Celebrating Partnerships: 30 YEARS

The Commission was created to work in partnership with both private and public entities across our state and we have always known we can only be successful through meaningful partnerships. This issue of My View is part of our 30-year anniversary celebration; it focuses on 10 organizations, and their leaders, who represent our many partners.

One of our long-time partners, Joe Diehl, says that in the mid-1990s he and now-retired Compliance Director Mark Flynn asked of each other: How can we work better together? To me, that question sits at the heart of our partnerships. We’ve all asked this question in one form or another, and the successes highlighted in this issue of My View are the result.

As we developed the editorial outline for this issue, I saw that I couldn’t write it because we wanted those interviewed to speak candidly about their histories with us. So Ellie Sheldon is our guest writer for this issue of My View.

I know that I speak for all of the Commissioners and staff when I say we’re grateful for these acknowledgments that our work together has been so incredibly positive. I want to thank all of our thousands of partners who work with us every day to meet the needs of Washington’s residents and communities. Here’s to the next 30 years!
MEETING THE NEEDS OF WASHINGTON STATE COMMUNITIES:

10 COMMISSION PARTNERS TELL THEIR STORIES
Inside this Issue

Celebrating Partnerships: 30 Years ................................................................. 1
Meeting the Needs of Washington State Communities:
10 Commission Partners Tell Their Stories .................................................. 2
Beacon Development Group—Paul Purcell, President .................................. 4
Walla Walla Housing Authority—Renee Rooker, Executive Director ............ 6
DevCo, Inc.—Jack Hunden, President ......................................................... 8
Downtown Emergency Services Center—Bill Hobson, Executive Director .... 10
Citi Community Capital—Mark W. Dean, Managing Director ....................... 12
Washington Community Reinvestment Association—Susan Duren, President 14
Washington Agricultural Family Assistance—Mike Lowry, Executive Director 16
HomeStreet Bank—Rich Bennion, Executive Vice President & Residential Lending Director ............................................................... 18
Affordable Housing Management Association of Washington;
Northwest Indian Housing Association;
Washington State Council for Affordable & Rural Housing—Joe Diehl, Executive Director ................................................................. 20
National Council of State Housing Agencies—Barbara Thompson, Executive Director 22

Guest Writer:
Eloise Sheldon, Co-founder,
XMedia Communications
Beacon Development Group

INTERVIEW WITH:
Paul Purcell, President,
Beacon Development Group

Beacon is a statewide nonprofit consulting
firm and developer of affordable housing
that has partnered with the Commission
to help finance more than 70 multifamily
housing projects through the tax credit
program.

Beacon Development Group President Paul
Purcell has worked in the affordable housing
industry since 1987, when the federal Low-
Income Housing Tax Credit (LIHTC) program
was launched and the first tax credits were
issued by the Commission. As a result, he’s
partnered with the Commission to consult on,
plan, and develop more tax credit projects
than just about anyone in Washington State.

Beacon’s primary role is as a consultant
to nonprofits and public housing authorities.
Says Paul, “We don’t end up owning any-
thing. We serve as the outsource develop-
ment arm of these organizations to provide
the technical expertise to build quality
affordable housing.”

Since he founded Beacon in 1999, Paul
and his team have developed 3,600 units of
affordable housing in 71 projects located in
30 cities throughout the state—at a budget
of about $520 million. Before Beacon, Paul
was responsible for tax credit projects as VP
of Administration and Finance with Catholic
Community Services, where he served from
1984 to 1999 and developed about a dozen
tax credit properties.

All told, that’s more than 25 years of work-
ning with the Commission on more than 80 tax
credit projects. “One of the strengths of the
Commission over the last three decades has
been their responsiveness,” Paul says. “In the
face of a very regulated and regulatory envi-
ronment, they’ve increased flexibility—and
have worked very hard at trying to finance
the kind of housing the state wants and
needs. They’ve been creative and responsive
to the people being served, to all the stake-
holders and sponsors.”

Paul says he has seen the Commission
grow more comfortable in exercising its
authority. “And even as the tax credit pro-
gram itself has become more competitive and
more complex, they have responded by trying
to make sure that the program works the best
for the people who need it.”

Financing “Firsts”

This includes a willingness to innovate how
financing tools are utilized and applied. Paul
points out that, thanks to the Commission
and its partners, Washington State was the
first in the U.S. to put together tax credit
mixed-finance projects that combined HUD 811 Funds (supportive housing for persons with disabilities) and tax credits. The result was Seattle Housing Authority’s Genesee Apartments. Another financing “first” was in combining the use of HUD 202 funds (earmarked for low-income seniors) and tax credits to meet development costs for the Cabrini First Hill Apartments in Seattle. “Both of these broke new ground for how the tax credit program could leverage other federal dollars to develop affordable housing for specific populations,” he says.

Paul also lauds the Commission’s efforts during the recession in moving quickly to inject stimulus funds into stalled affordable housing developments. “The Commission was the first in the country to get ARRA [American Recovery and Reinvestment Act] funding out the door and into projects in 2009 when the investment market for LIHTCs collapsed due to the recession.”

