

**FEBRUARY 24, 2022**  
WASHINGTON STATE HOUSING FINANCE COMMISSION  
**COMMISSION MEETING PACKET**

*Additional Materials*



**Additional Materials Include:**

- Update on Strategic Planning Process - Memo (Work Session)
- Financial Statements as of January 31, 2022 (Tab 9)
- Quarterly Program Related Investments Report (Tab 9)



WASHINGTON STATE  
HOUSING FINANCE  
COMMISSION

*Opening doors to a better life*



WASHINGTON STATE  
**HOUSING FINANCE  
COMMISSION**

Bill Rumpf  
*Chair*

Steve Walker  
*Executive Director*

## Memorandum

**To:** Commissioners  
**From:** Steve Walker  
**Date:** February 24, 2022  
**Re:** Strategic Planning Process

As previously shared, in December the Commission released a Request for Proposals for a Strategic Planning Consultant who would design and facilitate an inclusive process that would result in a new vision, mission, and guiding plan that incorporate our racial equity values.

Seven proposals were received, and a staff selection committee reviewed and rated the proposals, coming to a consensus on three finalists. During the week of March 1, these finalists will make a short presentation and answer interview questions in online sessions to which all staff are invited. Staff input will be incorporated into the final decision on the consultant. The new consultant will begin work in March.

We expect this process to result in a range of strategic goals, outcomes, plans and actions at every level of our organization, within the framework of the Racial Equity Values adopted by the Commission in November. To bring alignment and cohesion to the strategic plan and our antiracism work, the strategic planning consultant will collaborate with the Executive Director, the RJET and our racial equity consultant whose work has been ongoing.

More specifically, the strategic planning consultant will:

**1. Clarify and define the desired outcomes of the project.**

As core deliverables, the Commission expects this project to result in a new vision, mission statement, and core values that build on our recently adopted racial-equity values, as well as an organizational strategic plan. The consultant's expertise will be needed to define and clarify the essential elements of these.

**2. Design the process.**

The consultant will work with us to design a process that will achieve the defined outcomes, that will be guided by our racial-equity values and that includes the following elements:

- a. Internal/organizational assessment and external/environmental assessment (e.g., strengths, weaknesses, opportunities, threats). Include a review of the existing organizational goals and the business objectives of each division.
- b. Incorporation of the work led by the RJET and racial-equity consultant, including recent staff assessments and recommendations of antiracism priorities and actions resulting from the Commission dialogues.
- c. Open and candid input from all WSHFC board and staff members
- d. Meaningful engagement (to be specifically defined) with users of our programs, partner organizations, community members and other stakeholders.

**3. Facilitate the process to a successful conclusion.**

The contractor will be responsible for project management, leading meetings, facilitating discussions, and compiling results, while communicating closely with executive management and the Racial Justice and Equity Team and coordinating with the work of the racial equity consultant as necessary.

**4. Draft and finalize the strategic plan and new mission/vision/values.**

The contractor will draft and finalize these deliverables to be formally adopted by the Commission. They will include the following components at a minimum:

- New mission and vision statements
- Core values that incorporate and build on the Commission's existing racial equity values
- Identification of organizational goals and desired outcomes reflecting the mission, vision and values
- Strategic plan that includes division-level business objectives and key performance indicators that can be implemented at every level of the organization

I expect to soon share the strategic planning consultant chosen as a result of the RFP, and to outline more specifically how Commission members will be involved in this process. Your participation is essential to creating a living strategic plan that we can use to guide our decision-making and ultimately lead to more equitable housing outcomes for the people and communities of Washington state. I welcome your questions and input as we shape and engage in the strategic planning process with our consultant.



WASHINGTON STATE  
**HOUSING FINANCE  
COMMISSION**

Bill Rumpf  
*Chair*  
Steve Walker  
*Executive Director*

February 22, 2022

Commissioners  
Washington State Housing Finance Commission  
Seattle, Washington

We have compiled the UNAUDITED statement of Net Position of the Washington State Housing Finance Commission (the "Commission") General Operating Fund, as of January 31, 2022 and the related statement of Activities and Changes in Net Position for the month ended in accordance with generally accepted accounting principles.

This compilation is limited to presenting, in the form of financial statements, information that is accurate to the best of our knowledge and belief. These statements have not been audited or reviewed by an independent third party.

