The Washington State Housing Trust Fund: It mattered then, it matters now

For this issue of My View, I wanted to write the “inside” history of the state’s Housing Trust Fund (HTF). I thought it would be both interesting and fun to remind everyone associated with the Trust Fund just how it came into being, how small it started and how a dedicated group of people can make a difference. The HTF has now reached two milestones: $100 million, a goal set about 12 years ago by the Low Income Housing Congress (now the Low Income Housing Alliance); and, its twentieth anniversary, which will be celebrated in 2006.

Unfortunately, in the brief space of this article, it’s impossible to acknowledge all of those who played a part in its creation and infancy. My goal was to capture the story from some of the major players but there were many others who played important roles. After almost 20 years, it was good to go back and hear the key details. I think it’s a story worth hearing again—and honoring.
The Washington State Housing Trust Fund:
It mattered then, it matters now

The history of the state’s Housing Trust Fund (HTF) starts with the response from a coalition of advocates to the major funding cuts emanating from Washington D.C. under the Reagan administration. For decades, the federal government had helped subsidize rental housing and underwrite home loans for low-income families through HUD and other programs. By Reagan’s second term, two-thirds of the housing money was gone. Local housing authorities tried their best to address what was clearly a burgeoning need. Many nonprofits and committed individuals also worked hard to help bridge the gap between housing needs and affordability, but even some of them disappeared from the scene, victims of the cuts.

As late as 1986, relatively little had been allocated from the state’s budget for creating or preserving affordable housing. What little that was allocated went only to support homeless shelters. For the nonprofit housing organizations and public agencies, it was to be an epic battle to educate the legislature about the need to do more about housing on the local level, and then pass the “empty bucket bill” that established the Housing Trust Fund in 1986. Almost as much effort was required, again, to fund the vehicle with its first $1 million allocated in 1987. After that, we acquired some momentum, culminating in the Capital Forum of 1989-1990, which established housing as a priority of ongoing importance to the state, alongside education and the environment.

A HOUSING TRUST FUND FOR WASHINGTON: “WE NEED ONE HERE”

The Washington State Housing Trust Fund was created because it is absolutely critical to the work of supporting affordable housing here in Washington. Many people recognized this; many fought for it. But every great cause needs someone at the very beginning to ring the bell in the town square and pull people in. In the case of the Trust Fund, that person was Sharon Lee.

Sharon is currently the executive director of the Low Income Housing Institute. In 1985, she was a staffer for City Councilman Paul Kraabel, working on Seattle’s urban redevelopment committee. Some two years earlier, she’d successfully lobbied the state legislature to sign off on some $800,000 to help rehabilitate the Mount Baker Apartments in SE Seattle, home to many low-income refugee families. Gary Locke, then head of the House Appropriations Committee, was the prime legislative supporter of this.

“It became very clear to me then that we needed a state force for affordable housing,” says Sharon. In the mid-80s, she became aware of a national push—orchestrated by the Center for Community Change and led by Mary Brooks—to set up housing trust funds. The Center had produced a publication describing how to create a housing trust fund. “I read that,” Sharon describes, “and I said, ‘we need one here.’”

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Sharon is a dynamic, moving-mountains kind of person, and it didn’t take her long to gather a coalition. The Housing Trust Fund Coalition pulled in people from across the spectrum: churches, nonprofit housers, housing authorities, local governments. “It took off pretty quickly,” she recalls. “It was effective, because it was targeted.”

Working with City of Seattle lobbyist Randy Scott and other city representatives, she got the attention of State Senators Frank Warnke and George Fleming and Representative Gary Locke. Their support marked the successful conclusion of the initial phase of the effort to create a housing trust fund for Washington State.

**ONE OF THE FIRST HTFS IN THE U.S.**

Washington was one of the first states to have a housing trust fund. And we were the first state that passed the legislation on the first try, according to former Senate Committee Counsel Dave Cheal.