At the time, Beacon was engaged in developing four affordable housing projects for which these ARRA funds were a lifeline. “Our Commission staff led the country in understanding and putting together a process of fairly allocating and distributing those funds. And again, they were one of the most successful in terms of getting that money spent quickly and creating jobs during a time when the rest of the construction economy was absolutely ground to a halt.”

“The Commission has truly owned its role as the major capital funding provider from all government sources of affordable housing in our state. For the past several years its resources have surpassed any federal funding, and it has long had more money than state funding. It has attempted to balance priorities across the state—across geographic distribution, across populations—and is serving groups all the way from the homeless, to farm-workers, to workforce housing and seniors.”
INTERVIEW WITH:
Renee Rooker, Executive Director,
Walla Walla Housing Authority

Walla Walla Housing Authority has received critical financing to build and preserve affordable housing through several of the Commission’s programs.

Southeast Washington’s Walla Walla Housing Authority (WWHA) straddles five counties and reaches high. Their strategy, explains Executive Director Renee Rooker, is to help revitalize neighborhoods. To create more homes, they find and use infill lots, making use of vacant land and at times tearing down substandard homes to make room for new affordable units. They’ve also built and sold affordable homes to help strengthen neighborhoods.

Currently, WWHA provides rental housing for just under 1,400 low- and moderate-income families. Two months ago, they grew by 70 homes, 46 acres, and a gymnasium when their colleague, Walla Walla County HA, dissolved and transferred all assets and liabilities to them.

Renee has led WWHA for more than 22 years. Like Kim Herman, her leadership and achievements have been recognized by her peers across the U.S. When Kim was serving as president of the National Council of State Housing Agencies (NCSHA) from 2006 to 2008, Renee concurrently held the president’s role with the National Association of Housing and Redevelopment Officials (NAHRO).

“We thought we could conquer the world,” she jokes.

Renee’s first association with Kim was when she was running Grant County Housing Authority some 25 years ago. For several years, she says, the relationship between the Commission and many HAs was fairly contentious. The issue at hand was whether or not the HAs should have the authority to issue bonds. “I was only involved at the fringes,” Renee recalls. “We could differ at times, but I’ve always respected Kim’s point of view.”

More to the point, she says, “I saw Kim really grow. And with him, the Commission grew. Kim embraced more partners with the Commission—he knew how this could help grow the housing community. And as Kim’s leadership evolved, the Commission evolved along with him. I’ve always believed an organization takes on the personality of the leader at the top.”

Renee says one of the things she most appreciates about Kim today is his advocacy: “I’ve heard him testify. I appreciate how he connects the dots of the economy, and jobs, and housing. And puts this into terms that the person on the street can understand.”

The first time WWHA had official dealings with the Commission was in 1996, when they received tax credits for an historical school building that they renovated and targeted for senior housing. “I find the Commission very non-bureaucratic,” Renee says. Inevitably, there are policies to follow, but “I think that
also speaks to why they’re so successful. They don’t do special favors, and it’s predictable. You get answers. From the outside looking in, it appears that customer service is important to them. And they’re very fair about being statewide, to make sure that diversity is there.”

Helping nonprofits to be more nimble in acquiring critical sites

Renee points to the Commission’s Land Acquisition Program (LAP) as a resource that saved a development project for WWHA. LAP, launched by the Commission in 2007, is a revolving loan program intended to help organizations in acquiring a site that will be used for affordable housing. The program was created to help developers move quickly when there’s competition for a specific site—and the ultimate use of the housing will meet a pressing need.

“We picked up this property from a church,” Renee recalls. WWHA planned to target this development to seniors. Applying for tax credits is a highly competitive process, based on a host of variables and requirements that are established by the Commission after exhaustive stakeholder input. In this case, WWHA was not able to get tax credits for the property. That meant they had to split the building in half and "condo out" and sell some of the homes—for which they had no upfront capital. “LAP allowed us to be able to finance the condo half; Galbraith Gardens wouldn’t exist without that program.” Today, Galbraith Gardens provides 33 affordable rental apartments for seniors along with 20 owner-occupied condos.

“We have two of these LAP loans in our community. We’re the only rural community to have that, because of the limited funding available. I can’t say enough about this program. It has enabled us to keep a development pipeline going when the opportunities are there.”

“\[I have loved how the Commission has stretched—many finance agencies just deal out the tax credits. Or they don’t get creative. I have appreciated how the Commission has expanded products that, from homeownership to housing development, try to assist where there’s a void in the marketplace.\]"
DevCo, Inc.

INTERVIEW WITH:
Jack Hunden, President, DevCo

A privately held developer of affordable multifamily rental housing, DevCo has made use of the Commission’s tax-exempt bond and credit programs to build housing all over the state.

Jack Hunden is a private developer who, for close to two decades, has built affordable rental housing for low-income families all over the state of Washington. By definition, to qualify for the tax credit programs, the multifamily homes financed through it are reserved exclusively for households that earn no more than 60 percent of their area’s median income. “We participate with the Commission largely through the tax-exempt bond program, which includes tax credits,” Jack says.