We have elected to omit substantially all of the disclosures required by generally accepted accounting principles including the statement of cash flow. If the omitted disclosures were included in the financial statements, they might influence the users' conclusions about the Commission's financial position, results of operations and changes in financial position. Accordingly, these financial statements are not designed for those who are not informed about these matters.

Prepared by: Shirleen Noonan  
Shirleen Noonan  
General Operations Manager

Approved by: Lucas Loranger  
Lucas Loranger  
Senior Controller

WASHINGTON STATE  
HOUSING FINANCE COMMISSION  
GENERAL OPERATING FUND

January 31, 2022

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(See Accountant's Compilation Report)

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**Washington State Housing Finance Commission**  
**Statement of Net Position**  
**Fund: General Operating Fund**  
**Division: All**  
**January 31, 2022**  
(See Accountant's Compilation Report)

	<u>Current Year</u>	<u>Prior Year</u>	<u>Variance</u>	
			<u>Amount</u>	<u>%</u>
<b>ASSETS</b>				
Cash and Cash Equivalents:				
Demand Deposits	\$ 5,319,745	\$ 8,098,470	\$ (2,778,725)	(1) -34%
Money Market Accounts	64,414,491	45,226,934	19,187,557	(1) 42%
Investment Securities	4,638,541	5,369,327	(730,786)	(1) -14%
Interest Receivable	153,275	165,478	(12,203)	-7%
Fees Receivables	20,216,442	14,507,273	5,709,169	(2) 39%
Loan Receivable (net)	-	2,000,000	(2,000,000)	(3) -100%
Prepaid Expenses & Other Receivable	191,125	253,750	(62,625)	(4) -25%
Furniture and Fixtures (net of depreciation)	248,944	116,592	132,352	(5) 114%
<i>Total Assets</i>	<u>95,182,563</u>	<u>75,737,824</u>	<u>19,444,739</u>	<u>26%</u>
Deferred Outflow of Resources (Pension & OPEB Contributions) *	<u>2,338,037</u>	<u>1,738,698</u>	<u>599,339</u>	<u>34%</u>
<i>Total Assets and Deferred Outflows</i>	<u>\$ 97,520,600</u>	<u>\$ 77,476,522</u>	<u>\$ 20,044,078</u>	<u>26%</u>
<b>LIABILITIES</b>				
Accounts Payable and Other Liabilities	\$ 5,886,062	\$ 6,312,875	\$ (426,813)	(6) -7%
Unearned Fee Income	37,059,389	15,804,288	21,255,101	(7) 134%
Accrued Payroll Payable	1,485,491	1,471,554	13,937	1%
Net Pension Liability *	5,906,223	5,869,124	37,099	1%
<i>Total Liabilities</i>	<u>50,337,165</u>	<u>29,457,841</u>	<u>20,879,324</u>	<u>71%</u>
Deferred Inflow of Resources (Change in Investment Return/Assumptions - Pension & OPEB) *	<u>2,383,349</u>	<u>2,579,125</u>	<u>(195,776)</u>	<u>-8%</u>
<b>NET POSITION</b>				
Invested in Capital Assets	248,944	116,592	132,352	(5) 114%
Committed - Housing Washington *	473,047	373,946	99,101	27%
Unrestricted	44,078,095	44,949,018	(870,923)	-2%
<i>Total Net Position</i>	<u>44,800,086</u>	<u>45,439,556</u>	<u>(639,470)</u>	<u>-1%</u>
<i>Total Liabilities, Deferred Inflows and Net Position</i>	<u>\$ 97,520,600</u>	<u>\$ 77,476,522</u>	<u>\$ 20,044,078</u>	<u>26%</u>

- (1) Fluctuations in these accounts are considered in aggregate. The increase is primarily due to the receipt of funds for the Homeowner Assistance Fund (HAF) program.
  - (2) The receivables increase is primarily due to the recording of receivables (and unearned fee income) for the Citibank Securitization program beginning in June 2021 and the 2nd half of tax credit fees for Commission issued 4% bond tax credits.
  - (3) The balance in the prior year represents an Impact Capital draw on the Line of Credit authorized by the Commission.
  - (4) Prior year's greater prepaids expense and other receivables balance is primarily due to higher prepaids for the bond cap allocation.
  - (5) The increase in net capital assets reflects the capitalization of the Community Build project (automating the external tax credit application process), offset by the continued depreciation of prior investments in assets.
  - (6) The overall decrease in accounts payables and other liabilities is primarily due to reduced accruals associated with the Idaho Master Servicing Agreement, offset by a smaller increase resulting from the quarterly transfer of Daily Price Program income to the Commission Fund occurring later compared to the prior year.
  - (7) The increase in unearned fee income is primarily due to the receipt of funds for the HAF program, established in Section 3206 of the American Rescue Plan Act of 2021. Unearned revenue related to the Citibank Securitization program and the recording of the 2nd half of tax credit fees for Commission issued 4% bond tax credits also contributed to the increase.
- \* These balances are adjusted only at year-end.

