

# Leading with *Opportunities*





*Just 22 and 23 years old, the Olsens are recent UW Tacoma graduates and newlyweds, and now own their own home.*

## Commission Celebrates 50,000<sup>th</sup> Homebuyers



Like many young couples, Jeremy and Melissa Olsen dreamed of owning their own home—someday. The Olsens were able to make this dream a reality, sooner than they expected, after applying for and receiving assistance from the Commission.

The Olsens represent a huge milestone: 50,000 homebuyers served across the state. In August 2014, the Commission hosted a housewarming party to celebrate at the couple's home in Federal Way.

Because the Olsens' household income was under \$97,000 and they were qualified borrowers with a good credit score, they were eligible for help with the downpayment—a large obstacle for many would-be homebuyers.

"It was critical for us to get help with the downpayment," said Jeremy Olsen. "The 0 percent loan over 30 years let us save our cash for emergencies or any work we have to do on the house."

Downpayment assistance is a key component of the Commission's home-loan programs, which are provided through trained lenders throughout the state of Washington.



## Leading With Opportunities

It's been an exciting year for the Washington State Housing Finance Commission. We continued to experience more demand for our programs than any year in recent memory.

With housing needs as diverse as our landscape, we funded significant multifamily projects across the state, in communities such as Kennewick, Omak, Vancouver, and Marysville. Our innovative work and partnerships also went beyond housing, from energy-efficient upgrades at Bainbridge's Town & Country Market, to a Health Professions Education Center at Whatcom Community College, to a new state-of-the-art YMCA in Sumner.

Meanwhile, our Home Advantage program created more opportunities for homebuyers than we ever imagined when we launched it two years ago.

Again, we're serving diverse communities, from larger cities like Seattle and Spokane, where home prices have spiked, to tiny towns like Waterville, where homeownership can be challenging for lower-wage workers and families.

It's truly an honor to represent my fellow commissioners and the staff of the Washington State Housing Finance Commission and to thank you for helping us lead with opportunities.

The impact of our work is perhaps best summed up by Ruben Lucero (be sure to read his story on page 3):  
*"I'm so glad programs exist to help families like ours achieve the American dream!"*

**Karen Miller, Chair**

Washington State Housing Finance Commission



Doug Morger, loan officer,  
Eagle Home Mortgage, Wenatchee, WA

## A Mortgage Broker's Perspective

When Ruben Lucero purchased his home in Waterville recently, he worked with Doug Morger, a loan officer with Eagle Home Mortgage in Wenatchee. Doug is a lending professional in the state of Washington who teaches the Commission's Homebuyer Education Class.

*“I've seen lots of young people benefit from this program.”*

"Home Advantage is a great program," Doug states. "And I'm not just referring to downpayment assistance."

Doug is a passionate advocate for the homebuyer education class. "I recommend it all the time," he adds.

While Home Advantage is one of several options Doug offers to potential home buyers, he's seen firsthand the big impact it makes on his rural community.

"Our real estate is still pretty expensive here, but our wages are lower than many metropolitan areas. I've seen lots of young people benefit from this program—families who have jobs and want to make this region home, but don't have \$8,000 to \$10,000 laying around for a down payment."



The Lucero family in front of their new home in Waterville.



## A Move-Up House Allows Family to Grow

A palette of paint colors. Landscaped areas filled with flowers. And a special wall inside—where each year, Ruben Lucero carefully and ceremoniously marks the height of each of his four children.

Like more than 50,000 Washingtonians, the Luceros benefitted from the Washington State Housing Finance Commission's home-loan program.

The Commission had helped Ruben and his wife become first-time homebuyers, when they were apartment dwellers with two children. But ten years and two more children later, that first house was bursting at the seams.

### Time to Move Up

It was time to move up—and because we're no longer restricted to first-time homebuyers, the Commission could help.

In 2014, using our Home Advantage program, the Luceros bought a new home in Waterville, a small town about 30 minutes from Wenatchee. With air conditioning and internet service, along with a comfortable basement, the move-up house allows plenty of room for the family to grow.

### A Family Affair

When asked how homeownership has changed his life, Ruben is quick to point out, "It's liberating! It's our home to do with what we want. My wife plants flowers, the kids have pets, and we paint the rooms whatever color we want."

He credits the Commission's Homebuyer Education Class with preparing him well for first-time homeownership, back in 2004.

