ***New Production*** | | | | | | | | | | | | | | | | | | |
| 22-11 | Application | Edmonds Lutheran | Housing Hope | Edmonds | Snohomish | 170 | $ 27,852 | $ 1,448,295 | 52 | 50% | | 50% | | 0 | 0 | 0 | 0 | 26 |
| 22-16 | Application | Laurel Manor | Columbia Non-Profit Housing | Vancouver | Clark | 167 | $ 26,388 | $ 2,163,816 | 82 | 50% | | 50% | | 0 | 0 | 0 | 0 | 17 |
| 22-04 | Application | Highland Village Phase 2 | Community Frameworks | Airway Heights | Spokane | 164 | $ 28,621 | $ 1,402,427 | 49 | 50% | 10% | | 40% | 0 | 11 | 0 | 10 | 0 |
| 22-09 | Application | Laurel & Forest | Opportunity Council | Bellingham | Whatcom | 163 | $ 27,640 | $ 1,547,840 | 56 | 50% | | 50% | | 0 | 0 | 56 | 12 | 0 |
| 22-17 | Application | Shiloh Redevelopment | New Life Housing/Shiloh Baptist Church | Tacoma | Pierce | 161 | $ 26,576 | $ 1,594,560 | 60 | 50% | | 50% | | 0 | 0 | 0 | 12 | 12 |
| | | | | | | | | | | | | | | | | | | |
| | | | | | **Total Metro Credit Allocated:** | | | **$8,156,938** | **299** | | | | | **0** | **11** | **56** | **34** | **55** |
| | | | | | **Metro Credit Available:** | | | **$7,228,556** | | | | | | | | | | |
| | | | | | **Metro Balance (Total):** | | | **($928,382)** | | | | | | | | | | |

### *Metro Wait List*

| TC# | Project Status | Project Name | Project Sponsor | City | County | Points | Credit/Unit | Credit Request | Total Low-Income Units | 30% AMI | 40% AMI | 50% AMI | 60% AMI | Farm workers | Large Households | Elderly | Persons with Disabilities | Homeless |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | |
| | | | | | **Metro Waiting List Balance:** | | | **$0** | 0 | | | | | **0** | **0** | **0** | **0** | **0** |

## Non-Metro Pool (November 2021 application round)

| TC# | Project Status | Project Name | Project Sponsor | City | County | Points | Credit/Unit | Credit Request | Total Low-Income Units | % of Low-Income Housing Units: 30% AMI | 40% AMI | 50% AMI | 60% AMI | Units for Priority Populations: Farm workers | Large Households | Elderly | Persons with Disabilities | Homeless |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Preservation and Recapitalization Pool** | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | |
| | | | | | **Non-Metro Rehab Credit Allocated:** | | | **$0** | 0 | | | | | **0** | **0** | **0** | **0** | **0** |
| ***New Production*** | | | | | | | | | | | | | | | | | | |
| 22-23 | Application | Colville Family Haven | Catholic Housing Services of Eastern WA | Colville | Stevens | 187 | $ 26,021 | $1,821,481 | 70 | 50% | 10% | | 40% | | | | | 35 |
| 22-01 | Application | Fruitvale Housing | The Housing Authority of the City of Yakima | Yakima | Yakima | 185 | $ 24,693 | $1,333,411 | 54 | 50% | 10% | | 40% | | | | | 27 |
| 22-24 | Application | Martin Way Phase 2 | Low Income Housing Institute | Olympia | Thurston | 180 | $ 27,640 | $1,741,320 | 63 | 50% | | 50% | | | | | | 32 |
| 22-47 | credit exchanged | Warrior Ridge | Port Gamble S'Klallam Housing Authority | Kingston | Kitsap | 169 | $ 26,576 | $797,200 | 30 | 50% | 25% | | 25% | | | | | 15 |
| | | | | | **Non-Metro Credit Allocated:** | | | **$5,693,412** | **217** | | | | | **0** | **0** | **0** | **0** | **109** |
| | | | | | **Non-Metro Credit Available:** | | | **$2,942,486** | | | | | | | | | | |
| | | | | | **Non-Metro Balance:** | | | **($2,750,926)** | | | | | | | | | | |
| ***Non-Metro Wait List*** | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | |
| 22-06 | Application | The Cape at Interlake | MacDonald Ladd/Trillium Housing Services | Moses Lake | Grant | 178 | $ 26,041 | $1,536,440 | 59 | 10% | 50% | 40% | | 45 | | | | |
| 22-14 | Application | CCHS Grant County Preservation | Catholic Charities Housing Services | Scattered Site | Grant | 172 | $ 13,872 | $1,290,104 | 93 | 10% | 50% | 40% | | 70 | | | | |
| 22-18 | Application | Teanaway Court | HopeSource | Cle Elum | Kittitas | 171 | $ 28,206 | $1,353,874 | 48 | 50% | | 50% | | | | | | 24 |
| 22-13 | Application | Othello Permanent Farmworker Housing | Othello Housing Authority | Othello | Adams | 170 | $ 17,579 | $703,152 | 40 | 10% | 50% | 40% | | 30 | | | | |
| 22-19 | Application | Orchard II | Trillium Housing Services | Mattawa | Grant | 170 | $ 21,277 | $1,000,000 | 47 | 10% | 50% | 40% | | 36 | | | | |
| 22-15 | Application | Willow Grove | Kelso Housing Authority | Kelso | Cowlitz | 169 | $ 26,514 | $848,432 | 32 | 10% | 50% | 40% | | | | | | 16 |
| 22-05 | Application | Sunrise Village | Longview Housing Auth/HOSWWA | Longview | Cowlitz | 169 | $ 27,403 | $1,233,138 | 45 | 50% | 30% | | 40% | | | | | 23 |
| 22-25 | Application | Hilltop II | Trillium Housing Services | Wenatchee | Chelan | 166 | $ 26,966 | $1,537,054 | 57 | 10% | 50% | 40% | | | | | | 43 |
| | | | | | **Non-Metro Waiting List Balance:** | | | **$9,502,194** | **515** | | | | | **181** | **0** | **0** | **0** | **106** |

## Statewide Allocation Round Totals:

| | | | | | Farm workers | Large Households | Elderly | Persons with Disabilities | Homeless |
|---|---|---|---|---|---|---|---|---|---|
| **Total Project Applications:** | **23** | **Total Credit Requested:** | **$36,898,759** | **1,656** | **181** | **27** | **56** | **41** | **678** |
| **Total Projects Above Line:** | **12** | **Total Credit Above Line:** | **$23,326,357** | **952** | **0** | **11** | **56** | **34** | **488** |
| **Application Success Percentage:** | **52%** | **Total Credit Available:** | **$16,572,577** | | | | | | |
| | | **Statewide FWD Commit:** | **($5,606,714)** | | | | | | |

**Final Allocation amounts may change if new Federal resources are made available.**

* Ballard PSH (TC 22-07) is being funded with other Public Funds.

