

**\*\*AMENDED/UPDATED PACKET\*\***

**JUNE 22, 2023**

WASHINGTON STATE HOUSING FINANCE COMMISSION  
**COMMISSION MEETING PACKET**

**WSHFC**



WASHINGTON STATE  
HOUSING FINANCE  
COMMISSION

*Opening doors to a better life*

## **Public Engagement at Commission Meetings**

All Board meetings 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:**

1. Click [here](#) to go to the meeting directly
2. At [www.zoom.us](http://www.zoom.us), go to “Join” or “Join a Meeting,” and enter:
  - Webinar/Meeting ID: **816 6652 1835**
  - Passcode: **240014**
3. To participate by phone, dial toll-free in the U.S. either: **1-(888)-788-0099** or **1-(877)-853-5247**.
4. Members of the public can attend the 1 p.m. Special Meeting in-person in the 28<sup>th</sup> 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 (not 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.

**WASHINGTON STATE HOUSING FINANCE COMMISSION  
COMMISSION MEETING AGENDA**

YOU ARE HEREBY NOTIFIED that the Washington State Housing Finance Commission will hold a **Special Meeting** in the **28<sup>th</sup> Floor Board Room**, located at **1000 Second Avenue, Seattle, WA 98104-3601**, on Thursday, June 22, 2023, at 1:00 p.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](http://www.zoom.us), go to “Join” or “Join a Meeting,” and enter:**

**Webinar/Meeting ID: 816 6652 1835  
Passcode: 240014**

**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.**

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

- I. Chair: Approval of the Minutes from the May 22, 2023, Special Meeting. 1**  
(5 min.)
  
- II. Chair: Conduct a Public Hearing on the following:**

  - A. Emerald Heights, OID # 23-55A 2**  
**Claire Petersky:** The proposed issuance of one or more series of tax-exempt revenue bonds to (i) finance the construction and equipping of an assisted living building and common areas of the Community, (ii) refinance existing bonds issued to (a) finance and refinance the construction, expansion, improvement and equipping of the Community, (b) fund a debt service reserve fund, and (c) pay costs of issuance of the refunded bonds, (iii) pay capitalized interest on the Bonds, and (iv) pay all or a portion of the costs of issuing the bonds. The project is owned and to be owned by Eastside Retirement Association dba Emerald Heights, a Washington nonprofit corporation and organization described under section 501(c)(3) and is located at 10901 176<sup>th</sup> Circle NE, Redmond, WA 98052. The total estimated bond amount is not expected to exceed \$77,000,000. (5 min.)
  
  - B. Holly Ridge Apartments, OID # 18-131A 3**  
**Claire Petersky:** The proposed issuance of one or more series of tax-exempt revenue bonds to finance and reimburse a portion of the costs for the construction and equipping of a 121-unit multifamily housing facility, located at 121 112<sup>th</sup> Street SW, Everett, WA 98204, owned by Holly Ridge, 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 \$3,200,000. (5 min.)

- C. Annual public hearing for the issuance of single-family bonds** **4**  
**Lisa DeBrock:** The Commission has determined in order to provide affordable homeownership opportunities it is desirable to issue its single-family bonds, homeownership program bonds, and special program bonds in one or more series in a total amount not to exceed \$250,000,000. (10 mins.)
- D. Proposed 9% Housing Tax Credit Program policy changes for the 2024 allocation round** **5**  
**Lisa Vatske:** A public hearing on the proposed changes to the 9% competitive Housing Tax Credit Program Policies for the 2024 allocation round. (15 min.)
- E. Jacob Richardson: Recommend and present Projects for Allocation of Low-Housing Tax Credits from the 2023 funding round.** **6**  
(15 min.)

TC #	Project Name	City	County	Annual Tax Credit Amount
23-11	Sunrise Village	Longview	Cowlitz	\$1,131,560
23-16	The Cape at Interlake	Moses Lake	Grant	\$1,784,920
23-18	DESC 15 <sup>th</sup> Avenue	Seattle	King	\$2,163,396

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

- A. Resolution No. 23-59, for the 2023 Allocation of Credit for the Housing Tax Credit Program** **7**  
**Lisa Vatske:** A resolution authorizing the Executive Director to make reservation and/or allocations of 2023 Housing Tax Credits. (5 min.)

TC #	Project Name	City	County	Annual Tax Credit Amount
23-11	Sunrise Village	Longview	Cowlitz	\$1,131,560
23-16	The Cape at Interlake	Moses Lake	Grant	\$1,784,920
23-18	DESC 15 <sup>th</sup> Avenue	Seattle	King	\$2,163,396

- B. Proposed 9% Housing Tax Credit Program Policy Changes for the 2024 allocation round** **8**  
**Lisa Vatske:** Request approval of the proposed changes to the 9% Housing Tax Credit Program Policies for the 2024 allocation round. (10 min.)
- C. Resolution No. 23-60, Signature Authority Resolution** **9**  
**Fenice Taylor:** A resolution authorizing the Executive Director to make necessary expenditures. (5 min.)
- D. Resolution No. 23-57, Single Family Resolution** **10**  
**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 loans purchases, payments agreements, and the sale of certificates without the issuance of bonds or with the issuance of table bonds, all to facilitate the financing of Single-family housing. (10 mins.)	
<b>E.</b>	<b>Steve Walker &amp; Bob Peterson:</b> Acceptance and endorsement of 3-year Racial Equity Strategic Plan. (10 min.)	<b>11</b>
<b>F.</b>	<b>Operating Budget for Fiscal Year 2024 (July 1, 2023 – June 30, 2024)</b> <b>Lucas Loranger:</b> Consider and act on a recommendation to approve the Operating Budget for Fiscal Year 2024, July 1, 2023 through June 30, 2024. (15 min.)	<b>12</b>
<b>G.</b>	<b>Transfer of reserves to Program-Related Investments (PRI)</b> <b>Fenice Taylor:</b> Consider and act on a recommendation to transfer excess operating reserves to Program-Related Investments as of June 30, 2023. (5 min.)	<b>13</b>
<b>H.</b>	<b>Bob Peterson:</b> Request approval of the recommendation for Bond/General/Tax Credit Counsel, Special Counsel on Single Family Programs and Special Counsel for Energy Efficiency Loan Program. (5 mins.)	<b>14</b>
<b>IV.</b>	<b>Informational Report on Department of Commerce Activities.</b> (10 min.)	<b>15</b>
<b>V.</b>	<b>Executive Director’s Report</b> (10 min.)	<b>16</b>
<b>VI.</b>	<b>Commissioners’ Reports</b> (10 min.)	
<b>VII.</b>	<b>Chair: Consent Agenda</b> (5 min.)	
<b>A.</b>	<b>Homeownership &amp; Homebuyer Education Programs Monthly Activities Report</b>	<b>17</b>
<b>B.</b>	<b>Multifamily Housing and Community Facilities Monthly Activities Report</b>	<b>18</b>
<b>C.</b>	<b>Asset Management and Compliance Monthly Activities Report</b>	<b>19</b>
<b>D.</b>	<b>Financial Statements as of May 31, 2023</b>	<b>20</b>
<b>VIII.</b>	<b>Chair: Miscellaneous Correspondence and Articles of Interest</b> (5 min.)	
<b>A.</b>	<b>Miscellaneous Correspondence and Articles of Interest</b>	<b>21</b>
<b>B.</b>	<b>HFC Events Calendar</b>	<b>22</b>
<b>IX.</b>	<b>Chair: Public Comment</b>	
<b>X.</b>	<b>Executive Session (if necessary)</b>	

## **XI. Adjourn**

Bill Rumpf, Chair

Consent Agenda items will only be discussed at the request of a Commissioner.

# WASHINGTON STATE HOUSING FINANCE COMMISSION

## COMMISSION MEETING MINUTES

**May 22, 2023**

The Commission meeting was called to order by Chair Bill Rumpf at 9:05 a.m. in the Mt. Washington Conference Center at 10 East Alderbrook Drive, Union, Washington, and via Zoom teleconference. Those Commissioners present in person were Bill Rumpf, Nicole Bascomb-Green, Pedro Espinoza, Alishia Topper, Albert Tripp, Corina Grigoras and Mike Pellicciotti.

### **Approval of the Minutes**

The April 2023 Commission Meeting minutes were approved as distributed, with one correction.

### **Action Item: Resolution No. 23-53, University Cooperative School, OID #23-33A**

Ms. Lisa Vatske, Director of the Multifamily Housing and Community Facilities division (MHCF), said this is a resolution approving the issuance of one or more series of tax-exempt revenue bonds to refund a portion of the Commission's bonds previously issued to finance a portion of the acquisition, construction and equipping of an educational campus facility and finance the rehabilitation of an existing facility located at 5601 University Way NE, Seattle, Washington, owned and to be owned by University Cooperative School, a Washington nonprofit corporation and 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 \$5,100,000. The public hearing was held April 27, 2023.

Mr. Pedro Espinoza moved to approve the resolution and Mr. Albert Tripp seconded. The motion was approved unanimously with Ms. Bascomb-Green abstaining as her employer is the fiscal agent.

### **Action Item: Resolution No. 23-35, Copper Way Apartments, OID #21-122A**

Ms. Vatske stated this is a resolution approving the issuance of one or more series of tax exempt and/or taxable revenue notes to finance a portion of the costs for the acquisition, construction and equipping of a 256-unit multifamily housing facility located at 19422 Mountain Highway East, Spanaway, Washington, to be owned by Copper Way Apartments, 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 \$60,000,000. The public hearing was held February 23, 2023. Ms. Vatske added that this project is also being funded by the Evergreen Impact Housing Fund.

Ms. Topper moved to approve the resolution and Mr. Tripp seconded. The motion was approved unanimously with Ms. Bascomb-Green abstaining as her employer is the fiscal agent.

**Action Item:  
Resolution No. 23-  
36, Polaris at  
Totem Lake, OID  
#21-42A**

Ms. Vatske stated this is a resolution approving the issuance of one or more series of tax exempt and/or taxable revenue notes to finance a portion of the costs for the acquisition, construction and equipping of a 260-unit multifamily housing facility located at 12335 120th Avenue NE, Kirkland, Washington, to be owned by Polaris at Totem Lake, 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 \$72,500,000. The public hearing was held February 23, 2023

Mr. Tripp moved to approve the resolution and Mr. Espinoza seconded. The motion was approved unanimously with Ms. Bascomb-Green abstaining as her employer is the fiscal agent.

**Action Item:  
Selection of  
Single-Family  
Mortgage  
Servicing Rights  
Valuation and  
Analytics Firm**

Ms. Fenice Taylor, Senior Director of Finance, stated the proposed motion is in anticipation of the expiration of the Commission's one year contract with Phoenix Analytics Services in providing Mortgage Servicing Rights Valuation services. Ms. Taylor recapped the selection process including RFP, respondents, interviews and timeline, and stated that the unanimous choice by the panel is Incenter Mortgage Advisors (IMA).

This resolution is to authorize the Executive Director to negotiate and execute a contract with IMA for two years with an extension of up to two years.

Ms. Bascomb-Green moved to approve the resolution and Mr. Espinoza seconded. The motion was approved unanimously.

**Executive Session**

At 9:27 a.m. the meeting was temporarily adjourned for an Executive Session. The Executive Session was to discuss issues related to potential litigation in regard to the action item to select a consultant for the Covenant Homeownership Program Study. The public meeting was called back into session at 9:45 a.m.



**Action Item:  
Motion to  
Delegate  
Authority to ED  
to Select  
Consultant for  
Covenant  
Homeownership  
Program Study**

Ms. Lisa DeBrock, Director of the Homeownership division, stated this is a motion to delegate authority to the Executive Director to select the consultant for the Covenant Homeownership Program Study.

Ms. DeBrock gave an overview of the RFP process for hiring a consultant for the study including timeline and selection criteria.

Ms. DeBrock reviewed the steps that were taken in compliance with the Department of Enterprise Services (DES) supplier diversity requirements. Six responses to the RFP were received and interviews are planned once the selection team reviews the proposals. Interviews will be conducted in June with Ms. DeBrock, Mr. Steve Walker, Ms. Nicole Bascomb-Green, Ms. Patience Malaba (Housing Development Consortium of King County), Representative Jamila Taylor and Ms. Jaime Lisagor with Pacifica Law Group.

Due to the tight timeline, this motion is being brought forward now so that the ED is able to select the consultant prior to the June Board meeting.

Mr. Espinoza moved to approve the resolution and Mr. Tripp seconded. The motion was approved unanimously.

**Chair:  
Miscellaneous  
Correspondence  
and Articles of  
Interest**

Chair Rumpf directed everyone to the materials contained in the packet.

**Consent Agenda**

The consent agenda was approved as distributed.

**Public Comment**

There were no public comments.

**Adjournment**

Chair Rumpf adjourned the business meeting at 9:52 a.m.

**Signature:** \_\_\_\_\_

## NOTICE OF PUBLIC HEARING

The Washington State Housing Finance Commission (the “Commission”) will hold an open public hearing for the purpose of considering the issuance by the Commission of one or more series of tax-exempt revenue bonds (the “Bonds”) to finance the construction and equipping of a continuing care retirement community (the “Community”), owned and to be owned by Eastside Retirement Association dba Emerald Heights, a Washington nonprofit corporation and an organization described under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), or one of its wholly owned subsidiaries, and to refinance existing bonds of the Commission issued to benefit the Community. The public hearing will be held in person and by telephone starting at 1:00 p.m., Thursday, June 22, 2023. Participants wishing to join telephonically in the United States, please dial either toll free number: 1-(888) 788-0099 or 1-(877) 853-5247. Participants wishing to attend in person may attend in the 28th Floor Board Room of the Commission's offices located at 1000 Second Ave., Seattle, Washington 98104-3601.

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

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The Bonds will be issued pursuant to the Revised Code of Washington, Chapter 43.180, for the purposes of financing and refinancing nonprofit facilities under Section 145 of the Code.

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

Project:	Emerald Heights
Project Address:	10901 - 176th Circle NE Redmond, WA 98052-7218
Total Estimated Project Cost:	\$62,198,521
Estimated Maximum Note Amount:	\$77,000,000

Proceeds of the Bonds may be used to (i) finance the construction and equipping of an assisted living building and common areas of the Community, (ii) refinance existing bonds issued to (a) finance and refinance the construction, expansion, improvement and equipping of the Community, (b) fund a debt service reserve fund, and (c) pay costs of issuance of the refunded bonds, (iii) pay capitalized interest on the Bonds, and (iv) pay all or a portion of the costs of issuing the Bonds.

This notice and the provision of toll-free telephone access to the hearing are intended to comply with the public notice requirements of Section 147(f) of the Code. Written comments with respect to the Project and the proposed Bonds may be mailed or faxed to the attention of Jason Hennigan, WSHFC, Multifamily Housing and Community Facilities 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 21, 2023. Public testimony will be heard from all interested members of the public attending the hearing in person or via the telephone or internet. The Commission will consider the public testimony and written comments in determining if the project will receive funding from a tax-exempt bond. 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 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 results of the hearing will be sent to the Governor for approval.

# Nonprofit Housing Program

**Project Name**

Emerald Heights

**Developer**

Eastside Retirement Association dba Emerald Heights

**Description**

Emerald Heights is a Type A Continuing Care Retirement Community (CCRC) located on approximately 38 acres. The community offers independent living, in both apartments and cottages, as well as assisted living and skilled nursing services in its low-rise, interconnected buildings and common areas. The community amenities include a convenience store, coffee house, dining facilities, beauty/barber shop, mail, laundry, and on-site outpatient health care clinic. The campus also has a mile-long forested nature trail, a garden railroad, and an inviting courtyard area with beautiful landscaping, waterfalls, and a fire pit. Emerald Heights is the only not-for-profit Life Care community in the Redmond, Bellevue and Kirkland, WA area. Emerald Heights offers an active, maintenance-free lifestyle, plus assured lifetime access to on-site long-term health care if ever needed. This includes assisted living, skilled nursing care and memory support.

Emerald Heights maintains an annual grant program sponsored by their Board of Directors. Providing funding to local non-profit organizations that support seniors and invest in the future of aging. They also maintain a Benevolence Fund that provides confidential financial assistance to residents in need. Resident-managed programs, including the Coffee Shop and Emerald Market, have helped to support this fund in addition to generous donations from residents, staff and board members throughout the years.

Emerald Heights residents and staff log approximately 17,000 volunteer hours in support of programs on our campus and organizations across the greater community.

**Location**

10901 - 176th Circle NE  
Redmond, WA 98052

**Relation to Mission and Goals**

To provide effective, low-cost financing for nonprofit housing

<b>Project Type</b>	Refinance of existing debt and new construction of a nonprofit housing facility
<b>Estimated Tax-Exempt Bond Amount (Not to exceed)</b>	\$77,000,000
<b>Bond Structure</b>	Public Sale
<b>Underwriter</b>	Ziegler
<b>Action</b>	Public Hearing for OID # 23-55A
<b>Anticipated Closing Date</b>	August 2023

## 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 revenue obligations (the "Bonds") to finance and reimburse a portion of the costs for the construction and equipping of a multifamily housing facility in unincorporated Snohomish County, Washington, owned by Holly Ridge, LLC, a Washington limited liability company. The Bonds may be issued as one or more series issued from time to time and may include one or more series of refunding obligations. The public hearing will be held in person and by telephone starting at 1:00 p.m., Thursday, June 22, 2023. Participants wishing to join telephonically in the United States, please dial either toll free number: 1-(888) 788-0099 or 1-(877) 853-5247. Participants wishing to attend in person may attend in the 28th Floor Board Room of the Commission's offices located at 1000 Second Ave., Seattle, Washington 98104-3601.

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**Passcode: 240014**

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:	Holly Ridge Apartments
Project Address:	121 - 112th St SW Everett WA 98204
Total Estimated Project Cost:	\$46,929,351
Estimated Maximum Bond Amount:	\$3,200,000

Proceeds of the Bonds will be used to provide a portion of the financing for the construction and equipping of a 121-unit multifamily housing facility in Everett, Washington, and to pay 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, plan of financing and Bonds may be mailed or faxed to the attention of Dan Schilling, WSHFC, MHCF Division, 1000 Second Avenue, Suite 2700, Seattle, WA 98104-3601 or to (206) 587-5113, for receipt no later than 5:00 p.m. on Wednesday, June 21, 2023. Public testimony will be heard from all interested members of the public attending the hearing in person or via the telephone or internet. The Commission will consider the public testimony

and written comments in determining if the project will receive funding from a tax-exempt bond. 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 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 results of the hearing will be sent to the Governor for approval.

## Multifamily Housing Program

<b>Project Name</b>	2023 Holly Ridge Apartments Supplemental
<b>Developer</b>	DevCo, Inc.
<b>Description</b>	In April 2020, we closed on the financing for the new construction of a 121-unit multifamily development located in Everett, WA. One hundred percent of the units are affordable and will be leased to households earning no more than 50% of the Snohomish County area median income. Twenty percent of the units will be set aside for large households. Due to cost increases beyond the developer's control, supplemental bond issue is needed so the project will meet the 50% test for tax credit purposes.
<b>Location</b>	121 112th Street SW Everett WA 98204
<b>Project Type</b>	Supplemental Issuance
<b>Estimated Tax-Exempt Bond Amount (Not to exceed)</b>	\$3,200,000
<b>Bond Structure</b>	Private Placement
<b>Lender</b>	Umpqua Bank
<b>Action</b>	Public Hearing for OID #18-131A
<b>Anticipated Closing Date</b>	August 2023



## NOTICE OF PUBLIC HEARING

Notice is hereby given that the Washington State Housing Finance Commission (the “Commission”) will hold a **Public Hearing** in the **28<sup>th</sup> Floor Board Room**, located at **1000 Second Avenue, Seattle, WA 98104-3601**, at 1:00 p.m., Thursday, June 22, 2023, 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: 816 6652 1835 Passcode: 240014**

**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 21, 2023. 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](http://www.wshfc.org) on [06/06/2023].



# Memorandum

To: Commissioners  
From: Lisa Vatske  
CC: Steve Walker  
Date: June 12, 2023  
Re: 2024 9% Proposed Policy Changes

## **Overview**

Staff are proposing a small number of modifications to the 9% tax credit program in 2024. A stakeholder survey was available in January that informed the content and discussion of stakeholder meetings held in March of 2023. The meetings provided the survey results and were intended to gather input on current program barriers and further discuss how the 9% Tax Credit Program Values Statements might better tie to program criteria and outcomes<sup>1</sup>. Following those meetings, initial proposed changes were published for public comment and shared with Commissioners at the April board meeting. A second series of stakeholder meetings were held in May to discuss the proposed changes. Staff made further refinements and published the updated changes for additional public comment in early June.

We continue to strive to align with funding streams from Commerce and given the level and different funding streams are keeping our 9% policy changes nominal for the time being, but we do hope to expand our tenant engagement plan, and further incorporate a racial equity lens to the program. As we embark on our Race and Equity Strategic Plan, we plan to utilize a racial impact equity assessment that will inform a larger reset of the scoring criteria for the 9% tax credit program and anticipate proposing those updates in either 2025 or 2026.

Table 1 below shows the changes being proposed for 2024.

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<sup>1</sup> A copy of the 9% Tax Credit Program Values Statements are included in board packet materials.



**Table 1: Proposed 2024 Policy Changes**

Existing Policy	Proposed Changes	Rationale																								
<p><b>NEW – 1.1.1. Program Values</b></p>	<p><u>Program Values are used as a framework to guide Tax Credit Program policy development, including determining how projects are prioritized. Program Values for the Tax Credit Program include the following:</u></p> <ul style="list-style-type: none"> <li>• <u>Advance Racial Equity</u></li> <li>• <u>Align Resources</u></li> <li>• <u>Meet Affordable Housing Needs Everywhere</u></li> <li>• <u>Ensure High-Quality and Affordable Housing for Residents in the Long Term</u></li> <li>• <u>Use Our Limited Resources Efficiently</u></li> <li>• <u>Prioritize Populations Who Most Need Help</u></li> <li>• <u>Foster Healthy and Sustainable Homes in a Changing Climate</u></li> </ul> <p><u>For more information on the Commission’s 9% Program Values, visit: <a href="#">9% Tax Credit Program Values Statement</a></u></p>	<p>The Program Values Statement should be more directly tied to the Program Policies and easily accessible.</p>																								
<p><b>3.2.7. TDC Per Unit Limit Schedule</b></p>	<p><u>To be able to be as responsive as possible in a volatile cost environment, the Commission will publish a TDC per Unit Limit Schedule to its website rather than have it set in policy.</u></p> <table border="1" data-bbox="443 1097 1407 1385"> <thead> <tr> <th></th> <th>Studio</th> <th>One Bedroom</th> <th>Two Bedroom</th> <th>Three Bedroom</th> <th>Four+ Bedroom</th> </tr> </thead> <tbody> <tr> <td>2022 King/Seattle*</td> <td>\$317,700</td> <td>\$367,800</td> <td>\$390,800</td> <td>\$438,300</td> <td>\$482,800</td> </tr> <tr> <td>2022 Pierce/Snohomish/Clark*</td> <td>\$305,800</td> <td>\$356,700</td> <td>\$377,800</td> <td>\$425,100</td> <td>\$468,300</td> </tr> <tr> <td>2022 Metro*</td> <td>\$274,200</td> <td>\$309,300</td> <td>\$338,500</td> <td>\$390,600</td> <td>\$430,200</td> </tr> </tbody> </table>		Studio	One Bedroom	Two Bedroom	Three Bedroom	Four+ Bedroom	2022 King/Seattle*	\$317,700	\$367,800	\$390,800	\$438,300	\$482,800	2022 Pierce/Snohomish/Clark*	\$305,800	\$356,700	\$377,800	\$425,100	\$468,300	2022 Metro*	\$274,200	\$309,300	\$338,500	\$390,600	\$430,200	<p>TDC limits are now published at a different time than the Program Policies. To avoid confusion with “outdated” schedules in Program Policies, language that directs applicants to the appropriate webpage will further clarify the current TDC limits in effect.</p>
	Studio	One Bedroom	Two Bedroom	Three Bedroom	Four+ Bedroom																					
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Existing Policy	Proposed Changes	Rationale
	<p>2022 Balance of State<sup>A</sup>      \$193,300    \$217,700    \$246,700    \$320,500    \$352,700</p>	
<p><b>6.3 Housing Commitments for Priority Populations</b></p>	<p>Points will be awarded based upon the Applicant’s Commitment in the Application to provide housing units for the populations listed below in the following manner:</p> <p>A. Housing Commitment providing a minimum percentage of the total housing units as <u>Permanent</u> Supportive Housing for the Homeless is worth 25 or 35 allocation points.</p> <ul style="list-style-type: none"> <li>▪ Seattle/King – minimum of 75% required <b>for 35 points</b></li> <li>▪ Metro <u>and Non-Metro</u> - minimum of 25% required <b>for 25 points</b></li> <li>▪ <del>Non-Metro</del> – minimum of 50% required</li> </ul> <p>OR</p> <p><u>B. Housing Commitment providing a minimum percentage of the total housing units as Farmworker Housing is worth 25 allocation points.</u></p> <ul style="list-style-type: none"> <li>▪ <u>Metro and Non-Metro – minimum of 75% required</u></li> </ul> <p>OR</p> <p><u>B.C.</u> The following Housing Commitments are worth 10 allocation points each. A maximum of two options may be selected for a total of 20 points.</p> <ul style="list-style-type: none"> <li>▪ Provide a minimum of 20% of the total housing units as Housing for Farmworkers</li> <li>▪ Provide a minimum of 20% of the total housing units as Housing for Large Households</li> <li>▪ Provide a minimum 20% of the total housing units as Housing for Persons w/ Disabilities</li> <li>▪ Provide a minimum of 20% of the total housing units as Housing for the Homeless</li> <li>▪ Provide an Elderly Housing Project</li> </ul> <p>Applicants may not combine the <u>Permanent</u> Supportive Housing for the Homeless Commitment with any of the other options. Under option #<del>2</del><u>C</u> above, Applicants may select no more than two priority populations for a maximum score of 20 points. The selection under option #<del>2</del><u>C</u> cannot be for the same priority population; for example, an Applicant may not select 20% Large Household twice to achieve 20 points for a 40% Large Household set-aside.</p>	<p>Encourages greater diversity of project types in Non-Metro pool, while still prioritizing Housing for the Homeless. Farmworker points adjusted to support this change.</p> <p>Additional cleanup language to further clarify there are three main options an applicant may select for a Housing Commitment for Priority Populations: Permanent Supportive Housing, Farmworker Housing, or two 20% commitments to Priority Populations.</p>

Existing Policy	Proposed Changes	Rationale
	To receive points for Housing Commitments for Priority Populations, the Applicant must agree to comply with all the requirements and conditions described in this section, as applicable.	
<b>6.3.2 Farmworker Housing</b>	<p>Farmworker means a household whose Income is derived from farm work in an amount not less than \$3,000 per year. See Glossary for a complete definition of “farm work.” All housing units subject to the Farmworker Housing Commitment must be rented to qualifying Farmworker households at initial project occupancy.</p> <p>Projects that dedicate 75% or more units to farmworker housing can receive up to <b>25</b> points. <del>However, an allocation in the Metro Geographic pool will not be made for more than one farmworker project per year.</del> In the Non-Metro Geographic pool, an allocation will not be made for more than two farmworker projects per year.</p>	See 6.3 Housing Commitments for Priority Populations rationale above.
<b>6.4 Leverage Scoring and Points</b>	<p><del>Historically, the Commission has awarded “leveraging points” based upon the following point categories: local funding commitments, federal leverage, state funding coordination (i.e., Housing Trust Fund) and municipal participation to encourage projects to seek additional funding sources. While this remains the Commission’s intent, nationally there is a concern that jurisdictions can prevent the siting of affordable housing by withholding their support of projects, making them less competitive.</del></p> <p><del>To address these national concerns, the Commission is creating a new point category that will award points based upon a project’s ability to leverage additional funds without allowing anyone funding resource to overly influence the points process through action or inaction. This new “Leverage Scoring and Points” category replaces the following point categories mentioned above: Local Funding Commitment, Federal Leverage of Capital Funds, State Funding Coordination and Municipal Participation Point.</del></p> <p>Points will be awarded for applicants who have secured funding commitments for one or more capital sources that include but may not be limited to local, state, federal public funds <b>as well as capital contributions from health care providers.</b></p> <p>Points for this <del>new</del> category are based upon the amount of <b>capital</b> sources leveraged, defined below, as a percentage of the Total Project Costs, and will be awarded as follows:</p>	<p>Expands qualifying leverage funds sources to include health care providers.</p> <p>Encourages collaboration among healthcare, housing, and homeless sectors to drive innovative responses to the health, housing, and equitable needs in communities.</p> <p>Minor cleanup language.</p>

Existing Policy	Proposed Changes	Rationale																																			
	<table border="1" data-bbox="548 254 1528 555"> <thead> <tr> <th colspan="5" data-bbox="548 254 1528 289">Pool Range = % of other sources as % of <b>Total Project Costs</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="548 289 743 324">King</td> <td data-bbox="743 289 953 324">5-10%</td> <td data-bbox="953 289 1136 324">11-20%</td> <td data-bbox="1136 289 1325 324">21-25%</td> <td data-bbox="1325 289 1528 324">26% and above</td> </tr> <tr> <td data-bbox="548 324 743 360">Points</td> <td data-bbox="743 324 953 360">2</td> <td data-bbox="953 324 1136 360">4</td> <td data-bbox="1136 324 1325 360">7</td> <td data-bbox="1325 324 1528 360">10</td> </tr> <tr> <td data-bbox="548 360 743 396">Metro</td> <td data-bbox="743 360 953 396">2-7%</td> <td data-bbox="953 360 1136 396">8-12%</td> <td data-bbox="1136 360 1325 396">13-17%</td> <td data-bbox="1325 360 1528 396">18% and above</td> </tr> <tr> <td data-bbox="548 396 743 431">Points</td> <td data-bbox="743 396 953 431">2</td> <td data-bbox="953 396 1136 431">4</td> <td data-bbox="1136 396 1325 431">7</td> <td data-bbox="1325 396 1528 431">10</td> </tr> <tr> <td data-bbox="548 431 743 467">Non- Metro</td> <td data-bbox="743 431 953 467">2-7%</td> <td data-bbox="953 431 1136 467">8-15%</td> <td data-bbox="1136 431 1325 467">16-22%</td> <td data-bbox="1325 431 1528 467">23% and above</td> </tr> <tr> <td data-bbox="548 467 743 503">Points</td> <td data-bbox="743 467 953 503">2</td> <td data-bbox="953 467 1136 503">4</td> <td data-bbox="1136 467 1325 503">7</td> <td data-bbox="1325 467 1528 503">10</td> </tr> </tbody> </table> <p data-bbox="443 597 1535 699">The percentage of leverage is calculated by using the amount of all other committed sources as shown in the development budget and specifically identified in the application on the sources form. (Tax credit equity and developer fee excluded).</p> <p data-bbox="443 740 1514 873"><b>Applicants seeking points for sponsor loans or charitable donations must have backup to document the source and have at least 50% of the funds received at the time of application. These sources must be approved by the Commission 60 days prior to the submission of an application.</b></p> <p data-bbox="443 919 1276 946">For purposes of calculation under this policy, sources not included are:</p> <ul data-bbox="537 959 1293 1057" style="list-style-type: none"> <li>• Developer Fee either cash fee or Deferred Loan;</li> <li>• Any operating related subsidy or operating budget sources;</li> <li>• Funds not fully committed at the time of application.</li> </ul>	Pool Range = % of other sources as % of <b>Total Project Costs</b>					King	5-10%	11-20%	21-25%	26% and above	Points	2	4	7	10	Metro	2-7%	8-12%	13-17%	18% and above	Points	2	4	7	10	Non- Metro	2-7%	8-15%	16-22%	23% and above	Points	2	4	7	10	
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<p data-bbox="81 1068 342 1130"><b>6.20 Eventual Tenant Ownership</b></p>	<p data-bbox="443 1068 1528 1239"><u>Incentive points in this category are suspended for this application cycle pending an evaluation and update of program policies and procedures for eventual tenant ownership projects. Applicants interested in eventual tenant ownership after the initial 15-year Compliance Period must contact the Commission prior to the application date to determine whether or not the project meets the intent of this criterion.</u></p> <p data-bbox="443 1279 1541 1382">Two points will be awarded to Projects that are intended for eventual tenant ownership after the initial 15-year compliance period. Intent to convert must be expressed in a clear and comprehensive plan at the time of the Application in a manner satisfactory to the</p>	<p data-bbox="1577 1068 2007 1308">The first batch of projects that elected to do eventual tenant ownership and received 2 points at the time of application are at the point of needing to develop and document how they plan to convert units.</p> <p data-bbox="1577 1333 1948 1398">The AMC Division is working through the implementation of</p>																																			

Existing Policy	Proposed Changes	Rationale
	<p>Commission. The eventual tenant ownership plan must be unique to the specific project and must address the following:</p> <ul style="list-style-type: none"> <li>• Financial and programmatic structure</li> <li>• Timing of ownership transfer</li> <li>• All lienholder interests</li> <li>• Eligibility and selection process for potential owners</li> <li>• Homeowner education, down payment assistance, and other programs that the sponsor will provide to assist the potential homeowners.</li> </ul> <p>The project development team must also demonstrate capacity for designing, developing and implementing the eventual ownership program. The project sponsor must prove capacity for managing the program successfully. Applicants choosing these points are encouraged to approach the Commission prior to the application date to determine whether or not the project meets the intent of this criterion.</p>	<p>converting units to homeownership, which is proving to be challenging.</p> <p>The Commission is evaluating ETO as a program option and determining how to update its program, policies and procedures going forward to successfully support households moving to homeownership. Therefore, incentive points will be suspended pending evaluation findings and recommendations.</p>
<p><b>NEW - Health in Housing</b></p>	<p><del>Five points will be awarded to projects that have a documented partnership evidenced by a Memorandum of Understanding (MOU) with a healthcare provider or health/hospital system to provide a substantial benefit to the project and/or its residents.</del></p> <p><del>Examples could include but are not limited to the healthcare provider or health/hospital system providing:</del></p> <ul style="list-style-type: none"> <li><del>• a meaningful contribution to offset the total project cost (including donation of land and/or funding)</del></li> <li><del>• health care services (medical/physical health) on site that are available to the residents.</del></li> </ul> <p><del>For more information on the Commission's Healthy Housing, Healthy Communities (H3C) Partnership Initiative, visit: <a href="#">WSHFC MHCF HC3</a></del></p> <p><del>Applicants interested in claiming points in the Health in Housing point category must contact the Commission prior to the application date to determine whether or not the project meets the intent of this criterion.</del></p>	<p>Given the timing of engagement, questions around implementation, and considerations for alignment with Apple Health in Homes rollout, staff recommend not adding this new point category.</p> <p>Instead, language would be added to 6.4 Leverage Scoring Points to encourage capital sources from health care providers. See above.</p>

## Preamble

Although the Commission reviews and makes minor modifications to our 9% LIHTC policies each year, we have not made significant changes since 2012, when we implemented geographic pools and prioritized housing for the homeless.

We are now evaluating our programs, policies and allocation methodology through a race and equity lens and seeking to create a more intentional, inclusive process. The first step is to clarify our values and the outcomes we seek to achieve.

Below are the core values that will drive our LIHTC policy and allocation decisions.

## Advance Racial Equity

We acknowledge that communities of color and other socially disadvantaged communities have experienced barriers and challenges to accessing capital for developing housing, and that tenants of color experience discrimination throughout the life cycle of a development. We are committed to addressing the inequities and impact that our approach to allocating resources has created. In addition, we are committed to lifting and amplifying the voices of tenants and communities of color, and organizations who authentically represent their interests and needs.

This Racial Equity value is an umbrella under which all the following values will be held. We will apply a racial equity lens to each of the other values stated here, considering the historical and systemic context, identifying and addressing any potential power imbalances that may be at play and bearing in mind how this may affect different groups. As part of our short-term revision of the 9% LIHTC program, we want to understand the priorities of all interested parties and will be collecting demographic information to help us understand any differences in the priorities or concerns of different groups.

The Commission also plans to conduct a multi-year, in-depth Racial Equity Impact Assessment across multiple programs, which will use data analysis and extensive community engagement to examine how our programs affect different racial and ethnic groups. It will involve evaluating the potential impacts of policy changes on different racial and ethnic communities, as well as identifying any consequences that may disproportionately benefit or burden certain groups. By conducting this in-depth Racial Equity Impact Assessment, we will be better able to identify where racial disparities exist within our programs and take further steps to mitigate them,



ensuring that policies and programs are more effective in addressing racial disparities and promoting racial equity.

### Align Resources

Key resources at the local, state, and federal levels work together to make investments in affordable homes, with the 9% Housing Tax Credit being a critical piece of the financing stack. The Commission values actively working with other funding partners to create a predictable pathway for developers that effectively leverages available resources to timely advance projects. These public funds, or contribution of land, are a proxy for priorities either driven by the local jurisdiction or by the state legislative process and represent important needs in the community. We value working closely with the geographic pools (Metro, Non-Metro and Seattle-King) to ensure that local and state priorities are reflected in the commitment of these limited resources.

### Meet Affordable Housing Needs Everywhere

Housing affordability is in crisis across the state. We value helping all communities who are experiencing challenges in accessing housing. The 9% Housing Tax Credit is a statewide resource, and so statewide geographic dispersion of the Housing Credit remains a policy priority for the Commission. Our policies must also balance statewide objectives and local priorities, urban and rural issues, and jurisdictions with more and fewer resources for affordable housing.

To balance these needs, in 2012 the Commission established specific percentages of our annual LIHTC authority for three geographic pools: King County; Metro (consisting of counties with larger populations, greater density and more local housing funds); and Non-Metro (counties that are more rural). Projects compete for credit allocations based on the pool in which they are located. This ensures physical distribution across the state, and also takes into account local priorities. As we evaluate projects, we seek to incentivize inclusive processes for determining these local priorities.

### Ensure High-Quality and Affordable Housing for Residents in the Long Term

Many affordable housing projects serve people formerly homeless, seniors, households with disabilities, etc., who are likely to have significant barriers to access housing. For this reason and others, the existing statewide affordable housing portfolio must be preserved so that long-term affordability and housing quality are both maintained and improved over time. Properties are at risk of dropping out of

our LIHTC portfolio when regulatory covenants expire, rental income no longer covers operating and maintenance costs, and/or they need major capital repairs. Addressing these risks through preservation efforts allows current residents to remain in quality housing and avoid displacement or homelessness. The Commission values maintaining housing affordability and stability, and financing improvements that ensure a healthy and safe living environment, with the ultimate objectives of improving the quality of life for residents, preventing vulnerable households from falling into homelessness, and ensuring we don't lose ground on efforts to increase the affordable housing supply.

### Use Our Limited Resources Efficiently

The Commission seeks to serve as many low-income households of Washington as possible by ensuring that the LIHTC program supports the most cost-efficient projects, in line with the other values of the program. The Commission will continue to seek ways to provide competitive and cost-saving incentives to projects applying for resources.

### Prioritize Populations Who Most Need Help

We commit to targeting resources towards individuals and households experiencing the greatest barriers to safe and affordable housing across the state. This may mean focusing on different populations in different parts of the state; for example, homelessness has been a key issue in King County while in the Non-Metro pool, projects committing to serving farmworkers have been given preference. We will be responsive to regional concerns and target resources to populations that are in greatest need in each locality, while also complying with federal law that requires us to give preference to projects serving residents with the lowest incomes for the longest period.

### Foster Healthy and Sustainable Homes in a Changing Climate

Federal and state policies of redlining and disinvestment in communities of color have long contributed to unequal access to healthy, safe housing and thus to unequal health outcomes among communities of color. Additionally, climate change brings more frequent waves of extreme heat and wildfire smoke that exacerbate health issues among vulnerable people in Washington, including those with cardiovascular, respiratory, and mental health conditions. How affordable housing is designed and built can mitigate some of these health impacts of climate change.

## 9% Tax Credit Program Reframe

### Value Statements

Furthermore, the built environment is Washington's second-largest carbon polluter behind transportation. Building emissions come from burning fossil fuels including gas and oil for furnaces, water heaters, and appliances.

While climate change brings unequal health outcomes, state agencies have a window of opportunity to reduce those unequal outcomes and slow climate change's speed. WSHFC envisions affordable housing in which residents live in a healthy environment with a comfortable temperature range, safe from the harmful effects of smoke. As we plan for future building-design criteria, we will incentivize housing that is healthier for residents, as well as energy efficient to minimize carbon emissions.



The Washington State  
**HOUSING FINANCE COMMISSION**

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**NOTICE OF PUBLIC HEARING**

The Washington State Housing Finance Commission (the “Commission”) will hold an open public hearing 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	Annual Tax Credit Amount
23-11	Sunrise Village	Longview	Cowlitz	\$1,131,560
23-16	The Cape at Interlake	Moses Lake	Grant	\$1,784,920
23-18	DESC 15 <sup>th</sup> Avenue	Seattle	King	\$2,163,396

The public hearing will be held in person and by telephone starting at 1:00 p.m., Thursday, June 22, 2023. Participants wishing to join telephonically in the United States, please dial either toll free number: 1-(888) 788-0099 or 1-(877) 853-5247. Participants wishing to attend in person may attend in the 28th Floor Board Room of the Commission's offices located at 1000 Second Ave., Seattle, Washington 98104-3601.

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

**To join virtually, please go to [www.zoom.us](http://www.zoom.us), go to “Join” or “Join a Meeting,” and enter:**

**Webinar/Meeting ID: 816 6652 1835**

**Passcode: 240014**

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](mailto: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 21, 2023. 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

<b>Project Name</b>	Sunrise Village	
<b>Sponsor</b>	Longview Housing Authority DBA Housing Opportunities of Southwest Washington	
<b>Description</b>	<p>The Presbyterian Church donated the land for affordable housing for homeless families and individuals. The onsite community building has space for services, tutoring, or resident gatherings. Designed with the adjacent courtyard and children's play area, this should help build a sense of shared ownership, encourage residents to take part in healthy activities, and support a multi-generational, multi-cultural community. The project is supported by the local CAP agency, the coordinated entry system, local legislators, the Mayor of Longview, local shelter providers, and mental health and substance use disorder providers.</p>	
<b>Location</b>	3808 Pennsylvania Avenue Longview, WA 98632	
<b>Credit Pool</b>	Non-Metro	
<b>Project Type</b>	New Construction without Federal Subsidies	
<b>Low-Income Housing Units</b>		
	One Bedroom	12
	Two Bedroom	17
	Three Bedroom	11
	<b>Total</b>	<b>40</b>
<b>Income Set-Asides</b>	50% of units at 30% AMI 10% of units at 40% AMI 40% of units at 60% AMI	
<b>Scoring</b>	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
Located near a Job Center	1
Nonprofit Sponsor	5
Donation in Support of Local Housing Needs	5
Energy Consumption Model	2
Cost Containment Incentive	3
<b>Total Points</b>	<b>181</b>

**Credit Request**                      **\$1,131,560**

**Development Budget**

Acquisition Costs	\$20,000
Construction	\$13,418,527
Soft Costs	\$1,960,946
Financing Costs	\$627,668
Capitalized Reserves	\$190,000
Other Development Costs	\$357,000
<b>Total Development Costs</b>	<b>\$16,574,141</b>

**Permanent Sources**

WA State Housing Trust Fund	\$3,939,435
City of Longview HOME	\$442,104
City of Longview HOME-ARP	\$746,030
Cowlitz County 1406	\$692,000
FHLB AHP	\$500,000
PeaceHealth	\$250,000
Community Foundation	\$160,000
Tax Credit Equity at \$0.8700 per credit x 10 years	\$9,844,572
<b>Total Sources</b>	<b>\$16,574,141</b>

**Total Development Cost Limit**

Project's Total Development Cost Limit	\$17,959,205
TDC less Land, Offsite Infrastructure, and Reserves	\$16,284,141
Waiver	Not required

**Project Operations**

<i>Unit Size</i>	<i>Market Rents</i>	<i>Proposed Rent Range</i>
1 Bedroom	\$931	\$448 - \$896
2 Bedroom	\$1,300	\$537 - \$1,075
3 Bedroom	\$1,409	\$621 - \$1,242

## 9% Competitive Housing Tax Credit Program

<b>Project Name</b>	The Cape at Interlake	
<b>Sponsor</b>	Trillium Housing Services	
<b>Description</b>	<p>The Cape at Interlake will increase the inventory of much needed affordable housing in Moses Lake and increase these sub-markets' inventory of Farmworker housing.</p> <p>This project will consist of 8 garden style buildings, with 75% of the units set aside for qualified Farmworker households and 66% of the units will house large families. This development team has extensive experience in Moses Lake working with farmworker families. Children will be within walking distance to Peninsula Elementary School, the Moses Lake Recreation Center, Larson Playfield and within a half mile from I-90 and other amenities including a grocery store.</p>	
<b>Location</b>	Intersection at Driggs Drive & Interlake Road Moses Lake, WA 98837	
<b>Credit Pool</b>	Non-Metro	
<b>Project Type</b>	New Construction without Federal Subsidies	
<b>Low-Income Housing Units</b>	Two Bedroom	24
	Three Bedroom	32
	Four Bedroom	16
	<b>Total</b>	<b>72</b>
<b>Income Set-Asides</b>	10% of units at 30% AMI 50% of units at 40% AMI 40% of units at 50% AMI	
<b>Scoring</b>	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
	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	8
<b>Total Points</b>	<b>184</b>

**Credit Request**                      **\$1,784,920**

**Development Budget**

Acquisition Costs	\$1,159,146
Construction	\$14,806,000
Soft Costs	\$2,666,514
Financing Costs	\$2,404,000
Capitalized Reserves	\$325,200
Other Development Costs	\$921,000
<b>Total Development Costs</b>	<b>\$22,281,860</b>

**Permanent Sources**

Permanent Loan	\$3,450,000
Housing Trust Fund Loan	\$3,450,000
Deferred Developer fee	\$210,040
Tax Credit Equity at \$0.8500 per credit x 10 years	\$15,171,820
<b>Total Sources</b>	<b>\$22,281,860</b>

**Total Development Cost Limit**

Project's Total Development Cost Limit	\$32,640,680
TDC less Land, Offsite Infrastructure, and Reserves	\$20,847,514
Waiver	Not required

**Project Operations**

<i>Unit Size</i>	<i>Market Rents</i>	<i>Proposed Rent Range</i>
Two Bedroom	\$1,075	\$537 - \$896
Three Bedroom	\$1,242	\$621 - \$1,035
Four Bedroom	\$1,386	\$639 - \$1,155

# 9% Competitive Housing Tax Credit Program

<b>Project Name</b>	DESC 15th Avenue	
<b>Sponsor</b>	Downtown Emergency Service Center	
<b>Description</b>	<p>This is a permanent supportive housing project, serving individuals experiencing chronic homelessness, making less than 30% of AMI. The site will be in the Interbay neighborhood of Seattle. Nearby amenities make this area a highly desirable place to live. The site offers easy access to bus routes and a RapidRide transit line, offering easy transit to downtown Seattle, employment opportunities, or social services throughout the city; restaurants and grocery stores, including a QFC, on nearby Dravus Street; and recreation/leisure facilities including parks in both Seattle’s Interbay and Queen Anne neighborhoods.</p> <p>There will be a small exam room onsite. It is now DESC's standard to build these into their Level 1 PSH spaces. DESC will work with Harborview or NeighborCare to set up primary care services in that space several times weekly.</p>	
<b>Location</b>	2626 15th Avenue West Seattle, WA 98119	
<b>Credit Pool</b>	King County	
<b>Project Type</b>	New Construction without Federal Subsidies	
<b>Low-Income Housing Units</b>	Studio	105
	<b>Total</b>	<b>105</b>
<b>Income Set-Asides</b>	50% of units at 30% AMI 50% of units at 50% AMI	
<b>Scoring</b>	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
	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	5
<b>Total Points</b>	<b>185</b>

**Credit Request**                      **\$2,163,396**

**Development Budget**

Acquisition Costs	\$3,178,709
Construction	\$30,650,847
Soft Costs	\$4,149,500
Financing Costs	\$1,899,032
Capitalized Reserves	\$650,000
Other Development Costs	\$1,515,000
<b>Total Development Costs</b>	<b>\$42,043,088</b>

**Permanent Sources**

Seattle Office of Housing	\$15,490,826
King County Housing Finance Program	\$1,000,000
State Housing Trust Fund	\$5,000,000
Tax Credit Equity at \$0.9500 per credit x 10 years	\$20,552,262
<b>Total Sources</b>	<b>\$42,043,088</b>

**Total Development Cost Limit**

Project's Total Development Cost Limit	\$41,042,925
TDC less Land, Offsite Infrastructure, and Reserves	\$38,493,088
Waiver	Not required

**Project Operations**

<i>Unit Size</i>	<i>Market Rents</i>	<i>Proposed Rent Range</i>
Studio	\$1,600	\$634 - \$1,058

**WASHINGTON STATE HOUSING FINANCE COMMISSION  
RESOLUTION NO. 23-59**

**A RESOLUTION of the Washington State Housing Finance Commission  
authorizing the Executive Director to make reservations and/or  
allocations of 2023 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 2023 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 2023 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	Annual Tax Credit Amount
23-11	Sunrise Village	Longview	Cowlitz	\$1,131,560
23-16	The Cape at Interlake	Moses Lake	Grant	\$1,784,920
23-18	DESC 15 <sup>th</sup> Avenue	Seattle	King	\$2,163,396

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 22nd day of June 2023.

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  
2023 Allocation List

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

**King County Pool (November 2022 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				Units for Priority Populations					
										30% AMI	40% AMI	50% AMI	60% AMI	Farm workers	Large Households	Elderly	Persons with Disabilities	Homeless	
23-08	Approved 4/27/2023	Fifth & Seneca	YWCA Seattle   King   Snohomish	Seattle	King	188	\$27,640	\$2,736,984	114	57	29	0	28	0	0	0	0	0	86
23-18	Scheduled for 6/22/23	DESC 15th Avenue	Downtown Emergency Service Center	Seattle	King	185	\$20,604	\$2,163,396	105	53	0	52	0	0	0	0	0	0	79
23-20	Application	Kenmore Supportive Housing	Plymouth Housing	Kenmore	King	181	\$21,638	\$2,163,800	100	50	0	50	0	0	0	0	0	0	75
23-04	Application	Pacific Apartments Rehabilitation	Plymouth Housing	Seattle	King	180	\$14,201	\$1,235,483	87	44	0	43	0	0	0	0	0	0	66
								King County Credit Allocated:	\$8,299,663	406	204	29	145	28	0	0	0	0	306
								King County Credit Available:	\$5,484,236										
								Balance:	(\$2,815,427)										

**King County Waiting List**

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**Metro Pool (November 2022 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				Units for Priority Populations						
										30% AMI	40% AMI	50% AMI	60% AMI	Farm workers	Large Households	Elderly	Persons with Disabilities	Homeless		
										\$0	0					0	0	0	0	0

**New Production**

23-05	Application	Lincoln Place II	Vancouver Housing Authority	Vancouver	Clark	170	\$27,640	\$1,105,600	40	20	0	20	0	0	0	0	0	0	20
23-14	Application	Lincoln District Senior Housing	Asia Pacific Cultural Center	Tacoma	Pierce	168	\$27,640	\$2,128,280	77	39	0	38	0	0	0	0	0	0	39
23-12	Application	Hifumi-en	Spokane Housing Authority	Spokane	Spokane	167	\$25,158	\$2,163,557	86	22	43	0	21	0	0	86	18	0	0
23-06	Application	Scriber Place	Housing Hope	Lynnwood	Snohomish	158	\$28,803	\$1,497,756	52	26	0	26	0	0	0	0	0	0	26
								Total Metro Credit Allocated:	\$6,895,193	255				0	0	86	18	85	
								Metro Credit Available:	\$6,779,081										
								Metro Balance (Total):	(\$116,112)										

**Metro Wait List**

23-15	Application	Salish Family Haven	Catholic Housing Services of Eastern Washington	Spokane	Spokane	171	\$27,990	\$1,959,280	70	35	7	0	28	0	0	0	0	0	35
								Metro Waiting List Balance:	\$1,959,280	70				0	0	0	0	0	35

**Non-Metro Pool (November 2022 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				Units for Priority Populations				
										30% AMI	40% AMI	50% AMI	60% AMI	Farm workers	Large Households	Elderly	Persons with Disabilities	Homeless
<b>Preservation and Recapitalization Pool</b>																		
									Non-Metro Rehab Credit Allocated: \$0 0 0 0 0 0 0 0 0									
<b>New Production</b>																		
23-22	Application	Clarkston Family Housing	Horizon Housing Alliance	Clarkston	Asotin	186	\$27,515	\$1,926,069	70	35	7	0	28	0	0	0	0	35
23-07	Application	Rocky Point Housing Development	Othello Housing Authority	Othello	Adams	184	\$27,521	\$1,100,851	40	4	20	16	0	30	0	0	0	0
23-16	Scheduled for 6/22/23	The Cape at Interlake	Trillium Housing Services	Moses Lake	Grant	184	\$25,499	\$1,784,920	70	7	35	28	0	53	0	0	0	0
23-11	Scheduled for 6/22/23	Sunrise Village	Longview Housing Authority DBA Housing Opportunities of S	Longview	Cowlitz	181	\$28,289	\$1,131,560	40	20	4	0	16	0	0	0	0	20
									Non-Metro Credit Allocated: \$5,943,400 220 83 0 0 0 0 55									
									Non-Metro Credit Available: \$3,045,315									
									Non-Metro Balance: (\$2,898,085)									
<b>Non-Metro Wait List</b>																		
23-09	Application	Colville Homes V	Confederated Tribes of the Colville Reservation	Omak	Okanogan	174	\$28,456	\$711,400	25	13	3	0	9	0	5	0	0	5
									Non-Metro Waiting List Balance: \$711,400 25 0 5 0 0 0 5									
<b>Non-Metro Non-Fully Funded - Unranked</b>																		
23-13	Application	CCHS Casa de la Mora (Yakima East)	Catholic Charities Housing Services	Yakima	Yakima	183	\$27,848	\$2,005,040	72	18	36	0	18	0	0	0	0	36
23-17	Application	Alderwood Apartments	Trillium Housing Services	Yakima	Yakima	176	\$25,344	\$1,774,082	70	7	35	28	0	53	0	0	0	0
23-19	Application	CCHS Grant County Preservation	Catholic Charities Housing Services	Quincy	Grant	175	\$17,237	\$1,603,018	93	10	47	36	0	70	0	0	0	0
23-21	Application	Camas Flats	Opportunity Council	Oak Harbor	Island	173	\$27,810	\$444,960	16	8	0	8	0	0	0	0	0	8
23-01	Application	Farmview Village	Housing Authority of Skagit County	Burlington	Skagit	171	\$29,302	\$879,053	30	0	8	22	0	23	0	0	0	0
									Non-Metro Unranked Balance: \$6,706,153 281 146 0 0 0 0 44									
<b>Statewide Allocation Round Totals:</b>																		
						Total Project Applications: 20			Total Credit Requested: #REF! #REF!			#REF! #REF! #REF!			#REF! #REF! #REF!			
						Total Projects Above Line: 8			Total Credit Above Line: \$21,138,256			83 0 86			18 446			
						Application Success Percentage: TBD			Total Credit Available: \$ 15,308,632.50									
									Statewide FWD Commit: (\$3,014,197)									
<p>*Final King County Pool project rankings pending additional public funding award announcements  <b>Final Allocation amounts may change if new Federal resources are made available.</b></p>																		

## 9% Housing Tax Credit Program Credit Summary

State Credit Authority	Status	Population	Per Capita Rate	Credit	
2023 Per Capita Credit	Confirmed	*IRS Notice 2023-12	7,785,786	\$ 2.75000	\$ 21,410,912
2023 National Pool	Not Confirmed				\$ -
				<b>\$ 21,410,912</b>	
<b>Total 2023 Credit Authority for Geographic Credit Pool Division</b>				<b>\$ 21,410,912</b>	
Less 2022 Forward Commitment		Taken From Pools Below		\$ (6,102,279)	
<b>King County</b>					
35% of Total Credit Authority		35%		\$ 7,493,819	
less 2022 KC fwd allocation of 2023 KC Credit				\$ (2,009,583)	
plus KC Returned Credit				\$ -	
Credit Allocated				\$ (8,299,663)	
<b>King County Balance</b>				<b>\$ (2,815,427)</b>	
<b>Metro Credit</b>					
37% of Total Credit Authority		37%		\$ 7,922,037	
less 2022 Metro fwd allocation of 2023 Metro Credit				\$ (1,142,956)	
plus Metro Returned Credit				\$ -	
Credit Allocated				\$ (6,895,193)	
<b>Metro Balance</b>				<b>\$ (116,112)</b>	
<b>Non-Metro Credit</b>					
28% of Total Credit Authority		28%		\$ 5,995,055	
less 2022 NM fwd allocation of 2023 NM Credit				\$ (2,949,740)	
plus NM Returned Credit				\$ -	
Credit Allocated				\$ (5,943,400)	
<b>Non-Metro Balance</b>				<b>\$ (2,898,085)</b>	
<b>Metro Pool per County Limit 35% of Pool Authority</b>		35%		<b>\$ 2,772,713</b>	
<b>Non-Metro per County Limit 35% of Pool Authority</b>		35%		<b>\$ 2,098,269</b>	
<b>Statewide Accounting of 2023 Credit</b>					
Total 2023 Credit Authority				\$ 21,410,912	
2022 Unused Credit				\$ -	
2022 KC Forward Commitment				\$ (2,009,583)	
2022 Metro Forward Commitment				\$ (1,142,956)	
2022 Non-Metro Forward Commitment				\$ (2,949,740)	
Returned Credit from King County				\$ -	
Returned Credit from Metro Pool				\$ -	
Returned Credit from Non-Metro Pool				\$ -	
Credit Allocated to King County				\$ -	
Credit Allocated to Metro				\$ -	
Credit Allocated to Non-Metro				\$ -	
<b>Balance of 2023 Credit</b>				<b>\$ 15,308,633</b>	
% of credit authority forward committed					
<b>Qualified Nonprofit Allocations</b>					
Total 2023 Credit Authority for Geographic Credit Pool Division				\$ 21,410,912	
2023 Unused Credit				\$ -	
Returned Credit from King County				\$ -	
Returned Credit from Metro Pool				\$ -	
Returned Credit from Non-Metro Pool				\$ -	
<b>Total 2023 Credit Authority for QNP Requirement</b>				<b>\$ 21,410,912</b>	
<b>Credit Allocated to QNPs</b>		Fifth & Seneca		\$ 2,736,984	
		DESC 15th Avenue		\$ 2,163,396	
		Sunrise Village		\$ 1,131,560	
<b>Percent allocated to QNPs</b>				<b>28%</b>	
<b>Forward Commitment RACs of 2023 Credit</b>					
<b>Summary for 8610</b>					
2023 Per Capita Credit				\$ 21,410,912	
2023 National Pool Credit				\$ -	



2023 Returned Credit	\$	-
Less forward Commitment from 2022	\$	(6,102,279)
TOTAL credit to allocate	\$	15,308,633
2023 credit allocated (all pools)	\$	-
Forward commitment of 2023 credit		

# 9% COMPETITIVE HOUSING TAX CREDIT POLICIES

Washington State Housing Finance Commission  
Approved June 22, 2023

*2024*

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## 1. Overview

The 1986 Tax Reform Act created the federal low-income housing tax credit (the “Credit”), under Section 42 of the Internal Revenue Code, to assist in the development of low-income rental housing. The Tax Credit Program provides qualified owners with Credit to reduce their federal tax obligations. The Washington State Housing Finance Commission (the “Commission”) is the authorized issuer of Credits for residential rental property located in the state of Washington. The Credit is available to owners of qualified buildings and projects that meet certain low-income occupancy and rent restrictions.