Creating housing through these tax-exempt programs is a regulatory warren—due in large part to meeting the requirements laid out by the federal government. For those unfamiliar with tax-exempt bonds and the housing credit program (LIHTC), here’s a brief primer: Interest earned on tax-exempt bonds is exempt from federal income taxes for the holders of the bonds. Therefore, the buyers are willing to accept a lower interest rate on the bonds in return for paying fewer taxes on the interest. This savings is passed on to the housing developer using bond proceeds to build affordable housing.

HEATHERWOOD  |  Heatherwood comprises 266 affordable apartments in Mill Creek, built and managed by DevCo.

The housing credit program, administered in Washington State through the Commission, creates a tax incentive for investors to put money into the construction or rehabilitation of housing for low-income persons. It does this by reducing federal income taxes on investor income over a ten year period. There are two housing credit programs, known as the 9% credit and the 4% credit. The 9% program is a competitive program with limited resources; the 4% program can only be accessed through the use of tax-exempt bonds to finance a project.

Jack says his path in making his way through the weeds of federal regulation to this work was relatively straightforward—thanks to great coaching. “We basically started as contractors on a project for another entity,” he says. “Through this, I met Linda Moore.” Linda, now president and CEO of Yakima Community Foundation, was working as an attorney and advising on tax credit projects at the time. “Linda knows the program well. She said she could teach us and that would be an advantageous thing to do. And she was right. I met the people at the Commission, who were extremely helpful.”

Today, Jack’s company, DevCo, has built some 15 affordable housing developments. “We have 2,500 affordable units; our projects have a larger percentage perhaps than typical of large families, so we’re probably housing 10,000 people.” He began 18 years ago by working with the 9% housing credit program, “because those projects are smaller and...
easier to finance. When we wanted to make the transition to building larger projects facilitated by the 4% program, I talked to [then Capital Projects Manager] David Clifton. He took a great deal of time to orient me to the needs of the 4% program—as a result, we were able to make that transition and haven’t looked back since.”

DevCo’s 4% projects include affordable developments in Bellingham, Vancouver, and the Puget Sound area. The older 9% apartment complexes are primarily in smaller cities in eastern Washington, including the Tri-Cities, Pullman, and East Wenatchee.

“I have tremendous respect for each person at the Commission I’ve dealt with,” Jack affirms. He is quick to credit Kim Herman for establishing the Commission’s tone and character in its interactions. “Kim has taken this organization to the large number of employees the Commission now has. And he has always been able to find that balance, and recruit good people, through a lot of political transitions in this state. I’m profoundly grateful for what the Commission and its people have enabled us to do in producing this housing and prospering.”

“The Commission does an excellent job of balancing the interests of all stakeholders. I have tremendous respect for each person that I’ve worked with at the Commission—dedicated people who administer a very complex program created by the federal government, while meeting our state’s needs.”
Downtown Emergency Services Center (DESC)

INTERVIEW WITH:
Bill Hobson, Executive Director, DESC

DESC is a supportive housing provider for homeless adults with disabilities that has received financing for 10 supportive housing projects through the Commission’s tax credit program.

“We are a multi-service organization serving homeless adults with behavioral health disabilities,” says Downtown Emergency Services Center (DESC) Executive Director Bill Hobson. “Each day we serve more than 2,100 separate souls in all of our different programs. About 90 percent are living with a severe and persistent mental disorder, an addiction disorder—or both.

“Perhaps the biggest book of business we do is developing permanent supportive housing for this population,” Bill says. “And every one of these buildings is a 9% tax credit project through the Commission.”

You’d be hard-pressed to find an organization whose mission flows more neatly alongside the Commission’s in terms of addressing critical affordable housing needs and community services. DESC is a licensed mental health and drug and alcohol treatment agency. Its programs encompass about 300 emergency shelter beds, day center programs, employment services, and teams that perform clinical outreach. DESC is also engaged in advocacy, education, and consulting.

Since its founding in late 1979 to provide overnight emergency shelter to homeless adults in Seattle’s Pioneer Square, DESC has sought to build solutions that will end homelessness. This led to the launch of DESC’s first supportive housing program, the Union Hotel in Pioneer Square, in 1994. Like all its subsequent housing, the Union Hotel includes 24/7 on-site support staff. Earlier this year, DESC broke ground on its 10th supportive housing residence, in the Delridge neighborhood of West Seattle.

In 2012, along with New York City-based partner Pathways to Housing, DESC sponsored the first-ever Housing First conference in New Orleans. Ironically, the attendees had to be capped at 600 due to lack of space in the hotel. A second conference is in the works for Chicago in March 2014.

Bill took on his role with DESC in 1988. In addressing homelessness, DESC and its like-minded partner organizations have produced more than 5,000 units of housing in Seattle and King County in the past decade. “I think the Commission has been involved in almost all of these,” Bill says. “And I think the number of people who are homeless and living on the street or living in shelters would be significantly more than are there now without that support. The Commission is just an incredibly important partner in our efforts to end or dramatically reduce the prevalence of homelessness in this community.”

