



WASHINGTON STATE HOUSING FINANCE COMMISSION

**** AMENDED ****
BOARD MEETING PACKET
July 25, 2024



-Public Engagement at Commission Meetings

Members of the public are welcome at all the meetings of the Housing Finance Commission board. These include monthly business meetings as well as work sessions, which typically take place quarterly.

Sharing Your Thoughts

We are committed to providing a fair, respectful and safe opportunity for all voices to be heard. Public comment is not part of Commission work sessions, but business meetings offer two opportunities:

- **Public hearings (specific topics):**

Most Commission meetings begin with public hearings on specific financing projects or other decisions that will come to the Commission for a decision in the near future. Please limit comments during this time to those directly related to the hearing topic.

- **Public comment period (any topic):**

During this period, which takes place at the end of the business meeting, the Commissioners listen to public concerns and comments on any topic related to the work of the Commission. Anyone who wishes to speak can take this opportunity. The starting time for the public comment period depends on the length of the Commission's other business.

The Commissioners may not respond to your comment or question during the meeting, but staff may follow up with you with your consent.

- **Zoom Chat**

The chat feature is disabled in all Commission meetings and work sessions, as phone attendees cannot participate.

Raising Your Hand

The meeting chair will ask you to "raise your hand" or otherwise indicate that you would like to speak. If online, use the Zoom "raise hand" feature. Attendees on the telephone can press *9 to "raise a hand." Whether or not you are able to virtually raise a hand, the chair will provide time and opportunity for all to share their comments before closing the public comment period.

Community Standards

- Please keep your comments brief (2 minutes). The chair may ask you to bring your statement to a close after that time, especially if others are waiting to speak.
- Please keep your comments respectful. Any remarks or behavior that is rude, abusive, or otherwise disruptive will not be tolerated. This specifically includes slurs regarding protected classes as outlined by federal and state statute, such as race/ethnicity, disability, religion, sexual orientation, gender identity, etc. For complete list of state protected classes, visit [_](#)
- Those who do not follow these standards will be asked to leave or removed from the meeting.

**WASHINGTON STATE HOUSING FINANCE COMMISSION
COMMISSION WORK SESSION AGENDA**

YOU ARE HEREBY NOTIFIED that the Washington State Housing Finance Commission will hold a **special meeting** in the **28th Floor Board Room**, located at **1000 Second Avenue, Seattle, WA 98104-3601**, on Thursday, July 25, 2024, at 1:00 p.m., to consider the items on the agenda below.

Pursuant to RCW 42.30.030(2), which encourage public agencies to provide for public access to meetings, this meeting can also be viewed via Zoom or joined telephonically.

To join virtually, please go to [Zoom](#), go to “Join” or “Join a Meeting” and enter:

**Meeting ID: 832 5222 1361
Passcode: 052458**

Participants who wish to participate telephonically in the United States, please dial either toll free number: 1 (888) 788-0099 or 1 (877) 853-5247

Participants wishing to provide public comments, please see public engagement opportunities on page two below for instructions.

- I. Chair: Approval of the Minutes from the June 27, 2024, special meeting**
- II. Steve Walker: Employee Recognition**
- III. Chair: Conduct a Public Hearing on the following:**

- A. Jacob Richardson:** Recommend and present Projects for Allocation of Low-Income Housing Tax Credits from the 2024 funding round. (10 min.)

TC #	Project Name	City	County	Annual Tax Credit Amount
24-02	Broadway Senior Housing	Spokane Valley	Spokane	\$1,658,400
24-19	Burien Family Housing	Burien	King	\$1,545,743

- B. Proposed 9% Housing Tax Credit Program policy changes for the 2025 allocation round**

Lisa Vatske: A public hearing on the proposed changes to the 9% competitive Housing Tax Credit Program policies for the 2025 allocation round. (10 min.)

IV. Consider and Act on the Following Action Items:

A. Resolution No. 24-88 for the 2024 Allocation of Credit for the Housing Tax Credit program

Lisa Vatske: A resolution authorizing the Executive Director to make reservations and/or allocations of 2024 Housing Tax Credits. (5 min.)

TC #	Project Name	City	County	Annual Tax Credit Amount
24-02	Broadway Senior Housing	Spokane Valley	Spokane	\$1,658,400
24-19	Burien Family Housing	Burien	King	\$1,545,743

~~B. Resolution No. 24-89, Birchwood Assisted Living Facility, OID # 24-70A~~

~~**Lisa Vatske:** A resolution approving the issuance of one or more series of tax-exempt and/or taxable revenue bonds to finance and refinance the acquisition and rehabilitation of an existing nonprofit facility and provide working capital for the Project, located at 1200 Birchwood Avenue, Bellingham, WA 98225, owned and to be owned by Lake Whatcom Center Foundation, a Washington nonprofit corporation and an organization described under section 501(c)(3) or one of its wholly owned subsidiaries and operated by Lake Whatcom Residential and Treatment Center, a Washington nonprofit corporation and an organization described under section 501(c)(3). Proceeds of the bonds may also be used to pay all or a portion of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$5,100,000. The public hearing was held June 27, 2024. (5 min.)~~

~~C. Resolution No. 24-80, Broadway Urbaine, OID # 24-80A~~

~~**Lisa Vatske:** A resolution approving the issuance of one or more series of tax-exempt revenue bonds to provide a portion of the financing for the new construction and equipping of a 96-unit multifamily housing facility located at 229 Broadway Avenue E. and 815 E. Thomas Street, Seattle, WA 98102, to be owned by Broadway Urbaine LLC, a Washington limited liability company. Proceeds of the bonds may also be used to pay all or a portion of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$34,000,000. The public hearing was held May 29, 2024. (5 min.)~~

D. Resolution No. 24-85, Lansdale Pointe, OID # 23-26A

Lisa Vatske: A resolution approving the proposed issuance of one or more series of tax-exempt revenue notes to finance a portion of the costs for the acquisition, construction and equipping of a 162-unit multifamily housing facility located at 911 Burr Road SE, Olympia, WA 98501, to be owned by VBT Lansdale Pointe LLC, a Washington limited liability company. Proceeds of the notes may also be used to pay all or a portion of the costs of issuing the notes. The maximum note amount is not expected to exceed \$32,000,000. The public hearing was held February 22, 2024. (5 min.)

~~E. Resolution No. 24-57, Squire Park Plaza, OID # 23-72A~~

~~**Lisa Vatske:** A resolution approving the issuance of one or more series of tax-exempt revenue bonds to refinance all or a portion of existing taxable debt used by the Borrower to finance the acquisition and rehabilitation of an existing facility~~

located at 1710 S. Jackson Street, Seattle, WA 98144, to be owned by NHCDI/LIHI Squire Park Plaza LLC, a Washington limited liability company, a subsidiary of New Hope Community Development Institute and Low Income Housing Institute (LIHI), both of which are Washington nonprofit corporations and organization described under section 501(c)(3). Proceeds of the bonds may also be used to pay all or a portion of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$9,500,000. The public hearing was held September 28, 2023. (5 min.)

F. Resolution No. 24-90, YMCA of Greater Seattle, OID # 24-79A

Lisa Vatske: A resolution approving the issuance of one or more series of tax-exempt and/or taxable revenue bonds to refinance existing taxable and tax-exempt obligations used to finance or refinance the acquisition, construction, rehabilitation, expansion, preservation and equipping of nonprofit facilities owned and to be owned by The Young Men's Christian Association of Greater Seattle (the "Greater Seattle Y"), a Washington nonprofit corporation and an organization described under section 501(c)(3) and by Nexus Youth and Families, a Washington nonprofit corporation and an organization described under section 501(c)(3), and to be operated by the Greater Seattle Y. Proceeds of the bonds may also be used to pay all or a portion of the costs of issuing the bonds. The aggregate maximum bond amount is not expected to exceed \$46,000,000. The project addresses and maximum bond amounts are listed below. The public hearing was held June 27, 2024. (5 min.)

Project:	Kent YMCA
Project Address:	10878 SE 248 th Street Kent, WA 98030
Estimated Project Cost:	\$7,350,000
Estimated Bonds for this Project:	\$7,350,000

Project:	Meredith Mathews East Madison YMCA
Project Address:	1700 23 rd Avenue Seattle, WA 98122
Estimated Project Cost:	\$690,000
Estimated Bonds for this Project:	\$690,000

Project:	Dale Turner Family YMCA
Project Address:	19290 Aurora Avenue North Seattle, WA 98133
Estimated Project Cost:	\$14,600,000
Estimated Bonds for this Project:	\$14,600,000

Project:	Coal Creek YMCA
Project Address:	13750 Newcastle Golf Club Road Newcastle, WA 98059
Estimated Project Cost:	\$7,000,000
Estimated Bonds for this Project:	\$7,000,000

Project:	Nexus Housing - Enumclaw
Project Address:	410-30 Dickson Ave and 729-31 Blake St Enumclaw, WA 98022
Estimated Project Cost:	\$390,000
Estimated Bonds for this Project:	\$390,000

Project:	Nexus Auburn Social Impact Center
Project Address:	934-1000 Auburn Way South and 911-15 H Street SE Auburn, WA 98002
Estimated Project Cost:	\$1,450,000
Estimated Bonds for this Project:	\$1,450,000

Project:	Northshore YMCA
Project Address:	11811 NE 195th Street Bothell, WA 98011
Estimated Project Cost:	\$350,000
Estimated Bonds for this Project:	\$350,000

Project:	Mineral Lake
Project Address:	Approximately 2,000 acres contiguous with 284 Mineral Hill Road Mineral, WA 98355
Estimated Project Cost:	\$6,100,000
Estimated Bonds for this Project:	\$6,100,000

Project:	Camp Orkila
Project Address:	484 Camp Orkila Road Eastsound, WA 98245
Estimated Project Cost:	\$780,000
Estimated Bonds for this Project:	\$780,000

Project:	Camp Orkila
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Project Address:	1867 Mount Baker Road Eastsound, WA 98245
Estimated Project Cost:	\$4,400,000
Estimated Bonds for this Project:	\$4,400,000

Project:	Camp Orkila
Project Address:	2570 Mount Baker Road Eastsound, WA 98245
Estimated Project Cost:	\$2,600,000
Estimated Bonds for this Project:	\$2,600,000

Project:	Downtown Seattle YMCA
Project Address:	909 4th Avenue Seattle, WA 98104
Estimated Project Cost:	\$425,000
Estimated Bonds for this Project:	\$425,000

Project:	Auburn YMCA
Project Address:	1620 Perimeter Road Auburn, WA 98001
Estimated Project Cost:	\$65,000
Estimated Bonds for this Project:	\$65,000

Project:	Lea Hill Early Education Center
Project Address:	12832 SE 312th Street Auburn, WA 98092
Estimated Project Cost:	\$15,000
Estimated Bonds for this Project:	\$15,000