### 1.1. Purpose of the Policies

The Tax Credit Program is described in three separate documents: The Qualified Allocation Plan, the Rules, and the Policies. All these documents are available online at <https://wshfc.org/mhcf/9percent/app.htm>.

Pursuant to the requirements of the Internal Revenue Code Section 42(m)(1)(B), the Commission has adopted a Qualified Allocation Plan that sets forth: (i) the preferences of the Commission in allocating Credit; (ii) the selection criteria used to determine the Commission’s housing priorities; and (iii) the procedures the Commission will follow in monitoring for Noncompliance, including noncompliance with habitability standards, and notifying the Internal Revenue Service of such Noncompliance.

The Commission has also adopted rules governing the Tax Credit Program (the “Rules”). The Rules are codified in Washington Administrative Code 262-01-130. The Rules set forth the principles by which the Commission administers the Tax Credit Program and to which all Applicants to the Tax Credit Program will be bound.

In addition, the Commission has published these Policies. RCW 34.05.230(1) provides that “an Agency is encouraged to advise the public of its current opinions, approaches, and likely courses of action by means of interpretive or policy statements.” The Policies are intended to be these interpretive or policy statements. The Policies are intended to provide guidance to Applicants and to Commission staff, but they are not binding on the Commission and do not have the force of a Rule.

The Policies describe the process and criteria that will be used by Commission staff to evaluate and rank projects for recommendations for Credit reservations and allocations.

The Policies also describe the conditions, limitations, and requirements that must be satisfied for a project to be eligible for a Credit reservation, carryover allocation and final allocation.

If there is a conflict between any requirement, condition, definition, or restriction of the Qualified Allocation Plan, the Rules, or the Policies and the requirements of the Code, the more restrictive one will apply, as determined by the Commission.

#### 1.1.1. Program Values

Program Values are used as a framework to guide Tax Credit Program policy development, including determining how projects are prioritized. Program Values for the Tax Credit Program include the following:

- Advance Racial Equity

- Align Resources
- Meet Affordable Housing Needs Everywhere
- Ensure High-Quality and Affordable Housing for Residents in the Long Term
- Use Our Limited Resources Efficiently
- Prioritize Populations Who Most Need Help
- Foster Healthy and Sustainable Homes in a Changing Climate

For more information on the Commission’s 9% Program Values, see the 9% Tax Credit Program Values Statement published on our website: <https://www.wshfc.org/mhcf/9percent/app.htm> .

### 1.2. Approval and Effective Date of the Policies

Updates to these Policies are approved by resolution at a special meeting of the Commission and are in effect once approved until they are amended, revoked, or superseded by action of the Commission, which will ordinarily take the form of a resolution approved at a special meeting of the Commission. The Policies will apply in their entirety to all Applications submitted on or after their effective date. In addition, the Policies apply to all projects for which the Commission has executed a Credit Reservation and Carryover Allocation Contract (“RAC”), or Regulatory Agreement, or issued an IRS Form 8609, as determined by the Commission. Please contact the Multifamily Housing and Community Facilities Director (“MHCF Director”) for clarification regarding the application of the Policies to a project. The MHCF Director will determine the applicability of the Policies to projects.

### 1.3. Administration and Interpretation of the Policies

Commission staff is authorized to administer, interpret, and clarify the Policies. In addition, staff has authority to administer and interpret the Code and the treasury regulations, subject to any formal written guidance, rulings or precedent received from the IRS or from court decisions.

The decisions to reserve and to allocate Credit to a project rest solely with the Commission. All projects receiving reservations or allocations must comply with the Code, specifically Section 42 of the Code, together with the restrictions, conditions, and requirements of the Tax Credit Program, which may be more restrictive than Section 42 of the Code.

The Policies should not be construed as impairing or limiting the rights of the Commission, or act to release a Tax Credit Program participant from any of the covenants, terms, obligations, duties, or conditions that apply to the participant as a result of entering into any agreement or contract. The Commission may bring a legal action against the participant as it may deem necessary or prudent if the participant fails to perform any obligation or provision, or term under any document, agreement, contract, or under any provision of law.

The Policies are subject to change by the Commission, based on, among other things, developments in federal or state law. The Commission may modify the Policies, as well as the forms, legal documents, and other material used by the Tax Credit Program, at any time determined by the Commission to be

necessary and appropriate. It is necessary to stay informed of the actions of the Commission that may amend the Policies. A participant may ask Commission staff for specific information or assistance.

The Commission sends regular program announcements including Policy updates to an email list that is open to all interested parties. To be included on this list, sign up using the following linked sign-up form at <https://confirmsubscription.com/h/t/7F94F7F7C67B7B72>.

#### 1.4. Definition of Terms

The definitions of capitalized terms used throughout the Policies can be found in the Glossary. All chapter, section, and page references refer to the Policies, unless otherwise specified. In addition, the Policies, the RAC and the Regulatory Agreement use terms that are defined or used in Section 42 of the Code.

#### 1.5. Program Documents and Forms

The application packet for Credits, the Qualified Allocation Plan, the Rules, and the Policies are available online at <https://wshfc.org/mhcf/9percent/app.htm>. Likewise, sample copies of primary legal documents such as the RAC and the Regulatory Agreement are available upon request. Keep in mind that the legal documents that a participant is required to execute to participate in the Tax Credit Program may vary from the sample documents.

#### 1.6. Application Schedule and Deadlines

The Commission will announce deadlines for receiving Applications by public notice to all interested parties registered on the Tax Credit Program's public information list kept by the Commission. To be included on this list, sign up using the following linked sign-up form at <https://confirmsubscription.com/h/t/7F94F7F7C67B7B72>.

Application materials may be obtained from the Commission's website at <https://wshfc.org/mhcf/9percent/app.htm>.

#### 1.7. Correspondence

All the Commission's correspondence will be sent to the contact person identified in the Application. Be sure to notify the Commission in writing of any changes of the contact person or address.

#### 1.8. Public Records Act Notice

Materials and information submitted to the Commission are subject to public disclosure unless otherwise exempt from disclosure under the Washington Public Records Disclosure Act (RCW 42.17 et seq.). No assurances can be given that any materials provided can be protected from public review and copying.

#### 1.9. Waivers

If the Commission fails to act in accordance with the Policies, that should not be considered a waiver by the Commission of a project, person, or entity's compliance with the terms and provisions in the Policies, or establish a precedent for any other project, person, or entity. In any event, no waiver, modification, or change in the Policies will be binding unless it is in writing and signed by an agent of the Commission.

## 2. General Requirements

The Commission has established the following requirements and disclosures with respect to selecting projects for Credit reservations and allocations. These requirements and disclosures, in addition to the other conditions and requirements described in these Policies and the Commission's legal documents, must be satisfied to obtain, and maintain Credit reservations and allocations.

### 2.1. Identity of interest

The Applicant will be required to disclose to the Commission whether certain financial, familial, business, or similar relationships exist between or among the parties participating in the development and operation of the project (i.e., whether an "Identity of Interest" exists). This disclosure shall be made when the Application is filed and at such other times during the development and operation of the project as determined by the Commission.

### 2.2. Misrepresentation and Fraud

The Commission may disqualify an Application and project and cancel a Credit reservation and carryover allocation, if the Applicant, a Principal, or any participant makes a material misstatement, omission, or misrepresentation to the Commission, or has been convicted of fraud, theft, or other criminal activity involving the misappropriation of funds, false certifications, financial improprieties, or the like.

### 2.3. Financial Solvency and Litigation Status

As part of the Application and at such other times as required by the Commission, the Applicant must provide a certification with respect to the financial solvency of the Applicant, the project and certain project participants in the form required by the Commission.

If the certification discloses any financial difficulties, risks, or similar matters that the Commission believes might substantially impair or harm the successful development and operation of the project as a qualified low-income housing project, the Commission may:

- refuse to allow the Applicant to participate in the Tax Credit Program;
- reject or disqualify an Application and cancel any Credit reservation and carryover allocation; or
- demand additional assurances that the development, ownership, operation, or management of the project will not be impaired or harmed (such as, performance bonds, pledging unencumbered assets as security, opinions of financial solvency by an independent certified public accountant, or such other assurances as determined by the Commission).

The Applicant must also disclose throughout the development and operation of the project if there is a material change in the matters addressed in the certification.

### 2.4. Legal Counsel and Professional Representatives

The Applicant may not engage or use the Commission's legal counsel in any matters related to the Application or project, including but not limited to representing the Applicant regarding:

- the acquisition or lease of any land or buildings intended to be part of the project;
- the organization of the ownership entity;
- the preparation of any tax opinion;
- participation in the financing or syndication process;
- the Commission's administrative rules and policies;

- project evaluation, review, recommendation, selection, monitoring, and/or cancellation; and
- establishment, administration, or enforcement of the Commission’s Contracts.

In addition, the Applicant must provide the names of the Applicant’s developer, project management consultant, property management consultant, architect, legal counsel, tax advisor, accountant, and syndicator. The Commission may require the Applicant to retain legal counsel or other representatives that are in addition to, or different than, the above parties. For example, an Applicant may be required to change a consultant if the Commission believes that the proposed consultant lacks sufficient experience with the Tax Credit Program. It may also happen if the proposed party has made misrepresentations or misstatements to the Commission or has violated or breached any of the specific provisions or intent of the Tax Credit Program (such as furthering themselves or their clients by taking excessive fees or advocating positions that are insupportable given the terms, conditions, and requirements in the Policies and in the Code).

### 2.5. Project Changes

An Applicant must notify the Commission of any change in a project. An Applicant must notify the Commission in writing at least 30 days in advance of any material change in a project and must obtain the Commission’s written consent to the proposed change. A “material change” includes, but is not limited to, a change in:

- the number of buildings or units
- the project contact person
- the Identity of Interest disclosure
- the Development Team
- legal counsel or another professional representative’s information
- the project's Total Project Costs
- a financing source (whether debt or equity)
- operating revenue or expenses for the project of more than 10%
- anything that would result in a loss of Allocation Criteria points

The MHC Director will decide whether a change in a project is material.

The Commission will consider and may approve a material change to a project, if the change is consistent with the Code and the Tax Credit Program and does not decrease the total number of Allocation Criteria points for the project. The Commission will not approve a material change in the project's location or site.

The request for approval of a material change in a project must be submitted in writing and include a narrative description and other supporting documentation, plus the applicable revised pages of the Application. If the Commission grants the request, it may reduce the Credit allocation to the project to the extent that the change results in a decrease in the equity gap or in the adjusted basis, eligible basis, or qualified basis of the project.

The Commission will consider a change in the actual Allocation Criteria for which a project has received Allocation Criteria points only if (i) the project or Applicant qualified for the Allocation Criterion when the Application was submitted; (ii) the Allocation Criterion is no longer feasible through no fault of the Applicant; and (iii) the Applicant can substitute another Allocation Criterion that results in an equal or

greater number of Allocation Criteria points. Aside from this exception, the Commission will not consider a project change after the original submission of an Application if it affects project eligibility for Credit, Allocation Criteria points, or project rankings.

Generally, all direct or indirect project transfers or assignments require the prior written consent of the Commission, as set forth in Chapter 9 of the Policies.

## 2.6. Selection of Tax Credit Factor

The Applicant is responsible for providing the Commission with the Tax Credit Factor that the Applicant believes will be achieved when the Credit is sold. The Commission will establish a minimum Tax Credit Factor based on its evaluation of the equity market.

The Tax Credit Factor represents, on a percentage basis, the value of the Credit dollar amount available for the Total Project Costs (i.e., the amount paid by the investor for each one dollar of Credit). The Applicant's selection of the Tax Credit Factor in the Application establishes the minimum Tax Credit Factor. The Tax Credit Factor must reflect an ownership percentage of 100%. Once selected, the Commission will use the Tax Credit Factor from then on when it calculates the Credit reservation and allocation to any building in a project, except as noted below. Consequently, the Applicant should be sure to research the market to determine an appropriate Tax Credit Factor.

If the proceeds from the sale of the Credit are more than projected in the Application, then, as provided in WAC 262-01-130(7), the Commission will reduce the Credit amount to the minimum amount necessary for the project to be financially feasible and viable as a qualified low-income housing project. In calculating the amount of Credit, if the actual Tax Credit Factor is higher, the Commission will use the actual Tax Credit Factor achieved from the sale of the Credit rather than the Tax Credit Factor in the Application. Consequently, the amount of Credit actually allocated to a building may be reduced below the amount initially reserved.

The Applicant should be aware that a final Tax Credit Factor that is lower than the figure included in the Application might result in a loss of Credit for the project. In that case, the Applicant must demonstrate that the project is both financially feasible and viable with the reduced amount of Credit. The Commission may disqualify the Project/Application and cancel the Credit reservation or allocation if the Applicant cannot do this. For example, the Applicant may have to provide evidence that it has secured other sources of funds to fill the remaining equity gap. Such alternative sources could also result in a decrease of Credit.

In characterizing the anticipated tax credit proceeds and the corresponding Tax Credit Factor listed in the application, Applicants may be asked to substantiate, to the satisfaction of the Commission, the projected tax credit pricing. If required, Applicants must provide evidence that the Tax Credit Factor listed in the Application has a reasonable likelihood of being achieved given the known conditions of the current equity market.

## 2.7. Housing Credit Percentage

December 18, 2015, Congress approved a bill that permanently extends the minimum LIHTC rate at a fixed 9% rate for new construction and substantial rehabilitation projects. As enacted by the Consolidated Appropriations Act 2021, under Section 42(b)(3), the applicable percentage for LIHTC allocations made after Dec. 31, 2020, shall not be less than 4%. This applies to any building that receives

an LIHTC allocation after Dec. 31, 2020, and in the case of any building any portion of which is financed with an obligation described in IRC Section 42(h)(4)(A), any such building if any such obligation which so finances such building is issued after Dec. 31, 2020. For applicable rates, see the Housing Credit Percentages published on our website: <https://www.wshfc.org/mhcf/9percent/app.htm>

## 2.8. Feasibility and Viability Analysis

The Commission is required to limit Credit allocated to a project to the amount it determines is necessary for the financial feasibility and viability of the project. The Commission is required to perform this analysis at each of the following times:

- when the Applicant applies for Credit;
- when the Commission makes a carryover allocation by entering the RAC; and
- when each building in the project is placed-in-service.

To allow the Commission to perform these analyses, the Applicant is required to submit, among other things, (i) a comprehensive development budget showing all sources and uses of funds and the total financing plan for the project and (ii) a fifteen-year operating pro forma for the project. The form and detail of each of the budgets must be satisfactory to the Commission and must be consistent with provisions of Treasury Regulation 1.42-17.

The Commission will review the reasonableness of the development and operating budgets submitted by the Applicant. It may require that the Applicant submit documentation to substantiate that any or all a project's revenue or costs are reasonable and appropriate. In addition, the Applicant may be required to submit a copy of an appraisal with an effective date within 6 months of the Application to establish the value of the land for a project. Even if the land cost is adequately supported by an appraisal, all or a portion thereof may be treated as Developer Fee (which could have the effect of reducing eligible basis). Further, the maximum amount of Credit allowable to a project is subject to the other limitations of the Tax Credit Program, such as the Tax Credit Program Limits set forth in Chapter 3.

Credit pricing is a critical component of assessing and underwriting the appropriate amount of allocation to each project. The Commission's QAP and WACs also require that the Commission give weight to projects which maximize the use of the tax credit. (WAC 262-01-130(5)(i); QAP II.B(j)).

Based on the feasibility and viability analyses performed by the Commission, the amount of the Credit reservation and carryover allocation may be less than the amount set forth in the Commission's initial project approval, and the amount of the final Credit allocation reflected in Form 8609 may be less than the amount of the Credit reservation and/or carryover allocation.

## 2.9. Credit Reservation and Carryover Allocation

All projects that receive an allocation of credit will receive a carryover allocation. To receive a carryover allocation, the Applicant must meet all the Credit reservation and carryover allocation requirements in Chapter 7 of the Policies. If any building in the project will be placed-in-service in the same year as the Application, that building does not need a carryover allocation, but the Applicant will be required to comply with all the placed-in-service allocation requirements before the end of the calendar year, in addition to meeting other requirements.

All Credit carryover allocations will be made on a "project" basis. The Credit reserved or allocated is the lump sum amount available to each qualified building in the project. The actual amount of Credit

available for any specific building will be apportioned from the lump sum carryover allocation of credit and determined when that building satisfies the placed-in-service allocation requirements.

#### 2.10. Equity Closing

The Applicant is required to give the Commission at least 30 days' notice of the scheduled Equity Closing. At least 10 days prior to the scheduled Equity Closing but after the general contractor bids have been received, the Applicant must submit the Project's final development budget, final sources of funds, and documentation to substantiate the final Credit pricing. Using the final budget, Commission staff will evaluate the balance of sources and uses and set the final Developer Fee (see Section 3.7 and 3.8).

#### 2.11. Regulatory Agreement

As a condition of receiving an allocation from the Commission, the Applicant must enter into a Regulatory Agreement that applies to each building in the project. The Regulatory Agreement addresses, among other things, the requirements of Section 42 of the Code, federal and state law, the Tax Credit Program, and the Commitments made in the Application and the RAC.

Generally, the provisions of the Regulatory Agreement will apply for a period of 30 years from the date the project is placed-in-service (the 15-year compliance period and an additional 15-year period, referred to as the "extended low-income use period"). However, if the Applicant makes a commitment for an Additional Low-Income Housing Use Period, the duration of the 22 years beyond the 15-year compliance period. If the Applicant opts for the longest extension, the total Project Compliance Period would be 37 years.

Termination of the Regulatory Agreement will occur prior to the expiration of the extended low-income use period or Additional Low-Income Use Period only under very limited circumstances. In this respect, and many others, the requirements of the Regulatory Agreement are stricter than the provisions of Section 42 of the Code.

The Regulatory Agreement must be recorded as part of the Equity Closing. It must be recorded in first lien position as a restrictive covenant running with the land and binding upon the Applicant's successors in interest. To ensure the Commission's Regulatory Agreement is in first lien position, the Applicant must prepare and record a Priority Agreement at the Project's expense in a form acceptable to the Commission, and executed by the Applicant, the Commission, and all lienholders on the Project. The Priority Agreement must specify that the lienholders' security interests are subordinate to the interests of the Commission as shown in the Regulatory Agreement.

If documents with monetary liens are recorded prior to the Regulatory Agreement, those documents must be subordinated to the interests of the Commission as shown in the Regulatory Agreement.

If the Applicant has established a long-term lease in lieu of ownership, the owner of the land and holders of any liens and encumbrances that are secured by a recorded mortgage or deed of trust against the land and the improvements on it before the Regulatory Agreement is recorded must execute and record a subordination agreement in a form approved by the Commission. The subordination agreement shall specify that the owner's interest is subject to, and any other parties' security interest is subordinate to, the interests of the Commission as shown in the Regulatory Agreement.



## 2.12. Final Allocation and Form 8609

For projects receiving a carryover allocation, the Applicant will have until the deadline(s) set forth in the RAC to ensure that each building in the project is placed-in-service and meets all the placed-in-service allocation requirements in Chapter 8 of the Policies. If the Applicant complies with the terms and conditions of the RAC and all other requirements of the Tax Credit Program, the Commission will make a final allocation of Credit for each qualified building by issuing IRS Form 8609.

## 2.13. Minimum and Additional Low-Income Housing Commitments

The Tax Credit Program includes two low-income housing Commitments: (i) the minimum low-income housing commitment required by Section 42 of the Code and (ii) the Additional Low-Income Housing Commitment, a voluntary election under the Commission's Allocation Criterion. Both Commitments are made when the Application is submitted and are irrevocable and binding upon the Applicant and the Applicant's successors in interest.

The Applicant must choose one of the following minimum low-income housing commitments:

- 40-60 Minimum Test, where at least 40% of the total housing units in a project must be rented to residents with incomes at or below 60% of the AMI adjusted for household size; or
- 20-50 Minimum Test, where at least 20% of the total housing units in a project must be rented to residents with incomes at or below 50% of the AMI adjusted for household size.
- Average Income Test, which allows units to serve households earning as much as 80% of the AMI if the average income/rent limit in the property is 60% or less of AMI.

The Commission will review requests to use the Average Income Test (AIT) minimum election on a case-by-case basis. Re-syndications and projects with market rate units are ineligible for AIT. When requesting approval for AIT, the Applicant must submit the following:

- Complete AIT worksheet (based upon the Novogradac form) showing AMI percentages for each designated unit type.
- Written consent of the AIT election from the proposed lender(s) and equity investor and any other anticipated funding sources.
- Market study that incorporates the AIT designations and shows adequate demand or all possible combinations of unit sizes and percent limits.
- Statement from the owner agreeing to AIT compliance.

The income limits for the selected minimum low-income housing commitment apply to any low-income housing unit in the project. Each low-income housing unit must be rent-restricted, with the maximum gross rent not to exceed 30% of the applicable AMI.

### 2.13.1. Criteria for Income Averaging

Income Averaging is allowed on a "case by case" basis with the following:

- Submit a plan and unit configuration, using the spreadsheet created by Novogradac, showing that the unit configuration meets the income averaging; all buildings must have the same election. It is an Asset Management & Compliance (AMC) requirement that all buildings be treated as part of the same 'project' on 8609s. This is in Appendix Q of Tax Manual. Owners electing Income Averaging (IA) as the minimum set-aside for projects with more than one

building must elect to treat each building as part of one multiple building project by selecting “yes” on line 8b of the IRS Form 8609. Owners must also attach a list showing all buildings at the property within one project.

- Get written agreement from the investor and any other public or private funders.
- Market study would need to address income mix.
- Commit and agree in writing to the compliance implications, as we understand them at the time of commitment.
- Not available for re-syndications or mixed income projects (with market rate units).

In addition, if the Applicant voluntarily selects an Additional Low-Income Housing Commitment, the Applicant is making a Commitment that may involve a lower percentage of AMI for all or a selected portion of the total low-income housing units in the project. These housing units must be rented for no more than 30% of the applicable AMI.

If the Applicant makes a Commitment to have an applicable fraction of 100%, then 100% of the total housing units in the project will be rent-restricted and rented to qualified low-income residents at the applicable AMI of the minimum low-income housing commitment.

EXAMPLE: The Applicant chooses a minimum low-income housing Commitment of 40/60:

- at least 40% of the total housing units (low-income units plus market rate units) in the project will be rent-restricted and rented to qualified low-income residents with incomes at or below 60% of AMI; and
- all the low-income housing units in the project will be rent-restricted and rented to qualified low-income residents with incomes at or below 60% of the AMI.

For this Application to score Allocation Criteria points for the Additional Low-Income Housing Commitment, an Applicant must commit certain percentages of the total low-income housing units to income levels below the minimum low-income housing commitment. Continuing with the example above, the Applicant may commit to 40% of the total low-income housing units for households at or below 30% of the AMI and 30% of the total low-income housing units for households at or below 40% of the AMI. Thus, the Applicant will qualify for 58 Allocation Criteria points (60 points in a lower income county, see Section 6.2) and the Applicant’s combined Commitments will have the following effect:

- 40% of the total low-income housing units will be rent-restricted and rented to residents with incomes at or below 30% of the AMI;
- 30% will be rent-restricted and rented to residents with incomes at or below 40% of the AMI; and
- the remaining 30% of the low-income units will be restricted at 60% of the AMI.

During the Project Compliance Period, the Applicant may only rent low-income housing units to residents who are income-eligible at initial occupancy in the project. More specifically, a low-income housing unit must remain vacant until the Applicant can rent it to a resident that meets the income eligibility criteria of the minimum low-income housing commitment and/or the Additional Low-Income Housing Commitment, as applicable.

In determining the maximum gross rent for a low-income housing unit, the Applicant must include the utility allowance. The actual rent cannot be greater than the maximum applicable gross rent less the

utility allowance. However, gross rent does not include HUD Section 8 or any comparable rental assistance payments.

#### 2.14. Utility Allowances

Please note points for alternate utility allowances (UA) have been removed starting with the 2021 9% Competitive Housing Tax Credit Policies. However, applicants are still welcome to submit an alternate UA based on Method 8 from Appendix O of the Tax Credit Compliance Manual.

If the project is planning to use Method 8, a Commission approved energy modeling consultant must submit a UA modeling plan in Tab 11 of the tax credit application. Because the final energy consumption model UA schedule will not be available, the local PHA Section 8 UA can be used to complete Section 8 of the application.

\*Any LIHTC projects layered with Project-Based Section 8 or which are otherwise restricted by HUD or RD cannot use alternate UA schedules. Those projects must use the applicable PHA Section 8 UA schedule or other HUD or RD approved utility allowance schedule.

If any of the low-income housing units are receiving rental assistance at the time of Application or if the Applicant has a commitment for rental assistance on any housing units in the project, the Applicant must provide a copy of the applicable rental assistance documentation or the commitment specifying the number of housing units, dollar amount, length of time, and any other significant details.

#### 2.15. Developer Fee and Eligible Basis Limitations

Generally, that portion of the developer fee related to the construction or rehabilitation of a low-income building is capitalized as part of the building's basis and, therefore, is eligible for Credit. The portion of the developer fee that is attributable to the acquisition of the land is ineligible for credit.

In the case of an acquisition/rehabilitation project, the developer fee must be allocated among the various project components. For example, the portion of the developer fee that is earned with respect to the acquisition of the land is ineligible for Credit. The portion of the developer fee earned for the acquisition of the existing building may be eligible for the 4% credit.

Generally, expenses for activities occurring prior to the start of construction must be allocated to land and are excluded from eligible basis, unless a written explanation justifying an alternative treatment is included with the Application and with the Independent CPA's certification regarding the project's eligible basis and the qualified basis as well as the sources and uses of funds.

Specifically, amounts incurred for legal and professional fees, real estate transfer taxes, closing costs, title insurance, loan origination fees and points are ineligible. Similarly, land surveys, appraisals, demolition of existing structures, abatement of environmental hazards, escrow fees, filing fees, pre-construction period interest expense capitalized in accordance with Section 263A of the Code, Partnership organizational fees, and the like are also ineligible for Credit.

#### 2.16. Compliance With Law and Commitments

The Applicant must agree that each building in the project will be owned, managed, and operated as a residential rental property consistent with Section 42 of the Code, federal law, the laws of the state of Washington, and the Commitments. The RAC and the Regulatory Agreement will set forth specific covenants, representations, and warranties of the Applicant regarding these and other undertakings.

### 2.17. Use of Commission's Contracts, Agreements, and Other Legal Documents

As provided in WAC 262-01-130(9), an Applicant must use the Commission's forms of legal documents, forms, and other materials.

The Commission's documents are not subject to negotiation. However, the Commission is willing to consider revisions that improve the accuracy and clarity of the material.

An Applicant or other participant in the Tax Credit Program may ask to revise or amend the language of the RAC, the Regulatory Agreement, or other documents of the Tax Credit Program if it finds an error, contradiction, or similar problem in the data or language of the documents. The request must be in writing and include any relevant documentation or support for the requested amendment.

### 2.18. Project Disqualification/Cancellation

The Commission may disqualify the project and Application as well as cancel the Credit reservation and carryover allocation for the project if:

- The Applicant fails to comply with the requirements and policies of the Commission, including these Policies; or
- The Applicant fails to comply with the terms, conditions, obligations, and restrictions in the Application, the RAC, or other legal documents for the project.

The Commission will have no duty or obligation to the Applicant, the lender, or investor upon termination of the project, Credit reservation, or carryover allocation and will bear no liability for the consequences of such termination or decrease of Credit. Furthermore, if the Applicant defaults, the Commission may bring an action to enforce the terms of its agreements or contracts or seek recovery for damages.

### 2.19. Enforcement

If an Applicant or project owner fails to comply with the QAP, the Policies, the RAC or the Regulatory Agreement, such Noncompliance will be considered an event of default and the Commission will be entitled to exercise any of the rights and remedies it may have under the Tax Credit Program. In addition, the Commission will be entitled to the rights and remedies it has the authority to exercise by law.

The Commission may prosecute any proceeding of law to seek recovery of monetary damages for the Applicant's failure to carry out and fulfill any contract entered into in connection with the Tax Credit Program. The Commission, if it prevails, will be entitled to its reasonable costs, disbursements, and attorneys' fees, together with all expenses it may have reasonably incurred. In addition, the Applicant should understand that the Commission is required to report events of Noncompliance to the IRS regardless of whether the Noncompliance is corrected.

In addition, any resident or potential resident who meets the income limitations for the minimum low-income housing commitment or the Additional Low-Income Housing Commitment for the project, and/or meets the qualifications or restrictions for a Special Needs Housing Commitment, may bring suit to enforce the terms, conditions, obligations, restrictions, covenants, representations, and warranties in the Regulatory Agreement. These persons may be a former, present, or a prospective resident of the project. These persons' rights are more explicitly set forth in the Regulatory Agreement.

Nothing in the Policies, the RAC or the Regulatory Agreement is intended, or should be construed, to create a duty or obligation of the Commission to enforce any term or provision of the Policies, the RAC, Regulatory Agreement, or any other Tax Credit Program document on behalf of, at the request of, or for the benefit of, any former, present, or prospective resident. The Commission assumes no direct or indirect obligation to any former, present, or prospective resident for violations by the owner or any other party.

#### 2.20. Debarment

Under certain circumstances, the Applicant or other parties associated with the Project may be barred from participating in the Commission's Tax Credit Program. The debarment rules and procedures are set forth in WAC 262-03-040. The rights and remedies of the Commission under the Tax Credit Program, the Policies, the RAC, the Regulatory Agreement, and other Tax Credit Program documents for breach and/or Noncompliance are in addition to, and not in lieu of, the rights and remedies the Commission has authority to exercise by statute, rule, or regulation, including, but not limited to, the debarment rules.

#### 2.21. Indemnification

As a condition of submitting an Application, the Applicant agrees to at all times defend (with counsel reasonably acceptable to the Commission), indemnify and hold harmless and release the Commission, its successors and assigns, including their respective members, officers, employees, agents and attorneys, from and against any and all claims, suits, losses, damages, costs, expenses and liabilities of whatsoever nature or kind (including but not limited to attorneys' fees, litigation and court costs, amounts paid in settlement, amounts paid to discharge judgment(s), and any disallowance of tax benefits) directly or indirectly resulting from, arising out of, or related to:

- the financing, acquisition, construction and/or rehabilitation, syndication, sale, management or operation of the project;
- any Noncompliance or failure to perform any covenant under the Application, the RAC, the Regulatory Agreement or any other Tax Credit Program document (collectively "Tax Credit Program Documents") (whether or not cured);
- any breach of a representation, warranty or covenant in a Tax Credit Program Document;
- any other act or omission (whether or not cured) constituting a default under a Tax Credit Program Document; or
- the enforcement by the Commission, its successors and assigns of the Commission's rights and remedies under a Tax Credit Program Document or any Tax Credit Program Document.

An indemnified party may monitor and participate in the defense of any claim or suit and may select any law firm to do so. This may include any level of participation the indemnified party wants. The Applicant will promptly reimburse the indemnified party for all attorneys' fees, litigation and court costs, amounts paid in settlement, and other sums as described above that are incurred by the indemnified party.

Furthermore, as a condition of applying, the Applicant waives any right to bring legal action, on the Applicant's own behalf or on behalf of any other party, against the Commission for any matter for which the Applicant agrees to indemnify and hold harmless the Commission.

### 3. Program Limits

The Commission has established the following program limits (the “Program Limits”) for selecting projects for Credit reservations and allocations. The Applicant should demonstrate in the Application compliance with all the Program Limits. In determining the amount of Credit to allocate, the Commission may reduce the budget and/or Credit to reflect the Program Limits listed below.

#### 3.1. Maximum Credit – WAC 262-01-130(7)

As required by Section 42 of the Code, the Commission will allocate no more than the minimum amount of Credit needed to ensure that the project will be financially feasible and viable as a qualified low-income housing project throughout the credit period.

As part of the Commission’s Credit determination, the Commission will evaluate each project based upon the project’s feasibility and viability which includes examining the development and operational costs of each project as well as the market need and demand.

#### 3.2. Total Development Cost Limit – WAC 262-01-130(8)(a)

Given the finite resource of the Housing Tax Credit, the primary objective of the Total Development Cost Limit policy (“TDC Limits”) is to balance cost containment with promoting quality development. Meaningful cost containment policies are essential to the future success and continued credibility of the Housing Tax Credit program.

Requests for utilizing different TDC limits may be determined on a case by case basis.

##### 3.2.1. King County and Seattle TDC Limits

Projects located in King County are subject to the King/Seattle TDC limits. If a scattered site project is in an additional county(ies), units outside of the King/Seattle area will be subject to Metro, Pierce and Snohomish or Balance of State TDC limits, depending on its geographic location.

##### 3.2.2. Pierce, Snohomish and Clark TDC Limits

Projects located in Pierce or Snohomish or Clark Counties are subject to the Pierce, Snohomish and Clark TDC Limits. If a scatter site project is in an additional county(ies), units outside of Pierce or Snohomish or Clark Counties will be subject to King/Seattle, Metro or Balance of State TDC limits, depending on its geographic location.

##### 3.2.3. Metro TDC Limits

Projects located in Thurston, Whatcom and Spokane counties are subject to the Metro TDC limits. If a scattered site project is in an additional county(ies) that does not include King, Pierce, Clark or Snohomish Counties, units outside of the Metro area will be subject to the Balance of State TDC limits.

##### 3.2.4. Balance of State TDC Limits

Projects not located in the King/Seattle, Pierce/Snohomish/Clark; or Metro TDC limit areas, as set forth above, are subject to the Balance of State TDC Limits.

##### 3.2.5. Permanent Supportive Housing for the Homeless

Projects located in the Balance of State TDC area that commit at least 50% of their units as Permanent Supportive Housing for the Homeless may use the Metro TDC limits.

Projects located in the Metro TDC area that commit at least 50% of their units as Permanent Supportive Housing for the Homeless may use the Pierce/Snohomish/Clark TDC limits.

Projects located in the Pierce/Snohomish/Clark TDC area that commit at least 50% of their units as Permanent Supportive Housing for the Homeless may use the King/Seattle TDC limits.

### 3.2.6. Urban Project TDC Limit Increase

Projects located in any county other than King County that fit the definition of an Urban Project set forth below, may request to be allowed to use the Total Development Costs limits one category higher than their current category. For example, a proposed project in the Balance of State TDC Area meeting the “Urban Project” definition, may request to apply under the TDC Limits for the Metro TDC Area.

Urban Projects are defined as those that have three or more of the following and are within a designated urban growth area:

- Located within the city limits
- Located in or near a central commercial zone or downtown core
- More than 4 stories
- An elevator
- Required structured parking<sup>1</sup>
- Maximizes density either through increased number of bedrooms per unit or units per acre
- Specific high-cost design elements meeting city neighborhood plans and infill goals
- Area Designated as a Difficult to Develop Area (DDA)

If the Commission grants an increase to a project’s TDC Limits, the project may still compete for Cost Containment Incentive points (see Section 6.8) as follows:

TDC Limit Points: The project may compete for these points by using the increased TDC Limits.

Median Square Footage Point: The project will be evaluated against other projects from its geographic credit pool defined in Section 5.2.2.

### 3.2.7. TDC per Unit Limit Schedule

To be able to be as responsive as possible in a volatile cost environment, the Commission will publish a TDC per Unit Limit Schedule to its website rather than have it set in policy.

A Project’s Total Development Cost Limit is the sum of the total number of units of each bedroom size multiplied by the cost limits of that bedroom size. Total Development Cost is defined as the Total Residential Project Cost minus the cost of land, the costs associated with offsite infrastructure improvements and the capitalized reserves as detailed below. All units (low-income, market-rate and common area units) are to be included in the calculation.

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<sup>1</sup> Structured parking is defined as an above-grade or underground structure specifically designed for vehicle parking.

The cost of land is subtracted out. Additional costs associated with the land including, but not limited to, closing costs, infrastructure, site work or purchase and sale extensions must be included in the Total Development Cost for the purposes of determining whether a project exceeds the TDC limit.

Offsite infrastructure improvements are defined as: improvements required by the City to be dedicated for use by the public and can include roads, curbs, gutter, sidewalks, storm water drainage, domestic water inflow and utilities, including utility steel casings, wiring and installation fees.

Capitalized Reserves include long-term reserves such as an operating reserve or a replacement reserve; they do not include reserves capitalized to cover the lease-up period.

Projects are subject to the Development Cost Limit Schedule in place at the time of application. As part of the Application, Projects must provide a detailed breakdown of anticipated Total Project Costs.

### 3.2.8. Waiver of the Total Development Cost Limit

In setting this policy, the Commission acknowledges that some projects will not fit within these limits despite best efforts to do so. However, it is imperative that the tax credit resource be allocated to projects demonstrating prudence when making their funding proposals. While the TDC Limit policy sets distinct limits, discretion is a critical component of this policy. Through the waiver process, the Commission may consider several potential project characteristics that can create cost levels above the published limits.

These cost influences may include, but are not limited to:

- Construction type (e.g., high-rise elevator construction, structured parking)
- Density (e.g., units per acre)
- Costs related to stated program priorities (e.g., supportive housing, large family units)
- Multi-phased projects and large-scale redevelopments
- Funded initiatives promoting design or development innovation

**However, it should be noted that an increase in labor costs is not solely enough to support a waiver request.**

Approval of the TDC waiver request is at the sole discretion of the Commission. The existence of the above factors should not be construed as a guarantee of waiver approval.

Projects requesting a waiver of the Total Development Cost Limit must submit a TDC Limit Waiver Request Form with required attachments 60 days prior to submission of the Application.

Applications submitted that exceed the Total Development Cost limit without an approved waiver will be disqualified and not considered further.

Waiver requests will be evaluated to determine whether additional costs are reasonable and justifiable under the circumstances, attributable to unique development characteristics, and consistent with the housing needs and priorities identified in the Policies.

Total Development Cost Limit Waivers will remain valid only for the current year's application. In addition, should a Project receive a waiver under these policies but then subsequently reapply for credit under a different set of policies, then a new waiver must be requested. For example, a Project that



receives a TDC Limit Waiver under these 9% policies but then reapplies for credit under the Commission's 4% tax credit/tax-exempt bond policies must apply for a new TDC Limit Waiver.

If a Project exceeds the Total Development Cost Limit by 20% or less, the waiver is subject to the approval of the MHCF Director. If a Project exceeds the Limit by more than 20%, the waiver must be approved by the Executive Director prior to the submission of the Application.

### 3.2.9. Total Development Cost Limit Exemption

In setting this policy, the Commission acknowledges that occasionally a project requesting tax credit funding will not fit within these limits due to extraordinary circumstances. In those rare cases, the Commission may grant a one-time exemption to the TDC limits.

Some examples of extraordinary circumstances could include historic districts and historic tax credits, seismic retrofit, hazardous material abatement, and other issues faced by projects that consist of an adaptive reuse of an existing site/building.

Projects requesting an exemption from the Total Development Cost Limit must make an initial exemption request by submitting, in writing, a request for an exemption to the MHCF Director at least 4 months prior to the Application deadline. After receipt of the initial exemption request, the MHCF Director (or staff designee) will schedule a project pre-application meeting to determine the documentation and narratives necessary to support a formal request for an exemption. If the Commission grants an exemption from the Total Development Cost Limit, the project will be subject to a project cost-analysis during the application process. The applicant can be required to submit detailed estimates of costs, which can include costs associated with abatement, demolition, seismic retrofit, structural changes, code compliance, parking and design and professional services. The Commission will determine if the project cost-analysis will be conducted by Commission staff or by a third-party reviewer. If the Commission determines that a third-party review is necessary, costs associated with that review will be borne by the Applicant.

In addition, if the project is granted an exemption from the Total Development Cost Limit, additional reporting requirements, as determined by the Commission, will be required throughout project construction. Total Development Cost Limit Exemptions are granted by the Executive Director of the Commission. Total Development Cost Limit Exemptions will remain valid only for the current year's application. In addition, the development costs associated with a project receiving an exemption shall not be used in calculation of future TDC limits.

### 3.2.10.Changes in Total Development Costs

The intent of this policy is to encourage the communication of any unanticipated changes in project costs. Any cost increases must be proactively communicated and approved by the Tax Credit Director. The Commission retains the right to disallow any future increased development cost.

### 3.2.11.Calculation of Future Total Development Costs Limits

The MHCF Division intends to annually review the TDC limits using historical internal application and cost certification data, as well as industry construction cost data. Based upon this review, the TDC limits may be modified as the MHCF Division deems appropriate.

### 3.2.12. Other Public Funders Development Costs Limitation Initiative

The Commission reserves the right to incorporate development cost containment initiatives offered by other public funders, such as the Department of Commerce or the City of Seattle, into its analysis of TDC limit waiver requests and future adjustments to its TDC limits and cost-containment policies.

### 3.3. Maximum Construction Contingencies – WAC 262-01-130(8)(b)

The maximum amount of Credit reserved or allocated to a project will be determined after limiting the rehabilitation contingency to 15% of the rehabilitation costs and the new construction contingency to 10% of new construction costs. Rehabilitation costs include rehabilitation hard costs, site work costs, and contractor profit & overhead. New construction costs include new construction hard costs, site work costs, and contractor profit & overhead.

### 3.4. Maximum Annual Credit Per Low-Income Housing Unit – WAC 262-01-130(8)(c)

The Commission uses a variable Credit Per Unit to better align the costs to develop and the credit resources needed to fill those costs. The actual dollar amount of this limit is published in Exhibit J in the Application Packet available on the website.

### 3.5. Maximum Credit Per Applicant – WAC 262-01-130(8)(d)

When the Commission determines the amount of Credit to be reserved or allocated, it will limit the (i) Applicant, (ii) the principals, (iii) the developer, and (iv) other parties directly or indirectly related to the Applicant or project (as determined by the Commission) to a maximum of 2 projects and 15% of the Per Capita Annual Authority Available in each year.

The actual dollar amount of this limit is published in Exhibit J in the Application Packet available on the website. An Applicant is subject to the limit in place at the time of application. If the factors that determine the Per Capita Annual Authority are not known by the application deadline, the previous year's population or credit rate will be used to determine the Maximum Credit per Applicant for the current year. In these instances, the limit will not be updated when the current year's numbers are known.

### 3.6. Maximum Credit Per Project – WAC 262-01-130(8)(e)

Credit reservations and allocations to a single project are limited to not more than 10% the Per Capita Annual Authority Available in each year.

The actual dollar amount of this limit is published in Exhibit J in the Application Packet available on the website. A Project is subject to the limit in place at the time of application. If the factors that determine the Per Capita Annual Authority are not known by the application deadline, the previous year's population or credit rate will be used to determine the Maximum Credit per Project for the current year. In these instances, the limit will not be updated when the current year's numbers are known.

For the purposes of this restriction, the MHCF Director may determine that it is appropriate to treat two or more otherwise separate projects, submitted by the same Applicant or by multiple Applicants, as a single project if the MHCF Director determines that the projects and/or buildings have substantially common characteristics or attributes.

In making this determination, the MHCF Director may consider, among other factors:

- location;
- plan and design;
- projected tenant base and set-asides; and
- the identity of the Applicants, owners, developers, lenders, contractors and/or other parties engaged in connection with each project.

### 3.7. Maximum Developer Fees – WAC 262-01-130(8)(f)

The Commission will only consider developer fees in the aggregate, up to 15% of Total Project Costs less reserves, Donation, Intermediary Costs, and less the requested developer fee amount. For this purpose, developer fees include all consultant fees (other than arm’s length architectural, engineering, appraisal, market study and syndication costs) and all other fees paid in connection with the project for services that would ordinarily be performed by a developer, as determined by the Commission.

The Commission will set the developer fee at the time of the Equity Closing based on the project’s final budget after construction bids have been accepted and final sources and uses have been balanced. The fee presented in the Placed-in-Service documentation may not exceed the amount finalized at closing. It is expected that a project with excess funds will return those funds to one or more of the public funders involved upon Project completion. For acquisition/rehabilitation projects where the cost of rehabilitation is less than 25% of the reasonable “as-is value” of the building, the Commission will only allow in eligible basis developer fees up to 10% of Total Project Costs less reserves, Donation, Intermediary Costs, and less the requested developer fee amount. Total rehabilitation costs consist of the budget categories of site work, rehabilitation, contractor overhead and profit, and contingency. The Commission may require the Applicant to submit a copy of a current appraisal to establish the building’s as-is value.

For this policy, Intermediary Costs, Reserves, Donation and any amounts attributed to commercial areas or other non-residential areas are not considered part of the Total Project Costs.

If there is an increase in land cost in a transaction between Related Parties or other parties with an Identity of Interest (a “Related Buyer and Seller”), the Commission may require the Applicant to submit a copy of a current appraisal to establish the land value. The Commission may limit the land costs included in the Total Project Costs. If any portion of the increased land cost in a transaction between a Related Buyer and Seller is accepted by the Commission, the amount of the increased land price will be deducted from the lesser of the developer fees listed in the Applicant’s project budget or the maximum developer fees applicable to the project. If land improvements have been completed by a Related Party or other person having an Identity of Interest to the Applicant, the work should be itemized on the project’s budget and not included as an increased land cost.

#### 3.7.1. Related Party Rehabilitation Transactions

A Related Party Rehabilitation Transaction is defined as a sale or lease of a rehabilitation project between Related Parties, parties Affiliated with each other or other parties with an Identity of Interest. The allowable Developer Fee is restricted on Related Party Transactions and may not be generated on the acquisition cost of the land and the building as represented in the budget & appraisal. The Developer Fee will be calculated using the Total Project Cost less acquisition costs, capitalized reserves, intermediary costs, and donation.

### 3.8. Maximum Consultant Fees – WAC 262-01-130(8)(f)

Consultant fees (other than arm's length architectural, engineering, property appraisal, market study, and syndication costs) must be included in the developer fees limit set forth above.

### 3.9. Maximum Contractor's Profit and Overhead – WAC 262-01-130(8)(g)

When the general contractor is a Principal, Related Party or otherwise has an Identity of Interest with the Applicant or project owner, the Commission will limit the contractor's combined profit and overhead to 10% of total rehabilitation/construction costs plus site work costs.

### 3.10. State Designated Eligible Basis Boost

The Housing and Economic Recovery Act of 2008 (H.R. 3221) authorized allocating agencies to extend the extra 130% eligible basis boost to buildings that the state designates as requiring an increase in the credit amount to be financially feasible, effective for buildings placed in service after the July 30, 2008 date of enactment. Prior to HERA, only HUD designated DDA's and QCT's were eligible for the 130% basis boost.

Buildings in DDAs or QCTs that already qualify for the "boost" in eligible basis do not qualify for an additional state designated increase.

### 3.11. Rural Projects

Projects located in Rural Areas automatically qualify for the State Designated 130% eligible basis boost. For the purposes of this policy, a Rural Area is defined as follows:

- Counties with a population of less than 90,000, except for those cities within these counties with a population of greater than 25,000. For example, Franklin County except the City of Pasco
- Counties with a population greater than 90,000 but less than 390,000 when more than an aggregated 25% of that county's population resides in one substantially contiguous metropolitan area. In this case, the county except such metropolitan area would be considered rural. For example, Yakima County except the City of Yakima

To qualify as a Rural Project, the entire project must be located in one or more of the following counties: Adams, Asotin, Benton (except Kennewick and Richland), Chelan (except Wenatchee), Clallam, Columbia, Cowlitz (except Longview), Douglas (except East Wenatchee), Ferry, Franklin (except Pasco), Garfield, Grant, Grays Harbor, Island (except Oak Harbor), Jefferson, Kittitas, Klickitat, Lewis, Lincoln, Mason, Okanogan, Pacific, Pend Oreille, San Juan, Skagit (except Mount Vernon), Skamania, Stevens, Thurston (except the cities of Olympia, Lacey, and Tumwater), Wahkiakum, Walla Walla (except the City of Walla Walla), Whatcom (except Bellingham), Whitman (except Pullman), Yakima (except the City of Yakima).

### 3.12. Non-Rural Projects

Projects outside of Rural Areas may be eligible to receive the state designated 130% eligible basis increase. Approval of this increase will be made on a case-by-case basis at the sole discretion of the Commission.

Such approval will be based upon conclusive findings made by the Commission that the basis boost is necessary for the Project to be financially feasible.

Non-Rural Projects seeking the State Designated Eligible Basis Boost must submit a Basis Boost Request Form at least 60 days in advance of the application deadline.

Examples justifying the need for a basis boost may include Projects located in areas where resources are scarce or infill projects with high land costs. A location that is considered “rural in character” alone is not a valid reason for the basis boost.

Project requesting a basis boost must be able to leverage additional funding to be eligible to request approval of a basis boost.

## 4. Minimum Threshold Requirements

All projects must meet the minimum threshold requirements listed below (the “Minimum Threshold Requirements”) by the Application deadline to be considered for a Credit reservation and allocation.

The Applicant is responsible for demonstrating to the satisfaction of the MHCF Director that the project meets all the Minimum Threshold Requirements. Projects that do not meet all the Minimum Threshold Requirements will be disqualified and will not be eligible for a Credit reservation or allocation. The Applicant may be able to request a review of this determination by the Executive Director or his designee using the procedures described in Chapter 12: Decisions and Reviews.

### 4.1. Complete Application and Appropriate Fee – WAC 262-01-130(1)

The Applicant must submit a complete, legible, and executed Application. The Applicant must include all required attachments and the appropriate Application fee by the deadlines established by the Commission. The Applicant must use the Commission’s Application forms. Please see Chapter 11 for details on the Application fee.

The Application, attachments, and Application fee must be received by the Commission at its office no later than 12:00 p.m. Pacific Standard Time on the Application deadline. No late Applications will be accepted.

The Applicant may pay the fee with a wire transfer, business or personal check, a money order, or a cashier’s check. Cash is not accepted. An Application submitted with a check that is returned for insufficient funds will be disqualified and not considered further. The check will be returned to the Applicant. The Applicant should include all the required attachments to show that the project meets the Minimum Threshold Requirements and all Allocation Criteria the Applicant has selected for the project.

Resolutions and/or consents demonstrating authority to sign must be provided for each entity that is a party to the Application. Sample authorizations are provided as Exhibit G2 and G3 to the Application Packet.

Material changes to an Application will be permitted only at the discretion of the MHCF Director. If the Applicant desires to make a material change to the Application after it has been submitted and the MHCF Director refuses to permit the change, the Application must be canceled, and a new Application and fee must be submitted before the Application deadlines referenced above. The MHCF Director will decide whether a change to the Application is material.

For purposes of considering project eligibility for Credit, satisfaction of the Minimum Threshold Requirements, project Allocation Criteria points, and project rankings, the Commission will only consider

the material and information that is included in the Application when it is first submitted, except for (i) changes permitted by the MHCF Director as described in the preceding paragraph and (ii) material accepted during a Correction Period (as described in Section B below).

#### 4.2. Correction Period

If the MHCF Director determines that an Application is substantially complete, but an item is missing, incorrect, or needs clarification, the Applicant will have five business days from receipt of written notice from the Commission to deliver the required information to the Commission. At the discretion of the Commission staff, additional time may be permitted to submit the required information. The written notice will be sent to the address of the contact person identified in the Application. If the Applicant fails to submit the required information within the required time period (including extensions), the MHCF Director may disqualify the Application.

The Correction Period does not apply to any Application that is determined to be substantially incomplete by the MHCF Director. The Correction Period provision may not be used to change the number of Allocation Criteria Points selected for a project.

#### 4.3. Requirements, Disclosures and Program Limits

The Applicant and the project must comply with all the requirements and disclosures listed in Chapter 2 all the Program Limits listed in Chapter 3.

#### 4.4. Site Control – WAC 262-01-130(2)(b)

The Applicant must have control of all land necessary for the project by the Application deadline and submit evidence of that control with the Application. Acceptable evidence of site control is a document that has a complete and accurate legal description and is either:

- a recorded deed or conveyance showing that the Applicant has ownership;
- a valid purchase and sale agreement;
- a valid option to purchase;
- a valid and recorded long-term lease;
- a valid option for a long-term lease; or
- other evidence approved in advance in writing by the Commission.

The Applicant should be sure that the name on the evidence of site control and the Application is the same. The site control document should also identify the exact same area as the project site listed in the Application and the exact same cost for the land and/or existing buildings for the project referenced in the development budget provided with the Application. If the site described in the Application and the site control document are not the same, the Applicant must provide a narrative description and supporting documentation to clarify how the area and cost for the project were established.

The Commission will only accept one Application for a specific site or for any part of the same site, regardless of whether Applications are submitted by the same Applicant or by multiple Applicants. If there is more than one Application received for the same site, or any part of the same site, the Commission will immediately disqualify all the Applications. The non-refundable Application fee for each Applicant will be retained by the Commission.

If the Commission questions the reasonableness or appropriateness of the land costs for a project, the Applicant may be required to submit a copy of an appraisal with an effective date within 6 months of the transaction and acceptable to the Commission to establish the value of the land. The Commission reserves the right to limit the land costs included in the Total Project Costs for a project when evaluating the Credit amount.

The Applicant should be aware that the Credit reservation and allocation of Credit for a project is site-specific. The Applicant must identify in the Application any changes that are anticipated in the legal description for the project site, including a narrative description and drawings to explain the planned changes (e.g., a land survey, partition, subdivision, etc.). The final legal description must be consistent with the planned site changes identified in the Application.

#### 4.5. Title Report

The Applicant must include a title report that is dated not more than 6 months prior to the Application date that shows that the ownership of the land containing each site is vested in the exact same name as either Ownership Entity or the person/entity with which the Applicant has executed an option to purchase, a purchase and sale agreement, a long-term lease option, a long-term lease, or other acceptable evidence of site control approved in advance in writing by the Commission.

The title report must identify all encumbrances and liens upon the land and include a complete and accurate legal description.