Heroic undertakings

Bill points to two specific DESC housing projects that are stellar examples, for him, of the Commission’s willingness to take a stand in supporting critical community projects: the Morrison Hotel and 1811 Eastlake.
“Given the nature of what we do, we sometimes bring controversy to the door of the Commission. But the Commission has always stood behind us. That gives us all sorts of motivation and inspiration to continue our work to end homelessness for our community’s most vulnerable people.”

The Morrison Hotel is the landmark Seattle building where DESC got its start and which remains “the center of gravity” of DESC. About a dozen years ago, the Seattle Housing Authority agreed to sell the Morrison to DESC, “on condition that we’d do a major rehabilitation of the building—reinvest 40 years of life into it. That cost about $28 million,” Bill says. “And about 60 percent of that came from 9% tax credits.”

The size of this rehab posed a difficult challenge, Bill explains. It potentially could have consumed most of the state’s available tax credits for one fiscal year. “And that caused major heart palpitations. The Commissioners realized that this was a very important community project, sponsored by the City of Seattle, King County, the state, and many others. So they essentially did the allocation over two years to reserve credits to build other affordable housing. [Commission Chair] Karen Miller and the other Commissioners were just wonderful, as was [Multifamily Housing & Community Facilities Division Director] Steve Walker.”

Today, the Morrison contains the largest emergency shelter in the region for homeless adults with disabilities; provides treatment services and 190 studio apartments; and houses DESC’s administrative team. “It was an amazing three-year process,” says Bill. “We did the building in thirds; the shelter did not close one night. Flexibility and forbearance were our watchwords at that time. What the Commission did was heroic work. The Morrison would not have gone forward without it.”

DESC is likely best known for 1811 Eastlake, a supportive housing residence on the northern periphery of downtown Seattle that opened in 2005 amid lawsuits, neighborhood hostility, and a tsunami of pessimism about its treatment model. “1811 stands out in the sense that 100 percent of the occupants of that building are living with an addiction disorder,” says Bill. “In all of our other buildings, 100 percent of the population is living with a major mental illness.”

1811 Eastlake follows the Housing First model; its 75 units provide homes for chronically homeless adults with severe alcohol problems who, previously, were high utilizers of public services—including costly emergency room services. In 2009, DESC, 1811 Eastlake, and its supporters were vindicated when The Journal of the American Medical Association (JAMA) published a study revealing that 1811 Eastlake saves taxpayers $4 million dollars each year. This article, says Bill, is JAMA’s most-quoted.

“Our housing projects,” he laughs, “tend to nestle into neighborhoods like warm puppies. But at the time it was being proposed for public funding, 1811 was very controversial. Opponents came to the Commission when allocation decisions were made to rail against funding it. And that’s another reason I admire the Commission, the integrity of the Board of Commissioners, and Kim. They stand up to the NIMBYists.”
INTERVIEW WITH:
Mark W. Dean, Managing Director, Citi Community Capital

This for-profit lender and investment banker has partnered with the Commission for more than two decades to finance affordable housing and community development projects.

Citi Community Capital Managing Director Mark Dean has been involved in hundreds of transactions nationwide. “I have probably done multifamily housing deals in 30 of the 50 states,” he says. “It’s a pretty big perspective. And the Commission is one of the best state housing finance agencies (HFAs) that we work with.

Citi operates and works with the Commission in a number of ways in providing different types of financing for affordable housing. We are a construction lender, a permanent lender, a direct purchaser of tax-exempt bonds—and we’re an investment banker. All of these efforts have intersected with the work of the Commission in the last two decades.” Mark estimates that he has helped to finance some 70 to 100 projects with the Commission across many programs.

“Citi operates and works with the Commission in a number of ways in providing different types of financing for affordable housing. We are a construction lender, a permanent lender, a direct purchaser of tax-exempt bonds—and we’re an investment banker. All of these efforts have intersected with the work of the Commission in the last two decades.” Mark estimates that he has helped to finance some 70 to 100 projects with the Commission across many programs.

The Commission has earned its stripes by building great processes and relationships in support of great aims. “They bring together the private sector and the not-for PROFITS and the public sector to facilitate the creation of affordable housing. In doing that, the quality of housing stock is important to them. And they operate with a for-profit business mentality. I would say they are in the top five of state agencies that I’ve worked with in terms of efficiency, ease of execution—and predictability.”

These qualities are very important to the Commission’s client developers, Mark says. And the Commission delivers. He describes his ‘traditional’ experience with a for-profit developer from California coming up to Washington State to do business here. “That developer,” he laughs, “when we’re done with the first or second meeting will look at me and say: ‘When does the hammer fall? When does the other shoe drop?’ We tell them, ‘That’s not going to happen. What you see is what you get.’”

Innovative and market-driven

In terms of setting policy, Mark continues, “The Commission is very good, through its staff, its executive management team, and its Commissioners, at soliciting, listening to, and acting upon, input. As any state agency, they’ve got policies, procedures, and a bureaucracy. But they’re relatively nimble and flexible, and they listen to their clients and make appropriate changes. They are innovative, and they are market-driven.”

