

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.