2017 Commissioners
Karen Miller
Commission Chair
Brian Bonlender
Director, Department of Commerce
Ex Officio
Diane Klontz
Designee
Department of Commerce
Duane Davidson
State Treasurer
Ex Officio
Johnna Craig
State Treasurer’s Office
Interim Designee
Beth Baum
At-Large
Steven Moss
Low-Income Persons Representative
Randy Robinson
Housing Consumer Interests Representative
Alishia Topper
Publicly Elected Official Representative
Lowel Krueger
Public Member
Ken A. Larsen
Public Member
Wendy L. Lawrence
Public Member
The Dream is Still Bright

Dark clouds are everywhere you look when it comes to housing: *homelessness, rising rents, skyrocketing home prices.*

But lighting up that darkness is a dedicated group of housing developers, lenders, and advocates. We’re proud to stand among them, offering financial tools and support that build both rental housing and bridges to homeownership.

Together, this year we brightened futures by funding homes for the homeless, transforming a historic Spokane hotel into affordable apartments, helping families make the leap to homeownership, and sparking revitalization in communities from Vancouver to Yakima.

We are energized by this year’s successes, and we will continue our commitment to shine light on affordable housing opportunities across all corners of our state.

Karen Miller, Chair
Washington State Housing Finance Commission
Small Budget. Big Impact.

The Commission’s operating expenses are dwarfed by our investments in Washington state communities.

$15 MILLION operating expense

$3.4 BILLION investments in Homeownership, Multifamily Housing, and Community Projects

Homeownership Highlights

The Commission’s home-loan programs continue to grow, with more and more homebuyers turning to us for downpayment assistance, home loans, and free homebuyer education.

- **Mortgage Loans**
  - $1.8 BILLION
  - 7,957 households served
  - 7,379 Home Advantage loans
  - 578 House Key loans
  - +29% from 2016

- **Downpayment and closing-costs loans***
  - $58.9 MILLION
  - 6,572 homebuyers served (buyers using our home loans)
  - +28% from 2016

- **Mortgage Credit Certificates***
  - $184 MILLION
  - 781 credit certificates

- **Free Homebuyer Education Seminars**
  - 18,646 potential homebuyers attended a seminar, including 6,177 online
  - 1,294 in-person seminars held statewide
  - 406 instructors trained

* These programs may be used in tandem with our first-mortgage loan.
Multifamily Highlights

As rents rise throughout the state, our bonds and housing tax credits are helping to create and preserve affordable housing.

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total units funded</td>
<td>7,346</td>
<td>56 projects are allocated in housing credits</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$854 MILLION total bonds issued</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$644 MILLION allocated in housing credits</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,265 for seniors</td>
</tr>
<tr>
<td></td>
<td></td>
<td>603 for disabled households</td>
</tr>
<tr>
<td></td>
<td></td>
<td>472 for homeless households</td>
</tr>
<tr>
<td>Combined Bonds &amp; 4% Tax Credits</td>
<td>5,997</td>
<td>$732 MILLION rental housing units created or preserved</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$454 MILLION in tax credits</td>
</tr>
<tr>
<td></td>
<td></td>
<td>33 projects statewide</td>
</tr>
<tr>
<td>9% Housing Tax Credits</td>
<td>1,052</td>
<td>$190 MILLION in tax credits</td>
</tr>
<tr>
<td></td>
<td></td>
<td>17 projects statewide</td>
</tr>
<tr>
<td>Nonprofit Housing</td>
<td>297</td>
<td>$122 MILLION in bonds issued to create 297 units and refinance more than 559 existing units</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6 projects statewide</td>
</tr>
</tbody>
</table>

Asset Management Impact

Our Asset Management and Compliance team makes sure the projects we finance remain viable for up to 40 years, through ongoing monitoring and technical assistance.