He gives the example of senior housing. When he started working with the Commission in the early 1990s, addressing the increasing need for this housing for seniors was just beginning to gather steam, “and the Commission was on the leading edge of that. In the tax-exempt world, there are all sorts of rules and regulations that are
“I started working with the Commission in the early 1990s. My observations after more than two decades: The Commission has truly been on the forefront of housing and community services financing; they’ve been innovators and agents of change; they’ve been a catalyst for bringing the public and private sector together.”

Mark also gives the example of the Commission’s STEP (Streamlined Tax-Exempt Placement) program. “STEP was created for smaller transactions that can’t bear the financial burden of doing a full-blown publicly offered bond issue. The STEP program is a great way of making small financings economical—and that small financing is just as important to that nonprofit as a big financing is to a larger nonprofit.” STEP has been copied by a number of other state HFAs, Mark says. “They not only created a program that met a client’s needs, they’re happy to share that with their peers in the industry.”

Also in terms of innovation, Mark points out, the Commission is one year into streamlining its organizational processes. “They took their debt people and their equity people and brought them together and called them project finance people. So that either I, or our mutual client, didn’t have to say—who do I talk to? There’s now a single point of contact.” For Mark, this shift is dynamic—and reflective of how many for-profit organizations are organized. “Many people have been fabulous in helping the Commission grow and evolve their policies and procedures.” Mark mentions retired Capital Projects Division Director Tia Peycheff, and her successors, David Clifton and Steve Walker, as instrumental “in making the Commission what it is today in terms of its impression to clients. The reality is that my client never meets a Commissioner. My client rarely meets the Executive Director. My client meets their front lines, their project finance folks—and they do a fabulous job.

“The Commission has a number of relationships that are very broad and deep. That speaks to their abilities. For the space in which they operate, as a government entity facilitating the production of affordable housing, the Commission is spectacular,” Mark concludes. “They practice artistry when it comes to that.”
INTERVIEW WITH:
Susan Duren, President, WCRA

Washington Community Reinvestment Association (WCRA) is an association of for-profit banks and thrifts that participate in community development lending. They partner with the Commission in many ways, including implementing lending programs like Capital Plus!—and working to leverage their resources.

WCRA is a banking consortium: an association of for-profit banks and thrifts that band together to participate in community development lending. The rates WCRA sets for low- and moderate-income rental housing and other special needs and economic revitalization projects are below market—and are a valuable long-term financing resource for communities across the state.

Founded in 1992, WCRA today administers three revolving loan pools totaling about $130 million. Its membership is comprised of 38 financial institutions that do business in Washington State. WCRA’s loans are focused on creating and preserving low-income and special-needs housing, as well as real estate-based economic development projects.

Susan Duren has served as president of WCRA since 2007; prior to that, she’d been VP and director of lending since its founding.

She explains that WCRA’s mission—which includes working with public sector organizations to promote partnerships that will achieve maximum leverage of public dollars—intersects with that of the Commission in a number of ways. In terms of affordable housing, she says, “A great majority of the long-term loans we make have been transactions that were awarded tax credits by the Commission. So we provide the long-term debt side for those nonprofits and for-profits that are awarded tax credits around the state.”

WCRA also pitched in during the period following the collapse of the financial markets when the Commission administered funding through the 2009 American Recovery and Reinvestment Act (ARRA). The Commission’s role under ARRA went beyond its traditional functions—and WCRA partnered with them to successfully meet the ARRA requirements.

“We’ve always been willing to do whatever we can to put our expertise as needed in the hands of the Commission,” says Susan.

Building success stories

But what Susan really wants to talk about is the Capital Plus! program. For Susan, Capital Plus! is emblematic of WCRA’s partnership years with the Commission. Capital Plus! began in 2003 when the Commission entrusted WCRA with $3 million in Program Investment Funds (PIF). Capital Plus! provides...
both real estate and equipment lending to nonprofits whose focus is on providing services to low-income groups and/or special needs populations. That revolving loan pool has grown to $7.5 million today; all loan transactions are $500,000 and under.

“These transactions are made to small, emerging nonprofits who are not likely to be able to obtain financing in the traditional banking community—and the rates and terms are highly conducive to their being successful. We’ve got plenty of success stories within that whole program. There’s a real variety in the type of work they do in their communities.” The approximately 20 projects funded through Capital Plus! since 2003 include community gardening for at-risk youth in Olympia; senior housing in rural Stevens County; a community center for disabled adults in Whatcom County; supportive housing in Thurston County; and seasonal farm-worker housing in Mesa.

The Commission, sums up Susan, “has always been such a big part of what we do and how we do it. Since we were formed in 1992, Kim Herman sat on our board and now [Deputy Director] Paul Edwards—I can’t even envision how we would be where we are today without their assistance, their board guidance, their funding of the Capital Plus! program. They’re an integral part of our organization.”

“A little-known side of the Commission is what they’ve done with their Program Investment Fund (PIF) dollars to create the Capital Plus! program. This has allowed us to do lending transactions that are all under $500,000 to small nonprofits that provide community services. Capital Plus! just shows—in addition to the things that the Commission does in the bond area, in the tax credit area, in all those types of work—a real effort on their part to cover the types of transactions that can fall through the cracks for small nonprofits in our state.”
INTERVIEW WITH:
Mike Lowry, Executive Director, WAFA

WFA builds and finances homes to help farmworkers achieve homeownership; the Commission’s first-time homebuyer mortgage programs help make this possible.