## 9% Housing Tax Credit Program
## Credit Summary

| | | | Per Capita Rate | Credit |
|---|---|---|---|---|
| **State Credit Authority** | | | | |
| 2022 Per Capita Credit (IRS Notice Pending) | | 7,738,692 | 2.60000 | $ 20,120,599 |
| | | | | $ - |
| 2022 National Pool Credit (IRS Revenue Procedure 21-44) | | | | $ - |
| **Total 2022 Credit Authority** | | | | **$ 20,120,599** |
| **Total 2022 Credit Authority for Geographic Credit Pool Division** | | | | $ 20,120,599 |
| Less 2021 Forward Commitment | Taken From Pools Below | | | $ (3,548,023) |
| **King County** | | | | |
| 35% of Total Credit Authority | | 35% | | $ 7,042,210 |
| less 2021 KC fwd allocation of 2022 KC Credit | | | | $ (1,437,876) |
| plus KC Returned Credit | | | | $ 1,944,266 |
| Credit Allocated | | | | $ (9,476,007) |
| **King County Balance** | | | | **$ (1,927,407)** |
| **Metro Credit** | | | | |
| 37% of Total Credit Authority | | 37% | | $ 7,444,622 |
| less 2021 Metro FWD allocation of 2022 Metro Credit | | | | $ (216,065) |
| plus Metro Returned Credit | | | | |
| Credit Allocated | | | | $ (8,156,938) |
| **Metro Balance** | | | | **$ (928,382)** |
| **Non-Metro Credit** | | | | |
| 28% of Total Credit Authority | | 28% | | $ 5,633,768 |
| less 2021 NM FWD allocation of 2022 NM Credit | | | | $ (1,894,082) |
| plus NM Returned Credit | Warrior Ridge 21-17 | | | $ (797,200) |
| Credit Allocated | | | | $ (5,693,412) |
| **Non-Metro Balance** | | | | **$ (2,750,926)** |
| **Metro Pool per County Limit** 35% of Pool Authority | | | | $ 2,605,618 |
| **Non Metro Pool per County Limit** (35% of Pool Authority) | | | | $ 1,971,819 |
| **Statewide Accounting of 2021 Credit** | | | | |
| Total 2022 Credit Authority | | | | $ 20,120,599 |
| 2021 Unused Credit | | | | $ - |
| 2021 King County Forward Commitment | | | | $ (1,437,876) |
| 2021 Metro Forward Commitment | | | | $ (216,065) |
| 2021 Non-Metro Forward Commitment | | | | $ (1,894,082) |
| Returned Credit from King County | | | | $ 1,944,266 |
| Returned Credit from Metro Pool | | | | |
| Returned Credit from Non-Metro Pool | | | | $ (797,200) |
| Credit Allocated to King County | | | | $ (9,476,007) |
| Credit Allocated to Metro | | | | $ (8,156,938) |
| Credit Allocated to Non-Metro | | | | $ (5,693,412) |
| **Balance of 2021 Credit** | | | | $ (5,606,714) |
| % of credit authority forward committed | | | | 27.87% |
| **Qualified Nonprofit Allocations** | | | | |
| Total 2021 Credit Authority for Geographic Credit Pool Division | | | | $ 20,120,599 |
| 2021 Unused Credit | | | | $ - |
| Returned Credit from King County | | | | $ 1,944,266 |
| Returned Credit from Metro Pool | | | | |
| Returned Credit from Non-Metro Pool | | | | $ (797,200) |
| Total 2021 Credit Authority for QNP Requirement | | | | $ 21,267,665 |
| Credit Allocated to QNPs | | | | $ 3,612,124 |
| **Percent allocated to QNPs** | Good Shepherd Housing | $ 2,163,829 | | 16.98% |
| | Edmonds Lutheran | $ 1,448,295 | | |
| **Forward Commitment RAC's of 2022 credit** | | | | |
| | DESC Burien Supportive | | | $ 2,141,260 |
| | Shiloh Redevelopment | | | $ 1,594,560 |
| | Laurel & Forest | | | $ 1,547,840 |
| | 0 | | | $ - |
| | | | Total | **$ 6,878,220** |
| **Summary for 8610** | | | | |
| 2022 Per Capita Credit | | | | $ 20,120,599 |
| 2022 National Pool Credit | | | | $ - |
| 2022 Returned Credit | | | | $ 1,147,066 |
| Less forward Commitment from 2021 | | | | $ (3,548,023) |
| TOTAL credit to allocate | | | | $ 17,719,643 |
| 2022 credit allocated (all pools) | | | | $23,326,357 |
| Forward commitment of 2022 credit | | | | $ (5,606,714) |

# ASSET MANAGEMENT & COMPLIANCE ACTIVITY REPORT
# REPORTING MONTH: April and May 2022

The Asset Management & Compliance Division is charged with ensuring the long-term viability of Commission financed or assisted projects. This is accomplished through project compliance monitoring efforts and training of program users.

**PROGRAM PURPOSE:** To ensure that the public benefits of all Commission housing programs are fulfilled.

**BUSINESS OBJECTIVE:** **Review 100% of compliance annual reports within 12 months from report receipt dates and issue compliance status letters.**

Within the 12-month period, staff will:

- review Owner's Annual Certification and other reporting materials for every project.
- review resident certification packages for 5% - 20% (depending on type of review year) of the units in each project.
- notify the Internal Revenue Service of any noncompliance discovered in tax credit assisted projects.
- notify the Multifamily Housing division of any significant noncompliance issues.

## Tax Credit Reports *

| **Calendar Year 2022** | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | TOTAL | GOAL | % COMPLETED |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| REPORTS REVIEWED | 1 | 1 | 17 | 134 | 140 | | | | | | | | 293 | 1,030 | 28% |

| **Calendar Year 2021** | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | TOTAL | GOAL | % COMPLETED |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| REPORTS REVIEWED | 0 | 41 | 73 | 104 | 132 | 118 | 69 | 83 | 117 | 91 | 115 | 76 | 1,019 | 1,010 | 101% |

Tax credit reports are due January 31$^{st}$ of every year for the previous calendar year.

## Bond Reports **

| **Calendar Year 2022** | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | TOTAL | GOAL | % COMPLETED |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| REPORTS REVIEWED | 6 | 37 | 33 | 2 | 0 | | | | | | | | 78 | 75 | 104% |

| **Calendar Year 2021** | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | TOTAL | GOAL | % COMPLETED |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| REPORTS REVIEWED | 32 | 40 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 77 | 75 | 103% |

Bond reports are due January 7$^{th}$ of every year for the previous calendar year.

***Notes:*** * Tax credit reporting bridges two fiscal program years.

** Goal total for bonds indicates both bond property annual reports and initial reports for Acquisition-Rehab bonds and New Construction bonds quarterly reporting as needed. New properties with both bonds and tax credits are reviewed as bonds until placed in service, then converted to tax credits for annual reviews.

# ASSET MANAGEMENT & COMPLIANCE ACTIVITY REPORT
# REPORTING MONTH: April and May 2022

**BUSINESS OBJECTIVE:** ***Complete on-site review of $33^{1/3}$% of all projects by December 31, 2022.***

Within the 12-month calendar year, the Commission will:

- conduct on-site inspections of $33^{1/3}$% of projects monitored according to HUD's Uniform Physical Conditions Standards.
- inspect 20% of all low-income units for health and safety issues.
- notify the Internal Revenue Service of any project noncompliance discovered through the inspections.

## Project Inspections

| **Calendar Year 2022** | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | TOTAL | GOAL | % COMPLETED |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ON-SITES COMPLETED | 0 | 1 | 7 | 8 | 37 | | | | | | | | 53 | 360 | 15% |

| **Calendar Year 2021** | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | TOTAL | GOAL | % COMPLETED |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ON-SITES COMPLETED | 0** | 0** | 0** | 0** | 0** | 0** | 0** | 0** | 0** | 0** | 0** | 0** | 0 | 360 | 0% |

** The IRS issued a pandemic-related inspection waiver through IRS Notice 2021-12, which waived inspections through September 30, 2021. The IRS issued new guidance January 2022 extending the inspection waiver through July 2022 but giving HFAs the authority to continue waiving inspections as needed through 12/31/2022.

**NOTE*:*** Cumulative totals for all goals may be greater or lesser than goal totals as new projects are coming on-line throughout the year; placed in service dates for projects can move forward or be delayed, affecting the number of reports and/or inspections that need to be completed each year. Inspections are sometimes canceled due to delayed placed in service dates or for other reasons. Monthly numbers may also change based on new information from other funders with whom we share inspection tasks, such as Rural Development, the Department of Housing and Urban Development, the State Department of Commerce, and the City of Seattle.

**COMPLIANCE TRAININGS*:*** The next Tax Credit Compliance Workshops are scheduled for**:**

**July 12-15, 2022 (Online)**

The next Bond Compliance Workshop is scheduled for**:**

**A recorded version of the 2021 Bond class is available on our website.**

WASHINGTON STATE
HOUSING FINANCE
COMMISSION



June 21, 2022

Commissioners
Washington State Housing Finance Commission
Seattle, Washington

We have compiled the UNAUDITED statement of Net Position of the Washington State Housing Finance Commission (the "Commission") General Operating Fund as of May 31, 2022, and the related statement of Activities and Changes in Net Position for the month ended, in accordance with generally accepted accounting principles.

This compilation is limited to presenting, in the form of financial statements, information that is accurate to the best of our knowledge and belief. These statements have not been audited or reviewed by an independent third party.

We have elected to omit substantially all of the disclosures required by generally accepted accounting principles including the statement of cash flow. If the omitted disclosures were included in the financial statements, they might influence the users' conclusions about the Commission's financial position, results of operations and changes in financial position. Accordingly, these financial statements are not designed for those who are not informed about these matters.