- **89,000** units in 1,030 properties monitored statewide
- **600+** property owners and managers trained in compliance monitoring and reporting
- **300+** properties inspected each year

 **40 YEARS**

is the length of time projects must remain viable
Warm Setting Made 1st Street Her First Choice

*Kelsey Castrey’s face lit up when she described herself as confident, independent, and self-supporting. Affordable housing helped get her there.*

“I used every dollar I had to cover rent and move-in fees, but it was liberating,” Kelsey said. She and her young son now thrive in their comfy home at 1st Street Apartments in east Vancouver. She works two part-time jobs and no longer relies on food stamps or subsidized day care.

Rental assistance was a deciding factor for Kelsey to choose the 152-unit apartment complex, built by the Vancouver Housing Authority using tax-exempt bonds and Commission-issued tax credits. The playground, community center, and other on-site amenities contribute to a sense of neighborly warmth that money can’t buy.

“Thanks to having help with rent, I can put money toward groceries, insurance, and the electric bill,” Kelsey said.
Downtown Living Energizes Seniors

Between retirement and the loss of her husband, Claudia Best’s life changed greatly in a few short years. Living alone, she now faced soaring rents on a limited income.

Claudia was grateful to find her “lifesaver,” Alex Jackson House. The 40 apartments for low-income seniors were built in 2017 by the Pike Place Market Preservation & Development Authority—right next to the Market’s brand-new addition on Western Avenue.

Living in the heart of downtown Seattle, Claudia has reconnected with her city. She loves mingling with the Market crowds and looking out on Elliott Bay from the window of her impeccably decorated, brightly lit studio apartment.

“This is a miracle!” Claudia said. “I am living off my Social Security check. It was an impossible goal, and I did it because of this place!”
Downpayment Assistance Powers the Way to a Dream Home

“Green was my mother’s favorite color.” Juliette Williams looked longingly at the house tucked behind trees. Her eyes rested on the For Sale sign.

Juliette, her husband, and their three children lived in the Eliza McCabe Townhomes—a Commission-enabled development built by Mercy Housing Northwest in 2003. Its affordable rent allowed Juliette to complete her degree in health care from Tacoma Community College.

Eventually, Juliette’s increased income disqualified them from the Townhomes. But the family had outgrown the space anyway, and they yearned to own a home of their own. Juliette knew the family’s two incomes would likely cover a home mortgage, but could they afford a downpayment?

Hope dawned when Juliette learned about the Commission’s downpayment assistance programs. They powered through the process with the help of their lender, Dale Golder of Umpqua Bank. Before long, the green four-bedroom house became their home—with space enough for everyone.
Reliable Renter Switches to Homeowner with Man Cave

“I love knowing this place is mine,” Juan Spencer said. “It just feels good to be a homeowner.”

Juan thought his prospects of owning a home were dim. He worked as a mental health counselor, with a daughter to raise and school debt to pay off.

He heard about the Commission’s downpayment assistance program through his landlord. Prove yourself as a renter, and we’ll connect you with financing. For two years, he diligently cared for his rented space in Tacoma. Then the house hunt began.

Juan’s timing was perfect: a house just down the street with a circular driveway and big yard was for sale. It even had an extra bathroom for his daughter and a big room perfect for a man cave.

Juan purchased the home in time to host Thanksgiving for 70 family members and friends.
New Lights and Windows Brighten Theater’s Future

The historic Pantages Theater in Tacoma is shining brighter while saving thousands in annual energy costs.

Built in 1918 and restored in 1983, the theater has upgraded again with energy and design retrofits both inside and out—including its iconic vintage sign.

A low-interest loan from the Commission’s Sustainable Energy Trust restored and replaced 210 single-paned windows, replaced floodlights and theater signs with LED fixtures, and repaired the theater’s terra cotta exterior.

$1.7M energy projects the Commission financed in FY2017

The Pantages will save 39% in natural gas and 4% in electricity costs

The Pantages is the oldest of 22 West Coast vaudeville theaters built by Alexander Pantages
Laile Fletcher is energized by the new biodigester she purchased for her three-acre farm near Carnation. The biodigester breaks down waste animal products to produce energy.