#### 4.6. Relocation Plan – WAC 262-01-130(2)(d)

If there are any tenants residing on the proposed project site, the Applicant must submit a relocation plan approved by the appropriate government authority. Be sure to review the Landlord/Tenant Act, RCW 59.18.010. The plan must be approved in writing by a local government that has jurisdiction over tenant relocation issues, such as a planning or community development department or housing authority.

In the absence of a local policy, Applicants are required to notify existing households of the proposed financing within 10 days following the real estate closing. It will be the responsibility of the Applicant to ensure proper notice is given to all existing residents and sufficiently posted in common areas of the property. Notice should include information regarding transfer of ownership and all potential restrictions on income, rent and/or populations served because of the proposed financing. Tenants must also be advised of where to obtain further information. Once notification has taken place, a copy of the notification must be submitted to the Commission.

To help minimize displacement, unit turnover will be allowed for units occupied by households with incomes at or below the 60% AMI, but above the income levels pledged in the Application. Once the Project places in service, all units must be rented at turnover to households meeting all program commitments, with the additional low-income set-asides being filled first.

#### 4.7. Consistency With State or Local Consolidated Plan – WAC 262-01-130(2)(e)

All projects must be consistent with the state or local consolidated plan at the time that the Application is submitted, and the Applicant must submit adequate evidence consistent with the Plan. Specifically, for projects located in communities covered by a local consolidated plan, the Applicant must submit a

letter from the local government planning or community development department or housing authority responsible for administering the consolidated plan.

The letter must:

- identify the current consolidated plan;
- state that the project is consistent with the consolidated plan; and
- indicate that the project is responsive to local housing needs described in the consolidated plan.

For projects in communities not covered by a local consolidated plan, the Applicant should submit a letter dated no later than 6 months prior to the Application date from the local government where the project is located which describes local housing needs and states that the project is responsive to those needs.

#### 4.8. Market Study – WAC 262-01-130(2)(c)

A complete market study must be submitted with the Application. The market study must satisfy the requirements of this chapter, the Application and Section 42 of the Code. An independent third-party analyst, using generally accepted principles and theory, must prepare the market study. The analyst must be included on the Commission's list of approved providers. The analyst must have demonstrated experience in the proposed project's market area and with the rent-restricted market. The market study must have an effective date no more than 6 months prior to the date the Application is submitted to the Commission. An update of a market study will be accepted, at the Commission's discretion, if the effective date of the original market study is within 12 months of the Application deadline.

The market study must demonstrate to the Commission that the project is creating, preserving, or renovating housing that current market forces are not addressing. In addition, the market study must address current market conditions and determine that the project is viable and provides units at below market rents or gives some other public benefit.

The Commission will accept a current appraisal with an effective date no more than 6 months prior to the date that the Application is submitted in lieu of the required market study, provided that the market analysis and rent discussion sections include the information listed below. In addition, at the Commission's discretion, the Commission may require further market justification of the project or accept a market study in a different format. Any deviation from the market study requirements must be approved in writing by the Commission prior to submission of the Application. The Commission reserves the right to contact the market analyst as needed. The list of approved providers and instructions for being added to that list may be found on the Commission website at <http://www.wshfc.org/mhcf/9percent/msprovider.htm> or by contacting the MHCF Division.

1. EXECUTIVE SUMMARY
2. PROJECT DESCRIPTION
  - a. Description of Market Area (general and specific)
  - b. Site Amenities (include any unique characteristics)
  - c. Description of Improvements (as available in the case of new construction)
  - d. Unit mix, unit amenities, common amenities
  - e. Comparison to market rate projects (does project have typical finish, amenities found in local market)



- f. Comparison to other rent restricted projects
3. MARKET AREA ECONOMY
- a. Delineation of market area
  - b. Population and household trends
  - c. Housing trends, including proposed projects and other new developments
  - d. Supply and Demand Analysis
  - e. Market Rate Supply
    - i. Existing
    - ii. Potential/Developing
  - f. Market Rate Demand
    - i. Vacancy rates, incentives
    - ii. Rent Trends
    - iii. Absorption
  - g. Rent-Restricted Supply (discuss HUD-assisted housing, TC projects, other subsidized projects, and public housing, as applicable)
    - i. Existing
    - ii. Potential/Developing
  - h. Rent-Restricted Demand
    - i. Vacancy Rates
    - ii. Market Penetration Analysis (using income banding – min. and max. income for project)
    - iii. Projected Absorption for project
  - i. Analysis of project’s special needs set asides, if applicable.
    - i. Statistical and anecdotal information from appropriate social service agencies
    - ii. Analysis of specific demand for special needs units.
  - j. Conclusion: Proposed project’s competitive position
4. COMPETITIVE RENTAL MARKET
- a. Description of Comparable Properties, both market rate and rent-restricted
  - b. Analysis of rents, including amenities and utilities
  - c. Conclusion of Rents by unit type
  - d. Analysis of Rent Gap (Gap between maximum restricted rents, projected restricted rents and market rents)
  - e. Analysis of the project’s effect on the market area, including the impact on Tax Credit and other existing affordable rental housing
5. CONCLUSION
- a. Specific Questions:
    - i. Is the project, as proposed, viable?
    - ii. Does the project meet a current or projected market need?
    - iii. Does the project supply units below market rate?
    - iv. If not, does the project provide some other public benefit? (i.e. Curing deferred maintenance or supplying better housing than currently available, holding rents stable in a market of increasing housing prices, or supplying reasonably-priced housing where there is a shortage?)
6. SUMMARY

- a. Recap of project
- b. Conclusion and Recommendations

#### 4.9. Evergreen Sustainable Development Standard

All Projects funded with Housing Tax Credits must comply with the Evergreen Sustainable Development criteria as developed under legislative mandate by the State of Washington Department of Commerce (“Commerce”). Specific information regarding ESDS can be found online at <http://www.wshfc.org/mhcf/9percent/EvergreenStandard.htm>.

Projects financed through Commerce are not required to submit any additional materials at application.

All Projects without Commerce funding must submit the Evergreen Sustainable Development Standard Checklist as well as the Project Priorities Survey, Sustainable Development Outline, and the Evergreen Owner Certification along with their Application. The Evergreen Owner Certification attests that the Applicant has read and understands the Evergreen Sustainable Development Standard as posted on Commerce’s website. Projects must meet all mandatory criteria and must score a minimum of 40 option points for moderate rehabilitation projects or 50 points for new construction projects or substantial rehabilitation.

As part of the placed-in-service package for these projects, the Applicant will submit a copy of the Integrated Development Plan and the Evergreen Project Plan (the “EPP”). The EPP will document exactly how the project met each of the criteria indicated in the Evergreen Sustainable Development Standard Checklist. It will be accompanied by an architect’s certification attesting to the information supplied in the Plan and the Plan’s implementation.

Failure to comply with this requirement may result in a temporary suspension from the program. Such action will be considered on a case-by-case basis.

**Substantial Rehab (or Gut Rehab):** a project that includes the replacement and/or improvement of all the major systems of the building, including its envelope. The building envelope is defined as the air barrier and thermal barrier separating exterior from interior space. For Substantial Rehab projects, this could include either removing materials down to the studs or structural masonry on one side of the exterior walls and subsequently improving the building envelope to meet the whole- building energy performance levels for the project type or creating a new thermal and air barrier around the building.

**Moderate rehabilitation:** a project that does not fully gut and expose the structure and air barrier of the building envelope or replace / improve all major systems of the building.

To maintain consistent definitions throughout the Policies, the Commission uses the Tax Credit Program’s definition of Rural (See Section 3.10.1) on all Projects without Commerce funding.

A Rural Project is one located in any of the following counties: Adams, Asotin, Benton (except Kennewick and Richland), Chelan (except Wenatchee), Clallam, Columbia, Cowlitz (except Longview), Douglas (except East Wenatchee), Ferry, Franklin (except Pasco), Garfield, Grant, Grays Harbor, Island (except Oak Harbor), Jefferson, Kittitas, Klickitat, Lewis, Lincoln, Mason, Okanogan, Pacific, Pend Oreille, San Juan, Skagit (except Mount Vernon), Skamania, Stevens, Thurston (except the cities of Olympia, Lacey, and Tumwater), Wahkiakum, Walla Walla (except the City of Walla Walla), Whatcom (except Bellingham), Whitman (except Pullman), Yakima (except the City of Yakima).

An Urban project is one located in any municipality with a population greater than 25,000 that does not fall under the definition of rural. Projects located within a municipality with a population

<20,000, but which is adjacent to a city deemed “Urban” may be deemed functionally related to that city and therefore also deemed Urban; for example, Bier, population 6,361 (2003), which is functionally related to the City of Lynnwood.

#### 4.10. Development Team Capacity – WAC 262-01-130(2)(g)

The Project Sponsor must demonstrate to the satisfaction of the MHCF Director that the Project Sponsor, the developer, and/or the development consultant under contract:

- has successfully completed a multifamily housing project of a comparable number of housing units, of a similar complexity, and for a similar target population as the proposed project;
- has the necessary level of staffing and financial capacity to successfully manage development and operations of the current project portfolio, including but not limited to, all current and pending tax credit projects and applications; and
- has successfully completed previous Credit projects for which a Credit allocation was received in Washington or other states.

If the Applicant is using a development consultant to show this capacity, the Applicant must also submit a copy of the executed contract detailing terms, conditions, and responsibilities between the Applicant and the development consultant.

#### 4.11. Property Management Capacity – WAC 262-01-130(2)(h)

The tax-exempt status of the bonds and the viability of the Low-Income Housing Tax Credit are dependent in part on the management of the property, especially the low-income unit resident reporting. The reporting requirements and terms are detailed in the Regulatory Agreement (Bonds) and the Extended Use Agreement (Tax Credits) (together the “Agreements”).

The Commission’s rules require that “evidence of the experience of the property management team” must be provided with each application. Whether the Applicant intends to self-manage or employ a property management firm, the evidence of the management’s experience should be provided in documentation acceptable to the Commission detailing the experience level of the proposed property management team, e.g., résumés of staff (if in-house), contractor resumes and experience (if applicable.) The WAC further states that “the Commission will notify the Internal Revenue Service when instances of noncompliance come to its attention.”

Documentation must demonstrate the successful management of:

- multifamily housing projects of a comparable number of housing units and/or of a similar complexity as the proposed project, and
- multifamily assisted or subsidized housing projects with local, state, and/or federal operating requirements comparable to those of the Bond/Tax Credit Program.

If employing a property management firm, a letter of intent or an executed property management agreement must be submitted at the time of application (see Section 6.3). If self-managing, the Commission must be notified of any property management staff changes.

During the regulatory period of the Agreements, the Commission may request that the property manager be replaced if the reporting requirements of the Agreements are not being met.

#### 4.12. Consultant Contract

If consultant services and corresponding fees are not detailed in the developer agreement, the Applicant must submit a copy of each consultant contract that itemizes the services to be performed by each consultant and the amount of the consultant fee for each service or group of services.

#### 4.13. Financial Feasibility – WAC 262-01-130(7)

The Applicant must submit a 15-year operating pro forma for the project demonstrating financial feasibility and viability for the 15-year compliance period. The operating pro forma must list each of the 15 years separately and include assumptions, notes and explanations regarding the income and expense projections.

Absent a long-term commitment, projects with rental assistance must demonstrate financial feasibility excluding the rent subsidy.

If the project includes commercial and/or other non-residential space, the Applicant will need to submit the following information and supporting documentation in addition to the residential pro forma requested above:

- a breakdown of the total residential and commercial project costs;
- a list of the financing sources for the commercial areas;
- a 15-year operating pro forma for both the residential and commercial areas.

All the forms an Applicant will need to submit for residential and commercial/non-residential Applications are incorporated into the Combined Funders Application provided on the Commission website. See latest published application package at <https://www.wshfc.org/mhcf/9percent/app.htm>.

#### 4.14. Notification of Public Housing Authorities – WAC 262-01-130(2)(f)

The Applicant must submit a copy of a written letter committing to notify the public housing authority of the availability of low-income units. The letter must be in the form described below, dated no earlier than 60 days before the date of the Application, and addressed to the relevant public housing authority or to such other agency authorized to act in lieu of a public housing authority where no public housing exists. If there is no public housing authority and no other agency authorized to act in lieu of a housing authority serving the community where the Project is located, this notification requirement is waived. In the commitment letter, the Applicant must:

- identify the location, the planned number of low-income housing units, the target population and the expected placed-in-service date for the proposed project;
- agree to notify the public housing authority or other such agency, in writing, of the availability of low-income housing units at least 60 days before the placed-in-service date of each building in the project;
- agree to notify the public housing authority or other such agency, in writing and at least once a year, of the ongoing availability of low-income housing units; and

- encourage the public housing authority or such other agency to make the above notices available in any way it deems appropriate to those people on a waiting list for public housing programs.

This requirement does not apply if the housing authority is the project owner or its general partner.

#### 4.15. Allocation Criteria Point Minimum – WAC 262-01-130(3)(a)

The Applicant must select Allocation Criteria in the Application that total a minimum number of Allocation Criteria points according to the county in which the project is located.

- King County: 164 points
- Metro Counties: 158 points
- Non-Metro Counties: 154 points

#### 4.16. Documentation of Ownership Entity

The Applicant must submit the required documentation below for the Ownership Entity of the Project. If the Ownership Entity has not been formed by the date of Application submission, the Applicant may subsequently satisfy these requirements and transfer the Applicant’s rights, title, and interest in the project, the Application, the Credit reservation, and/or the carryover allocation, as applicable, to the entity; however, the Applicant may do so only if it satisfies the requirements established by the Commission to approve a project transfer or assignment (See Chapter 9).

The following items must be submitted with the Application:

- IRS notification of Ownership Entity’s federal identification number;
- An organizational chart or diagram that identifies each entity or individual with an ownership interest in the project and the Applicant, including the percentage of ownership;
- A Certificate of Existence/Authorization issued by the Washington Secretary of State dated within 6 months of the Application date; and
- In the case of a general partnership, the Applicant must submit a Certificate of Existence/Authorization issued by the Washington Secretary of State for each Limited Partnership, Limited Liability Company or corporate entity.

If any entity is incorporated or organized outside of Washington, the Applicant must submit a Certificate of Existence/Authorization from the state of incorporation or organization.

#### 4.17. Requirements For Rehabilitation Projects

A Rehabilitation Project is defined as the acquisition and renovation of existing use-restricted housing. If the Project has multiple sites each site must have units to be rehabilitated.

Projects Not Qualifying under Section 5.2.3 Preservation and Recapitalization include:

- The new construction of a project in its entirety
- The creation of new affordable units through the adaptive re-use of an existing non- residential building
- The conversion of existing market-rate units to use-restricted and affordable units

- If more than 20% of the units of an existing rehabilitation project are new construction units, the Project will not be considered as a rehab project. However, the project must still conform to the requirements of 4.17.3.

#### 4.17.1. Project Age

Project must have placed in service at least 20 years before the year of Application.

Placed in Service is defined as the date of the original Certificates of Occupancy or the date the last substantial rehabilitation was completed. Applicants must submit the most recent Certificate of Occupancy or Temporary Certificate of Occupancy for the project to document the age of the project. Projects seeking the 4% credit with bonds may apply after year 15.

#### 4.17.2. Project Sponsor

The Project Sponsor must be in good standing with all Commission programs and policies.

#### 4.17.3. Feasibility as a 4% Tax Credit/Bond Project

Washington State has a growing population and an ever-increasing need for affordable housing. At the same time, the portfolio of aging use-restricted housing with need of repair and/or total rehabilitation is increasing. To better administer the limited 9% tax credit resource, all Rehabilitation Projects in the Metro and Non-Metro areas (even those meeting the definition of “At Risk”) must schedule a meeting for pre-authorization before applying for 9% tax credits. If you have not received pre-authorization, the application will not be accepted.

All Rehabilitation project developers are strongly encouraged to consider bonds with 4% tax credits. A smaller project may need to be combined with a new construction project or several other sites in need of rehabilitation to be feasible.

All meetings for preauthorization must be scheduled by the date posted on the timeline on the website.

#### WHAT TO BRING TO THE MEETING?

- Forms 6A & 6E of the Current Combined Funders Application
- A viable 3rd party CNA and replacement schedule with prioritization
- Current population served and proposed rents. s Projects with any project-based rent subsidies should provide the proposed post-rehabilitation rents.
- List of current funders on the project(s)
- A detail of all use restrictions affecting the property(ies)
- Operating proforma, and current reserve account balances
- A narrative explaining the goals of the renovation and future use of the building(s)
- A narrative explaining the greatest current rehabilitation need and timing.

#### THINGS TO CONSIDER WHEN PREPARING FOR THE MEETING:

- Can certain needs be met by other means or temporary financing?
- Would the project be more feasible as part of a larger/combined financing?
- What aspects of the rehabilitation will affect future energy use and resource conservation?
- Are other sources of funding available that could meet certain project needs?
- Have you sought out other partnerships and other sources of funds to fill the funding gap?

The determination that a project is not feasible as a 4% Tax Credit/Bond Deal is at the sole discretion of the MHCF Director.

#### 4.17.4. Recapitalization of existing 4% Tax Credit/Bond Projects

A Project originally financed with 4% tax credits and tax-exempt bonds is not eligible for recapitalization in the 9% program unless it is determined eligible through the process 4.17.3 noted above.

#### 4.17.5. Capital Needs Assessment (CNA)

All Rehabilitation projects must submit a professional, independent, third-party Capital Needs Assessment (CNA) with their application. The purpose of the CNA is to determine a project's physical capital needs over the next 20 years based on the observed current physical conditions of the project. CNA must identify deferred maintenance; physical needs; the age, useful life and remaining useful life of key components; building material deficiencies and material building code violations that affect the property use; structural or mechanical integrity, and future physical and financial needs. The CNA must be the basis from which the scope of work for the project has been developed and the basis on which any capitalized or annual contributions to the replacement reserves are based.

If 100% of the units have not been inspected, the CNA must include an explanation that includes any assumptions about areas that were not inspected and the reasons for making those assumptions.

Applicants must also complete the Property Conditions Summary Form in the LIHTC Rehab Addendum using the information from the CNA.

#### 4.17.6. Minimum Rehabilitation Threshold

A project applying to the 9% Program is expected to use the recapitalization opportunity to extend the life of the project by at least 20 years. A minimum of \$40,000 in hard construction costs per unit must be included in the development budget and supported by a 3rd party Capital Needs Assessment.

The "Hard Construction Costs" referenced above may not include any amount attributable to the Rehab Contingency or sales tax.

#### 4.17.7. Additional Low-Income Housing Commitment

If the project has an existing Commission Regulatory Agreement, the Additional Low-Income Housing Commitment in the new Tax Credit Regulatory Agreement will be determined by comparing the weighted average of the low-income set-asides in the existing Regulatory Agreement to the available set-aside options under Allocation Criteria 6.1.

If the weighted average of the existing low-income set-asides is less than 40% AMI in Higher Income Counties or 42% AMI in Lower Income Counties (these are the weighted averages of the current 60-point options), the project will be required to choose less restrictive set-asides on the new Regulatory Agreement, to be filled through attrition.

If the weighted average of the low-income set-asides in the existing Regulatory Agreement is greater than 40% AMI in Higher Income Counties or 42% AMI in Lower Income Counties, the Applicant may choose equivalent or more restrictive set-asides under Allocation Criteria 6.1. These may also be filled through attrition.

#### 4.18. Related Party Rehabilitation Projects

A Related Party Transaction is defined as a sale or lease of property between Related Parties, parties Affiliated with each other or other parties with an Identity of Interest. Applicants that may have a question about whether their transaction will be considered a Related Party Transaction are encouraged to inquire with the Commission prior to applying.

The following are required of any Related Party Transaction:

##### 4.18.1. History of Strong Asset Management

The Project Sponsor must be able to demonstrate strong asset management performance on the project.

##### 4.18.2. History of Project Reserves

The Sponsor must be able to track and account for contributions to and draws upon the project's reserves. Operating and Replacement Reserve balances are expected to be transferred into the new Project. Failure to adequately account for accruing operating and replacement reserves may result in a required equity contribution by the Project Sponsor. A form to track project reserve history has been provided in the LIHTC Rehab Addendum. Evidence of project reserve balances must be attached to the Application.

##### 4.18.3. Appraisal and Value of Asset

Applicants must submit an Appraisal to substantiate the value of the land and building acquisition shown in the project budget. It is expected that any equity or appreciation in value realized over time by the Project Sponsor will remain in the project as a contribution (e.g., as seller financing).

##### 4.18.4. Developer Fee Limitation

The allowable developer fee will be restricted on related party transactions. See Section 3.7.1.

#### 4.19. Disqualification – WAC 262-01-130(3)(a)

The Commission may disqualify any Application that does not meet the requirements and disclosures listed in Chapter 2, the Program Limits in Chapter 3, and the Minimum Threshold Requirements listed in Chapter 4 by the Application deadline. The Applicant may be able to request this determination be reviewed using the procedures described in Chapter 12: Decisions and Reviews.

#### 4.20. Utility Incentive Contact

The applicant must contact their utility(s) before submitting a 9% Competitive Tax Credit Application to discuss qualifying for energy efficiency incentives.

These incentives can significantly lower the costs associated with constructing energy efficient buildings. The Commission recommends integrating utility incentives early in the design process to ensure the projects takes full advantage of more efficient technologies and corresponding savings.

To comply with this requirement, projects must submit the Utility Contact Form with their application. To identify potential incentives or points of contact in the project's area- please visit [www.dsireusa.org](http://www.dsireusa.org) or contact the Commission's Senior Sustainable Energy Coordinator at [energy@wshfc.org](mailto:energy@wshfc.org).



## 5 Project Ranking Policies

This chapter explains the Commission's procedures for ranking projects and awarding Credit within the Geographic Credit Pools. The Allocation Criteria and point system used by the Commission are set forth in Chapter 6.

### 5.1. Commission Priorities – WAC 262-01-130(5)

For the purposes of ranking projects and allocating credit dollar amounts, the Commission will give preference to fully funded projects that serve the lowest income tenants for the longest period, and that are in qualified census tracts and the development of which will contribute to a concerted community revitalization plan. In determining housing priorities, the Commission will consider sponsor and project characteristics. The Commission will give weight to those projects which, among other things:

- Are in areas of special need as demonstrated by location, population, income levels, availability of affordable housing and public housing waiting lists;
- Commit units to serving special needs populations such as large households, the elderly, the homeless and/or the disabled;
- Preserve federally assisted projects as low-income housing units;
- Rehabilitate buildings for residential use;
- Include the use of existing housing as part of a community revitalization plan;
- Have received written authorization to proceed as a United States Department of Agriculture – Rural Housing Service multifamily new construction project approved by the Commission;
- Are historic properties;
- Are in targeted areas;
- Leverage public resources;
- Maximize the use of credits;
- Demonstrate a readiness to proceed;
- Serve tenant populations of individuals with children; and
- Are intended for eventual tenant ownership.

The housing priorities above are integrated into in the policies and procedures described in this chapter and in the Allocation Criteria outlined in Chapter 6.

### 5.2. Project Ranking Policies

#### 5.2.1. Fully Funded Projects

For purposes of ranking projects and allocating credit, the Commission will give top priority to Projects that qualify as Fully Funded. A Project will be considered Fully Funded if it has all the permanent/takeout financing necessary to meet the Total Project Costs, except the anticipated Credit equity, committed at the time of Application. The permanent financing for any commercial component of the project must also be committed at the time of application.

To be considered Fully Funded, Applicants must demonstrate to the satisfaction of the Commission that all necessary funding commitments have been made at the time of Application:

- Public funding and any source of funds that is allocated on a competitive basis (e.g., FHLB- AHP funds): Applicants must provide evidence of a binding loan/grant commitment or other

documentation that is deemed acceptable by the Commission to demonstrate commitment of funds for each source or have applied during a concurrent funding round where there is public funder coordination.

- Funding from private sources, the Applicant must provide a letter of interest from the expected lender dated no more than 60 days prior to the Application date for each source.
- Rehabilitation projects using USDA Rural Development financing must submit a letter from the State RD office indicating that a complete application has been submitted for each property that is part of the Application. The Commission will not schedule a scoping meeting for the bond financing until the State RD office has confirmed their applications have been submitted to the National RD Office for approval. Within 120 days of executing the RAC, the Applicant will be required to submit evidence to the Commission that final financing approval has been received from the USDA National Office or the RAC will expire and the credit will be deemed returned.

Unless stated otherwise, projects that do not satisfy the Fully Funded Projects policy will not be considered over projects that have.

### 5.2.2. Geographic Credit Pools

Pursuant to WAC 262-01-130(6), the Commission has established specific percentages of the Annual Authority for credit set-asides. The Commission has divided the state into three Geographic Credit Pools: Seattle/King County, Metro and Non-Metro. The purpose is to group similar counties so that like projects compete against like projects. After reviewing population size, population density, population living in Urbanized Areas, access to local housing funds, development capacity, and housing needs, the Geographic Credit Pools are made up of the following counties:

- Seattle/King County Pool
- Metro Pool: Clark, Pierce, Snohomish, Spokane, Whatcom
- Non-Metro Pool: Adams, Asotin, Benton, Chelan, Clallam, Columbia, Cowlitz, Douglas, Franklin, Ferry, Garfield, Grant, Grays Harbor, Island, Jefferson, Kitsap, Kittitas, Klickitat, Lewis, Lincoln, Mason, Okanogan, Pacific, Pend Oreille, San Juan, Skagit, Skamania, Stevens, Thurston, Wahkiakum, Walla Walla, Whitman, Yakima

Projects compete for credit allocations based upon the pool in which they are located. Eligibility for each pool is based solely on the location of the project.

#### 5.2.2.1. Scattered Site Proposals

Projects consisting of multiple sites in different counties that cross between the Credit Pools will be treated as follows: Any proposal with one or more sites located in the Non-Metro Counties and one or more sites in the Metro Counties will be treated as a proposal in the Metro Pool. Likewise, any proposal with one or more sites located in the Non-Metro Counties and/or the Metro Counties but also having one or more sites in King County will be evaluated within the Seattle/King County Pool.

#### 5.2.2.2. Geographic Sizing Methodology

In creating the Geographic Pools, the number of Renter Households at or below 50% AMI with one or more Housing Problems was used to determine the baseline for statewide housing needs<sup>1</sup>

Ultimately, the sizing of the Seattle/King County and Metro County Pools was agreed to through negotiation.

<b>Annual Credit Authority by Geographic Pool</b>	
<b>Seattle/King County</b>	35%
<b>Metro</b>	37%
<b>Non-Metro</b>	28%
<b>Statewide</b>	100.0%

#### 5.2.2.3. Review of Geographic Credit Pools’ Allocation

The amount of the credit allocated in each Geographic Credit Pool shall be reviewed every two years by comparing the housing needs of each Geographic Credit Pool by using commonly available data that can include, but is not limited to, HUD Comprehensive Housing Affordability Strategy (CHAS) data and the State of Washington Housing Needs Assessment. When calculating the housing need in the Geographic Credit Pools, data identifying the populations set forth in Section 6.3 (Housing Commitments for Priority Populations) should be used whenever possible.

#### 5.2.2.4. Modification of Geographic Credit Pools’ Allocation

If during the review of the Geographic Credit Pool’s allocation, as set forth above, it is shown that the allocation percentages deviate by more than 2% from the current calculations, then the allocation percentages shall be modified to reflect the updated calculated amount.

#### 5.2.2.5. Modification of Geographic Credit Pools Membership

The distribution of counties, along with the size and number of Geographic Credit Pools, may be modified at the Commission’s discretion. However, such modification will take place subject to stakeholder input and general acceptance by all members of all geographic pools.

#### 5.2.2.6. Administration of Geographic Credit Pools

The credit will be tracked by Geographic Credit Pool. Returned Credit will be credited to the Geographic Pool from which it originated. Likewise, forward commitments of credit will be deducted from the Geographic Pool to which it was committed. National Pool credit will be split according to the geographic sizing methodology above.

However, under no circumstances will credit or the Commission’s eligibility for National Pool credit be put at risk. If credit cannot be used within its designated Geographic Pool, the credit will be allocated to another Pool at the discretion of the Commission. An adjustment will be made in the following round to credit the original Geographic Pool and debit the receiving Pool.

The Geographic Credit Pools are “soft” set-asides of credit. If the remaining portion of the credit in a certain Pool equals at least 50% of the next highest ranked project’s credit request in that Pool, the remaining credit amount will be made available to that project through a forward commitment of the following year’s credit, as necessary, from that same pool.

The Seattle/King County Credit Pool will be administered as a “soft” set-aside of credit, but projects within King County are also allowed, at the Commission’s discretion and in coordination with the local funders, to adjust their initial credit requests to fit the last project in or to consume the entire credit amount in the Seattle/King County Pool. To allow the King County funders the most flexibility to allocate

funding within the Pool, all projects located in King County will be allowed to use the higher Maximum Annual Credit per Low-Income Housing Unit Limit. King County Projects will remain subject to the 10% Maximum Credit per Project and 15% Maximum Credit per Applicant limits. Should the Seattle/King County Credit Pool go undersubscribed, the credit will be split between the Metro and Non- Metro Credit pools according to the geographic sizing proportions.

If the Metro Pool is undersubscribed, the Commission will look to the remaining non-Metro projects first for funding. If the Non-Metro Pool is undersubscribed, the Commission will look to the remaining Metro projects first for funding. If both the Metro and Non-Metro Pools are both undersubscribed, the Commission will look to projects located in King County to ensure that all credit is allocated.

#### 5.2.2.7. Metro Pool Allocation Methodology

Each county in the metro geographic pool will be allocated 9% tax credits based on the following formula:

- Base Allocation of \$1,000,000 per county;
- Additional Allocation based upon need as calculated by the most current CHAS housing needs data available (and rounded to nearest \$100,000).

We anticipate that each county will receive an allocation of approximately \$1.2 to \$1.7 million.

This methodology will remain in place over a five-year period and a rolling average reconciled at year five for each county will be done. Additional stakeholder engagement if the 12.5% per capita increase is extended will be considered. Should significant program changes be enacted the Commission reserves the right to implement appropriate changes with input from program stakeholders.

As a part of this allocation process, each county shall develop or modify current processes to select one prioritized project per year. The county's prioritization process shall be submitted to the Commission. As a part of this process, each county shall designate a contact person(s) that is familiar with the process and understands the local pipeline and prioritization structure. It is expected that the key public funders, affordable housing development consortia and the development community will work together to establish a pipeline and prioritize pending projects to be brought forward for each county's portion of the allocation. Proposed projects will need to participate in the local designated process to be eligible for the per county 9% tax credit allocation.

#### 5.2.2.8. Preservation And Recapitalization In Metro And Non-Metro Pools

Preservation and Recapitalization ("P&R") projects will compete with new production in their respective Metro and Non-Metro Credit Pools ("Pools"). P&R projects will have a limit of 25% in each of the above-mentioned Pools.

The P&R limits will be "soft." If a project is above the line in its Pool and 75% of its credit request is within the 25% allowable limit, then the full amount of credit requested will be made available to that project, through forward commitment if necessary ("soft").

A project's credit request may not be adjusted after the Application is submitted to meet the "soft" limit allowable percentage. Should a P&R limit go undersubscribed, any remaining credit will flow in the New Production portion of that Credit Pool. If the New Production portion of a Pool goes undersubscribed,

the remaining credit in that Pool will be made available to P&R Projects in rank order on the allocation list.

#### 5.2.2.9. Preservation And Recapitalization in King County

In King County only, preservation and recapitalization projects will compete with new construction projects. All Projects will be ranked together based on the number of Allocation Criteria Points they have selected. All Minimum Threshold Requirements for Rehabilitation and Related Party Transactions outlined in Section 4.17 and 4.18 apply to projects in King County.

#### 5.2.3. Qualified Non-Profits (QNP)

Section 42(h)(5) of the Code and WAC 262-01-130(6)(a) requires that ten percent of the total amount of Annual Authority be allocated to projects that will be owned directly or indirectly by an organization that is a Qualified Nonprofit Organization. To be considered a Qualified Nonprofit Organization, the organization must be described in Section 501(c)(3) or Section 501(c)(4) of the Code and have as one of its exempt purposes the “fostering of low-income housing.” Furthermore, the organization must materially participate in the development and operation of the project throughout the compliance period. The organization must not be Affiliated With, or Controlled By, a for-profit organization, entity, or individual. For a partnership, all general partners must be QNPs. For a limited liability company, all members, other than the investor/member, and managers must be QNPs. Further, the investor/member must not actively participate in the day-to-day management of the Company.

Projects receiving an allocation of credit in the King County Credit Pool will be looked to first to satisfy this Code requirement, as this is where the requirement has historically been fulfilled. All applicants will be asked to identify whether they are a 501(c)3 or 501(c)4 nonprofit organization with the “fostering of low-income housing” as one of their tax-exempt purposes. The highest scoring projects in King County sponsored by a QNP will be used to fulfill the IRS requirement.

In the event no QNP is competitive in the KC Pool, we will look second to projects receiving an allocation of credit in the Metro Pool and then lastly to the Non-Metro Pool to follow the Code. In the event no QNP is competitive within the established Credit Pools, the Commission will consider a Forward Commitment of credit to the highest scoring QNP on the waiting list to ensure this requirement is met.

To document an Applicant’s QNP status, the Applicant must submit the following:

- A copy of the QNP’s IRS determination letter;
- A complete and current as amended copy of the QNP’s articles of incorporation as filed with the Secretary of State. The articles of incorporation must have as one of its exempt purposes the “fostering of low-income housing;”
- Complete and current as amended copies of the bylaws and other governing instruments of the QNP;
- Evidence that the QNP has an ownership interest in the project, and that the QNP will materially participate in the development and operation of the project throughout the project compliance period;
- A certification by the QNP that it is not Affiliated With, or Controlled By, a for-profit organization, entity, or individual; and

- A current list of names of all board members and officers of the QNP and any affiliation (plus the nature of the affiliation) such board member or officer has with any for-profit entities or individuals.

#### 5.2.4. Credit Extension Policy – Administrative/Legal Delays

##### 5.2.4.1. Extensions for Projects Delayed One Year

Projects funded with Tax Credits occasionally experience unforeseen delays arising from circumstances that are not under the reasonable control of the developer. These circumstances may include delays in funding from government or philanthropic sources; missed timelines for the completion of necessary public infrastructure improvements; delays in local government approvals; lawsuits challenging land use and permit approvals. A project that meets the application criteria, competes successfully, conforms in good faith to land use and zoning requirements, but is delayed due to subsequent action or inaction out of its control is at risk of losing the credit allocation because the project cannot progress in a timely enough manner to comply with the IRS tax credit program deadlines.

In an effort, not to penalize projects experiencing delays beyond their control as described above, the Commission gives the Director of Multifamily Housing and Community Facilities (“MHCF”) the discretionary authority to extend the credit for up to one year, subject to concurrence by the Executive Director and notice to the Commission at its next special meeting of the extension.

##### 5.2.4.2. Priority for Projects Delayed by Two Years or More

The Commission also gives discretionary authority to the Director of MHCF, in consultation with the Executive Director, to establish the priority of projects that are forced to return credit due to circumstances that may result in delays extending beyond one year but intend to return to compete in a future round of funding. The basis for any such priority must be explained to the full Commission by the Director of MHCF at the project’s public hearing.

The Director of MHCF may give the highest priority for a new allocation of tax credits to delayed projects that meet the following conditions, regardless of the Application’s total point score in relationship to other projects in that round:

The applicant must submit substantially the same project proposal before the delay occurred.

- The applicant must demonstrate the case for such priority including an explanation of the factors that caused the unanticipated delay;
- The applicant must demonstrate that the project had met or would have met all then existing land use and zoning requirements, i.e. the challenge failed to demonstrate a failure to comply with applicable requirements;
- The project must remain viable, feasible and fully funded and serving substantially the same population as it originally intended.

Projects recognized under Section 2 of this Credit Extension policy must pay a new Application fee but will be credited the Credit Reservation Fee if paid previously and it had not been returned.

Credit returned or allocated under both Sections of this policy will be credited to or deducted from the appropriate Geographic Credit Pool.

The discretionary authority provided to the Director of MHCF with respect to any project is limited to permitting a three-year delay in project readiness, unless extended after a full Commission review.

### 5.2.5. Geographic Dispersion Policy

NOTE: This Geographic Dispersion Policy does not apply to the Seattle/King County Geographic Pool.

Non-Metro Geographic Pool: If in any one year, projects in any one county are allocated 50% or more of the credit allocated in that county’s Geographic Credit Pool, then in the following year, the first 50% of the credit available in the Credit Pool must be awarded outside of that county, but inside the Geographic Credit Pool, before any projects proposed in that county will be considered. An exception will be made if there are not enough projects outside of that county to consume 50% of the credit. If that happens, projects in that county will be considered in rank order after the projects outside of that county regardless of the amount of credit awarded.

Metro Geographic Pool: Projects from any one county are allowed a maximum of 35% of that pool’s yearly credit allocation. If that threshold is met, other projects within the pool will receive the remaining credit in rank order. If after allocation to those other projects there is credit remaining to be allocated in the geographic pool, then the projects from any county that has met the 35% threshold will become eligible for additional credit allocation.

### 5.2.6. Allocation Criteria

Commission staff will use the Allocation Criteria as described in Chapter 6 and the points assigned to each Allocation Criterion to assess the degree to which the proposed projects promote the Commission’s housing priorities. Projects will be ranked by staff according to the total number of Allocation Criteria points awarded. The Applicant is responsible for demonstrating in the Application that the project meets the requirements of the Allocation Criteria selected. However, it is the MHCF Director who will make the final determination as to whether a Project meets the requirements of a specific Allocation Criterion.

### 5.2.7. Tiebreakers

If projects receive equal scores within the same Geographic Credit Pool the first tie breaker will be if a project is in a Qualified Census Tract (QCT). The second tie breaker will be to the project that request the least amount of Credit. The third tie breaker will be to the project that request the least amount of Credit per Low-Income Housing Unit.

### 5.2.8. Priorities For Credit Allocations

Staff will recommend projects meeting the Minimum Threshold Requirements and Program Limits (outlined in Chapters 3 and 4) to the Commission for an allocation of credit after applying the Project Ranking Policies in the following order of priority:

Priority	Project Ranking
1 <sup>st</sup>	Fully funded
2 <sup>nd</sup>	Geographic Credit Pool
3 <sup>rd</sup>	Credit Extension Policy
4 <sup>th</sup>	Geographic Dispersion Policy
5 <sup>th</sup>	Allocation Criteria
6 <sup>th</sup>	Tiebreakers

Commission staff will recommend that Credit reservations and allocations be awarded beginning with the highest ranked project to the lowest ranked project until the total available Annual Authority is consumed. All Credit reservations and allocations will be contingent upon the Applicant and the Project meeting all applicable requirements. Projects will also be evaluated on their feasibility and viability as qualified low-income housing projects. This will include an examination of the development and operational costs of each project as well as the market need and demand.

As part of their recommendations, Commission staff may also present any anomalies or concerns regarding the project ranking; any market need or demand issues such as the appropriateness of the number of low-income housing units in each area or the impact of the proposed project on existing rental housing; or other significant items which may be necessary for the Commissioners to consider along with the project ranking.

Although it will receive the staff's recommendations, the Commissioners alone will determine whether a project should receive a Credit reservation and allocation from the Annual Authority and the amount of the Credit. The staff's recommendation of projects to receive Credit reservations and allocations based on their Allocation Criteria points and their ranking is intended to be advisory only and is not binding on the Commissioners.

#### 5.2.9. Waiting Lists

When the number of qualified projects exceeds the available Annual Authority, projects not awarded Credit will be placed on a waiting list. These projects will be listed in the order described under these Policies unless otherwise determined by the Commissioners. In the event a project being considered for a Credit reservation or allocation either withdraws or is cancelled, projects on the waiting list may move up from the waiting list and thereby contend for Credit.

#### 5.2.10. Forward Credit Commitment

If due to insufficient Annual Authority, the last project to receive a Credit reservation or carryover allocation in any round receives a carryover allocation for only a portion of the Credit needed, the Commission may choose to provide the project a Forward Credit Commitment for the balance of Credit needed from the following year. The Forward Credit Commitment will be contingent upon having Annual Authority available in the following year. Thus, the Forward Credit Commitment contract may be executed even though it is uncertain whether there will be any available Annual Authority. The Applicant should be aware of the risks of proceeding with a project given this uncertainty.

The Commission may choose to provide a Forward Credit Commitment to one or more projects. The Commission may, in its discretion, commit up to 20% of the following year's anticipated Annual Authority for this purpose.

## 6 Allocation Criteria

Commission staff will use the Allocation Criteria described below and the points assigned to each Allocation Criteria to assess the degree to which the proposed projects promote the Commission's housing priorities. The points associated with these Allocation Criteria, when satisfied, facilitate ranking of projects by the staff as described in Chapter 5.



Allocation Point Criteria have been tailored to meet the specific needs and priorities of each Geographic Credit Pool (described in Chapter 5). Not all Allocation Criteria are available in all locations, and some points are weighted differently depending on location. The summary chart on the following page outlines these differences.

The Applicant must select Allocation Criteria in the Application that total a minimum number of Allocation Criteria points according to Geographic Credit Pool in which the project is competing. The minimum points required are as follows:

- King County: 164 points
- Metro Counties: 158 points
- Non-Metro Counties: 154 points

Any Application that does not have the minimum number will be disqualified, and the Application fee will not be refunded.

The Applicant is responsible for demonstrating in the Application that the project meets the requirements for all the Allocation Criteria selected. However, it is the MHC Director who will make the final determination as to whether a Project meets the requirements of a specific Allocation Criterion.

The number of points that a specific qualified project will need to be recommended by Commission staff for a Credit reservation and allocation will depend on, among other things:

- the number of qualified Applications the Commission receives;
- the number of points received by other projects;
- the total amount of Credit requested by Applicants;
- the amount of Annual Authority available;
- the number of other projects that qualify for the same Geographic Credit Pool; and
- the amount of Credit the Applicant is requesting for the project.

Summary of Allocation Criteria	King County	Metro County	Non Metro County
<b>Additional Low-Income Set-Aside</b>	50-60	50-60	50-60
<b>Additional Low-Income Housing Use Period</b>	2-44	2-44	2-44
<b>Priority Population Set-Aside:</b>			
(A.) Homeless		-	-
75%	35	-	-
25%	-	25	25
(B.) Farmworker (75%)	-	25	25
(C.) 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
<b>Funding:</b>			
Leverage	2-10	2-10	2-10
Public Funding	2	2	2

Project Based Rental Assistance	2-4	2-4	2-4
<b>Development Costs:</b>			
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
<b>Targeted Areas:</b>			
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	-	-
<b>At-Risk of Loss or Market Conversion (Rehab only)</b>	<b>4/6</b>	<b>4/6</b>	<b>4/6</b>
<b>Historic Property (New Production Only)</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>Nonprofit Sponsor</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>Donation in Support of Local Housing Needs</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>Eventual Tenant Ownership</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Energy Modeling Option</b>	<b>2</b>	<b>2</b>	<b>2</b>

6.1. Additional Low-Income Housing Commitment

**50 – 60 Points**

Points will be awarded to projects based on the Applicant’s Commitment to provide selected percentages of the total low-income units for occupancy by households at or below selected area median income levels (the “Additional Low-Income Housing Commitment”). An Applicant may choose only one option listed in the table below. Units subject to the Additional Low-Income Housing Commitment are both rent and income restricted at the selected income levels.

Recognizing that the area median income (AMI) across the state varies greatly, counties are divided into Lower Income and Higher Income Counties, and the Additional Low-Income set-aside combinations have been specifically configured to take into consideration the differing levels of rents in the two groupings. The Lower Income Counties are those counties whose 50% AMI income for a four-person household is \$31,951 or less as documented on the Commission’s Rent and Income Limits webpage. Higher Income Counties are those whose 50% AMI income for a four-person household is greater than \$32,000 per year.

Also recognizing that at a county level there can be income level disparities, an applicant may ask to have its designation changed when it can demonstrate enough need. For example, a county may be designated as Higher Income because many of its residents enjoy a higher AMI, but a city within that county may have a low AMI or have lower employment rates than the rest of the county. The change in designation is a part of the preapproval process and an applicant must notify the Commission in writing at least 30 days in advance and may require supporting documentation. The decision to allow the change in designation will be made by the MHCF Director.

Lower Income Counties: Adams, Asotin, Chelan, Clallam, Columbia, Cowlitz, Douglas, Ferry, Grant, Grays Harbor, Klickitat, Lewis, Lincoln, Mason, Okanogan, Pacific, Pend Oreille, Spokane, Stevens, Wahkiakum, Walla Walla, Yakima.

Higher Income Counties: Benton, Clark, Franklin, Garfield, Island, Jefferson, King, Kitsap, Kittitas, Pierce, San Juan, Skagit, Skamania, Snohomish, Thurston, Whatcom, Whitman.

Projects may select one of 20 different set-aside combinations valued between 50 and 60 points. The project's location in a Lower or Higher Income County determines the point value of a specific set-aside combination. Projects in Lower Income Counties receive a two-point advantage over the Higher Income Counties when the same set-aside combination is chosen in recognition that the same income targets are more difficult to serve in Lower Income Counties where the allowable rents do not generate as much operating income.

Points have been assigned to the set-aside combinations according to the income generated at the Maximum Allowable Tax Credit rents. The lower the income generated, the deeper the income targeting; therefore, the higher the points. The set-aside combinations are grouped into in the

Higher Income Counties, the Additional Low-Income Set-Aside options are based on the principle that all 9% tax credit projects in the Higher Income Counties should serve a significant number of households at 30% AMI. In the Lower Income Counties, the presumed percentage of units set aside at 30% AMI has been reduced. In the Lower Income Counties, combinations that have 40-50% of the units at 30% AMI cross-subsidized by a large number of units at 60% AMI are not allowed because 60% AMI rents are typically not achievable in those counties. In recognition that 60% AMI rents are not always achievable, there are options that use 50% AMI as the highest income served.

Projects seeking points for set aside options for units designated at 30% and below must be able to demonstrate feasibility through other income sources, other allowable rents or rental assistance.

Additional Low-Income Set-Aside Menu							
Option	30% AMI	40% AMI	50% AMI	60% AMI	Higher Income County Points	Lower Income County Points	Weighted Average Income Served
1	50@30	25@40		25@60	60	-	40%
2	50@30	-	50@50	-	60	-	40%
3	50@30	-	30@50	20@60	58	-	42%
4	25@30	50@40		25@60	56	60	42.5%
5	50@30	25@50		25@60	56	-	42.5%
6	10@30	50@40	40@50	-	-	60	43%
7	50@30	10@40	-	40@60	54	60	43%
8	10@30	40@40	50@50	-	-	58	44%
9	-	50@40	50@50	-	56	58	45%
10	10@30	60@40	-	30@60	-	58	45%
11	10@30	30@40	60@50		54	58	45%
12		50@40	40@50	10@60	-	56	46%
13		40@40	60@50		-	56	46%
14	-	40@40	50@50	10@60	54	56	47%
15	-	25@40	75@50	-	54	56	47.5%
16	-	50@40	20@50	30@60	-	56	48%
17	-	40@40	30@50	30@60	54	56	49%

\*A dash (-) in the points column indicates a combination that is not available in that location without MHC Director's approval.

### 6.1.1. Rounding Rule

For instances where the respective percentage of units that are subject to the commitment do not distribute evenly (i.e., 50% of 25 units = 12.5), start by rounding the lowest income targeting category up to the next unit, then round the 2nd lowest income set-aside category up to the next unit. The remaining number of units will then be assigned to the highest income set-aside category.

Example A: 25-unit project selecting Option 20 above:				
	≤ 40% AMI	≤ 50% AMI	≤ 60% AMI	Total
% of low-income units selected:	50%	50%	0%	100%
Actual units per % selected:	12.5 units	12.5 units	0	25 units
Units after rounding rule:	13 units	12 units	0	25 units

<b>Example B: 47-unit project selecting Option 5 above:</b>				
	<b>≤ 30% AMI</b>	<b>≤ 40% AMI</b>	<b>≤ 60% AMI</b>	<b>Total</b>
% of low-income units selected:	40%	30%	30%	100%
Actual units per % selected:	18.8 units	14.1 units	14.1 units	47 units
Units after rounding rule:	19 units	15 units	13 units	47 units

## 6.2. Additional Low-Income Housing Use Period

### 2-44 Points

Two points will be awarded (up to a maximum of 44 points) for every year of the additional low-income housing use period selected by the Applicant in the Application, up to a maximum of 22 years (the “Additional Low-Income Housing Use Period”). The Additional Low-Income Housing Use Period commences upon the close of the compliance period. If the Applicant makes this Commitment, the Applicant agrees to maintain the low-income housing units and all applicable Commitments made by the Applicant in the Application to receive Allocation Criteria points for the duration of the Project Compliance Period.

## 6.3. Housing Commitments for Priority Populations

### 10-35 Points

Points will be awarded based upon the Applicant’s Commitment in the Application to provide housing units for the populations listed below in the following manner:

A. Housing Commitment providing a minimum percentage of the total housing units as Permanent Supportive Housing for the Homeless is worth 25 or 35 allocation points.

- Seattle/King – minimum of 75% required for 35 points
- Metro and Non-Metro – minimum of 25% required for 25 points

OR

B. Housing Commitment providing a minimum percentage of the total housing units as Farmworker Housing is worth 25 allocation points.

- Metro and Non-Metro – minimum of 75% required

OR

C. The following Housing Commitments are worth 10 allocation points each. A maximum of two options may be selected for a total of 20 points.

- Provide a minimum of 20% of the total housing units as Housing for Farmworkers
- Provide a minimum of 20% of the total housing units as Housing for Large Households
- Provide a minimum 20% of the total housing units as Housing for Persons with Disabilities
- Provide a minimum of 20% of the total housing units as Housing for the Homeless
- Provide an Elderly Housing Project

Applicants may not combine option A. or B. with any of the other options. Under option C above, Applicants may select no more than two priority populations for a maximum score of 20 points. The selection under option C cannot be for the same priority population; for example, an Applicant may not select 20% Large Household twice to achieve 20 points for a 40% Large Household set-aside.

To receive points for Housing Commitments for Priority Populations, the Applicant must agree to comply with all the requirements and conditions described in this section, as applicable.

### 6.3.1. Housing For the Homeless

#### **10 – 35 Points**

Points will be awarded based on the Applicant’s Commitment to provide low-income housing units for Homeless households (the “Housing for the Homeless Commitment”).

Each unit must be set-aside to serve Homeless households as defined under the Stewart B. McKinney Homeless Assistance Act or under RCW 43.185c010(12), and must provide supportive services designed to promote self-sufficiency, meeting the needs of the target population. Any Household initially qualifying as Homeless counts toward the Homeless Set-Aside Commitment for as long as the household remains in the project.

All projects providing Housing for the Homeless must demonstrate consistency with any plan adopted by the City, County or State that addresses homelessness in these jurisdictions at the time the Application is submitted. If primary support services for the Homeless are provided by an agency or organization that is different from the Project Sponsor, then a Memorandum of Understanding (MOU) must be submitted that defines the roles and responsibilities of each entity, including the nature and scope of duties for each. The MOU must also include how costs will be covered.

Applicants must complete Section 10 of the Combined Funders Application which includes:

- A comprehensive service plan including both an assessment and identification of the service needs of the targeted population and a specific strategy for service delivery (i.e., what services, who will provide them, how and where they will be provided).
- A detailed funding strategy for the provision of services, including annual budget, proposed funding sources, and respective funding cycles with letters of interest from each service provider and funder.

#### **In providing Housing for the Homeless, the Applicant may select either option A. or option C. under Housing Commitments for Priority Populations in Section 6.3.**

- Applicants who select option A. must provide units that meet the definition of Permanent Supportive Housing (see Glossary for complete definition). To qualify for these points, Sponsors must have a successful track record of serving this population and of operating this type of service-intensive housing or partner with the necessary and appropriate provider to ensure services are delivered. Applicants choosing these points are highly encouraged to contact the Commission prior to the application date to determine whether the project meets the intent of this criterion.

- Applicants who select option C. and also intend to provide Transitional Housing must ensure that each housing unit in a building used for Transitional Housing contains sleeping accommodations as well as kitchen and bathroom facilities. The units must be used exclusively to ease the transition of homeless persons to independent living within 24 months. Applicants selecting Transitional Housing for the Homeless must provide evidence in their application that a governmental body or Qualified Nonprofit Organization (QNP) will provide Homeless individuals with temporary housing and supportive services designed to assist them in locating and retaining permanent housing. For a governmental body, the Applicant must submit a resolution authorizing the governmental body to provide temporary housing and supportive services for the project. For a Qualified Nonprofit Organization, the Applicant must submit all documentation required of a QNP outlined in Section 5.2.3. Requirements for all Projects electing the Housing for the Homeless Commitment

### 6.3.2. Farmworker Housing

Farmworker means a household whose Income is derived from farm work in an amount not less than \$3,000 per year. See Glossary for a complete definition of “farm work.” All housing units subject to the Farmworker Housing Commitment must be rented to qualifying Farmworker households at initial project occupancy.

Projects that dedicate 75% or more units to farmworker housing can receive up to 25 points. In the Non-Metro Geographic pool, an allocation will not be made for more than two farmworker projects per year.

### 6.3.3. Housing For Large Households

Points will be awarded based on the Applicant’s Commitment to provide a minimum of 20% of the total housing units in the project as low-income housing units with three bedrooms or more that are reserved for Large Households (the “Housing for Large Households Commitment”). A Large Household consists of four or more persons who are not necessarily related.

### 6.3.4. Elderly Housing

Points will be awarded on the Applicant’s Commitment to maintain the project as an Elderly Housing Project (the “Elderly Housing Commitment”). At Application, the Owner must commit to one of the following elderly options:

- 62 or over: A Project in which all Housing Units are intended for, and solely occupied by, Residents who are 62 or older.
- 55 or older: A Project in which all Housing Units are intended and operated for occupancy by at least one Resident who is 55 or older, where at least 80% of the Total Housing Units in the Project are in fact occupied by at least one Resident who is 55 or older.
- RD 515 or HUD: A Project subject to either the Rural Development (RD) Section 515 program for elderly persons or a HUD elderly program.

The Elderly Housing Commitment is for 100% of the Housing Units in the project, regardless of the elderly option chosen.

### 6.3.5. Housing for Persons with Disabilities

Points will be awarded based on the Applicant's Commitment to provide a minimum of 20% of the total housing units in the project for persons with Disabilities (the "Housing for Persons with Disabilities Commitment").

### 6.3.6. Requirements of All Housing Commitments for Priority Populations

All Applicants who select one or more Housing Commitments for Priority Populations must comply with all the following requirements:

- The Applicant must address the need for housing for the priority population in the Market Study. See Section 4.8 for the specific requirements of the Market Study.
- The Applicant agrees that any Housing Commitment for Priority Populations will be established, implemented, and kept in compliance with the Fair Housing Act, as amended; the Architectural Barriers Act of 1968; the Americans with Disabilities Act; and any other local, state, and Federal nondiscrimination or accessibility laws, regulations, or requirements.
- All housing units subject to the Housing for Large Households Commitment, the Housing for the Homeless Commitment, or the Farmworker Housing Commitment must be rent-restricted, low-income housing units.
- With respect to the Housing for Persons with Disabilities Commitment and the Elderly Housing Commitment, the Applicant may reserve a combination of the low-income housing units and the market-rate housing units for the given Commitment if a project includes both low-income housing units and market-rate housing units. The Applicant agrees that the gross rent for the low-income housing units must be rent-restricted.
- Except for the 100% Elderly Housing Commitment, the same housing unit cannot be used to satisfy more than one Housing Commitment for Priority Populations, regardless of whether a resident is eligible for more than one. Further, the Applicant must provide a minimum of 20% of the total housing units in the project for each Housing Commitment for Priority Populations selected. For example, if the Applicant selects the 20% Housing for Large Households Commitment and the 20% Housing for Persons with Disabilities Commitment, the Applicant must provide a minimum of 40% of the total housing units in the project, including specifically a minimum of 20% of the total housing units for Large Households and a minimum of 20% of the total housing units for Persons with Disabilities.
- When a project with any Housing Commitment for Priority Populations is placed-in-service and ready for initial occupancy, each housing unit subject to such a Commitment must first be rented to and occupied by a resident who qualifies for the commitment (e.g., in the case of the Farmworker Housing Commitment, by a Farmworker household), or else the unit must be held unoccupied. Upon taking possession of an acquisition/rehabilitation project, the project owner may satisfy all Commitments, beyond any Federal minimums, through attrition.
- If, after initial occupancy by a qualified resident, a housing unit subject to a Housing Commitment for Priority Populations (other than Elderly Housing Commitment and the Housing for the Homeless Commitment) is subsequently vacated, the project owner shall actively market any vacant housing units that are necessary to comply with the applicable Commitment(s) for a minimum of 30 days. The owner shall not rent such units to anyone who is not eligible for the selected Commitment(s) during this 30-day period. More specifically, a housing unit in this Special Needs Housing Commitment must remain vacant during this 30-day recruitment period



until the Applicant can rent it to a person or household who meets the eligibility criteria for the Housing Commitment for Priority Populations.