Mike Lowry’s work with Washington Agricultural Family Assistance (WAFA) arose from a desire to help improve the quality of life for farmworker families in our state. Farming and ranching are in his roots: Mike grew up on a ranch in the Palouse country in southeastern Washington. When he stepped down as Governor of Washington State in 1997, Mike recounts, there were a number of efforts being made to produce more affordable rental housing for farmworkers, but there were very few homeownership programs. “Everyone kept telling me—Why don’t you take on homeownership? For these families, achieving homeownership is extremely difficult.”

Mike launched WAFA in 2003. He speaks to the myriad of challenges facing farmworkers in reaching for the dream of owning a home. The most formidable, of course, is their ability to afford and finance one. To qualify for most below-market first-time mortgage programs, family income must be a maximum of 80 percent of the area median income (AMI). That is very seldom an issue for WAFA families, but qualifying for a mortgage can be.

“Those families that have been able to get mortgages working with our program have an income of around 45-55 percent of AMI,” Mike says. He points out that the median income for a family of four in rural Washington State is about $50,000 a year. “Our families earn about $22,000 to $35,000 a year.”

That low a family income leaves little room for maneuvering. The role of WAFA is to gather a slew of resources to finance and build affordable homes, and then cobble together the financing that will enable families to achieve the downpayment and a realistic monthly mortgage payment. These resources include downpayment-assistance grants from the Housing Trust Fund, funding through HUD’s Self-Help Homeownership Opportunity Program (SHOP), and the Commission’s second-mortgage downpayment-assistance and below market-rate mortgage programs for WAFA’s buyers.

“The Commission is a major, major partner in what we do,” says Mike. “For example, they offer downpayment assistance of up to 4% of the price of the home. This is a 30-year loan at 0% interest.”

To date, WAFA has built 73 homes for homeownership in Moses Lake, Quincy, Ephrata, and Royal City, and is now building in Bridgeport. For Mike and WAFA, without the Commission’s help, achieving construction financing would be a near impossibility. “If we go to a bank to get ‘spec’ financing for farmworkers … it would just be very difficult to get that financing.”
Responsive programs, strong leadership—and job creation

The transactional ease of the Home Advantage product for lenders has attracted more capital, which, in turn, helps make available more funding for the first-time homebuyers who qualify. “Thanks to the Commission’s programs, we are now back to building about 12 to 15 houses a year, from a low of about six. They’ve been very helpful in helping us move mortgages faster.”

Mike gives credit to the leadership of the Commission for their dedication to their mission. “Kim Herman is such an outstanding lobbyist on behalf of getting money into these efforts. He has the total commitment to his job and he carries a lot of credibility. I’ve known [Commission Chair] Karen Miller for a long time—she’s tremendous. And Kim really works on having broad representation through the Commissioners. We have business people, consumers, leaders from all over the state. They’re involved and they take their job seriously, and that of course is one of the reasons for the success of this organization.”

He adds one last comment. “Any governor will tell you they’re interested in jobs for their state. And housing provides a tremendous number of jobs. WAFA essentially contracts with people to build homes. And just our operation of a dozen houses each year creates the equivalent of more than 50 full-time jobs. If you take our small operation and multiply that by the size of what the Commission does, this represents a huge contribution to our state’s economy.”
INTERVIEW WITH:
Rich Bennion, Executive Vice President & Residential Lending Director, HomeStreet Bank

HomeStreet is a mortgage lender engaged in affordable lending programs and homebuyer education. They participate in the Commission’s loan programs for low- and moderate-income buyers.

In talking about the partnership between HomeStreet Bank and the Commission, HomeStreet Executive VP and Residential Lending Director Rich Bennion tells a story of two organizations working together to help people achieve affordable homeownership successfully.

“I still remember when the Commission started,” Rich continues. “We thought: Their programs are perfect for us. House Key is another tool to help us with first-time buyers in affordable housing—and it also has the standardized curriculum of homebuyer education that’s a unique asset for homebuyers. And in particular, the Commission’s downpayment-assistance programs and other special programs like Home Choice and the MCC—the Mortgage Credit Certificate—have been very valuable to borrowers. We have jumped on these—they have helped us serve the needs of moderate-income households.”

HomeStreet Bank, headquartered in Seattle, has been a mortgage lender since 1921. Launched as a mortgage and loan company, it was chartered as a bank in 1986. But since the beginning, says Rich, “our biggest business has always been mortgages. In addition to lending, we do a lot of homebuyer education. And we’ve always been involved in whatever affordable housing programs we could find.”

Rich has worked for HomeStreet for close to 36 years. He came up through the ranks as a branch manager and took on his current role in 1995. “We started offering the Commission’s House Key programs about 25 years ago—when the program started.”