Project:	Bellevue Family YMCA
Project Address:	14230 Bel-Red Road Bellevue, WA 98007
Estimated Project Cost:	\$275,000
Estimated Bonds for this Project:	\$275,000

Project:	Camp Colman
Project Address:	20016 Bay Rd. SW Longbranch, WA 98351
Estimated Project Cost:	\$165,000
Estimated Bonds for this Project:	\$165,000

Project:	Camp Terry
Project Address:	31112 SE 85th Place Issaquah, WA 98027
Estimated Project Cost:	\$25,000
Estimated Bonds for this Project:	\$25,000

Project:	Redmond Early Education Center
Project Address:	2710 Tagore Ave NE Redmond, WA 98052
Estimated Project Cost:	\$50,000
Estimated Bonds for this Project:	\$50,000

Project:	Matt Griffin YMCA
Project Address:	3595 S 188th Street SeaTac, WA 98188
Estimated Project Cost:	\$65,000
Estimated Bonds for this Project:	\$65,000

Project:	Sammamish Community YMCA
Project Address:	831 228th Avenue SE Sammamish, WA 98075
Estimated Project Cost:	\$1,350,000
Estimated Bonds for this Project:	\$1,350,000

Project:	Snoqualmie Valley YMCA
Project Address:	35018 SE Ridge Street Snoqualmie, WA 98065
Estimated Project Cost:	\$25,000
Estimated Bonds for this Project:	\$25,000

Project:	University Family YMCA
Project Address:	5003 12th Avenue NE Seattle, WA 98105
Estimated Project Cost:	\$15,000
Estimated Bonds for this Project:	\$15,000

Project:	West Seattle YMCA
Project Address:	3622 SW Snoqualmie St.

	Seattle, WA 98126
Estimated Project Cost:	\$65,000
Estimated Bonds for this Project:	\$65,000

Estimated Aggregate Maximum Bond Amount: \$46,000,000

G. Proposed 9% Housing Tax Credit Program policy changes for the 2025 allocation round

Lisa Vatske: Request approval of the proposed changes to the 9% Housing Tax Credit Program policies for the 2025 allocation round. (5 min.)

V. Informational Report on Department of Commerce Activities. (10 min.)

VI. Executive Director's Report (10 min.)

VII. Commissioner Reports

VIII. Chair: Consent Agenda (5 min.)

A. Homeownership & Home Buyer Education Programs Monthly Activities Report

B. Multifamily Housing and Community Facilities Monthly Activities Report

C. Asset Management and Compliance Monthly Activities Report

D. Financial Statements as of June 30, 2024

E. Quarterly Program Status Reports from the period ending June 30, 2024

1. Homeownership Division

2. Multifamily and Community Facilities Division

3. Asset Management and Compliance Division

4. Administration, Human Resources and IT Divisions

5. Finance Division

IX. Chair: Events Calendar

X. Chair: Public Comment

XI. Executive Session (if necessary)

XII. Adjourn

Nicole Bascomb-Green, Chair

Consent Agenda items will only be discussed at the request of a Commissioner.

WASHINGTON STATE HOUSING FINANCE COMMISSION MINUTES

June 27, 2024

The Commission meeting was called to order by Chair Nicole Bascomb-Green at 1:02 p.m. in the 28th Floor Board Room of the Washington State Housing Finance Commission at 1000 Second Avenue, Seattle, Washington 98104 and via Zoom. Those Commissioners present via Zoom were: Chair Bascomb-Green, Alishia Topper (joined online at 1:11 p.m.), Brian Surratt, Corina Grigoras, and Mike Pellicciotti. Ken Larsen and Bill Rumpf were present in-person in the 28th Floor Board Room.

Approval of the Minutes

The May 20, 2024 Commission meeting minutes were approved as distributed.

Public Hearing: Birchwood Assisted Living Facility, OID #24-70A

The Chair opened a public hearing for Birchwood Assisted Living Facility, OID #24-70A at 1:05 p.m.

Mr. Dan Schilling, Senior Finance Analyst, Multifamily Housing & Community Facilities (MHCF) Division, stated that this was a public hearing for the proposed issuance of one or more series of tax-exempt and/or taxable revenue bonds to finance and refinance the acquisition and rehabilitation of an existing nonprofit facility and provide working capital for the Project, located at 1200 Birchwood Avenue, Bellingham, WA 98225, owned and to be owned by Lake Whatcom Center Foundation, a Washington nonprofit corporation and an organization described under section 501(c)(3) or one of its wholly owned subsidiaries and operated by Lake Whatcom Residential and Treatment Center, a Washington nonprofit corporation and an organization described under Section 501(c)(3) of the IRS Tax Code (the “Code”). Proceeds of the bonds may also be used to pay

all or a portion of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$5,100,000.

Mr. Schilling then introduced Ms. Jenny Billings, Executive Director, Lake Whatcom Residential & Treatment Center.

Ms. Billings stated that she has been with Lake Whatcom Center for the past 30 years, and stated further that the organization was established 56 years ago as a very small, assisted living facility, but moved to a larger facility that has 67 beds in the early 1980's. She added that the services offered by her organization are for persons with severe and chronic mental illnesses and substance abuse problems. Also, Lake Whatcom Center offers outpatient provider programs for dealing with psychiatric issues.

She mentioned that Lake Whatcom Center currently employs about 115 people and serves over 700 adults in Whatcom County. The property to be acquired and renovated was a skilled nursing home facility that operated until early 2023, then became vacant. The plan is to move all their resident patients to this newly acquired and renovated property from their existing facilities located six miles outside of the Bellingham city limits. The new facility is very close to their main offices and closer to services in the city, and is only one floor. The soon-to-be-vacated buildings would be repurposed for future recovery programs.

Ms. Billings concluded that the 45-year-old building they will acquire and renovate will have HVAC and window replacements, and other refurbishments, along with new equipment.

There were no comments or written testimony from members of the public, and the public hearing was closed at 1:11 p.m.

**Public Hearing:
YMCA of Greater
Seattle, OID #24-
79A**

The Chair opened the public hearing for YMCA of Greater Seattle, OID #24-79A at 1:11 p.m.

Mr. Dan Schilling, Senior Finance Analyst, MHCF Division, stated that this was a public hearing for the proposed issuance of one or more series of tax-exempt revenue bonds to refinance existing taxable and tax-exempt obligations used to finance or refinance the acquisition, construction, rehabilitation, expansion, preservation and equipping of nonprofit facilities owned and to be owned by The Young Men's Christian Association of Greater Seattle (the "Y"), a Washington nonprofit corporation and an organization described under Section 501(c)(3) of the Code, and by Nexus Youth and Families, a Washington nonprofit corporation and an organization also described under Section 501(c)(3) of the Code, and to be operated by the Y. Proceeds of the bonds may also be used to pay all or a portion of the costs of issuing the bonds. The aggregate maximum bond amount is not expected to exceed \$46,000,000. The project addresses and maximum bond amounts (23 projects total) are all listed below:

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Project:	West Seattle YMCA
Project Address:	3622 SW Snoqualmie Street

	Seattle, WA 98126
Estimated Project Cost:	\$65,000
Estimated Bonds for this Project:	\$65,000

Mr. Schilling then introduced Mr. Erwin Vidallon, Senior Vice-President and CFO, YMCA of Greater Seattle.

Mr. Vidallon stated that the Y is a Washington nonprofit corporation and an association of men, women, and children of all ages from all walks of life joined together by shared commitment to nurturing kids, promoting healthy living, and then also fostering a sense of social responsibility. The Y serves residents in King & Snohomish Counties, with its revenue coming from participant fees, membership dues, government contracts and grants, philanthropic contributions, and other sources.

He added that the Y's programs focus on 3 pillars - youth development, where they nurture the potential of every child and teen healthy living, where they seek to improve health and well-being of their communities and social responsibility, and where they give back to the community and supporting their neighbors in need. He added further that the Y's mission is to equip people of all ages and abilities to build a community where all, especially the young, are encouraged to develop their fullest potential in spirit, mind, and body.

Mr. Vidallon mentioned further that the Y also serves the community with innovative housing programs that provide youth at risk young adults and single parents with comprehensive support services, including case management, mental health services and life skills training. These programs or services are provided through their 13 health and community and wellness centers, three overnight camp facilities, three day camp facilities, six early education centers, 14 social impact centers, and over 200 program sites – all supported by the Y's 2,000 part and full time employees year-round.

Mr. Vidallon mentioned that a copy of yjr Y's Annual Report from 2023 was provided and concluded that this funding or refinancing will significantly help

The Y to successfully be in compliance with their much-needed restructuring of their financial covenants, and to better position the organization to be more sustainable financially in the future.

There were no comments or written testimony from members of the public, and the public hearing was closed at 1:17 p.m.

**Public Hearing:
Project(s) for
Allocation of Low-
Income Housing
Tax Credits in the
2024 funding round**

The Chair opened a public hearing on the recommended allocation of 9% Low-income Housing Tax Credits (“LIHTC”) for the following four projects at 1:17 p.m.:

TC #	Project Name	City	County	Annual Tax Credit Amount
24-03	Bellis Fair Family Housing	Bellingham	Whatcom	\$1,802,385
24-04	River Family Haven	Spokane	Spokane	\$1,974,527
24-13	DESC Lake City	Seattle	King	\$2,163,828
24-17	CCHS Casa de la Mora	Yakima	Yakima	\$1,741,480

Mr. Jacob Richardson, Manager, MHCF Division, stated these are the next four (of 13 total) projects for consideration for an allocation of 2024 9% LIHTCs this calendar year. The first two projects were approved in April for an allocation of credit. The remaining seven LIHTC projects should be ready for consideration/approval by the end of the summer.

Bellis Fair Family Housing

Mr. Richardson stated that Bellis Fair Family Housing is being developed by The Opportunity Council. It will have 63 units and will be located at 28 Bellis Fair Parkway, Bellingham, 98226, across from Bellis Fair Mall. The project is in the Metro credit allocation pool. A total development cost (TDC) waiver was approved for this project.

Mr. Richardson introduced Ms. Adrienne Wyld, Housing Development Manager, and Mr. Turner Campbell, Assistant Housing Developer, both from The Opportunity Council.

Ms. Wyld stated the Bellis Fair Family Housing, will be built in two phases. This initial first phase will include 65 units of affordable housing, consisting of studio, 1-, 2-, and 3-bedroom units for persons making 30, 50, and 60% or less of area median income (AMI). She added that 20% of the total units will be set aside for households with disabilities, and another 20% set aside for families exiting homelessness. In addition, two units will be specialized ground floor units serving persons with ADA developmental and intellectual disabilities.