Prepared by: *Shirleen Noonan*
Shirleen Noonan
General Operations Manager

Approved by: *Lucas Loranger*
Lucas Loranger
Senior Controller

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# WASHINGTON STATE
# HOUSING FINANCE COMMISSION
# GENERAL OPERATING FUND

May 31, 2022

CONTENTS

(See Accountant's Compilation Report)


| | |
|---|---|
| Financial Statements: | |
| Statement of Net Position | 3 |
| Statement of Activities and Changes in Net Position | 4 |
| Accompanying Information to Financial Statements: | |
| Detailed Statement of Activities | 5 |

# Washington State Housing Finance Commission
# Statement of Net Position
# Fund: General Operating Fund
# Division: All

**May 31, 2022**

(See Accountant's Compilation Report)

| | Current Year | Prior Year | Variance Amount | | Variance % |
|---|---|---|---|---|---|
| ***ASSETS*** | | | | | |
| Cash and Cash Equivalents: | | | | | |
| Demand Deposits | $ 6,491,276 | $ 11,434,072 | $ (4,942,796) | (1) | -43% |
| Money Market Accounts | 228,625,948 | 26,955,794 | 201,670,154 | (1) | 748% |
| Investment Securities | 1,830,838 | 33,785,340 | (31,954,502) | (1) | -95% |
| Interest Receivable | 178,827 | 162,653 | 16,174 | (2) | 10% |
| Fees Receivables | 10,853,167 | 8,325,999 | 2,527,168 | (3) | 30% |
| Prepaid Expenses & Other Receivable | 504,020 | 469,135 | 34,885 | | 7% |
| Furniture and Fixtures (net of depreciation) | 293,313 | 87,636 | 205,677 | (4) | 235% |
| *Total Assets* | 248,777,389 | 81,220,629 | 167,556,760 | | 206% |
| Deferred Outflow of Resources (Pension & OPEB Contributions) * | 2,338,037 | 1,738,698 | 599,339 | | 34% |
| *Total Assets and Deferred Outflows* | $ 251,115,426 | $ 82,959,327 | $ 168,156,099 | | 203% |
| ***LIABILITIES*** | | | | | |
| Accounts Payable and Other Liabilities | $ 2,253,365 | $ 4,133,302 | $ (1,879,937) | (5) | -45% |
| Unearned Fee Income | 186,847,199 | 12,308,392 | 174,538,807 | (6) | 1418% |
| Accrued Payroll Payable | 1,463,156 | 1,535,813 | (72,657) | | -5% |
| Net Pension Liability * | 5,906,223 | 5,869,124 | 37,099 | | 1% |
| *Total Liabilities* | 196,469,943 | 23,846,631 | 172,623,312 | | 724% |
| Deferred Inflow of Resources (Change in Investment Return/Assumptions - Pension & OPEB) * | 2,383,349 | 2,579,125 | (195,776) | | -8% |
| ***NET POSITION*** | | | | | |
| Invested in Capital Assets | 293,312 | 87,636 | 205,676 | (4) | 235% |
| Committed - Housing Washington * | 473,047 | 373,946 | 99,101 | | 27% |
| Unrestricted | 51,495,775 | 56,071,989 | (4,576,214) | | -8% |
| Total Net Position | 52,262,134 | 56,533,571 | (4,271,437) | | -8% |
| *Total Liabilities, Deferred Inflows and Net Position* | $ 251,115,426 | $ 82,959,327 | $ 168,156,099 | | 203% |

(1) Fluctuations in these accounts are considered in aggregate. The increase is primarily due to the receipt of funds for the Homeowner Assistance Fund (HAF) program.

(2) Higher interest rates in the current year contributed to the increase in interest receivable. For example, the LGIP rate in the prior year was .08% as compared with .70% in the current year.

(3) The receivables increase is primarily due to the recording of receivables (and unearned fee income) for the Citibank Securitization program and Commission issued 4% bond 2nd half tax credit fees, along with a slight decrease in receivables related to DPA loans in the Homeownership program.

(4) The increase in net capital assets reflects the capitalization of the Community Build application and Homebuyer Education portal projects, offset by the continued depreciation of prior investments in assets.

(5) The overall decrease in accounts payable and other liabilities is primarily due to less quarterly transfer of Daily Price Program income to the Commission Fund the and a decrease of accruals associated with the Idaho Master Servicing Agreement.

(6) The increase in unearned fee income is primarily due to the receipt of funds for the HAF program, established in Section 3206 of the American Rescue Plan Act of 2021. Unearned revenue related to the Citibank Securitization program and the recording of the 2nd half of tax credit fees for Commission issued 4% bond tax credits have also contributed to the increase.

* These balances are adjusted only at year-end.

Totals may not add due to rounding.

# Washington State Housing Finance Commission
## Statement of Activities and Changes in Net Position
## Fund: General Operating Fund
## Division: All
**For The Year To Date Ending: May 31, 2022**
(See Accountant's Compilation Report)

| | Current Period | Current Year to Date | Prior Year to Date | Variance Amount | | Variance % |
|---|---|---|---|---|---|---|
| *Revenues:* | | | | | | |
| Fee Income | $ 3,053,759 | $ 45,101,161 | $ 50,572,972 | $ (5,471,811) | (1) | -11% |
| Interest Earned | 295,225 | 1,111,632 | 799,452 | 312,180 | (2) | 39% |
| Other | 19,809 | 322,434 | 295,423 | 27,011 | | 9% |
| *Total Unadjusted Revenues* | 3,368,793 | 46,535,227 | 51,667,848 | (5,132,621) | | -10% |
| *Expenses:* | | | | | | |
| Salaries, Wages, and Employee Benefits | 762,137 | 8,478,415 | 8,717,041 | (238,626) | | -3% |
| Travel & Conferences | 20,560 | 73,620 | 43,671 | 29,949 | (3) | 69% |
| Professional Fees | 118,068 | 1,359,105 | 1,121,115 | 237,990 | (4) | 21% |
| Office Expense | 196,871 | 2,035,608 | 1,856,354 | 179,254 | (5) | 10% |
| *Total Expenses* | 1,097,636 | 11,946,748 | 11,738,182 | 208,566 | | 2% |
| *Adjustments* | | | | | | |
| *Revenues:* | | | | | | |
| Gains/(Loss) on Investments | 221,663 | (2,345,973) | (480,279) | (1,865,694) | | 388% |
| Grant Revenue | 768,148 | 6,308,744 | 3,063,449 | 3,245,295 | | 106% |
| *Expenses:* | | | | | | |
| Grant Pass-Through | 768,148 | 6,308,744 | 3,063,449 | 3,245,295 | | 106% |
| *Total Adjustments* | 221,663 | (2,345,973) | (480,279) | (1,865,694) | | 388% |
| Excess of Revenues over Expenses | 2,492,820 | 32,242,506 | 39,449,387 | (7,206,881) | | -18% |
| Less transfer to Commission Fund * | (167,968) | (4,501,884) | (6,580,211) | 2,078,327 | | -32% |
| Excess of Revenues over Expenses (Net of Transfers) | 2,324,852 | 27,740,622 | 32,869,176 | (5,128,554) | | -16% |
| Net Position | | | | | | |
| Total net position, beginning of period | 49,937,282 | 24,521,512 | 23,664,395 | 857,117 | | 4% |
| Current Increase (Decrease) - to Net position | 2,324,852 | 27,740,622 | 32,869,176 | (5,128,554) | | -16% |
| Total net position, end of year | $ 52,262,134 | $ 52,262,134 | $ 56,533,571 | $ (4,271,437) | | -8% |

(1) The decrease in Fee Income is primarily due to reduced production and narrow margins in our Home Advantage program, driven by rising interest rates and limited affordable housing inventory which hinder our ability to reach potential homebuyers.

(2) The increase in interest income is due to the U.S. Department of Treasury HAF Grant funds held in the Commission's LGIP account. Additionally, the LGIP rate has increased from .08% in the prior period to a rate of .70% in the current period.

(3) The increase in travel and conference expenses is primarily due to higher in-state and out of state travel expenses from attending in-person conferences compared to the prior year.

(4) The increase in professional fees is primarily due to consultant fees related to executive professional search and racial equity.