- The minimum 30-day recruitment period begins when the housing unit becomes vacant and ready for occupancy and the Applicant begins to actively market the housing unit. The Applicant must document recruitment efforts (e.g., the active use of the project’s referral and marketing agreements).
- The Applicant cannot rent the housing units to a person or household who does not meet the eligibility criteria for the specific Commitment(s) during the minimum 30-day recruitment period. If the Applicant is unable to secure an individual or household who meets the eligibility criteria after 30 days of active marketing, the Applicant may rent the housing unit to another resident as applicable.
- If the Applicant rents a housing unit to an individual or household who does not meet the eligibility criteria after completing the minimum 30-day recruitment period, the Applicant must actively market the next available housing units of comparable size and type, following the same recruitment procedures, until all the Commitment(s) are achieved and maintained.
- The recruitment requirements described in this subsection apply to all housing units in the Farmworker Housing Commitment, the Housing for Large Households Commitment, and the Housing for Persons with Disabilities Commitment, including both low-income housing units and market rate housing units.
- For the Elderly Housing Commitment or the Housing for the Homeless Commitment, the Applicant must actively market and exclusively rent all the housing units for the duration of the Project Compliance Period to persons who meet the eligibility criteria of the applicable Special Needs Housing Commitment.
- In the event of reasonably unforeseen circumstances that prevent a project from fully meeting its Commitments, the project owner may seek a waiver or modification to any such Commitments. This request must be made in writing and approval is at the sole discretion of the Commission.

#### 6.4. Leverage Scoring and Points

##### 2-10 Points

Points will be awarded for applicants who have secured funding commitments for one or more capital sources that include but may not be limited to local, state, and federal public funds, as well as capital contributions from health care providers.

Points for this category are based upon the amount of **capital** sources leveraged, defined below, as a percentage of the Total Project Costs, and will be awarded as follows:

Pool				
Range = % of other sources as % of <b>Total Project Costs</b>				
King	5-10%	11-20%	21-25%	26% and above
Points	2	4	7	10
Metro	2-7%	8-12%	13-17%	18% and above
Points	2	4	7	10
Non- Metro	2-7%	8-15%	16-22%	23% and above
Points	2	4	7	10

The percentage of leverage is calculated by using the amount of all other committed sources as shown in the development budget and specifically identified in the application on the sources form. (Tax credit equity and developer fee excluded).

**Applicants seeking points for sponsor loans or charitable donations must have backup to document the source and have at least 50% of the funds received at the time of application. These sources must be approved by the Commission 60 days prior to the submission of an application.**

For purposes of calculation under this policy, sources not included are:

- Developer Fee either cash fee or Deferred Loan;
- Any operating related subsidy or operating budget sources;
- Funds not fully committed at the time of application.

### 6.5. Public Leverage

#### **2 Points**

In addition to the points awarded above, two additional points can be awarded for projects that have 50% (fifty percent) or more public resources committed as part of the other sources leveraged. See Sec. 5.2.1 Fully Funded Projects for guidance on committed public funds.

### 6.6. Project-Based Rental Assistance

#### **2-4 Points**

Points will be awarded to projects that meet the following threshold for federal project-based rental assistance (PBRA):

Percentage of Low Income Units with PBRA Points	
<b>10-25%</b>	2 points
<b>26-49%</b>	3 points
<b>50% or more</b>	4 points

The rental assistance may be an existing or a new contract. Federal rental assistance may be administered by HUD, USDA Rural Development or by the local Public Housing Authority.

Also, Section 811 Project Based Rental Assistance (PRA) program is included. The rental assistance must be committed at the time of application. Projects that use project-based rental assistance to establish eligibility for the Local Funding Commitment points are not eligible for points under this policy.

The Applicant must agree to renew such subsidy for as long as the rental assistance is available.

If rental assistance is eliminated, the applicant may request the Commission waive or modify the rent structure and target population to ensure the economic viability of the project.

## 6.7. Cost Containment Incentive

### 1-8 Points

**TDC Limit Point:** TDC Limit Cost Containment Point will be awarded to a project that is below its appropriate TDC Limits at the time of application as follows:

- One (1) point for being under the appropriate TDC limit; or
- Three (3) points for being more than five (5) percent under the appropriate TDC limit; or
- Six (6) points for being more than ten (10) percent under the appropriate TDC limit NOTE: These points are not cumulative.

**Note: these points are not cumulative**

**Median Square Footage Point:** Two (2) cost-containment points can be awarded to projects based on how they compare to the median cost per square foot in its Geographic credit pool (see Section 5.2.2) for the allocation round in which it applies as set forth below.

When Applications are received, the Residential Cost per Square Foot (Cost/SF) of each project will be calculated per the following definitions:

- **Residential Project Square Footage** is defined as the gross residential square footage of the buildings to be constructed or rehabilitated.
- **Gross residential square footage** is to be measured from the outside face of the exterior walls and the centerline of party walls.

Everything within the building envelope will be included in the calculation, including unheated mechanical space, common area, circulation area and structured parking.

Anything outside of the building envelope such as balconies, roof top decks, carports, and surface parking is to be excluded.

Commercial spaces to be owned under a separate legal entity and whose costs are not reflected in the Residential Project Budget may not be included in the total project square footage.

Space that is shared between a Residential Project Condominium and other condominiums in a building may be included on a pro rata basis.

A certification of the Project's Gross Residential Square Footage by the project architect must be included in the Application and recertified at the time of final cost certification. (Form 2B and Square Footage from Architect should be consistent)

- **Total Development Cost** is defined in the same way as it is under the existing TDC Limit Policy: Total Residential Project Cost minus the cost of land and minus capitalized reserves.
- **Cost per Square Foot** is determined by dividing the Total Development Cost by the project's Residential Project Square Footage.

Projects competing in the same allocation round that are in the King/Seattle Geographic credit pool (see Section 5.2.2) will be grouped together to determine the median King/Seattle Cost/SF for the round.

Those same projects will then be awarded two (2) points if they are less than or equal to the median for that grouping.

Projects competing in the same allocation round that are in the Metro Geographic credit pool (see Section 5.2.2) will be grouped together to determine the median Metro Cost/SF for the round.

Those same projects will then be awarded two (2) points if they are less than, or equal to, the median for that grouping.

Projects competing in the same allocation round that are in the Balance of State Geographic Credit pool (see Section 5.2.2) will be grouped together to determine the median Balance of State Cost/SF for the round. Those same projects will then be awarded two (2) points if they are less than, or equal to, the median for that grouping.

**Projects must maintain eligibility for the points awarded.** If at the time of Final Cost Certification, a project has failed to meet the total development costs proposed in its application, the Commission may, among other penalties it determines to be appropriate, deduct an equal number of points from the Project Sponsor’s next complete, Fully Funded 9% tax credit application that satisfies all applicable Minimum Threshold criteria.

6.8. Developer Fees

**2-10 Points**

Points will be awarded based on the Applicant’s Commitment in the Application to limit the maximum developer fees, in the aggregate, for the project to:

% of Total Project Cost*	Points
10%	10 Points
11%	8 Points
12%	6 Points
13%	4 Points
14%	2 Points
15%	0 Points

*\*For a discussion of how and when the developer fee is calculated with respect to a Project, see Section 3.7.*

6.9. Properties At Risk of Loss Or Market Conversion

**4-6 Points**

This Allocation Criterion prioritizes projects that are at imminent risk of loss to the State’s affordable housing portfolio due to the potential loss or conversion of use-restricted units to market rate units. Projects must have an expiring use restriction and the units must be at risk of loss under one of three scenarios:

- The current ownership is selling the property and the units will no longer be use restricted and will convert to market.
- The Project has significant and immediate capital needs, and the Project Sponsor is faced with letting the use restriction lapse to increase cash flow to fund capital expenditures.

- A project owned by a Housing Authority in the Non-Metro Geographic Pool that needs extensive rehabilitation and has unique economic factors and faces potential loss of the housing stock.

Eligible Projects will be awarded points based on the number of units At Risk of Market Conversion:

Number of Units	Points
79 units or less	4 points
80 units or more	6 Points

Applicants choosing these points are highly encouraged to approach the Commission prior to the application date to determine whether or not the project meets the intent of this criterion.

Projects are eligible for the At Risk of Market Conversion Criterion if all the following requirements are met:

- Projects must have one or more Federally Assisted Buildings.
- The Federal Agency regulating the low-income use must certify that the owner may be released from all low-income use restrictions within three years of the date of the preapproval request.
- The Applicant must demonstrate that a market exists for the project to be converted to market rate housing and that the existing residents are likely to be displaced should the project not be purchased or recapitalized by the Sponsor.
  - The market study must indicate the market rents that might be achievable at the property without the federal assistance restriction.
  - The Applicant must supply the rent rolls that show the incomes of the residents to demonstrate that the population living in the units is unable to afford market rate rents in the same market area.
- Projects qualifying under Scenario 2: The project must have significant and immediate capital needs evidenced by a required 3rd party Capital Needs Assessment.

These points will be valid for three allocation rounds after the initial application is granted if the above criteria can be documented. The project must compete for credit in the round in which it applies.

At Risk of Market Conversion points are not available to projects competing in the New Production pool, e.g., a project made up of units that are 40% rehab and 60% new construction.

#### 6.10. Historic Buildings

##### 5 Points

Points will be awarded to Projects that fit the definition of New Production, are using the federal Historic Tax Credit (RTC) as part of the project financing, and are:

- Listed, or have been determined eligible for listing, in the National Register of Historic Places administered by the U.S. Department of the Interior in accordance with the National Historic Preservation Act of 1996; or
- Located in a registered historic district and certified by the Secretary of the U.S. Department of the Interior as being of historic significance to that district.

To receive points, 50% or more of the total housing units in the project must be located in the building(s) designated as historic property. Projects must submit evidence of the historic designation and a Title Report that shows no existing Affordable Housing Use Restrictions with the Application. Applicants must also complete the Historic Tax Credit tab of the LIHTC addendum as well as show Historic Tax Credits as part of the Project financing.

6.11. Eligible Tribal Area

**6 Points in King County / 5 Points In Metro / 10 Points In Non-Metro**

Points will be awarded to Projects located within the boundaries of an eligible Indian Reservation or within the service area of an eligible tribe provided that the project is sponsored by the Indian tribe or tribally designated housing entity. Indian Tribes eligible for these points are those where the percentage of households living below the poverty level is 20% or more of the total tribal households.

Eligible Tribes	Poverty Rate
<b>Chehalis</b>	20%
<b>Colville</b>	21%
<b>Hoh</b>	35%
<b>Kalispel</b>	30%
<b>Lower Elwha</b>	26%
<b>Makah</b>	27%
<b>Nooksack</b>	30%
<b>Quileute</b>	37%
<b>Quinault</b>	27%
<b>Port Gamble</b>	25%
<b>Skokomish</b>	24%
<b>Spokane</b>	24%
<b>Squaxin Island</b>	24%
<b>Upper Skagit</b>	47%
<b>Yakama</b>	24%

Tribal eligibility is based upon poverty rate levels as determined by the U.S. Census. For tribes not listed as eligible, on a case-by-case basis, the Commission will consider supplemental demographic data provided by the Applicant that demonstrates that 20% or more of the total Indian households are living below the poverty level. To be considered for these points using supplemental data, the Applicant must present their data to the Commission for preapproval at least 30 days prior to the application deadline.

The Applicant must provide a site map identifying the project location and the boundaries of the Indian Reservation or the Service Area of the Tribe. If a project consists of multiple sites, all sites must be located within the Eligible Tribal Area.

Note: If a Project selects points under this Allocation Criterion, it is not eligible to select points under the other allocation criteria that target specific locations: Location Efficient Projects, Area Targeted by a Local Jurisdiction, Community Revitalization Plan, Transit Oriented Development, Job Centers, and High Opportunity Areas.

6.12. Location Efficient Projects

**2 Points**

Points will be awarded to Projects that provide nearby access to food and go beyond the minimum Access to Services criterion of the Evergreen Sustainable Development Standard (ESDS). Under ESDS Criterion 2.5, urban projects should be located within ¼ mile walking distance of at least two or a ½ mile of at least 4 community, retail or service facilities. Rural projects should be located within 2 miles of at least 2 facilities. For the purposes of this Allocation Criterion, urban and rural hold the same definitions as under ESDS (See Section 4.9) and the same distance measurement, from the center of the site to the entrance of the facility, will be used.

Two points will be awarded to Urban Projects that are:

- located within ¼ mile walking distance of at least 3 community, retail or service facilities or within a ½ mile walking distance of 5 facilities from the list below; AND
- located within ½ mile walking distance of a supermarket, a grocery store with produce or a farmers' market. This does not count as one of the 3 or 5 facilities referenced in number 1 above.
- Two points will be awarded to Rural Projects that are:
- located within a 2-mile driving distance of 4 or more facilities from the list below; AND
- one of the 4 facilities must be a supermarket, a grocery store with produce or a farmers' market supermarket, a grocery store with produce or a farmers' market.

#### Examples of Civic and Community Facilities, Services, and Retail

- Medical clinic or office
- Licensed Adult or senior care
- Licensed Childcare
- Community or recreation center
- Entertainment venue (theater, sports)
- Educational facility (including k-12 school, university, adult education, vocational school, community college)
- Cultural arts facility (museum, performing arts)
- Police or fire station
- Public Library
- Public Park
- Post office
- Place of worship
- Government office that serves public on-site
- Social services center
- Bank
- Restaurant, café, diner
- Laundry, dry cleaner
- Gym, health club, exercise studio
- Supermarket
- Other food store with produce
- Farmers' market
- Hardware store
- Pharmacy
- Clothing retail
- Other retail

The facilities used to meet this criterion must be built at the time of application. Facilities that are planned, but not built, may be eligible with preapproval.

A Farmer's Market must operate at least once a week for at least 5 months of the year.

Each establishment must be a separate and distinct business and may only count as one facility. Separate and distinct businesses under one roof will each count as a facility. For example, a Safeway that also houses a Wells Fargo Bank and a Starbucks will count as 3 facilities.

If a project includes multiple sites, each of the sites must be with the required distance of the specified number of facilities.

The Applicant is responsible for explaining and demonstrating how the listed facilities meet the intent of this policy; however, it is the Commission, in its sole discretion, who will determine whether the specific facilities, services and/or retail presented qualify.

Applicants must attach

- a list of the required number of services, facilities, and/or retail establishments including the name, type of facility and address; and
- a context map demonstrating that the center of the Project site is within the required walking or driving distances of the required number of services.

Google Maps offers a function to demonstrate walking or driving distance. On Google Maps, go to “Get Directions” and then click on the image of a pedestrian. The Commission will, in its sole discretion, determine whether the specific facilities, services and/or retail presented meet the intent of this policy.

### 6.13. Area Targeted by a Local Jurisdiction

#### **2 Points in King County And Metro Counties**

Points will be awarded to a Project that is located within the defined geographic boundaries of a planning document approved by the governing body of the local jurisdiction. The planned targeted area must provide for a mix of housing, retail and services and have zoning provisions to accommodate new growth in the area. The plan must include policies addressing the creation or preservation of affordable housing serving households at 80% AMI or below. The targeted area cannot be an entire local jurisdiction, nor can it be a site level designation.

The Applicant must submit documentation of the targeted area designation by the local jurisdiction and a site map showing the Project’s location within the designated area. If a project includes multiple sites, each of the sites must each be located within an area targeted by a local jurisdiction.

### 6.14. Community Revitalization Plan (CRP)

#### **1 Point in King County and Metro Counties**

One point will be awarded to a Project that is located within the defined geographic boundaries of a Community Revitalization Plan. If a project includes multiple sites, each of the sites must each be located within an area covered by a Community Revitalization Plan. Applicants choosing these points are highly encouraged to approach the Commission prior to the application date to determine whether the project meets the intent of this criterion.

**A Community Revitalization Plan must:**

- Be a published document, approved and adopted by a governing body, by ordinance, resolution, or other legal action; and
- Target funds or tax incentives to specific geographic areas for either:
  - economic development, including economic related initiatives.
  - Commercial/retail development, including infrastructure and community facility improvement.



To earn this point, submit the following:

- Identify by name, the Community Revitalization Plan document(s) being relied upon to qualify for the CRP allocation points. Attach and highlight the specific sections in the document that apply.
- Provide a narrative explanation to justify how this project meets the Policy requirements to receive the CRP points. Provide details on any of the following and include page references from the applicable plan:
  - Infrastructure such as streets, walkways, street lighting, trees, greening activities, water, sewer, etc.
  - Community Facilities such as parks, playgrounds, activity centers, etc.
  - Economic and Business Development such as new or rehabbed commercial space, business organizations, tax incentives, transportation/parking facilities, façade improvements, marketing, etc.
- Identify the specific geography targeted by the plan and provide a map showing the location of the project within the geography.
- List each of the local, state, federal and/or private “economic development” funding source(s) being targeted to the identified revitalization initiatives(s):
  - Please list the amount of funding that has been committed under each source
  - Specifically explain the activities that will be performed using the targeted economic development funds

#### 6.15. Transit Oriented Development (TOD)

##### **1 Point in King County**

Projects will be awarded 1 point if they are located within a 10-minute walkshed of Fixed Transit Infrastructure and located in an area zoned for high-capacity transit-supported density. TOD points are only available to Projects in King County. Puget Sound Regional Council (PSRC) has generously developed a map to locate properties to fit the TOD definition outlined below. The map is available on our website. If a property meets the intent of the policy but fails to appear on the map, a location that meets the intent of the policy may still be eligible for the TOD point with preapproval.

“Fixed Transit Infrastructure” is defined as Light Rail Stations, Commuter Rail Stations, Ferry Terminals, Bus Rapid Transit Stations, Streetcar Stops, and Major Bus Transit Centers.

The major bus transit centers in King County are Auburn Transit Center, Aurora Village Transit Center, Bellevue Transit Center, Burien Transit Center, Federal Way Transit Center, Issaquah Transit Center, Kent Transit Center, Kirkland Transit Center, Mount Baker Transit Center, Northgate Transit Center, Overlake Transit Center, Redmond Transit Center, Renton Transit Center, and Totem Lake Transit Center.

Metro has certain Rapid Ride stops designated as “stations” that will receive higher levels of improvement and will always be served. Rapid Ride stops that are not designated as “stations” are not eligible TOD locations.

If the Fixed Transit Infrastructure does not yet exist, the transit investment must be planned, approved, and funded at the time of Application. Transit investments that have been funded, but not yet been sited, will not be considered.

A “10-minute walkshed” is defined as the area surrounding the Fixed Transit Infrastructure that is comfortably walkable within 10 minutes, typically an area that is within ½ mile of the transit. The size and shape of a walkshed considers the existence of freeways, the street grid, topography and other obstacles that might impede access to the transit site. The 10-minute Walkshed around each of the eligible TOD locations is shown on the TOD map.

An area is zoned for “high-capacity-transit-supportive density” when the overall zoning for the area within the walkshed of the Fixed Transit Infrastructure allows for at least 20 dwelling units per gross acre.

The Applicant must submit a site map with the application demonstrating that the Project’s location is within the boundaries of an eligible TOD’s 10-minute walkshed. If a project includes multiple sites, each of the sites must each be located within a TOD walkshed to be eligible for the TOD point.

### 6.16. Job Centers

#### 1 Point in Metro and Non-Metro Counties

One point will be awarded to Projects located in or near the top 25 cities and Census Designated Places (CDP) within each of the Metro and Non-Metro Credit Pools that have experienced the highest absolute job growth over the five-year period from 2005 to 2010.

Projects must be within a 5-mile radius of the top growth places in the Metro Credit Pool and within a 10-mile radius of the places in the Non-Metro Credit Pool.

The list of Top Job Growth Cities and Places will remain constant for a five-year period. Updates will occur one year prior to implementation of the updated list to take development pipeline into account. For example, the proposed list will remain in place for the allocation years of 2013 to 2017. The list will be updated and published in 2016 but will not take effect until 2018.

If the Project’s address clearly demonstrates that the Project is in a Job Growth Place, no documentation needs to be submitted with the Application. If the Project’s address shows the project is not located in a Job Growth Place, the Applicant must submit a site map demonstrating that the Project is located within the required distance of a Job Growth Place.

If a project includes multiple sites, each of the sites must demonstrate eligibility for points to be awarded under the Job Center criterion.

#### Top 25 Job Growth Places in Metro Counties

City or CDP	County	2014 Jobs	2010 Jobs	Job Growth	Rank
<b>Vancouver</b>	Clark	84,214	77,843	6,371	1
<b>Everett</b>	Snohomish	87,131	82,644	4,487	2
<b>Olympia</b>	Thurston	44,889	40,855	4,034	3
<b>Lakewood</b>	Pierce	25,370	21,479	3,891	4
<b>Tacoma</b>	Pierce	104,069	100,411	3,658	5
<b>Lynnwood</b>	Snohomish	28,483	25,386	3,097	6
<b>Puyallup</b>	Pierce	25,746	22,930	2,816	7
<b>Marysville</b>	Snohomish	13,491	11,154	2,337	8
<b>Edmonds</b>	Snohomish	11,694	9,576	2,118	9

<b>Bothell (Sno Cty)</b>	Snohomish	13,178	11,433	1,745	10
<b>Sumner</b>	Pierce	12,572	11,107	1,465	11
<b>Lacey</b>	Thurston	20,069	18,761	1,308	12
<b>Spokane Valley</b>	Spokane	50,944	50,021	923	13
<b>Fife</b>	Pierce	16,232	15,327	905	14
<b>Lake Stevens</b>	Snohomish	4,434	3,889	545	15
<b>South Hill</b>	Pierce	6,862	6,330	532	16
<b>Mount Vista</b>	Clark	4,381	3,863	518	17
<b>Orchards</b>	Clark	3,788	3,273	515	18
<b>Mount Vernon</b>	Snohomish	14,703	14,205	498	19
<b>Mukilteo</b>	Snohomish	9,624	9,133	491	20
<b>Airway Heights</b>	Spokane	4,090	3,616	474	21
<b>Woodland</b>	Clark	3,617	3,151	466	22
<b>Bonney Lake</b>	Pierce	3,821	3,368	453	23
<b>Frederickson</b>	Pierce	4,533	4,087	446	24
<b>Camas</b>	Clark	6,941	6,499	442	25

\*Source: U.S. Census Bureau Center for Economic Studies: <https://onthemap.ces.census.gov/>

#### Top 25 Job Growth Places in Non-Metro Counties

City or CDP	County	2014 Jobs	2010 Jobs	Job growth	Rank
<b>Yakima</b>	Yakima	44,009	39,138	4,871	1
<b>Silverdale</b>	Kitsap	12,230	10,445	1,785	2
<b>Moses Lake</b>	Grant	10,847	9,290	1,557	3
<b>Bainbridge Island</b>	Kitsap	9,554	8,024	1,530	4
<b>Kennewick</b>	Benton	30,868	29,341	1,527	5
<b>Richland</b>	Benton	35,564	34,297	1,267	6
<b>Walla Walla</b>	Walla Walla	14,368	13,262	1,106	7
<b>Pasco</b>	Franklin	20,557	19,477	1,080	8
<b>Pullman</b>	Whitman	14,089	13,084	1,005	9
<b>Port Angeles</b>	Clallam	8,782	7,852	930	10
<b>Bremerton</b>	Kitsap	15,655	14,887	768	11
<b>Burlington</b>	Skagit	8,482	7,833	649	12
<b>Port Townsend</b>	Jefferson	4,446	3,912	534	13
<b>Colville</b>	Stevens	3,694	3,180	514	14
<b>Ephrata</b>	Grant	3,637	3,164	473	15
<b>Othello</b>	Adams	4,166	3,699	467	16
<b>Omak</b>	Okanogan	3,078	2,644	434	17
<b>Sequim</b>	Clallam	4,030	3,607	423	18
<b>Sunnyside</b>	Yakima	6,723	6,302	421	19
<b>Oak Harbor</b>	Island	5,439	5,026	413	20
<b>Sedro -Woolley</b>	Skagit	3,486	3,075	411	21
<b>Kelso</b>	Cowlitz	5,441	5,062	379	22
<b>Clarkston</b>	Asotin	4,192	3,855	337	23
<b>Selah</b>	Yakima	2,928	2,613	315	24
<b>Quincy</b>	Grant	2,712	2,407	305	25

\*Source: U.S. Census Bureau Center for Economic Studies: [www.onthemap.ces.census.gov](http://www.onthemap.ces.census.gov) (8/2016)

## 6.17. High and Very High Opportunity Areas

### 1 Point in King County

Projects in a census tract that is rated High or Very High on the Comprehensive Opportunity Index as defined by the Puget Sound Regional Council will be awarded 1 point. More information on Opportunity Mapping is available on PSRC's website. If a project includes multiple sites, each of the sites must each be located within a High or Very High Opportunity Census Tract to be eligible for this point.

## 6.18. Nonprofit Sponsor

### 5 Points

Nonprofit Organizations are critical to the delivery of affordable housing for low-income households in Washington. Nonprofit housing developers are mission driven entities that do not need to produce economic profits for investors and thus are able to place a very high priority on the needs and interests of residents most in need. They have a vested and long-term interest in developing, maintaining and preserving safe, quality and affordable housing options for low-income individuals and families.

Across our state, the organizational capacity and housing development experience of Nonprofit Organizations is uneven. In certain areas of the state, especially in rural areas, the existing capacity of Nonprofit Organizations is not sufficient to meet the affordable housing needs.

For-profit entities also provide an important vehicle for the provision of affordable housing. In certain parts of the state, they are the only developers of such housing, and they often bring equity and expertise to transactions that would not otherwise be available to Nonprofit Organizations.

Because of their need to produce returns on investment and their sensitivity to the tax treatment of investments, for-profit entities as a group may not provide the sustained development capacity needed to meet the long-term affordable housing needs of low-income individuals and families.

It is the primary intent of this policy to increase the capacity of Nonprofit Organizations to provide affordable housing and thereby increase the number of affordable housing projects developed and owned by Nonprofit organizations now and in the future. The secondary objective is to encourage partnerships between Nonprofits Organizations and for-profit entities, thereby expanding the capacity of Nonprofit Organizations and recognizing the important contribution that for-profit entities can provide to meet our housing needs. The third objective is to recognize situations where there is simply insufficient Nonprofit Organization capacity or other unique circumstances and provide incentives to for-profit entities to develop affordable housing.

For the purposes of this policy, a Nonprofit Organization is defined as an organization organized and operated exclusively for Charitable Purposes and that is tax-exempt under Section 501(a) of the Code. Examples of these are organizations described in Sections 501(c)(3) and 501(c)(4) of the Code. A Nonprofit Organization also includes public housing authorities, public development corporations, Tribes, and Tribally Designated Housing Entities.

To be considered for the five Nonprofit Sponsor points, Applicants must qualify under one of the following three scenarios:

#### 6.18.1. Nonprofit only

Developed, owned and operated solely by a credible and viable Nonprofit Organization, recognizing that there may be for-profit partners or participants to provide tax- credit equity.

### 6.18.2.For-Profit/Nonprofit Partnership

Developed, owned and operated by a partnership between a for-profit entity and a Nonprofit Organization as co-owners (FP and NP Partnership). For example, a Limited Partnership may have a for-profit and a Nonprofit Organization as co-general partners or in the case of a Limited Liability Company, co- managing members. Also, projects may be co-developed by partnerships between for-profit entities and Nonprofit Organizations. The Nonprofit Organization should have a material role in the development or management of the project, provide services or otherwise contribute to the project.

### 6.18.3.Nonprofit Sponsor Waiver

Under certain circumstances and only after making specific findings, the MHCF Director may waive the required Nonprofit Organization involvement. The findings must demonstrate that either no credible and viable Nonprofit Organization is willing and/or able to participate in the project development and ownership, or that unique conditions exist such that only a for-profit entity can complete the project. Approval for such waiver requests must be granted in advance of the published application deadline. Waiver requests must be made in writing at least 60 days in advance of application submittal deadline.

All Applicants selecting the Nonprofit points must submit the following (as applicable) with their Application:

- A copy of the Nonprofit Organization’s IRS determination letter;
- A complete and current as amended copy of the Nonprofit Organization’s articles of incorporation as filed with the Secretary of State;
- Complete and current as amended copies of the bylaws and other governing instruments of the Nonprofit Organization;
- Evidence that the Nonprofit Organization has an ownership interest in the project and that the Nonprofit Organization will materially participate in the development and operation of the project throughout the project compliance period;
- A certification by the Nonprofit Organization that it is not Affiliated With, or Controlled By, a for-profit organization, entity, or individual; and
- A current list of names of all board members and officers of the Nonprofit Organization and any affiliation (plus the nature of the affiliation) such board member or officer has with any for-profit entities or individuals.

## 6.19. Donation in Support of Local Housing Needs

### 5 Points

Points will be awarded to projects based on the Applicant’s Commitment to contribute funds to a local Nonprofit Organization in an amount based upon the total project costs (TPC) as follows:

- \$0 - \$12,500,000 (TPC)=\$15,000 Donation
- \$12,500,001 and above (TPC)=\$25,000 Donation

## 6.20. Eventual Tenant Ownership

### 0 Points

Incentive points in this category are suspended for this application cycle pending an evaluation and update of program policies and procedures for eventual tenant ownership projects. Applicants interested in eventual tenant ownership after the initial 15-year Compliance Period must contact the Commission prior to the application date to determine whether or not the project meets the intent of this criterion.

## 6.21. Energy Efficiency Modeling

### 2 Points

To encourage building owners to make savings investments that optimize a building's energy efficiency, we are encouraging the use of energy modeling for **new construction**.

Two points will be awarded for projects that select Option #1 from ESDS Section 1.02 Advanced Tools. The selected consultant must be chosen from the Commission's approved roster of energy modeling consultants.

With the submittal of the tax credit application, the applicant must attach a commitment letter from the chosen energy consultant attesting they will join the project team and provide modeling early enough in the design process to inform design decision making.

## 7 Credit Reservation and Carryover Allocation Requirements

Those projects selected by the Commission as eligible for Credit will be issued a Credit reservation and carryover allocation only if they meet the requirements set forth in this Chapter, the Application and the Program. The Credit reservation and carryover allocation is made pursuant to the terms of the Credit Reservation and Carryover Allocation Contract (RAC). The Commission will disqualify the Project/Application and cancel the Credit reservation and carryover allocation for any project if any of these requirements are not met by the deadlines set by the Commission.

### 7.22. Credit Reservation and Carryover Allocation Contract (RAC)

The Applicant must execute the RAC in a timely manner. The Commission anticipates that the RAC will be distributed to Applicants no later than thirty days after the Commission's approval of the Project's Credit allocation. The Applicant must execute the RAC in the form provided by the Commission. Before the Commission will execute a RAC for a project, an Applicant must satisfy each of the following requirements:

#### 7.22.1. Payment of Fifty Percent (50%) of the Reservation Fee

The Applicant must pay at least fifty percent (50%) of the reservation fee for the project when the RAC is signed by the Applicant and submitted to the Commission. The reservation fee is nonrefundable and nontransferable. The Applicant must pay the reservation fee with a business or personal check, a money order, or a cashier's check. Cash is not accepted. A RAC submitted with a check that is returned for insufficient funds will not be executed, and the project may be disqualified.

### 7.22.2. Feasibility and Viability Analysis

At the time of the carryover allocation and before signing the RAC, the Commission will perform a financial feasibility and viability analysis for each project (as described in Section 4.13 of these Policies). The Commission will advise the Applicant of documentation that must be submitted to allow the Commission to perform this analysis. The Commission may issue a carryover allocation to a project for an amount of Credit that is less than the amount requested in the Application (and set forth in the Commission's initial project approval), if the project does not qualify for such Credit amount based on the Commission's feasibility and viability analysis or for other reasons. Under no circumstances will the amount of the carryover allocation exceed the amount requested in the Application. The excess credit amount will be deemed automatically returned to the Commission and the Applicant will have no further right to the Credit. The Credit will be available, at the discretion of the Commission, for reservation and/or allocation to other qualified projects.

### 7.23. Equity Closing

The Applicant is required to give the Commission at least 30 days' notice of the scheduled Equity Closing. At least 10 days prior to the scheduled Equity Closing but after the general contractor bids have been received, the Applicant must submit the Project's final development budget, final sources of funds, and documentation to substantiate the final Credit pricing. Using the final budget, Commission staff will evaluate the balance of sources and uses and set the final Developer Fee (See Section 3.7 and 3.8).

The Applicant must enter into a Regulatory Agreement that applies to each building in the project (See Section 2.11). The Applicant is responsible for the drafting of a Priority Agreement that ensures the Commission's Regulatory Agreement is in first lien position as a restrictive covenant on the land and all improvements thereon. Both the Regulatory Agreement and Priority Agreement must be executed and recorded as part of the Equity Closing.

Once the Equity Closing is completed, the Applicant is responsible for ensuring that the Commission receives a copy of the final title report and the executed Limited Partnership or Limited Liability Company Agreement.

### 7.24. Carryover

The Applicant must meet each of the following requirements within 12 months of the date of the RAC. The Commission will endeavor to complete its review within 60 days of receipt of all requirements.

#### 7.24.1. Ten Percent (10%) Carryover Test

The Applicant must demonstrate to the satisfaction of the Commission that it has incurred more than ten percent (10%) of the reasonably expected basis of the project, as required by Section 42(h)(1)(E) of the Code and Treasury Regulation 42.6. Specifically, the Applicant must certify to the Commission that it has fulfilled this requirement and must also submit a CPA's certification that satisfies the requirements of Treasury Regulation 42-6(c)(2).

The CPA's certification should itemize all the costs that have been incurred to satisfy the 10% requirement. If the Applicant is itemizing any portion of the developer fee or consultant fees for purposes of satisfying the 10% requirement, the certification must contain a detailed breakdown of the services performed by the developer and each consultant and the amount of the fees apportioned to

each service. The Applicant must also submit a copy of all developer and consultant contracts as well as an itemized statement apportioning the fees earned to each service provided.

The Commission may require the Applicant to submit additional documentation of the costs reflected in the certifications and the Commission may limit or exclude certain costs if it cannot determine that they are reasonable and appropriate.

#### 7.24.2. Payment of Balance of Reservation Fee

The Applicant must pay the balance of the reservation fee by the deadline in the RAC.

#### 7.24.3. Election Regarding Calculation of Gross Rent Floor

If the Applicant desires to use the placed-in-service date of the building for purposes of calculating the gross rent floor under Section 42(g)(2)A of the Code and the Applicant did not make an effective election to do so as part of the RAC, the Applicant must affirmatively elect to use the placed-in-service date by giving written notice to the Commission. This notice should be received by the Commission no later than the date that the building is placed-in-service, otherwise the IRS will treat the gross rent floor as taking effect the date the Commission initially allocated Credit to the project.

#### 7.25. Compliance With Code and Commission Requirements

The Applicant, each Principal, each member of the Development Team, each Related Party to the project owner, and the Project must follow any requirements of the Code and any terms, conditions, or obligations of the Tax Credit Program with respect to the project before being issued a RAC. Further, the Commission may choose not to issue a RAC if the Applicant, a principal or any member of the Development Team is in Noncompliance with any requirements under the Code and/or any terms, conditions, or obligations of the Tax Credit Program for any project. If the Commission decides to disqualify the project/Application and cancel the Credit reservation and carryover allocation, any Credit reserved to the project will be automatically returned to the Commission without further action of the parties and the Applicant will have no further right to such Credit. The Credit will be available for reservation and allocation to other qualified projects.

#### 7.26. Extensions

The requirement for a Project to incur more than ten percent of the reasonably expected basis of the project, as required by Section 42(h)(1)(E) of the Code and Treasury Regulation 42.6, within 12 months of the execution of the RAC cannot be extended.

However, if the Applicant anticipates that it will be unable to submit all the Credit reservation and carryover allocation requirements on time, the Applicant may ask for an extension in writing no less than thirty (30) days in advance of the specified dates in the RAC.

The Applicant's request will only be considered if it has demonstrated a strong probability that documentation of the credit reservation and carryover allocation requirements will be fulfilled within the additional requested time. The Commission may or may not grant the Applicant's request for an extension.



## 8 Placed-In-Service Allocation Requirements

The Commission will accept and process Placed-In-Service documents and issue IRS Form 8609(s) throughout the year. However, a project owner must submit all Placed-In-Service documentation, including the Independent Certified Public Accountants Report (“Cost Certification”) and the certificates of occupancy for each building in the project at least 90 days prior to when they expect to receive the IRS Form 8609(s).

### 8.1. Compliance Training

The Applicant’s property management representative must attend a Commission Tax Credit compliance workshop or receive equivalent training by a Commission Portfolio Analyst by the earlier of:

- at least 120 days before the first building is placed-in-service; or
- prior to commencement of initial rent-up activities for the project. Certificates cannot be more than 18 months old by placed-in-service date.

If the Applicant’s property management representative has attended a Commission Tax Credit compliance workshop within the 12 months before the placed-in-service date, the representative is not required to attend another workshop prior to commencement of the property’s initial rent-up activities. “Property management representative” is defined as someone who will be working directly with the project on a regular basis from the point of initial rent-up onward. To keep staff trained on the latest compliance issues, owners should also send new staff to the first available tax credit compliance workshop and senior staff every three years.

### 8.2. Title Report

The Applicant must provide a copy of the current title evidence demonstrating that the Commission’s Regulatory Agreement is in first lien position. For projects with recorded liens prior to the Commission’s Regulatory Agreement, the project will need to subordinate those liens with the Commission’s Subordination Agreement. The Title Report should reflect the recording of the Commission’s Regulatory Agreement, Deeds of Trust, Subordination Agreements, and the legal description.

### 8.3. Property Management Agreement

The Applicant must provide an executed copy of the property management agreement or related documents. The agreement must include specific terms, conditions, and responsibilities. If the

Applicant has previously submitted a property management agreement and amended it; the Applicant must provide a copy of the agreement.

### 8.4. Long-Term Lease Covenant

If the Applicant has established a long-term lease in lieu of ownership, the Applicant must execute, notarize, and record an agreement between the Applicant and the owner of the land. The owner must agree to allow the Applicant to record the Regulatory Agreement as a restrictive covenant on the land and all improvements on it that is binding upon the current owner and any successors in interest to the owner.

### 8.5. Regulatory Agreement

The Applicant must confirm that all project specific information in the Regulatory Agreement accurately reflects the project as completed. If the project has changed, an amendment to the Regulatory

Agreement must be executed, notarized and recorded in each county where the Regulatory Agreement was originally recorded.

#### 8.6. Compliance with Code and Commission Requirements

Before the Commission will issue IRS Form 8609 to any building in a project, the project owner, each of the principals, each member of the Development Team, all Related Parties to the project owner and the project must be in compliance with any requirements the Code and the terms, conditions, or obligations of the Tax Credit Program with respect to the project. Further, the Commission may choose not to issue IRS Form 8609 for a building if the project owner, a principal, a member of the Development Team, or a Related Party to the Tax Credit project owner is in Noncompliance with respect to any project subject to the Tax Credit Program. In addition, the Commission may cancel any Credit reservation and carryover allocation for any Noncompliance, for example, the failure to pay any fee assessed by the Commission with respect to the project.

If the Commission decides to disqualify the project/Application and cancel the Credit reservation and/or the carryover allocation, the Credit will be available, at the discretion of the Commission, for reservation and/or allocation to other qualified projects.

#### 8.7. Approval Of and Payment of Funds for Local Housing Needs

If the Applicant represented that it would provide funds for local housing needs, the Applicant must provide the Commission with a written request to approve a donation to a specific Nonprofit Organization that provides housing or housing-related services in the county where the project is located. The Applicant must provide the Commission with certifications (in a form acceptable to the Commission) from both the Applicant/donor and the recipient confirming that the contribution will be made or received, respectively, without any favor, benefit, gift, or other consideration. The Applicant must provide a letter from the approved Nonprofit Organization acknowledging receipt of the proper contribution amount as well as a copy of the cancelled check from the transaction. The letter must show receipt of the proper contribution amount, identify the low-income housing program, and specify how the funds will be used. The amount of the donation cannot be included in the Project's Total Project Costs.

#### 8.8. Program Requirements

All applicable Program requirements and disclosures set forth in Chapter 2 and the RAC and all applicable Program Limits must be met. All Allocation Criteria Commitments must be satisfied.

#### 8.9. Occupancy Permit

The Applicant must get a certificate of occupancy or temporary certificate of occupancy for each building and provide a copy of each certificate to the Commission. The Applicant must place each building in service by the deadlines set by the Commission. Generally, a building will be deemed to be Placed-In-Service when it is issued a certificate of occupancy by a governmental permitting agency or as otherwise defined by the Code.

#### 8.10. Final Cost Certification

The Applicant must provide a certification, addressed to the Commission, and prepared by an independent CPA, of the eligible basis of each building and, based on the Applicant sworn representations about the low-income use of each building, its qualified basis. The certifications must

also list sources and uses of all funds for the project, for example, the proceeds from the sale of the Credit. The independent CPA's certification must be accompanied by executed copies of the developer agreement, each consultant contract, and an itemized statement earmarking the developer's fees and/or consultant fees earned for the services provided.

#### 8.11. Partnership Agreement

If the Applicant is a partnership or a limited liability company, the Applicant must provide the most current Partnership Agreement.

#### 8.12. Financing Documents

The Applicant must provide financing documents, if not previously submitted, for all loans or grants made to the project. For loans, a copy of the promissory note will fulfill this requirement.

#### 8.13. Operating Pro Forma

The Applicant must provide a copy of a current 15-year operating pro forma for the project.

#### 8.14. Evergreen Sustainable Development Standard

The Applicant must provide a copy of the Evergreen Final Architect Certification, ESDS Final Report, and all required backup documentation. As much of the backup documentation as possible should be submitted in digital format on a compact disc. Emailed documentation will not be accepted.

Projects financed through Commerce are not required to submit any additional materials at placed in service.

#### 8.15. Housing for the Homeless

If the Project is subject to a Housing for the Homeless commitment, then the Applicant must provide a current Memorandum of Understanding (MOU) for each agency or organization that provides support services. The MOU must define the roles and responsibilities of each entity, including the nature and scope of the duties for each.

## 9 Project Transfer or Assignment Requirement

Pursuant to the Commission's rules (WAC 262-01-130), Policies, and Regulatory Agreements, a transfer of an interest in a project requires Commission approval. A stated goal of the Commission's Tax Credit Program is to prefer projects that are affordable to the lowest income tenants for the longest period of time. Toward that end, the Commission will decide whether to approve a proposed transfer based on whether the proposed transfer will (1) promote satisfaction of all applicable regulatory and contractual obligations, and (2) further the Commission's priorities for LIHTC projects as set forth in WAC 262-01-130, including by increasing the likelihood the project will continue to serve the lowest income tenants for the longest period of time. This will be determined based on the totality of circumstances, including but not limited to the characteristics of the project, existing partners, and transferee.

Transferees are required to submit a short paragraph explaining how the proposed transfer satisfies the Commission's approval criteria and to complete a Financial Solvency and LIHTC History (FSLH) form as part of the transfer process. This form is designed to help the Commission determine whether or not the transferee is positioned and likely to support the Commission's stated goals. The Commission may pause, require additional certifications or information from a transferee, or disallow the transfer

depending on what the FSLH or other documents reveal. Potential grounds for disallowing the transfer include but are not limited to:

Transferee has been part of a LIHTC ownership/project that subsequently was found by a court or administrative body to be in violation of a LIHTC statutory or regulatory requirement or covenant;

Transferee has been part of a LIHTC ownership/project that subsequently reduced the project's associated financial resources such that the project was not able to meet its planned capital needs;

Judicial or administrative finding against the Transferee of causing actionable harm to a LIHTC project or partner; committing fraud; or violating a LIHTC requirement or covenant.

### 9.1. Project Transfer or Assignments Requiring Commission Consent

A project transfer means any direct or indirect sale, contribution, assignment, lease, exchange, or other similar transfer of, or change in:

- an interest in the land, the Project, or any building;
- an ownership interest in the entity that is the Applicant or project owner (for example, a transfer of a partnership interest or, with respect to a limited liability company, a membership or managers' interest);
- the rights, title, or interest of the Applicant or project owner in any agreement in which the Commission and the Applicant or project owner are parties;
- the sale or transfer of, or change in, the interest of a limited partner (including the addition, removal, or withdrawal of a limited partner); or
- in the case of a limited liability company, the sale or transfer of, or change in, the interest of the investor member (unless the investor member actively participates in management of the company, such as in the case of a transfer of an investor member interest to a fund in which the investor member serves as the fund manager).

Only a few types of project transfers do not require the prior written consent of the Commission. They include:

- the grant of a security interest or lien junior to the interest of the Commission;
- the issuance, redemption, or transfer of stock or shares of a corporation that is not a closely held corporation;
- a sale or transfer of the interests in a fund or funds constituting the investor limited partner or member, so long as such sale or transfer does not result in a change of control of the fund or funds constituting the investor limited partner or member;
- a sale or transfer of the interests of the investor limited partner or member to implement the ownership arrangement initially agreed upon by the parties at the time of closing, including as a result of the involvement of a syndicator, such as a contemplated transfer of the investor interest to a syndicated fund identified at the closing of the transaction.

### 9.2. Process and Requirements for Obtaining the Commission's Consent

The first step in obtaining the Commission's written consent is to advise the Commission staff in writing of the Applicant's proposed project transfer or assignment. At a minimum, the Applicant should describe: (1) the name of the project; (2) the names of the project Applicant and/or the owner, the proposed transferor and transferee, and all other relevant parties; (3) a complete description of the

proposed project transfer or assignment, including the proposed effective date; and (4) any special circumstances related to the proposed project transfer or assignment.

After receiving the Applicant's written request, the staff will advise the Applicant if Commission consent is necessary. If it is, the staff will require the short paragraph and Financial Solvency and LIHTC History form described above and will advise the Applicant of the Commission's process and conditions that must be satisfied in order to obtain the Commission's consent, including the payment of a nonrefundable transfer fee to the Commission.

Please see submittal instructions in Chapter 9 of the Tax Credit Compliance Procedures Manual.

If the Applicant made a Commitment to participate under the Credit Set-Aside category for Qualified Nonprofit Organizations, any project transfer or assignment must be such that the project continues to qualify for applicable Credit Set-Aside category.

### 9.3. Final Conditions to Consent by Commission

The Commission will indicate its consent to the proposed project transfer or assignment by executing and returning to the Applicant a certain "Agreement Regarding Transfer of Project Consent." The Applicant may not complete the proposed project transfer or assignment until the Commission has executed and returned this agreement to the Applicant and until the Applicant has performed or satisfied all other requirements and conditions established by the Commission. If a Regulatory Agreement has been recorded for the project, the "Agreement Regarding Transfer of Project Interest" must be recorded in the office of the county auditor or recorder of each county where any building in the project is located.

Any project transfer or assignment made without the Commission's prior written consent (unless otherwise expressly permitted in this chapter) or otherwise in violation of the requirements or provisions of this chapter, the RAC, the Regulatory Agreement, or the Tax Credit Program will be:

- ineffective to relieve or release the transferor, the land, the project, and/or any building from the obligations and provisions of the Policies, the RAC, the Regulatory Agreement, and/or the Tax Credit Program;
- considered an event of default under the Application, the RAC, the Regulatory Agreement, and the Tax Credit Program, allowing the Commission to exercise any or all available remedies; and
- considered an event of Noncompliance that may result in the cancellation or invalidation of the reservation and/or allocation of Credit for the project and/or any building.

The indemnity and hold-harmless provisions of the RAC, the Regulatory Agreement or any other Tax Credit Program agreement by the Applicant and/or a successor-in-interest will survive the ending of such parties' interest in the project and will continue to be a personal obligation of such party.

## 10 Project Monitoring

Pursuant to the Qualified Allocation Plan and WAC 262-01-130(16), the Commission has established certain compliance monitoring requirements for the owners of projects. These requirements, described in the Qualified Allocation Plan and in a project's Regulatory Agreement, specify the requirements and process an owner must follow to make sure the project is in compliance with Section 42 of the Code and

the Tax Credit Program. They also specify the process the Commission or its representatives will follow in monitoring for compliance with the provisions of Section 42 of the Code and the requirements of the Tax Credit Program, and in notifying the IRS of any Noncompliance.

Federal and state laws, together with Commission policies, governing the compliance monitoring are frequently amended. It is the responsibility of the owner to make sure its project complies throughout the Project Compliance Period.

### 10.1. Owner's Responsibilities and Requirements

The owner's responsibilities and obligations for maintaining project compliance are set forth in the Qualified Allocation Plan and the Regulatory Agreement. In addition, the Commission has prepared a Tax Credit compliance manual that will help an owner understand its responsibilities and obligations for compliance monitoring under the Tax Credit Program. The Commission also provides Tax Credit compliance workshops throughout the year for owners, managers, and on-site managers to support compliance monitoring.

In addition to such other rights the Commission may exercise in connection with compliance monitoring, as a condition of participation in the Tax Credit Program a project owner agrees that the Commission may perform an on-site review of any building in the project, interview residents, review residents' applications and financial information, and review an owner's books and records relating to the project. A project owner must provide the Commission reasonable access to the project and its books and records to allow the Commission to perform compliance monitoring. In connection with this obligation, an owner must take all action as may be reasonably necessary to allow the Commission to inspect housing units occupied by residents.

The Commission will report events of Noncompliance (whether the Noncompliance relates to a violation of federal or Tax Credit Program requirements) to the IRS regardless of whether the Noncompliance is corrected timely. Noncompliance may result in the loss and recapture of Credit, in addition to the Commission exercising its rights and remedies under the Policies, the RAC, the Regulatory Agreement, the Tax Credit Program, and law. The procedures set forth for the Commission to report Noncompliance to the IRS are not intended to and will not limit or restrict any other rights and remedies available to the Commission under the Policies, the RAC, the Regulatory Agreement, the Tax Credit Program, or law.

## 11 Fee Schedule

The Commission has set the fee schedule listed below for the Tax Credit Program. The Commission may make additions or modifications to the fee schedule.

### 11.1. Application Fee – WAC 262-01-130(1) and (14)

The Application fee is the greater of:

- \$26 per housing unit (based on the total housing units in the project, including both low- income and market rate housing units, but excluding any common area units); or
- \$1,265.

The Application fee is nonrefundable and must be paid upon submission of the Application. A new Application fee must be paid each time a new Application is submitted, regardless of whether that Application is for the same building(s) or project.

### 11.2. Reservation Fee – WAC 262-01-130(14)

The reservation fee is:

- 9.50% of the total (i.e., first year) Credit reservation amount for a project that selects an Additional Low-Income Housing Commitment of at least 50% of the total low-income housing units at 50% or less of the area median gross income; or
- 12.53% of the total (i.e., first year) Credit reservation amount for any other project.

An Applicant must pay at least 50% of the reservation fee when the RAC is signed by the Applicant and submitted to the Commission, and the Applicant must pay the balance of the reservation fee by the deadline in the RAC. If the Commission does not receive the balance of the reservation fee within five business days of the deadline in the RAC, and the Commission determines that it will accept a late payment, the balance of the reservation fee must be accompanied by a late charge of 1.5% per month accruing from the RAC deadline.

The reservation fee is nonrefundable. If a RAC is canceled, the Commission will keep the entire reservation fee. Also, no adjustment of the reservation fee will be made if the final Credit allocated to a project is less than the Credit reserved to it.

### 11.3. Annual Compliance Monitoring Fee – WAC 262-01-130(14)

The Commission is required to monitor compliance of projects with applicable laws, regulations, and agreements. The annual compliance monitoring fee for projects placed-in-service prior to March 31, 2001 is \$350 for projects with 10 or fewer low-income housing units and \$35.00 per low-income housing unit for projects with 11 or more low-income housing units. The annual compliance monitoring fee for projects placed-in-service after March 31, 2001 is \$450 for projects with 10 or fewer low-income housing units and \$45.00 per low-income housing unit for projects with 11 or more low-income housing units. These fees are nonrefundable. The annual compliance monitoring fee may be increased to cover increased compliance monitoring costs in the future.

If the first year of the credit period for a project begins with the taxable year when a building is placed-in-service, the owner must pay the annual compliance monitoring fee for the first Credit year for the entire project by the deadline in the RAC, and in any event no later than the first Monday in November of the year that the first building is placed-in-service.

The full annual compliance monitoring fee must be paid annually by the Commission deadline. The current deadline for the full fee for all projects is January 31 of each year, although the Commission may change the date. If the full fee is not paid within 30 days and the Commission determines that it will accept a late payment, the payment must be accompanied by a late fee of 1.5% per month on any unpaid amounts.

The full fee is due for a project when it is placed-in-service and is subject to compliance monitoring for a given year, regardless of the number of days a project is subject to compliance within a given year.

The Commission may enter into agreements with various government agencies and delegate its compliance monitoring functions to those agencies. If the Commission enters into such an agreement and the other agency monitors a project, the Commission may allow the project owner to substitute a certification prepared for the other agency for the certification required by the Commission.

Additionally, if the other agency's monitoring of the project results in a reduction in the Commission's costs of monitoring that project, it may reduce the fee (but is under no obligation to do so).

Unless the Commission notifies a project owner in writing, the project owner is required to pay the full amount of the annual compliance monitoring fee, regardless of whether the Commission allows the project owner to use the forms, reports, or certifications prepared for any other agencies rather than the Commission's forms or reports.

#### 11.4. Transfer Fee – WAC 262-01-130(13) and (14)

The fee for any project transfer or assignment requiring the written consent of the Commission is \$3,162. The transfer fee applies to any project transfer or assignment occurring after an Application is submitted and is not refundable.

#### 11.5. Disqualification, Cancellation, Notification to IRS of Noncompliance, and Debarment

If an Applicant or project owner fails to pay any Tax Credit Program fee on time and in full, the Commission may disqualify the project and Application, cancel the Credit reservation and carryover allocation, assess a late charge, report the Noncompliance to the IRS, or prevent the Applicant, project owner, and parties associated with the project from any participation in the Tax Credit Program pursuant to the debarment rules found in WAC 262-03-040.

## 12 Decisions and Reviews

The MHCF Director is responsible for determining whether a project meets the Program Limits in Chapter 3, the Minimum Threshold Requirements set forth in Chapter 4, and whether the project qualifies for an award of Allocation Criteria points as set forth in Chapter 6 and the Application. Any person who has a question about this process, or who believes that the Policies have been violated or misapplied, should contact the MHCF Director and attempt to resolve the matter.

Following submission of the Application, the MHCF Director will notify an Applicant whether its project meets the Minimum Threshold Requirements and, if so, whether the project qualifies for the number of Allocation Criteria points awarded to the project. The notice may be given by any reasonable method as determined by the Commission, including posting the results on the Commission's website ([www.wshfc.org](http://www.wshfc.org)) and notifying each Applicant by email that the results are so available. Except for extraordinary circumstances, the MHCF Director will not change a determination as to eligibility, qualification, satisfaction of conditions or requirements, or an award of Allocation Criteria points after posting the results.

The Applicant may request that the determination by the MHCF Director with respect to these matters be reviewed by the Executive Director or his designee using the procedures described below. The Commission will generally not consider any complaint or argument about the MHCF Director's determinations that an Applicant could have raised through these review procedures if the Applicant has not sought and obtained such review.



### 12.1. Review By Executive Director

If an Applicant believes it has been treated unjustly by a determination that (and only that): (i) the project does not satisfy the Minimum Threshold Requirements or (ii) the project is not entitled to an award of Allocation Criteria points, the Applicant may ask the Executive Director to review that determination. To be considered, the request must be:

- In writing;
- Signed by the Applicant; and
- Received by the Executive Director no later than five business days after the Commission notifies the Applicant that the results are available.

A determination that a project does not meet the Minimum Threshold Requirements or does not qualify for an award of certain allocation Criteria points, may be reviewed only if the Applicant can show that:

- The MHCF Director erred in applying the Policies to the Applicant's project, or
- Extraordinary circumstances exist such that:
  - It is unreasonable and unjust to apply the Policies to the project, and
  - Making an exception will not detract from the integrity and fairness of the Tax Credit Program.

An Applicant may seek a review only with respect to the determination or award that has been made regarding the Applicant's project. No party may intervene or otherwise participate in another party's review. An Applicant may not challenge the ranking of its project relative to others. The deadlines in the Policies are not subject to review.

A request for review must state all objections to the MHCF Director's determination or award, give specific reasons for the contention that the MHCF Director erred or that extraordinary circumstances exist, and specify the desired remedy. The request must identify all information the Applicant wants the Executive Director to consider in the review. Although a request for review may include supporting documents, an Applicant may not use the review procedure to supplement the existing record.