"I had no idea how to buy a house," Ruben recalls. "The class was very useful. You get a much better idea of what you're getting into—and what you can afford."

And homeownership is now an extended family affair. In 2013, his brother purchased a home in East Wenatchee, also using the Home Advantage program.

"My brother loves it—and I'm happy, too. We're all close to one another, and it's good to have him nearby and in his own home," Ruben adds.

### Living the Dream

Now an experienced homeowner with two buying experiences under his belt, Ruben, an industrial mechanic, is a strong advocate for ownership.

"I'd never go back to renting," he adds. "We're so happy in our home, and I'm glad programs exist to help families like us achieve the American dream!"

*"We're so happy in our home, and I'm glad programs exist to help families like us achieve the American dream!"*

RUBEN LUCERO

# Through the Roof

Our Home Advantage program continued to smash records throughout 2014. Not only did we serve 34 percent more households than in 2013, we sometimes did as much business in one day as we had in a week under our old House Key bond-financed program.

That's partly because it's far more popular with lenders, but it also matches market needs. As the economy improves and home values go up, the affordability gap for low- and moderate-income households is widening again. The Commission's programs are more important than ever to help fill that gap.

*In 2014, we sometimes did as much business in one day as we used to in a week.*

While first-time homebuyers still make up most of our customers, we're seeing more and more who are already homeowners—or who owned and lost a home in the downturn—and are ready to purchase again. Our ability to finance these borrowers—the Luceros on page 3, for example—is helping both the economy and Washington households move forward.

## Mortgage Credit Certificates (MCC)

The use of MCCs is on the rise, making homebuying more affordable by decreasing tax liability. Because we no longer issue bonds to support our main home-loan program, we're free to issue more MCCs against our bond cap. What's more, MCCs can now be combined with our home mortgages and downpayment assistance—making our program even more effective for working families.

## New Tacoma Downpayment Partnership

The City of Tacoma's Community Redevelopment Authority had been offering downpayment assistance to homebuyers for over 20 years. This program helped stabilize Tacoma's housing market, one of the hardest hit by the foreclosure crisis.

In 2014, facing budget and staffing restraints, the city sought the Commission's partnership. By combining the city's funding with our own for downpayment assistance, and leveraging both with our home mortgage loans and servicing, together we now serve even more Tacoma residents.

## 2014 Homeownership Highlights



### HOME LOANS

- \$448 million
- 2,552 households served  
*(2,451 Home Advantage and 101 House Key loans)*
- +34% from 2013

### DOWNPAYMENT AND CLOSING-COST LOANS

- \$19 million
- 2,509 homebuyers served
- +37% from 2013

### MORTGAGE CREDIT CERTIFICATES

- \$323 million
- 1,582 home loans
- +58% from 2013

### HOMEBUYER EDUCATION

- 7,821 potential homebuyers attended a seminar, including 658 online (a new option in 2014)
- 1,095 seminars held statewide
- 584 instructors trained

*"This partnership is opening doors for potential homebuyers across Tacoma. It's a great opportunity for the city, its residents, and the Commission."*

CAREY JENKINS—Housing Division Manager, City of Tacoma Community and Economic Development Department

## Qualifying for Home Advantage is Simple



Household earnings  
\$97,000 or less



Meet lender standards,  
including good credit score



Attend a free  
homebuyer  
education seminar



## 2014 Multifamily Highlights



- 36 total projects
- 3,720 units of housing created, including:
  - 1,055 for seniors
  - 308 for disabled households
  - 132 for homeless households
  - 44 for farmworker households
- \$284 million issued in bonds
- \$420.5 million allocated in housing credits

### COMBINED BONDS + TAX CREDITS

- \$284 million in bonds, \$192 million in tax credits
- 17 projects statewide
- 2,658 rental housing units created or preserved (*1,355 for seniors*)

### HOUSING CREDITS—2014 COMPETITION

- 17 projects in 9 counties statewide
- \$158 million in tax credits
- 939 units created or preserved (*125 for seniors*)

### HOUSING CREDITS ALLOCATED TO NON-COMMISSION BOND PROJECTS

- \$50 million, 58 units

### NONPROFIT HOUSING

- \$207 million in bonds issued to create 123 units and refinance more than 1,000 existing units

## New Criteria Balance Resources

Washington is just as diverse as its landscape, and housing needs vary greatly from urban to rural. In 2014, we overhauled our criteria for the annual 9 percent housing-credit competition to better respond to this diversity. We created three “geographic pools” so that projects could compete in their own regions: King County, Metro, and Non-Metro. The result is greater fairness and better distribution of credits throughout the state.