**Washington State Housing Finance Commission**  
**Statement of Activities and Changes in Net Position**  
**Fund: General Operating Fund**  
**Division: All**  
**For The Year To Date Ending: January 31, 2022**  
(See Accountant's Compilation Report)

	<u>Current Period</u>	<u>Current Year to Date</u>	<u>Prior Year to Date</u>	<u>Variance Amount</u>	<u>%</u>
<i>Revenues:</i>					
Fee Income	\$ 3,417,466	\$ 31,770,076	\$ 33,266,567	\$ (1,496,491)	-4%
Interest Earned	70,341	497,762	531,283	(33,521)	-6%
Other	162,089	255,330	216,231	39,099 (1)	18%
<i>Total Unadjusted Revenues</i>	<u>3,649,896</u>	<u>32,523,168</u>	<u>34,014,082</u>	<u>(1,490,914)</u>	<u>-4%</u>
<i>Expenses:</i>					
Salaries, Wages, and Employee Benefits	806,438	5,405,142	5,604,437	(199,295)	-4%
Travel & Conferences	5,010	47,442	29,005	18,437 (2)	64%
Professional Fees	92,757	856,875	739,626	117,249 (3)	16%
Office Expense	214,269	1,319,094	1,209,098	109,996	9%
<i>Total Expenses</i>	<u>1,118,474</u>	<u>7,628,553</u>	<u>7,582,167</u>	<u>46,386</u>	<u>1%</u>
<i>Adjustments</i>					
<i>Revenues:</i>					
Gains/(Loss) on Investments	(446,560)	(1,055,001)	(210,403)	(844,598)	401%
Grant Revenue	3,274,487	4,705,092	2,269,819	2,435,273	107%
<i>Expenses:</i>					
Grant Pass-Through	3,274,487	4,705,092	2,269,819	2,435,273	107%
<i>Total Adjustments</i>	<u>(446,560)</u>	<u>(1,055,001)</u>	<u>(210,403)</u>	<u>(844,598)</u>	<u>401%</u>
Excess of Revenues over Expenses	2,084,862	23,839,614	26,221,512	(2,381,898)	-9%
Less transfer to Commission Fund *	(337,183)	(3,561,040)	(4,446,351)	885,311	-20%
Excess of Revenues over Expenses (Net of Transfers)	<u>1,747,679</u>	<u>20,278,574</u>	<u>21,775,161</u>	<u>(1,496,587)</u>	<u>-7%</u>
<i>Net Position</i>					
Total net position, beginning of period	43,052,407	24,521,512	23,664,395	857,117	4%
Current Increase (Decrease) - to Net position	<u>1,747,679</u>	<u>20,278,574</u>	<u>21,775,161</u>	<u>(1,496,587)</u>	<u>-7%</u>
Total net position, end of year	<u>\$ 44,800,086</u>	<u>\$ 44,800,086</u>	<u>\$ 45,439,556</u>	<u>\$ (639,470)</u>	<u>-1%</u>

(1) The overall increase in other income is primarily due to the recognition of administrative fee revenue related to the Coronavirus Relief Fund Grant, offset partially by a decrease in revenue from reduced number of property transfers in the Compliance division.

(2) The increase in travel and conference expenses is primarily due to higher training fees and enrollment in additional conferences in the current year, plus higher travel expenses due to attendance of out of state in person conferences.

(3) The increase in professional fees is primarily due to consultant fees related to executive professional search and racial equity.

\* Effective 1/1/2013, 25% of the Home Advantage Program revenue are transferred to the Single-family bond program's Commission Fund to ensure future indenture and program flexibility as the portfolio of MBS's and bonds diminish.