The Executive Director (or the Executive Director's designee) will review each request for review based upon the Application and materials in the Commission's file for the project when the MHCF Director decided or award.

The Executive Director or designee may also investigate and talk to or meet with the Applicant. The Executive Director will grant relief only if the Applicant has met the burden of showing that the MHCF Director erred in applying the Policies to the Applicant's project, or that extraordinary circumstances exist such that applying the Policies as written to the project is unreasonable and unjust, and making an exception in this case will not detract from the integrity and fairness of the Program.

The Executive Director will issue a written decision within 10 business days after receiving a request for review or notify an Applicant within that period that more time is needed to respond.

### 12.2. Judicial Review

Judicial review of any decision of the Commission is governed by RCW 34.05.510 et seq. In accordance with RCW 34.05.534, any person seeking judicial review must first have exhausted administrative remedies.

### 12.3. Timing Of Reviews

The Commission administers the Tax Credit Program under strict deadlines set by the Internal Revenue Code. These deadlines may make it difficult or impossible to complete the review by the Executive Director. Any reviews that remain unresolved as of a carryover allocation or final allocation deadline set by the Code will be deemed of no practical importance.

This chapter does not apply to any decision made by the Commission relating to a project after the RAC is executed. The rights and remedies of the parties to that contract will be as set forth in the RAC.

## 13 Glossary

Note: The following definitions are used in the Policies and in other documents that relate to the Tax Credit Program. Capitalized terms in the Policies bear the meaning given them in the definitions in this Glossary.

The definitions in this Glossary may be amended by the Commission to comply with federal or state law. If there is a conflict between an Internal Revenue Code and a Tax Credit Program definition, restriction, or requirement, the more restrictive one will apply, as determined by the Commission.

**Additional Low-Income Housing Commitment** means the specified percentage of housing units that are both rent-restricted and occupied by residents whose household income is at or below the selected percentage of the area median gross income, which is at or below the level of the minimum low-income housing set-aside. The percentages refer to the Commitments made in the Application to receive Allocation Criteria points.

**Additional Low-Income Housing Use Period** means the number of years (commencing after the close of the compliance period) that an Applicant made a Commitment in the Application to maintain the low-income housing units and all the applicable Commitments made to receive Allocation Criteria points and to comply with all the terms and conditions of the Regulatory Agreement, as well as the requirements of Section 42 of the Code and the Tax Credit Program. The period of years refers to the applicable Commitment made in the Application to receive Allocation Criteria points.

**Affiliated With** means a relationship that permits a person to directly or indirectly, materially and unduly influence the policies and decisions of an organization or entity, regardless of whether the influence is exercised or merely exercisable. In the case of an individual, material and undue influence exercised or exercisable by the individual's family shall be taken into account. The Commission shall have the sole discretion to interpret and apply this definition in its broadest sense, and the Commission's determination shall be based on all relevant facts and circumstances. The following relationships are presumed, unless determined otherwise by the Program Director, to permit a person to materially and unduly influence the policies and decisions of an organization or entity:

- A single for-profit organization owns, directly or indirectly, 33 1/3 % or more of the total combined voting power of all classes of stock or membership interests of the Nonprofit Organization; or 33 1/3% or more of the total number of shares or membership interests of all other classes of stock or interests of the Nonprofit Organization; or
- A single for-profit organization has the power, directly or indirectly, to elect 33 1/3% or more of the members of the board of directors (or similar governing body) of the Nonprofit

Organization; or remove 33 1/3% or more of the members of the board of directors (or similar governing body) of the Nonprofit Organization; or

- 33 1/3% or more of the board of directors (or similar governing body) of the Nonprofit Organization are officers, directors, employees, or agents of a single for-profit organization.

For the purposes of the above, a for-profit “organization” may be a sole proprietorship or individual.

**Allocation Criteria** means the allocation criteria set forth in Chapter 6 and the Application used by the Commission to assess the degree to which a proposed project promotes the Commission’s Housing Priorities set forth in Chapter 5.

**Annual Authority** means the total state Housing Tax Credit dollar amount that the Commission may allocate for any calendar year, equal to the state Housing Tax Credit ceiling. Total Annual Authority is comprised of the Per Capita Authority plus National Pool Credit plus Returned Credit less any credit forward committed in the previous year. Whether Annual Authority will be available in a given year depends on the status of federal legislation and the Commission’s actions.

**Applicant** means the party that applies to the Commission for a Credit reservation and/or allocation, including its successors in interest.

**Application** means the Tax Credit Program Application and amendments thereto, if any, submitted by an Applicant for a project.

**Certification Period** means the 12-month period following the date that the Owner is required to give the Annual Certification in accordance with the reporting requirements of the Regulatory Agreement and Section 42(m) of the Code.

**Code** means the Internal Revenue Code of 1986, as amended, together with corresponding and applicable temporary, proposed, and final Treasury Regulations, and Revenue Rulings and pronouncements issued or amended regarding it by the U.S. Department of the Treasury or IRS to the extent applicable to the project.

**Combined Funder Application** is an application for affordable multifamily housing development capital jointly developed and used by the State Department of Commerce, the Commission, King County, ARCH, and the City of Seattle.

**Commission** means the Washington State Housing Finance Commission, a public body corporation and politic in the State of Washington.

**Commissioners** means the eleven-member board of Commissioners of the Commission, composed of nine members appointed by the governor and two ex officio members.

**Commitment** means a representation or agreement by an Applicant in the Application that is binding upon the owner of a project throughout the project Compliance Period unless otherwise noted in the Policies, the Application, or agreements in connection with the Tax Credit Program.

**Community Revitalization Plan** means a plan that is (1) a published document, approved and adopted by a governing body, by ordinance, resolution, or other legal action; and (2) targets funds or tax incentives to specific geographic areas for either of the following: economic development, including

economic related initiatives; and/or commercial/retail development, including infrastructure and community facility improvement.

**Controlled By or In Control Of** means any kind of control, direct or indirect, by means of which a person in fact controls an organization or another person, whether or not the control is legally enforceable and regardless of the method control is exercised or merely exercisable. In the case of an individual, control possessed by the individual's family shall be considered. The Commission shall have the sole discretion to interpret and apply this definition in its broadest sense and the Commission's determination shall be based on all relevant facts and circumstances.

**Correction Period** has the meaning set forth in Section 4.2.

**Development Team** means the Applicant, the developer, the project management consultant, the general contractor and includes all persons or organizations materially involved in the acquisition, construction, rehabilitation, development, or improvement of the project.

**Disabilities** means a physical or mental impairment that substantially limits one or more of the major life activities of an individual, such as not being able to care for oneself, performing manual tasks, walking, seeing, hearing, speaking, breathing, or learning.

**Donation** means the contribution of funds made to qualify for the Donation in Support of Local Housing Needs Allocation Criterion points.

**Elderly Housing Commitment** has the meaning set forth in Section 6.3.4 of the Policies.

**Elderly Housing Project** means a project that conforms to the Fair Housing Act, as amended, and:

- A project in which all housing units are intended for and solely occupied by residents who are 62 or older;
- A project in which all housing units are each intended and operated for occupancy by at least one resident who is 55 or older, and where at least 80% of the total housing units are in fact occupied by at least one resident who is 55 or older; or
- A project which is financed, constructed, and operated under the RD Section 515 program for the elderly or a HUD elderly program

**Equity Closing** is the date the Project closes on its Tax Credit partnership.

**Equity Gap** has the meaning set forth in the Application.

**Executive Director** means the Executive Director of the Commission.

**Farm work** means services relating to cultivating the soil, raising or harvesting, or in catching, netting, handling, planting, drying, packing, grading, storing, or in preserving in its unmanufactured state any agriculture or aquaculture commodity; or delivering to storage, market, or a carrier for transportation to market or to processing any agricultural or aqua cultural commodity; or working in a processing plant and directly handling agricultural or aqua cultural product.

**Farmworker** means a household whose Income is derived from farm work (as defined above) in an amount not less than \$3,000 per year.

**Farmworker Housing Commitment** has the meaning set forth in 6.3.2 of the Policies.

**Federally Assisted Building** means any building that is substantially assisted, financed, or operated under Section 8; Section 221(d)(3) or Section 236 of the National Housing Act; or Section 515 of the Housing Act of 1949.

**Forward Commitment of Credit** means the reservation and/or allocation of credit of a portion of the Annual Authority available in a subsequent year to a qualified project during a calendar year when there is not enough Annual Authority available for that project.

**Geographic Credit Pools** has the meaning set forth in Section 5.2.2.

Higher Income Counties are Benton, Clark, Franklin, Island, King, Kitsap, Pierce, San Juan, Skagit, Skamania, Snohomish, Thurston, and Whatcom counties for the purpose of the Additional Low- Income Housing Set-Aside Allocation Criterion.

**Homeless** has two meanings:

- The meaning set forth in the Stewart B. McKinney Homeless Assistance Act
- RCW 43.185C0.10(12): "Homeless person" means an individual living outside or in a building not meant for human habitation or which they have no legal right to occupy, in an emergency shelter, or in a temporary housing program which may include a transitional and supportive housing program if habitation time limits exist. This definition includes substance abusers, mentally ill people, and sex offenders who are homeless.

**Housing Commitment(s) for Priority Population** means the Farmworker Housing Commitment, the Housing for Large Households Commitment, the Elderly Housing Commitment, the Housing for Persons with Disabilities Commitment and Housing for the Homeless Commitment.

**Housing for Large Household Commitment** has the meaning set forth in Section 6.3.3 of the Policies.

**Housing for the Homeless Commitment** has the meaning set forth in Section 6.3.1 of the Policies.

**Housing for Persons with Disabilities Commitment** has the meaning set forth in Section 6.3.5 of the Policies.

**Housing Unit** means a low-income housing unit or a market rate housing unit in a building that is available for rent or rented by residents. A common area unit is not a Housing Unit. "Total Housing Units" refers to all the low-income and market rate units in a Project unless the context clearly means all the Housing Units in a Building.

**Identity of Interest** means a financial, familial, or business relationship that permits less than arm's length transactions. For example: Related Parties; persons, entities, or organizations Affiliated with or Controlled by or In Control of another; existence of a reimbursement program or exchange of funds; common financial interests; common officers, directors, stockholders, or managers; or family relationships between officers, directors, or stockholders.

**Intermediary Costs** are expenses involved in selling the Credit to raise equity capital and include syndication fees, partnership organizational costs, and broker fees.

**Investor and Lender Notice** means the notice that must be included in any loan application, syndication agreement, offering circular, prospectus, or other information given to potential lenders or investors.

**Large Household** means a group of four or more income qualified residents who are not necessarily related and who live together in a low-income housing unit containing three or more bedrooms.

**Lease Rider** means the disclosure statement required by the Commission which is to be attached by the owner to each resident lease and rental agreement for all Low-Income Housing Units and all market rate housing units in a project. The Lease Rider describes in general the rights of the residents of a project.

**Lower Income Counties** are Adams, Asotin, Chelan, Clallam, Columbia, Cowlitz, Douglas, Ferry, Garfield, Grant, Grays Harbor, Jefferson, Kittitas, Klickitat, Lewis, Lincoln, Mason, Okanogan, Pacific, Pend Oreille, Spokane, Stevens, Wahkiakum, Walla Walla, Whitman, and Yakima for the purposes of the Additional Low-Income Set-Aside Allocation Criterion.

**Low-Income Housing Unit** means a Housing Unit that meets the definition of a Qualified Low- Income Housing Unit. In addition, all Housing Units in the Additional Low-Income Housing Set- Aside are Low-Income Housing Units. Common area units are not included.

**MHCF** means the Multifamily Housing and Community Facilities Division of the Commission.

**Metro Counties** are Clark, Pierce, Snohomish, Spokane, and Whatcom Counties, grouped to create the Metro Geographic Credit Pool.

**Minimum Threshold Requirements** means the requirements that must be met by the Application deadline for a project to be considered for a Credit reservation and allocation, all as set forth in Chapter 4 of the Policies.

**New Production Project** is defined as new construction, the creation of new affordable units through the adaptive re-use of an existing non-residential building; or the conversion of existing market-rate units to use-restricted affordable units. A Rehabilitation project that does not meet the new vs. rehab unit percentage thresholds outlined in the Rehabilitation definition above (e.g., a project comprised of 40% rehabilitated units and 60% new construction units) is considered a New Production Project.

**Noncompliance** means a failure to observe or perform any covenant, condition or term of any agreement between the Applicant or project owner and the Commission, or failure to meet the requirements of Section 42 of the Code, the Policies, or the Tax Credit Program.

**Non-Metro Counties** are Adams, Asotin, Benton, Chelan, Clallam, Columbia, Cowlitz, Douglas, Franklin, Ferry, Garfield, Grant, Grays Harbor, Island, Jefferson, Kitsap, Kittitas, Klickitat, Lewis, Lincoln, Mason, Okanogan, Pacific, Pend Oreille, San Juan, Skagit, Skamania, Stevens, Thurston, Wahkiakum, Walla Walla, Whitman, and Yakima Counties, grouped to create the Non-Metro Geographic Credit Pool.

**Nonprofit Organization** means an organization organized and operated exclusively for Charitable Purposes and that is tax-exempt under Section 501(a) of the Code. Examples of these are organizations described in Sections 501(c)(3) and 501(c)(4) of the Code. A Nonprofit Organization also includes public housing authorities, public development corporations, Tribes, and Tribally Designated Housing Entities.

**Placed-In-Service Allocation Requirements** means the terms, conditions, obligations, and restrictions of the Tax Credit Program that are in the RAC that must be satisfied for a project to receive an allocation and for the Commission to issue IRS Form 8609.

**Permanent Supportive Housing** is defined under RCW 36.70A.030(19) as follows:

subsidized, leased housing with no limit on length of stay that prioritizes people who need comprehensive support services to retain tenancy and utilizes admission practices designed to use lower barriers to entry than would be typical for other subsidized or unsubsidized rental housing, especially related to rental history, criminal history, and personal behaviors. Permanent supportive housing is paired with on-site or off-site voluntary services designed to support a person living with a complex and disabling behavioral health or physical health condition who was experiencing homelessness or was at imminent risk of homelessness prior to moving into housing to retain their housing and be a successful tenant in a housing arrangement, improve the resident's health status, and connect the resident of the housing with community-based health care, treatment, or employment services. Permanent supportive housing is subject to all of the rights and responsibilities defined in chapter [59.18](#) RCW.

**Principal(s)** means

- with respect to a project owned by a partnership, the partners;
- with respect to a project owned by a limited liability company, the members and managers; and
- with respect to a closely held corporation, the shareholders.

**Program Limits** has the meaning set forth in Chapter 3 of the Policies, that is, the limits established by the Commission and set forth in Chapter 3 to be used for selecting projects for Credit reservations and allocations.

**Project Compliance Period** means the period beginning with the year a building in a project is placed-in-service and continuing until the latest of the following periods for each building in the project:

- The compliance period;
- The extended low-income housing use period;
- The Additional Low-Income Housing Use Period; or
- The Three-Year Period.

**Qualified Allocation Plan** means the plan adopted by the Commission pursuant to Internal Revenue Code Section 42(m)(1)(B), as more fully described in Chapter 1 of the Policies.

**Qualified Nonprofit Organization** means a nonprofit organization described in Section 501(c)(3) or Section 501(c)(4) of the Code or that is tax-exempt under Section 501(a) of the Code and that is determined by the Commission not to be Affiliated With or Controlled By a for-profit organization, entity, or individual.

**RAC** means the Credit Reservation and Carryover Allocation Contract.

**Regulatory Agreement** means the Commission's Regulatory Agreement and amendments thereto, if any, that is required to be executed by the owner and recorded in first lien position. See Section 2.11 for a discussion of the Regulatory Agreement.

A **Rehabilitation Project** is defined as existing use-restricted housing that consists of the rehabilitation of 80% or more of the housing units that exist in the Project prior to rehabilitation. The number of rehabilitated units must be 75% or more of the total units in the project.

**Related Buyer or Related Seller** has the meaning set forth in Section 3.7.

**Related Party** means:

- 1) the brothers, sisters, spouse, ancestors, and direct descendants of a person;
- 2) a person and corporation where that person owns more than 50% in value of the outstanding stock of that corporation;
- 3) two or more corporations that are connected through stock ownership with a common parent with stock possessing:
  - a) at least 50% of the total combined voting power of all classes that can vote, or
  - b) at least 50% of the total value of shares of all classes of stock of each of the corporations, or
  - c) at least 50% percent of the total value of shares of all classes of stock of at least one of the other corporations,
  - d) excluding in computing that voting power or value stock owned directly by the other corporation;
- 4) a grantor and fiduciary of any trust;
- 5) a fiduciary of one trust and a fiduciary of another trust, if the same person is a grantor of both trusts;
- 6) a fiduciary of a trust and a beneficiary of that trust;
- 7) a fiduciary of a trust and a corporation where more than 50% in value of the outstanding stock is owned by or for the trust or by or for a person who is a grantor of the trust;
- 8) a person or organization and an organization that is tax-exempt under Section 501(a) of the Code and that is Affiliated with or Controlled By that person or the person's family members or by that organization;
- 9) a corporation and a partnership, limited liability company, or joint venture if the same persons own more than:
  - a) 50% in value of the outstanding stock of the corporation; and
  - b) 50% of the capital interest or the profits' interest in the partnership, limited liability company, or joint venture;
- 10) one S corporation and another S corporation if the same persons own more than 50% in value of the outstanding stock of each corporation;
- 11) an S corporation and a C corporation, if the same persons own more than 50% in value of the outstanding stock of each corporation;
- 12) a partnership, limited liability company, or joint venture and a person or organization owning more than 50% of the capital interest or the profits' interest in that partnership, limited liability company, or joint venture; or
- 13) two partnerships, limited liability companies, or joint ventures, or a combination thereof, where the same person or organization owns more than 50% of the capital interests or profits' interests.

For purposes of 1) through 13) above, the constructive ownership provisions of Section 267 of the Code apply.



**Reservation and Carryover Allocation Requirements** means the terms, conditions, obligations, and restrictions of the Tax Credit Program, the RAC, together with the satisfaction of the requirements under Section 42(h)(1)(E) and/or Section 42(h)(1)(F) of the Code and Treasury Regulation Section 1.42-6.

**Rules** means those rules adopted by the Commission and codified in Washington Administration Code 262-01-130 governing the Tax Credit Program.

**Special Needs Housing Commitment(s)** has the same meaning as Housing Commitment for Priority Populations.

**Tax Credit Factor** means the factor selected by the Applicant that represents, on a percentage basis, the value of the tax Credit dollar amounts available for Total Project Costs.

**Tax Credit Program** means the Commission's program for awarding, reserving and allocating Credit and monitoring projects for compliance with the Tax Credit Program and Section 42 of the Code, as set forth in the QAP, the Rules, the Policies, and the Commission's agreements, contracts, manuals, guides and documents.

**Total Project Costs** means the total costs incurred in acquiring and developing the project as set forth in the proposed budget in the Application and/or in an Independent CPA's report of sources and uses of funds given to the Commission.

**Transient/Transient Basis** means a housing unit that does not have a minimum initial lease term of six months or that does not meet the definition of Transitional Housing. A single-room occupancy unit shall not be treated as used on a Transient Basis merely because it is rented on a month-by-month basis.

**Transitional Housing** means a housing unit that contains sleeping accommodations, kitchen and bathroom facilities and is located in a building that is used exclusively to facilitate the transition of homeless individuals to independent living within 24 months; and where a governmental body or Qualified Nonprofit Organization provides those individuals with temporary housing and supportive services to assist them in finding and keeping permanent housing.

WASHINGTON STATE HOUSING FINANCE COMMISSION

RESOLUTION NO. 23-60

A RESOLUTION of the Washington State Housing Finance Commission amending in part Resolution No. 99-08 to authorize the Executive Director to make expenditures subject to designated limitations, and confirming in part delegative authority provided under Resolution No. 99-08.

APPROVED ON JUNE 27, 2023

PREPARED BY:

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

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RESOLUTION NO. 23-60

A RESOLUTION of the Washington State Housing Finance Commission amending in part Resolution No. 99-08 to authorize the Executive Director to make expenditures subject to designated limitations, and confirming in part delegative authority provided under Resolution No. 99-08.

WHEREAS, the Washington State Housing Finance Commission, a public body corporate and politic of the State of Washington (the “Commission”) by Resolution No. 83-04 has authorized the Treasurer of the Commission to perform certain acts in the conduct of Commission affairs; and

WHEREAS, the Commission by Resolution No. 84-04, as previously amended by Resolution Nos. 85-63, 88-17, 91-36, 97-08 and 99-08, has superceded Resolution No. 83-04 and authorized the Executive Director to conduct Commission affairs, make expenditures, and to enter into contracts on behalf of the Commission subject to certain dollar limitations; and

WHEREAS, the Commission by Resolution No. 90-04, as previously amended by Resolution No. 99-08, authorized the Executive Director of the Commission to give written delegation of authority to Commission staff to execute certain documents of the Commission in relation to the day-to-day affairs of the Commission; and

WHEREAS, the Commission now intends to increase the dollar limitation of the authority given to the Executive Director to facilitate the administration of Commission business and to confirm the authorization to delegate certain acts to Commission staff;

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

Section 1. Amendment to Resolution No. 99-08 Regarding Expenditures and Contracts. Section 4 of Resolution No. 84-04 passed on May 22, 1984, as amended by

Resolution No. 85-63 passed on October 23, 1985, Resolution No. 88-17 passed on May 5, 1988, Resolution No. 91-36 passed on September 19, 1991, Resolution No. 97-08 passed on January 23, 1997, and Resolution No. 99-08 passed on April 22, 1999, is hereby amended to read as follows (deletions are stricken, additions are double underlined):

Section 4. Expenditures and Contracts. The Executive Director is authorized to make expenditures of ~~\$50,000~~500,000 or less ~~for checks not written to the Washington State Treasurer and for \$150,000 or less for checks that are to the Washington State Treasurer;~~ and in an unlimited amount with respect to payroll expenses for staff of the Commission; and further the Executive Director is authorized to enter into contracts on behalf of the Commission which do not obligate the Commission to expend funds in excess of ~~\$50,000~~500,000. Contracts or expenditures in excess of such amounts may be made by the Executive Director upon consultation with either the Chair or the Treasurer of the Commission.

Section 2. Ratification of Delegation Authority. The provisions of Section 1 of Resolution No. 90-04 passed on April 12, 1990, as amended by Resolution No. 99-08 passed on April 22, 1999, respecting the Executive Director's authority to delegate in writing certain authority to other Commission staff, 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 the Secretary's designee and when effective shall act to ratify and confirm all acts taken previously in furtherance of and consistent with this resolution.

*[Remainder of page intentionally left blank]*

ADOPTED at a special meeting duly noticed and called this 27<sup>th</sup> day of June, 2023.

WASHINGTON STATE HOUSING  
FINANCE COMMISSION

By \_\_\_\_\_  
Chair

ATTEST:

\_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
General Counsel

WASHINGTON STATE HOUSING  
FINANCE COMMISSION

RESOLUTION NO. 23-57

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 or with the issuance of taxable 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 22, 2023

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RESOLUTION NO. 23-57

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 or with the issuance of taxable 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 tax-exempt 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, including proceeds of taxable Bonds, 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:

Section 1.     Findings.     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.

Section 2.     Single-Family Programs.     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, Citigroup Global Markets Inc. 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 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 with respect to taxable Bonds issued in support of the Home Advantage Program, no more than 3.00% above the rate for government-insured and/or privately insured conventional loans, 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; (6) with respect to taxable Bonds issued in support of the Home Advantage Program, the delegation shall include the authority to issue taxable Bonds to fund Home Advantage Down Payment Assistance loans; and (7) this delegation shall expire on July 31, 2024.

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, 2024.
- (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 tax-exempt 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.

In addition, the Commission finds and determines that using taxable Bond proceeds for the purchase of Mortgage Loans in its Home Advantage Program will permit it to continue the Home Advantage Program when the sale of Certificates will not support a marketable Program. It further finds that, depending on market conditions, taxable Bond proceeds also may be effectively used as a source of funds for Home Advantage Down Payment Assistance loans.

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, including the issuance of taxable Bonds, 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 and/or taxable Bond proceeds for the purchase of Mortgage Loans, including Home Advantage Down Payment Assistance 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 taxable Bond proceeds, 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 (a) reauthorizes 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, and (b) authorizes the use of taxable Bond proceeds to make Home Advantage Down Payment Assistance loans.

Section 10. Executive Director. 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.

Section 11. Ratification. 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 22nd day of June, 2023.

WASHINGTON STATE HOUSING  
FINANCE COMMISSION

By \_\_\_\_\_  
Chair

ATTEST:

\_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

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General Counsel

**Implementing the Washington State Housing Finance Commission's  
Racial Equity Strategic Plan (2023-2025)**

*Actions, Steps & Processes Supporting WSHFC's Racial Equity & Antiracist Priorities*



**Presented to the Washington State Housing Finance Commission**

*Drafted by Dr. Carmen Phelps – Lead Racial Equity/ Antiracism Consultant for Project 986*

*March 2023*



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## Part 1:

### Opening Statement: The Washington State Housing Finance Commission's Racial Equity Strategic Plan

The development of WSHFC's first strategic plan centering racial equity and antiracist priorities represents the agency's goal to promote racially equitable outcomes through its practices in service to Washington residents as well as its goal to transform into an antiracist organization. Completed with the support of racial equity and antiracism consultant Dr. Carmen Phelps of Project 986 and resulting from the involvement and participation of Commission staff and board members, the agency's three-year racial equity plan is the result of a one-year planning process and will be implemented from 2023 through 2025.

We acknowledge that legacies of racially biased systems and policies continue to inform racial inequities in housing and the disproportionate ways in which BIPOC (Black; Indigenous; Asian; Non-White Latinx/ Hispanic and Multiracial Communities) have been adversely impacted by such legacies and have identified opportunities for the agency to proactively address systemic and cultural barriers to equitable and just life outcomes for BIPOC in both our internal and external practices.

In addition, the implementation of WSHFC's racial equity strategic plan will support the agency's intentions to:

- ensure agency-wide accountability for promoting racial equity in key areas of focus;
- inspire agency culture changes in favor of desired racial equity outcomes and impact internally and externally;
- engage external invested parties; collaborators; partners and beneficiaries in our efforts in order to maximize the potential for desired impact on the communities we serve and
- take meaningful steps toward the longer-term goal and ongoing work of aligning all Commission practices and processes with racial equity and antiracist objectives.

We look forward to sharing updates about the status of our efforts as we implement our action steps in support of our racial equity priorities over the course of the next three years.

## **Part II:**

# **Overview of Guiding Principles Supporting the Implementation of WSHFC's Racial Equity Strategic Plan**

Normalizing & Enacting *Guiding Principles* to Support the Realization of the WSHFC's Racial Equity Goals Means Committing to the Following:



## **Part III:**

### **Supporting WSHFC's Racial Equity Strategic Plan: *Recommendations for Time & Budget Commitments***

## Supporting WSHFC's Racial Equity Strategic Plan: Recommendations for Time & Budget Commitments

Given the scope of work proposed for WSHFC's three-year racial equity strategic plan and the agency's longer-term vision to transform into an antiracist organization as well as apply a racial equity lens to all of its practices, it is recommended that all staff dedicate a minimum of 10% of their time (monthly) to focusing on contributing to; supporting and executing actions in areas where their divisions hold accountability, including participating in racial equity activities offered by the Commission for the purpose of building the agency's capacity for promoting racial equity and engaging in antiracist practices in an ongoing, sustainable way.

In addition, proposed action steps reflected in the plan may require the support of a budget of approximately \$25,000-\$30,000 for each year in which action steps are implemented (2023-2025.)

## **Part IV:**

### **Racial Equity Strategic Plan Goal Matrixes**

**(Action Steps; Timelines; Areas of Accountability and Key Performance Indicators)**

**Culture/Restorative Healing Goal (continued on next slide): Create a professional environment of trust, support for and validation of all employees representing WSHFC, including a focus on promoting restorative healing & addressing organizational, race-informed trauma in support of BIPOC employees**

<p><i>Proposed Actions for Review</i>  <i>*(indicates that additional information related to actions can be found in the Appendix on Slide 24)</i></p>	<p><i>Timeline</i></p>	<p><i>Accountability</i></p>	<p><i>*KPI's</i>                      (Key Performance Indicators)</p>
<p>*1 – Invite/ offer BIPOC staff to establish an affinity group prioritizing the experiences of BIPOC employees and for which space is created for connection, community-building and dialogue focusing on topics of their choice (for example, justice-centered self-care; resiliency and well-being) and with the support of WSHFC leadership and people managers. Participation in this group would be voluntary for BIPOC employees and agenda; infrastructure; engagement expectations; values and group vision would be determined by participating members (although the purpose and vision should be focused on restorative healing for BIPOC.) The group should share outcomes regarding its progress/status with the EMT in the form of ongoing reports to inform updates and enhancements to the WSHFC’s racial equity efforts (internally/externally) from the perspective of BIPOC employees. Reports can also include group requests for resources and/or support for its processes as necessary and as the group’s work evolves. Report contents should not target the development of any particular individual but instead address how overall group outcomes will/can inform approaches to racial equity efforts for the Commission. <b><i>The group may decide to have cross-group discussions with the White-identified staff affinity group (see below); however, this should not be a requirement or expectation.. (Intersects with the Valuing Diverse Perspectives Guiding Principle)</i></b></p>	<p>By the end of the third quarter of 2023</p>	<p>Leading: Volunteer participants of BIPOC Affinity Group; Directors/HR</p> <p>Supporting: Directors; HR; Communications; IT</p>	<p>*Via newly-developed data-gathering processes administered on an a biannual basis (at a minimum) staff receive communication about this opportunity; group is established; BIPOC employees report/experience the Commission’s openness to providing supportive space and resources to address the intra and inter-group experiences of BIPOC staff collectively and while prioritizing restorative healing in response to harmful and/or traumatizing BIPOC experiences; BIPOC staff experience continued support for the group and/or invitations to participate; staff receive regular updates summarizing activities</p>
<p>2 – For the purpose of encouraging staff growth and learning, invite/ offer White-identified staff to establish a White allyship, advocacy and/or co-conspirator group focusing on addressing and confronting White privilege; White Supremacist and White Dominant Cultural norms historically and currently perpetuated in the agency, including in the individual and collective behaviors and actions of Whites, and which are marginalizing BIPOC employees and BIPOC external communities served by the agency’s mission. Participation in this group would be voluntary for White-identified employees and infrastructure; engagement expectations; values and group vision would be determined by participating members (although the purpose and vision should remain intact and focus on challenging/confronting WDC and White Privilege.) The group should share outcomes regarding its progress/status with the EMT to inform updates and enhancements to the WSHFC’s racial equity efforts (internally/externally.) Reports can also include group requests for resources and/or support for its processes as necessary and as the group’s work evolves. Report contents should not target the development of any particular individual but instead address how overall outcomes will inform approaches to racial equity efforts. <b><i>The group may decide to have cross-group discussions with the BIPOC staff affinity group; however, this should not be a requirement or expectation. (Intersects with the Valuing Diverse Perspectives Guiding Principle)</i></b></p>	<p>By the end of the third quarter of 2023</p>	<p>Leading: Volunteer members of the White-identified Ally/ Advocacy/ Co-conspirator group</p> <p>Supporting: EMT/ HR; Communications; IT</p>	<p>*Via newly-developed data-gathering processes administered biannually (at a minimum), staff receive communication about this opportunity; group is established; White-identified employees report/experience the Commission’s openness to providing space and resources for the group to address with intention aspects of WDC/White Privilege currently over-advantaging Whites and disadvantaging BIPOC internally and externally to the Commission and in support of the development of White employees; White staff experience continued support for the group and/or invitations to participate; staff receive regular updates summarizing activities</p>

**Culture/Restorative Healing Goal (continued): Create a professional environment of trust, support for and validation of all employees representing WSHFC, including a focus on promoting restorative healing & addressing organizational, race-informed trauma in support of BIPOC employees**

<p><i>Proposed Actions for Review</i>  <i>*(indicates that additional information related to actions can be found in the Appendix on Slide 24)</i></p>	<p><i>Timeline</i></p>	<p><i>Accountability</i></p>	<p><i>*KPI's</i>                      (Key Performance Indicators)</p>
<p>*3 – Establish a Racial Equity Education Task Force/Coalition (with cross-divisional representation) charged with identifying racial equity trainings; learning opportunities and workshops supporting Commission staff development and current racial equity/antiracism goals being operationalized across the agency.</p>	<p>By the end of the third quarter of 2023</p>	<p>Leading: EMT/HR                      Supporting: Communications; IT</p>	<p>Staff receive communication about this opportunity; group is established and reports experiencing Commission support for its efforts via newly-developed data-gathering processes</p>
<p>*4 – Initiate and finalize a search for a racial equity/antiracism-centered conflict resolutions specialist to support the Commission on a contractual (outside/objective) basis. Once a DEI Administrator is selected and onboarded, given the desire to prioritize a racial equity lens in the Commission’s conflict resolutions processes as recommended, the conflict resolutions specialist could report to and work collaboratively with the DEI Administrator. <i>(Intersects with Conflict Resolution Workgroup recommendations)</i></p>	<p>By the first quarter of 2024; search ends before the close of 2024</p>	<p>Leading: Conflict Resolution Workgroup                      Supporting: EMT; HR</p>	<p>Workgroup recruitment process is approved by EMT/HR; staff receive regular updates on efforts; finalist recommendations are made by Workgroup and specialist is onboarded</p>
<p>5a – Invest in the services of a facilitator with expertise in leading individual and group restorative healing processes through a race-based trauma lens and addressing the experiences of BIPOC adversely impacted by racist systems, practices and environments where White Dominant Culture is normalized internal and external to the agency</p> <p>5b: Invest in a series of introductory and advanced racial equity training for Commission staff in order to promote growth and learning, including training which elevates awareness about the meaning and significance of justice-centered, restorative healing processes and the desired impact of this work related to the WSHFC’s racial equity efforts</p>	<p>5a – by the second quarter of 2024 (if the BIPOC group supports this timing given its approved agenda)</p> <p>5b - Trainings/activities should begin by the third quarter of 2024 and be ongoing as needed/desired</p>	<p>5a - Leading: BIPOC Affinity Group                      Supporting: EMT/ HR</p> <p>5b – Leading: Racial Equity/ Antiracism Education Task Force                      Supporting: EMT; HR; All Staff</p>	<p>*5a - BIPOC group reports experiencing support from selected facilitator; facilitator processes are in alignment with/ support its agenda</p> <p>*5b – Via newly-developed data-gathering processes, staff report that desired outcomes from trainings have been experienced</p>
<p>6 - Review status of action steps supporting Culture/Restorative Healing goal and assess next steps for next phase of work (beginning in 2026) <i>(Intersects with Shared Accountability Guiding Principle)</i></p>	<p>Review should begin by the second half of 2025</p>	<p>Leading: EMT                      Supporting: Communications; IT</p>	<p>*Via newly-developed data-gathering processes, all staff have an opportunity to review the status of actions supporting this goal and recommend approaches to the agency’s next phase of work</p>



**Leadership Development Goal (continued on next slide): Build the capacity of our leaders and people managers to model/exemplify racial equity and antiracist leadership practices in support of culturally and racially diverse employees**

<p><i>Proposed Actions for Review</i>  <i>(*Indicates that additional information related to designated areas can be found in the Appendix on Slide 24)</i></p>	<p><i>Timeline</i></p>	<p><i>Accountability</i></p>	<p><i>*KPI's</i>  <i>(Key Performance Indicators)</i></p>
<p>1 – Receive one-on-one coaching focusing on addressing individual challenging and opportunities associated with developing behaviors; communication and supervisory practices and interactions aligned with racial equity values and desired racial equity outcomes for the Commission</p>	<p>Beginning in the second half of 2023 and ongoing as desired/recommended by coach/consultant; outcomes from coaching can be assessed in performance review processes on an ongoing basis</p>	<p>Leading: Directors; PM's  Supporting: Designated Coaches</p>	<p>*Newly-developed data-gathering processes administered biannually (at a minimum) Leaders/PM's are increasingly capable of identifying and implementing opportunities to align supervisory/ leadership practices/ behaviors and interactions with racial equity objectives</p>
<p>2a – Directors facilitate regular discussions with divisions on the status of their respective group's racial equity efforts</p> <p>2b – Directors take shared responsibility for hosting racial equity update sessions for the Commission, including all members of their divisions, in deciding upon a rotating schedule for all-staff update sessions meant for each division to provide status reports on their racial equity efforts; setting the agenda for such sessions and soliciting input from all staff as to whether guiding principles for the plan are being adhered to by all groups  <i>(Intersects with the Collaboration; Communication &amp; Connection; Valuing Diverse Perspectives; Transparency &amp; Shared Accountability Guiding Principles)</i></p>	<p>2a - Beginning in the third quarter of 2023 and ongoing on a semi-annual basis</p> <p>2b – Beginning in the final quarter of 2023 and ongoing on a semi-annual basis</p>	<p>Leading: Directors  Supporting: Communications</p>	<p>*2a – Newly-developed data-gathering processes administered biannually (at a minimum) yield that all team members representing respective divisions are experiencing consistent opportunities to provide input on group racial equity efforts</p> <p>*2b – Newly-developed data-gathering processes administered biannually (at a minimum) yield that all Commission staff are experiencing consistent opportunities to ask questions about and provide input on agency racial equity efforts</p>
<p>*3 – All people managers participate in a learning activity/training focusing on approaches to modeling intersectional racial equity/ antiracist values through behaviors; communication; supervisory practices and interactions and for the purpose of supporting racially diverse staff and teams as well as conflict resolution strategies. Training experiences should be interactive and include workshopping tools; strategies, etc. To avoid one-over-one relationships among attendees experiencing the training, it is recommended that those reporting to anyone else receiving the training experience it separately (creating space for open, safe communication)  <i>(Intersects with Conflict Resolution Recommendations and Connection &amp; Communication Guiding Principles)</i></p>	<p>Trainings/activities should begin by the end of the third quarter of 2024 and be ongoing as needed/desired and/or recommended by facilitators</p>	<p>Leading: PM's (including Directors)  Supporting: Racial Equity/ Antiracism Education Task Force; Training Facilitators</p>	<p>*Newly-developed data-gathering processes administered biannually (at a minimum) yield that Leaders/PM's are increasingly capable of identifying and implementing opportunities to align supervisory/ leadership practices with racial equity objectives and experience collective, inter-group support for progress</p>

**Leadership Development Goal (continued): Build the capacity of our leaders and people managers to model/exemplify racial equity and antiracist leadership practices in support of culturally and racially diverse employees**

<p><i>Proposed Actions for Review</i>                      (*Indicates that additional information related to designated areas can be found in the Appendix on Slide 24)</p>	<p><i>Timeline</i></p>	<p><i>Accountability</i></p>	<p><i>*KPI's</i>                      (Key Performance Indicators)</p>
<p>4 – For those receiving one-on-one coaching and training on approaches to modeling intersectional racial equity/antiracist values through behaviors; communication; leadership practices and interactions, create opportunities for collective, inter-group (Directors//PM's) discussion about outcomes/accumulating knowledge and how new tools will be applied to practices as associated with coaching/training experiences and share general updates with staff and the Board on the status of collective efforts in this area, ensuring that reports do not target the development of any particular individual but instead address how overall outcomes will inform approaches to racial equity efforts (<i>Intersects with Connection &amp; Communication; Shared Accountability &amp; Transparency Guiding Principles</i>)</p>	<p>Begin cultivating an intergroup supportive culture of learning following trainings no later than late 2024; Reports to Board and staff providing an overview of collective outcomes are shared annually beginning in 2024</p>	<p>Leading: Directors; PM's  Supporting: Board; Staff; Racial Equity/ Antiracism Education Task Force</p>	<p>*Newly-developed data-gathering processes administered biannually (at a minimum) yield that Commission staff and Board members experience open, transparent communication with respect to Directors/PM's racial equity development</p>
<p>5 – Directors decide upon a fair, equitable amount of time individual staff members will be expected to spend supporting the Commission's racial equity efforts beginning in 2026 (divisional and/or Commission-wide) and for which they will be acknowledged/credited during performance reviews and as part of the Commission's evolving racial equity accountability infrastructure, including what is expected of all PM's with respect to modeling racial equity/antiracist-aligned behaviors (<i>Intersects with Shared Accountability Guiding Principle</i>)</p>	<p>First quarter of 2025</p>	<p>Leading: Directors  Supporting: PM's Communications</p>	<p>*Newly-developed data-gathering processes administered biannually (at a minimum) yield that increasing numbers of staff report being informed about what will be expected of them with respect to supporting the Commission's racial equity efforts going into 2026</p>
<p>*6 - Directors and people managers provide opportunities for direct reports to share how they are experiencing their PM's leadership/supervisory practices, including when they feel most and least supported; validated; heard, etc. as well as how conflict resolution services/supportive resources are being experienced when/if needed. <i>Direct reports should be invited rather than required to respond to such questions. (Intersects with Valuing Diverse Perspectives Guiding Principle)</i></p>	<p>Beginning in 2025; direct reports should be offered an opportunity to respond to such questions during data gathering processes as well as performance reviews with PM's</p>	<p>Leading: Directors; PM's  Supporting: HR; All staff/individuals reporting to all PM's</p>	<p>*Newly-developed data-gathering processes administered biannually (at a minimum) yield that all staff report being provided opportunities to react and/or respond to PM's practices relative to their individual experiences as direct reports</p>
<p>7 – Review status of action steps supporting Leadership Development goal and assess next steps for subsequent phase of work (beginning in 2026) (<i>Intersects with Shared Accountability Guiding Principle</i>)</p>	<p>Begin reviewing by the second half of 2025</p>	<p>Leading: All staff have an opportunity to review and reflect upon the status of actions associated with this goal and make recommendations for next phase of work</p>	<p>*Newly-developed data-gathering processes administered biannually (at a minimum) yield that all staff report being provided an opportunity to review the status of actions supporting this goal and recommend approaches to the agency's next phase of work</p>

**Internal Policy Goal (continued on next slide):** Develop new and/ or enhance current employee-related policies to ensure alignment with racial equity and antiracist objectives (i.e. performance review; advancement processes and professional development opportunities as well as benefits and compensation structures)

<p><i>Proposed Actions for Review</i>  <i>(*Indicates that additional information related to designated areas can be found in the Appendix on Slide 25)</i></p>	<p><i>Timeline</i></p>	<p><i>Accountability</i></p>	<p><i>*KPI's</i>                      (Key Performance Indicators)</p>
<p>1 – For benchmarking purposes, review outcomes from most recent performance reviews and employee advancement processes to assess potential disparities across racial demographics; report findings from review process to the EMT <i>(Intersects with Transparency Guiding Principle)</i></p>	<p>In the third quarter of 2023</p>	<p>Leading: HR  Supporting: EMT</p>	<p>Policies/processes have been reviewed and opportunities for enhanced alignment with racial equity/ antiracism objectives have been identified and communicated to staff</p>
<p>2 – Receive training on approaches to aligning organizational internal policies (including conflict resolution policy); benefits and compensation structures with racial equity objectives and/or consistent with antiracist practices; Applying tools/new knowledge from trainings, perform impact analysis process for all policies; benefits and/or services provided to employees to ensure that there are no disparate impacts to culturally/racially diverse staff (examining whether or not benefits have an especially adverse impact on particular employee demographics compared to others); update policies accordingly (beginning with those having the most immediate impact)</p>	<p>Experience training by the final quarter of 2023; perform impact analysis on internal policies/processes by the end of 2024; update/enhance policies/processes where necessary by the end of 2025; communicate updates to staff in 2026; assess staff knowledge of policy changes by the end of 2026</p>	<p>Leading: HR; EMT; PM's  Supporting: Racial Equity Education Task Force; Training Facilitator</p>	<p>*Via newly-developed data-gathering processes, appropriate parties with decision-making power in policy development report an increased ability to identify and implement opportunities to align internal policies/benefits with racial equity objectives; updated policies reflect such outcomes and are communicated to staff; staff report awareness/ knowledge of updated policies</p>
<p>3 – Update language to existing Conflict Resolution Policy to reflect alignment with racial equity/antiracism policy objectives and outcomes <i>(intersects with Conflict Resolution Workgroup recommendations)</i></p>	<p>By the end of 2023</p>	<p>Leading: HR  Supporting: Conflict Resolution Workgroup; Communications</p>	<p>Conflict resolution policy language is updated accordingly; staff report transparency in communication about updates</p>
<p>*4 – Evaluate and honor transferrable skillsets among direct reports when reviewing qualifications for advancement/promotions opportunities and for the purpose of identifying nontraditional skillsets (as opposed to conventional skillsets) which can be valuable to the fulfillment of advanced responsibilities for which employees are being considered</p>	<p>Begin putting this approach into practice by the second half of 2023</p>	<p>Leading: All PM's  Supporting: HR; DEI Administrator</p>	<p>*Via newly-developed data-gathering processes, staff report that transferrable skillsets are acknowledged/valued by PM's and/or that they inform advancement and performance review outcomes</p>
<p>*5 - Develop a process and timeline for the reimagining and revising the Commission's Office Procedure Manual (OPM)</p>	<p>Initiate process by the third quarter of 2023; finalize process by the end of 2024</p>	<p>Leading: Executive Division/ Administration  Supporting: Communications; All divisions</p>	<p>Commission OPM is revised consistent with desired racial equity objectives and as informed by an inclusive process; staff report this process as being inclusive/ responsive to culturally/racially diverse staff needs/input</p>

**Internal Policy Goal (continued):** Develop new and/ or enhance current employee-related policies to ensure alignment with racial equity and antiracist objectives (i.e. performance review, advancement processes and professional development opportunities as well as benefits and compensation structures)

<p><i>Proposed Actions for Review</i>  <i>(*Indicates that additional information related to designated areas can be found in the Appendix on Slide 25)</i></p>	<p><i>Timeline</i></p>	<p><i>Accountability</i></p>	<p><i>*KPI's</i>                      (Key Performance Indicators)</p>
<p>6 - Solicit input from all employees regarding experiences with performance review and professional advancement/ support processes as well as accessibility of and satisfaction with benefits (excluding compensation); outcomes should be disaggregated across racial demographics and can be used to inform enhancements to these areas. <i>(Intersects with the Valuing Diverse Perspectives Guiding Principle)</i></p>	<p>In the second quarter of 2024</p>	<p>Leading: HR; EMT  Supporting: DEI Administrator</p>	<p>*Via newly-developed data-gathering processes, staff report adequate opportunities to share their experiences in these areas, including how data will inform next steps in enhancing processes and how enhancements will be communicated</p>
<p>*7– Informed by leadership and PM trainings, ensure that all staff are equitably supported in their efforts to meet their individual personal/professional development goals and that strategies/systems are in place to support the growth, professional development and career aspirations of all direct reports. This includes tailoring support strategies to the needs of culturally and racially diverse direct reports; practicing active listening and responsiveness to direct report needs, etc. Solicit data on staff experiences as it relates to support for individual professional development</p>	<p>Begin putting into practice after experiencing appropriate leadership training and no later than the end of 2024; begin collecting data on staff experiences by early 2025</p>	<p>Leading: All PM's  Supporting: HR; DEI Administrator</p>	<p>*Via newly-developed data-gathering processes, staff report experiencing support from PM's in this individualized, justice-oriented way</p>
<p>8– Clarify/codify expectations for HR administrators and people managers to demonstrate how they are implementing antiracist policies in support of diverse employees/direct reports and as part of performance measures for PM's <i>(Intersects with Shared Accountability Guiding Principle)</i></p>	<p>Clarify expectations by the end of 2024; begin evaluating PM performance in this area during individual review processes in 2025</p>	<p>Leading: EMT; HR  Supporting: Communications; IT</p>	<p>*HR personnel and PM's report adequate communication about/awareness of expectations related to their performance in this area; staff report transparency in communication related to PM and HR performance expectations via newly-developed data-gathering processes</p>
<p>9– Review status of action steps supporting Internal Policy goal and assess next steps for next phase of work (beginning in 2026) <i>(Intersects with Shared Accountability Guiding Principle)</i></p>	<p>By the second half of 2025</p>	<p>Leading: EMT; Communications  Supporting: All staff</p>	<p>All staff report having an opportunity to review the status of actions supporting this goal and recommend approaches to the agency's next phase of work</p>

**DEI Administrator Recruitment Goal: Recruit a DEI Administrator to serve as a member of the Executive Management Team and holding decision-making power for the purpose of leading as well as ensuring the coordination and sustainability of WSHFC’s racial equity efforts**

<i>Proposed Actions for Review</i> <i>(*Indicates that additional information related to designated areas can be found in the Appendix on Slide 25)</i>	<i>Timeline</i>	<i>Accountability</i>	<i>*KPI's</i> <i>(Key Performance Indicators)</i>
*1 – Implement an inclusive, fair process for establishing a Recruitment Committee to lead the Commission’s efforts to hire a full-time, DEI Administrator to serve as a member of the EMT	No later than the second quarter of 2023; committee convenes beginning of the 2nd quarter	Leading: EMT; HR  Supporting: Communications; IT	*Process for establishing committee is complete and staff receive communication about group composition by the beginning of 2nd quarter; staff report experiencing an inclusive recruitment effort once process has ended (2024) via newly-developed data-gathering processes
*2 (a) Draft position description, including the application of a racial equity lens to determining qualifications; experience, etc.  (b) Secure recruiter through RFP process  (c) Confirm and Implement a fair, just and equitable recruitment process for DEI Administrator, including the application of a racial equity lens to determining qualifications; experience, etc.	EMT approves draft position description process no later than end of second quarter of 2023; RFP process for hiring recruiter concludes by no later than end of second quarter; recruitment process ensues by the beginning of third quarter 2023.	Leading: Recruiter; DEI Administrator Recruitment Committee  Supporting: EMT	Group recruitment process is approved by EMT; staff receive communication about the group’s recruitment process prior to when it begins; staff receive updates on process accordingly as steps are taken
3 – Present recommendation for desired candidate to serve as the Commission’s inaugural DEI Administrator	By the beginning of fourth quarter 2023	Leading: DEI Administrator Recruitment Committee reports recommendations to the EMT  Supporting: EMT	The EMT receives communication from the recruitment committee regarding its recommendations for their candidate of choice to serve as DEI Administrator
4 – Confirm the Commission’s inaugural DEI Administrator and onboard the individual accordingly	By the fourth quarter of 2023	Leading: DEI Administrator Recruitment Committee; EMT  Supporting: Communications	Staff receive communication regarding the finalist who will join the Commission as its inaugural DEI Administrator; DEI Administrator is onboarded
5 – Review current racial equity/ antiracism plan and the role the DEI Administrator will play in the next phase of work, including the approval of a budget to support racial equity/antiracism f efforts (beginning in 2026)	Final half of 2025	Leading: EMT (including DEI Administrator)  Supporting: All staff	All staff, including inaugural DEI Administrator (if timing is appropriate) have an opportunity to assess racial equity/antiracism progress for the Commission and share recommendations for next steps

**Public Engagement Goal (continued on the next slide):** Enhance our approach to community/ public engagement and outreach as well as data-gathering in order to increase our potential to more effectively serve and become a trusted resource to Washington's BIPOC residents

<p><i>Proposed Action Steps</i> <i>*(indicates that additional information related to designated areas can be found in the Appendix on Slide 26)</i></p>	<p><i>Timeline</i></p>	<p><i>Accountability</i></p>	<p><b>KPI's</b> <b>(Key Performance Indicators)</b></p>
<p>*1 – Review existing sponsorship and membership historical data and develop equitable criteria and cohesive policy that can be used to evaluate all future requests for sponsorship to align with the racial equity strategic goals</p>	<p>Initiate first phase of process in the first quarter of 2023 <i>(See Appendix for details related to supportive steps for this action.)</i></p>	<p>Leading: Finance  Supporting: EMT; Sponsorship Policy Workgroup (*See references to this workgroup where all supportive action steps for this process are detailed in the Appendix)</p>	<p>Staff receive communication about this opportunity; workgroup is established and reports experiencing Commission support for its efforts</p>
<p>*2 - Develop a Commission-wide equitable, inclusive strategy for engaging community members and incorporating their feedback into Commission decision-making <i>(Intersects with the Valuing Diverse Perspectives Guiding Principle)</i></p>	<p>Third quarter of 2023</p>	<p>Leading: Executive Division/ Administration  Supporting: DEI Administrator; all divisions; IT; approved external stakeholders</p>	<p>Newly-developed data-gathering efforts yield that approved external beneficiaries experience inclusive approaches to the agency's decision-making processes; Executive Division is able to communicate ways in which approved external beneficiaries' input has informed agency decisions</p>
<p>*3 – Complete stakeholder mapping exercise to understand the importance of public engagement and create an engagement plan for all programs <i>(Intersects with the Valuing Diverse Perspectives Guiding Principle)</i></p>	<p>Complete process by the third quarter of 2023</p>	<p>Leading: MHCF; AMC  Supporting: All staff</p>	<p>Staff understanding of public engagement principles is increased; newly-developed data-gathering efforts yield that target communities feel that engagement efforts are valuable to homebuying process</p>
<p>4 – Pursue potential sponsorship opportunities for community-based partners targeting underserved communities (i.e. festivals, neighborhood meetings, lender events)</p>	<p>Begin preliminary research on existing opportunities in this area in the third quarter of 2023; begin serving as sponsors for select events by 2025</p>	<p>Leading: Homeownership  Supporting: Finance; Executive Division/Administration</p>	<p>Social media data - messaging salience and resonance; number of partners; spread of partners/funds; number of events; the number of unique contacts</p>

**Public Engagement Goal (continued):** Enhance our approach to community/ public engagement and outreach as well as data-gathering in order to increase our potential to more effectively serve and become a trusted resource to Washington’s BIPOC residents

<i>Proposed Action Steps</i> <i>*(indicates that additional information related to designated areas can be found in the Appendix on Slide 26)</i>	<i>Timeline</i>	<i>Accountability</i>	<i>KPI's</i> <i>(Key Performance Indicators)</i>
5 - Improve WBARS data gathering and reporting: to inform policy to address negative housing outcome indicators such as eviction and housing instability	Complete by the end of 2024	Leading: AMC	WBARS data-gathering processes are improved for the purpose of addressing adverse housing indicators such as eviction and housing instability, including indicators highlighting potential racial disparities in these areas
6– Provide new and/or enhance existing trainings for property owners, managers served-by and/or pursuing the Commission’s resources	First quarter of 2024	Leading: AMC:  Supporting: EMT to add an FTE	AMC has hired a training coordinator and will enhance revamp Fundamentals, Bond and advanced trainings; create on demand trainings; re-introduce in person trainings; incorporate Fair Housing modules; property managers and owners will have increased awareness of good stewardship of the resources and have better Fair Housing test outcomes
7 - Conduct a Racial Equity Impact Assessment (REIA) on MHCF practices	Begin in the second quarter of 2023 and ongoing through the second quarter of 2024	Leading: MHCF  Supporting/Collaborating: Homeownership	MHCF has increased readiness for promoting racial equity through practices, including how to determine KPI's for ongoing efforts
8 – Form a Community Advisory Board	Begin developing mission/vision/goals for the board; identify criteria for and actual members to serve on the board by the end of 2025	Leading: MHCF  Supporting: Select staff serve as members of an advisory group to lead this process	Commission staff serving on advisory planning group are identified; board mission/vision/values are established; criteria is established for individuals serving on the board; individuals who can serve on the board are identified
9 - Improve Home Base non-compliance data gathering and reporting to inform training development, decrease non-compliance events and improve housing services overall	Complete by the end of 2025	Leading: AMC	Data-gathering in this area is improved to inform training and decrease instances of non-compliance; improve housing overall

**Resource Accessibility Goal (continued on next two slides):** Increase the accessibility of our resources for BIPOC residents and/or entities which are prioritizing the needs of BIPOC residents in Washington by leveraging our role/position in the affordable housing ecosystem

<i>Proposed Action Steps</i>	<i>Timeline</i>	<i>Accountability</i>	<i>KPI's (Key Performance Indicators)</i>
1 – Update the language and content of our forms and applications to increase access to such materials for LIHTC applicants and residents and site staff	Beginning in the second quarter and ongoing through the third quarter of 2023	Leading: AMC Support: Communication team	Languages for select forms/applications is updated to reflect the Commission's efforts to increase access to materials and/or to promote equitable access to materials for BIPOC residents; process is informed by outcomes from survey launched for the purpose of acquiring information about the accessibility of our materials/applications; newly-developed data-gathering processes yield that forms/materials are more accessible to those who might benefit from our resources
2 – Reduce access to barriers in homeownership by offering services in languages other than English in order to better serve non-English speaking communities	Begin preliminary research on existing opportunities in this area in the third quarter of 2023; finalize and begin to implement processes in 2025	Leading: Homeownership  Supporting: Executive Division/Administration; IT; Finance	Increased program usage among non-English speaking home buyers; number of times service is used, ratio of translated calls to total call volume, language use frequency, distribution of usage rates among avenues to access (phone, online, in person / broker or lender)
3 – Increase awareness of programs by leveraging outreach opportunities created through community education and partner presentations	Begin preliminary research on existing opportunities in this area in the third quarter of 2023; finalize and begin to implement processes in 2025	Leading: Homeownership  Supporting: Executive Division/Administration; MHCF	Increased number of events YTD by comparison; re-invitation rate; salience of message in target community; engagement rate; number of partners
4 - Map out existing access to each of our resources and identify opportunities to address financial or structural barriers which may impede access to beneficiaries of our resources	Complete mapping process by the end of 2024	Leading: MHCF (Program Leads; Director)  Supporting: DEI Administrator; MHCF Staff	A fully-developed matrix that will allow the MHCF team to compare means of access to resources for end users is completed; institutional/systemic barriers to resource access have been identified and mitigated where the Commission has the authority to do so



**Resource Accessibility Goal (continued)** Increase the accessibility of our resources for BIPOC residents and/or entities which are prioritizing the needs of BIPOC residents in Washington by leveraging our role/position in the affordable housing ecosystem

<p><i>Proposed Action Steps</i> <i>*(indicates that additional information related to designated areas can be found in the Appendix on Slide 23)</i></p>	<p><i>Timeline</i></p>	<p><i>Accountability</i></p>	<p><b>KPI's</b> <b>(Key Performance Indicators)</b></p>
<p>5 – Provide training for PA's regarding approaches to addressing BIPOC resident concerns</p>	<p>First and second quarters of 2024</p>	<p>Leading: AMC  Supporting: Communications/Racial Equity Education Workgroup</p>	<p>Trainings are offered by Commission; newly-developed data-gathering processes yield that trainings offered to this group have increased awareness about approaches to serving/supporting BIPOC residents</p>
<p>6 - Refine existing program resources to reduce barriers/increase accessibility for BIPOC residents and invested parties/stakeholders and our capacity to engage and support BIPOC residents</p>	<p>Begin after executing proposed action #2 by 2024 - can happen simultaneously with actions #7 and #8; complete by the end of 2025</p>	<p>Leading: MHCF (Program leads; Director)  Supporting: Communications</p>	<p>Number of BIPOC residents and invested parties/stakeholders accessing resources has increased</p>
<p>7 - Amplify external opportunities for funding and/or capacity building resources to increases access to housing/resources for BIPOC communities</p>	<p>Begin after the completion of proposed action #2; can occur simultaneously with proposed action #6 and #8; complete by the end of 2024</p>	<p>Leading: MHFC (Director/SME's)</p>	<p>Comprehensive list of external partner resources (local gov't, nonprofits, etc.) is built; method/process to track referrals MHFC makes to other housing/resources (e.g., referral made to a capacity building program for emerging developers administered by a county) is created</p>
<p>8 - Manage/refine consultant lists- proactively solicit qualifications from a wide and diverse group of professionals to disseminate to interested clients</p>	<p>Complete by the end of 2024</p>	<p>Leading: MHFC (Director with support from SME's)</p>	<p>Rate of BIPOC representation on consultant list has increased</p>
<p>9 – Enhance lines of communication with residents by creating a resident portal on our website where residents can securely share documents and concerns with AMC staff; develop an external-facing portal where residents can securely share documentation and concerns regarding residential/housing experiences with AMC for the division’s review and awareness <i>(Intersects with Valuing Diverse Perspectives Guiding Principle)</i></p>	<p>Second quarter of 2025</p>	<p>Leading: AMC  Supporting: Communications</p>	<p>Methods for communicating with residents is established; newly-developed data-gathering processes yield that BIPOC residents are experiencing increased support from PM's; increased numbers of residents report experiencing equitable support in efforts to address barriers to housing (across racial demographics); portal is created and launched</p>

**Resource Accessibility Goal (continued):** Increase the accessibility of our resources for BIPOC residents and/or entities which are prioritizing the needs of BIPOC residents in Washington by leveraging our role/position in the affordable housing ecosystem

<i>Proposed Action Steps</i> <i>*(indicates that additional information related to designated areas can be found in the Appendix on Slide 23)</i>	<i>Timeline</i>	<i>Accountability</i>	<i>KPI's</i> <i>(Key Performance Indicators)</i>
10 – Improve the WSHFC funded rental housing finder site	Second quarter of 2025	Leading: Administration; Supporting: AMC	Site is developed and launched; newly-developed data-gathering process yields that the site has provided valuable information to those using the site

**Communications Goal:** Design and implement an internal and external-facing communications strategy to include a focus on our racial equity and antiracism efforts and to ensure that internal and external beneficiaries are updated on the status of our racial equity and antiracism priorities

<p><i>Proposed Action Steps</i>  <i>*(indicates that additional information related to designated areas can be found in the Appendix on Slide 27)</i></p>	<p><i>Timeline</i></p>	<p><i>Accountability</i></p>	<p><i>*KPI's</i>                      (Key Performance Indicators)</p>
<p>*1 - Developing a process and timeline for the development and implementation of an updated communications strategy focusing on racial equity and antiracism efforts (internally and externally) <i>(Intersects with the Transparency Guiding Principle)</i></p>	<p>Beginning in the second quarter of 2023 and ending by the fourth quarter of 2023</p>	<p>Leading: Communications  Supporting: Executive Division; All staff</p>	<p>*Update to communications strategy as described and as informed by staff input is complete and has been shared with staff as well as approved external stakeholders</p>
<p>2 - Develop an external-facing communications webpage with a specific focus on BIPOC community resources and/or FAQ's as informed by previous survey outcomes . featuring new services, bills, laws that impact resident experiences, etc.</p>	<p>Third and fourth quarters of 2024 (for both a and b actions)</p>	<p>Leading: AMC  Supporting: Communications; IT; DEI Administrator; DEI/Racial Equity Consultants</p>	<p>a - Webpage is developed; future assessment through newly-developed tracking efforts yield that webpage is frequently accessed by those pursuing opportunities for resources; newly-developed data-gathering efforts yield that visitors experience increased access to Commission resources via the webpage and/or that webpage provides valuable information</p>
<p>*3 - Host a webinar for approved stakeholders focusing on issues of relevance to residents; property owners and managers, including Tax Credit Lease Rider; expectations for LIHTC residents and how that differs from regular lease, application processes, etc.</p>	<p>By the end of 2024</p>	<p>Leading: AMC  Supporting: Racial Equity Training Workgroup; DEI/Racial Equity Consultants; Communications</p>	<p>Webinar is launched; data-gathering yields that information shared during webinar is valuable to target audiences</p>

**Internal Data-gathering Goal:** Develop information and data-gathering processes meant to yield increased and ongoing insight about the experiences of WSHFC staff across cultural and racial demographics which would be regularly implemented and from which outcomes would inform potential adjustments to internal practices; employee-related policy design, etc.