Ms. Wyld concluded that the site would have co-located early learning classrooms (5 total), providing up to 80 slots of early learning to low-income families. She added the property was recently acquired on June 21, 2024, with construction to start sometime in October, 2024. Full occupancy is anticipated by April, 2026.

Mr. Richardson stated that a letter of support for this project was sent to the Commission from the City of Bellingham and was included in the board packet.

River Family Haven

Mr. Richardson stated that River Family Haven is being developed by Catholic Housing Services of Eastern Washington. It will have 72 units and will be located at 2752 West Elliott Drive, Spokane, 99224. The project is in the Metro credit allocation pool.

Mr. Richardson introduced Mr. Hunter Healy, Development Manager, Horizon Housing Alliance, the development consultant for this project.

Mr. Healy stated that River Family Haven will be a 72-unit affordable housing facility serving households both exiting from homelessness and those with low-income. He added that funding is coming from the HUD, and from the state's

Housing Trust Fund. He added River Family Haven will be located in West Spokane, on the west side of the Spokane River, next door to existing affordable housing properties owned by Catholic Charities.

Mr. Healy mentioned that services and the bus line are all a short walk away for residents. Also, the property will also complement a future educational school campus to be owned by The Salish School. In addition, there will be a number of on-site services offered to residents such as case management, family therapy, counseling, and employment services. He concluded that closing on funding and construction would begin in April, 2025.

DESC Lake City

Mr. Richardson stated that DESC Lake City is being developed by Downtown Emergency Service Center (DESC). It will have 120 units and will be located at 12051 Lake City Way NE, Seattle, 98125. The project is in the King County credit allocation pool.

Mr. Richardson then introduced Mr. Daniel Malone, Executive Director, and Mr. Nathan Rosenbaum; both from DESC.

Mr. Malone stated that this would be DESC's first permanent supportive housing project located in Northeast Seattle, but not the first one done overall. He mentioned that this location will consist of studio apartments, and plenty of space for DESC staff to meet with people. Also, this will serve persons with disabilities, who are also experiencing long-term homelessness. He concluded that DESC has received multiple commitments from other funding entities, with closing on the financing by the end of the year, and construction to begin in early 2025.

CCHS Casa de la Mora

Mr. Richardson stated that CCHS Casa de la Mora is being developed by Downtown Emergency Service Center (DESC). It will have 73 units and will be

located at 115 & 116 North 10th Street, Yakima, 98901. The project is in the Non-Metro credit allocation pool.

Mr. Richardson introduced Mr. Sergio Garcia, Affordable Housing Developer, Catholic Charities Housing Services.

Mr. Garcia stated that Casa de la Mora is being built to assist homeless, disabled, and low-income workers in Yakima. The facility will be four stories, contain 72 units of affordable housing and consist of 1-, 2-, and 3-bedroom units, plus one manager unit. He added that funding sources besides LIHTCs are from the state and national Housing Trust Funds. He added further that the units are set aside for persons making 60% or less of AMI with a focus on homeless youth.

He concluded that the facility would have a community room and the location is very close to many essential services and amenities.

There was no other written testimony or comments from members of the public, and the public hearing was closed at 1:32 p.m.

**Public Hearing:
Annual public
hearing for the
issuance of Single-
Family Bonds**

The Chair opened a public hearing for the annual issuance of Single-Family Bonds at 1:32 p.m.

Ms. Lisa DeBrock, Director, Homeownership Division, stated that this public hearing is routinely done on an annual basis, and is for the proposed issuance by the Commission of Single-Family Program Bonds, special program Bonds, and homeownership program bonds in one or more series in the total amount not to exceed \$300 million.

She stated that the bonds will be used for the acquisition of eligible, single-family residences throughout the State. Mortgage loans will be originated by the Commission's participating lenders using standard FHA, VA, USDA, Freddie Mac, and Fannie Mae guidelines, and sold to the Commission's loan servicer.

The loan servicer will then pool the mortgage loans and sell Ginnie Mae, Fannie Mae, or Freddie Mac mortgage-backed securities, including uniform mortgage-backed securities secured by such loans to the Commission's bond trustee. Also, proceeds of the bonds may also in limited cases, be used to make loans for down payment and closing cost assistance.

Ms. DeBrock mentioned further that the issuance of bonds, and any remarketing or refunding thereof are pursuant to a plan of financing of the Commission. The mortgage loans must meet the requirements of the originating lenders, as well as section 143 of the Internal Revenue Code of 1986, as amended. Borrowers must be first-time homebuyers unless the property is located in a targeted area as defined by the Code and are subject to maximum income limits. Properties are subject to maximum purchase prices and must be owner occupied.

She concluded that no further public hearings need to be held for the bonds issued within this one-year period, and no comments were received thus far from the general public. The results of the hearing will be sent to the Governor for the approval of the issuance of the bonds.

There were no comments or written testimony from members of the public, and the public hearing was closed at 1:34 p.m.

**Action Item:
Resolution No. 24-
83, 2024 Allocations
of Credit for the
Housing Tax Credit
Program**

Ms. Lisa Vatske, MHCF Division Director, said this is a resolution authorizing the Executive Director to make reservations and/or allocations of 2024 LIHTCs for the following four projects:

TC #	Project Name	City	County	Annual Tax Credit Amount
24-03	Bellis Fair Family Housing	Bellingham	Whatcom	\$1,802,385
24-04	River Family Haven	Spokane	Spokane	\$1,974,527
24-13	DESC Lake City	Seattle	King	\$2,163,828
24-17	CCHS Casa de la Mora	Yakima	Yakima	\$1,741,480

Ms. Vatske stated that the public hearing for these projects was just held prior to the consideration of this resolution.

Mr. Larsen moved to approve the resolution. Ms. Grigoras seconded the motion. The resolution was unanimously approved.

**Action Item:
Resolution No. 24-
84, Bayview
Retirement
Community, OID
#24-73A**

Ms. Vatske stated that this is a resolution approving the issuance of one or more series of tax-exempt revenue bonds to finance the rehabilitation of an existing continuing care retirement community with independent and assisted living units located at 11 W. Aloha Street, Seattle, WA 98119, to be owned by Bayview Manor Homes, a Washington nonprofit corporation and organization described under section 501(c)(3) of the Code. Proceeds of the bonds may also be used to pay all or a portion of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$15,000,000. The public hearing was held on May 29, 2024.

Ms. Vatske concluded that the bonds will be publicly sold, thus, there will be no bond purchase letter issued.

Mr. Rumpf moved to approve the resolution. Ms. Topper seconded the motion. The resolution was unanimously approved.

**Action Item:
Resolution No. 24-
82, West Dock, OID
#24-71A**

Ms. Vatske stated that this is a resolution approving the issuance of one or more series of tax-exempt revenue bonds to finance the renovation, improvement and equipping of an approximately 50,000 square foot nonprofit scientific facility located at 437 N. 34th Street, Seattle, WA 98103, to be owned by PATH, a Washington nonprofit corporation and an organization described under section 501(c)(3) of the Code. Proceeds of the bonds may also be used to pay all or a portion of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$18,000,000. The public hearing was held May 29, 2024.

Ms. Vatske concluded that DNT Asset Trust has issued a bond purchase commitment letter for an amount not to exceed \$17 million.

Mr. Larsen moved to approve the resolution. Ms. Grigoras seconded the motion. The resolution was unanimously approved.

**Action Item:
Resolution No. 24-
83, Broadway
Urbaine, OID #24-
80A**

This action item was pulled from the agenda.

**Action Item:
Resolution No. 24-
75, Camas Flats
4%, OID #23-46A**

Ms. Vatske stated that this is a resolution approving the proposed issuance of one or more series of tax-exempt revenue bonds to finance a portion of the costs for the acquisition, construction and equipping of an 82-unit multifamily housing facility, located on current vacant land extending southwest from the corner of NE 10th Avenue and NE Cordero Place to a western boundary of N. Oak Harbor Street, Oak Harbor, WA 98277, to be owned by Camas Flats Oak Harbor 1, LLLP, a Washington limited liability limited partnership. Proceeds of the bonds may also be used to pay all or a portion of the costs of issuing the bonds. The maximum bond amount is not expected to exceed \$20,000,000 (a portion of which may be taxable). The public hearings were held February 22, 2024, and May 15, 2024.

Ms. Vatske concluded that the bonds will be publicly sold, thus, no bonds commitment letter will be issued.

Mr. Rumpf moved to approve the resolution. Mr. Larsen seconded the motion. The resolution was unanimously approved.

**Action Item:
Resolution No. 24-
85, Lansdale
Pointe, OID #23-
26A**

This action item was pulled from the agenda.

Action Item:
Resolution No. 24-
57, Squire Park
Plaza, OID #23-72A

This action item was pulled from the agenda.

Action Item:
Resolution No. 24-
81, Annual Single-
Family Resolution

Ms. DeBrock stated that this is an annual resolution authorizing the issuance and remarketing of Single-Family Mortgage Revenue Bonds, Homeownership Program Bonds, and Special Program Bonds in one or more series, in a total amount not to exceed \$300 million; re-authorizing the Home Advantage Program, the use of undeployed funds to provide liquidity for mortgage loans purchases, payments agreements, and the sale of certificates without the issuance of bonds or with the issuance of table bonds, all to facilitate the financing of Single-family housing.

She mentioned that this resolution authorizes the Executive Director to finance, single-family housing through the acquisition of Ginnie Mae, Fannie Mae, or Freddie Mac, certificates representing pools of mortgage loans by issuing up to \$300 million of single-family mortgage, revenue bonds and refundings with long-term interest rates and bonds without long-term rates and to approve swap agreements and the selection of a swap counterparty for payment agreements. It authorizes the Executive Director to approve the sale and remarketing of said bonds, subject to certain limitations authorizing the acquisition and sale of said certificates without the issuance of bonds, or with the issuance of taxable bonds to facilitate the financing of single-family housing.

Ms. DeBrock stated further that this resolution would cover all of the Commission's fixed rate Single-Family bond issues through June 30, 2025, and the approval and sales of certificates for the same time period, and this eliminates the need to come back before the Commission every time fixed rate bonds are issued during the year, and it allows the Commission to capitalize on any advantageous fluctuations within the market and allows the Commission to also use taxable bonds in support of the Home Advantage program and includes authority to issue taxable bonds, to fund Home Advantage, and downpayment assistance (DPA) loans.

She added that this resolution also gives the Executive Director delegated authority to enter into additional program administration, servicing agreements and subservicing agreements as are necessary to ensure continued efficiency of its single-family programs. Also, upon receipt of approval from Fannie Mae and/or Freddie Mac as an approved seller-servicer, would allow the Commission to establish its own servicing program.