**Washington State Housing Finance Commission**  
**Detailed Statement of Activities**  
**Fund: General Operating Fund**  
**Division: All**  
**For The Year To Date Ending: January 31, 2022**  
(See Accountant's Compilation Report)

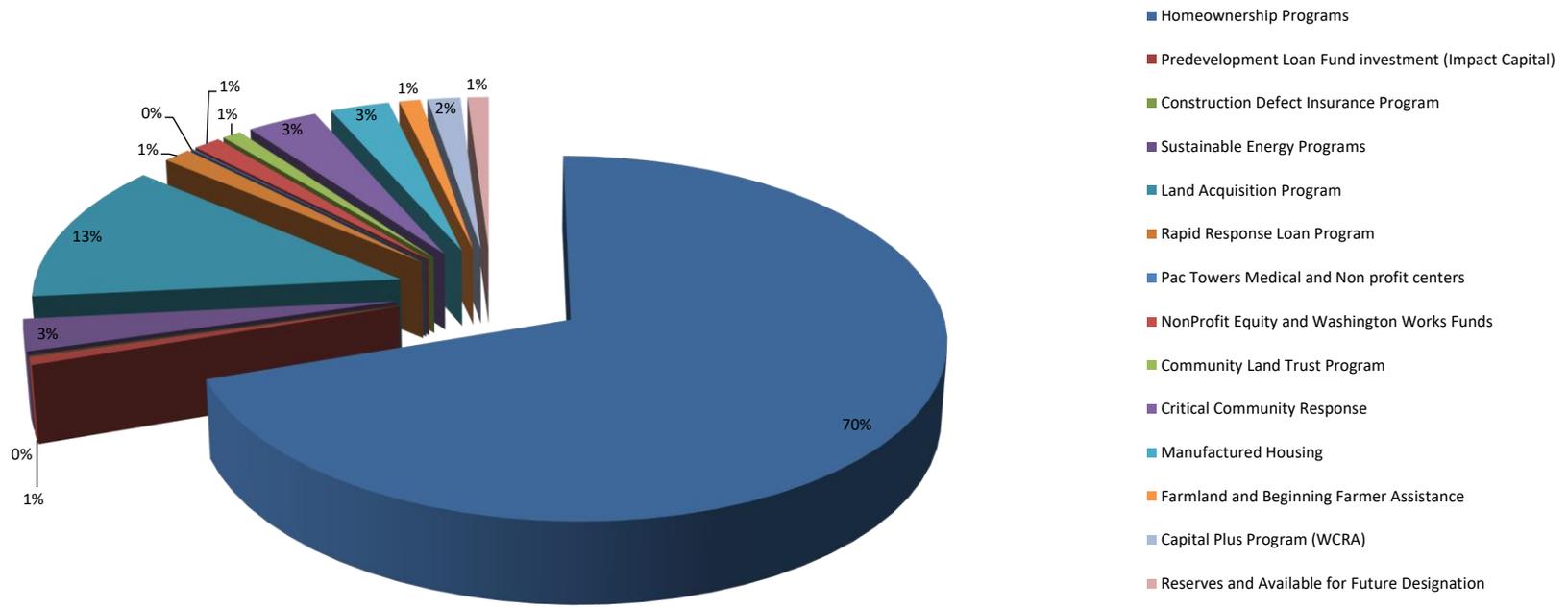
	Variance-YTD vs. PY				Variance-YTD Budget to		
	Actuals	Prior YTD	YTD	YTD	Actual		
	%	Amount	Actual	Actual	Budget	Amount	%
<i>Revenues:</i>							
Program Fees	18.8%	\$ 1,787,752	\$ 9,497,482	\$ 11,285,234	\$ 10,359,377	\$ 925,857	8.9%
Issuance, Application, and Servicing Fees	-13.8%	(3,284,243)	23,769,085	20,484,842	13,586,843	6,897,999	50.8%
Interest Revenue	-6.3%	(33,521)	531,283	497,762	286,809	210,953	73.6%
Other Income	18.1%	39,099	216,231	255,330	273,474	(18,144)	-6.6%
<b>Total Unadjusted Revenues</b>	<b>-4.4%</b>	<b>(1,490,913)</b>	<b>34,014,082</b>	<b>32,523,167</b>	<b>24,506,503</b>	<b>8,016,665</b>	<b>32.7%</b>
<i>Expenses:</i>							
Salaries & Wages - Staff & Temp. Svcs	-1.2%	(49,481)	4,214,429	4,164,948	4,817,916	(652,968)	-13.6%
Employee Benefits - Staff	-10.8%	(149,815)	1,390,008	1,240,193	1,365,592	(125,399)	-9.2%
Conference, Education & Training	21.4%	6,193	28,925	35,118	53,142	(18,024)	-33.9%
Travel out of state - Staff	NA	10,165	-	10,165	102,814	(92,649)	-90.1%
Travel in state - Staff	2598.8%	2,079	80	2,159	37,764	(35,605)	-94.3%
Accounting Fees	5.5%	6,126	110,573	116,699	128,917	(12,218)	-9.5%
Legal Fees	-11.6%	(31,827)	274,584	242,757	379,750	(136,993)	-36.1%
Financial Advisor Fees	0.0%	-	175,000	175,000	191,800	(16,800)	-8.8%
Investment Management Fees	58.1%	35,087	60,347	95,434	93,333	2,101	2.3%
Office Rent/Conf. Room Rentals	20.0%	89,654	449,215	538,869	549,666	(10,797)	-2.0%
Furniture & Equipment Rental	-22.3%	(2,875)	12,898	10,023	10,218	(195)	-1.9%
Advertising	-58.3%	(48,845)	83,739	34,894	220,967	(186,073)	-84.2%