HomeStreet’s focus on affordable homeownership, explains Rich, has made the Commission a natural partner. “The mission of the Commission in helping people enter homeownership has lined up nicely with our approach to lending. We’ve always been very involved with the FHA program and VA loans—FHA is considered the traditional first-time buyer program.”
Over the years, says Rich, HomeStreet’s leadership has worked closely with the Commission to explore ideas and innovations that could help their mission of expanding affordable housing opportunities in the state of Washington. One of the things that stands out for him in terms of the success of this relationship “is the longevity and continuity of leadership at the Commission,” he says. “This has allowed us to build long and strong relationships, which builds trust.”

He brings up a recent MCC loan that the Commission staff heroically turned around when the bank’s loan processor had missed making the application. “They went beyond the call of duty and reviewed and approved the transaction in one day. That was made possible by good people who are good at their jobs. They understand what they’re there to do and the mission part of their work. I also think it’s a function of our long-term partnership. We’ve worked together for a long time and we really value that.”

HomeStreet writes mortgages in other states as well, Rich says, but “our relationship with the Commission here is by far the strongest and largest.”

**MIJO & TEYO LEE** have lived in their own home since 2007. Mijo’s primary mortgage, originated through HomeStreet, is a Commission-sponsored House Key first-time homebuyer loan. In addition, by purchasing her home through **Homestead Community Land Trust**, Mijo was able to substantially increase her home’s affordability—and preserve that affordability for future generations—through Homestead’s additional subsidies from the State Housing Trust Fund, City HOME funds, and Federal Home Loan Bank’s Homestart program.

“The homebuyer education curriculum developed by the Commission is a contribution that goes to the heart and soul of the Commission’s homeownership programs. The seminars help homebuyers better understand the responsibilities of homeownership. These homebuyers are well prepared and confident when they enter the market.”
INTERVIEW WITH:
Joe Diehl, Executive Director, AHMA, NWIHA, CARH

These three statewide organizations of affordable housing managers and developers benefit from the Commission’s many training and education initiatives focused on tax credit financing and compliance.

As executive director of three major statewide affordable housing organizations, Joe Diehl wields a powerful voice. The goal for his membership is to advocate for government funding for their housing initiatives—and get the training and education they need to run their programs successfully. Most of them manage affordable rental housing under either federal or state housing programs.

“The tax credit program stretches across all of the members of AHMA, CARH, and NWIHA,” says Joe. “In my role as association manager, I help them find financing and other ways to either build or rehab or renovate their affordable housing portfolios. My intersection with the Commission is one of making people aware of what the Commission does, and then connecting them up with the process.”

For Joe, training and education are a critical piece of what the Commission helps to provide for his organizations’ members. “The training piece is very important to them,” he says. He credits the Commission’s now-retired Compliance Director, Mark Flynn, with making transformational changes in how it interacts with its partners. When Joe started his role with AHMA and CARH in 1996, “Mark and I started talking. We asked: How can we work better together? That’s where the whole process started of reaching out with our conferences as well as training opportunities. Mark was a strong proponent of training and education.”

As part of that process, the Commission and Joe’s organizations began co-sponsoring certification trainings in the tax credit program. These two-day trainings help to facilitate participants’ knowledge of financing through the program, “and they also help ensure that when they do get their project underway, they’ll have the expertise to comply with all the requirements. You can’t reach excellence without being knowledgeable. These programs are very complex.”

Joe also speaks highly of the trainings the Commission makes available through its annual conference, Housing Washington. “It’s viewed by the industry as the place to go for training. They offer a huge number of training classes.”
“The Commission has the role of being the agency that not only administers tax credit and bond programs but also ensures their compliance. The attitude of Kim, and now Paul Fitzgerald and Steve Walker, is: We want the industry to be as aware of and to work as closely with the Commission as possible. That’s really refreshing. It’s a model for partnerships with government agencies.”

Addressing the need for housing on tribal land

Of the three organizations Joe represents, NWIHA was the last to take advantage of the Commission’s tax credit programs. “I’m very pleased that the Native American organization members are now fairly actively using the tax credit program,” says Joe. “The greatest needs for housing within our state are actually within the tribal reservations.”

The Lummi, Nooksack, Spokane, and Yakama Tribes were the first in the state to utilize tax credits, beginning with Lummi Tribal Housing’s Lummi Homes I in Bellingham in 2000. “Up until the late 1990s, there was little or no interaction between Washington State tribes and the Commission,” Joe says, “although Kim was always interested in working with them. But as a rental program, tax credits didn’t work very well for the tribes. They had to figure out a way to make it work.” The tribes’ solution has been to build single-family rental homes on tribal land—with an option for residents to buy their homes. The land itself is held in trust, and the compliance demands with the tax credit program are rigorous.

Along with their ability to make use of the tax credit program, the tribes are increasingly engaging with the Commission in other ways. “We didn’t start inviting Commission representatives to any of our board meetings until the late 1990s,” Joe says. “Then we decided: These are our partners. They need to be an integral part of our process and strategies. I’m proud to say Paul Fitzgerald [Director of Asset Management and Compliance] was recently elected to our board. This is a testament to the spirit of cooperation—and our respect for the leadership skills of the senior people at the Commission. Hats off to Paul for wanting to take that on.”
National Council of State Housing Agencies (NCSHA)

INTERVIEW WITH:
Barbara Thompson, Executive Director, NCSHA

The Commission has been part of NCSHA’s efforts to advocate for affordable housing on the federal level since 1983.