At the time, the idea was radical to many, and educating people about the need for the state to play a role in producing housing was a huge component of the process. Everyone involved with getting Senate Bill 4626 on the books—and ultimately funded—speaks of this time with pride.

In August 1985, prior to the 1986 legislative session, the Senate Commerce and Labor Committee held its first hearing on involving the state in funding low-income housing. Frank Warnke, committee chair, was a strong advocate, as was committee member George Fleming. They were among the first Washington State legislators to directly take on housing as an issue. Says Sharon Lee, “Frank Warnke and George Fleming on the Senate side were tremendous advocates for this.”

Frank Warnke puts it simply, “the housing trust fund idea helped to bring housing issues to the forefront in Washington State. There was no program in which the state was involved in providing monies for low-cost housing and for developing housing programs. It just seemed to me that the time was right.”

“There were people who were interested, but before that time it was really on the back burner,” says Bill Lynch, who was Senate staff coordinator during this time. Like many of those who pushed for the HTF’s creation, he believes it set in motion a statewide groundswell of support for low-income housing. He remembers many legislators’ initial reluctance to wade into the housing arena. For some, it was akin to “walking into an abyss that could drain all the state coffers—because we’d never be able to address all the need.” For Bill, the Housing Trust Fund effort was “really important to show the legislature that they can put together a housing program that does these important things, is viable—and it’s not going to suck the state dry.”

Frank Warnke puts it simply, “the housing trust fund idea helped to bring housing issues to the forefront in Washington State. There was no program in which the state was involved in providing monies for low-cost housing and for developing housing programs. It just seemed to me that the time was right. I had some staff members who were very interested in making this happen. And I was able to turn them loose and say run this down and let’s get a bill and let’s put it together.”
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CREATING THE MODEL

In the fall of 1985, Dave Cheal was in the fortunate position of joining the Commerce and Labor Committee as a committee counsel—just as the legislative ball got rolling. Ron Sims, then on Senate Majority Leader George Fleming’s staff, tapped him to be the designated bill writer and shepherd. Dave retired as a senate counsel in 2001 and, he says, “One of my fondest memories of legal work was this bill.”

He points to a helpful series of meetings with California-based David Paul Rosen at the outset of the bill’s creation. The Commission had hired Rosen, a development and financial consultant on affordable housing and a housing trust fund expert, to help formulate funding strategies.

Those sessions were memorable. At the time, Rosen was working through a grant to help states establish housing trust funds. Rosen’s knowledge of the various funding mechanisms that could be utilized for the HTF was essential to giving shape and direction to the bill. “He had a tremendous wealth of technical expertise,” Dave recalls. “The two days that he was here were a shot in the arm for everyone—particularly on the technical side.”

Dave helped organize a strong working group made up of housing advocates, nonprofits and local governments. Sharon Lee continued to play an important role. “She was probably the lead individual not connected with an agency in lobbying for this thing: she was tireless and very effective.” Lee and others like Steve Fredrickson of Evergreen Legal Services and Kurt Creager, representing King County, participated on the “pro” side of the HTF in a series of hearings held in the legislature.

Dave retired as a senate counsel in 2001 and, he says, “One of my fondest memories of legal work was this bill.”
The sticking point, as it so often is, was funding. The original proposal, based on the models offered by the relatively few states that had renewable non-general fund sources at the time, called for HTF revenues to be derived from a range of real estate-related sources:

- An increase in the Washington State real estate excise tax
- Interest on mortgage escrow accounts
- Aggregated interest on escrow agents’ trust accounts
- Revenue from unclaimed property
- Interest on tenants’ security deposits

But many on the for-profit side of the housing industry—builders, developers, realtors and landlords—cried foul. Dave remembers listening to various people describe why it wouldn’t work. “Many realtors and homebuilders were opposed to any increase in the real estate excise tax—any charge, however small.” They saw an increased tax as a deterrent to homebuyers. Others voiced more general concerns about having private-sector housing picking up the tab.