(5) The increase in office expense is primarily due to the increase in rent under the new contract that was effective beginning in July 1, 2021.

* Effective 1/1/2013, 25% of the Home Advantage Program revenue are transferred to the Single-family bond program's Commission Fund to ensure future indenture and program flexibility as the portfolio of MBS's and bonds diminish.

Totals may not add due to rounding.

**Washington State Housing Finance Commission**
**Detailed Statement of Activities**
**Fund: General Operating Fund**
**Division: All**
**For The Year To Date Ending: May 31, 2022**
(See Accountant's Compilation Report)

| | Variance-YTD vs. PY Actuals | | Prior YTD | **YTD** | YTD | Variance-YTD Budget to Actual | |
|---|---|---|---|---|---|---|---|
| | % | Amount | Actual | **Actual** | Budget | Amount | % |
| *Revenues:* | | | | | | | |
| Program Fees | 13.3% | $ 2,029,580 | $ 15,247,965 | $ 17,277,545 | $ 16,279,020 | $ 998,525 | 6.1% |
| Issuance, Application, and Servicing Fees | -21.2% | (7,501,391) | 35,325,007 | 27,823,616 | 21,350,753 | 6,472,863 | 30.3% |
| Interest Revenue | 39.0% | 312,180 | 799,452 | 1,111,632 | 450,699 | 660,933 | 146.6% |
| Other Income | 9.1% | 27,011 | 295,423 | 322,434 | 429,744 | (107,310) | -25.0% |
| *Total Unadjusted Revenues* | -9.9% | (5,132,620) | 51,667,848 | 46,535,226 | 38,510,216 | 8,025,011 | 20.8% |
| *Expenses:* | | | | | | | |
| Salaries & Wages - Staff & Temp. Svcs | -0.3% | (21,129) | 6,564,639 | 6,543,510 | 7,571,011 | (1,027,501) | -13.6% |
| Employee Benefits - Staff | -10.1% | (217,496) | 2,152,402 | 1,934,906 | 2,145,930 | (211,024) | -9.8% |
| Conference, Education & Training | -3.5% | (1,539) | 43,591 | 42,052 | 83,508 | (41,456) | -49.6% |
| Travel out of state - Staff | NA | 15,249 | - | 15,249 | 161,565 | (146,316) | -90.6% |
| Travel in state - Staff | 20298.8% | 16,239 | 80 | 16,319 | 59,343 | (43,024) | -72.5% |
| Accounting Fees | 1.8% | 2,056 | 114,643 | 116,699 | 142,583 | (25,884) | -18.2% |
| Legal Fees | 11.5% | 48,040 | 419,413 | 467,453 | 596,750 | (129,297) | -21.7% |
| Financial Advisor Fees | 0.0% | - | 275,000 | 275,000 | 301,400 | (26,400) | -8.8% |
| Investment Management Fees | 32.9% | 37,327 | 113,462 | 150,789 | 146,667 | 4,122 | 2.8% |
| Office Rent/Conf. Room Rentals | 19.9% | 140,658 | 705,674 | 846,332 | 863,760 | (17,428) | -2.0% |
| Furniture & Equipment Rental | -16.3% | (3,198) | 19,616 | 16,418 | 16,056 | 362 | 2.3% |
| Advertising | -96.8% | (99,446) | 102,770 | 3,324 | 347,234 | (343,910) | -99.0% |
| Publications/ Subscriptions/ Dues | -3.8% | (2,954) | 77,923 | 74,969 | 99,883 | (24,914) | -24.9% |
| Deliveries | -19.5% | (518) | 2,653 | 2,135 | 3,470 | (1,335) | -38.5% |
| Insurance | 30.5% | 11,671 | 38,217 | 49,888 | 39,244 | 10,644 | 27.1% |
| Meeting Expense | 958.4% | 3,594 | 375 | 3,969 | 90,521 | (86,552) | -95.6% |
| Equipment & Building Maintenance | 161.0% | 24,514 | 15,230 | 39,744 | 74,647 | (34,903) | -46.8% |
| Software Maint. Support & Other Info Svcs | 13.7% | 96,745 | 704,297 | 801,042 | 830,967 | (29,925) | -3.6% |
| Non-capitalized Equipment/Supplies | 2.8% | 920 | 33,199 | 34,119 | 49,067 | (14,948) | -30.5% |
| Postage | -27.0% | (1,381) | 5,106 | 3,725 | 7,673 | (3,948) | -51.5% |
| Printing | -22.3% | (1,302) | 5,832 | 4,530 | 23,234 | (18,704) | -80.5% |
| State Services | -25.3% | (884) | 3,497 | 2,613 | 20,917 | (18,304) | -87.5% |
| Supplies | 16.5% | 2,202 | 13,338 | 15,540 | 42,581 | (27,041) | -63.5% |
| Telephone | -0.7% | (363) | 50,845 | 50,482 | 56,683 | (6,201) | -10.9% |
| Contract Services | 75.8% | 150,568 | 198,597 | 349,165 | 804,954 | (455,789) | -56.6% |
| Depreciation | 11.6% | 8,998 | 77,781 | 86,779 | 108,070 | (21,291) | -19.7% |
| *Total Expenses* | 1.8% | 208,571 | 11,738,183 | 11,946,751 | 14,687,718 | (2,740,967) | -18.7% |
| *Adjustments* | | | | | | | |
| *Revenues:* | | | | | | | |
| Investments Gain (Loss) | 388.5% | (1,865,694) | (480,279) | (2,345,973) | - | (2,345,973) | NA |
| Grant Revenue | 105.9% | 3,245,295 | 3,063,449 | 6,308,744 | 6,516,362 | (207,618) | -3.2% |
| *Expenses:* | | | | | | | |
| Grant Pass-Through | 105.9% | 3,245,295 | 3,063,449 | 6,308,744 | 6,516,362 | (207,618) | -3.2% |
| | 388.5% | (1,865,694) | (480,279) | (2,345,973) | - | (2,345,973) | NA |
| *Excess of Revenues over Expenses- adjusted* | -18.3% | (7,206,885) | 39,449,386 | 32,242,502 | 23,822,498 | 8,420,005 | 35.3% |
| Less transfer to Commission Fund | -31.6% | 2,078,327 | (6,580,211) | (4,501,884) | - | (4,501,884) | NA |
| *Excess of Revenues over Expenses (Net of Transfers)* | -15.6% | $ (5,128,557) | $ 32,869,175 | $ 27,740,618 | $ 23,822,498 | $ 3,918,121 | 16.4% |

Totals may not add due to rounding.

WASHINGTON STATE
HOUSING FINANCE
COMMISSION



May 19, 2022

Commissioners
Washington State Housing Finance Commission
Seattle, Washington

We have compiled the UNAUDITED statement of Net Position of the Washington State Housing Finance Commission (the "Commission") General Operating Fund as of April 30, 2022, and the related statement of Activities and Changes in Net Position for the month ended, in accordance with generally accepted accounting principles.

This compilation is limited to presenting, in the form of financial statements, information that is accurate to the best of our knowledge and belief. These statements have not been audited or reviewed by an independent third party.

We have elected to omit substantially all of the disclosures required by generally accepted accounting principles including the statement of cash flow. If the omitted disclosures were included in the financial statements, they might influence the users' conclusions about the Commission's financial position, results of operations and changes in financial position. Accordingly, these financial statements are not designed for those who are not informed about these matters.