<i>Proposed Action Steps</i>	<i>Timeline</i>	<i>Accountability</i>	<i>KPI's (Key Performance Indicators)</i>
<p>Design; approve and implement data-gathering processes to assess employee experiences related to action steps included in the racial equity strategic plan associated with the agency's internal-facing goals and/or which have the greatest potential to impact employee experiences, including those connected to the implementation of the racial equity plan. <b>Where appropriate, and to avoid survey fatigue, multiple data-gathering processes can be executed simultaneously in response to multiple initiatives/action steps appearing in the plan.</b> <i>(In this case, internal data-gathering efforts represent both a goal and a strategy for the agency, where newly-developed data-gathering strategies have been referenced in the KPI sections of the internal-facing goals for the Commission.)</i></p>	<p>Beginning in 2023 as initial action steps are taken in association with internal-facing racial equity goals (Culture/Restorative Healing; Leadership Development; Internal Policy; (Internal) Communications goal and ongoing through 2025</p>	<p>Leading: Executive Division/Administration; EMT; IT  Supporting: All staff</p>	<p>Data-gathering processes as described with respect to assessing the agency's internal-facing action steps having the greatest potential to impact employee experiences have been designed; approved and implemented beginning in 2023;</p>

## Part V:

### *Appendix*

(Where noted, additional information related to content included in the racial equity strategic plan goal matrixes can be found in this section.)

**Culture/Restorative Healing Goal**

*Proposed steps supporting proposed action item #1 “establishing a BIPOC restorative healing group”* involve a specialized focus on facilitating activities meant to address instances/incidents of implicit/explicit race-informed bias; microaggressions; trauma and other experiences which are harmful and diminishing to BIPOC individuals as well as activities focusing on promoting resiliency; self-care and wellness meant to mitigate the impact of traumatizing experiences

*Proposed steps supporting proposed Action item #3 “establishing a racial equity education task force” may include a consideration for the following recommendations:* Members who have not served on the RJET or Racial Equity Strategic Planning Group should have priority consideration for the purpose of encouraging inclusive, agency-wide participation in the Commission’s racial equity efforts. A fair, just selection process can include that for which employees are nominated by a colleague or can self-nominate for the purpose of participating on the group and that an approved set of questions be developed to which those nominating others would need to submit written responses as well as those who are self-nominating for participation. Group composition should reflect equitable representation across the Commission (i.e. no more than two (2) individuals representing a division; diverse cultural and racial representation; diverse professional levels/status at the Commission, etc.) Individuals serving on this group should not serve on other, concurrently functioning groups (i.e. the DEI Administrator Recruitment Committee.) *EMT members should be responsible for approving the final group composition.*

*Proposed steps supporting proposed action item #4 “recruiting a conflict resolution expert (contractual)” may include a consideration for the following recommendations:* Ensuring that this individual is working on a contractual (outside/objective party) basis to increase the likelihood of this individual’s ability to build trust with staff representing the Commission. Candidates should demonstrate their expertise aligning conflict resolution processes with racial equity/antiracism objectives. Workgroup (hiring committee) should solicit input from staff to inform recruitment process and hiring recommendations. An inclusive recruitment process should involve input from staff (i.e. during interview processes) and provide staff with an opportunity to share desired qualifications for the selected individual. In the event that current Workgroup members would prefer to rotate off of the group, a fair, just and inclusive process for determining new members should be instituted (similar to the process established for the Racial Equity Education Task Force and the DEI Administrator Recruitment Committee)

*Proposed steps included in the KPI Column of the “Culture/Restorative Healing” goal, where indicated,* represent opportunities to formalize data-gathering strategies aligned with the Racial Equity Internal Data-gathering Goal. (In this case, newly-developed data-gathering processes connected to this goal represent both a strategy and a goal for the Commission.)

**Leadership Development Goal**

*Proposed steps supporting proposed action item #3 “learning activities for all people managers, including directors) may include a consideration for the following recommendations:* Leaders and PM’s receiving this training should decide upon desired outcomes for all trainings supporting their development, including what they most want and/or need to experience, etc., to inform the selection of potential facilitators (vetted by the Racial Equity Education Task Force.) In addition, it is recommended that trainings be interactive and include ample time for workshopping case studies; discussions; processing, etc., rather than be designed for “passive” attendee experiences.

*Proposed steps supporting proposed Action item #6 “equitably supporting diverse staff” may include a consideration for the following recommendations:* Approaches to this work should prioritize the professional needs and status of individual employees rather than reflect a standardized approach to doing so. Regular check-ins with direct reports is recommended so that there are consistent opportunities for PM’s to communicate observed opportunities for further development for direct reports. Trainings focusing on this subject are also recommended and could be included as part of a series of trainings for Commission leaders (decision-makers) and PM’s focusing on implementing racial equity-aligned practices and adopting accompanying behaviors in support of culturally and racially diverse staff and consistent with Commission racial equity/ antiracism goals.

*Proposed steps included in the KPI Column of the “Leadership Development” goal, where indicated,* represent opportunities to formalize data-gathering strategies aligned with the Racial Equity Internal Data-gathering Goal. (In this case, newly-developed data-gathering processes connected to this goal represent both a strategy and a goal for the Commission.)

## Internal Policy Goal

**Proposed steps supporting proposed action item #4 “honoring transferrable skillsets” may include a consideration for the following recommendations:** For PM’s supporting culturally and racially diverse staff, many of whom may not have developed professional skillsets through conventional or traditional experience or practice, honoring and valuing skillsets acquired through non-conventional means taking into consideration how one’s capacity to fulfill work-related responsibilities as the result of both types of experiences informs fair, just performance review; recruitment and advancement processes. This is especially important when considering the disparities in access to employment opportunities for BIPOC compared to Whites in many industries and across professions, where unconventional pathways to professional development are often a consequence of such disparities. In this case, valuing and honoring transferrable and conventional skillsets in equitable ways increases the likelihood that performance review; recruitment and advancement processes are fair and just and take into consideration the reality of occupational disparities informed by racial bias and racist systems.

**Proposed steps supporting proposed action item #5 “Updating the OPM” include the following:**

- Specifying a timeline for the process
- Reimagining content for the OPM by utilizing racial equity planning tool
- Strategizing / prioritizing methods for updating content for the OPM
- Gathering feedback from all staff and shaping the process according to staff input
- Address how we will ensure ongoing maintenance and regular revision of the OPM
- Establish a baseline for accountability and establish KPIs for evaluating impact of updating OPM content

**Proposed steps supporting proposed action item #7 “equitably supporting staff” may include a consideration for the following recommendations:** Approaches to this work should prioritize the professional needs and status of individual employees rather than reflect a standardized approach to doing so. Regular check-ins with direct reports is recommended so that there are consistent opportunities for PM’s to communicate observed opportunities for further development for direct reports. Trainings focusing on this subject are also recommended and could be included as part of a series of trainings for Commission leaders (decision-makers) and PM’s focusing on implementing racial equity-aligned practices and adopting accompanying behaviors in support of culturally and racially diverse staff and consistent with Commission racial equity/ antiracism goals.

**Proposed steps included in the KPI Column of the “Internal Policy” goal, where indicated,** represent opportunities to formalize data-gathering strategies aligned with the Racial Equity Internal Data-gathering Goal. (In this case, newly-developed data-gathering processes connected to this goal represent both a strategy and a goal for the Commission.)

## DEI Administrator Recruitment Goal

**Proposed steps supporting proposed action item #1 “establishing a DEI Administrator recruitment committee” may include a consideration for the following recommendations.** Members who have not served on the RJET or Racial Equity Strategic Planning Group should have priority consideration for the purpose of encouraging inclusive, agency-wide participation in the Commission’s racial equity efforts. A fair, just selection process can include that for which employees are nominated by a colleague or can self-nominate for the purpose of participating on the group and that an approved set of questions be developed to which those nominating others would need to submit written responses as well as those who are self-nominating for participation. Group composition should reflect equitable representation across the Commission (i.e. no more than two (2) individuals representing a division; diverse cultural and racial representation; diverse professional levels/status at the Commission, etc.) Individuals serving on this group should not serve on other, concurrently functioning groups (i.e. the Racial Equity Education Task Force.) *EMT members should be responsible for approving the final group composition.*

**Proposed steps supporting proposed action item #2 “implementing a fair, just recruitment process” may include a consideration for the following recommendations.** Recommended considerations include the following: developing a list of required and preferred qualifications which factor in traditional and transferrable skillsets; adequate (rather than excessive) years of service; adequate (rather than excessive) levels of education and experience with leading explicitly antiracist processes – preferably internal to an organization. In addition, to ensure an inclusive decision-making process, Commission staff should be solicited for individual desired characteristics for the inaugural DEI Administrator and for the purpose of informing the Recruitment Committee’s efforts. This opportunity should also be posted in traditional and social media outlets and shared with the Commission’s networks, including new outlets not previously utilized by the Commission in order to reach new markets and increase access to this opportunity.

**Proposed steps included in the KPI Column of the “Recruiting a DEI Administrator” goal, where indicated,** represent opportunities to formalize data-gathering strategies aligned with the Racial Equity Internal Data-gathering Goal. (In this case, newly-developed data-gathering processes connected to this goal represent both a strategy and a goal for the Commission.)

**Public Engagement Goal**

*Proposed steps supporting proposed action item #1 “reviewing existing sponsorship and membership data” may include the following:*

**Supportive Step 1a:** Form cross divisional working group with participation from all divisions to work on policy in Q1 of 2023; Leading: Finance; Supporting: EMT

**Supportive Step 1b:** Gather the data: information gathering on past sponsorships; identifying active BIPOC community organizations without prior Commission sponsorship for potential future sponsorships in Q1 of 2023; Leading: Finance; Supporting: Sponsorship Policy Workgroup; KPI's: Historical Commission sponsorship report is obtained and a list of BIPOC community organizations for potential Commission sponsorship is developed

**Supportive Step 1c:** Create draft version of sponsorship policy by Q3 2023; Leading: Finance; Supporting: Sponsorship Policy Workgroup; KPI's: Drafted selection criteria are developed and new policy is created

**Supportive Step 1d:** Solicit input from management on draft policy by Q4 2023; Leading: Sponsorship Policy Workgroup; Supporting: EMT; KPI's: Management input on policy is received

**Supportive Step 1e:** Finalize policy by Q4 2023; Leading: Sponsorship Policy Workgroup; Supporting: EMT; KPI's: Approval of policy by EMT is received

**Supportive Step 1f:** Implement the policy beginning in Q1 of 2024 and through Q4 of 2024; Leading: Finance; Supporting: all divisions; KPI's: Policy is supported and implemented

**Supportive Step 1g:** Assess policy implementation and update policy if needed in Q1 of 2025; Leading: Administration and Finance; Supporting: all divisions; KPI's: All divisions report having an opportunity to review policy implementation supporting this goal and recommend any updates or improvements to the policy for future implementation

*Proposed steps supporting proposed action item #2 “develop a commission-wide equitable, inclusive strategy for engaging community members and incorporating their feedback into Commission decision-making” may include the following:*

1. Convene and facilitate a cross-divisional staff team to examine public engagement needs Commission-wide.
2. Assess current public engagement and outreach practices

3. Initial ideation and discovery process may include a focus on any of the following:

- What do staff need/want?
- Who are the stakeholders? What do the stakeholders want?
- What functions could be centralized?
- What role can Admin play in organizing and facilitating public engagement across divisions?
- Assess what could go wrong and how we can mitigate it. Examples: harm and over-promising and under delivering.
- How can we update staff and stakeholders? (keep them engaged and informed)
- Assess what could go wrong and how we can mitigate it. Examples: harm and over-promising and under-delivering.

4. Update current public engagement and outreach plan accordingly; engage in continuous review and update processes informed by newly-designed data-gathering efforts accordingly

*Potential activities supporting proposed action item #3 “facilitate mapping process” may address the following:*

- MHCF division by staff who have some grounding in this practice facilitate meetings
- Use process from reputable consultant/public engagement curriculum
- Begin with a mini-seminar on the “whys” behind the concept of public engagement
- Hire a summer intern from a Public Policy program to map stakeholders
- Goal is a comprehensive understanding of various interested party groups from an impact/access/accountability analysis



**Communications Goal**

*Proposed steps supporting proposed action item #1 “developing and implementing an updated communications strategy” may include the following:*

- Assessment of current practices in this area
- Initiate ideation and discovery process
- Identify our needs and stakeholders’ needs related to communications
- Identify risks and mitigations of communications efforts
- Create blueprint for developing new and/or enhancing current communications strategy
- Identify steps and timeline; roles, costs, outcome metrics, etc.
- Update staff and stakeholders (keep them engaged and informed)
- Refer to racial equity tool for updating communications process
- Update staff and stakeholders on our communications strategy (keep them engaged and informed on ongoing efforts in this area)

*Proposed steps supporting proposed action item #3 “develop a Commission-wide equitable, inclusive strategy for engaging community members and incorporating their feedback into Commission decision-making” may include the following:*

1. Convene and facilitate a cross-divisional staff team to examine public engagement needs Commission-wide.
2. Assess current public engagement and outreach practices
3. Initial ideation and discovery process may include a focus on any of the following:
  - What do staff need/want?
  - Who are the stakeholders? What do the stakeholders want?
  - What functions could be centralized?
  - What role can Admin play in organizing and facilitating public engagement across divisions?
  - How can we improve the current public engagement process? (Example: public hearings at Commissioner meetings)
  - Update staff and stakeholders (keep them engaged and informed)
  - Assess what could go wrong and how we can mitigate it. Examples: harm and over-promising and under delivering.
  - How can we improve the current public engagement process? (Example: public hearings at Commissioner meetings)
  - How can we update staff and stakeholders? (keep them engaged and informed)
  - Assess what could go wrong and how we can mitigate it. Examples: harm and over-promising and under-delivering.

4. Update current public engagement and outreach plan accordingly; engage in continuous review and update processes informed by newly-designed data-gathering efforts accordingly

*Proposed steps included in the KPI Column of the “Communications” goal, where indicated, represent opportunities to formalize data-gathering strategies aligned with the Racial Equity Internal Data-gathering Goal. (In this case, newly-developed data-gathering processes connected to this goal represent both a strategy and a goal for the Commission.)*



### Note of Gratitude

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*Thank you for the opportunity to support the Washington State Housing Finance Commission's racial equity strategic planning process.*

*Dr. Carmen Phelps – Project 986*

[www.project986consulting.com](http://www.project986consulting.com)



WASHINGTON STATE  
**HOUSING FINANCE  
COMMISSION**

Bill Rumpf  
*Chair*  
Steve Walker  
*Executive Director*

## Memorandum

To: Commissioners

From: Fenice Taylor, Lucas Loranger, Shirleen Noonan

CC: Executive Management Team

Date: June 13, 2023

**Re: Budget proposal for Fiscal Year 2024 (July 1, 2023 – June 30, 2024)**

### BACKGROUND

The proposed budget for the Washington State Housing Finance Commission's upcoming fiscal year 2024 (July 1, 2023, through June 30, 2024) follows. At May's Budget & Planning Session, the suggestion was made to use our position of strength to bolster our struggling program (Home Advantage). Below is a summary of the changes we are proposing to help Home Advantage and how the FY 2024 budget is impacted:

- Increase reinvestment of prior Home Advantage DPA repayments held in PRI to 75% of new DPA loan amount (up from 50%).
- Projected new Home Advantage loan production to the above change increased from 3,000 loans to 5,000, a 66% increase attributable to the above reinvestment increase.
- Projected premium on Home Advantage MBS sales falls from a \$69,135 loss on the year to a \$129,898 loss, an 88% decrease
- Projected servicing income increases from \$6.7 million to \$7.5 million, a 12% increase due to the increased volume.
- Cash outflows from PRI to support the increased DPA reinvestment and higher loan volume are expected to be approximately \$32.3 million (net of DPA repayments) for FY 24.

In addition to the above, we made the following changes reflecting more current information:

- We are requesting 1 additional FTE for a Human Resources Consultant within the Admin division that was not included in the preliminary budget presented in May.
- The rate of required employer contributions for health insurance and retirement decreased by 1.3% and 9.6% respectively.
- Investment balances and rates of return updated to reflect more current information, resulting in a 2.4% increase in interest revenue.

After incorporating these changes, projected net revenue increased by approximately \$1.08 million, or 6%, from May's preliminary budget.

### **PROPOSED ACTION**

Consider and act on the approval of the proposed fiscal year 2024 budget.

**WASHINGTON STATE HOUSING FINANCE COMMISSION**  
**Budget for Fiscal Year Ending June 30, 2024**

	HOMEOWNERSHIP			MULTIFAMILY HSG & COMMUNITY FACILITIES*				ASSET MANAGEMENT AND COMPLIANCE	FINANCE			EXECUTIVE OFFICE				TOTAL BUDGET
	Home- ownership	Homebuyer Education	TOTAL	Multifamily Housing	Nonprofit Housing	Nonprofit Facilities	TOTAL		Bond Portfolio Management	General Operations	TOTAL	Admin	IT Services	Comm.	TOTAL	
<b>REVENUE</b>																
Fee Revenue	7,448,851	-	7,448,851	6,646,628	825,247	242,170	7,714,045	7,860,501	4,397,840	-	4,397,840	-	-	-	-	27,421,237
Interest Revenue	-	-	-	-	-	-	-	-	-	10,639,801	10,639,801	-	-	-	-	10,639,801
Misc. Revenue	-	978,000	978,000	-	-	-	-	160,000	-	4,000	4,000	31,200	-	-	31,200	1,173,200
Pass through Grants	500,000	138,173,719	138,673,719	150,000	-	-	150,000	-	-	-	-	-	-	-	-	138,823,719
<b>TOTAL REVENUE</b>	<b>7,948,851</b>	<b>139,151,719</b>	<b>147,100,570</b>	<b>6,796,628</b>	<b>825,247</b>	<b>242,170</b>	<b>7,864,045</b>	<b>8,020,501</b>	<b>4,397,840</b>	<b>10,643,801</b>	<b>15,041,641</b>	<b>31,200</b>	-	-	<b>31,200</b>	<b>178,057,957</b>
<b>EXPENSES</b>																
Salaries & Wages	2,943,145	462,631	3,405,776	2,676,644	113,230	137,904	2,927,778	2,303,238	727,916	1,138,429	1,866,345	2,379,278	705,761	21,475	3,106,514	13,609,651
Travel	49,124	8,088	57,212	47,555	3,410	5,259	56,224	38,043	23,646	17,990	41,636	54,053	18,407	63,110	135,570	328,685
Professional Fees	371,600	30,000	401,600	175,000	5,000	5,000	185,000	250,000	233,160	266,000	499,160	90,000	-	-	90,000	1,425,760
Office Exp. & Other	616,523	128,293	744,816	518,768	22,098	22,835	563,701	1,302,824	153,869	150,743	304,612	1,478,788	862,351	25,850	2,366,989	5,282,942
Pass through Grants	500,000	138,173,719	138,673,719	150,000	-	-	150,000	-	-	-	-	-	-	-	-	138,823,719
<b>TOTAL EXPENSES</b>	<b>4,480,392</b>	<b>138,802,731</b>	<b>143,283,123</b>	<b>3,567,967</b>	<b>143,738</b>	<b>170,998</b>	<b>3,882,703</b>	<b>3,894,105</b>	<b>1,138,591</b>	<b>1,573,162</b>	<b>2,711,753</b>	<b>4,002,119</b>	<b>1,586,519</b>	<b>110,435</b>	<b>5,699,073</b>	<b>159,470,757</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>3,468,459</b>	<b>348,988</b>	<b>3,817,447</b>	<b>3,228,661</b>	<b>681,509</b>	<b>71,172</b>	<b>3,981,342</b>	<b>4,126,396</b>	<b>3,259,249</b>	<b>9,070,639</b>	<b>12,329,888</b>	<b>(3,970,919)</b>	<b>(1,586,519)</b>	<b>(110,435)</b>	<b>(5,667,873)</b>	<b>18,587,200</b>
<b>Overhead Allocations</b>	<b>1,012,676</b>	<b>160,031</b>	<b>1,172,707</b>	<b>869,586</b>	<b>36,569</b>	<b>43,505</b>	<b>949,660</b>	<b>990,723</b>	<b>289,676</b>	<b>(9,070,639)</b>	<b>(8,780,963)</b>	<b>3,970,919</b>	<b>1,586,519</b>	<b>110,435</b>	<b>5,667,873</b>	<b>-</b>
<b>Program Allocations</b>	<b>212,936</b>	<b>35,489</b>	<b>248,425</b>	<b>2,413,269</b>	<b>567,828</b>	<b>319,403</b>	<b>3,300,500</b>	<b>-</b>	<b>(3,548,925)</b>	<b>-</b>	<b>(3,548,925)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCOME</b>	<b>4,694,071</b>	<b>544,508</b>	<b>5,238,579</b>	<b>6,511,516</b>	<b>1,285,906</b>	<b>434,080</b>	<b>8,231,502</b>	<b>5,117,119</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,587,200</b>

CAPITAL EXPENDITURES -

**FYE 2023 Budgeted Revenue & Expenses for Comparative Purposes**

<b>REVENUE</b>																
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
<b>TOTAL REVENUE</b>	<b>13,957,080</b>	<b>49,393,023</b>	<b>63,350,103</b>	<b>6,591,748</b>	<b>695,585</b>	<b>334,533</b>	<b>7,621,866</b>	<b>7,693,596</b>	<b>4,181,450</b>	<b>1,240,057</b>	<b>5,421,507</b>	<b>30,300</b>	-	-	<b>30,300</b>	<b>84,117,372</b>
<b>EXPENSES</b>																
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
<b>TOTAL EXPENSES</b>	<b>3,557,063</b>	<b>49,431,869</b>	<b>52,988,932</b>	<b>3,155,473</b>	<b>136,891</b>	<b>156,335</b>	<b>3,448,699</b>	<b>3,117,195</b>	<b>1,026,763</b>	<b>1,446,882</b>	<b>2,473,645</b>	<b>3,864,191</b>	<b>1,233,888</b>	<b>112,649</b>	<b>5,210,728</b>	<b>67,239,199</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>10,400,017</b>	<b>(38,846)</b>	<b>10,361,171</b>	<b>3,436,275</b>	<b>558,694</b>	<b>178,198</b>	<b>4,173,167</b>	<b>4,576,401</b>	<b>3,154,687</b>	<b>(206,825)</b>	<b>2,947,862</b>	<b>(3,833,891)</b>	<b>(1,233,888)</b>	<b>(112,649)</b>	<b>(5,180,428)</b>	<b>16,878,173</b>
<b>Overhead Allocations</b>	<b>(1,659,537)</b>	<b>(255,363)</b>	<b>(1,914,900)</b>	<b>(1,402,195)</b>	<b>(63,866)</b>	<b>(72,938)</b>	<b>(1,538,999)</b>	<b>(1,454,319)</b>	<b>(479,034)</b>	<b>206,825</b>	<b>(272,209)</b>	<b>3,833,891</b>	<b>1,233,888</b>	<b>112,649</b>	<b>5,180,428</b>	<b>-</b>
<b>Program Allocations</b>	<b>160,539</b>	<b>26,757</b>	<b>187,296</b>	<b>1,819,444</b>	<b>428,104</b>	<b>240,809</b>	<b>2,488,357</b>	<b>-</b>	<b>(2,675,653)</b>	<b>-</b>	<b>(2,675,653)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCOME</b>	<b>8,901,019</b>	<b>(267,452)</b>	<b>8,633,567</b>	<b>3,853,524</b>	<b>922,932</b>	<b>346,069</b>	<b>5,122,525</b>	<b>3,122,082</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,878,173</b>

CAPITAL EXPENDITURES 107,000

\* Programs Beginning Farmer (BFL), Sustainable Energy (SEP), and Tax Credits (TCR) are included in Multifamily Housing (MFH).

	HOMEOWNERSHIP				MULTIFAMILY HOUSING & COMMUNITY FACILITIES				ASSET MANAGEMENT & COMPLIANCE			
	Budget FYE 2024	Budget FYE 2023	Projected Act FYE 2023	Actual FYE 2022	Budget FYE 2024	Budget FYE 2023	Projected Act FYE 2023	Actual FYE 2022	Budget FYE 2024	Budget FYE 2023	Projected Act FYE 2023	Actual FYE 2022
<i>Revenues:</i>												
Commission Fees	-	-	-	-	3,977,983	3,797,029	3,869,342	3,743,437	3,613,991	4,199,836	3,580,975	3,497,452
Compliance Fees	-	-	-	-	-	-	-	-	4,246,510	3,363,760	3,750,391	3,663,447
All other Program Fees	7,569,999	5,163,905	5,126,339	3,910,581	-	-	299,874	308,903	-	-	181,152	166,725
Issuance & Application Fees	(121,148)	8,793,175	791,112	14,758,163	3,736,062	3,674,837	8,492,292	7,375,471	-	-	-	-
Interest Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	978,000	508,500	61,714	282,006	-	-	-	-	160,000	130,000	140,985	90,995
Grant Revenue	138,673,719	48,884,523	33,408,032	7,759,552	150,000	150,000	12,810	-	-	-	-	-
<b>Total Unadjusted Revenues</b>	<b>147,100,570</b>	<b>63,350,103</b>	<b>39,387,197</b>	<b>26,710,302</b>	<b>7,864,045</b>	<b>7,621,866</b>	<b>12,674,318</b>	<b>11,427,811</b>	<b>8,020,501</b>	<b>7,693,596</b>	<b>7,653,503</b>	<b>7,418,619</b>
<i>Expenses:</i>												
<b>EMPLOYEE EXPENSES</b>												
Salaries, Wages & Temp. staffing	2,658,789	2,237,553	1,989,831	1,884,326	2,273,584	1,981,868	1,693,231	1,461,222	1,791,854	1,533,533	1,465,771	1,321,797
Employee Benefits	729,687	657,225	604,086	560,095	636,394	584,511	540,133	435,990	499,484	451,235	448,601	399,561
Conference, Education & Training	17,300	16,150	5,773	5,516	17,800	15,498	9,462	10,654	11,900	11,050	19,743	9,242
<b>TRAVEL EXPENSES</b>												
Travel out of state	48,750	43,750	16,803	1,481	40,000	37,500	10,073	22,596	31,250	28,750	20,433	8,307
Travel in state	8,462	13,951	5,851	1,266	16,224	18,468	7,599	5,771	6,793	10,351	4,425	243
<b>PROFESSIONAL FEES</b>												
Accounting Fees	-	-	-	-	-	-	-	-	-	-	-	-
Legal Fees	180,000	140,000	140,864	117,258	150,000	150,000	106,036	97,778	250,000	250,000	227,594	254,520
Financial Advisor Fees	221,600	221,600	210,600	201,600	35,000	32,000	-	-	-	-	-	-
Investment Management Fees	-	-	-	-	-	-	-	-	-	-	-	-
<b>OFFICE EXPENSE</b>												
Office Rent/Conf. Room Rentals	124,032	125,532	100,782	120,952	141,105	141,104	124,039	139,560	170,408	168,408	139,544	167,472
Furniture & Equipment Rental	-	-	-	-	-	-	-	-	7,800	500	7,714	166
Advertising	176,000	257,700	1,944	(34,725)	17,000	12,300	3,857	5,000	1,000	1,000	1,730	1,390
Publications/ Subscriptions/ Dues	7,250	11,000	1,963	1,154	31,000	30,500	20,489	22,110	8,000	7,500	6,190	4,885
Deliveries	1,000	500	529	-	500	500	400	563	100	100	162	64
Insurance	-	1,000	-	-	-	-	-	-	-	-	-	-
Meeting Expense	4,000	6,500	1,002	840	14,000	13,750	1,010	300	1,500	1,500	610	-
Equipment & Building Maintenance	-	-	-	-	-	-	-	2,188	2,000	2,000	-	353
Software Maint. Support & Other Info	236,231	175,535	179,765	125,165	117,100	86,882	99,734	58,257	256,791	204,673	176,843	150,462
Non-capitalized Equipment/Supplies	3,046	2,896	-	3,500	2,746	2,596	594	-	2,145	1,995	-	2,506
Postage	700	3,700	127	2,279	250	250	264	185	500	500	169	278
Printing	100	3,000	40	33	250	-	198	33	500	100	-	66
State Services	-	-	-	-	-	-	-	-	-	-	120	-
Supplies	2,500	2,500	1,257	874	1,500	500	1,360	692	4,000	4,000	940	2,551
Telephone	10,000	13,250	6,628	10,434	-	10,000	7,502	10,599	3,600	-	6,627	9,010
Other Office Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Contract Services	149,000	147,000	10,418	2,330	140,000	95,000	3,220	1,850	844,480	440,000	307,556	41,271
Depreciation	30,957	24,067	-	-	98,250	85,472	92,978	62,803	-	-	-	-
Grant Pass-Through	138,673,719	48,884,523	33,408,032	7,759,552	150,000	150,000	12,810	-	-	-	-	-
<b>Total Expenses</b>	<b>143,283,123</b>	<b>52,988,932</b>	<b>36,686,295</b>	<b>10,763,931</b>	<b>3,882,703</b>	<b>3,448,699</b>	<b>2,734,989</b>	<b>2,338,152</b>	<b>3,894,105</b>	<b>3,117,195</b>	<b>2,834,771</b>	<b>2,374,143</b>
<b>Revenue over expense, prior to allocations</b>	<b>3,817,447</b>	<b>10,361,171</b>	<b>2,700,901</b>	<b>15,946,371</b>	<b>3,981,342</b>	<b>4,173,167</b>	<b>9,939,329</b>	<b>9,089,659</b>	<b>4,126,396</b>	<b>4,576,401</b>	<b>4,818,732</b>	<b>5,044,477</b>
<b>% of Total Expenses</b>	22.3%	22.5%	22.1%	27.3%	18.1%	18.1%	18.4%	21.2%	18.9%	17.1%	19.1%	21.5%
<b>NET INCOME</b>	3,817,447	10,361,171	2,700,901	15,946,371	3,981,342	4,173,167	9,939,329	9,089,659	4,126,396	4,576,401	4,818,732	5,044,477
<b>OVERHEAD ALLOCATION</b>	1,172,707	(1,914,900)	1,830,275	(176,615)	949,660	(1,538,999)	1,482,643	(146,656)	990,723	(1,454,319)	1,322,357	(152,722)
<b>PROGRAM ALLOCATION</b>												
BOND PORTFOLIO MANAGEMENT	248,425	187,296	307,517	207,208	3,300,500	2,488,357	3,536,441	2,752,900	-	-	-	-
BOND COMPLIANCE	-	-	-	-	-	-	-	-	-	-	-	-
TAX CREDIT COMPLIANCE	-	-	-	-	-	-	-	-	-	-	-	-
<b>NET INCOME</b>	<b>5,238,579</b>	<b>8,633,567</b>	<b>4,838,693</b>	<b>15,976,964</b>	<b>8,231,502</b>	<b>5,122,525</b>	<b>14,958,412</b>	<b>11,695,902</b>	<b>5,117,119</b>	<b>3,122,082</b>	<b>6,141,089</b>	<b>4,891,755</b>
<b>OVERHEAD ALLOCATION PERCENTAGE</b>	34%	35%	35%	34%	28%	28%	28%	28%	29%	25%	25%	29%
<b>PROGRAM ALLOCATION PERCENTAGE</b>												
BOND PORTFOLIO MANAGEMENT (Based on	7%	8%	8%	7%	93%	92%	92%	93%	0%	0%	0%	0%

# WSHFC

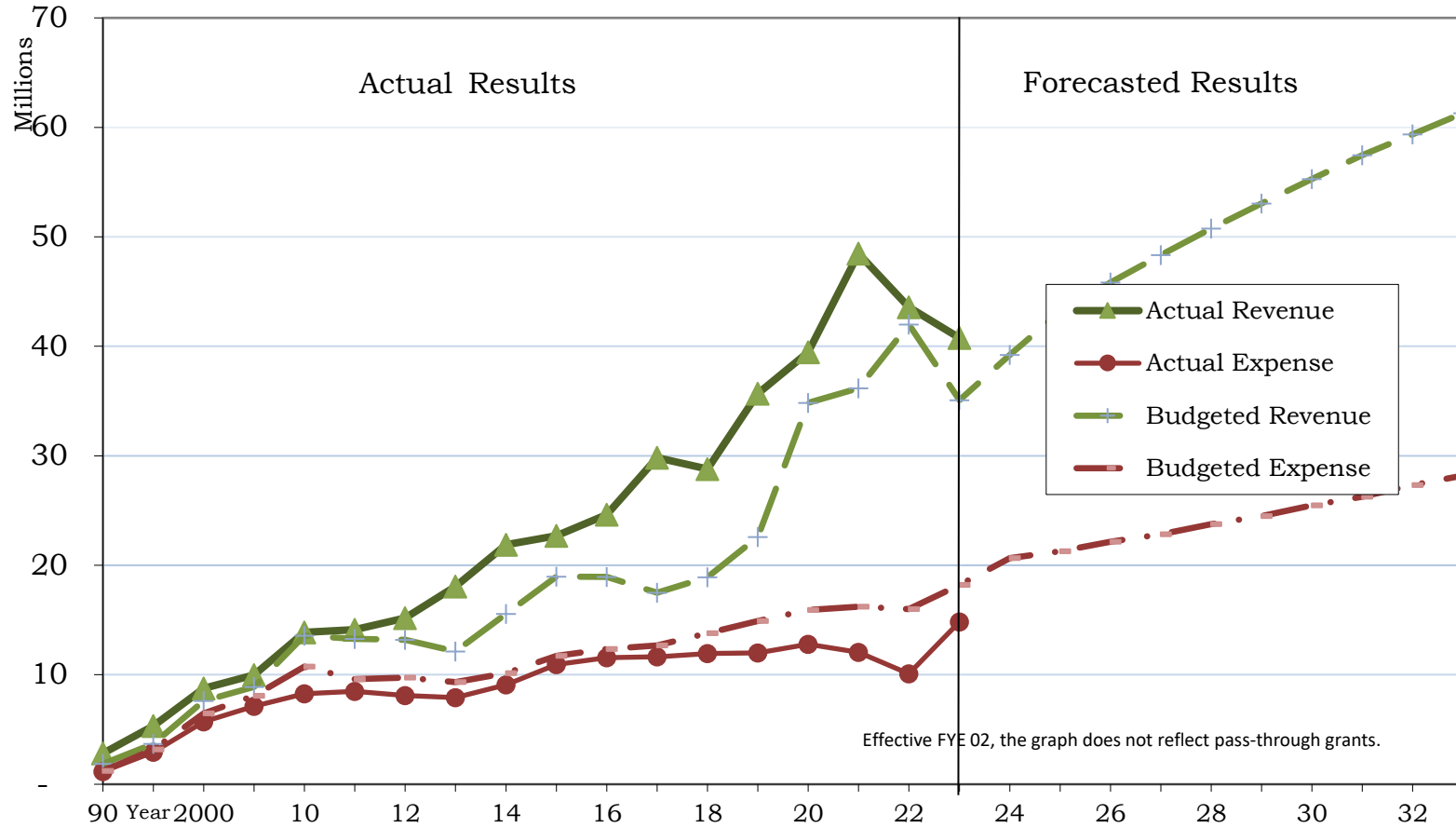
M	FINANCE				EXECUTIVE OFFICE				FYE 2024	FYE 2023	@ 04/30/23	Actual
	Budget FYE 2024	Budget FYE 2023	Projected Act FYE 2023	Actual FYE 2022	Budget FYE 2024	Budget FYE 2023	Projected Act FYE 2023	Actual FYE 2022	TOTAL BUDGET	TOTAL Budget	FYE 2023 Proj Actl	
<b>Revenues:</b>												
Commission Fees	4,397,840	4,181,450	4,263,822	4,148,993	-	-	-	-	11,989,814	8,130,195	11,714,139	11,389,882
Compliance Fees	-	-	-	-	-	-	-	-	4,246,510	3,363,760	3,750,391	3,663,447
All other Program Fees	-	-	299,574	304,709	-	-	-	-	7,569,999	9,212,025	5,906,938	4,690,917
Issuance & Application Fees	-	-	-	-	-	-	-	-	3,614,914	12,468,012	9,283,404	22,133,634
Interest Revenue	10,639,801	1,236,057	9,866,794	1,294,450	-	-	-	-	10,639,801	1,236,057	9,866,794	1,294,450
Other Income	4,000	4,000	4,791	8,032	31,200	30,300	31,200	30,330	1,173,200	672,800	238,690	411,363
Grant Revenue	-	-	-	-	-	-	-	-	138,823,719	49,034,523	33,420,842	7,759,552
<b>Total Unadjusted Revenues</b>	<b>15,041,641</b>	<b>5,421,507</b>	<b>14,434,981</b>	<b>5,756,184</b>	<b>31,200</b>	<b>30,300</b>	<b>31,200</b>	<b>30,330</b>	<b>178,057,957</b>	<b>84,117,372</b>	<b>74,181,199</b>	<b>51,343,246</b>
<b>Expenses:</b>												
<b>EMPLOYEE EXPENSES</b>												
Salaries, Wages & Temp. staffing	1,437,726	1,313,118	1,058,948	913,690	2,347,324	2,072,754	1,632,581	1,560,113	10,509,277	9,138,826	7,840,362	7,141,149
Employee Benefits	418,469	404,974	338,346	280,964	698,640	657,223	502,633	(1,684,012)	2,982,674	2,755,169	2,433,799	(7,403)
Conference, Education & Training	10,150	10,150	5,604	1,895	60,550	54,500	19,681	21,838	117,700	107,348	60,261	49,145
<b>TRAVEL EXPENSES</b>												
Travel out of state	34,750	21,250	19,487	2,377	88,650	83,650	48,510	11,682	243,400	214,900	115,306	46,444
Travel in state	6,886	10,702	1,972	1,644	46,920	53,663	8,625	10,606	85,285	107,135	28,472	19,529
<b>PROFESSIONAL FEES</b>												
Accounting Fees	137,960	124,000	130,725	124,381	-	-	-	-	137,960	124,000	130,725	124,381
Legal Fees	31,000	1,000	-	-	90,000	90,000	105,216	59,936	701,000	631,000	579,710	529,492
Financial Advisor Fees	100,200	100,200	97,200	98,400	-	-	-	-	356,800	353,800	307,800	300,000
Investment Management Fees	230,000	200,000	177,627	161,703	-	-	-	-	230,000	200,000	177,627	161,703
<b>OFFICE EXPENSE</b>												
Office Rent/Conf. Room Rentals	107,439	107,439	85,277	111,648	399,700	399,700	320,487	383,674	942,684	942,183	770,129	923,306
Furniture & Equipment Rental	-	-	-	-	21,720	21,719	18,101	18,508	29,520	22,219	25,815	18,674
Advertising	1,900	1,900	-	-	132,000	156,500	48,536	35,419	327,900	429,400	56,066	7,084
Publications/ Subscriptions/ Dues	2,368	2,190	810	650	63,751	55,729	64,167	54,387	112,369	106,919	93,620	83,185
Deliveries	100	100	173	66	3,570	4,570	515	1,811	5,270	5,770	1,779	2,504
Insurance	-	-	-	-	60,000	60,000	58,226	54,350	60,000	61,000	58,226	54,350
Meeting Expense	750	750	-	-	92,000	92,000	47,235	7,036	112,250	114,499	49,857	8,177
Equipment & Building Maintenance	-	1,000	-	3,286	109,520	89,833	10,540	37,209	111,520	92,833	10,540	43,035
Software Maint. Support & Other Info	171,246	159,442	128,036	104,839	827,781	575,938	551,175	458,001	1,609,149	1,202,470	1,135,553	896,724
Non-capitalized Equipment/Supplies	1,889	1,889	-	-	112,811	104,661	150,354	48,325	122,637	114,037	150,948	54,331
Postage	500	860	534	476	1,680	2,160	407	671	3,630	7,470	1,500	3,890
Printing	320	320	40	555	14,420	16,046	1,428	5,128	15,590	19,466	1,706	5,816
State Services	-	-	-	-	16,870	14,970	1,712	2,619	16,870	14,970	1,832	2,619
Supplies	7,350	7,350	769	5,981	37,750	20,250	24,288	6,769	53,100	34,600	28,615	16,866
Telephone	750	4,510	637	2,211	56,140	51,916	28,769	24,078	70,490	79,676	50,162	56,332
Other Office Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Contract Services	10,000	500	-	-	382,816	500,000	273,813	337,888	1,526,296	1,182,500	595,007	383,339
Depreciation	-	-	-	-	34,460	32,946	23,767	31,598	163,667	142,485	116,745	94,401
Grant Pass-Through	-	-	-	-	-	-	-	-	138,823,719	49,034,523	33,420,842	7,759,552
<b>Total Expenses</b>	<b>2,711,753</b>	<b>2,473,645</b>	<b>2,046,184</b>	<b>1,814,766</b>	<b>5,699,073</b>	<b>5,210,728</b>	<b>3,940,765</b>	<b>1,487,634</b>	<b>159,470,757</b>	<b>67,239,199</b>	<b>48,243,004</b>	<b>18,778,626</b>
<b>Revenue over expense, prior to allocations</b>	<b>12,329,888</b>	<b>2,947,862</b>	<b>12,388,797</b>	<b>3,941,418</b>	<b>(5,667,873)</b>	<b>(5,180,428)</b>	<b>(3,909,565)</b>	<b>(1,457,305)</b>	<b>18,587,200</b>	<b>16,878,173</b>	<b>25,938,194</b>	<b>32,564,620</b>
<b>% of Total Expenses</b>	13.1%	13.6%	13.8%	16.5%	27.6%	28.6%	26.6%	13.5%	100%	100%	100%	100%
<b>NET INCOME</b>	12,329,888	2,947,862	12,388,797	3,941,418	(5,667,873)	(5,180,428)	(3,909,565)	(1,457,305)	18,587,200	16,878,173	25,938,194	32,564,620
<b>OVERHEAD ALLOCATION</b>	(8,780,963)	(272,209)	(8,544,840)	(981,311)	5,667,873	5,180,428	3,909,565	1,457,305	-	-	-	-
<b>PROGRAM ALLOCATION</b>												
BOND PORTFOLIO MANAGEMENT	(3,548,925)	(2,675,653)	(3,843,957)	(2,960,107)	-	-	-	-	-	-	-	-
BOND COMPLIANCE												
TAX CREDIT COMPLIANCE												
<b>NET INCOME</b>	-	-	-	-	-	-	-	-	<b>18,587,200</b>	<b>16,878,173</b>	<b>25,938,194</b>	<b>32,564,620</b>
<b>OVERHEAD ALLOCATION PERCENTAGE</b>	9%	11%	11%	9%					100%	100%	100%	100%
<b>PROGRAM ALLOCATION PERCENTAGE</b>												
BOND PORTFOLIO MANAGEMENT (Based on	0%	0%	0%	0%					100%	100%	100%	100%

**Washington State Housing Finance Commission**  
**Projected Statement of Operations**  
**FYE 23 Projected Actual & Budget versus FYE 24 Budget**

	FYE 2024 Bdgt vs. FYE 2023 Bdgt Change	FYE 2024 Bdgt vs. FYE 2023 Bdgt Variance	FYE 2023 Budget	FYE 2024 Budget	@ 04/30/23 FYE 2023 Projected Actual	FYE 2024 Bdgt vs. FYE 2023 Proj Variance	FYE 2024 Bdgt vs. FYE 2023 Prj Change	FYE 2024 Budget %
<i>Revenues:</i>								
Program Fees	15%	3,100,344	20,705,980	<b>23,806,323</b>	21,371,469	2,434,855	11%	<b>60.7%</b>
Issuance & Application Fees	-71%	(8,853,098)	12,468,012	<b>3,614,914</b>	9,283,404	(5,668,490)	-61%	<b>9.2%</b>
Interest Revenue	761%	9,403,744	1,236,057	<b>10,639,801</b>	9,866,794	773,007	8%	<b>27.1%</b>
Other Income	74%	500,400	672,800	<b>1,173,200</b>	238,690	934,510	392%	<b>3.0%</b>
<b>Total Unadjusted Revenues without Grants</b>	<b>12%</b>	<b>4,151,389</b>	<b>35,082,849</b>	<b>39,234,238</b>	<b>40,760,357</b>	<b>(1,526,119)</b>	<b>-4%</b>	<b>100%</b>
<i>Expenses:</i>								
<b>EMPLOYEE EXPENSES</b>								
Salaries, Wages & Temp. staffing	15%	1,370,451	9,138,826	<b>10,509,277</b>	7,840,362	2,668,915	34%	<b>50.9%</b>
Employee Benefits	8%	227,505	2,755,169	<b>2,982,674</b>	2,433,799	548,875	23%	<b>14.4%</b>
Conference, Education & Training	10%	10,352	107,348	<b>117,700</b>	60,261	57,439	95%	<b>0.6%</b>
<b>TRAVEL EXPENSES</b>								
Travel out of state	13%	28,500	214,900	<b>243,400</b>	115,306	128,094	111%	<b>1.2%</b>
Travel in state	-20%	(21,850)	107,135	<b>85,285</b>	28,472	56,813	200%	<b>0.4%</b>
<b>PROFESSIONAL FEES</b>								
Accounting Fees	11%	13,960	124,000	<b>137,960</b>	130,725	7,235	6%	<b>0.7%</b>
Legal Fees	11%	70,000	631,000	<b>701,000</b>	579,710	121,290	21%	<b>3.4%</b>
Financial Advisor Fees	1%	3,000	353,800	<b>356,800</b>	307,800	49,000	16%	<b>1.7%</b>
Investment Management Fees	15%	30,000	200,000	<b>230,000</b>	177,627	52,373	29%	<b>1.1%</b>
<b>OFFICE EXPENSE</b>								
Office Rent/Conf. Room Rentals	0%	501	942,183	<b>942,684</b>	770,129	172,555	22%	<b>4.6%</b>
Furniture & Equipment Rental	33%	7,301	22,219	<b>29,520</b>	25,815	3,705	14%	<b>0.1%</b>
Advertising	-24%	(101,500)	429,400	<b>327,900</b>	56,066	271,834	485%	<b>1.6%</b>
Publications/ Subscriptions/ Dues	5%	5,450	106,919	<b>112,369</b>	93,620	18,749	20%	<b>0.5%</b>
Deliveries	-9%	(500)	5,770	<b>5,270</b>	1,779	3,491	196%	<b>0.0%</b>
Insurance	-2%	(1,000)	61,000	<b>60,000</b>	58,226	1,774	3%	<b>0.3%</b>
Meeting Expense	-2%	(2,249)	114,499	<b>112,250</b>	49,857	62,393	125%	<b>0.5%</b>
Equipment & Building Maintenance	20%	18,687	92,833	<b>111,520</b>	10,540	100,980	958%	<b>0.5%</b>
Software Maint. Support & Info Svcs	34%	406,679	1,202,470	<b>1,609,149</b>	1,135,553	473,596	42%	<b>7.8%</b>
Non-capitalized Equipment/Supplies	8%	8,600	114,037	<b>122,637</b>	150,948	(28,311)	-19%	<b>0.6%</b>
Postage	-51%	(3,840)	7,470	<b>3,630</b>	1,500	2,130	142%	<b>0.0%</b>
Printing	-20%	(3,876)	19,466	<b>15,590</b>	1,706	13,884	814%	<b>0.1%</b>
State Services	13%	1,900	14,970	<b>16,870</b>	1,832	15,038	821%	<b>0.1%</b>
Supplies	53%	18,500	34,600	<b>53,100</b>	28,615	24,485	86%	<b>0.3%</b>
Telephone	-12%	(9,186)	79,676	<b>70,490</b>	50,162	20,328	41%	<b>0.3%</b>
Contract Services	29%	343,796	1,182,500	<b>1,526,296</b>	595,007	931,289	157%	<b>7.4%</b>
Depreciation	15%	21,182	142,485	<b>163,667</b>	116,745	46,922	40%	<b>0.8%</b>
<b>Total Expenses</b>	<b>13%</b>	<b>2,442,362</b>	<b>18,204,676</b>	<b>20,647,038</b>	<b>14,822,162</b>	<b>5,824,876</b>	<b>39%</b>	<b>100%</b>
Grant Pass-Through Revenue	183%	89,789,196	49,034,523	<b>138,823,719</b>	33,420,842	105,402,877	315%	
Grant Pass-Through Expense	183%	(89,789,196)	(49,034,523)	<b>(138,823,719)</b>	(33,420,842)	(105,402,877)	315%	
<b>Total Grants Net</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>REVENUES OVER EXPENSES:</b>	<b>10%</b>	<b>1,709,027</b>	<b>16,878,173</b>	<b>18,587,200</b>	<b>25,938,194</b>	<b>(7,350,995)</b>	<b>-28%</b>	
<b>EXCESS OF REVENUE OF EXPENSES</b>	<b>10%</b>	<b>1,709,027</b>	<b>16,878,173</b>	<b>18,587,200</b>	<b>25,938,194</b>	<b>(7,350,995)</b>	<b>-28%</b>	



# Actual vs. Budget



## STAFFING SUMMARY

Division/Entity	Fiscal Year	FY 24 FTE Addition/(Reduction)			Fiscal Year
	2023 Budget	Manager	Analyst	Admin Assistant	2024 Budget
Homeownership	19.30	1.00	1.00	(1.00)	20.30
MHCF	17.30		1.00		18.30
Asset Mgmt	13.30		1.00		14.30
Finance	12.59				12.59
Administration/IT	17.74		1.00		18.74
<b>WSHFC</b>	<b>80.23</b>	<b>1.00</b>	<b>4.00</b>	<b>(1.00)</b>	<b>84.23</b>
<b>WHEFA</b>	<b>2.34</b>				<b>2.34</b>
<b>TSA</b>	<b>0.43</b>				<b>0.43</b>
<b>Total</b>	<b>83.00</b>	<b>1.00</b>	<b>4.00</b>	<b>(1.00)</b>	<b>87.00</b>

**WASHINGTON STATE  
HOUSING FINANCE COMMISSION**

**Program Summary  
Fiscal Year 2023-2024**

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**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—cannot afford a home at market rates and can be subject to predatory loans. Due to historical discrimination in the housing and housing finance markets, many members of underserved communities have not been able to benefit from the generational wealth created with homeownership; therefore, for this and other reasons, they are unable to access funding for downpayments and closing costs. These communities have also been historically denied access to credit due to historically biased lending practices and inflexible investor guidelines.