Ultimately, the realtors’ representatives agreed to the mechanism of contributing the interest earned on realtors’ trust accounts. This was the first non-appropriated funding source, a small first step in what ultimately would prove to be an almost superhuman struggle to find a source of money.

When it became clear to Dave Cheal that a reliable and adequate source of funding wasn’t going to happen that first year?

“It was always uphill,” he acknowledges.

“After the bill was out of committee—before it went to the floor—there was some talk of taking the appropriations out and putting it in the budget. But no one was very optimistic about that. Pretty much everyone agreed, including housing advocates and the members of the legislature who were supportive, that it would be valuable to pass the bill whether there was any money or not. That was the tactic taken, and it proved to be a good one.”
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1987

**THE HOLY GRAIL: SEARCHING FOR DEDICATED REVENUES**

Where was the money going to come from? “Finding a source of dedicated revenues for the Housing Trust Fund has been the Holy Grail since it was created,” says former State Representative and Housing Committee Chair Busse Nutley. “And it is still true today.”

It’s something of a cliché that the first million dollars for any enterprise is the hardest to achieve. In the case of the HTF, it was certainly true. In 1987, the Housing Trust Fund was a cause looking for a crusader, and Busse took it on.

Finding the funding was a very big deal. Busse for one remembers that year well. “When we started out,” she says, “there was no place in the legislature for these issues to be articulated.” Finding the funding was a very big deal. Busse for one remembers that year well. “When we started out,” she says, “there was no place in the legislature for these issues to be articulated.” During the 1987 session, she, along with legendary House Speaker Joe King, represented the City of Vancouver. Busse had been witness to her father’s advocacy for farmworkers’ housing needs back in the 1950s; she’d trained as an urban planner and worked for a local homebuilders association. Now, she found herself in a position in the state legislature to address what she saw as a growing crisis.

Finding the funding was a very big deal. Busse for one remembers that year well. “When we started out,” she says, “there was no place in the legislature for these issues to be articulated.”

**JOE KING CREATES A HOUSING COMMITTEE**

She recalls, “I was the seatmate of Joe King, and I went to him and said, ‘we need to do something about paying better attention to housing.’ I told him we needed some kind of joint task force to allow us to focus on housing for a few years to get those issues centralized—so we could move forward in terms of legislation.” Joe King delivered. “He came back to me a couple of weeks later and said, ‘We’ve created a Housing Committee and you’re Chair’—it helped to have friends in high places,” Busse laughs.

Finally there was a Housing Committee in the House. “We spent the first year just listening to people talk about the issues surrounding housing, and opened our eyes to the fact that there were many issues that people with limited incomes had with housing.”

That first year, she describes, “we worked hard getting an appropriation, as well as looking for dedicated funds.” Of course, many in the legislature will fight having dedicated funds because when times are tight, there’s no flexibility for funding essential services.

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My View from Kim Herman, Executive Director

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FIGHTING FOR THE FIRST MILLION DOLLARS
Kenny Pittman was hired on as a staff member of the Housing Committee in 1987. Kenny served on the Housing Committee until it was merged with the Trade and Economic Development Committee in 1992; he’s currently a senior policy analyst with the City of Seattle. In 1987, his job, in addition to getting a deep grasp of the housing issues facing the state, was tracking down funding sources for the HTF. “We basically spent a lot of that whole first session just kicking around ideas, getting testimony on the need for the Trust Fund. Some of the people out in the community were very vital—people like Sharon Lee, who came in and testified,” Kenny remembers.

Funding sources? You name it, they took a look.

Housing Committee members and staffers considered many sources, like interest on earnest money and tenant security deposits. And then they tried taking on the Lottery. “Sometimes people don’t claim their prizes,” Kenny explains. “There was money sitting there in unclaimed prizes. So initially, we said we wanted to go after some of that money.” The Lottery Commission balked, pointing to a state law that stipulated that a certain percentage of dollars has to be paid out in prizes. “So we said, ‘All we want is a million dollars.’”