She concluded that this resolution also gives the Executive Director authority to take all actions necessary to use undeployed funds from Program-Related Investments (PRI) funds amounts from Commission funds and other undeployed funds to provide liquidity for the purchase of mortgage loans for the efficiency of the program. It also ratifies the Commission's prior actions to permit the allocation of PRI funds representing Home Advantage, DPA, and loan repayments in excess of \$80 million to revolving Commission DPA programs.

Mr. Larsen moved to approve the resolution. Ms. Grigoras seconded the motion. The resolution was unanimously approved.

**Action Item:
Acceptance &
endorsement of
revised
Commission
Mission, Vision, &
Values**

Mr. Steve Walker, Executive Director, stated that at the May Budget & Planning Session in Cle Elum, Commissioners were presented a final draft of the Commission's newly revised Mission, Vision, and Values. He commented that this was last done about 20 years ago. He asked Mr. Bob Peterson, Deputy Director, for his remarks and to read the newly revised Mission, Vision, and Values that had extensive input, development, and review by all Commission staff and management.

Mr. Peterson stated that he just returned from the SHRM Annual Conference in Chicago, IL, and mentioned this was a topic that was brought up at this conference, and the consensus was that staff should be involved fully in the development and implementation of the Mission, Vision, & Values.

Mr. Walker read the new preamble: "The Washington State Housing Finance Commission is a self-sustaining public agency committed to increasing housing

access and affordability for the people of Washington while aligning our work with anti-racist values. We commit to engaging the voices and ideas of those who have been historically silenced and marginalized. Consistent with these commitments, the Commission’s Mission, Vision, and Values reflect who we are and how we approach our work.”

Mr. Peterson then read the new Mission and Vision:

Mission: “We work to provide equitable access to capital through strong partnerships and innovative financing to create and sustain affordable rental housing, homeownership, and community spaces across Washington State.”

Vision: “We envision a just future in which all Washingtonians have affordable, sustainable housing in thriving communities, and in which those representing and served by the Commission experience fair, inclusive practices in all aspects of our work.”

Mr. Walker then read the new Values:

Values: “The Commission is guided by shared values to help us realize our Mission and Vision. We prioritize the following as we fulfill our responsibilities to the people of Washington:

Sound Fiscal Stewardship - We commit to responsible investments in housing and community assets that prioritize racial equity and consider long-term sustainability.

Accountability and Transparency – We are held accountable to our values by our staff, partners, and the communities we serve. As a public agency, we commit to transparency in how we use resources, share power, engage communities, and make decisions.

Acknowledging and Addressing Power and Privilege - We recognize we have contributed to institutional racism, and we challenge White supremacy by applying anti-racist practices to all aspects of our work.

Respect and Humility - We acknowledge our blind spots and biases and commit to learning alongside our partners, each other, and the communities we serve.

Equitable and Meaningful Engagement - We commit to creating opportunities to engage people in decision making processes that impact them, prioritizing historically excluded communities.”

Messrs. Walker and Peterson, thanked Commission staff and Commissioners for all of their valuable input and work regarding this. Chair Bascomb-Green concurred. Then, after hearing no further questions or comments from Commissioners, they asked for a motion for Commissioners to approve and endorse the Mission, Vision, and Values mentioned above.

Ms. Grigoras motioned to approve and endorse the Commission’s newly revised Mission, Vision, and Values as noted/mentioned above. Mr. Rumpf seconded the motion. The motion was unanimously approved.

**Action Item:
Approval of the
Covenant
Homeownership
Downpayment
Assistance Program**

Ms. DeBrock stated that this was a request for a motion by Commissioners to officially approve the Covenant Homeownership Downpayment Assistance Program, for implementation starting on July 1, 2024.

She first thanked her staff in the Homeownership Division for all of their hard work and determination in developing this program for implementation. She reminded everyone that the Covenant Homeownership Study was released in March by the Commission’s study partner, the National Fair Housing Alliance, and the 197-page study is available online at the Commission's website.

She added that at the April Commission Meeting, a public hearing was held, with many of the Commission’s partners voicing their overwhelming support. Then

afterwards, in May and the early part of June, staff began outreach to those who will support the Commission's efforts - from answering questions from lending partners, to Corinna Obar and Dietrich Schmitz travelling to all corners of the state with outreach and lender trainings regarding this program. Also, backend technical work was being done behind the scenes as well to get the program fully ready for the July 1st implementation.

Ms. DeBrock stated that this particular program is funded by a state-mandated \$100 document recording fee which started to be collected in January of this year. These funds have been deposited into a Covenant Homeownership account, and the Commission just received the first allocation of funds of \$18 million from the Department of Commerce.

She then summarized the policy goals of the Covenant Homeownership Program, which are to help, not harm those the Commission serves and comply with the requirements of the Special Purpose Credit Program, and the Covenant Homeownership Act. The requirements are: be flexible as possible, ensuring eligible households can afford to purchase a home of decent quality, serve as many eligible households as feasible, providing homebuyers with a reasonable choice of homes, and allowing homebuyers to purchase homes in high-cost areas and other areas throughout the state.

Ms. DeBrock emphasized that this will work like any other down payment assistance program the Commission offers. The homebuyer will work with one of the Commission-trained loan officers. There are more than 120 participating lending institutions throughout the state and the lenders from these institutions have recently been trained by Commission staff. The lender then qualifies the borrower for the mortgage of their choice, then reserves the funds on behalf of the homebuyer and processes/funds the loans purchased by the Commission's loan servicer.

Finally, homebuyer education will be required for all borrowers before reservation of funds, with housing counseling highly recommended as well, and a required property inspection.

Ms. DeBrock then summarized how the program will work. It either must work in conjunction with the Covenant Homeownership First Program or homebuyers can use a Home Advantage or House Key first mortgage. Homebuyers may use downpayment assistance programs offered by the Commission. And finally, homebuyers can use other Community Second Mortgage programs that are outside the Commission.

She then highlighted the program's legislative parameters: This is a downpayment assistance loan and not a grant, must be for an owner-occupied home, and applicants must be a Washington resident that is a first-time homebuyer with income at 100% or less of AMI, and have family residency history prior to April, 1968. Documentation will be required to prove eligibility.

Ms. DeBrock concluded by stating that per the study, the eligible groups to be served are: Black, Hispanic, Native American, Alaska Native, Native Hawaiian, Other Pacific Islander, Korean, or Asian Indian. Also, the downpayment assistance loan should be a 0% interest loan. The loan terms are described in more detail in the board member packet.

Chair Bascomb-Green commended Ms. DeBrock and her staff, and Margret Graham on the implementation of this historic Covenant Homeownership Program. She expressed excitement that the first day of implementation will begin in just four days from this board meeting.

Mr. Larsen motioned to approve the implementation of the Covenant Homeownership Downpayment Assistance Program. Mr. Rumpf seconded the motion. The motion was approved unanimously.

**Action Item:
Approval to the
proposed changes
to the Nonprofit
Bond Policies**

Ms. Vatske stated that this was a request for Commissioners to approve the proposed changes to the Nonprofit Bond Policies, as summarized in the board meeting packet.

First, the separate Nonprofit Housing and Nonprofit Facilities policy guides will be merged into one guide. Next, the Guide to Bond Financed Requirements will now be a standalone document. The ratings minimum for nonprofit bonds will now be investment grade (Baa3/BBB-) and above, instead of a bond rating of A and above.

Ms. Vatske stated that these bond policy changes will align with industry best practices. She then gave a brief history of the Nonprofit Bond Programs (housing & non-housing facilities) which began in 1990.

Ms. Grigoras motioned to approve the Nonprofit Bond Policy changes noted above and provided in the board meeting packet. Mr. Rumpf seconded the motion. The motion was approved unanimously.

**Action Item:
Approval of the
Commission's
Fiscal Year 2024-
2025 Operating
Budget**

Mr. Lucas Loranger, Senior Finance Director, stated that this was a request to Commissioners to approve the Commission's 2024-2025 Fiscal Year annual Operating Budget, starting July 1, 2024 through June 30, 2025.

Mr. Loranger also stated that the proposed budget was included in the board meeting packet and that since the Budget and Planning Session in May, a few refinements and updates were made, but for the most part, the budget is what was presented in May for Commissioners input and feedback.

Mr. Loranger summarized the small handful of changes made since the May draft including the following additional services or labor costs: one additional FTE in the IT Services Division for a Help Desk Technician, one additional FTE in the Asset Management & Compliance Division for an Asset Management Analyst, and a contracted consultant to assist with the build out of a SmartSheet project management tool for the Racial Equity Strategic Plan. He added that an additional capital expenditure request for improved wiring in the updated office space and associated depreciation was included. He concluded that after incorporating all of these changes, projected net revenue decreased by approximately \$352,781, or 1.3%, from May's preliminary budget.

Ms. Topper moved to approve the Commission’s Operating Budget as presented in the board meeting packet for Fiscal Year 2024-2025, starting on July 1, 2024 through June 30, 2025. Mr. Surratt seconded the motion. The motion was unanimously approved.

**Action Item:
Approval to
transfer excess
operating reserves
to PRI as of June
30, 2024**

Mr. Loranger stated that this is an annual request to Commissioners for approval to transfer excess operating reserves to the Program-Related Investments (PRI) as of June 30, 2024. This would transfer General Operating Fund reserves in excess of \$30 million, excluding the effect of Pension and Other Post-employment Benefits liabilities as of June 30, 2024 to PRI. He added that the Commission will come back in August for Commissioner approval to allocate the PRI funds into specific categories for the next fiscal year. He estimates that the actual amount to be about \$35-37 million.

Ms. Grigoras moved to approve the transfer of \$30 million in excess operating reserves to PRI as of June 30, 2024 for the upcoming fiscal year. Mr. Surratt seconded the motion. The motion was unanimously approved.

**Action Item:
Approval of Sale,
Assumption, &
Dissolution
Agreement among
the Commission,
State, & the
Tobacco Settlement
Authority (TSA)**

Mr. Walker stated that this was a request for Commission approval of the Sale, Assumption, & Dissolution Agreement between the Commission, State of Washington, and the Washington State Tobacco Settlement Authority (“TSA”).

Pursuant to statute, Commission staff has administered the TSA since its establishment in 2002. On May 15, 2024, the TSA bonds were paid off. The legislation establishing the TSA states that the TSA “shall dissolve no later than two years from the date of final payment of all of its outstanding bonds and the satisfaction of all outstanding obligations, except to the extent necessary to remain in existence to fulfill any outstanding covenants or provisions with bondholders or third parties.” Staff have determined it is in the best interests of all parties that the TSA dissolution occur quickly so as not to continue accruing expenses related to ongoing budgeting, State audits and annual board meetings.