Prepared by: *Shirleen Noonan*
Shirleen Noonan
General Operations Manager

Approved by: *Lucas Loranger*
Lucas Loranger
Senior Controller

# WASHINGTON STATE
# HOUSING FINANCE COMMISSION
# GENERAL OPERATING FUND

April 30, 2022

CONTENTS

(See Accountant's Compilation Report)


| | |
|---|---|
| Financial Statements: | |
| Statement of Net Position | 3 |
| Statement of Activities and Changes in Net Position | 4 |
| Accompanying Information to Financial Statements: | |
| Detailed Statement of Activities | 5 |

# Washington State Housing Finance Commission
## Statement of Net Position
## Fund: General Operating Fund
## Division: All

**April 30, 2022**

(See Accountant's Compilation Report)

| | Current Year | Prior Year | Variance Amount | | Variance % |
|---|---|---|---|---|---|
| ***ASSETS*** | | | | | |
| Cash and Cash Equivalents: | | | | | |
| Demand Deposits | $ 2,475,726 | $ 9,634,021 | $ (7,158,295) | (1) | -74% |
| Money Market Accounts | 71,982,126 | 59,441,670 | 12,540,456 | (1) | 21% |
| Investment Securities | 5,081,424 | 1,313,825 | 3,767,599 | (1) | 287% |
| Interest Receivable | 153,577 | 145,263 | 8,314 | | 6% |
| Fees Receivables | 11,556,648 | 8,467,619 | 3,089,029 | (2) | 36% |
| Prepaid Expenses & Other Receivable | 473,950 | 381,513 | 92,437 | (3) | 24% |
| Furniture and Fixtures (net of depreciation) | 302,397 | 94,662 | 207,735 | (4) | 219% |
| *Total Assets* | 92,025,848 | 79,478,573 | 12,547,275 | | 16% |
| Deferred Outflow of Resources (Pension & OPEB Contributions) * | 2,338,037 | 1,738,698 | 599,339 | | 34% |
| *Total Assets and Deferred Outflows* | $ 94,363,885 | $ 81,217,271 | $ 13,146,614 | | 16% |
| ***LIABILITIES*** | | | | | |
| Accounts Payable and Other Liabilities | $ 2,160,434 | $ 4,635,710 | $ (2,475,276) | (5) | -53% |
| Unearned Fee Income | 32,531,029 | 13,468,571 | 19,062,458 | (6) | 142% |
| Accrued Payroll Payable | 1,445,568 | 1,525,987 | (80,419) | | -5% |
| Net Pension Liability * | 5,906,223 | 5,869,124 | 37,099 | | 1% |
| *Total Liabilities* | 42,043,254 | 25,499,392 | 16,543,862 | | 65% |
| Deferred Inflow of Resources (Change in Investment Return/Assumptions - Pension & OPEB) * | 2,383,349 | 2,579,125 | (195,776) | | -8% |
| ***NET POSITION*** | | | | | |
| Invested in Capital Assets | 302,396 | 94,662 | 207,734 | (4) | 219% |
| Committed - Housing Washington * | 473,047 | 373,946 | 99,101 | | 27% |
| Unrestricted | 49,161,839 | 52,670,146 | (3,508,307) | | -7% |
| Total Net Position | 49,937,282 | 53,138,754 | (3,201,472) | | -6% |
| *Total Liabilities, Deferred Inflows and Net Position* | $ 94,363,885 | $ 81,217,271 | $ 13,146,614 | | 16% |

(1) Fluctuations in these accounts are considered in aggregate. The increase is primarily due to the receipt of funds for the Homeowner Assistance Fund (HAF) program.

(2) The receivables increase is primarily due to the recording of receivables (and unearned fee income) for the Citibank Securitization program and Commission issued 4% bond 2nd half tax credit fees, along with a slight decrease in receivables related to DPA loans in the Homeownership program.

(3) The increase in prepaids expense and other receivables is primarily due to a pass-through payment to be reimbursed by USB for fees imposed by the IRS, plus increased prepaids related to the document management software and the purchase of a new cyber security software.

(4) The increase in net capital assets reflects the capitalization of the Community Build application and Homebuyer Education portal projects, offset by the continued depreciation of prior investments in assets.

(5) The overall decrease in accounts payable and other liabilities is primarily due to the decrease of accruals associated with the Idaho Master Servicing Agreement.

(6) The increase in unearned fee income is primarily due to the receipt of funds for the HAF program, established in Section 3206 of the American Rescue Plan Act of 2021. Unearned revenue related to the Citibank Securitization program and the recording of the 2nd half of tax credit fees for Commission issued 4% bond tax credits have also contributed to the increase.

* These balances are adjusted only at year-end.

Totals may not add due to rounding.

## Washington State Housing Finance Commission
## Statement of Activities and Changes in Net Position
## Fund: General Operating Fund
## Division: All

**For The Year To Date Ending: April 30, 2022**

(See Accountant's Compilation Report)

| | Current Period | Current Year to Date | Prior Year to Date | Variance Amount | | % |
|---|---|---|---|---|---|---|
| *Revenues:* | | | | | | |
| Fee Income | $ 3,542,465 | $ 42,047,402 | $ 45,693,177 | $ (3,645,775) | | -8% |
| Interest Earned | 142,493 | 816,407 | 725,674 | 90,733 | (1) | 13% |
| Other | 14,259 | 302,625 | 280,290 | 22,335 | | 8% |
| *Total Unadjusted Revenues* | 3,699,217 | 43,166,434 | 46,699,142 | (3,532,708) | | -8% |
| *Expenses:* | | | | | | |
| Salaries, Wages, and Employee Benefits | 764,866 | 7,716,278 | 7,947,033 | (230,755) | | -3% |
| Travel & Conferences | 1,342 | 53,061 | 42,746 | 10,315 | (2) | 24% |
| Professional Fees | 124,771 | 1,241,037 | 1,021,983 | 219,054 | (3) | 21% |
| Office Expense | 183,576 | 1,838,737 | 1,692,635 | 146,102 | | 9% |
| *Total Expenses* | 1,074,555 | 10,849,113 | 10,704,398 | 144,715 | | 1% |
| *Adjustments* | | | | | | |
| *Revenues:* | | | | | | |
| Gains/(Loss) on Investments | (403,378) | (2,567,635) | (505,340) | (2,062,295) | | 408% |
| Grant Revenue | 347,950 | 5,540,596 | 2,925,234 | 2,615,362 | | 89% |
| *Expenses:* | | | | | | |
| Grant Pass-Through | 347,950 | 5,540,596 | 2,925,234 | 2,615,362 | | 89% |
| *Total Adjustments* | (403,378) | (2,567,635) | (505,340) | (2,062,295) | | 408% |
| Excess of Revenues over Expenses | 2,221,284 | 29,749,686 | 35,489,404 | (5,739,718) | | -16% |
| Less transfer to Commission Fund * | (199,617) | (4,333,916) | (6,015,045) | 1,681,129 | | -28% |
| Excess of Revenues over Expenses (Net of Transfers) | 2,021,667 | 25,415,770 | 29,474,359 | (4,058,589) | | -14% |
| Net Position | | | | | | |
| Total net position, beginning of period | 47,915,615 | 24,521,512 | 23,664,395 | 857,117 | | 4% |
| Current Increase (Decrease) - to Net position | 2,021,667 | 25,415,770 | 29,474,359 | (4,058,589) | | -14% |
| Total net position, end of year | $ 49,937,282 | $ 49,937,282 | $ 53,138,754 | $ (3,201,472) | | -6% |

(1) The DPP (PRI Liquidity) portion of the interest income is based upon liquidity provided from $40 million at the LGIP rate. The LGIP rate has increased from .10% in the prior period to a rate of .40% in the current period.

(2) The increase in travel and conference expenses is primarily due to higher out of state travel expenses from attendance of in person conferences compared to the prior year.

(3) The increase in professional fees is primarily due to consultant fees related to executive professional search and racial equity.

* Effective 1/1/2013, 25% of the Home Advantage Program revenue are transferred to the Single-family bond program's Commission Fund to ensure future indenture and program flexibility as the portfolio of MBS's and bonds diminish.

Totals may not add due to rounding.