How did they fix on a million dollars?

“We figured that was probably all we could get,” Kenny laughs. “We thought it best to start out small. The original idea was, look, just give us one million, and then as we get additional dollars in potential repayments back from these trust funds, we’ll give the money back.” The Lottery Commission still had a lot of concerns, and the session was almost over. “We pitched this idea to Governor Booth Gardner’s office about the lottery proceeds. Busse and I met with Dick Thompson, who was the governor’s chief of staff at that time, to talk about the whole idea of getting money, and then paying it back.”

Dick Thompson’s solution was simpler. He suggested taking general fund money that would be paid back out of the Trust Fund later. “And so that was how it first started out,” Kenny says. “The deal was pretty much struck there. After that meeting, we said, ‘OK, We can do this.’ It was put into the budget. After walking out of the governor’s office, Kenny recalls thinking, “Man, that was a lot of work for just a million dollars. But for the housing community, it was more of a symbolic first step.” This was the first time since 1982 the state had put new money into a housing program.

BUILDING A CONSTITUENCY FOR ONGOING FUNDING
All those who generously contributed their time to interviews for this history affirmed two strong themes at work in the HTF’s infancy. First, its creation was a vital move for the state in terms of public policy. And second, the one thing critical to its creation and ongoing support was education. Legislators frequently were surprised to learn how their own constituencies were in desperate need of affordable housing solutions.

Much of the work involved educating legislators to the fact that, no matter where they lived, their communities had affordable housing needs. Kenny Pittman points out that many nonprofits “did an excellent job in identifying all the different groups that could show there was a need when they met with legislators on both sides of the aisle. They would say, ‘You live in this community—did you know that there’s a Section 8 development right down the street? And there’s a waiting list to get in? That many single parent and working poor families can’t afford to rent in your community?’ That was a great strategy on their part. They brought it home. It wasn’t just a downtown Seattle problem.”

Jeff Robinson, the HTF’s first manager and administrator, was also a fired-up mover and shaker in terms of getting public attention for funding the Trust Fund. He signed on to his role in May 1989, and for a time, was the sole staff person for the program.

I served on the HTF’s Advisory Board back in 1989, and well remember Jeff hitting the ground running, gathering information on the kinds of housing projects statewide that
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merited Trust Fund support. “I did an inventory of things ready to go, I was on the phone, traveling to sites a lot,” Jeff reflects. “I spent a lot of time in eastern and central Washington, talking to organizations about shelters and weatherization work… we went out and beat the bushes pretty hard. We needed to show legislators when they came back that following January what the market looked like.”

And that’s what Jeff succeeded in doing. In the end, Jeff recalls, they had about six times the number of applications that could be funded. “The first round we got out about $950,000. We probably had requests for $7-8 million. Clearly there was a need, whether there was capacity or not.”

The legislation had called for the HTF to be governed by an advisory board made up of at least two representatives from different sectors of the housing industry: bankers, realtors, housing authorities, nonprofit housers, community action programs, local governments. “It was a great committee,” Jeff recalls. “Everyone brought a valuable perspective to the table. The board helped forge the initial design of the program: whether to issue loans vs. grants; if loans, how to structure them; the scoring process; and the rating and ranking of applications.”

“‘It was a great committee,” Jeff recalls. “Everyone brought a valuable perspective to the table.”

JEFF ROBINSON

1989

FIRST FRUITS

Between June and November 1989 the advisory board met numerous times; it was able to get the first RFP out the door in November 1989 and make award announcements the following month. “This was critical, because it was prior to the start of the next legislative session. We wanted to be able to show it was a great program and that we’d been able to put it into action,” says Jeff.

Following that success, the HTF received a $3M capital budget appropriation by the legislature. This was the first appropriation from the capital budget. The fund had grown by 300%, basically in the course of its first operating year, “in large part because there was such a huge need,” Jeff affirms.