## Bonds Attract Private Developers

Our combined bond and tax-credit program came roaring back this year, with a 42 percent increase in bonds issued. Particularly attractive to private developers as an incentive to build affordable apartments, this program is also increasing in use among nonprofits—taking pressure off the 9 percent program, which serves those most in need.

## Partnerships Empower Manufactured-Home Communities



*Sallie and Wayne Killebrew, residents of Thundering Pines, helped set up the new resident-owned cooperative.*

Whidbey Island's Thundering Pines is now the second community in Washington to become self-owned, thanks to our innovative partnership with ROC USA and ROC Northwest.

Our peers, the National Council of State Housing Finance Agencies, recognized this \$1.87 million work in 2014 with a special achievement award. And it's picking up speed: Three communities in Moses Lake have since become self-owned cooperatives.

That's great for homeowners, who can build equity, have the security of a mortgage rather than rising rents, and enjoy safe and more pleasant communities.

## A Few of the Projects Funded in 2014:

### FREELAND: *Sunny View Village*

This project adds much-needed affordable apartments at the south end of Whidbey Island in an area designated by HUD as “difficult to develop.”

### MARYSVILLE: *Vintage at Lakewood*

This new complex by a private developer adds 197 new apartments for seniors.

### SEATTLE: *Western Avenue Senior Housing*

The last piece in the original 30-year plan for Pike Place Market's revitalization, this new building adds 40 units of low-income senior housing and a new community access center.

### OMAK: *Eagle Nest Homes*

These single-family homes and duplexes are the first significant developments on the Colville Indian Reservation in several decades.

### VANCOUVER: *Lincoln Place*

A new building of 30 studio apartments offers “housing first” for chronically homeless adults, as well as supportive services provided by SHARE.

### KENNEWICK: *Volland Street*

A long-planned new development with 31 units of housing and services for very low-income, formerly homeless, and disabled residents.

## Fueling Diverse Needs



Affordable, permanent supportive housing

## Cottage Grove Commons

Chronically homeless adults, like Billy, now have a home thanks to Cottage Grove Commons. The building provides:

- Affordable, permanent supportive housing for 66 formerly homeless men and women
- Apartments furnished with everything for a resident starting from scratch
- Critical social and supportive services
- Two meals a day

Cottage Grove is one of 10 supportive housing projects by DESC (Downtown Emergency Services Center) to be financed by the Commission throughout Seattle.



**1,000** people

The Commission partners with DESC to move hundreds of homeless men and women off the streets and into supportive housing, serving over 1,000 of our community's most vulnerable individuals—particularly those disabled by serious mental and/or addictive illnesses.



Billy Levins stands proudly in front of his first real home.

## A Place to Call Home

Cottage Grove Commons stands just a few miles from West Seattle's Lincoln Park. But for Billy Levins, the distance could be measured in light years.

### Cottage Grove

Billy had called the park "home" for many years. Then, in January 2014, he truly came home—to an apartment of his own at Cottage Grove Commons.

He chose one on the fourth floor, with a view into the branches of the 100-year-old fir tree in the courtyard. "Instead of being under the tree looking up at it from my sleeping bag, I'm looking out my window at it," he says.

A quiet man of 48 with bright blue eyes, a Boston accent and a ready smile, Billy explains that the outdoors represented a haven from the neglect and abuse he experienced as a child.

"I learned that if I didn't come home no one cared, so when I was 9 or 10 I started sleeping outside where I could find peace," he says.

But that pattern continued throughout his adult years of homelessness. Billy describes the weariness of dragging his possessions around in bags, having nowhere to go when the shelter was full. "Winter was a time of dread for me most of my life," he adds.

### An Open Door Community

"This is the first place I ever went where people said, 'welcome, come on in,' every time I walked in the door," says Billy. "Someone cared that you were coming home."

After being alone for so long and living outdoors, Billy admits having his own apartment was an adjustment. When the weather turned warm and dry, he took his sleeping bag and camped for a night on Bainbridge Island.

It was okay, he says. "But then I realized, I can just get on the boat and go home."