With the assistance of the Attorney General's Office and Pacifica Law Group, the State, and TSA have all come to an agreement regarding dissolution of the TSA and are requesting the Commission's assistance with the dissolution. The Sale, Assumption and Dissolution Agreement will dissolve the TSA and return the annual Master Settlement Agreement (MSA) income stream dedicated to paying off the bonds (29.2%) to the State beginning in 2025. The State will be responsible for any IRS audit liability for up to six years from the date of the Agreement. The TSA will transfer any remaining funds currently retained to the State, excluding any funds set aside for ongoing administration by the Commission as noted below.

The Commission will be responsible for administration of remaining TSA tasks and responsibilities for specified periods, depending on the task, including but not limited to the following: paying outstanding invoices, administration of TSA's Final FY 23/24 Audit, administration of any public information requests, records retention, administration of any potential IRS audit, unwinding/closing out WACs (Rules), receiving and forwarding Lehman Brothers settlement amounts to the State.

Mr. Walker stated the Commission shall retain funds sufficient to cover the cost of this administrative work. Currently the Commission holds approximately \$175,000 for that purpose. As noted above, should an IRS audit result in a liability, the State will agree in the Sale, Assumption and Dissolution Agreement to pay any liability associated with the IRS audit. Staff expects that after six years, all of the listed tasks should be complete and the balance remaining can be transferred to the State.

He concluded that the TSA Board, in a resolution, unanimously approved the Sale, Assumption and Dissolution Agreement at its board meeting earlier in the week, on Monday, June 24, 2024.

**Informational
Report on
Department of
Commerce
Activities**

Ms. Topper motioned to approve the execution of the Sale, Assumption, and Dissolution Agreement with the Commission, State of Washington, and the TSA. Mr. Surratt seconded the motion. The motion was approved unanimously.

Ms. Grigoras mentioned a few items from the monthly informational Department of Commerce activities report that was included in the board packet:

Housing Division – Homelessness Assistance Unit:

Additional eligibility for Landlord Mitigation Program assistance:

Commerce will adjust eligibility for the Landlord Damage Relief Program, the Landlord Survivor Relief Program, and the Tenant Protection Program so landlords who manage units receiving a project-based rental assistance voucher will be eligible to make claims for damage.

Newly eligible claimants must continue to adhere to the statutory criteria and the program’s guidelines. This change will go into effect in the fall 2024, and Commerce will communicate with stakeholders and the public to raise awareness.

2024-2029 State Homeless Housing Strategic Plan:

By September 2024, Commerce will release the next State Homeless Housing Strategic Plan. Covering the five-year period 2024-2029, this plan will provide goals, strategies, timelines, and performance measures that direct Commerce’s homeless housing and assistance programs. A draft plan was released for a duration of five weeks, for public comments on May 1, 2024. Commerce received over 200 comments from diverse stakeholders including people with lived experience of homelessness, advocates, service providers, government officials, and members of the public. The comments supplement five targeted workshops in March, and two public listening sessions in May.

Other outreach has included presentations to the Affordable Housing Advisory Board (AHAB), and the State Advisory Council on Homelessness – Interagency Council on Homelessness (SACH-ICH). Staff are currently reviewing comments and preparing for a special language-access public comment period that will take place for two weeks in July.

2025-2030 Local Homeless Housing Plans and Local Plan Guidance:

By December 2025, local governments will have updated their five-year homeless housing strategic plans. By law, such plans must describe activities jurisdictions will take to reduce homelessness within their boundaries. In consultation with government officials, Commerce has prepared draft local plan guidance per RCW 43.185C.050, which seeks to promote alignment between state and local planning efforts and the local comprehensive plan updates pursuant to the Growth Management Act. Commerce received public comments on the draft guidance in May and is reviewing the feedback. Final local plan guidance will be released along with the final state plan in September, 2024.

Foreclosure Fairness Program:

Commerce is averaging one referral to mediation a day in April. The partner agencies will work together and seek stakeholder input to modify the fee amount and the allocation percentages for each partner to better distribute funding where it is needed. Rep. Tina Orwall will be convening a stakeholder group in June.

Multifamily Housing Unit funding:

The Multifamily Housing Unit published the Notices of Funding Availability (NOFAs) this week for traditional Housing Trust Fund and federal funding to include HOME and NHTF. Applications will be due at noon on September 18th and anticipate announcing awards in December 2024. Approximately \$91 million is available to develop affordable housing projects.

Office of Apple Health & Home & Permanent Supportive Housing:

AHAH is preparing for a Notice of Funding Availability (NOFA) for the Housing Trust Fund-Operations & Maintenance Program and the Permanent Supportive Housing – Operations, Maintenance and Services Program, anticipated to release this fall. At least \$10 million will be issued for new projects to join the portfolio of projects to receive a supplement in their rents/rent assistance and the costs associated with operating affordable housing or permanent supportive housing.

Local Government Division - Growth Management Services:

Growth Management Grants – CHIP Program:

The CHIP program is getting ready to release a new round of grants for \$12M in August, which will be announced in January. More details when available, will be posted on the CHIP web page and the GMS grants page.

Executive Director's Report

Mr. Walker mentioned a few items from the Executive Director's Report, which was included in the board packet, as follows:

Multifamily & Community Facilities:

MHCF staff had a busy month of June, including a number of conversations including the following: met with other HFAs to discuss LIHTC issues at the NCSHA Housing Credit Connect conference, connected with developers of affordable senior housing and CCRCs at the Leading Age Conference, met with past and future users of our nonprofit financing programs at the Washington Museum Association Conference and two Nonprofit Conferences, and networked with emerging BIPOC developers at LISC's Housing Equity Accelerator event.

Staff changes in MHCF:

Tara Woodruff, former Community Engagement Intern, has been hired full time as a Data Specialist, currently working with Jackie on our Rent Stabilization project.

Halle Thompson is the Commission's new Community Engagement Intern. She is currently earning her Master of Public Administration and Master of Urban Planning at the University of Washington and will work with Community Based Organizations.

Homeownership:

Covenant Homeownership- Corinna Obar & Dietrich Schmitz have been offering statewide in person training in Vancouver, Tacoma, Seattle, Everett, Yakima, Tri Cities, and Spokane.

The CHA program launches next week on July 1st!

Other:

HUD awarded the Commission \$317,630 for its Homeownership Initiative to support activities to prepare and equip prospective homebuyers to successfully navigate the homeownership process.

Several Homeownership Division staff attended and took part in Juneteenth events in Seattle and Tukwila.

Asset Management & Compliance (AMC):

Compliance Monitoring:

Physical Inspections: Inspections are proceeding under HUD's NSPIRE standards, with LIHTC properties inspected at least once every three years. U.S. Housing Consultants are inspecting over 300 properties between March and October. Portfolio Analysts are reviewing inspection reports, collaborating with

owners to resolve issues, and submitting reports to the IRS. The new inspection standards have increased the number of deficiencies being reviewed and reported.

Staffing:

Over the past two months, AMC welcomed two new staff members; Portfolio Analyst Michelle Gonzalez and Community Engagement Specialist Renee Dillard.

Additionally, AMC announces the upcoming retirement of Duane Bakke, effective July 31, 2024. Duane has been a valued member of AMC for many years and will be greatly missed.

Finance:

Following up on the announcement at last month's Budget & Planning Session, the Commission has hired our new Senior Controller, Sharon Hu, who joins us from El Centro de la Raza. Sharon brings more than 20 years of accounting and supervisory experience, including managing hundreds of different funding sources. She started with the Commission on June 3rd and jumped in with both feet!

Other information from Steve:

The Executive Management Team (EMT) continues to meet regularly with The Athena Group to develop the Commission's maturity model for leadership, project management, change management and decision making.

Consent Agenda

The consent agenda was approved as distributed.

Adjournment

The meeting was adjourned at 2:32 p.m.

Signature



The Washington State
HOUSING FINANCE COMMISSION

NOTICE OF PUBLIC HEARING

The Washington State Housing Finance Commission (the “Commission”) will hold an open public hearing for the purpose of considering the allocation by the Commission of federal low-income housing tax credits (the “Credits”) to sponsor multifamily residential projects. The projects to be considered for an allocation of Credits are:

TC #	Project Name	City	County	Annual Tax Credit Amount
24-02	Broadway Senior Housing	Spokane Valley	Spokane	\$1,658,400
24-19	Burien Family Housing	Burien	King	\$1,545,743

The public hearing will be held in person and by telephone starting at 1:00 p.m., Thursday, July 25, 2024. Participants wishing to attend in person may attend in the 28th Floor Board Room of the Commission's offices located at 1000 Second Avenue, Seattle, Washington 98104-3601.

Pursuant to RCW 42.30.030(2), which encourage public agencies to provide for public access to meetings, this meeting can also be viewed via Zoom or joined telephonically.

To join virtually, please go to [Zoom Meeting](#), go to “Join” or “Join a Meeting” and enter:

Meeting ID: 832 5222 1361
Passcode: 052458

Participants who wish to participate telephonically in the United States, please dial either toll free number: (888) 788-0099 or (877) 853-5247

Anyone requiring an accommodation consistent with the Americans with Disabilities Act should contact the Multifamily Housing and Community Facilities Division at 206.464.7139 or (800) 767-HOME (in state) at least 48 hours in advance of the hearing.

The Credits will be allocated pursuant to the authority of the Commission under Chapter 43. 180 RCW as amended, Executive Order 94-05, dated April 2, 1994, and the Internal Revenue Code of 1986, as amended. As a condition of receiving an allocation of tax credits and under a competitive process, the developers commit to serving very low and extremely low income and special needs populations for up to 40 years.

Written comments with respect to the proposed projects and allocation of Credits may be emailed to lisa.vatske@wshfc.org, mailed or faxed to the Washington State Housing Finance Commission (Attention: Lisa Vatske, MHCF Division Director, 1000 Second Avenue, Suite 2700, Seattle, Washington, 98104-3601; fax number (206) 587-5113) for receipt no later than 5:00 p.m. on July 24, 2024. The public testimony will be heard from all interested members of the public attending the hearing. The Commission will consider the public testimony and written comments in determining if the projects will receive Credits; however, the Commission will not consider testimony and written comments regarding land use, zoning, and environmental regulation, which should be directed to the local jurisdictions that are authorized to consider these matters when issuing building permits for the project.