Having grown up in South Seattle, Jeff remembers in particular one of the HTF’s first projects. The Trust Fund assisted Seattle Housing Resources Group (SHRG—now HRG) with the acquisition and rehab of the Kingway Apartments on MLK Way. “SHRG stepped in under the leadership of Nancy Smith. They put financing together that included three banks, the Trust Fund and Fannie Mae. We were able to restructure the debt, acquire the property, do a gut rehab. This was one of the very first projects undertaken by King 5’s Project Home Team. It involved a huge volunteer contribution—it was great community effort,” he says.
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LEVERAGING SUCCESS
The Trust Fund began to get more recognition both within the state and nationwide. Though it wasn’t the first state housing trust fund to be put on the books, Jeff’s recollection is that “we were the first one to get dollars out the door and projects constructed.” Over the next few years, he was invited to consult to groups and governments in Sacramento, Mississippi, Chicago and elsewhere. People around the country wanted to know what had been accomplished by the HTF in Washington—“and how we succeeded,” Jeff explains.

He points out that one strong selling point for the HTF was the fact that “we were leveraging large amounts of other money. In the first couple of rounds, for every dollar that the Trust Fund was investing, we were probably leveraging six to seven dollars back into projects, either through private financing, other government funds, or gifts of property.”

“It was a very exciting time,” continues Jeff, who is now VP and Manager of Community Development at US Bank. “We were testifying in front of legislative committees, doing a lot of one-on-one meetings both with legislators and their staffs, working closely with OFM and their policy analysts. Because we were the new kids on block, we were able to really play a strong advocacy role in Olympia with legislators and others within the industry, to try to build up both the recognition of the need for the state to be involved in housing and also to build a constituency around the state that could help support the HTF’s ongoing funding.”

To Jeff’s mind, one of the keys to the growth of the program was having governors who were supportive of it in those first years: Booth Gardner and Mike Lowry. “And with Harry Thomas, chief of staff for Gov. Lowry,” he adds, “we had a friend and advocate of housing in the Governor’s office.”

CAPITAL FORUM MAKES HOUSING A PRIORITY
What kicked the HTF to the next level was the work hammered out by the people who formed the Capital Forum in the early 1990s. The Capital Forum represented another milestone in this history of truly visionary individual efforts and prodigious teamwork, along with a steady broadening of constituencies that believed in the affordable housing imperative, and a willingness of people to put minor differences aside to work for the common good.

Like everyone else who played a part in seeing the Washington State Housing Trust Fund grow from an empty bucket to a cornerstone of the state’s essential work in helping house those who most need help, I’m proud of how far we’ve come. And I’m grateful for the efforts people have made in that growth, not just in those first years but in every year since. Where would we be today without them?

What kicked the HTF to the next level was the work hammered out by the people who formed the Capital Forum in the early 1990s.
The Capital Forum: Housing joins the big leagues

1991

THE CAPITAL FORUM: HOUSING JOINS THE BIG LEAGUES

The Housing Trust Fund (HTF) finally joined the big leagues, in terms of budget priorities, as a result of the Capital Forum budget plan, which passed in 1991. A $1 billion increase in the state’s debt limit provided funds for four key constituencies: higher education, K-12, the environment and housing. But, as you will see, the negotiations were really a two-year battle to ensure housing would be included in the new allocation, and the cast of characters reads like a Who’s Who in Washington State politics.

The story begins in the late 1980s when a new aura of confidence and well-being started to blossom around the state. The economy had recovered from the recession of the early 1980s. Boeing was building and selling planes at a record pace. And our economic fortunes no longer depended on airline manufacturing, as Microsoft established itself as the 800-pound gorilla of the technology industry.

Inflation had been tamed, and mortgage rates came down into single digits. Money magazine recognized Seattle as the "most livable city" in the U.S.—and suddenly it seemed everyone wanted to buy a house in western Washington. Real estate values were booming with no end in sight.