Without a loan from the Commission’s Sustainable Energy Trust, Laile would have saved money for another two years to afford the biodigester. Instead, she’s already generating benefits by reducing waste, selling energy back to the utility grid, and selling the highly nutritious liquid soil amendment from the biodigester to other farmers who need it.

“You have to think outside the box if you’re a smaller farm.”

Chicken Farm Turns Waste into Power

Crooked Shed Farm raises chickens, pigs, goats, and cattle
Enhancing Communities

Sustainable Energy Program

5 projects  $1.7 MILLION financed

In 2017, our Sustainable Energy Program provided financing for four new energy-efficient homes in Seattle’s Beacon Hill neighborhood. In nearby downtown Seattle, the program financed an energy and water systems renovation in Plymouth Housing Group’s David Colwell apartments.

We financed a new biodigester at a woman-owned chicken farm in rural King County. The Marge Williams Center, a resource for nonprofits based on Bainbridge Island, received financing for solar energy upgrades.

The largest project our Sustainable Energy Program financed this year helped improve Tacoma’s historic Pantages Theater. Energy and design retrofits were completed inside and out, including its iconic vintage sign.

Pantages Theater
Energy & design retrofits
Tacoma
$800,000

Green Canopy Homes
Energy-efficient homes
Seattle-Beacon Hill
$475,000

David Colwell Apartments
Energy & water systems
Seattle-South Lake Union
$299,715

Crooked Shed Farm
Biodigester
Carnation
$60,000

Marge Williams Center
Solar energy upgrades
Winslow
$50,000
Nonprofit Facilities

4 projects  $50 MILLION financed

Seattle Academy of Arts & Sciences
Seattle
Built new school and gym, doubling the educational space.
$27.5 MILLION

Hopelink
Redmond
Financed a new 27,862-square foot integrated service center and administrative offices.
$12 MILLION

Sea Mar Gallery & Community Center
Seattle
Expanded and renovated existing facility for office space, teen boxing program, and art gallery.
$6 MILLION

Children’s Institute for Learning Differences
Renton
Bought and renovated building for therapeutic school; built new administrative building.
$4.6 MILLION

Beginning Farmer/Rancher

1 project  $295,000 financed

Through this financing, a family purchased 83 acres for farming near Washougal in Clark County.
## Statement of Net Assets

<table>
<thead>
<tr>
<th>Assets</th>
<th>2017</th>
<th>2016</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$15,309</td>
<td>$6,332</td>
<td>$(8,977)</td>
<td>-141.8%</td>
</tr>
<tr>
<td>Investment securities</td>
<td>$9,186</td>
<td>$20,237</td>
<td>$11,051</td>
<td>54.6%</td>
</tr>
<tr>
<td>Receivables and prepaids</td>
<td>$6,582</td>
<td>$6,165</td>
<td>$(417)</td>
<td>-6.8%</td>
</tr>
<tr>
<td>Furniture and fixtures (net of depreciation)</td>
<td>$349</td>
<td>$328</td>
<td>$(21)</td>
<td>-6.4%</td>
</tr>
<tr>
<td>Total assets</td>
<td>$31,426</td>
<td>$33,062</td>
<td>$1,636</td>
<td>4.9%</td>
</tr>
<tr>
<td>Deferred Outflows of Resources</td>
<td>$1,059</td>
<td>$572</td>
<td>$(487)</td>
<td>-85.1%</td>
</tr>
<tr>
<td>Total assets and outflows of resources</td>
<td>$32,485</td>
<td>$33,634</td>
<td>$1,149</td>
<td>3.4%</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and other liabilities</td>
<td>$1,974</td>
<td>$2,538</td>
<td>$564</td>
<td>22.2%</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>$5,207</td>
<td>$4,102</td>
<td>$(1,105)</td>
<td>-26.9%</td>
</tr>
<tr>
<td>Unearned fee income</td>
<td>$9,131</td>
<td>$10,227</td>
<td>$1,096</td>
<td>10.7%</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$16,312</td>
<td>$16,867</td>
<td>$555</td>
<td>3.3%</td>
</tr>
<tr>
<td>Deferred Inflows of Resources</td>
<td>$0</td>
<td>$617</td>
<td>$617</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total net assets</td>
<td>$16,173</td>
<td>$16,150</td>
<td>$(23)</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Total liabilities, net assets, and inflows of resources</td>
<td>$32,485</td>
<td>$33,634</td>
<td>$1,149</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