9% Competitive Housing Tax Credit Program

Project Name	Broadway Senior Housing	
Sponsor	Spokane Neighborhood Action Partners (SNAP)	
Description	<p>The proposed Broadway Senior Housing (BSH) project is a 60-unit affordable senior housing project located at 8001 E. Broadway in Spokane Valley, WA 99212.</p> <p>The building will be a new construction, 4-story with 2 elevators. The building will be constructed on vacant land and will consist of 57 1-bedroom units and 3 2-bedroom units.</p> <p>It will be located in the Spokane Valley on two bus lines that provide good bus service, and close to many amenities.</p> <p>All the units will have most of the accessible elements built-in, with remaining elements able to be readily modified, allowing all units to become fully accessible. This allows residents to comfortably age in place in their home, despite mobility and other aging challenges.</p> <p>The building has a wide variety of community and resident-centered spaces designed to provide resident and staff interaction.</p> <p>The building is designed to encourage socialization at many different levels to reduce isolation, and to weave service elements into the fabric of the building, creating a healthy, vibrant and caring community.</p>	
Location	8001 E Broadway Avenue Spokane Valley, WA 99212	
Credit Pool	Metro	
Project Type	New Construction without Federal Subsidies	
Low-Income Housing Units	One Bedroom	57
	Two Bedroom	3
	Total	60

Income Set-Asides

40% of units at 40% AMI
 30% of units at 50% AMI
 30% of units at 60% AMI

Scoring

Additional Low-Income Housing Set-Aside	56
Additional Low-Income Use Period (22 Years)	44
Housing Commitments for Priority Populations	20
Leveraging	10
Public Funding	2
Project-Based Rental Assistance (PBRA)	4
Developer Fees	10
Located near a Job Center	1
Nonprofit Sponsor	5
Donation in Support of Local Housing Needs	5
Energy Consumption Model	2
Cost Containment Incentive	5
Total Points	164

Credit Request

\$1,658,400

Development Budget

Acquisition Costs	\$1,558,245
Construction	\$17,958,908
Soft Costs	\$2,857,363
Financing Costs	\$67,500
Capitalized Reserves	\$10,000
Other Development Costs	\$345,499
Total Development Costs	\$22,797,515

Permanent Sources

Spokane Valley ARPA	\$471,729
Department of Commerce	\$1,828,271
Developer Fee	\$370,358
Spokane County	\$2,367,397
WA Direct Appropriation	\$1,000,000
Federal Direct Appropriation	\$2,000,000
Estimated Tax Credit Equity	\$14,759,760
Total Sources	\$22,797,515

Total Development Cost Limit

Project's Total Development Cost Limit	\$24,685,095
TDC less Land, Offsite Infrastructure, and Reserves	\$20,973,515
Waiver	Not required

Project Operations

Unit Size	Market Rents	Proposed Rent Range
One Bedroom	\$ 1,050	\$ 667 - \$1,001
Two Bedroom	\$ 1,200	\$ 801 - \$1,201

9% Competitive Housing Tax Credit Program

Project Name	Burien Family Housing 9%										
Sponsor	Mercy Housing Northwest										
Description	<p>Mercy Housing Northwest (MHNW) proposes to develop 90 units of new affordable rental housing in Burien, near high frequency transit and neighborhood services at 130th and Ambaum. The proposed project will utilize both 4% and 9% tax credits allowing the project to provide deep affordability and make efficient use of tax credit financing.</p> <p>This project includes the redevelopment of a 4.23 acre site currently owned by Mary's Place. Mary's Place will be donating 2 acres to Mercy Housing Northwest for the development of new affordable housing, while retaining (1.31 acres) for the development of a new shelter to replace the existing one.</p> <p>The 9% Condo Unit, with 45 units, will serve households earning up to 50% AMI with 75% of the apartments (35) reserved for formerly homeless households, specifically those referred by Mary's Place from the adjacent shelter</p>										
Location	12845 Ambaum Boulevard Burien, WA 98146										
Credit Pool	King County										
Project Type	New Construction without Federal Subsidies										
Low-Income Housing Units	<table> <tr> <td>One Bedroom</td><td>21</td></tr> <tr> <td>Two Bedroom</td><td>15</td></tr> <tr> <td>Three Bedroom</td><td>6</td></tr> <tr> <td>Four Bedroom</td><td>3</td></tr> <tr> <td>Total</td><td>45</td></tr> </table>	One Bedroom	21	Two Bedroom	15	Three Bedroom	6	Four Bedroom	3	Total	45
One Bedroom	21										
Two Bedroom	15										
Three Bedroom	6										
Four Bedroom	3										
Total	45										
Income Set-Asides	<p>50% of units at 30% AMI</p> <p>50% of units at 50% AMI</p>										
Scoring	Additional Low-Income Housing Set-Aside 60										

Additional Low-Income Use Period (22 Years)	44
Housing Commitments for Priority Populations	35
Leveraging	10
Public Funding	2
Project-Based Rental Assistance (PBRA)	4
Developer Fees	10
Location Efficient Project	2
Community Revitalization Plan	1
Nonprofit Sponsor	5
Donation in Support of Local Housing Needs	5
Energy Consumption Model	2
Cost Containment Incentive	2
Total Points	182

Credit Request **\$1,545,743**

Development Budget

Acquisition Costs	\$930,819
Construction	\$19,947,170
Soft Costs	\$1,968,158
Financing Costs	\$1,691,871
Capitalized Reserves	\$492,172
Other Development Costs	\$434,661
Total Development Costs	\$25,464,851

Permanent Sources

State HTF	\$1,000,000
King County	\$2,131,692
Permanent Amortizing Loan	\$3,834,702
South King Housing and Homelessness Partners	\$1,093,308
Land Contribution	\$920,590
Deferred Developer Fee	\$800,000
National Housing Trust Fund	\$1,000,000
Estimated Tax Credit Equity	\$14,684,559
Total Sources	\$25,464,851

Total Development Cost Limit

Project's Total Development Cost Limit	\$24,138,927
TDC less Land, Offsite Infrastructure, and Reserves	\$24,052,089
Waiver	Not required

Project Operations

Unit Size	Market Rents	Proposed Rent Range
One Bedroom	\$ 1,670	\$ 732 - 1,246
Two Bedroom	\$ 1,931	\$ 871 - 1,488
Three Bedroom	\$ 2,300	\$ 998 - 1,711
Four Bedroom	\$ 2,575	\$ 1,099 - 1,894



Memorandum

To: Commissioners

From: Lisa Vatske and Kate Rodrigues

CC: Steve Walker

Date: July 15, 2024

Re: 2025 9% Proposed Policy Changes

Overview

Staff are proposing a small number of changes to the 9% tax credit program in 2025. Changes were identified through policy analysis and various community engagement activities. Community engagement sessions were held during April and May with Interested Parties representing the program's three geographic pools to present and discuss initial draft changes. Additionally, staff hosted a separate session solely focused on Eventual Tenant Ownership. Materials, including a standalone Eventual Tenant Ownership Guide, were posted for public comment in May. A survey was also published to collect feedback on content published.

Based on feedback received through the meetings with Interested Parties, survey responses, and comments submitted to staff, along with additional internal analysis, staff made further revisions to the draft policy changes. These changes were published for additional public comment in July. A final community engagement session with Interested Parties was held in July to present final language.

Changes this year remain nominal for several different reasons. First, we plan to embark on a racial impact equity assessment that will inform a larger reset of the scoring criteria for the 9% tax credit program and anticipate proposing those updates in either 2026 or 2027. Also, given the current market conditions and operating concerns with existing projects and the funding from the Housing Trust Fund being limited, it seems prudent to limit the number of changes to our allocation process.

Table 1 below shows the redline changes by section in the 9% tax credit program policies being proposed for 2025 along with the rationale.

Table 1: Proposed 2025 Policy Changes

Existing Policy	Proposed Changes	Rationale
Section 6.7 Cost Containment Incentive	<p>1-8 Points</p> <p>TDC Limit Point: TDC Limit Cost Containment Points will be awarded to a project that is below its appropriate TDC Limits at the time of application as follows:</p> <ul style="list-style-type: none"> • One (1) point for being under the appropriate TDC limit; or • Three (3) points for being more than five (5) percent under the appropriate TDC limit; or • Six (6) points for being more than ten (10) percent under the appropriate TDC limit NOTE: These points are not cumulative. <p><u>Commission staff allow exemptions to the applicable total development cost limit to further acknowledge the impact of certain cost drivers on projects' total development costs. These exemptions are the actual cost of approved cost drivers.</u></p> <p><u>The sustainable building feature listed below is eligible for an exemption</u></p> <ul style="list-style-type: none"> • <u>Costs associated with including a solar energy array include solar equipment procurement, installation, labor, system engineering and site plans.</u> <p><u>Applicants seeking to qualify for exemptions must submit a form of construction cost estimate from the General Contractor (GC), clearly delineating the hard cost, as well as the applicable portion of overhead, profit, WSST, etc., in addition to a narrative explanation. Commission staff has full discretion over the final amount approved as an exemption.</u></p> <p>Note: these points are not cumulative</p>	<p>Ensures projects are not penalized for higher costs as a result of including solar.</p>

	<p>Median Square Footage Point: Two (2) cost-containment points can be awarded to projects based on how they compare to the median cost per square foot in its Geographic credit pool (see Section 5.2.2) for the allocation round in which it applies as set forth below.</p> <p>When Applications are received, the Residential Cost per Square Foot (Cost/SF) of each project will be calculated per the following definitions:</p> <ul style="list-style-type: none"> • Residential Project Square Footage is defined as the gross residential square footage of the buildings to be constructed or rehabilitated. • Gross residential square footage is to be measured from the outside face of the exterior walls and the centerline of party walls. <p>Everything within the building envelope will be included in the calculation, including unheated mechanical space, common area, circulation area and structured parking.</p> <p>Anything outside of the building envelope such as balconies, roof top decks, carports, and surface parking is to be excluded.</p> <p>Commercial spaces to be owned under a separate legal entity and whose costs are not reflected in the Residential Project Budget may not be included in the total project square footage.</p> <p>Space that is shared between a Residential Project Condominium and other condominiums in a building may be included on a pro rata basis.</p> <p>A certification of the Project's Gross Residential Square Footage by the project architect must be included in the Application and recertified at the time of final cost certification. (Form 2B and Square Footage from Architect should be consistent)</p> <ul style="list-style-type: none"> • Total Development Cost is defined in the same way as it is under the existing TDC Limit Policy: Total Residential Project Cost minus the cost of land and minus capitalized reserves. • Cost per Square Foot is determined by dividing the Total Development Cost by the project's Residential Project Square Footage. 	
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	<p>Projects competing in the same allocation round that are in the King/Seattle Geographic credit pool (see Section 5.2.2) will be grouped together to determine the median King/Seattle Cost/SF for the round. Those same projects will then be awarded two (2) points if they are less than or equal to the median for that grouping.</p> <p>Projects competing in the same allocation round that are in the Metro Geographic credit pool (see Section 5.2.2) will be grouped together to determine the median Metro Cost/SF for the round.</p> <p>Those same projects will then be awarded two (2) points if they are less than, or equal to, the median for that grouping.</p> <p>Projects competing in the same allocation round that are in the Balance of State Geographic Credit pool (see Section 5.2.2) will be grouped together to determine the median Balance of State Cost/SF for the round. Those same projects will then be awarded two (2) points if they are less than, or equal to, the median for that grouping.</p> <p>Projects must maintain eligibility for the points awarded. If at the time of Final Cost Certification, a project has failed to meet the total development costs proposed in its application, the Commission may, among other penalties it determines to be appropriate, deduct an equal number of points from the Project Sponsor's next complete, Fully Funded 9% tax credit application that satisfies all applicable Minimum Threshold criteria.</p>	
Section 6.19 Donation in Support of Local Housing Needs	<p>5 Points</p> <p>Points will be awarded to projects based on the Applicant's commitment to contribute funds to a local Nonprofit Organization in an amount based upon the Total Project Cost (TPC) as follows:</p> <ul style="list-style-type: none"> • \$0-\$12,500,000 (TPC)=\$15,000 Donation • \$12,500,001 and above (TPC)=\$25,000 Donation <p><u>The Nonprofit Organization being supported must include in its service area the county in which the Project is located and must provide housing, housing-related services, or nearby community/social services that are available to the residents of the Project. The program receiving the donation cannot</u></p>	Updating donation requirements to align with Bond/Tax Credit Program.