However, under the radar, even bigger and better things were in the works. On the northwest shore of Lake Union in Seattle, Sharon Lee was working for Frank Chopp at the Fremont Public Association. Today, Frank serves as Speaker of the House in the Washington State Legislature. Prior to his election to the legislature, Frank was a bona fide community activist, protesting, lobbying and building coalitions to support better living conditions for low-income people.

THE KEY MEETING AT SEATTLE U.

As Frank recalls, “Sharon Lee and I heard that Mike Lowry was working on an idea to raise funds for Washington wildlife and recreation programs. We heard this and Sharon said, ‘Let’s go to Mike and tell him we think they should give an equal amount for housing.’

The Capital Forum: Housing joins the big leagues

MIKE LOWRY
Former Governor

MIKE RYHERD
State Representative and Speaker of the House

FRANK CHOPP

"I requested a meeting," Frank continues. "Sharon and I, along with Sue Taoka, executive director of the Seattle-Chinatown International District Preservation and Development Authority, and one or two others met Mike at Seattle University. We said, ‘This is a golden opportunity. You get fourfold leveraging; who’s going to argue against giving money to poor people?’"

In fact, it wasn’t difficult to convince Mike Lowry to get on board. He was already there. As Mike tells it, “Even back then, the affordability gap on housing was getting worse and worse. I thought anybody that actually looked at it would see that these are two things—housing and the environment—that are critically important to our state and are not being addressed. If you put funding for those together with increased support for higher education and K-through-12, we would be a stronger state economically.”

Frank sees that meeting at Seattle University as a critical first step because Mike Lowry was so supportive. “Mike did an excellent job of following through. He was able to convince the other constituencies to have four components to the Capital Forum.”

Frank sees that meeting at Seattle University as a critical first step because Mike Lowry was so supportive. “Mike did an excellent job of following through. He was able to convince the other constituencies to have four components to the Capital Forum.”

MAKING THE CASE IN OLYMPIA
That was the starting point for negotiations. At the time, of course, the public schools and universities, along with prisons and other essential state building projects, were already receiving significant funding through the capital budget. The challenge, then, was to increase the funding for the capital budget and to agree on a formula for allocating the additional dollars.

As it turned out, the new money came from raising the state’s debt limit. Frank says this idea was within Dan Evans’ comfort zone, because he had used similar strategies during his tenure as governor from 1965-1977. The universities, schools and conservation groups were also supportive. With the core coalition in place, it was time to present the idea to Governor Booth Gardner and the state legislature.

Mike recalls meeting with Governor Gardner, his chief of staff Denny Hecht and state budget director Len McComb, “They listened to us and contributed a lot of ideas of their own.” Governor Gardner moved quickly to establish a hearing process, which included a series of public hearings.

BROADENING THE COALITION
Meanwhile, back in Fremont, Frank, Sharon and other colleagues were busy making plans and expanding their housing coalition. One of the key recruits was Bill Longbrake from Washington Mutual. Frank recalls that “Bill was CFO at Washington Mutual Bank at that time. He got interested because he was serving on the board of a local nonprofit, the Capitol Hill Housing Improvement Program with Chuck Weinstock, the executive director. The connection with Bill was perfect. He had a major corporate position, plus he was heavily involved in the issues. He knew financing. He was on the board and knew nonprofit issues, development concerns. Everything. We were very fortunate.”

As co-chairs of the housing coalition, Bill and Frank worked together to draft the document that made the case for including housing as one of the essential needs the state should address in the capital budget. This document was distributed in the fall of 1989.

Frank also acknowledges Bill’s formidable presentation skills: “When we would testify before the legislature, I would sit in the front row, plus a lot of our supporters in the hearing room. I would sit next to Bill Longbrake. Bill would get up and give our testimony. Bill has a good manner and instant credibility. He’d say, ‘This is good for everybody; it’s good for low income people; it’s good for the business community; there’s a partnership with the banks, as well as with public funds: It will have a ripple effect, a leveraging effect…’ and people would listen. He was incredibly effective.”