**Program Goal:**

To address historical inequities in homeownership for low and moderate-income homebuyers, the Homeownership Division seeks to provide safe and affordable financing options that include downpayment assistance at favorable rates and terms. The Homeownership Division also seeks to broaden the credit box through flexible underwriting guidelines for potential homebuyers as well as challenging traditional financing requirements that may be biased against underserved borrowers and communities of color.

**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, develop new tools to mitigate the impact of such racism and set baseline to measure impact in alignment with the agency racial equity strategic plan by June 30, 2024.
2. By June 30, 2024, continue to work on marketing and outreach to reach underserved communities and communities of color groups in our homeownership programs to include outreach to renters in our multifamily properties.

3. Translate homeownership materials into multiple languages and have translation services available to assist clients by June 30, 2024.
4. Purchase 5,000 Home Advantage loans and 300 House Key loans by June 30, 2024.
5. 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, 5 partnerships, sponsorships, and/or attendance of BIPOC community-based partner events, and 4 HomeChoice down payment assistance training seminars by June 30, 2024.
6. Conduct an RFP to hire for Quantitative Services or extend current contract by 12/31/2023.
7. 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, 2024.
8. Complete an initial covenant homeownership program study by March 1, 2024 or final date as determined by the legislature.
9. Design, develop, and implement one or more special purpose credit programs to reduce racial disparities in homeownership by June 30, 2024.

**Performance Measures:**

1. 5,300 low and moderate-income households purchase an affordable home using the House Key Program/Home Advantage by the Commission by June 30, 2024.
2. 90% of the loans are reviewed within 3 business days of receipt by June 30, 2024.
3. 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 \$30 million average per week reservation rate.
7. Assumes competitive rates are available in the daily-priced market and bond 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 2023-24.
11. Assumes there is an inventory of affordable homes.
12. Assumes there is an additional \$20 million of PRI funds allocated to the Home Advantage DPA program to support new production.

**First-time Home Buyers (FTH)**  
**Budget Summary for the fiscal year ending: June 30, 2024**

**FINANCIAL AND PROGRAM INFORMATION**

	FYE 24	FYE 23	FYE 23
	Proposed Budget	Projected Actual	Budget as Adopted
<b>Personnel Resources [FTE's]</b>			
Permanent	17.43	14.43	16.43
Temporary	-	-	-
<b>Total FTE's</b>	<b>17.43</b>	<b>14.43</b>	<b>16.43</b>
<b>Program Budget</b>			
Fee Income	7,448,851	6,051,286	13,957,080
Interest Income	-	-	-
Other Income	-	-	-
Grant Program Income	500,000	-	-
<b>Total Revenue</b>	<b>7,948,851</b>	<b>6,051,286</b>	<b>13,957,080</b>
Employee Expenses	2,943,145	2,210,105	2,469,320
Travel Expenses	49,124	20,015	49,120
Professional Fees	458,600	334,371	476,600
Office Expenses	529,523	269,431	562,023
Grant Program Expense	500,000	-	-
<b>Total Expenses</b>	<b>4,480,392</b>	<b>2,833,922</b>	<b>3,557,063</b>
<b>Income over Expense Excess (Deficit)</b>	<b>3,468,459</b>	<b>3,217,364</b>	<b>10,400,017</b>
Overhead Allocation	1,012,676	1,514,713	(1,659,537)
Program Allocation	212,936	249,691	160,539
<b>Total Income/(Loss)</b>	<b>4,694,071</b>	<b>4,981,768</b>	<b>8,901,019</b>

**PERFORMANCE MEASUREMENTS**

	FYE 24	FYE 23	FYE 23
	Proposed Budget	Project Actual	Budget as Adopted
<b>PERFORMANCE MEASUREMENTS</b>			
House Key Loans/Home Advantage	5,300	2,000	5,000
Home Advantage DPA Loans	2,800	1,600	4,700
HomeChoice Loans	0	20	0
New MCCs Issued	0	0	0
Minority Participation %	25%	35%	25%
Bond Issues	\$ 125,000,000	\$ 100,000	\$ 125,000,000
MCCs Reissued	10	10	10
Lender Training Seminars	10	11	10
Realtor/Lender/NP Presentations	10	25	10
Homebuyer Instructor Classes	10	11	10
Downpayment Assistance Workshops	4	9	4
Outreach Activities	20	70	20
BIPOC Outreach/Sponsorship	5	n/a	N/A
Loan File Response In Three Days*	90%	99%	90%
Training Workshop Survey Scores	4	4	4

\*unable to measure in Emphasys, but will be able to measure going forward

**WASHINGTON STATE  
HOUSING FINANCE COMMISSION**

**Program Summary  
Fiscal Year 2023-2024**

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**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, 2024.
3. For new grants or existing grants develop and/or implement the appropriate distribution program by June 30, 2024.
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, 2024.
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, 2024.
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, 2024.

**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 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, 2024**

**FINANCIAL AND PROGRAM INFORMATION**

	<b>FYE 24 Proposed Budget</b>	<b>FYE 23 Projected Actual</b>	<b>FYE 23 Budget as Adopted</b>
<b>Personnel Resources [FTE's]</b>			
Permanent	2.87	2.87	2.87
Temporary			
<b>Total FTE's</b>	<b>2.87</b>	<b>2.87</b>	<b>2.87</b>
<b>Program Budget</b>			
Fee Income	-	-	-
Interest Income	-	-	-
Other Income	978,000	61,951	508,500
Grant Program Income	138,173,719	33,536,666	48,884,523
<b>Total Revenue</b>	<b>139,151,719</b>	<b>33,598,617</b>	<b>49,393,023</b>
Employee Expenses	462,631	399,594	441,608
Travel Expenses	8,088	2,727	8,581
Professional Fees	92,000	28,905	32,000
Office Expenses	66,293	25,738	65,157
Grant Program Expense	138,173,719	33,536,666	48,884,523
<b>Total Expenses</b>	<b>138,802,731</b>	<b>33,993,630</b>	<b>49,431,869</b>
<b>Income over Expense Excess (Deficit)</b>	<b>348,988</b>	<b>(395,013)</b>	<b>(38,846)</b>
Overhead Allocation	160,031	244,244	(255,363)
Program Allocation	35,489	41,615	26,757
<b>Total Income/(Loss)</b>	<b>544,508</b>	<b>(109,153)</b>	<b>(267,452)</b>

**PERFORMANCE MEASUREMENTS**

	<b>FYE 24 Proposed Budget</b>	<b>FYE 23 Project Actual</b>	<b>FYE 23 Budget as Adopted</b>
<b>PERFORMANCE MEASUREMENTS</b>			
Number Of Seminars	800	800	800
Number In Attendance	8000	8000	8000
HBE Participants Teach A Class W/In 12 Mo	>10%	>10%	>10%

**WASHINGTON STATE  
HOUSING FINANCE COMMISSION**

**Program Summary  
Fiscal Year 2023-2024**

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**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, other special needs populations and the general workforce at or below 60% of the area median income

**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 by removing barriers in program design.

**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 in alignment with the agency's racial equity strategic plan.
- b. Evaluate opportunities for grant applications for all division programs and report quarterly to AMT and Administration. Ongoing through June 30,2024.
- c. Tax credit and housing bond policies reviewed annually, including total development costs limits to increase alignment with the Racial Equity Strategic Plan values. Ongoing through June 30, 2024.
- 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. Ongoing through June 30, 2024.
- e. Assess current staffing needs and objectives based on legislative, emerging program initiatives and automation by December 31, 2023. Provide internship opportunities, either through HDC program or other avenues, track and report progress by 6/30/24.
- f. Develop preservation strategy in coordination with AMC, outline specific recommendations for policy formation by 12/31/23 with implementation by 6/30/24.

## **2. Multi-family housing bonds:**

- a. Finance 3,000 units of affordable rental housing or issue \$350,000,000 in tax exempt bonds by 6/30/2024
- b. Monitor and control multifamily bond cap including transfers to other issuers to ensure maximum use of the state's resource, review quarterly through 6/30/24.
- 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 06/30/2024.
- d. Seek additional and alternative methods of financing multifamily housing
  - i. Model additional financing structures with EIHF's and continue to staff and evaluate additional options with the Seattle Foundation for furthering housing development by 6/30/2024.
  - ii. Create BIPOC fund or capacity building initiatives aimed at addressing gaps in communities most impacted having access to capital by 6/30/24.

## **3. Housing Credits:**

- a. Allocate credits to 860 or more units of affordable housing by 12/31/23 issuing final allocations to 100% of the projects with all PIS requirements satisfied by 1/15/2024.
- b. Assess and redefine 9% policies based on specific values and outcomes-based approach with initial scoping and stakeholder engagement by 12/31/23 and final policy approach by 6/30/24 for implementation for 2025 allocations.
- c. Review and process non-Commission bond/housing credit applications received within 30 days. Ongoing through June 30, 2024.

## **Performance Measures:**

1. Approximately 1,500 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. Aligned with training objective and staff evaluation in the agency racial equity plan. 6/30/2024.
4. Reports and Program initiatives are completed and or implemented by 6/30/2024.
5. Implement recommendations from UW student lab report or continue to assess how to Develop baseline and measures to track outcomes and bond/tax credit policy changes by 12/31/23.

**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 \$2.75
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, 2024**

**FINANCIAL AND PROGRAM INFORMATION**

	<b>FYE 24 Proposed Budget</b>	<b>FYE 23 Projected Actual</b>	<b>FYE 23 Budget as Adopted</b>
<b>Personnel Resources [FTE's]</b>			
Permanent	16.75	14.80	15.75
Temporary	-	-	-
<b>Total FTE's</b>	<b>16.75</b>	<b>14.80</b>	<b>15.75</b>
<b>Program Budget</b>			
Fee Income	6,646,628	11,573,414	6,441,748
Interest Income	-	-	-
Other Income	-	-	-
Grant Program Income	150,000	12,859	150,000
<b>Total Revenue</b>	<b>6,796,628</b>	<b>11,586,274</b>	<b>6,591,748</b>
Employee Expenses	2,676,644	2,029,088	2,352,982
Travel Expenses	47,555	17,740	46,857
Professional Fees	315,000	109,676	265,000
Office Expenses	378,768	323,778	340,634
Grant Program Expense	150,000	12,859	150,000
<b>Total Expenses</b>	<b>3,567,967</b>	<b>2,493,141</b>	<b>3,155,473</b>
<b>Income over Expense Excess (Deficit)</b>	<b>3,228,661</b>	<b>9,093,132</b>	<b>3,436,275</b>
Overhead Allocation	869,586	1,325,695	(1,402,195)
Program Allocation	2,413,269	2,829,832	1,819,444
<b>Total Income/(Loss)</b>	<b>6,511,516</b>	<b>13,248,659</b>	<b>3,853,524</b>

**PERFORMANCE MEASUREMENTS**

	<b>FYE 24 Proposed Budget</b>	<b>FYE 23 Project Actual</b>	<b>FYE 23 Budget as Adopted</b>
<b><u>Multifamily Housing</u></b>			
LI Households obtain affordable housing	1,500	2,300	3,000
\$ of new tax-exmpt bonds issued	\$ 350,000,000	\$ 500,000,000	\$ 350,000,000
4% Hsg Authority PDA Bonds	\$ 100,000,000	\$ 230,000,000	\$ 100,000,000
4% Hsg Authority PDA Units	750	992	750
<b><u>9% Tax Credits</u></b>			
Units placed in service	860	1,301	860
Units financed (adjusted measure)	860	N/A	860
Units financed serve households earning <50% AMI	400	N/A	400
Conduct two stakeholder meetings/year	2	4	2
<b><u>Sustainable Energy</u></b>			
SET Loans	\$ 2,000,000	N/A	\$ 2,000,000
<b><u>Beginning Farmers Loans</u></b>			
New Loans	3	3	3
Issue Bonds	\$ 1,500,000	\$ 732,813	\$ 1,500,000

**WASHINGTON STATE  
HOUSING FINANCE COMMISSION**

**Program Summary  
Fiscal Year 2023 – 2024**

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**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, particularly community-based organizations serving BIPOC people and other underserved communities have difficulty accessing low-cost credit options due to irregular revenue streams, systemic racism in the finance industry 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. To form authentic relationships with community-based organizations beyond transactions.

**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 in alignment with the agency racial equity strategic plan.
  - b. Identify, communicate, and support changes to current programs as well as develop new tools to mitigate the impact of such racism in alignment with the agency racial equity strategic plan.
  - c. Incorporate into the marketing plan specific outreach to organizations in communities of color and other underserved communities. Report to Division leadership events, outreach and activities on a quarterly basis through June 30, 2024.

- d. Conduct a mapping exercise to create a comprehensive understanding of various interested party groups from an impact/access/accountability analysis, in preparation for public engagement goals detailed in racial equity strategic plan.
- e. As committed in the racial equity strategic plan, begin the process of conducting a Racial Equity Impact Assessment across multiple programs, including defining requirements for the scope, budget, timeline, consultant qualifications, and internal staff load. (Timing aligned with RESP).
- f. Review and refresh marketing materials, website, brochures, handouts to reflect program changes and results as needed by June 30, 2024, in alignment with agency wide racial equity strategic plan.
- g. 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, Ongoing through June 30, 2024.
- h. Seek out alternative financing structures and provide technical assistance to traditional non-profit housing developers to utilize more fully 501 c3 bonds to develop affordable housing by June 30, 2024. Track and analyze trends by 12/30/23.

**2. Nonprofit Financing Objectives:**

- a. Issue \$80 million in bonds or finance 225 units/beds including facilities for senior housing by 6/30/2024.
- b. Coordinate and market green initiatives to nonprofit housing providers, with report on successes by 6/30/2024.
- c. Issue \$40 million in bonds for non-profit facilities by June 30, 2024.

**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 understands its broad range of interested party groups and integrates the needs and concerns of those groups into program design and implementation.
- 5. Commission marketing activities continue to generate client interest who use the Commission as issuer.
- 6. Incorporate client recommendations into the program design when appropriate.
- 7. 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, 2024**

**FINANCIAL AND PROGRAM INFORMATION**

	<b>FYE 24 Proposed Budget</b>	<b>FYE 23 Projected Actual</b>	<b>FYE 23 Budget as Adopted</b>
<b>Personnel Resources [FTE's]</b>			
Permanent	0.71	0.71	0.71
Temporary	-	-	-
<b>Total FTE's</b>	<b>0.71</b>	<b>0.71</b>	<b>0.71</b>
<b>Program Budget</b>			
Fee Income	825,247	927,622	695,585
Interest Income	-	-	-
Other Income	-	-	-
Grant Program Income	-	-	-
<b>Total Revenue</b>	<b>825,247</b>	<b>927,622</b>	<b>695,585</b>
Employee Expenses	113,230	95,972	102,691
Travel Expenses	3,410	-	4,112
Professional Fees	5,000	-	7,000
Office Expenses	22,098	17,755	23,088
Grant Program Expense	-	-	-
<b>Total Expenses</b>	<b>143,738</b>	<b>113,727</b>	<b>136,891</b>
<b>Income over Expense Excess (Deficit)</b>	<b>681,509</b>	<b>813,894</b>	<b>558,694</b>
Overhead Allocation	36,569	60,786	(63,866)
Program Allocation	567,828	665,843	428,104
<b>Total Income/(Loss)</b>	<b>1,285,906</b>	<b>1,540,524</b>	<b>922,932</b>

**PERFORMANCE MEASUREMENTS**

	<b>FYE 24 Proposed Budget</b>	<b>FYE 23 Project Actual</b>	<b>FYE 23 Budget as Adopted</b>
<b><u>PERFORMANCE MEASUREMENTS</u></b>			
\$\$ Of Tax Exempt Bond Issued	80,000,000	200,000,000	80,000,000
Target Households Obtain Affordable Hsg	225	736	225

**Nonprofit Facilities (NPF)**  
**Budget Summary for the fiscal year ending: June 30, 2024**

**FINANCIAL AND PROGRAM INFORMATION**

	<b>FYE 24 Proposed Budget</b>	<b>FYE 23 Projected Actual</b>	<b>FYE 23 Budget as Adopted</b>
<b>Personnel Resources [FTE's]</b>			
Permanent	0.84	0.83	0.84
Temporary	-	-	-
<b>Total FTE's</b>	<b>0.84</b>	<b>0.83</b>	<b>0.84</b>
<b>Program Budget</b>			
Fee Income	242,170	209,223	334,533
Interest Income	-	-	-
Other Income	-	-	-
Grant Program Income	-	-	-
<b>Total Revenue</b>	<b>242,170</b>	<b>209,223</b>	<b>334,533</b>
Employee Expenses	137,904	126,401	126,204
Travel Expenses	5,259	-	4,999
Professional Fees	5,000	-	5,000
Office Expenses	22,835	12,250	20,132
Grant Program Expense	-	-	-
<b>Total Expenses</b>	<b>170,998</b>	<b>138,651</b>	<b>156,335</b>
<b>Income over Expense Excess (Deficit)</b>	<b>71,172</b>	<b>70,573</b>	<b>178,198</b>
Overhead Allocation	43,505	74,108	(72,938)
Program Allocation	319,403	374,537	240,809
<b>Total Income/(Loss)</b>	<b>434,080</b>	<b>519,217</b>	<b>346,069</b>

**PERFORMANCE MEASUREMENTS**

	<b>FYE 24 Proposed Budget</b>	<b>FYE 23 Project Actual</b>	<b>FYE 23 Budget as Adopted</b>
<b><u>PERFORMANCE MEASUREMENTS</u></b>			
NPF Bonds Issued	\$ 40,000,000	\$ 100,000,000	\$ 40,000,000

**WASHINGTON STATE  
HOUSING FINANCE COMMISSION**

**Program Summary  
Fiscal Year 2023-2024**

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**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. Beginning farmers and ranchers, have a lack of sufficient economic resources to purchase land and equipment. Additionally, there are current and historical barriers to accessing capital resources for BIPOC households and communities. 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 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, in alignment with the agency racial equity strategic plan.
- b. Evaluate opportunities for grant applications for all division programs and report quarterly to Director through June 30, 2024.
- c. Assess current staffing needs and objectives based on legislative or emerging program initiatives by December 31, 2023. Support ongoing internship opportunities within the Division through June 30, 2024.

## **2. Renewable and energy efficiency:**

- a. Navigate, communicate, and track Inflation Reduction Act funding with relevant stakeholders through June 30, 2024.
  - b. Issue \$2 million from the SET. Continue to assess and develop strategic priorities for the SET, that are responsive to community needs and gaps. Look for opportunities to bridge or leverage IRA resources through June 30, 2024.
  - c. Map SET stakeholders and conduct stakeholder outreach in line with our racial equity strategic plan through June 30, 2024.
  - d. Coordinate and collaborate with AMC to better understand the needs of our portfolio and market SET funds. Ongoing through June 30, 2024.
  - e. Develop a plan for disbursing the City of Seattle solar funding program by December 31, 2023.
- 3. Track and monitor multifamily point effectiveness and impact on energy efficiency and any potential changes by June 30, 2024.**

## **4. Beginning farmers and ranchers:**

- a. Issue \$1.5 million in tax-exempt bonds or close 3 projects by 06/30/24.
- b. Monitor and track the Purchase Assistance Loan Program. Report quarterly on any potential loan activity.
- c. Continue to fund farmland conservation projects as Farm PAI funds become available. Report quarterly on progress to Division Director.
- d. Assess viability for a BIPOC farmer component of Farm PAI by 6/30/24.

## **5. Manufactured Housing Communities**

- a. Finance 2 Manufactured Housing Communities, or 100 units, by 6/30/2024.
- b. Track and monitor legislation and funding opportunities by 6/30/2024 and report quarterly on any progress or initiatives.

## **6. Land Acquisition Program**

- a. Assess and implement any new initiatives developed either through private partnership or by the legislature by December 31, 2023.
- b. Develop measures and report impacts of redefined outcomes by 6/30/2024.

### **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 2023 - 2024**

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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 properties financed 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 eleven months of report due dates. Issue compliance close-out letters within 14 months of report due dates.
2. Ensure completion of calendar year onsite inspections for 1/3 of all projects by December 31<sup>st</sup>, 2023.
3. Provide regular educational opportunities and resources to owners, managers, and other stakeholders to ensure thorough understanding of LIHTC and bond program requirements. Includes the following:
  - a. Deliver virtual, in-person and/or hybrid tax credit and bond compliance workshops and training modules on a regular schedule.
  - b. Publish 12 electronic newsletters and online resources throughout the year.
  - c. Hire an additional full-time Portfolio Analyst with a focus on training development and delivery.
4. Outline specific preservation policy criteria for compliance with MHCF's Sr. Policy Advisor by end of June 30<sup>th</sup>, 2023.
5. Implement Eventual Tenant Ownership plan framework with projects that are at end of the Federal Compliance period by December 31<sup>st</sup>, 2023.
6. Continue to engage, realign business objectives, and implement the Commission's Strategic Plan over the next 3 years in the areas of

- a. Language accessibility
- b. Enhanced data collection process to inform policies.
- c. Stakeholder mapping and engagement

**Performance Measures:**

1. 100% of owners and managers with noncompliance issues will experience resolution of noncompliance issues within stated periods (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 1 to 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 projects and closing out noncompliance issues.
2. Performance Measure #2: All workshop participants will be asked to complete a post training evaluation. Results will be tabulated each quarter for reporting to AMT.
3. Performance Measure #2: This assumes that training 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 people who emailed the survey.

**Compliance (COM)**  
**Budget Summary for the fiscal year ending: June 30, 2024**

**FINANCIAL AND PROGRAM INFORMATION**

	<b>FYE 24 Proposed Budget</b>	<b>FYE 23 Projected Actual</b>	<b>FYE 23 Budget as Adopted</b>
<b>Personnel Resources [FTE's]</b>			
Permanent	14.30	13.29	13.30
Temporary	-	-	-
<b>Total FTE's</b>	<b>14.30</b>	<b>13.29</b>	<b>13.30</b>
<b>Program Budget</b>			
Fee Income	7,860,501	7,541,444	7,563,596
Interest Income	-	-	-
Other Income	160,000	141,528	130,000
Grant Program Income	-	-	-
<b>Total Revenue</b>	<b>8,020,501</b>	<b>7,682,972</b>	<b>7,693,596</b>
Employee Expenses	2,303,238	1,941,562	1,995,818
Travel Expenses	38,043	24,953	39,101
Professional Fees	1,094,480	537,211	690,000
Office Expenses	458,344	341,960	392,276
Grant Program Expense	-	-	-
<b>Total Expenses</b>	<b>3,894,105</b>	<b>2,845,686</b>	<b>3,117,195</b>
<b>Income over Expense Excess (Deficit)</b>	<b>4,126,396</b>	<b>4,837,286</b>	<b>4,576,401</b>
Overhead Allocation	990,723	1,521,001	(1,454,319)
Program Allocation	-	-	-
<b>Total Income/(Loss)</b>	<b>5,117,119</b>	<b>6,358,287</b>	<b>3,122,082</b>

**PERFORMANCE MEASUREMENTS**

	<b>FYE 24 Proposed Budget</b>	<b>FYE 23 Project Actual</b>	<b>FYE 23 Budget as Adopted</b>
<b>PERFORMANCE MEASUREMENTS</b>			
Annual Reviews			
Bonds	75	78	77
Tax Credits	1055	1035	1030
Rtc	1	1	2
On Site Inspections			
Bonds	N/A	N/A	N/A
Tax Credits	375	325	350
Workshops			
Bonds	1	1	1
Tax Credits	6	6	6
Annual Reporting/Wbars	N/A	N/A	N/A
Manual Updates	2	2	N/A
Utility Allowance Change Reviews	15	17	N/A
Proc. Assumptions & Transfers	25	25	30
Problem Resolution Within Stated Time	1	1	1
Serious Noncompliance W/In Portfolio	<15%	<5%	N/A
Score Well On Training Evaluations	>4	>4	>4
Client Satisfaction Survey Score	>4	>4	>4
# Of Newsletter	12	12	12
Modification of Reg. Agreements	2	0	N/A



**WASHINGTON STATE  
HOUSING FINANCE COMMISSION**

**Program Summary  
Fiscal Year 2023 - 2024**

---

**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:

<b>Activity/Reporting</b>	<b>Period</b>	<b>Due (business days)</b>
a. Review and record monthly transactions	Monthly	20
b. Quarterly outstanding bond list by program with balances	Quarterly	10
c. Quarterly single-family bond disclosure reports posted to website and EMMA, as required.	Quarterly	35
d. Quarterly financial statements and Plains Capital Compliance reporting	Quarterly	35
e. Dashboard of bonds outstanding and activity to management and Commissioners	As needed	

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

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 15, 2023. Publish audited financial statements within 30 days of Commission approval, no later than January 12, 2024.
6. Periodic review and update program policies and procedures as needed.

**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, 2024**

**FINANCIAL AND PROGRAM INFORMATION**

	FYE 24	FYE 23	FYE 23
	Proposed Budget	Projected Actual	Budget as Adopted
<b>Personnel Resources [FTE's]</b>			
Permanent	4.54	3.78	4.54
Temporary			
<b>Total FTE's</b>	<b>4.54</b>	<b>3.78</b>	<b>4.54</b>
<b>Program Budget</b>			
Fee Income	4,397,840	4,578,658	4,181,450
Interest Income	-	-	-
Other Income	-	-	-
Grant Program Income	-	-	-
<b>Total Revenue</b>	<b>4,397,840</b>	<b>4,578,658</b>	<b>4,181,450</b>
Employee Expenses	727,916	554,636	674,016
Travel Expenses	23,646	19,309	11,522
Professional Fees	233,160	208,525	199,700
Office Expenses	153,869	113,630	141,524
Grant Program Expense	-	-	-
<b>Total Expenses</b>	<b>1,138,591</b>	<b>896,101</b>	<b>1,026,762</b>
<b>Income over Expense Excess (Deficit)</b>	<b>3,259,249</b>	<b>3,682,557</b>	<b>3,154,687</b>
Overhead Allocation	289,676	478,960	(479,034)
Program Allocation	(3,548,925)	(4,161,517)	(2,675,653)
<b>Total Income/(Loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>

**PERFORMANCE MEASUREMENTS**

	FYE 24	FYE 23	FYE 23
	Proposed Budget	Project Actual	Budget as Adopted
<b>PERFORMANCE MEASUREMENTS</b>			
Quarterly Bond Statements	4	4	4
Number Of Outstdg Issues	397	392	388
Amount Of Outstdg Bonds	\$7.93 billion	\$7.81 billion	\$7.61 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 2023– 2024**

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**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:

<b>Activity/Reporting</b>	<b>Period</b>	<b>Due after period end</b>
a. Deposits posted to proper Customer or Revenue accounts	Daily	2 <sup>nd</sup> business day
b. Month end purchase and receivable invoices	Monthly	10 <sup>th</sup> business day
c. Month end accrual or adjusting entries	Monthly	12 <sup>th</sup> business day
d. Reconciliation of all accounts	Monthly	12 <sup>th</sup> business day

2. Provide accurate and timely management information to divisional directors, managers, and Commissioners:

<b>Activity/Reporting</b>	<b>Period</b>	<b>Due after period end</b>
e. Month-end, Commission-wide operating financial statements	Monthly	13th business day
f. Month-end, divisional operating financial statements	Monthly	14 <sup>th</sup> 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 24-25 with a proposed budget completed for presentation at the Commission May planning session and a final budget adopted at the Commission’s June 2024 meeting.
5. Complete quarterly grant reconciliation and required reporting by the 5<sup>th</sup> 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 as necessary.
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, 2024.
10. Meet the timeline and KPIs for the action item where Finance takes the leading role as set out in the racial equity strategic plan.

### **Program-Related Investments**

11. 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.
12. Provide Program Related Investment financial statements including available program balances by the end of the month following quarter end.

13. Increase access to affordable housing financing for historically underserved and marginalized communities. This will be measured by tracking the number or dollar amount of affordable housing loans provided to BIPOC individuals and communities over time. Such info will be reported on an annual basis.

**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.
10. Marketing to BIPOC communities is effective.

**General Operations (GOP)**  
**Budget Summary for the fiscal year ending: June 30, 2024**

**FINANCIAL AND PROGRAM INFORMATION**

	<b>FYE 24 Proposed Budget</b>	<b>FYE 23 Projected Actual</b>	<b>FYE 23 Budget as Adopted</b>
<b>Personnel Resources [FTE's]</b>			
Permanent	8.05	6.46	8.05
Temporary	-	-	-
<b>Total FTE's</b>	<b>8.05</b>	<b>6.46</b>	<b>8.05</b>
<b>Program Budget</b>			
Fee Income	-	-	-
Interest Income	10,639,801	10,299,833	1,236,057
Other Income	4,000	4,807	4,000
Grant Program Income	-	-	-
<b>Total Revenue</b>	<b>10,643,801</b>	<b>10,304,640</b>	<b>1,240,057</b>
Employee Expenses	1,138,429	852,954	1,054,226
Travel Expenses	17,990	2,222	20,430
Professional Fees	276,000	201,970	226,000
Office Expenses	140,743	103,368	146,226
Grant Program Expense	-	-	-
<b>Total Expenses</b>	<b>1,573,162</b>	<b>1,160,514</b>	<b>1,446,882</b>
<b>Income over Expense Excess (Deficit)</b>	<b>9,070,639</b>	<b>9,144,126</b>	<b>(206,825)</b>
Overhead Allocation	(9,070,639)	(9,144,126)	206,825
Program Allocation	-	-	-
<b>Total Income/(Loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>

**PERFORMANCE MEASUREMENTS**

	<b>FYE 24 Proposed Budget</b>	<b>FYE 23 Project Actual</b>	<b>FYE 23 Budget as Adopted</b>
<b>PERFORMANCE MEASUREMENTS</b>			
Quarterly Investment Rpts	4	4	4
State Audit W/No Material Non Compliance	1	1	1
Qtly Operating/PRI Stmt's.	4	4	4
Average Amount Invested:			
General Reserves	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000
Annual Yield	2.50%	2.05%	2.00%
Program Related Investment	\$ 769,714,788	\$ 740,964,788	\$ 754,501,984
Unqualified Audit Opinion	1	1	1
Timely Financial Reports	100%	33%	100%
Amt Perceived Access Score (1-5 Scale)	>4	>4	>4

**WASHINGTON STATE  
HOUSING FINANCE COMMISSION**

**Program Summary  
Fiscal Year 2023-2024**

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**Program: Administration**

**Division: Executive Office**

**Commission Agency Wide Performance Measures:**

1. Directly finance 350,000 affordable housing units by the end of fiscal year 2026.
2. Earn a minimum of \$380,000 per FTE in revenue each fiscal year.
3. Spend less than \$210,000 per FTE each fiscal year.
4. Develop benchmarking standards to assess progress toward increasing the accessibility of our resources for BIPOC residents and/or entities which are prioritizing the needs of BIPOC populations.
5. The Commission's employees will average a score of 4 or better on the "employee engagement" measures developed by DOP and supplemented with racial equity assessment questions when measured each fiscal year.

**Business Objectives:**

1. Evaluate the impact of historic and systemic racism on Commission programs and processes by June 30, 2024 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, 2024.
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, 2024.
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, 2024.
5. Provide leadership in the development of statewide housing policy and obtain approval of a 2024 legislative agenda by December 30, 2023.
6. Produce and distribute the Annual Report and Cumulative Report by December 31, 2023.
7. Organize and conduct a statewide housing conference by October 30, 2023; prepare and present a final report by January 31, 2024.
8. Lead the Friend of Housing Award selection process and produce the awards ceremony during Housing Washington in October 2023.



9. Coordinate, schedule and complete the annual revisions to the Business Resumption Plan by June 30, 2024.
10. In collaboration with the Deputy Director and EMT/AMT, plan and conduct a staff planning session by June 30, 2024.
11. Complete the on-going implementation, monitoring and training for a Commission electronic content management system by December 31, 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, 2023.
14. Throughout 2023/2024 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, 2024, provide continued commitment and support for implementation of the Commission's Racial Equity Strategic Plan
  - By October 31, 2023, develop an inclusive process and timeline for reimagining and revising the Commission's Office Procedures Manual.
  - By June 30, 2024, 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.

**Administration (ADM)**  
**Budget Summary for the fiscal year ending: June 30, 2024**

**FINANCIAL AND PROGRAM INFORMATION**

	<b>FYE 24 Proposed Budget</b>	<b>FYE 23 Projected Actual</b>	<b>FYE 23 Budget as Adopted</b>
<b>Personnel Resources [FTE's]</b>			
Permanent	14.82	12.23	13.82
Temporary	-	-	-
<b>Total FTE's</b>	<b>14.82</b>	<b>12.23</b>	<b>13.82</b>
<b>Program Budget</b>			
Fee Income	-	-	-
Interest Income	-	-	-
Other Income	31,200	31,320	30,300
Grant Program Income	-	-	-
<b>Total Revenue</b>	<b>31,200</b>	<b>31,320</b>	<b>30,300</b>
Employee Expenses	2,379,278	1,702,551	2,133,935
Travel Expenses	54,053	31,300	56,816
Professional Fees	382,816	365,130	565,000
Office Expenses	1,185,972	709,372	1,108,440
Grant Program Expense	-	-	-
<b>Total Expenses</b>	<b>4,002,119</b>	<b>2,808,353</b>	<b>3,864,191</b>
<b>Income over Expense Excess (Deficit)</b>	<b>(3,970,919)</b>	<b>(2,777,033)</b>	<b>(3,833,891)</b>
Overhead Allocation	3,970,919	2,777,033	3,833,891
Program Allocation	-	-	-
<b>Total Income/(Loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>

**PERFORMANCE MEASUREMENTS**

	<b>FYE 24 Proposed Budget</b>	<b>FYE 23 Project Actual</b>	<b>FYE 23 Budget as Adopted</b>
<b><u>PERFORMANCE MEASUREMENTS</u></b>			
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**

\$ Amount Of Revenues / FTE	450,000	516,258	437,933
\$ Amount Of Expenses / FTE	250,000	183,507	227,246
Units By 2026*	350,000		320,000
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 2023 - 2024**

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**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 6/30/2024.
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 contractors; coordinate planning, scheduling, and implementation of enhancements and present monthly reports to ITG on system status.
6. Support Dynamics Nav and Serenic Navigator financial systems in accordance with the terms of the SLA. Report monthly status updates to the ITG.

7. Provide and maintain 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 2024 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 after-hours 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. For audit purposes the report of an intrusion from both internal and external sources by ten 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 and the Commission's desktops, laptops, and tablets.
14. 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, 2024.
15. 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.
16. Review and implement safe office return-to-office procedures and processes.
17. Create and submit a new RFP for our Salesforce Consultant by December 3, 2023.
18. Continue to support a hybrid by-to-the-office solution as directed by the executive staff.
19. Support the continued Commissioners Hybrid Meetings audio visual needs.
20. Install a system that will guard against ransomware and Malware. Also, install a recovery system that recovers the business in a time determined by the leadership team.

**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, 2024**

**FINANCIAL AND PROGRAM INFORMATION**

	<b>FYE 24 Proposed Budget</b>	<b>FYE 23 Projected Actual</b>	<b>FYE 23 Budget as Adopted</b>
<b>Personnel Resources [FTE's]</b>			
Permanent	3.92	2.92	3.92
Temporary			
<b>Total FTE's</b>	<b>3.92</b>	<b>2.92</b>	<b>3.92</b>
<b>Program Budget</b>			
Fee Income	-	-	-
Interest Income	-	-	-
Other Income	-	-	-
Grant Program Income	-	-	-
<b>Total Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>
Employee Expenses	705,761	452,709	629,079
Travel Expenses	18,407	10,721	15,287
Professional Fees	90,000	15,359	25,000
Office Expenses	772,351	641,089	564,522
Grant Program Expense	-	-	-
<b>Total Expenses</b>	<b>1,586,519</b>	<b>1,119,878</b>	<b>1,233,888</b>
<b>Income over Expense Excess (Deficit)</b>	<b>(1,586,519)</b>	<b>(1,119,878)</b>	<b>(1,233,888)</b>
Overhead Allocation	1,586,519	1,119,878	1,233,888
Program Allocation	-	-	-
<b>Total Income/(Loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>

**PERFORMANCE MEASUREMENTS**

	<b>FYE 24 Proposed Budget</b>	<b>FYE 23 Project Actual</b>	<b>FYE 23 Budget as Adopted</b>
<b>PERFORMANCE MEASUREMENTS</b>			
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, 2024**

**FINANCIAL AND PROGRAM INFORMATION**

	<b>FYE 24 Proposed Budget</b>	<b>FYE 23 Projected Actual</b>	<b>FYE 23 Budget as Adopted</b>
<b>Personnel Resources [FTE's]</b>			
Permanent			
Temporary			
<b>Total FTE's</b>	-	-	-
<b>Program Budget</b>			
Fee Income	-	-	-
Interest Income	-	-	-
Other Income	-	-	-
Grant Program Income	-	-	-
<b>Total Revenue</b>	-	-	-
Employee Expenses	21,475	7,931	21,463
Travel Expenses	63,110	15,333	65,210
Professional Fees	-	-	-
Office Expenses	25,850	4,442	25,976
Grant Program Expense	-	-	-
<b>Total Expenses</b>	110,435	27,707	112,649
<b>Income over Expense Excess (Deficit)</b>	(110,435)	(27,707)	(112,649)
Overhead Allocation	110,435	27,707	112,649
Program Allocation	-	-	-
<b>Total Income/(Loss)</b>	-	-	-



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, 2023

**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 \$27 million to \$28 million depending on the final calculation of those deferred liabilities for June 30, 2023 (\$30 million reserve less the expected \$2 million to \$3 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, 2023 to Program-Related Investments.

Date: June 13, 2023

To: Commissioners

From: Bob Peterson

Re: **Summary of Request for Proposals (RFP) for: General Counsel, Bond Counsel, Single Family Tax Counsel, Single Family Disclosure Counsel, Sustainable Energy Counsel, and Tax Credit Counsel**

CC: Steve Walker

At least once every two fiscal years, the Commission selects legal firms to serve in the capacities listed above through a Request for Proposal (RFP) process.

Our current contracts with the following legal firms expire June 30, 2023:

- Pacifica            General, Bond, and Tax Credit Counsel
- Kutak Rock        Single Family Tax Counsel and Disclosure Counsel
- Stradling           Energy Efficiency Counsel & alternate counsel

We recently completed the RFP process for the selection of legal firms to serve for the next two fiscal years beginning July 1, 2023, through June 30, 2025. Our recommendation to approve, and a request to move to contracting with the recommended legal firms will be presented to you at the June 22<sup>nd</sup> board meeting.

This memo outlines the RFP process that we followed in accordance with State law.

**April 17, 2023:**

- RFPs were e-mailed to a variety of legal firms
- A legal notice appeared in the Bond Buyer, Seattle Times, Daily Journal of Commerce newspapers, Washington Electronic Business Solutions (WEBS); and posted on the Commission website

**April 27, 2023:**

- RFP responses were due
- We received responses from 4 legal firms:
  - Kutak Rock (Omaha)
  - Pacifica (Seattle)
  - Stradling (Seattle)
  - Mintz (Boston)

### **May 1, 2023**

- The Executive Management Team (EMT) met to review the RFP responses to determine which legal firms to interview.
- Our discussion focused on past experience, experience of key staff, track record, customer service, and fees.
- It was noted that with the exception of Mintz, the other three respondents are firms on our current legal team. Foster Garvey PC responded that the Commission is exceptionally served by our current counsel, and therefore they would not submit a formal response. Thus, EMT decided to recommend that we continue to use the firms on our current legal team.

### **June 22, 2023**

- Recommendation to the Commission to approve entering into contracts with the following legal firms for the next two fiscal years beginning July 1, 2023, through June 30, 2024:
  - Pacifica - General, Bond, and Tax Credit Counsel & alternate Energy Efficiency Counsel
  - Kutak Rock - Single Family Tax and Disclosure Counsel
  - Stradling - Energy Efficiency Counsel & alternate General, Bond, and Tax Credit counsel

# Department of Commerce Updates for the Housing Finance Commission Meeting

## Housing Division

### Legislative Updates

Contact: Devin Proctor, [Devin.Proctor@commerce.wa.gov](mailto:Devin.Proctor@commerce.wa.gov)

- Gov. Inslee signed the final budgets on May 16.
- Housing Division is planning to deploy approx. \$1.2 billion in operating and \$520 million in capital funds.
- An additional \$60 million is appropriated for the Connecting Housing to Infrastructure Program (CHIP) administered by the Local Government Division.
- We are preparing for a July 26 Senate Housing Committee Work Session in Vancouver, WA.

### Multifamily Housing Unit

Contact: Nathan Lichti, [Nathan.Lichti@commerce.wa.gov](mailto:Nathan.Lichti@commerce.wa.gov)

- 2021-23 biennial investments were finalized in April and awarded 18 projects, which helped finalize funding for several tax credit projects. These awards were financed by Apple Health and Homes Capital, Federal, and funds that remained following multiple Rapid Capital Housing Acquisition rounds.
- 2023-25 capital appropriation includes over \$400 million in affordable housing funds. \$288M will be available for competitive multifamily funding this summer. A Notice of Funding Availability is expected to release by the end of June.
- 2023-25 biennial capital budget also includes \$40 million in funding for the Land Acquisition Program, which Commerce will transfer to the Housing Finance Commission.
- The Legislature did not fully fund the agency's request for Portfolio Preservation or Continuing Affordability, so an emphasis will be placed on this need in preparation for a 2024 Supplemental Legislative Session.

### Homeownership Unit

Contact: Ann Campbell, [Ann.Campbell@commerce.wa.gov](mailto:Ann.Campbell@commerce.wa.gov)

#### **2023-25 Homeownership Capital Funding Investment Policy - FEEDBACK SOUGHT**

We are taking [public input](#) on investment policy proposals for the 2023-25 Homeownership capital funding. Submit comments by June 30 to [HOUapplication@commerce.wa.gov](mailto:HOUapplication@commerce.wa.gov).

#### **Inter-Agency Agreements update**

Inter-Agency Agreements (2) between Commerce and WSHFC are drafted and in the editing stage to implement:

- [Chapter 340, Laws of 2023 \(HB 1474\) - Covenant Homeownership Program](#): \$150.5 million in the 2023 operating budget
- Funding the foreclosure prevention counseling and support services the Washington Homeownership Resource Center provides.

#### Implementation of Chapter 40, Laws of 2023 (SB 5198)

Staff are working with stakeholders to implement [SB5198](#), which extends the notice of closure period for manufactured home closures from one to two years (with the ability to buy this down to 12 months) and requires Commerce to create and maintain a registry of eligible organizations that request to receive notices of opportunity to purchase or lease a Manufactured Home Community.

### Homelessness Assistance Unit

Contact: Kathy Kinard, [Kathy.Kinard@commerce.wa.gov](mailto:Kathy.Kinard@commerce.wa.gov)

- We are releasing 2023-2025 homeless crisis response grant awards to all counties for \$292 million in General Fund-State and document recording fee dollars.
- We are releasing the state fiscal year 2024 emergency housing fund grant awards to all counties for \$68 million in federal coronavirus state fiscal recovery funds and document recording fee dollars.

### Housing Policy Unit – Right Of Way Initiative

Contact: Tedd Kelleher, [Tedd.Kelleher@commerce.wa.gov](mailto:Tedd.Kelleher@commerce.wa.gov)

Camp Hope in Spokane closed on June 9, when the last people were moved into housing. No law enforcement participated in the final closure, and almost 400 people on the site's by-name list were directly moved into housing by the initiative. Housing options and state-funded outreach remain available to people on the by-name list. The next larger sites to be addressed as additional beds open in the coming weeks include the 15/Sleater Kinney site in Thurston County and the SR509 site in King County.



*Opening doors to a better life*

## **MEMO**

DATE: June 20, 2023  
TO: Board Commissioners  
FROM: Steve Walker  
RE: Executive Directors Report

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This memo is a summary of activities for each division as well as highlights of some of my activities from May 22 – June 20, 2023. Please contact Tera to set up a call with me or a division director should you have any questions.

### **Multifamily & Community Facilities:**

#### **Marketing and Community Meetings**

- Claire Petersky spoke at the East Lewis County Housing Summit on June 2 about financing affordable housing. Marty Miller from the Office of Rural and Farmworker Housing collaborated with Claire on this presentation. Joining Claire and Marty was the superintendent of Mount Rainier National Park, an owner of a restaurant and hotel in Morton, Liveable Packwood (a community nonprofit formed to create affordable housing), a county council representative for the area, and a local real estate agent. Economic pressures from the pandemic, from investment in short-term rentals such as Airbnb, and from increased employment in recreation and hospitality services has put the squeeze in these rural communities that traditionally have not had housing affordability concerns.
- Claire Petersky and Keri Williams staffed a booth representing Commission programs at the Central Washington Conference for the Greater Good, June 6, in Toppenish, WA, on the Heritage University campus. About two hundred representatives from nonprofits and philanthropy, from Central and Southeast portions of the state, came together to discuss leadership in these turbulent times for nonprofits and community organizations.

#### **MFG Housing Communities PRI**

- The 45 households at Peninsula Pines mobile home park in Shelton are now owners of the land under their homes (They closed on the purchase of the property, becoming the second resident owned cooperative community in Shelton and the 24th that we have financed in the state! The loan amount is 915,682.62.

#### **Public Funder Coordination**

- Lisa has been facilitating conversations with the Seattle/King County public funders regarding creating a pipeline process for the Seattle/King publicly leveraged deals. The goal is to be a more transparent, predictable, and strategic approach to investing bond cap, versus continuing to have applicants apply, spend money, and be turned down. This includes consideration of the Sound Transit projects, PDA's and HA's in the Seattle/King region. Stay tuned for a presentation on the pipeline and details on how we might proceed for 2024.

## **Homeownership:**

### **General Updates**

- Lisa DeBrock and Corinna Obar attended the Western States Homeownership Director's Conference in Bend, OR on June 4<sup>th</sup>-6<sup>th</sup>.
- Lisa DeBrock participated in the Black Homeownership Initiative Full Team Meeting on June 14<sup>th</sup>.
- Homeownership staff participated in the Washington State Homeownership Forum hosted by the Washington Homeownership Resource Center in Tukwila on June 15<sup>th</sup>. Lisa DeBrock participated as a panelist and discussed updates to the Covenant Homeownership Program.
- The Commission partnered with Washington Mortgage Bankers to discuss boosting your business through the Commission dpa programs in a virtual event featuring lending and real estate professionals who regularly assist our homebuyers on June 16<sup>th</sup>.
- Lisa DeBrock and Corinna Obar participated with NAREB in a Facebook Live Event on June 20<sup>th</sup> to promote dpa programs.
- For May, we had \$135 million in new reservations assisting 369 households.

### **Homeownership Assistance Fund:**

- As of June 14, 2023, over 1,250 grants have been funded totaling over \$23 million dollars in grant assistance.
- July 1, 2023, will mark our first year of the program!! We are making some slight programmatic adjustments to expand the program's reach to those households that need assistance the most, which focuses on Treasury's guidance for putting out the fire.

- As was presented to the Commissioners at the budget retreat in May, the program has demonstrated excellent geographic distribution of funding and shown the success of our marketing in reaching underserved communities and communities of color. Outreach to underserved communities regarding the HAF Program continues to reach all areas of the state and in multiple languages. Advertising in social media, along with local publications and radio stations, has shown results through the steady traffic to our HAF Program landing site (WashingtonHAF.org) as well as the “Hotline” at the Washington Homeownership Resource Center.

### **Covenant Homeownership:**

- The Commission received six proposals. We interviewed three applicants on 6/1 (National Fair Housing Alliance, Center for Culturally Responsive Engagement, and Eco Northwest) for the study and report for the Covenant Homeownership Program. Debrief interviews were held on 6/9 with four applicants requesting them.
- The Commission intends to move forward with contract negotiations with National Fair Housing Alliance (NFHA) who will team with ABT Associates and involve various local partners. NFHA is a national organization that works to eliminate housing discrimination and ensure equitable housing opportunities for all people and communities. They have a 33-year history of documenting historical and current discrimination to identify, eliminate and remedy the harms of housing discrimination. They also bring significant expertise with special purpose credit programs.

### **Asset Management & Compliance:**

- Melissa Donahue - presented at HDC Asset Management/Property Management committee monthly meet-up in April and continued discussions and Q&A concerning changes to our inspection process during the May meeting.
- Fundamentals Training – May 9-12, 2023, AMC completed a four-day fundamental’s training, the last for FY22/23. 75 attendees from 26 different companies attended the training.
- Upcoming July Fundamentals Online Training registration is now officially open.
- Update on Web-Based Training Model: To increase access to our resources AMC is exploring complimentary and better ways of delivering our training to reach a wider audience. – We had our first meeting, working on a checklist of ideas and suggestions on what our training model might look like. We are conferring with a web development firm Totera on this model.



- Mary attended the annual Laserfiche Empower 2023 conference in Long Beach, California on May 31<sup>st</sup>.
- Thursday, June 15<sup>th</sup>, Matt, and Mary will be speaking on a panel for a live MCCi webinar about How Laserfiche Services Boost Citizen Experience, Trust, and Revenue.
- Our first In Person AMC TC Fundamentals Training is scheduled for August 16<sup>th</sup>-17<sup>th</sup>, 2023. Day 1 is TC Fundamentals and 2<sup>nd</sup> day TC Advanced, both days are a full 8-hour training. The training will be held at the Spokane Hampton Inn & Suites, Spokane Valley. And our instructors will be Chrystal White & Erik Giesen.

### **Finance:**

- The state auditor's office is wrapping up FY2022 accountability audit and has scheduled an exit conference for June 27.
- Eide Bailly, our independent auditor, has reached out to us for the year end capital confirmation in preparation for the FY2023 financial audit. We will be preparing interim financials and anticipate the start of the annual audit soon.

### **Steve Walker:**

- We had a great showing for the NCSHA Tax Credit Conference held here in Seattle last week. The conference included a ½ day Executive Directors Board meeting. We also had several staff members who volunteered and others who led plenary panels.

Lisa Vatske hosted a plenary panel on Innovations and Partnerships. This was an opportunity to highlight our Evergreen Housing Investment Fund, Land Acquisition Program, Extended Land Acquisition Program and our policy focus on supporting BIPOC community vision and efforts. Highlighted partnerships included our work with the Seattle Foundation, Microsoft, Amazon and our Credit Union investors.

From Compliance, Lanakay Lipp and Chrystal White were discussion leads for the Compliance Meet Up and Wubet Biratu & Melissa Donahue each facilitated panels.

I had the opportunity to provide welcome to Seattle remarks to open the conference.

I would like to acknowledge and thank staff for their leadership and time to support this important annual NCSHA Conference.

- Senior Leadership continues to meet weekly to breakdown the various action steps staff have captured in our Racial Equity Strategic Plan. Our goal is to organize our work into a year-by-year work plan and to provide us all transparency and accountability.

### **Events and Meetings:**

I participated in the following events and meetings:

NCSHA Executive Directors Forum; Washington Affordable Housing Panel; Sound Communities Steering Committee; BHI Network Policy Group Meeting; AHAB Meeting; Covenant Homeownership RFP Interviews; NCSHA Special Purpose Credit Program Meeting; State Leaders Session and WLIHA Post-session Celebration.