*“This is the first place I ever went where people said, ‘welcome, come on in,’ every time I walked in the door.”*

BILLY LEVINS

## Building Community

While affordable housing is our core mission, we also support people and build communities in other important ways.

Our financing allows nonprofits to build and remodel facilities, beginning farmers to purchase land and equipment, and many kinds of entities to conserve and create sustainable energy.

### Energy Projects

The Commission's Sustainable Energy Program continues to offer innovative financing for developers of green homes, energy-efficient upgrades, and clean-energy sources.

**3** projects | **\$4.05** million financed



Meat and seafood department staff at Town & Country Market in front of their newly remodeled space. (Photo credit: Will Langemack.)

#### BAINBRIDGE ISLAND: *Town & Country Market*

Town & Country Market "greened up" the remodel of its 1950s-era building with energy upgrades that are estimated to reduce energy use by 41 percent when complete. It was also the nation's first private-sector project to use Qualified Energy Conservation Bonds through a Green Community Initiative.

*"The improvements should pay for themselves in just 7 to 10 years."*

BILL WEYMER—CEO, Town & Country Markets

#### SEATTLE: *Beacon Hill*

Two new, highly energy-efficient townhouses within walking distance of the Beacon Hill light rail station.

#### KING COUNTY: *YMCA of Greater Seattle*

Lighting, plumbing, and equipment upgrades at six locations of the YMCA.



*Beacon Hill townhouses*

### Commission Welcomes New Team

In 2014 the Commission welcomed two new staff members to the Beyond Housing team.

#### Multifamily Housing & Community Facilities Director

##### **Lisa Vatske**



As managing director of the state's Housing Trust Fund from 2004 to 2011, Lisa brings more than 20 years of experience in

housing and community development to the Commission. In addition to overseeing Multifamily Housing, Lisa also leads the Commission's non-housing programs including:

- Nonprofit Facilities Program
- Sustainable Energy Program
- Farmer/Rancher Program

##### **Senior Sustainable Energy Lead**

##### **Ainsley Close**



Ainsley Close joined the Commission in June 2014 to lead our Sustainable Energy Program. She recently earned her Masters in Public Administration at the University of Washington Evans School and spent several years with Seattle Mayor Mike McGinn's administration. Ainsley's experienced stakeholder outreach and enthusiasm are a great match for our energy program.



## Nonprofit Facilities Projects

The Commission's Nonprofit Facilities Program helps nonprofits across Washington state buy, build, renovate, and even refinance their community facilities.

**5** projects | **\$65** million financed

### SEATTLE: Westside School

**\$8.8 million** to build a new permanent campus in West Seattle.

### SEATTLE: Asian Counseling & Referral Service

**\$3.5 million** for refinancing.

### SUMNER: YMCA of Pierce & Kitsap Counties

**\$44 million** to help build the new Gordon Family YMCA.

### YAKIMA: People for People

**\$918,000** for rehabilitated offices and new call center.

### BELLINGHAM: Whatcom Community College Foundation

**\$7.8 million** to acquire a new Health Professions Education Center and refund earlier bonds.



Westside School

“With the Commission’s support, Westside School is able to fulfill its dream of creating a permanent home for our school.”

KATE MULLIGAN—Head of School



Gordon Family YMCA

“Our new Gordon Family YMCA in Sumner opens in 2015, thanks in part to the Commission’s tax-exempt bonds—a major part of our project’s budget. What we save in interest goes back to our mission in the community.”

BOB ECKLUND—President & CEO, YMCA of Pierce and Kitsap Counties

## Beginning Farmer/Rancher Projects

The Commission's Farmer/Rancher Program provides help to acquire and improve agricultural property at lower interest rates. Since 2008, when the program started, the Commission has helped 24 households buy land and equipment to begin their farm.

**1** project | **\$200,000** financed

### CURLEW: Cattle and Hay Farm

The Commission secured funding for a family to purchase 226 acres near the city of Curlew to begin their own cattle and hay farm.



# Long-Term Housing Relationships

## Onsite Inspections and Technical Assistance

The Commission's Asset Management and Compliance team is dedicated to the long-term success of the housing we finance—maintaining a relationship with each property for 30 to 40 years.

Our staff supports property owners and managers every day with technical assistance, training, and on-site visits.