“Our major focus is advocacy,” says NCSHA Executive Director Barbara Thompson.

NCSHA is a nonprofit, nonpartisan organization created by the nation’s state Housing Finance Agencies (HFAs) almost 40 years ago to collectively advocate for affordable housing on the federal level. Their vision is “an affordably housed nation.” Barbara started with NCSHA in late 1988 as Director of Legislation and has been ED since 2001. “Kim Herman is one of the few people who pre-dates me in our HFA community,” she says.

Barbara has much to say about the Commission’s role both on the national level and at home in Washington State. “But the bottom line,” she says, “is what Kim and the Commission have done for the people who need housing in Washington State. And that’s been extraordinary.”

She begins by discussing Kim’s leadership with NCSHA. After serving on the board for many years, he was elected as President for two terms, in 2006 and 2007. Then he again served on NCSHA’s board as an ex-officio Board Member. He is now back on the board in a special role as At-Large Executive Committee Officer.

“Kim has held every position possible. It’s a big commitment—it’s like a second job. Kim has never declined to serve. This shows you what a leader he has been within this organization for so many years, especially during tough times, and how he is continuing to play a leadership role. I couldn’t be more thrilled. It’s important to understand well, as Kim does, what we have been through as a collective of HFAs.”

The broader context, she says, is that “our HFAs rely almost entirely on a core set of federal programs that enable their work.” HFAs get funding or tax authority from the federal government to allow them to finance affordable housing, “but in terms of running their own operation, they have to run them as a business. They have to figure out how to make enough money to keep their doors open. It’s an interesting combination of sophisticated financial institutions working within a mission-driven quasi-public agency environment. It’s that very special combination that makes the HFA’s role in affordable housing so unique.”
Particularly in recent years, this role has been increasingly under pressure. “This has been a period of great challenge for the HFAs,” says Barbara. She gives the example of the tax credit and tax-exempt bond programs, whose attractiveness to investors relies on their ability to reduce income taxes. During the collapse of the financial markets, which happened during Kim’s presidency, “our federal government-authorized tools didn’t work. They are investor driven—and investor interest dried up. We’re just now emerging from that period.”

Only to encounter a more sustained challenge: “Our core set of federal programs that enable HFAs’ work are under siege right now.” With deficit reduction front and center for Congress, the federal HOME (HOME Investments Partnerships) program has been cut significantly. And in the context of tax reform, the tax credit and tax-exempt bond programs “are being seriously looked at for elimination or curtailment.”

**Advocacy on the national level**

For Barbara and NCSHA, Kim’s work on a national level in advocating for these federal programs has had an enormous impact. “Here in Washington (DC), he has always done an amazing job with his delegation. Many times over the past two decades-plus, we’ve had programs threatened with elimination, or placed on short-term leashes and temporary provisions. We’ve had major battles, and Kim has always taken that work very seriously.

“The Commission has extraordinary relationships with its Congressional members because they maintain those relationships, and are constantly looking for ways to tell their story to their elected officials. These legislators have all that education because Kim and his great staff have done it consistently, tirelessly, right along.”

Barbara gives two powerful examples. During the economic recovery period, she says, “when the tax credit wasn’t working, the need for affordable rental housing was greater than ever, and the economy needed the multifamily building sector to be strong. Kim was instrumental during that period in helping us to convince Congress to turn those credits into cash. The result was two temporary programs, and Senator Patty Murray [then Chair of the HUD appropriations sub-committee] played a huge role in this.”

More recently, says Barbara, Senator Maria Cantwell has become a lead champion on the Senate Finance Committee for the LIHTC. “Right now, a lot of senators, especially tax committee members, are not willing to go out on a limb for any one program, but Senator Cantwell has stepped forward. She has committed to the national affordable housing community that she will continue to be our champion.”

Barbara believes that these kinds of strong stands for affordable housing taken by Senators Cantwell and Murray reflect the “relationships that Kim and the Commission have nurtured.” It doesn’t hurt, she points out, that both senators serve in powerful, senior positions. But conviction, and relationships, inspire action. “Kim and the Commission, along with the broad affordable housing community in Washington State, built those relationships and urged them to act.”

“Not only is Kim Herman a leader within our association, but he runs a heck of a good agency. The Washington State Housing Finance Commission has made a number of innovative breakthroughs that serve as models for other agencies around the country. The Commission stands as a model under Kim’s leadership, and many good people have contributed to that work.”
The Washington State Housing Finance Commission is a publicly accountable, self-supporting team, dedicated to increasing housing access and affordability and to expanding the availability of quality community services for the people of Washington.

1000 Second Avenue, Suite 2700, Seattle, WA 98104-1046
206-464-7139 or 1-800-767-HOME (4663) toll free in Washington State

For more information about the Commission and its work, visit www.wshfc.org

@WSHFC   facebook.com/WSHFC