Publications/ Subscriptions/ Dues	-6.9%	(3,360)	48,564	45,204	63,562	(18,358)	-28.9%
Deliveries	-7.2%	(142)	1,980	1,838	2,208	(370)	-16.8%
Insurance	30.2%	7,426	24,614	32,040	24,974	7,066	28.3%
Equipment & Building Maintenance	141.2%	17,938	12,705	30,643	47,503	(16,860)	-35.5%
Software Maint. Support & Other Info Svcs	11.4%	51,336	451,175	502,511	528,797	(26,286)	-5.0%
Non-capitalized Equipment/Supplies	-40.5%	(12,331)	30,463	18,132	31,224	(13,092)	-41.9%
Postage	-8.9%	(279)	3,134	2,855	4,883	(2,028)	-41.5%
Printing	-14.8%	(564)	3,820	3,256	14,785	(11,529)	-78.0%
State Services	5.0%	122	2,439	2,561	13,311	(10,750)	-80.8%
Supplies	49.9%	3,558	7,129	10,687	27,097	(16,410)	-60.6%
Telephone	38.0%	10,458	27,499	37,957	36,071	1,886	5.2%
Contract Services	90.5%	107,863	119,122	226,985	512,244	(285,259)	-55.7%
Depreciation	-4.3%	(2,106)	49,349	47,243	68,772	(21,529)	-31.3%
<b>Total Expenses</b>	<b>0.6%</b>	<b>46,386</b>	<b>7,582,169</b>	<b>7,628,552</b>	<b>9,384,914</b>	<b>(1,756,362)</b>	<b>-18.7%</b>
<i>Adjustments</i>							
<i>Revenues:</i>							
Investments Gain (Loss)	401.4%	(844,598)	(210,403)	(1,055,001)	-	(1,055,001)	NA
Grant Revenue	107.3%	2,435,273	2,269,819	4,705,092	4,146,776	558,316	13.5%
<i>Expenses:</i>							
Grant Pass-Through	107.3%	2,435,273	2,269,819	4,705,092	4,146,776	558,316	13.5%
	401.4%	(844,598)	(210,403)	(1,055,001)	-	(1,055,001)	NA
<b>Excess of Revenues over Expenses- adjusted</b>	<b>-9.1%</b>	<b>(2,381,897)</b>	<b>26,221,510</b>	<b>23,839,614</b>	<b>15,121,589</b>	<b>8,718,026</b>	<b>57.7%</b>
Less transfer to Commission Fund	-19.9%	885,311	(4,446,351)	(3,561,040)	-	(3,561,040)	NA
<b>Excess of Revenues over Expenses (Net of Transfers)</b>	<b>-6.9%</b>	<b>\$ (1,496,585)</b>	<b>\$ 21,775,159</b>	<b>\$ 20,278,574</b>	<b>\$ 15,121,589</b>	<b>\$ 5,156,986</b>	<b>34.1%</b>