*WSHFC team inspecting Creston Point Apartments in South Seattle, built with the help of financing from the Commission. Managed by HNN Associates.*

*“We feel fortunate to be able to rely upon the Commission’s technical and professional expertise. They are innovative and supportive and deliver practical ideas and solutions to everyday issues.”*

AARON STRIGHT—Operations Manager, HNN Associates

## Proud Partner Award: Indigo Real Estate Services, Inc.



*Indigo Real Estate of Mercer Island was honored by the Commission for outstanding property management during the 2014 annual joint convention of the Affordable Housing Management Association of Washington and the Affordable Rural Housing Council.*

## 2014 Highlights

- Monitoring of over 75,000 units in 934 properties
- 245 property inspections
- Over 600 property owners and managers trained in compliance monitoring and reporting



*“We work with different states and the team at the Washington State Housing Finance Commission is the best in creating a great working environment. We really feel that they are there to help us.”*

ANDREI TURCAN—  
Compliance Director, Indigo Real Estate Services, Inc.

## 2014 Commissioners

### **Karen Miller**

Commission Chair

### **James L. McIntire**

Washington State Treasurer

*Ex Officio*

### **Brian Bonlender**

Director

*Department of Commerce*

### **Dan McConnon**

Designee

*Department of Commerce*

### **Ellen Evans**

Commissioner Designee

*State Treasurer's Office*

### **Beth Baum**

Commissioner

*At-Large*

### **Lloyd Weatherford**

Commissioner

*Labor Interests Representative*

### **M. A. Leonard**

Commissioner

*Public Member*

### **Steven Moss**

Nonprofit and Housing Consumer

*Low-Income Persons Representative*

### **Randy Robinson**

Commissioner

*Housing Consumer Interests Representative*

### **Gabe Spencer**

Commissioner

*Publicly Elected Official Representative*

### **Pam Tietz**

Commissioner

*Public Member*

### **Mario Villanueva**

Commissioner

*Public Member*



*Commissioners and staff accept the Special Achievement Award at the NCSHA national conference in Boston.*

## A Commitment to Innovation

In October 2014, the Commission was honored with a Special Achievement award from the National Council of State Housing Finance Agencies for a partnership that empowers people to join together and buy their manufactured-home communities.

Although these residents of "mobile-home parks" own their homes, they rent the land underneath them. When the land is sold, the rent gets too high, or the landlord fails to maintain common areas, they face the threat of being displaced and losing their investment.

But when they form cooperatives and purchase their communities, homeowners build equity and enjoy the security of a mortgage. Communities become safer and more pleasant because members can invest together in maintenance and enforce their own rules.

Our partnership with ROC USA and ROC Northwest has helped five manufactured-home communities in Washington so far (*see page 5*).



*Director Kim Herman accepts the Harry L. Tomlinson Award.*

## Commitment to Affordable Rural Housing Recognized

Our Executive Director Kim Herman's long-term commitment to provide affordable housing in rural areas was recognized in January by the national Council for Affordable and Rural Housing (CARH\*). Receiving the Harry L. Tomlinson Award is an honor for everyone at the Commission. One-third of Washington's residents live in rural areas.

\*CARH is a national nonprofit trade organization with 300 members in the housing profession, representing the needs of the entire rural housing industry.

**“Kim is a supporter of rural housing and understands the importance and role that tax credits have played in helping preserve the rural housing portfolio. We appreciate all of his efforts at the state level.”**

COLLEEN FISHER—Executive Director, CARH

## FINANCIAL PERFORMANCE

For the Year Ended June 30, 2014

# A Year of Growth

While the Great Recession continues to cast a shadow, our core programs have almost returned to normal activity levels—due, in part, to our ability to adapt to new market conditions.

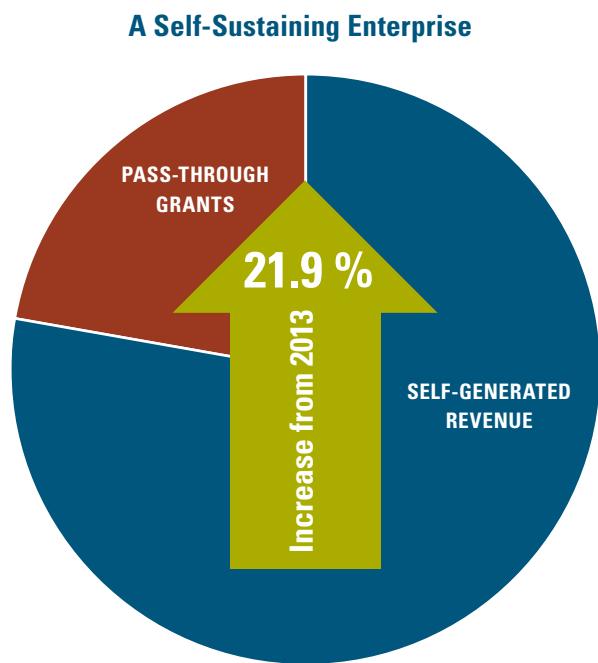
For example, by funding our home-loan program through the taxable mortgage market instead of tax-exempt bonds, we're serving more Washington families than ever before. In 2014, 2,552 households—a record number—purchased homes through the Commission.