**Washington State Housing Finance Commission**
**Detailed Statement of Activities**
**Fund: General Operating Fund**
**Division: All**
**For The Year To Date Ending: April 30, 2022**
(See Accountant's Compilation Report)

| | Variance-YTD vs. PY Actuals | | Prior YTD | **YTD** | YTD | Variance-YTD Budget to Actual | |
|---|---|---|---|---|---|---|---|
| | % | Amount | Actual | **Actual** | Budget | Amount | % |
| *Revenues:* | | | | | | | |
| Program Fees | 15.9% | $ 2,190,238 | $ 13,782,373 | $ 15,972,611 | $ 14,799,109 | $ 1,173,502 | 7.9% |
| Issuance, Application, and Servicing Fees | -18.3% | (5,836,013) | 31,910,804 | 26,074,791 | 19,409,775 | 6,665,016 | 34.3% |
| Interest Revenue | 12.5% | 90,733 | 725,674 | 816,407 | 409,727 | 406,680 | 99.3% |
| Other Income | 8.0% | 22,335 | 280,290 | 302,625 | 390,677 | (88,052) | -22.5% |
| *Total Unadjusted Revenues* | -7.6% | (3,532,707) | 46,699,142 | 43,166,433 | 35,009,288 | 8,157,146 | 23.3% |
| *Expenses:* | | | | | | | |
| Salaries & Wages - Staff & Temp. Svcs | -0.5% | (28,955) | 5,984,844 | 5,955,889 | 6,882,738 | (926,849) | -13.5% |
| Employee Benefits - Staff | -10.3% | (201,800) | 1,962,189 | 1,760,389 | 1,950,846 | (190,457) | -9.8% |
| Conference, Education & Training | -13.6% | (5,784) | 42,666 | 36,882 | 75,917 | (39,035) | -51.4% |
| Travel out of state - Staff | NA | 13,427 | - | 13,427 | 146,878 | (133,451) | -90.9% |
| Travel in state - Staff | 3338.8% | 2,671 | 80 | 2,751 | 53,948 | (51,197) | -94.9% |
| Accounting Fees | 1.8% | 2,056 | 114,643 | 116,699 | 139,167 | (22,468) | -16.1% |
| Legal Fees | 8.5% | 32,692 | 382,689 | 415,381 | 542,500 | (127,119) | -23.4% |
| Financial Advisor Fees | 0.0% | - | 250,000 | 250,000 | 274,000 | (24,000) | -8.8% |
| Investment Management Fees | 36.7% | 36,758 | 100,153 | 136,911 | 133,333 | 3,578 | 2.7% |
| Office Rent/Conf. Room Rentals | 19.9% | 127,714 | 641,658 | 769,372 | 785,237 | (15,865) | -2.0% |
| Furniture & Equipment Rental | -18.3% | (3,323) | 18,159 | 14,836 | 14,597 | 239 | 1.6% |
| Advertising | -99.8% | (93,408) | 93,597 | 189 | 315,667 | (315,478) | -99.9% |
| Publications/ Subscriptions/ Dues | -6.2% | (4,453) | 72,170 | 67,717 | 90,803 | (23,086) | -25.4% |
| Deliveries | -12.9% | (316) | 2,451 | 2,135 | 3,154 | (1,019) | -32.3% |
| Insurance | 30.5% | 10,609 | 34,817 | 45,426 | 35,677 | 9,749 | 27.3% |
| Meeting Expense | 89.1% | 334 | 375 | 709 | 82,291 | (81,582) | -99.1% |
| Equipment & Building Maintenance | 169.5% | 24,771 | 14,612 | 39,383 | 67,861 | (28,478) | -42.0% |
| Software Maint. Support & Other Info Svcs | 11.6% | 74,434 | 639,002 | 713,436 | 755,425 | (41,989) | -5.6% |
| Non-capitalized Equipment/Supplies | 3.4% | 1,107 | 33,012 | 34,119 | 44,606 | (10,487) | -23.5% |
| Postage | -27.0% | (1,347) | 4,993 | 3,646 | 6,975 | (3,329) | -47.7% |
| Printing | -24.8% | (1,348) | 5,440 | 4,092 | 21,122 | (17,030) | -80.6% |
| State Services | -21.1% | (697) | 3,310 | 2,613 | 19,015 | (16,402) | -86.3% |
| Supplies | 24.2% | 2,769 | 11,447 | 14,216 | 38,710 | (24,494) | -63.3% |
| Telephone | 5.1% | 2,401 | 46,714 | 49,115 | 51,530 | (2,415) | -4.7% |
| Contract Services | 84.6% | 147,549 | 174,498 | 322,047 | 731,777 | (409,730) | -56.0% |
| Depreciation | 9.7% | 6,856 | 70,878 | 77,734 | 98,245 | (20,511) | -20.9% |
| *Total Expenses* | 1.4% | 144,717 | 10,704,400 | 10,849,114 | 13,362,019 | (2,512,905) | -18.8% |
| *Adjustments* | | | | | | | |
| *Revenues:* | | | | | | | |
| Investments Gain (Loss) | 408.1% | (2,062,295) | (505,340) | (2,567,635) | - | (2,567,635) | NA |
| Grant Revenue | 89.4% | 2,615,362 | 2,925,234 | 5,540,596 | 5,923,966 | (383,370) | -6.5% |
| *Expenses:* | | | | | | | |
| Grant Pass-Through | 89.4% | 2,615,362 | 2,925,234 | 5,540,596 | 5,923,966 | (383,370) | -6.5% |
| | 408.1% | (2,062,295) | (505,340) | (2,567,635) | - | (2,567,635) | NA |
| *Excess of Revenues over Expenses- adjusted* | -16.2% | (5,739,719) | 35,489,402 | 29,749,684 | 21,647,269 | 8,102,416 | 37.4% |
| Less transfer to Commission Fund | -27.9% | 1,681,129 | (6,015,045) | (4,333,916) | - | (4,333,916) | NA |
| *Excess of Revenues over Expenses (Net of Transfers)* | -13.8% | $ (4,058,589) | $ 29,474,357 | $ 25,415,768 | $ 21,647,269 | $ 3,768,500 | 17.4% |

Totals may not add due to rounding.

NEWS

# Seattle nearly doubled affordable housing funds. It's not enough.

Last year, the city invested $153 million in dozens of new housing projects. But as costs hit historic heights, the need for affordable units isn't slowing down.

by Josh Cohen / June 16, 2022

*Nailah Jones of Atlanta, from left; Dr. Jeffrey Holmes of Atlanta; Viessa Lyons of Oceanside, California; Jayla Holmes of Dover, Delaware; and Ronna Roberson Smith of Redlands, California; family of the late Seattle civil-rights activist Bertha Pitts Campbell, pose for a photo at the opening of a permanent supportive housing building in Seattle's Central District named in Campbell's honor, June 14, 2022. (Jason Redmond for Crosscut)*

A funny thing about new affordable housing projects is that they are, at a glance, essentially indistinguishable from expensive market-rate apartment buildings. A casual observer might see the Bertha Pitts Campbell Place project with its glassy ground floor space and splashes of color on the façade and think it's yet another new complex with built-in bowling alleys, movie theaters and $3,000 per month rents.

In reality, the 100 new studios at 12th Avenue and Spruce Street in Seattle's Central District will provide deeply subsidized homes for people exiting homelessness.

Plymouth Housing, the nonprofit developer behind Bertha Pitts Campbell Place, held a grand opening for the project on June 14. Plymouth specializes in permanent supportive housing for people who've experienced chronic homelessness. It combines long-term living spaces with on-site health care, counseling, career services and other support that residents often need after living on the street.

"Adding 100 units of housing is a major contribution and major investment, and King County is proud to be participating in this project," said King County Executive Dow Constantine at the grand opening. The county's Health Through Housing program provided some of the funding for Plymouth's project. "Dozens more people will be connected to the tools we know make a big difference in the lives of residents … and also, fundamentally, [get] a secure, safe place to call home. All of that gives people the opportunity to rest, to heal, to ultimately take the steps to take more control to move forward with their lives."

Bertha Pitts Campbell Place is one of dozens of affordable housing projects in Seattle either opening in 2022 or under construction, the product of the city's steady increase in housing spending over the past five years. The city and the county celebrate these new homes. But the need for new housing is so great — some estimate King County is short hundreds of thousands of housing units — that they're only making a dent.

**Next:** Seattle's social housing campaign, explained

The new project has three apartments for live-in staff, offices for on-site case management, a nurse's office, community rooms and an outdoor community space. The ground floor space will be operated by St. Francis House, a nonprofit that has been providing food, clothing and day shelter for the homeless for 55 years.

The building is named for Bertha Pitts Campbell, a longtime Central District community leader and civil rights activist. Residents begin moving in at the end of June.

"At the Office of Housing we know that providing permanent supportive housing is the solution to ending homelessness," said Seattle Office of Housing director Maiko Winkler-Chin at the grand opening. "We've seen time and again, when we are able to get people into homes, we are able to address the other things they need to thrive and lead great, healthy lives."


*The exterior of the Bertha Pitts Campbell Place permanent supportive housing building, which has 100 studio apartments for single adults exiting long-term homelessness, is pictured on 12th Avenue in Seattle's Central District. (Jason Redmond for Crosscut)*

Affordable housing developers rely on a mix of financing to fund their projects, including grants and low-interest loans from the city, county and state, federal tax credits and traditional loans from banks. Most subsidized affordable housing projects in Seattle get money from the Office of Housing's rental housing loan program as part of that mix.