	<p><u>require participants to have a specific religious affiliation. Donations may be split among no more than four recipients. Up to 25% of the total donation may be made to an advocacy organization.</u></p> <p><u>As part of the Placed-in-Service process the Applicant must provide the Commission with:</u></p> <ul style="list-style-type: none"> <u>• A written request to approve a donation to a specific Nonprofit Organization.</u> <u>• Certifications (in a form acceptable to the Commission) from both the Applicant/donor and the recipient confirming that the contribution will be made or received, respectively, without any favor, benefit, gift, or other consideration.</u> <u>• A letter from the approved Nonprofit Organization acknowledging receipt of the proper contribution amount as well as a copy of the cancelled check from the transaction. The letter must show receipt of the proper contribution amount, identify the low-income housing program, and specify how the funds will be used.</u> <p><u>The Commission may grant exceptions on a case-by-case basis to projects that can demonstrate unique challenges due to capacity and/or location in meeting the full requirements of this section.</u></p>	
Section 6.20 Eventual Tenant Ownership	<p><u>2 Points</u></p> <p><u>Two points will be awarded to Projects that include units that are intended for eventual tenant ownership after the initial 15-year compliance period.</u></p> <p><u>Eventual Tenant Ownership (ETO) is an option under the Tax Credit Program elected by the owner which allows the rental units financed under the program to be made available to residents for purchase as homeownership units after the end of the first 15-year compliance period. Post year 15, units are made available for sale under the conditions and requirements as outlined in the Lease Addendum and in compliance with the project's Conversion Plan and the Tax Credit Compliance Procedures Manual.</u></p> <p><u>Applicants interested in ETO must review the 9% Housing Credit Program Eventual Tenant Ownership Guide for Property Owners and Residents for specific requirements and recommended practices.</u></p> <p>Applicants are required to have a pre-meeting to discuss their project and ETO obligations with Commission staff prior to submitting an application. It is recommended that owners reach out to Commission staff early to schedule a meeting and no later than 30 days before applying.</p>	<p>Updating language to restore Eventual Tenant Ownership option, along with additional policies and procedures to clarify expectations and requirements for applicants seeking these points.</p>

	<p><u>The Commission allows the election of points for ETO ONLY on properties which are developed as Single Family, Townhomes or Duplexes with clear lot delineation to convert to homeownership. In addition, each unit must be assigned its own Building Identification Number (BIN) and separate legal descriptions for each unit, prior to closing.</u></p> <p><u>Applicants interested in ETO must submit the required Conversion Plan Application Form and provide all the relevant documentation at the time of application. This form will allow the Commission to review how the owner intends to convert applicable units from rental units bound by the project's Regulatory Agreement to a unit available to be purchased by the resident. The conversion of units shall be in accordance with Section 42(i)(7) of the Code and the owner's Conversion Plan submitted in the application form and accepted by the Commission.</u></p> <p><u>The documents and requirements mentioned in the above paragraphs are subject to change at any time. Please visit our website to find the most updated versions.</u></p> <p><u>ETO Compliance Requirements:</u></p> <p><u>As part of the owner's annual report submission each January 31st, the owner will be required to confirm in the Owner Annual Certification their compliance with the project's ETO Conversion Plan, commencing on the first anniversary of the date of the Regulatory Agreement. Commencing on the 13th anniversary, the owner must provide a detailed summary report describing its progress towards compliance with the Conversion Plan, including, but not limited to:</u></p> <ul style="list-style-type: none"> <u>• The number of homeownership residents who intend to purchase their units after year 15</u> <u>• Any materials in relation to ETO delivered from the owner to the residents</u> <u>• Applicable information about homeownership education and counseling sessions (budget, financial, and maintenance/repair sessions) offered to the residents</u> <p><u>Additionally, the owner is required to provide an ETO Lease Addendum to each resident detailing the specific provisions related to ETO for the property. See the 9% Housing Credit Program Eventual Tenant Ownership Guide for Property Owners and Residents for more guidance.</u></p>	
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	<p>The Commission expects to receive all information and documentation in a timely manner reasonably requested by the Commission, its representatives, or designees throughout the Project Compliance Period. This includes but is not limited to all Certifications or other documentation as to the compliance of each Building in the Project with the terms of this policy, the Conversion Plan, the Low-Income Housing Tax Credit Compliance Manual, all applicable Tax Credit Laws, other requirements of the Commission, IRS, state, federal or local authorities.</p> <p>The Owner must be familiar with and have read the Commission’s Low Income Housing Tax Credit Compliance Procedures Manual section(s) specific to ETO and the 9% Housing Credit Program Eventual Tenant Ownership Guide for Property Owners and Residents.</p>																															
	Schedule Updates (separately published Application Materials exhibits)																															
Total Development Cost (TDC) Limit Schedule	<table><tr><th>Limit</th><th>Studio</th><th>1 BR</th><th>2 BR</th><th>3 BR</th><th>4+ BR</th></tr><tr><td>Seattle</td><td><u>\$414,690</u></td><td><u>\$474,227</u></td><td><u>\$563,046</u></td><td><u>\$717,625</u></td><td><u>\$717,625</u></td></tr><tr><td>Balance of King</td><td><u>\$387,605</u></td><td><u>\$448,729</u></td><td><u>\$476,790</u></td><td><u>\$591,595</u></td><td><u>\$634,297</u></td></tr><tr><td>Metro</td><td><u>\$373,087</u></td><td><u>\$435,186</u></td><td><u>\$460,929</u></td><td><u>\$544,989</u></td><td><u>\$587,691</u></td></tr><tr><td>Balance of State</td><td><u>\$334,534</u></td><td><u>\$377,357</u></td><td><u>\$412,982</u></td><td><u>\$500,703</u></td><td><u>\$543,403</u></td></tr></table>	Limit	Studio	1 BR	2 BR	3 BR	4+ BR	Seattle	<u>\$414,690</u>	<u>\$474,227</u>	<u>\$563,046</u>	<u>\$717,625</u>	<u>\$717,625</u>	Balance of King	<u>\$387,605</u>	<u>\$448,729</u>	<u>\$476,790</u>	<u>\$591,595</u>	<u>\$634,297</u>	Metro	<u>\$373,087</u>	<u>\$435,186</u>	<u>\$460,929</u>	<u>\$544,989</u>	<u>\$587,691</u>	Balance of State	<u>\$334,534</u>	<u>\$377,357</u>	<u>\$412,982</u>	<u>\$500,703</u>	<u>\$543,403</u>	Updating in response to increased cost after internal staff analysis of Engineering News-Record (ENR) data.
Limit	Studio	1 BR	2 BR	3 BR	4+ BR																											
Seattle	<u>\$414,690</u>	<u>\$474,227</u>	<u>\$563,046</u>	<u>\$717,625</u>	<u>\$717,625</u>																											
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	Language or Reference Clean Up																															
Section 2.13 Minimum and Additional Low Income Housing Commitments	The Tax Credit Program includes two low-income housing Commitments: (i) the minimum low-income housing commitment required by Section 42 of the Code and (ii) the Additional Low-Income Housing Commitment, a voluntary election under the Commission’s Allocation Criterion. Both Commitments are	Streamline language from Section 2.13 and 2.13.1 to clarify intent of using Income																														