Washington State Housing Finance Commission  
Homeownership Programs  
Fiscal Year Loan Production  
July 1, 2022 - May 31, 2023

*\*Fiscal Year Goal - 5,000 households purchase an affordable home using the Home Adv/HK programs.*

Percentage of Goal reached YTD - 44.5%

<b>HOME ADVANTAGE</b>			
	Loans	\$ Volume	% Households of Color
Conventional FNMA	174	\$ 63,429,895	34.5%
Conventional FHLMC	44	\$ 16,368,346	40.9%
Government	1595	\$ 585,797,541	33.4%
Energy Spark	0	\$ -	0.0%
Total	1813	\$ 665,595,782	33.6%

<b>HOUSE KEY OPPORTUNITY</b>			
	Loans	\$ Volume	% Households of Color
Conventional FNMA	208	\$ 54,634,490	41.8%
Conventional FHLMC	40	\$ 10,887,938	47.5%
Government	167	\$ 49,700,243	30.5%
Total	415	\$ 115,222,671	37.8%

<b>DOWNPAYMENT ASSISTANCE</b>			
	Loans	\$ Volume	% Households of Color
Home Adv 0%	1745	\$ 24,282,394	33.5%
Home Adv Needs Based 1%	11	\$ 107,120	45.5%
Opportunity	369	\$ 5,160,236	37.9%
HomeChoice	21	\$ 300,290	9.5%
Bellingham	0	\$ -	0.0%
East King County	5	\$ 148,953	60.0%
Pierce County	1	\$ 54,000	0.0%
Seattle	4	\$ 220,000	50.0%
Tacoma	4	\$ 120,000	25.0%
University of WA	3	\$ 241,495	33.3%
Veterans	0	\$ -	0.0%
Clark County DPA	3	\$ 180,000	66.7%
Social Justice DPA	26	\$ 260,000	100.0%
Total	2192	\$ 31,074,488	34.9%

Washington State Housing Finance Commission/Homeownership Division  
 Counseling & Grants:  
 Default Counseling, Pre-Purchase and Other Homeowner Assistance  
**Report for May 2023**

Grant Name/ Description/Service Area	Granting Entity	Subgrantees/ Partners	Service Provided to Clients	Grant Amount/ Date	Amount Disbursed to Date	Balance Remaining	Grant Expiration
<b>HUD SuperNOFA 2021</b> Default and Pre-Purchase Counseling. Service Area: <b>Statewide</b>	Department of Housing and Urban Development	AFS; CVH; KCLT; OIC; OPAL; Parkview; RRCA; SNAP	133	\$200,000 2020/2022	\$117,043	\$82,957	9/30/2023
<b>HAF Counseling Pay-Per- Service Grant</b> Default Housing Counseling. Service Area: <b>Statewide</b>	U.S. Department of the Treasury	AFS; OIC; NJP; Parkview; RRCA; SNAP; ULMS; ECDLR	0	\$3,390,174 Jan 2022	\$0.00	\$3,390,174	6/30/2024
<b>Foreclosure Fairness Act</b> Default Housing Counseling and Mediation. Service Area: <b>Statewide</b>	Department of Commerce	WHRC; AFS; NJP; Parkview; RRCA; SNAP; ULMS; ECDLR	4,934	\$3,400,000 July, 2019- 2023	\$2,357,435	\$1,042,565	6/30/2023
<b>HAF/STATE Civil Legal Aid</b> Legal Representation for Low- Income Clients Service Area: <b>Statewide</b>	U.S. Department of the Treasury	NJP	1,474	\$5,246,636 Jan 2022	\$2,869,932	\$2,376,704	6/30/2024
<b>HAF Application Assistance</b> Post-HAF Application Assistance Service Area: <b>Statewide</b>	U.S. Department of the Treasury	AFS; OIC; NJP; Parkview; RRCA; SNAP; ULMS; ECDLR	3,854	\$2,000,000 Oct 2022	\$317,095	\$1,682,905	6/30/2024
<b>KC VSHSL</b> Counseling Navigator Service Area: <b>King County</b>	King County	AFS; Parkview; ULMS	260	\$212,010 Jan 2023	\$53,003	\$159,007	12/31/2023

AFS – American Financial Solutions  
 CVH – Columbia Valley Affordable Homeownership  
 ECDLR – El Centro de la Raza  
 KCLT – Kulshan Community Land Trust  
 NJP – Northwest Justice Project  
 OPAL – Opal Community Land Trust

OIC – Opportunities Industrialization Center  
 Parkview – Parkview Services  
 RRCA – Rural Resources Community Action  
 SNAP – Spokane Neighborhood Action Partners  
 WHRC – Washington Homeownership Resource Center

**HOMEOWNERSHIP PROGRAMS**

## HOMEBUYER EDUCATION PRODUCTION and HOME LOAN TRAINING

July 1, 2022 - May 31, 2023

**HOMEBUYER CLASS**

Fiscal year goal - 800 classes, 8,000 participants by June 30, 2023

Percentage of goal reached YTD: 148%

	<b>Classes</b>	<b>Participants</b>
<b>Virtual:</b>	2,495	6,215
<b>In-Person:</b>	1,267	1,898
<b>Online Classes:</b>	3,768	3,768
<b>Total:</b>	<b>7,530</b>	<b>11,881</b>

Classes not yet reporting participation: 1,541

Data lags 3 months due to data collection process

**In-Person and Virtual All-Time Totals 1992 to Present**

<b>Classes:</b>	32,939
<b>Participants</b>	222,701

**PROGRAM TRAINING ATTENDEES**

Fiscal year goal - 10 Instructor classes by June 30, 2023

Percentage of goal reached YTD: 120%

<b>Month</b>	<b>Classes</b>	<b>Attendees</b>
July	1	49
August	1	50
September	1	50
October	1	59
November	1	58
December	1	50
January	1	63
February	1	65
March	1	70
April	2	137
May	1	60
June		
<b>Total:</b>	<b>12</b>	<b>711</b>

<b>Legend:</b>
Lists 1-4: New Production
Lists 5-8: Preservation (Acquisition-Rehab)
King & Snohomish County Requests
Balance of State Requests
**Waiting List Projects (Alphabetic order)

**WASHINGTON STATE HOUSING FINANCE COMMISSION**  
**Bonds with 4% Housing Tax Credit Program**  
**2023 Allocation List**

Total Applications: 22  
Total Allocations: 9

Total Requested: \$773,689,207  
Total Allocations: \$251,392,754

Total homes financed: 1,404

List #	Buckets/ Pools	Project Sponsor	Community Based Organization	City	County	Points	Tax-Exempt Bond Request	Recycled Bond Request	Total Low-Income Units	% of Low-Income Housing Units and Set-Asides				
										50% AMI	60% AMI	Elderly	Large Households	Disabled
<b>1</b>	<b>New Production/Public Leverage/King and Snohomish</b>						\$228,132,031	\$31,552,100						
	Ardea at Totem Lake	Together We Grow	Imagine Housing	Kirkland	King	50	\$34,633,776		170	119	51	170		34
	MLK Mixed-Use and Early Learning Center	Low Income Housing Institute	Refugee Women's Alliance	Seattle	King	37	\$30,797,255		147	103	44		30	15
	St. Luke's Affordable Housing	BRIDGE Housing Corporation	St. Luke's Church	Seattle	King	33	\$25,200,000		83	59	24		17	9
	Victory Northgate	GMD Development LLC	Northwest Education Access	Seattle	King	33	\$4,000,000	\$27,252,100	184		184		19	19
	Mercy Angle Lake Family Housing	Mercy Housing Northwest	The Arc of King County	SeaTac	King	30	\$33,900,000	\$4,300,000	130	65	65		26	13
							<b>\$128,531,031</b>	<b>\$31,552,100</b>						
	**													
	New Hope Family Housing	Low Income Housing Institute	New Hope Community Development	Seattle	King		\$27,601,000		91	64	27			19
	South Park Family Housing & Office	Sea Mar Community Health Centers	Sea Mar Community Health Centers	Seattle	King		\$24,000,000		77	39	38		16	8
	SRM NE Seattle	SRMAH, LLC	Urban League of Metropolitan Seattle	Seattle	King		\$48,000,000		206	62	144		42	21
<b>2</b>	<b>New Production/Public Leverage/Balance of State</b>						\$62,528,035	\$21,478,916						
	Camas Flats	Shelter Resources, Inc.	Opportunity Council	Oak Harbor	Island	41	\$14,209,723	\$1,750,234	81		81		17	9
							<b>\$14,209,723</b>	<b>\$1,750,234</b>						
	**													
	Lansdale Pointe	Southport Financial Services	N/A	Olympia	Thurston		\$27,818,312	\$14,728,682	160		160		32	16
	Viridian Grove	Southport Financial Services	N/A	Tacoma	Pierce		\$20,500,000	\$5,000,000	120		120		24	12
<b>3</b>	<b>New Production/No Public Leverage/King and Snohomish</b>						\$275,432,196	\$49,483,869						
	**													
	Elements at Georgetown	Together We Grow	Georgetown Community Developmer	Seattle	King		\$31,045,858		150	105	45		30	15
	J2SeaTac	J2Housing Corp	African Community Housing & Develo	SeaTac	King		\$90,886,338	\$49,483,869	333	234	99		67	34
	Rucker Avenue	DevCo, LLC	Rise Up Academy	Everett	Snohomish		\$60,000,000		196		196		40	20
	Seneca Park	DevCo, LLC	Next Chapter	Seatac	King		\$60,000,000		252		252		51	26
	Village at Lake Stevens	Veteran's Village	Veteran's Village	Lake Stevens	Snohomish		\$33,500,000		190		190	191		38
<b>4</b>	<b>New Production/No Public Leverage/Balance of State</b>						\$90,300,000	\$7,450,000						
	Kendrick Landing	DevCo, LLC	Next Chapter	Lakewood	Pierce	47	\$51,700,000		242		242		49	25
							<b>\$51,700,000</b>	<b>\$0</b>						
	**													
	Copper Grove Apartments	Inland Construction and Development C	Family Support Center of South Sound	Olympia	Thurston		\$38,600,000	\$7,450,000	249		249		50	25

<b>5</b>	<b>Preservation/Public Leverage/King and Snohomish</b>						\$21,607,701	\$0					
	Pacific Apartments Rehabilitation	Plymouth Housing	Plymouth Housing	Seattle	King		\$21,607,701		87	61	26	18	
<b>6</b>	<b>Preservation/Public Leverage/Balance of State</b>												
	<i>No applications received</i>												
<b>7</b>	<b>Preservation/No Public Leverage/King and Snohomish</b>						\$45,252,000	\$0					
	Vintage at Everett	Vintage Housing	Veteran's Village	Everett	Snohomish	73	\$45,252,000		256	77	179	259	52
							\$45,252,000	\$0					
<b>8</b>	<b>Preservation/No Public Leverage/Balance of State</b>						\$26,093,889	\$1,500,000					
	Anacortes WA Portfolio Application	Evergreen Development Solutions	N/A	Multiple	Multiple	58	\$11,700,000	\$1,500,000	111		111	111	23
							\$11,700,000	\$1,500,000					
	**												
	St Jude Havens Portfolio (El Estero & CJ Court)	Catholic Housing Services of Eastern W	Take Up The Cause	Spokane	Spokane		\$14,393,889		156		156	7	29

Statewide Bond Round Totals:

**Total Applications: 22**

**Total Requested:**

**\$773,689,207**

**Total Allocations: 9**

**Total Allocations:**

**\$251,392,754**

**Allocations by List:**

		Applications Received	Applications Allocated
<b>List 1</b>	New/Public Leverage/ King and SnoCo	8	5
<b>List 2</b>	New/Public Leverage/ Balance of State	3	1
<b>List 3</b>	New/No Public Leverage/ King and SnoCo	5	0
<b>List 4</b>	New/No Public Leverage/ Balance of State	2	1
<b>List 5</b>	Acq-Rehab/ Public Leverage/ King and SnoCo	1	0
<b>List 6</b>	Acq-Rehab/ Public Leverage/ Balance of State	0	0
<b>List 7</b>	Acq-Rehab/ No Public Leverage/ King and SnoCo	1	1
<b>List 8</b>	Acq-Rehab/ No Public Leverage/Balance of State	2	1

WASHINGTON STATE HOUSING FINANCE COMMISSION  
9% Housing Tax Credit Program  
2023 Allocation List

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

**King County Pool (November 2022 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				Units for Priority Populations						
										30% AMI	40% AMI	50% AMI	60% AMI	Farm workers	Large Households	Elderly	Persons with Disabilities	Homeless		
23-08	Approved 4/27/2023	Fifth & Seneca	YWCA Seattle   King   Snohomish	Seattle	King	188	\$27,640	\$2,736,984	114	57	29	0	28	0	0	0	0	0	86	
23-18	Scheduled for 6/22/23	DESC 15th Avenue	Downtown Emergency Service Center	Seattle	King	185	\$20,604	\$2,163,396	105	53	0	52	0	0	0	0	0	0	79	
23-20	Application	Kenmore Supportive Housing	Plymouth Housing	Kenmore	King	181	\$21,638	\$2,163,800	100	50	0	50	0	0	0	0	0	0	75	
23-04	Application	Pacific Apartments Rehabilitation	Plymouth Housing	Seattle	King	180	\$14,201	\$1,235,483	87	44	0	43	0	0	0	0	0	0	66	
									King County Credit Allocated:	\$8,299,663	406	204	29	145	28	0	0	0	0	306
									King County Credit Available:	\$5,484,236										
									Balance:	(\$2,815,427)										

**King County Waiting List**

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**Metro Pool (November 2022 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				Units for Priority Populations						
										30% AMI	40% AMI	50% AMI	60% AMI	Farm workers	Large Households	Elderly	Persons with Disabilities	Homeless		
										\$0	0					0	0	0	0	0

**New Production**

23-05	Application	Lincoln Place II	Vancouver Housing Authority	Vancouver	Clark	170	\$27,640	\$1,105,600	40	20	0	20	0	0	0	0	0	0	20
23-14	Application	Lincoln District Senior Housing	Asia Pacific Cultural Center	Tacoma	Pierce	168	\$27,640	\$2,128,280	77	39	0	38	0	0	0	0	0	0	39
23-12	Application	Hifumi-en	Spokane Housing Authority	Spokane	Spokane	167	\$25,158	\$2,163,557	86	22	43	0	21	0	0	86	18	0	0
23-06	Application	Scriber Place	Housing Hope	Lynnwood	Snohomish	158	\$28,803	\$1,497,756	52	26	0	26	0	0	0	0	0	0	26
									Total Metro Credit Allocated:	\$6,895,193	255				0	0	86	18	85
									Metro Credit Available:	\$6,779,081									
									Metro Balance (Total):	(\$116,112)									

**Metro Wait List**

23-15	Application	Salish Family Haven	Catholic Housing Services of Eastern Washington	Spokane	Spokane	171	\$27,990	\$1,959,280	70	35	7	0	28	0	0	0	0	0	35	
									Metro Waiting List Balance:	\$1,959,280	70				0	0	0	0	0	35

**Non-Metro Pool (November 2022 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				Units for Priority Populations					
										30% AMI	40% AMI	50% AMI	60% AMI	Farm workers	Large Households	Elderly	Persons with Disabilities	Homeless	
<b>Preservation and Recapitalization Pool</b>																			
Non-Metro Rehab Credit Allocated:									\$0	0					0	0	0	0	0
<b>New Production</b>																			
23-22	Application	Clarkston Family Housing	Horizon Housing Alliance	Clarkston	Asotin	186	\$27,515	\$1,926,069	70	35	7	0	28	0	0	0	0	35	
23-07	Application	Rocky Point Housing Development	Othello Housing Authority	Othello	Adams	184	\$27,521	\$1,100,851	40	4	20	16	0	30	0	0	0	0	
23-16	Scheduled for 6/22/23	The Cape at Interlake	Trillium Housing Services	Moses Lake	Grant	184	\$25,499	\$1,784,920	70	7	35	28	0	53	0	0	0	0	
23-11	Scheduled for 6/22/23	Sunrise Village	Longview Housing Authority DBA Housing Opportunities of S	Longview	Cowlitz	181	\$28,289	\$1,131,560	40	20	4	0	16	0	0	0	0	20	
Non-Metro Credit Allocated:									\$5,943,400	220				83	0	0	0	55	
Non-Metro Credit Available:									\$3,045,315										
Non-Metro Balance:									(\$2,898,085)										
<b>Non-Metro Wait List</b>																			
23-09	Application	Colville Homes V	Confederated Tribes of the Colville Reservation	Omak	Okanogan	174	\$28,456	\$711,400	25	13	3	0	9	0	5	0	0	5	
Non-Metro Waiting List Balance:									\$711,400	25				0	5	0	0	5	
<b>Non-Metro Non-Fully Funded - Unranked</b>																			
23-13	Application	CCHS Casa de la Mora (Yakima East)	Catholic Charities Housing Services	Yakima	Yakima	183	\$27,848	\$2,005,040	72	18	36	0	18	0	0	0	0	36	
23-17	Application	Alderwood Apartments	Trillium Housing Services	Yakima	Yakima	176	\$25,344	\$1,774,082	70	7	35	28	0	53	0	0	0	0	
23-19	Application	CCHS Grant County Preservation	Catholic Charities Housing Services	Quincy	Grant	175	\$17,237	\$1,603,018	93	10	47	36	0	70	0	0	0	0	
23-21	Application	Camas Flats	Opportunity Council	Oak Harbor	Island	173	\$27,810	\$444,960	16	8	0	8	0	0	0	0	0	8	
23-01	Application	Farmview Village	Housing Authority of Skagit County	Burlington	Skagit	171	\$29,302	\$879,053	30	0	8	22	0	23	0	0	0	0	
Non-Metro Unranked Balance:									\$6,706,153	281				146	0	0	0	44	
<b>Statewide Allocation Round Totals:</b>																			
Total Project Applications: 20						Total Credit Requested: #REF!			#REF!			#REF!		#REF!		#REF!		#REF!	
Total Projects Above Line: 8						Total Credit Above Line: \$21,138,256			881			83		0		86		18	
Application Success Percentage: TBD						Total Credit Available: \$ 15,308,632.50													
						Statewide FWD Commit: (\$3,014,197)													
<p>*Final King County Pool project rankings pending additional public funding award announcements  <b>Final Allocation amounts may change if new Federal resources are made available.</b></p>																			

## 9% Housing Tax Credit Program Credit Summary

State Credit Authority	Status	Population	Per Capita Rate	Credit
2023 Per Capita Credit	Confirmed	*IRS Notice 2023-12	7,785,786 \$ 2.75000	\$ 21,410,912
2023 National Pool	Not Confirmed			\$ -
				<b>\$ 21,410,912</b>
<b>Total 2023 Credit Authority for Geographic Credit Pool Division</b>				<b>\$ 21,410,912</b>
Less 2022 Forward Commitment		Taken From Pools Below		\$ (6,102,279)
<b>King County</b>				
35% of Total Credit Authority		35%		\$ 7,493,819
less 2022 KC fwd allocation of 2023 KC Credit				\$ (2,009,583)
plus KC Returned Credit				\$ -
Credit Allocated				\$ (8,299,663)
<b>King County Balance</b>				<b>\$ (2,815,427)</b>
<b>Metro Credit</b>				
37% of Total Credit Authority		37%		\$ 7,922,037
less 2022 Metro fwd allocation of 2023 Metro Credit				\$ (1,142,956)
plus Metro Returned Credit				\$ -
Credit Allocated				\$ (6,895,193)
<b>Metro Balance</b>				<b>\$ (116,112)</b>
<b>Non-Metro Credit</b>				
28% of Total Credit Authority		28%		\$ 5,995,055
less 2022 NM fwd allocation of 2023 NM Credit				\$ (2,949,740)
plus NM Returned Credit				\$ -
Credit Allocated				\$ (5,943,400)
<b>Non-Metro Balance</b>				<b>\$ (2,898,085)</b>
<b>Metro Pool per County Limit 35% of Pool Authority</b>				<b>\$ 2,772,713</b>
<b>Non-Metro per County Limit 35% of Pool Authority</b>				<b>\$ 2,098,269</b>
<b>Statewide Accounting of 2023 Credit</b>				
Total 2023 Credit Authority				\$ 21,410,912
2022 Unused Credit				\$ -
2022 KC Forward Commitment				\$ (2,009,583)
2022 Metro Forward Commitment				\$ (1,142,956)
2022 Non-Metro Forward Commitment				\$ (2,949,740)
Returned Credit from King County				\$ -
Returned Credit from Metro Pool				\$ -
Returned Credit from Non-Metro Pool				\$ -
Credit Allocated to King County				\$ -
Credit Allocated to Metro				\$ -
Credit Allocated to Non-Metro				\$ -
<b>Balance of 2023 Credit</b>				<b>\$ 15,308,633</b>
% of credit authority forward committed				
<b>Qualified Nonprofit Allocations</b>				
Total 2023 Credit Authority for Geographic Credit Pool Division				\$ 21,410,912
2023 Unused Credit				\$ -
Returned Credit from King County				\$ -
Returned Credit from Metro Pool				\$ -
Returned Credit from Non-Metro Pool				\$ -
<b>Total 2023 Credit Authority for QNP Requirement</b>				<b>\$ 21,410,912</b>
<b>Credit Allocated to QNPs</b>				
		Fifth & Seneca		\$ 2,736,984
		DESC 15th Avenue		\$ 2,163,396
		Sunrise Village		\$ 1,131,560
<b>Percent allocated to QNPs</b>				<b>28%</b>
<b>Forward Commitment RACs of 2023 Credit</b>				
<b>Summary for 8610</b>				
2023 Per Capita Credit				\$ 21,410,912
2023 National Pool Credit				\$ -

2023 Returned Credit	\$	-
Less forward Commitment from 2022	\$	(6,102,279)
TOTAL credit to allocate	\$	15,308,633
2023 credit allocated (all pools)	\$	-
Forward commitment of 2023 credit		

# ASSET MANAGEMENT & COMPLIANCE ACTIVITY REPORT

## REPORTING MONTH: May 2023

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 2023	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	GOAL	% COMPLETED
REPORTS REVIEWED	2	2	16	84	207								311	1,055	29%

Calendar Year 2022	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	GOAL	% COMPLETED
REPORTS REVIEWED	1	1	16	134	130	134	74	97	75	131	140	102	1,035	1,010	102%

Tax credit reports are due January 31<sup>st</sup> of every year for the previous calendar year.

### Bond Reports \*\*

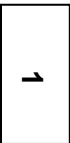
Calendar Year 2023	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	GOAL	% COMPLETED
REPORTS REVIEWED	11	21	44	2	0								78	75	104%

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	0	0	0	0	0	0	0	78	75	104%

Bond reports are due January 7<sup>th</sup> 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: May 2023

**BUSINESS OBJECTIVE:** *Complete on-site review of 33<sup>1/3</sup>% of all projects by December 31, 2023.*

Within the 12-month calendar year, the Commission will:

- conduct on-site inspections of 33<sup>1/3</sup>% 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 2023	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	GOAL	% COMPLETED
ON-SITES COMPLETED	4	2	45	54	52								157	375	42%

Calendar Year 2022	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	GOAL	% COMPLETED
ON-SITES COMPLETED	0	1	10	7	44	67	36	35	36	36	44	9	325	325	100%

**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.

**COMPLIANCE TRAININGS:** The next Tax Credit Compliance Workshops are scheduled for:  
**July 11-14, 2023 (Online)**

The next Bond Compliance Workshop is scheduled for:  
**TBA**



WASHINGTON STATE  
**HOUSING FINANCE  
COMMISSION**

Bill Rumpf  
*Chair*  
Steve Walker  
*Executive Director*

June 20, 2023

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, 2023, 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

May 31, 2023

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(See Accountant's Compilation Report)

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**Washington State Housing Finance Commission**  
**Statement of Net Position**  
**Fund: General Operating Fund**  
**Division: All**  
**May 31, 2023**  
(See Accountant's Compilation Report)

	<u>Current Year</u>	<u>Prior Year</u>	<u>Variance</u>	
			<u>Amount</u>	<u>%</u>
<b>ASSETS</b>				
Cash and Cash Equivalents:				
Demand Deposits	\$ 8,860,757	\$ 6,491,651	\$ 2,369,106	(1) 36%
Money Market Accounts	153,684,791	203,625,948	(49,941,157)	(1) -25%
Investment Securities	38,341,315	26,830,838	11,510,477	(1) 43%
Interest Receivable	880,903	178,827	702,076	(2) 393%
Fees Receivables	13,423,401	10,853,167	2,570,234	(3) 24%
Prepaid Expenses & Other Receivable	911,669	504,022	407,647	(4) 81%
Furniture and Fixtures (net of depreciation)	360,114	293,312	66,802	(5) 23%
Intangible Lease Asset (net of amortization)*	1,516,569	2,277,021	(760,452)	(6) -33%
Net Pension Asset*	5,925,841	-	5,925,841	NA
<i>Total Assets</i>	<u>223,905,360</u>	<u>251,054,786</u>	<u>(27,149,426)</u>	<u>-11%</u>
Deferred Outflow of Resources (Pension & OPEB Contributions) *	<u>1,960,676</u>	<u>2,338,037</u>	<u>(377,361)</u>	<u>-16%</u>
<i>Total Assets and Deferred Outflows</i>	<u>\$ 225,866,036</u>	<u>\$ 253,392,823</u>	<u>\$ (27,526,787)</u>	<u>-11%</u>
<b>LIABILITIES</b>				
Accounts Payable and Other Liabilities	\$ 3,754,697	\$ 2,253,740	\$ 1,500,957	(7) 67%
Unearned Fee Income	157,003,689	186,847,199	(29,843,510)	(8) -16%
Accrued Payroll Payable	1,656,458	1,463,156	193,302	(9) 13%
Lease Liability*	1,407,195	2,277,195	(870,000)	(6) -38%
Net Pension Liability *	4,144,035	5,906,223	(1,762,188)	-30%
<i>Total Liabilities</i>	<u>167,966,074</u>	<u>198,747,513</u>	<u>(30,781,439)</u>	<u>-15%</u>
Deferred Inflow of Resources (Change in Investment Return/Assumptions - Pension & OPEB) *	<u>7,567,112</u>	<u>2,383,349</u>	<u>5,183,763</u>	<u>217%</u>
<b>NET POSITION</b>				
Invested in Capital Assets	360,114	293,312	66,802	(5) 23%
Committed - Housing Washington *	496,505	473,047	23,458	5%
Unrestricted	49,476,231	51,495,602	(2,019,371)	-4%
<i>Total Net Position</i>	<u>50,332,850</u>	<u>52,261,961</u>	<u>(1,929,111)</u>	<u>-4%</u>
<i>Total Liabilities, Deferred Inflows and Net Position</i>	<u>\$ 225,866,036</u>	<u>\$ 253,392,823</u>	<u>\$ (27,526,787)</u>	<u>-11%</u>

- (1) Fluctuations in these accounts are considered in aggregate. The decrease is primarily due to the drawdown 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 0.70% as compared with 5.15% in the current year.
- (3) The increase in fees receivable is primarily due to an increase in receivables related to grants and 2nd half tax credit fees for Commission issued 4% bonds, while offset partly by a decrease in receivables related to the Citibank Securitization program.
- (4) The increase in prepaids and other receivables balance is primarily due to receivables related to principal and interest advanced on GNMA securities serviced by IHFA, as well as prepaids for software application maintenance and support expenses.
- (5) 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.
- (6) These accounts reflect the implementation of GASB 87 in which long-term, non-ownership-transferring leases are recorded as an intangible right-of-use asset and a lease liability. The balances are primarily related to the office rental contract.
- (7) The overall increase in accounts payable and other liabilities is primarily due to the recording of payables related to the interest earned on HAF program funds, offset by lower accruals associated with the Idaho Master Servicing Agreement and decrease of accruals for the quarterly transfer of Daily Price Program income to the Commission Fund.
- (8) The decrease in unearned fee income is primarily due to the drawdown of funds from the HAF program, established in Section 3206 of the American Rescue Plan Act of 2021.
- (9) The increase in accrued payroll payable is primarily due to higher vacation and sick leave balances.

\* These balances are adjusted only at year-end.



**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, 2023**  
(See Accountant's Compilation Report)

	Current Period	Current Year to Date	Prior Year to Date	Variance Amount	%
<i>Revenues:</i>					
Fee Income	\$ 2,220,934	\$ 27,858,848	\$ 45,101,161	\$ (17,242,313)	(1) -38%
Interest Earned & Realized Gain	967,579	8,649,788	1,080,483	7,569,305	(2) 701%
Other	25,276	224,185	322,434	(98,249)	(3) -30%
<b>Total Unadjusted Revenues</b>	<b>3,213,789</b>	<b>36,732,821</b>	<b>46,504,079</b>	<b>(9,771,258)</b>	<b>-21%</b>
<i>Expenses:</i>					
Salaries, Wages, and Employee Benefits	861,315	9,423,116	8,478,415	944,701	(4) 11%
Travel & Conferences	28,449	198,482	73,620	124,862	(5) 170%
Professional Fees	208,392	1,722,570	1,359,105	363,465	(6) 27%
Office Expense	227,327	2,354,904	2,035,782	319,122	(7) 16%
<b>Total Expenses</b>	<b>1,325,483</b>	<b>13,699,072</b>	<b>11,946,923</b>	<b>1,752,149</b>	<b>15%</b>
<i>Adjustments</i>					
<i>Revenues:</i>					
Unrealized Gain/(Loss) on Investments	(265,843)	606,531	(2,314,823)	2,921,354	-126%
Grant Revenue	4,608,664	32,459,366	6,308,744	26,150,622	415%
<i>Expenses:</i>					
Grant Pass-Through	4,608,664	32,459,366	6,308,744	26,150,622	415%
<b>Total Adjustments</b>	<b>(265,843)</b>	<b>606,531</b>	<b>(2,314,823)</b>	<b>2,921,354</b>	<b>-126%</b>
Excess of Revenues over Expenses	1,622,463	23,640,280	32,242,333	(8,602,053)	-27%
Less transfer to Commission Fund *	3,510	(88,677)	(4,501,884)	4,413,207	-98%
Excess of Revenues over Expenses (Net of Transfers)	1,625,973	23,551,603	27,740,449	(4,188,846)	-15%
<b>Net Position</b>					
Total net position, beginning of period	48,706,877	26,781,247	24,521,512	2,259,735	9%
Current Increase (Decrease) - to Net position	1,625,973	23,551,603	27,740,449	(4,188,846)	-15%
<b>Total net position, end of year</b>	<b>\$ 50,332,850</b>	<b>\$ 50,332,850</b>	<b>\$ 52,261,961</b>	<b>\$ (1,929,111)</b>	<b>-4%</b>

- (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 primarily due to the increase in rates. For example, the LGIP rate has increased from 0.70% in the prior period to a rate of 5.15% in the current period.
  - (3) The decrease in other income is primarily due to the previous year's recognition of administration fee revenue from the Foreclosure Fairness Program grant.
  - (4) The increase in salaries and benefits is attributable to the increase in salaries, primarily from the 3% cost of living increase plus the annual incremental increase, greater accruals related to higher leave balances, and additional health insurance fees.
  - (5) The increase in travel and conference expenses is primarily due to greater out-of-state travel expenses in the current year compared to the prior year.
  - (6) Professional fees increase is primarily due to greater property inspection fees in the Asset Management & Compliance Division, plus higher legal fees, including fees related to the Nooksack matter.
  - (7) The increase in office expenses is primarily due to higher database design, research, and support fees for projects related to the Commission's intranet, Homeownership Division's website, and Multifamily Housing Division's program applications, plus an increase in equipment expense related to laptop purchases for staff to replace older desktop computers.
- \* 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.

**Washington State Housing Finance Commission**  
**Detailed Statement of Activities**  
**Fund: General Operating Fund**  
**Division: All**  
**For The Year To Date Ending: May 31, 2023**  
(See Accountant's Compilation Report)

	Variance-YTD vs. PY Actuals		Prior YTD	YTD	YTD	Variance-YTD Budget to Actual	
	%	Amount	Actual	Actual	Budget	Amount	%
<i>Revenues:</i>							
Program Fees	10.9%	\$ 1,882,237	\$ 17,277,545	\$ 19,159,782	\$ 18,980,481	\$ 179,301	0.9%
Issuance, Application, and Servicing Fees	-68.7%	(19,124,550)	27,823,616	8,699,066	11,429,011	(2,729,945)	-23.9%
Interest Earned & Realized Gain	700.5%	7,569,305	1,080,483	8,649,788	1,133,052	7,516,736	663.4%
Other Income	-30.5%	(98,249)	322,434	224,185	616,733	(392,548)	-63.6%
<b>Total Unadjusted Revenues</b>	<b>-21.0%</b>	<b>(9,771,257)</b>	<b>46,504,079</b>	<b>36,732,820</b>	<b>32,159,277</b>	<b>4,573,544</b>	<b>14.2%</b>
<i>Expenses:</i>							
Salaries & Wages - Staff & Temp. Svcs	9.8%	644,332	6,543,510	7,187,842	8,377,257	(1,189,415)	-14.2%
Employee Benefits - Staff	15.5%	300,368	1,934,906	2,235,274	2,525,571	(290,297)	-11.5%
Conference, Education & Training	29.9%	12,572	42,052	54,624	98,402	(43,778)	-44.5%
Travel out of state - Staff	610.2%	93,046	15,249	108,295	196,992	(88,697)	-45.0%
Travel in state - Staff	117.9%	19,244	16,319	35,563	98,207	(62,644)	-63.8%
Accounting Fees	22.6%	26,390	116,699	143,089	121,917	21,172	17.4%
Legal Fees	16.8%	78,379	467,453	545,832	578,417	(32,585)	-5.6%
Financial Advisor Fees	2.7%	7,500	275,000	282,500	324,317	(41,817)	-12.9%
Investment Management Fees	7.5%	11,260	150,789	162,049	183,333	(21,284)	-11.6%
Office Rent/Conf. Room Rentals	-18.7%	(157,913)	846,332	688,419	863,668	(175,249)	-20.3%
Furniture & Equipment Rental	42.3%	7,015	16,592	23,607	20,367	3,240	15.9%
Advertising	1410.7%	46,893	3,324	50,217	393,620	(343,403)	-87.2%
Publications/ Subscriptions/ Dues	15.0%	11,249	74,969	86,218	98,009	(11,791)	-12.0%
Deliveries	-15.6%	(332)	2,135	1,803	5,289	(3,486)	-65.9%
Insurance	6.8%	3,405	49,888	53,293	55,917	(2,624)	-4.7%
Meeting Expense	1142.2%	45,335	3,969	49,304	104,750	(55,446)	-52.9%
Equipment & Building Maintenance	-76.6%	(30,430)	39,743	9,313	85,097	(75,784)	-89.1%
Software Maint. Support & Other Info Svcs	33.8%	270,450	801,042	1,071,492	1,102,260	(30,768)	-2.8%
Non-capitalized Equipment/Supplies	290.5%	99,103	34,119	133,222	104,534	28,688	27.4%
Postage	-62.6%	(2,330)	3,725	1,395	6,848	(5,453)	-79.6%
Printing	-67.2%	(3,042)	4,530	1,488	17,844	(16,356)	-91.7%
State Services	-32.6%	(852)	2,613	1,761	13,723	(11,962)	-87.2%
Supplies	60.3%	9,364	15,540	24,904	31,717	(6,813)	-21.5%
Telephone	-1.7%	(847)	50,482	49,635	73,036	(23,401)	-32.0%
Contract Services	68.7%	239,935	349,165	589,100	1,083,958	(494,858)	-45.7%
Depreciation	25.4%	22,057	86,779	108,836	130,611	(21,775)	-16.7%
<b>Total Expenses</b>	<b>14.7%</b>	<b>1,752,151</b>	<b>11,946,927</b>	<b>13,699,075</b>	<b>16,695,661</b>	<b>(2,996,586)</b>	<b>-17.9%</b>
<i>Adjustments</i>							
<i>Revenues:</i>							
Unrealized Investments Gain/(Loss)	-126.2%	2,921,354	(2,314,823)	606,531	-	606,531	NA
Grant Revenue	414.5%	26,150,622	6,308,744	32,459,366	44,948,313	(12,488,947)	-27.8%
<i>Expenses:</i>							
Grant Pass-Through	414.5%	26,150,622	6,308,744	32,459,366	44,948,313	(12,488,947)	-27.8%
	-126.2%	2,921,354	(2,314,823)	606,531	-	606,531	NA
<b>Excess of Revenues over Expenses- adjusted</b>	<b>-26.7%</b>	<b>(8,602,054)</b>	<b>32,242,329</b>	<b>23,640,276</b>	<b>15,463,616</b>	<b>8,176,661</b>	<b>52.9%</b>
Less transfer to Commission Fund	-98.0%	4,413,207	(4,501,884)	(88,677)	-	(88,677)	NA
<b>Excess of Revenues over Expenses (Net of Transfers)</b>	<b>-15.1%</b>	<b>\$ (4,188,846)</b>	<b>\$ 27,740,445</b>	<b>\$ 23,551,599</b>	<b>\$ 15,463,616</b>	<b>\$ 8,087,984</b>	<b>52.3%</b>



WASHINGTON STATE  
**HOUSING FINANCE  
COMMISSION**

Bill Rumpf  
*Chair*  
Steve Walker  
*Executive Director*

May 19, 2023

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, 2023, 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, 2023

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(See Accountant's Compilation Report)

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**Washington State Housing Finance Commission**  
**Statement of Net Position**  
**Fund: General Operating Fund**  
**Division: All**

**April 30, 2023**

(See Accountant's Compilation Report)

	<u>Current Year</u>	<u>Prior Year</u>	<u>Variance</u>	
			<u>Amount</u>	<u>%</u>
<b>ASSETS</b>				
Cash and Cash Equivalents:				
Demand Deposits	\$ 6,397,942	\$ 2,476,101	\$ 3,921,841	(1) 158%
Money Market Accounts	157,548,774	46,982,126	110,566,648	(1) 235%
Investment Securities	37,705,685	30,081,424	7,624,261	(1) 25%
Interest Receivable	857,994	153,577	704,417	(2) 459%
Fees Receivables	16,067,549	11,556,648	4,510,901	(3) 39%
Prepaid Expenses & Other Receivable	746,954	473,951	273,003	(4) 58%
Furniture and Fixtures (net of depreciation)	371,736	302,396	69,340	(5) 23%
Intangible Lease Asset (net of amortization)*	1,516,569	2,277,021	(760,452)	(6) -33%
Net Pension Asset*	5,925,841	-	5,925,841	NA
<i>Total Assets</i>	<u>227,139,044</u>	<u>94,303,244</u>	<u>132,835,800</u>	<u>141%</u>
Deferred Outflow of Resources (Pension & OPEB Contributions) *	<u>1,960,676</u>	<u>2,338,037</u>	<u>(377,361)</u>	<u>-16%</u>
<i>Total Assets and Deferred Outflows</i>	<u>\$ 229,099,720</u>	<u>\$ 96,641,281</u>	<u>\$ 132,458,439</u>	<u>137%</u>
<b>LIABILITIES</b>				
Accounts Payable and Other Liabilities	\$ 3,659,298	\$ 2,160,809	\$ 1,498,489	(7) 69%
Unearned Fee Income	161,957,519	32,531,029	129,426,490	(8) 398%
Accrued Payroll Payable	1,657,684	1,445,568	212,116	(9) 15%
Lease Liability*	1,407,195	2,277,195	(870,000)	(6) -38%
Net Pension Liability *	4,144,035	5,906,223	(1,762,188)	-30%
<i>Total Liabilities</i>	<u>172,825,731</u>	<u>44,320,824</u>	<u>128,504,907</u>	<u>290%</u>
Deferred Inflow of Resources (Change in Investment Return/Assumptions - Pension & OPEB) *	<u>7,567,112</u>	<u>2,383,349</u>	<u>5,183,763</u>	<u>217%</u>
<b>NET POSITION</b>				
Invested in Capital Assets	371,736	302,396	69,340	(5) 23%
Committed - Housing Washington *	496,505	473,047	23,458	5%
Unrestricted	47,838,636	49,161,665	(1,323,029)	-3%
<i>Total Net Position</i>	<u>48,706,877</u>	<u>49,937,108</u>	<u>(1,230,231)</u>	<u>-2%</u>
<i>Total Liabilities, Deferred Inflows and Net Position</i>	<u>\$ 229,099,720</u>	<u>\$ 96,641,281</u>	<u>\$ 132,458,439</u>	<u>137%</u>

- (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 0.40% as compared with 4.93% in the current year.
- (3) The increase in fees receivables is primarily due to an increase in receivables related to grants, 2nd half tax credit fees for Commission issued 4% bonds, and semi-annual Commission fees, while offset by a decrease in Down Payment Assistance loans in the Homeownership program.
- (4) The increase in prepaids and other receivables balance is primarily due to receivables related to principal and interest advanced on GNMA securities serviced by IHFA.
- (5) 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.
- (6) These accounts reflect the implementation of GASB 87 in which long-term, non-ownership-transferring leases are recorded as an intangible right-of-use asset and a lease liability. The balances are primarily related to the office rental contract.
- (7) The overall increase in accounts payable and other liabilities is primarily due to the recording of payables related to the interest earned on HAF program funds, offset by lower accruals associated with the Idaho Master Servicing Agreement and a decrease of accruals for the quarterly transfer of Daily Price Program income to the Commission Fund.
- (8) 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.
- (9) The increase in payroll and related costs is attributable to higher vacation and sick leave balances.

\* These balances are adjusted only at year-end.

**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, 2023**  
(See Accountant's Compilation Report)

	Current Period	Current Year to Date	Prior Year to Date	Variance Amount	%
<i>Revenues:</i>					
Fee Income	\$ 1,934,279	\$ 25,637,914	\$ 42,047,402	\$ (16,409,488)	(1) -39%
Interest Earned & Realized Gain	959,661	7,682,209	840,414	6,841,795	(2) 814%
Other	9,839	198,909	302,625	(103,716)	(3) -34%
<b>Total Unadjusted Revenues</b>	<b>2,903,779</b>	<b>33,519,032</b>	<b>43,190,442</b>	<b>(9,671,410)</b>	<b>-22%</b>
<i>Expenses:</i>					
Salaries, Wages, and Employee Benefits	869,354	8,561,800	7,716,278	845,522	(4) 11%
Travel & Conferences	6,517	170,033	53,061	116,972	(5) 220%
Professional Fees	250,982	1,514,178	1,241,037	273,141	(6) 22%
Office Expense	203,663	2,127,578	1,838,911	288,667	(7) 16%
<b>Total Expenses</b>	<b>1,330,516</b>	<b>12,373,589</b>	<b>10,849,288</b>	<b>1,524,301</b>	<b>14%</b>
<i>Adjustments</i>					
<i>Revenues:</i>					
Unrealized Gain/(Loss) on Investments	236,511	872,374	(2,591,642)	3,464,016	-134%
Grant Revenue	3,307,141	27,850,701	5,540,596	22,310,105	403%
<i>Expenses:</i>					
Grant Pass-Through	3,307,141	27,850,701	5,540,596	22,310,105	403%
<b>Total Adjustments</b>	<b>236,511</b>	<b>872,374</b>	<b>(2,591,642)</b>	<b>3,464,016</b>	<b>-134%</b>
Excess of Revenues over Expenses	1,809,774	22,017,817	29,749,512	(7,731,695)	-26%
Less transfer to Commission Fund *	26,047	(92,187)	(4,333,916)	4,241,729	-98%
Excess of Revenues over Expenses (Net of Transfers)	1,835,821	21,925,630	25,415,596	(3,489,966)	-14%
<b>Net Position</b>					
Total net position, beginning of period	46,871,056	26,781,247	24,521,512	2,259,735	9%
Current Increase (Decrease) - to Net position	1,835,821	21,925,630	25,415,596	(3,489,966)	-14%
<b>Total net position, end of year</b>	<b>\$ 48,706,877</b>	<b>\$ 48,706,877</b>	<b>\$ 49,937,108</b>	<b>\$ (1,230,231)</b>	<b>-2%</b>

(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 primarily due to the increase in rates. For example, the LGIP rate has increased from 0.40% in the prior period to a rate of 4.93% in the current period.

(3) The decrease in other income is primarily due to the previous year's recognition of administration fee revenue from the Foreclosure Fairness Program grant.

(4) The increase in salaries and benefits is attributable to the increase in salaries, primarily from the 3% cost of living increase received at the beginning of the fiscal year, greater accruals related to higher leave balances, and additional health insurance fees.

(5) The increase in travel and conference expenses is primarily due to greater out-of-state travel expenses in the current year compared to the prior year.

(6) Professional fees increase is primarily due to greater property inspection fees in the Asset Management & Compliance Division, plus higher legal fees, including fees related to the Nooksack matter.

(7) The increase in office expenses is primarily due to higher database design, research, and support fees for projects related to the Commission's intranet, Homeownership Division's website, and Multifamily Housing Division's program applications.

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**Washington State Housing Finance Commission**  
**Detailed Statement of Activities**  
**Fund: General Operating Fund**  
**Division: All**  
**For The Year To Date Ending: April 30, 2023**  
(See Accountant's Compilation Report)

	Variance-YTD vs. PY Actuals		Prior YTD	YTD	YTD	Variance-YTD Budget to Actual	
	%	Amount	Actual	Actual	Budget	Amount	%
<i>Revenues:</i>							
Program Fees	11.5%	\$ 1,836,946	\$ 15,972,611	\$ 17,809,557	\$ 17,254,983	\$ 554,574	3.2%
Issuance, Application, and Servicing Fees	-70.0%	(18,246,434)	26,074,791	7,828,357	10,390,010	(2,561,653)	-24.7%
Interest Earned & Realized Gain	814.1%	6,841,795	840,414	7,682,209	1,030,048	6,652,161	645.8%
Other Income	-34.3%	(103,716)	302,625	198,909	560,667	(361,758)	-64.5%
<b>Total Unadjusted Revenues</b>	<b>-22.4%</b>	<b>(9,671,409)</b>	<b>43,190,442</b>	<b>33,519,031</b>	<b>29,235,708</b>	<b>4,283,324</b>	<b>14.7%</b>
<i>Expenses:</i>							
Salaries & Wages - Staff & Temp. Svcs	9.7%	577,746	5,955,889	6,533,635	7,615,688	(1,082,053)	-14.2%
Employee Benefits - Staff	15.2%	267,777	1,760,389	2,028,166	2,295,974	(267,808)	-11.7%
Conference, Education & Training	36.2%	13,336	36,882	50,218	89,457	(39,239)	-43.9%
Travel out of state - Staff	615.6%	82,661	13,427	96,088	179,083	(82,995)	-46.3%
Travel in state - Staff	762.5%	20,976	2,751	23,727	89,279	(65,552)	-73.4%
Accounting Fees	12.0%	14,026	116,699	130,725	119,833	10,892	9.1%
Legal Fees	16.3%	67,711	415,381	483,092	525,833	(42,741)	-8.1%
Financial Advisor Fees	2.6%	6,500	250,000	256,500	294,833	(38,333)	-13.0%
Investment Management Fees	8.1%	11,112	136,911	148,023	166,667	(18,644)	-11.2%
Office Rent/Conf. Room Rentals	-16.6%	(127,598)	769,372	641,774	785,153	(143,379)	-18.3%
Furniture & Equipment Rental	43.3%	6,502	15,010	21,512	18,516	2,996	16.2%
Advertising	24620.6%	46,533	189	46,722	357,837	(311,115)	-86.9%
Publications/ Subscriptions/ Dues	15.2%	10,300	67,717	78,017	89,099	(11,082)	-12.4%
Deliveries	-30.6%	(653)	2,135	1,482	4,808	(3,326)	-69.2%
Insurance	6.8%	3,096	45,426	48,522	50,833	(2,311)	-4.5%
Meeting Expense	5760.1%	40,839	709	41,548	95,417	(53,869)	-56.5%
Equipment & Building Maintenance	-77.7%	(30,599)	39,383	8,784	77,361	(68,577)	-88.6%
Software Maint. Support & Other Info Svcs	32.6%	232,859	713,436	946,295	1,002,055	(55,760)	-5.6%
Non-capitalized Equipment/Supplies	268.7%	91,671	34,119	125,790	95,031	30,759	32.4%
Postage	-65.7%	(2,396)	3,646	1,250	6,225	(4,975)	-79.9%
Printing	-65.2%	(2,670)	4,092	1,422	16,222	(14,800)	-91.2%
State Services	-41.6%	(1,087)	2,613	1,526	12,475	(10,949)	-87.8%
Supplies	67.7%	9,630	14,216	23,846	28,833	(4,987)	-17.3%
Telephone	-14.9%	(7,313)	49,115	41,802	66,397	(24,595)	-37.0%
Contract Services	54.0%	173,793	322,047	495,840	985,417	(489,577)	-49.7%
Depreciation	25.2%	19,554	77,734	97,288	118,738	(21,450)	-18.1%
<b>Total Expenses</b>	<b>14.0%</b>	<b>1,524,306</b>	<b>10,849,291</b>	<b>12,373,594</b>	<b>15,187,064</b>	<b>(2,813,470)</b>	<b>-18.5%</b>
<i>Adjustments</i>							
<i>Revenues:</i>							
Unrealized Investments Gain/(Loss)	-133.7%	3,464,016	(2,591,642)	872,374	-	872,374	NA
Grant Revenue	402.7%	22,310,105	5,540,596	27,850,701	40,862,103	(13,011,402)	-31.8%
<i>Expenses:</i>							
Grant Pass-Through	402.7%	22,310,105	5,540,596	27,850,701	40,862,103	(13,011,402)	-31.8%
	-133.7%	3,464,016	(2,591,642)	872,374	-	872,374	NA
<b>Excess of Revenues over Expenses- adjusted</b>	<b>-26.0%</b>	<b>(7,731,699)</b>	<b>29,749,509</b>	<b>22,017,811</b>	<b>14,048,644</b>	<b>7,969,168</b>	<b>56.7%</b>
Less transfer to Commission Fund	-97.9%	4,241,729	(4,333,916)	(92,187)	-	(92,187)	NA
<b>Excess of Revenues over Expenses (Net of Transfers)</b>	<b>-13.7%</b>	<b>\$ (3,489,969)</b>	<b>\$ 25,415,593</b>	<b>\$ 21,925,624</b>	<b>\$ 14,048,644</b>	<b>\$ 7,876,981</b>	<b>56.1%</b>

**From:** Estela Ortega <[eortega@elcentrodelaraza.org](mailto:eortega@elcentrodelaraza.org)>

**Sent:** Tuesday, May 30, 2023 9:30 AM

**To:** Estela Ortega <[eortega@elcentrodelaraza.org](mailto:eortega@elcentrodelaraza.org)>

**Cc:** Ashley Haugen <[ahaugen@elcentrodelaraza.org](mailto:ahaugen@elcentrodelaraza.org)>

**Subject:** The Four Amigos-Beloved Community Groundbreaking Ceremony on June 14th

# The Four Amigos – Beloved Community Groundbreaking Ceremony

3818 S Angeline St, Seattle, WA 98118





El Centro de la Raza would like to formally invite you to the Groundbreaking Ceremony of The Four Amigos – Beloved Community. This mixed use development will include 87-units of affordable housing, a new four-classroom Jose Marti Child Development Center, Consejo Counseling Services offices, and Church of Hope worship space located in the Columbia City neighborhood of Seattle.

Please email [Camila Puelpan](#) to RSVP.

We look forward to welcoming you on this special day!

Gracias,



Estela Ortega  
Executive Director

June 2023

14

11 AM - 12 PM

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➤ **Special Thanks to our Partners and Funders!**

**Partners**

- Beacon Development Group
- SMR Architects
- Walsh Construction
- Church of Hope
- 7 Directions
- Fulgencio Lazo
- Milvia Pacheco
- Maria Guillen-Valdovinos
- Gonzalo Espinosa
- Ware Malcomb
- Allied Residential

### ***Funders***

- Amazon
- ArtsFund
- Bank of America
- City of Seattle Office of Arts and Culture
- City of Seattle Human Services Department
- City of Seattle Office of Housing
- City of Seattle Office of Planning and Community Development
- Enterprise Community Partners
- Enterprise Housing Credit Investments
- Heritage Bank
- HumanGood
- Impact Capital
- King County Puget Sound Taxpayer Accountability Account
- King County 4Culture
- Norcliffe Foundation
- Sunderland Foundation
- Washington Community Reinvestment Association
- WA State Department of Commerce National Housing Trust Fund Program
- WA State Department of Commerce Housing Trust Fund
- WA State Housing Finance Commission

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You are receiving this email because you have opted in through a donation or through our website.

**Our mailing address is:**

El Centro de la Raza  
2524 16th Ave S  
Seattle, WA 98144-5104

**From:** [Tera Ahlborn](#)  
**Subject:** FW: June 15th Copper Way groundbreaking  
**Date:** Friday, June 2, 2023 1:33:59 PM

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For the packet.

Thx!

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**From:** Brian Kristjansson <brian@desimonecg.com>  
**Sent:** Friday, June 2, 2023 10:52 AM  
**To:** Tera Ahlborn <Tera.Ahlborn@wshfc.org>; Steve Walker <steve.walker@wshfc.org>; Lisa Vatske <Lisa.Vatske@wshfc.org>  
**Cc:** Joey Launceford <joeyl@inlandconstruction.com>  
**Subject:** RE: June 15th Copper Way groundbreaking

Thanks Tera!

---

**From:** Tera Ahlborn <[Tera.Ahlborn@wshfc.org](mailto:Tera.Ahlborn@wshfc.org)>  
**Sent:** Friday, June 2, 2023 8:12 AM  
**To:** Brian Kristjansson <[brian@desimonecg.com](mailto:brian@desimonecg.com)>; Steve Walker <[steve.walker@wshfc.org](mailto:steve.walker@wshfc.org)>; Lisa Vatske <[Lisa.Vatske@wshfc.org](mailto:Lisa.Vatske@wshfc.org)>  
**Cc:** Joey Launceford <[joeyl@inlandconstruction.com](mailto:joeyl@inlandconstruction.com)>  
**Subject:** RE: June 15th Copper Way groundbreaking

Good morning, Brian,

Both Steve and Lisa out of the office on this date. I can find out if any board members are available and get back to you. Stay tuned!

Thank you,

Tera Ahlborn  
*Executive Assistant to Steve Walker & Board Liaison*  
[Washington State Housing Finance Commission](#)  
1000 2<sup>nd</sup> Ave. Ste. 2700  
Seattle, WA 98104  
Desk(206) 287-4470 | Cell (253) 691-0780

---

**From:** Brian Kristjansson <[brian@desimonecg.com](mailto:brian@desimonecg.com)>  
**Sent:** Thursday, June 1, 2023 6:50 PM  
**To:** Steve Walker <[steve.walker@wshfc.org](mailto:steve.walker@wshfc.org)>; Lisa Vatske <[Lisa.Vatske@wshfc.org](mailto:Lisa.Vatske@wshfc.org)>; Tera Ahlborn <[Tera.Ahlborn@wshfc.org](mailto:Tera.Ahlborn@wshfc.org)>

**Cc:** Joey Launceford <[joeyl@inlandconstruction.com](mailto:joeyl@inlandconstruction.com)>

**Subject:** June 15th Copper Way groundbreaking

Steve, Lisa and Tera,

Hope you're all doing well. We are barreling toward a construction start of June 12<sup>th</sup> in Spanaway for Copper Way. (Fingers crossed.)

We'd like to do a simple groundbreaking event on June 15<sup>th</sup> at 10:30am to recognize the funders and key champions – Commission, EIHF/credit unions, Pierce Co. CM Ryan Mello. Would love to have you, Steve and Lisa, but if you're not available could we explore board members' avail to attend and provide remarks?

Thank you!

BK

Brian Kristjansson  
Desimone Consulting Group  
206.550.7389

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# Events Calendar

<b>Date</b>	6/22/2023	<b>Length of Event</b>	1:00 PM - 4:00 PM
<b>Event</b>	Board Meeting (Hybrid)	<b>Audience</b>	General Public
<b>Address</b>	Zoom/1000 2nd Ave-28th Flr. Board Room	<b>Division</b>	Administration
<b>City</b>	Seattle, 98104	<b>Contact</b>	Tera Ahlborn
		<b>Phone # of Contact</b>	206-287-4470

<b>Date</b>	7/27/2023	<b>Length of Event</b>	1:00 PM - 4:00 PM
<b>Event</b>	Board Meeting (Hybrid)	<b>Audience</b>	General Public
<b>Address</b>	Zoom/1000 2nd Ave-28th Flr. Board Room	<b>Division</b>	Administration
<b>City</b>	Seattle, 98104	<b>Contact</b>	Tera Ahlborn
		<b>Phone # of Contact</b>	206-287-4470

<b>Date</b>	8/24/2023	<b>Length of Event</b>	1:00 PM - 4:00 PM
<b>Event</b>	Board Meeting (Hybrid)	<b>Audience</b>	General Public
<b>Address</b>	Zoom/1000 2nd Ave-28th Flr. Board Room	<b>Division</b>	Administration
<b>City</b>	Seattle, 98104	<b>Contact</b>	Tera Ahlborn
		<b>Phone # of Contact</b>	206-287-4470

<b>Date</b>	9/28/2023	<b>Length of Event</b>	1:00 PM - 4:00 PM
<b>Event</b>	Board Meeting & Work Session (Hybrid)	<b>Audience</b>	General Public
<b>Address</b>	Zoom/1000 2nd Ave-28th Flr. Board Room	<b>Division</b>	Administration
<b>City</b>	Seattle, 98104	<b>Contact</b>	Tera Ahlborn
		<b>Phone # of Contact</b>	206-287-4470

<b>Date</b>	10/3/2023	<b>Length of Event</b>	TBD
<b>Event</b>	Housing Washington 2023 Conference	<b>Audience</b>	Conf. Attendess
<b>Address</b>	Greater Tacoma Convention Center	<b>Division</b>	Administration
<b>City</b>	Tacoma	<b>Contact</b>	Tera Ahlborn
		<b>Phone # of Contact</b>	206-287-4470

<b>Date</b>	10/4/2023	<b>Length of Event</b>	TBD
<b>Event</b>	Housing Washington 2023 Conference	<b>Audience</b>	Conf. Attendess
<b>Address</b>	Greater Tacoma Convention Center	<b>Division</b>	Administration
<b>City</b>	Tacoma	<b>Contact</b>	Tera Ahlborn
		<b>Phone # of Contact</b>	206-287-4470

<b>Date</b>	10/5/2023	<b>Length of Event</b>	TBD
<b>Event</b>	Housing Washington 2023 Conference	<b>Audience</b>	Conf. Attendess
<b>Address</b>	Greater Tacoma Convention Center	<b>Division</b>	Administration
<b>City</b>	Tacoma	<b>Contact</b>	Tera Ahlborn
		<b>Phone # of Contact</b>	206-287-4470

<b>Date</b>	10/14/2023	<b>Length of Event</b>	All day
<b>Event</b>	2023 NCSHA Ann'l. Conf. & Showplace	<b>Audience</b>	Conf. Attendees
<b>Address</b>	Sheraton Boston Hotel	<b>Division</b>	Administration
<b>City</b>	Boston, MA	<b>Contact</b>	Tera Ahlborn
		<b>Phone # of Contact</b>	206-287-4470

<b>Date</b>	10/15/2023	<b>Length of Event</b>	All day
<b>Event</b>	2023 NCSHA Ann'l. Conf. & Showplace	<b>Audience</b>	Conf. Attendees
<b>Address</b>	Sheraton Boston Hotel	<b>Division</b>	Administration
<b>City</b>	Boston, MA	<b>Contact</b>	Tera Ahlborn
		<b>Phone # of Contact</b>	206-287-4470

<b>Date</b>	10/16/2023	<b>Length of Event</b>	All day
<b>Event</b>	2023 NCSHA Ann'l. Conf. & Showplace	<b>Audience</b>	Conf. Attendees
<b>Address</b>	Sheraton Boston Hotel	<b>Division</b>	Administration
<b>City</b>	Boston, MA	<b>Contact</b>	Tera Ahlborn
		<b>Phone # of Contact</b>	206-287-4470

<b>Date</b>	10/17/2023	<b>Length of Event</b>	All day
<b>Event</b>	2023 NCSHA Ann'l. Conf. & Showplace	<b>Audience</b>	Conf. Attendees
<b>Address</b>	Sheraton Boston Hotel	<b>Division</b>	Administration
<b>City</b>	Boston, MA	<b>Contact</b>	Tera Ahlborn
		<b>Phone # of Contact</b>	206-287-4470

<b>Date</b>	10/26/2023	<b>Length of Event</b>	1:00 PM - 4:00 PM
<b>Event</b>	Board Meeting (Hybrid)	<b>Audience</b>	General Public
<b>Address</b>	Zoom/1000 2nd Ave-28th Flr. Board Room	<b>Division</b>	Administration
<b>City</b>	Seattle, 98104	<b>Contact</b>	Tera Ahlborn
		<b>Phone # of Contact</b>	206-287-4470

<b>Date</b>	11/16/2023	<b>Length of Event</b>	10:00 AM - 4:00 PM
<b>Event</b>	Board Meeting & Work Session (Hybrid)	<b>Audience</b>	General Public
<b>Address</b>	Zoom/1000 2nd Ave-28th Flr. Board Room	<b>Division</b>	Administration
<b>City</b>	Seattle, 98104	<b>Contact</b>	Tera Ahlborn
		<b>Phone # of Contact</b>	206-287-4470

<b>Date</b>	12/7/2023	<b>Length of Event</b>	1:00 PM - 4:00 PM
<b>Event</b>	Board Meeting (Hybrid)	<b>Audience</b>	General Public
<b>Address</b>	Zoom/1000 2nd Ave-28th Flr. Board Room	<b>Division</b>	Administration
<b>City</b>	Seattle, 98104	<b>Contact</b>	Tera Ahlborn
		<b>Phone # of Contact</b>	206-287-4470