LOBBYING AND GRASS ROOTS SUPPORT
Another key recruit was Mike Ryherd. As Sharon Lee puts it, “Mike was an incredible lobbyist. I was part of the effort to hire him. We went to Bainbridge Island in a group which included Kurt Creager and Norm McLaughlin, where we interviewed and hired him.” Mike directed the lobbying effort in Olympia that was so successful in educating legislators about housing issues and building bipartisan support. In addition to legislative leaders such as Helen Sommers and Dan McDonald, staffers also played an important role. Mike Lowry credits the efforts of Bill Robinson of the capital budget staff, Mike Groesch of the Senate legislative staff, Booth Gardner staffer John Fricke, Jim Reed and a lot of other people.

As important as these efforts were, Frank
Chopp thinks the grass roots support from local groups was decisive. “We organized groups from all over the state to set up meetings with their legislators. It was a very diverse group including local churches, local banks, realtors, occasionally the local union guy because of the construction jobs and the local nonprofits. When you have all of them lobbying the legislature, it’s seen as coming from the grass roots up, and that’s enormously powerful.”

**BOOTH GARDNER STANDS TALL**

It’s important not to overlook the support from the man at the top, Governor Booth Gardner. Frank recalls that, at some point in the process, he invited the Governor to Seattle in order to give him a tour of current and prospective housing projects. To this day, he remains impressed with Booth Gardner’s ability to connect with people.

In Frank’s own words, “I had him meet home care clients in their homes. Booth Gardner went in and immediately established rapport with the people. I said to myself, ‘Damn this is impressive. This guy is good.’ He asked people how they were doing. He showed he cared.”

“Then he showed me places where he worked when he was young. He took me to the Central Area Youth Association where he was a youth counselor or coach for inner city kids. I started the day wanting to take him on a tour. By the end of the day he was taking me. I just think the world of him. I’m still working with him on issues. Booth was fun. That was another key development when he got on board.”

**CLOSING THE DEAL**

The public hearing process was a major success for housing. Frank still recalls the excitement. “I was so happy that day it was amazing. We were like the poor cousin. To get included with the big interests [higher education, K-12 and wildlife]. We went there and said, you have three, make a fourth!”

After the hearings, the Capital Forum continued its work, examining the data and establishing specific spending priorities. Mike Ryherd recalls that it was often a contentious process. The education interests were starting from a substantial funding baseline, and had legitimate needs and interests that they needed to protect. The group tried to imagine a worst-case scenario, where the state would have only an additional $200 million for capital projects in a given budget cycle. In that case, it was agreed that the money would be split evenly four ways: $50 million each. Housing advocates believed this was an equitable formula that should be applied consistently going forward. In fact, Ryherd observes, “As soon as it was over, it was as if the Capital Forum never happened.” In other words, future budgets were subject to negotiation.

Nevertheless, the equal split determined the shape of Governor Gardner’s budget request. As the *Seattle Times* opined on December 16, 1990: “There’s not a lot to dislike in the major state bonding proposal that Gov. Booth Gardner has unveiled: A total of $1 billion, split equally for common-schools construction, low- and moderate-income housing, purchase of wildlife and recreation lands, and higher-education construction. It will sound awfully good to many Washingtonians.”

The Times raised a few caveats. There were other worthy capital needs that would not be addressed. And the statutory debt limit would have to be raised. “But considerable thought and effort went into the proposal,” the editorial continued. “Through months of effort in the Capital Forum, leaders of the Legislature, state agencies, and private-sector financial experts examined the debt, offered better management methods, and assessed a wide array of capital and building needs.”

The legislature passed Gardner’s Capital Forum proposal in April 1991. Clearly, the housing advocates had done a good job of making their case. As Frank Chopp concludes, “We were ecstatic because we got in the door. Our goal was to get something significant for housing and be treated as equals, in terms of the additional money from the Capital Forum effort. Most important, we established affordable housing as a permanent priority for the capital budget.”

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