At the same time, our multifamily housing and community-building

programs generated \$448 million in capital investment. Although our bond activity is steadily increasing, our outstanding bonds actually decreased by \$81 million because our home-loan program no longer uses this resource.

Thanks to the success of these programs, the Commission was able to transfer \$12 million into our Program Investment Fund in 2014—which we reinvested in our mission by funding downpayment assistance for homebuyers, small capital projects for nonprofits, manufactured-housing preservation, land acquisition for affordable housing, and sustainable energy projects.

## Financial Highlights



### 2014 Revenue

- Self-Generated Revenue = **\$21.6 million**
- Other revenue (pass-through grants) = **\$5.3 million**
- Total: \$26.9 million**

## Small Budget. Big Impact.

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

**\$14.4 million**  
= Operating Expenses



**\$1.2 billion**

= Investments in Homeownership,  
Multifamily Housing, and  
Community Projects



	2014	2013	\$ Change	% Change
<b>Statement of Net Assets</b>				
For the years ending June 30, Unaudited (in thousands)				
<b>ASSETS</b>				
Cash and cash equivalents	<b>\$ 20,577</b>	\$ 21,358	\$(781)	-3.7%
Investment securities	<b>9,646</b>	8,667	979	11.3%
Receivables and prepaids	<b>4,011</b>	5,440	(1,429)	-26.3%
Furniture and fixtures (net of depreciation)	<b>109</b>	29	80	275.9%
Total assets	<b>\$ 34,343</b>	\$35,494	\$(1,151)	-3.2%
<b>LIABILITIES</b>				
Accounts payable and other liabilities	<b>\$ 2,237</b>	\$2,406	\$(169)	-7.0%
Unearned fee income	<b>13,832</b>	15,088	(1,256)	-8.3%
Total liabilities	<b>\$ 16,069</b>	\$17,494	\$(1,425)	-8.1%
<b>NET ASSETS</b>				
Total net assets	<b>\$ 18,274</b>	\$18,000	274	- %
Total liabilities and net assets	<b>\$ 34,343</b>	\$35,494	\$(1,151)	-3.2%

**Statement of Activities and Change in Net Assets**

For the years ending June 30, Unaudited (in thousands)

	2014	2013	\$ Change	% Change
<b>REVENUES</b>				
Fee and other income	<b>\$ 21,018</b>	\$17,277	3,741	21.7%
Interest and investment income (net)	<b>573</b>	24	549	2,287.5%
Grants and other pass-through revenue	<b>5,348</b>	4,795	553	11.5%
Total revenues	<b>\$ 26,939</b>	\$22,096	\$4,843	21.9%
<b>EXPENSES</b>				
Salaries, wages, and employee benefits	<b>\$ 5,704</b>	\$5,109	595	11.6%
Professional fees	<b>1,094</b>	994	100	10.1%
Office and other expense	<b>2,277</b>	1,824	453	24.8%
Grants and other pass-through expense	<b>5,348</b>	4,795	553	11.5%
Total expenses	<b>\$ 14,423</b>	\$12,722	\$1,701	13.4%
Allocated to Commission fund	<b>1,794</b>	968	826	85.3%
Excess allocated to program investments	<b>\$ 10,722</b>	\$8,406	2,316	27.6%

Except for certain pass-through grants and loans, all funds received by the Commission are generated by its activities and are not direct appropriations from the state or other sources.

Note: For a complete set of audited financial statements, please visit our website at [www.wshfc.org](http://www.wshfc.org) or call 206-464-7139.



*Opening doors to a better life*

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](http://www.wshfc.org) or call 206-464-7139 or 1-800-767-HOME (4663) in Washington state.

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