**Next:** Advocates weigh in on Seattle mayor's homelessness dashboard

In 2017, the Office of Housing awarded $93.4 million to affordable housing developers to build 944 units of new housing. In 2018, the number dipped to $75.19 million in awards, but that was enough for 1,197 units of affordable housing. Last year, the Office of Housing's affordable housing investment grew to $153 million, enough to build or acquire 1,910 units (several affordable housing developers were able to buy existing market-rate apartment buildings during the pandemic and operate them as subsidized housing).

Part of the reason the Office of Housing could expand its annual investments is its own pool of money has grown. The office's rental housing program has historically relied heavily on the $290 million Seattle Housing Levy, a voter-approved property tax that expires next year, as well as developer fees and federal grants.

In 2021, however, the rental housing program doled out just $15.2 million from the Housing Levy. About $50 million came from the Mandatory Housing Affordability program, which requires for-profit residential and commercial developers to either build affordable housing in their projects or pay a fee to the Office of Housing. The rental housing program also had $71.4 million from the "JumpStart" payroll tax on big businesses, along with $16 million in federal money, including pandemic recovery grants.

Like any large construction project, affordable housing apartment buildings take a long time to plan and build. It's not uncommon for projects to take five years from conception to grand opening, as was the case with Bertha Pitts Campbell Place. That means there are many thousands of units of affordable housing in various stages of planning and construction in Seattle that will be opening in the years to come.

Years of insufficient housing construction, combined with Seattle's seemingly endless cost-of-living increases, mean those new apartments still won't be enough to meet the needs of Seattleites being squeezed out of the city or pushed into homelessness. But it will start to make a dent in the city's stated goal of building 20,000 units of subsidized affordable housing between 2015 and 2025.

**Next:** Administrative delays cost Yakima County $1.1M in federal rent relief

The current affordable housing construction boom is complicated by the rising cost of essentially everything. Land costs are up. Construction costs are up. The cost of employing on-site staff to provide those wraparound services is up. Affordable housing projects that the city funded 30 to 40 years ago need expensive repairs and maintenance, and those costs are rising as well.

All of that means the increased investments from the Office of Housing aren't going to go as far. Winkler-Chin, the office's interim director, told Crosscut that there are no easy answers to deal with those rising costs. One piece of the puzzle, she said, will be renewing, and likely increasing, the size of the Seattle Housing Levy when it's up for a vote in 2023. She couldn't say yet how large the next Housing Levy might be.

“We're at this great permanent supportive housing building,” said Winkler-Chin, referring to Bertha Pitts Campbell Place. “It's really pricey. And that's really what people need. It's a goofy statement, but the fix to homelessness is actually housing for these residents.”



TOPICS: homelessness, housing, seattle & king county

## About the Authors & Contributors

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# Catholic Partners Open Affordable Housing at New Gonzaga Family Haven

**April 21, 2022**
**|**
**Gonzaga University News Service**

*Aerial image shows new housing complex situated near Gonzaga Preparatory School in Spokane WA | Photo: Zack Berlat, Gonzaga University*

SPOKANE. April 21, 2022 – Catholic Charities, Gonzaga University, Gonzaga Preparatory School and St. Aloysius Gonzaga Parish dedicated Gonzaga Family Haven, an affordable and permanent housing community for 73 families, on March 30.

For Jerrica Ford, her husband and their children, their new home in northeast Spokane is the answer to seven years of upheaval.

“My husband worked very hard, and he was working well over 40 hours a week, but because of how expensive it is, we just couldn’t find anything,” Ford said.

“We just couldn’t get ahead enough to pay for first, last deposit anywhere. I could maybe find a place for me and the kids, but not a place for me, my husband and the kids. Especially with roommates and staying with family and things like that.”

Finally, they all – together – have a place to call home.

“Families and, most importantly, children need a roof over their heads at night before they can think about anything else,” said Rob McCann, president and CEO of Catholic Charities of Eastern Washington. “Gonzaga Family Haven will not only help families stabilize their lives but will give them options for a brighter future.”

Gonzaga Family Haven will include on-site wraparound services such as case management, connection with medical resources, substance misuse counseling, health and wellness classes, adult education, employment readiness and food preparation and nutrition courses.

Children may take advantage of Head Start, the Early Childhood Education and Assistance Program, an after-school tutor lab and summer youth programs. Student volunteers from Gonzaga University and Gonzaga Prep will be key in these efforts.

GU’s Campus Kitchens plans to offer a monthly community dinner, and its Center for Community Engagement will offer adult programs developed with

Haven residents through an advisory board – part of our partnership pledge to listen and “walk alongside.”

“Gonzaga University believes in the purpose and power of community, and we are excited to be a part of the Gonzaga Family Haven community,” said Thayne McCulloh, Gonzaga University president. “We are looking forward to offering many of our successful community engagement programs at the Family Haven. These service-learning opportunities, integral to the Jesuit educational model, are strategic and long-term commitments. We believe the Family Haven partnership holds the potential for Spokane to establish a national model of community-driven change.”

The goal, through the partnership and with the residents, is to change the lives of families who have experienced the trauma of intergenerational poverty, homelessness and the chaos of separation.

“Gonzaga Family Haven represents a groundbreaking opportunity for the Gonzaga Prep community to contribute service to our local community,” said Michael Dougherty, president of Gonzaga Prep. “Students, faculty and families have been eager to provide service at the Haven, welcoming our newest neighbors by building relationships and community. We look forward to this long-term relationship, and especially the opportunity to share our educational mission in service to the youth and families of Gonzaga Family Haven.”

St. Aloysius Parish, meanwhile, has provided support with donations – from shower curtains to dining room tables – and volunteers since the inception of the project, frequently responding to this question: What makes a house a home?

“Gonzaga Family Haven will be an important help to its families as they work for stability and togetherness,” said the Rev. Tom Lamanna, S.J., pastor. “Through this partnership the words of Jesus’ call in the Gospels are put into action, and we able to be loving neighbors to one another.”

The complex is the 17th tax credit property Catholic Charities has been awarded and constructed since 2012.

For more information, visit cceasternwa.org/gfh.

CNN | 6/15/2022 | Listen

# Fannie and Freddie unveil plans to tackle the racial homeownership gap

By Anna Bahney, CNN Business

Updated: Wed, 08 Jun 2022 21:23:49 GMT

Mortgage giants Freddie Mac and Fannie Mae announced Wednesday a series of actions that aim to make it easier to buy a home and close the racial homeownership gap, in which 72% of White Americans are homeowners while only 42% of Black Americans own a home.

The sweeping changes include down payment assistance, lower mortgage insurance premiums and a credit reporting system that factors in rent payment history. The enterprises are also expanding counseling services to support housing stability and plan to introduce technology that would improve access to credit and make home appraisals more equitable.

The plans were developed in response to a request last fall from the Federal Housing Finance Agency, which regulates Fannie and Freddie, to address discrimination in access to homeownership.

The plans represent Fannie and Freddie's commitment to "sustainable approaches that will meaningfully address the racial and ethnic disparities in homeownership and wealth that have persisted for generations," said Sandra L. Thompson, acting director of FHFA.

The need

Throughout much of this country's history, Black people were denied full access to housing and homeownership, wrote Jeffery Hayward, Fannie Mae's executive vice president and chief administrative officer, in a blog post. He goes on to describe the practice of legalized redlining, which effectively prevented swaths of the Black community during the post-World War II era from getting loans and buying homes.

"We at Fannie Mae believe this racist legacy is one of the root causes of economic disparity in our country," he wrote. "To ignore this -- to pretend that our history does not affect our country's present and future -- is not only wrong, it's also economically destructive."

Fannie and Freddie's plans, he said, aim to better prepare prospective homebuyers and renters, increase diversity within the housing industry, eliminate barriers to first-time homeownership and improve access to affordable rentals.

Fannie and Freddie do not issue loans, rather they purchase loans from lenders to hold, sell or repackage as investments. Their role in the mortgage market helps lenders issue more loans and keep lending stable and affordable.

Two plans, similar goals

Fannie Mae's plan offers several pilot programs aimed at removing unnecessary obstacles to first-time homeownership and access to affordable, quality rental housing.