## Statement of Activities and Change in Net Assets

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2017</th>
<th>2016</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee and other income</td>
<td>$31,998</td>
<td>$25,953</td>
<td>$(6,045)</td>
<td>-23.3%</td>
</tr>
<tr>
<td>Interest and investment income (net)</td>
<td>$487</td>
<td>$1,493</td>
<td>$1,006</td>
<td>67.4%</td>
</tr>
<tr>
<td>Grants and other pass-through revenue</td>
<td>$3,614</td>
<td>$5,578</td>
<td>$1,964</td>
<td>35.2%</td>
</tr>
<tr>
<td>Total revenues</td>
<td>$36,099</td>
<td>$33,024</td>
<td>$(3,075)</td>
<td>-9.3%</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries, wages, and employee benefits</td>
<td>$7,754</td>
<td>$7,166</td>
<td>$(588)</td>
<td>-8.2%</td>
</tr>
<tr>
<td>Professional fees</td>
<td>$1,219</td>
<td>$1,275</td>
<td>$56</td>
<td>4.4%</td>
</tr>
<tr>
<td>Office and other expense</td>
<td>$2,661</td>
<td>$3,062</td>
<td>$401</td>
<td>13.1%</td>
</tr>
<tr>
<td>Grants and other pass-through expense</td>
<td>$3,614</td>
<td>$5,578</td>
<td>$1,964</td>
<td>35.2%</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$15,248</td>
<td>$17,081</td>
<td>$1,833</td>
<td>10.7%</td>
</tr>
<tr>
<td>Allocated to Commission fund</td>
<td>$3,638</td>
<td>$2,425</td>
<td>$(1,213)</td>
<td>-50.0%</td>
</tr>
<tr>
<td>Excess allocated to program investments</td>
<td>$17,190</td>
<td>$11,466</td>
<td>$(5,724)</td>
<td>-49.9%</td>
</tr>
</tbody>
</table>
The Commission is a Self-Sustaining Organization

<table>
<thead>
<tr>
<th>Self-Generated Revenue</th>
<th>$31,998,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pass-Through Grants, etc.</td>
<td>$4,101,000</td>
</tr>
</tbody>
</table>

89% 11%

Downtowns Light Up with More Affordable Living

**Spokane: Former jewel finally reborn as apartments**

The historic Ridpath Hotel had seen better days, and that was before it sat empty and neglected while endless lawsuits raged over its fate. Fortunately, developer Ron Wells, backed by the Spokane community, persevered with his vision of transforming the Ridpath into affordable apartments. The 206 new units—almost all of which are limited to those with low incomes—will open in 2018.

**Olympia: Residents connect with on-site services**

Billy Frank Jr. Place in Olympia answers the need for affordable housing—and connects formerly homeless residents with social services on-site. The four-story complex built by the Low Income Housing Institute is near public transportation and serves veterans, young adults, and the disabled.

Photo: Jon Roanhause
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. We work to increase housing people can afford statewide, and we issue below-market-rate, tax-exempt bonds, and federal housing credits to fund housing and nonprofit facilities across Washington. The bonds of the Washington State Housing Finance Commission are not obligations of Washington state and are not repaid with tax dollars. The Commission is financially self-sufficient. All operating expenses are paid from program revenues. No taxpayer dollars were used to produce this document.

For more information about the Commission and its work, visit www.wshfc.org or call 206-464-7139 or 1-800-767-HOME (4663) in Washington state.

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