**Washington State Housing Finance Commission**  
**PRI Program Summary**  
**As of December 31, 2021**

Program Name	Program Description	Category	Program Assets	Loans/ Investments outstanding	Net Available before Reserve	Portion Reserved for bad debt
HouseKey Plus - Commission investment only	First-time homebuyer downpayment assistance program	Single-family	\$ 31,702,906	\$ 19,414,910	\$ 12,881,493	\$ 593,497
Home Advantage & Home Advantage Rebound Loans	DPA Loans created through Daily Pricing Program	Single-family	402,157,524	273,148,361	141,123,293	12,114,130
(1) HouseKey Plus - Commission with partner investments	First-time homebuyer downpayment assistance program with partner investments and restrictions	Single-family	18,696,326	13,722,393	\$ 5,071,858	\$ 97,925
Home Choice	Downpayment assistance program for first-time homebuyers with disabilities	Single-family	11,275,588	7,308,292	\$ 4,186,545	\$ 219,249
Social Justice DPA		Single-family	2,999,740	10,000	\$ 2,990,040	\$ 300
(4) Investment in Single-family program	Initial investment to fund the Single-family Open Indenture	Single-family	30,000,000	70,000,000	\$ (40,000,000)	\$ -
Habitat for Humanity	Participate in loaning funds allowing the recycling of Habitat for Humanity mortgages through purchase of privately placed bonds (National Habitat) or collateralized loans (State affiliate association).	Single-family	18,102,322	13,388,701	\$ 4,745,231	\$ 31,610
Other Single-family programs (WAFAs, Open Door)	Other downpayment and farmworker single-family construction loan program	Single-family	598,198	-	\$ 598,198	\$ -
Community Land Trust (CLT) Program		Single-family	7,000,000	-	\$ 7,000,000	\$ -
Investment in Impact Capital	Investment in Impact Capital fund for predevelopment loans	Housing	5,261,739	5,250,000	\$ 24,864	\$ 13,125
Construction Defect Insurance Program	Investment to assist Developers with Defect Insurance	Housing	159,448	119,586	\$ 40,460	\$ 598
Farm PAI and Beginning Farmers Assistance Loans	Investment to assist in access to first time farmers	Housing	7,737,348	59,971	\$ 7,677,539	\$ 162
(3) Sustainable Energy Programs	Projects for Energy Sustainability	Energy	21,234,621	7,530,484	\$ 13,760,915	\$ 56,778
(3)(5) Land Acquisition Program	Assist non profit developers in acquisition of land	Housing	93,721,901	76,174,592	\$ 17,633,939	\$ 86,630
(2) Rapid Response Program	Assist developers in acquisition of land, inception from Legislative Action	Housing	10,276,200	9,696,026	\$ 580,174	\$ -
(2) Non profit Equity Fund & Washington Works	Assist Nonprofits in housing development (created per legislative action)	Nonprofit	10,000,246	10,000,000	\$ 246	\$ -
Manufactured Housing	To encourage and enable preservation of affordable housing stock through ownership of manufactured housing	Multi Family	21,518,994	18,695,947	\$ 2,857,320	\$ 34,273
Critical Community Response	To enable preservation of affordable housing stock through ownership and rehabilitation of older LIHTC properties	Multi Family	25,681,410	8,551,979	\$ 17,150,278	\$ 20,847
Northwest Access Fund	Low-interest loans and matched savings accounts for assistive technology, business equipment or home modifications for persons with disabilities	Nonprofit	250,000	-	\$ 250,000	\$ -
Pacific Medical Towers	Assist in the rehabilitation of a property providing services to nonprofits and low-income households.	Nonprofit	597,322	597,322	\$ 1,493	\$ 1,493
Capital Plus (WCRA)	Partnership with WCRA to fund below-market financing to nonprofits with capital needs under \$500,000	Nonprofit	11,930,956	5,548,050	\$ 6,395,592	\$ 12,686
Racial and Social Equity Programs Reserve		TBD	7,000,000	-	\$ 7,000,000	\$ -
<i>Undesignated Funds</i>			<i>437,694</i>	<i>-</i>	<i>437,694</i>	<i>-</i>
<b>Totals</b>			<b>\$ 738,340,484</b>	<b>\$ 539,216,614</b>	<b>\$ 212,407,170</b>	<b>\$ 13,283,303</b>

- (1) Program assets include partner investment of \$13,713,541
- (2) Program Assets are due solely to state investment to date of \$19,613,365
- (3) Program Assets include state investment of \$2,099,417
- (4) Negative availability due to \$40 million of PRI resources loaned to Commission Fund to support single-family mortgage loan purchases
- (5) Program Assets include Microsoft funding of \$46,726,900

### PRI Program Assets at December 31, 2021 By Program



Total Program Assets, including Partner Investment \$738,340,484