Fannie's actions will be focused on three main areas: credit building and financial education, removing barriers Black people face when buying or renting a home, and keeping homeowners and renters in their homes.

"We want to knock down these barriers, one by one, doing our part to undo the legacy of discriminatory practices that perpetuate racial housing gaps in America," said David C. Benson, president and interim chief executive officer at Fannie Mae. "The plan is a solid step toward this goal and a milestone in our work to make housing stronger, fairer, and more sustainable for the people and communities we serve."

Freddie Mac, meanwhile, said its plan aims to advance equitable opportunities for homebuyers and renters in several areas, including by encouraging the financing of more affordable housing, helping renters through tenant credit-building programs, providing market-based incentives to keep rents affordable, and improving access to capital for multifamily developers in Black and Latino communities.

In addition, it aims to address the racial homeownership gap by using a Special Purpose Credit Program, or SPCP, to purchase loans originated through lender programs that help expand homeownership in underserved communities. Under federal law, lenders may offer special underwriting or pricing for traditionally disadvantaged groups as part of a SPCP, including by lowering the cost of mortgage and title insurance.

"We plan to partner with lenders, investors and other stakeholders to make meaningful progress towards an equitable housing finance system that provides access to wealth, opportunity, and a sense of home to people and communities across the United States," said Michael Hutchins, president of Freddie Mac.

Each enterprise will maintain a published list of their pilot programs and their progress on their respective websites to help determine how well the initiatives are working.

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# Events Calendar

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|---|---|---|---|
| **Date** | 6/21/2022 | **Length of Event** | |
| **Event** | NCSHA 2022 Housing Connect Conf. | **Audience** | NCSHA Members |
| **Address** | Hyatt Regency Chicago Hotel | **Division** | Administration |
| **City** | Chicago, IL | **Contact** | Tera Ahlborn |
| | | **Phone # of Contact** | 206-287-4470 |

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|---|---|---|---|
| **Date** | 6/22/2022 | **Length of Event** | |
| **Event** | NCSHA 2022 Housing Connect Conf. | **Audience** | NCSHA Members |
| **Address** | Hyatt Regency Chicago Hotel | **Division** | Administration |
| **City** | Chicago, IL | **Contact** | Tera Ahlborn |
| | | **Phone # of Contact** | 206-287-4470 |

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| | | **Phone # of Contact** | 206-287-4470 |

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|---|---|---|---|
| **Date** | 6/23/2022 | **Length of Event** | 11:00 AM - 4:00 PM |
| **Event** | Board Meeting (Hybrid) | **Audience** | General Public |
| **Address** | Zoom/1000 2nd Ave-28th Flr. Board Roo | **Division** | Administration |
| **City** | Seattle, 98104 | **Contact** | Tera Ahlborn |
| | | **Phone # of Contact** | 206-287-4470 |

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|---|---|---|---|
| **Date** | 6/24/2022 | **Length of Event** | |
| **Event** | NCSHA 2022 Housing Connect Conf. | **Audience** | NCSHA Members |
| **Address** | Hyatt Regency Chicago Hotel | **Division** | Administration |
| **City** | Chicago, IL | **Contact** | Tera Ahlborn |
| | | **Phone # of Contact** | 206-287-4470 |

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|---|---|---|---|
| **Date** | 7/28/2022 | **Length of Event** | 11:00 AM - 4:00 PM |
| **Event** | Board Meeting (Hybrid) | **Audience** | General Public |
| **Address** | Zoom/1000 2nd Ave-28th Flr. Board Roo | **Division** | Administration |
| **City** | Seattle, 98104 | **Contact** | Tera Ahlborn |
| | | **Phone # of Contact** | 206-287-4470 |

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|---|---|---|---|
| **Date** | 8/25/2022 | **Length of Event** | 11:00 AM - 4:00 PM |
| **Event** | Board Meeting (Hybrid) | **Audience** | General Public |
| **Address** | Zoom/1000 2nd Ave-28th Flr. Board Roo | **Division** | Administration |
| **City** | Seattle, 98104 | **Contact** | Tera Ahlborn |
| | | **Phone # of Contact** | 206-287-4470 |

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|---|---|---|---|
| **Date** | 9/22/2022 | **Length of Event** | 11:00 AM - 4:00 PM |
| **Event** | Board Meeting (Hybrid) | **Audience** | General Public |
| **Address** | Zoom/1000 2nd Ave-28th Flr. Board Roo | **Division** | Administration |
| **City** | Seattle, 98104 | **Contact** | Tera Ahlborn |
| | | **Phone # of Contact** | 206-287-4470 |

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|---|---|---|---|
| **Date** | 10/2/2022 | **Length of Event** | 7:00 AM - 6:00 PM |
| **Event** | Housing Washington 2022 Conf. | **Audience** | Conf. Attendees |
| **Address** | Spokane Convention Center | **Division** | Administration |
| **City** | Spokane | **Contact** | Tera Ahlborn |
| | | **Phone # of Contact** | 206-287-4470 |

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|---|---|---|---|
| **Date** | 10/3/2022 | **Length of Event** | 7:00 AM - 2:00 PM |
| **Event** | Housing Washington 2022 Conf. | **Audience** | Conf. Attendees |
| **Address** | Spokane Convention Center | **Division** | Administration |
| **City** | Spokane | **Contact** | Tera Ahlborn |
| | | **Phone # of Contact** | 206-287-4470 |

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|---|---|---|---|
| **Date** | 10/22/2022 | **Length of Event** | |
| **Event** | NCSHA 2022 Annual Conf. & Tradeshow | **Audience** | NCSHA Members |
| **Address** | Marriott Marquis Houston Hotel | **Division** | Administration |
| **City** | Houston, TX | **Contact** | Tera Ahlborn |
| | | **Phone # of Contact** | 206-287-4470 |

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|---|---|---|---|
| **Date** | 10/23/2022 | **Length of Event** | |
| **Event** | NCSHA 2022 Annual Conf. & Tradeshow | **Audience** | NCSHA Members |
| **Address** | Marriott Marquis Houston Hotel | **Division** | Administration |
| **City** | Houston, TX | **Contact** | Tera Ahlborn |
| | | **Phone # of Contact** | 206-287-4470 |

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|---|---|---|---|
| **Date** | 10/24/2022 | **Length of Event** | |
| **Event** | NCSHA 2022 Annual Conf. & Tradeshow | **Audience** | NCSHA Members |
| **Address** | Marriott Marquis Houston Hotel | **Division** | Administration |
| **City** | Houston, TX | **Contact** | Tera Ahlborn |
| | | **Phone # of Contact** | 206-287-4470 |

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|---|---|---|---|
| **Date** | 10/25/2022 | **Length of Event** | |
| **Event** | NCSHA 2022 Annual Conf. & Tradeshow | **Audience** | NCSHA Members |
| **Address** | Marriott Marquis Houston Hotel | **Division** | Administration |
| **City** | Houston, TX | **Contact** | Tera Ahlborn |
| | | **Phone # of Contact** | 206-287-4470 |

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|---|---|---|---|
| **Date** | 10/27/2022 | **Length of Event** | 11:00 AM - 4:00 PM |
| **Event** | Board Meeting (Hybrid) | **Audience** | General Public |
| **Address** | Zoom/1000 2nd Ave-28th Flr. Board Roo | **Division** | Administration |
| **City** | Seattle, 98104 | **Contact** | Tera Ahlborn |
| | | **Phone # of Contact** | 206-287-4470 |

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|---|---|---|---|
| **Date** | 11/17/2022 | **Length of Event** | 11:00 AM - 4:00 PM |
| **Event** | Board Meeting (Hybrid) | **Audience** | General Public |
| **Address** | Zoom/1000 2nd Ave-28th Flr. Board Roo | **Division** | Administration |
| **City** | Seattle, 98104 | **Contact** | Tera Ahlborn |
| | | **Phone # of Contact** | 206-287-4470 |

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|---|---|---|---|
| **Date** | 12/8/2022 | **Length of Event** | 11:00 AM - 4:00 PM |
| **Event** | Board Meeting (Hybrid) | **Audience** | General Public |
| **Address** | Zoom/1000 2nd Ave-28th Flr. Board Roo | **Division** | Administration |
| **City** | TBD | **Contact** | Tera Ahlborn |
| | | **Phone # of Contact** | 206-287-4470 |