	<p>made when the Application is submitted and are irrevocable and binding upon the Applicant and the Applicant's successors in interest.</p> <p>The Applicant must choose one of the following minimum low-income housing commitments under the Code:</p> <ul style="list-style-type: none"> • <u>at least 40% of the total housing units in a project must be rented to residents with incomes at or below 60% of the AMI adjusted for household size;</u> • <u>or at least 20% of the total housing units in a project must be rented to residents with incomes at or below 50% of the AMI adjusted for household size;</u> • <u>or Income Averaging - allows units to serve households earning as much as 80% of the AMI as long as a range of AMI options below 60% AMI are provided and the average income/rent limit in the property is 60% or less of AMI.</u> <p><u>Criteria for Income Averaging: allowed on a "case by case" basis with the following:</u></p> <ul style="list-style-type: none"> • <u>Submit a plan and unit configuration, using the spreadsheet created by Novogradac, showing that the unit configuration meets the income averaging; all buildings must have the same election; unit mix is expected to provide for a range of AMI options above and below 60% AMI up to 80% AMI</u> • <u>Written agreement from the investor and any other public or private funders;</u> • <u>Submit a market study that addresses income mix</u> • <u>Commit and agree in writing to the compliance implications, as we understand them at the time of commitment (Complete Average Income Certification Form)</u> <p><u>Note: Income averaging is not available for re-syndications or projects with market rate units.</u></p> <ul style="list-style-type: none"> • 40-60 Minimum Test, where at least 40% of the total housing units in a project must be rented to residents with incomes at or below 60% of the AMI adjusted for household size; or • 20-50 Minimum Test, where at least 20% of the total housing units in a project must be rented to residents with incomes at or below 50% of the AMI adjusted for household size. • Average Income Test ("AIT"), which allows units to serve households earning as much as 80% of the AMI if the average income/rent limit in the property is 60% or less of AMI. 	<p>Averaging as an election.</p>
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	<p>The income limits for the selected minimum low income housing commitment apply to any low income housing unit in the project. Each low income housing unit must be rent restricted, with the maximum gross rent not to exceed 30% of the applicable AMI.</p> <p>In addition, if the Applicant voluntarily elects an Additional Low Income Housing Commitment, the Applicant is making a Commitment that may involve a lower percentage of AMI for all or a selected portion of the total low income housing units in the project. These housing units must be rented for no more than 30% of the applicable AMI.</p> <p>If the Applicant makes a Commitment to have an applicable fraction of 100%, then 100% of the total housing units in the project will be rent restricted and rented to qualified low income residents at the applicable AMI of the minimum low income housing commitment.</p> <p>EXAMPLE: The Applicant chooses a minimum low income housing Commitment of 40/60:</p> <ul style="list-style-type: none"> • at least 40% of the total housing units (low income units plus market rate units) in the project will be rent restricted and rented to qualified low income residents with incomes at or below 60% of AMI; and • all the low income housing units in the project will be rent restricted and rented to qualified low income residents with incomes at or below 60% of the AMI. <p>For this Application to score Allocation Criteria points for the Additional Low Income Housing Commitment, an Applicant must commit certain percentages of the total low income housing units to income levels below the minimum low income housing commitment. Continuing with the example above, the Applicant may commit to 40% of the total low income housing units for households at or below 30% of the AMI and 30% of the total low income housing units for households at or below 40% of the AMI. Thus, the Applicant will qualify for 58 Allocation Criteria points (60 points in a lower income county, see Section 6.2) and the Applicant's combined Commitments will have the following effect:</p> <ul style="list-style-type: none"> • 40% of the total low income housing units will be rent restricted and rented to residents with incomes at or below 30% of the AMI; • 30% will be rent restricted and rented to residents with incomes at or below 40% of the AMI; and • the remaining 30% of the low income units will be restricted at 60% of the AMI. <p>During the Project Compliance Period, the Applicant may only rent low income housing units to residents who are income eligible at initial occupancy in the project. More specifically, a low income housing unit must remain vacant until the Applicant can rent it to a resident that meets the income eligibility criteria of</p>	
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	the minimum low income housing commitment and/or the Additional Low Income Housing Commitment, as applicable.	
Section 2.13.1 Criteria for Average Income Test Proposals	<p>The Commission will review and approve requests for use of AIT on a “case by case” basis. The Average Income Test will be limited to projects that reserve 100% of the total units to LIHTC affordability. In addition, the project cannot involve a re-syndication of a property previously developed or preserved using LIHTC.</p> <p>To obtain approval to select AIT, the Applicant must agree to and submit the following at the time of Application:</p> <ul style="list-style-type: none"> • Complete AIT worksheet (based upon the Novogradac form) designating units at a specific AMI by unit type (i.e., 10 one-bedroom units at 50%). • Written statement from all funders (i.e., lenders, equity providers) approving the AIT election and specific rent and income tiers required. • A market study that reviews the marketability of the development with the proposed rent and income targeting levels. • Statement in writing from the owner agreeing to compliance implications for AIT as they are understood at the time of commitment. <p>In addition, owners will be required to treat multi-building projects as one project (owners must check “yes” on line 8b of IRS Form 8609 and attach the required statement as outlined on the form’s instructions). See Appendix Q of the Tax Credit Compliance Manual.</p>	<p>Streamline language from Section 2.13 and 2.13.1 to clarify intent of using Income Averaging as an election.</p> <p>Language struck from this section incorporated into Sec 2.13.</p>
Section 6.6 Project-Based Rental Assistance	<p>Points will be awarded to projects that meet the following threshold for federal project-based rental assistance (PBRA):</p> <p>The rental assistance may be an existing or a new contract. Federal rental assistance may be administered by HUD, USDA Rural Development, <u>another state agency</u>, or by the local Public Housing Authority, <u>including Section 811 PBRA. Other local funding commitments for Operating and Maintenance (O&M) will also be considered for an additional point. Applicants must submit a letter at application containing a two-year minimum commitment to receive points for O&M funding.</u></p>	<p>Updating language to allow consideration of Operating and Maintenance funding for points.</p>

	<table><tr><th colspan="2">Percentage of Low-Income Units with PBRA</th></tr><tr><td>10-25%</td><td>2 points</td></tr><tr><td>26-49%</td><td>3 points</td></tr><tr><td>50% or more</td><td>4 points</td></tr></table> <table><tr><th colspan="2">Length of Funding Commitment for Operating and Maintenance</th></tr><tr><td>≥2 years</td><td>1 point</td></tr></table> <p>Also, Section 811 Project Based Rental Assistance (PRA) program is included.</p> <p><u>The rental assistance may be an existing or a new contract, and must</u> The rental assistance must be committed at the time of application. Projects that use project-based rental assistance to establish eligibility for the Local Funding Commitment points are not eligible for points under this policy.</p> <p>The Applicant must agree to renew such subsidy for as long as the rental assistance is available.</p> <p>If rental assistance is eliminated, the applicant may request the Commission waive or modify the rent structure and target population to ensure the economic viability of the project.</p> <p><u>Projects that use project-based rental assistance to establish eligibility for the Local Funding Commitment points are not eligible for points under this policy.</u></p>	Percentage of Low-Income Units with PBRA		10-25%	2 points	26-49%	3 points	50% or more	4 points	Length of Funding Commitment for Operating and Maintenance		≥2 years	1 point	
Percentage of Low-Income Units with PBRA														
10-25%	2 points													
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50% or more	4 points													
Length of Funding Commitment for Operating and Maintenance														
≥2 years	1 point													
Section 6.12 Location Efficiency	<p>2 Points</p> <p><i>Points will be awarded to Projects that provide nearby access to food and go beyond the minimum Access to <u>Community Resources</u> Services criterion of the Evergreen Sustainable Development Standard (ESDS). Under ESDS Criterion 2.04a, urban projects should be located within <u>0.5 walk mile distance</u> ¼ mile walking</i></p>	<p>Updated reference to ESDS v4.1 with adjusted “beyond the minimum” thresholds.</p>												

	<p>of at least four, two or a <u>within 1-mile</u> ½-mile of at least 4 <u>seven</u> community, retail, or service facilities. Rural projects should be located within 2-5 miles of at least 2 <u>four</u> facilities. For the purposes of this Allocation Criterion, urban and rural hold the same definitions as under ESDS (See Section 4.9) and the same distance measurement, from the center of the site to the entrance of the facility, will be used.</p> <p><u>Two points will be awarded to Urban Projects that are:</u></p> <ul style="list-style-type: none">• located within ¼-walking <u>0.5 mile walk</u> distance of at least <u>five</u> community, retail or service facilities, OR or within a ½ <u>1-</u> mile walking distance of 5 <u>eight</u> facilities from the list below; AND• located within <u>0.5</u> mile walking distance of a supermarket, a grocery store with produce or a farmers' market. This does not count as one of the 3 or 5 <u>5 or 8</u> facilities referenced in number 1 above. <p><u>Two points will be awarded to Rural Projects that are:</u></p> <ul style="list-style-type: none">• located within a 2 <u>5</u>-mile driving distance of 4-6 or more facilities from the list below; AND• one of the 4-6 facilities must be a supermarket, a grocery store with produce, or a farmers' market	
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**WASHINGTON STATE HOUSING FINANCE COMMISSION
RESOLUTION NO. 24-88**

**A RESOLUTION of the Washington State Housing Finance Commission
authorizing the Executive Director to make reservations and/or
allocations of 2024 federal low-income housing tax credits.**

WHEREAS, Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"), authorizes tax credits for the construction, acquisition or rehabilitation of residential rental projects meeting the requirements of the Code, including the set-aside of rental units for low-income tenants; and

WHEREAS, the Code authorizes the housing credit agency of a state to allocate the limited amount of federal low-income housing tax credits (the "Credit") available for projects within the state among such projects; and

WHEREAS, by Executive Order No. 94-05, the Governor of the State of Washington has designated the Washington State Housing Finance Commission (the "Commission") as the housing credit agency of Washington for the purposes of allocating Credit and has authorized the Commission to allocate such Credit in accordance with the terms and conditions of such Executive Order; and

WHEREAS, in order to provide decent, safe and affordable housing, the Commission is authorized pursuant to RCW 43.180.050(d) to participate fully in federal programs and to take such actions as are necessary and consistent with RCW 43.180.010 et seq. to secure to itself and the people of the State of Washington the benefits of those programs; and

WHEREAS, the Commission has approved a Qualified Allocation Plan (the "Allocation Plan") for the allocation of Credit, the Allocation Plan has been approved by the Governor in accordance with WAC 262-01-120; the Commission has approved rules (WAC 262-01-130) for the administration of the tax credit program (the "Rules"); and the Commission has issued policy statements advising the public about the Commission's current opinions, approaches, and likely courses of action in implementing the tax credit program (the "Policies"); and

WHEREAS, the Commission has received applications from developers of residential projects for consideration in the Commission's 2024 allocation program (the "Program"); and

WHEREAS, staff has reviewed the application(s) for the project(s) listed below in accordance with the Allocation Plan, the Rules and the Policies and has presented a recommendation to the Commission for the allocation of Credit to selected projects; and

NOW, THEREFORE, BE IT RESOLVED by the Washington State Housing Finance Commission as follows:

Section 1. The Commission authorizes the Executive Director to reserve and/or allocate 2024 Credit in the anticipated amount, to the project or projects listed below, subject to the conditions set forth below. The Commission authorizes the Executive Director to take such actions as are necessary to make such reservations and/or allocations in accordance with the Code, the Allocation Plan, the Rules, and the Policies, including the criteria contained in Chapter Five of the

Policies (Project Ranking Policies”) and project feasibility and viability and other requirements as described in Chapters Two through Seven of the Policies.

Project(s):

TC #	Project Name	City	County	Annual Tax Credit Amount
24-02	Broadway Senior Housing	Spokane Valley	Spokane	\$1,658,400
24-19	Burien Family Housing	Burien	King	\$1,545,743

Section 2. All actions previously taken by the Commission or its staff or agents in furtherance of the Program are hereby ratified and confirmed.

ADOPTED by the Washington State Housing Finance Commission at a special meeting duly noticed and called this 25th day of July 2024.

WASHINGTON STATE
HOUSING FINANCE COMMISSION

By _____
Chair

ATTEST:

Secretary

APPROVED AS TO FORM:

General Counsel

WASHINGTON STATE HOUSING FINANCE COMMISSION
9% Housing Tax Credit Program
2024 Allocation List
Final Allocation amounts may change if new Federal resources are made available.

King County Pool (November 2023 application round)

TC#	Project Status	Project Name	Project Sponsor	City	County	Points	Credit/Unit	Credit Request	Total Low-Income Units	% of Low-Income Housing Units				Units for Priority Populations				
										30% AMI	40% AMI	50% AMI	60% AMI	Farm workers	Large Households	Elderly	Persons with Disabilities	Homeless
24-13	Approved 6/27/2024	DESC Lake City	Downtown Emergency Service Center	Seattle	King	185	\$18,032	\$2,163,828	120	60	0	60	0	0	0	0	0	90
24-19	Scheduled for 7/25/2024	Burien Family Housing	Mercy Housing Northwest	Burien	King	182	\$34,350	\$1,545,743	45	23	0	22	0	0	0	0	0	34
24-23	Application	125th & Aurora Senior Housing	Low Income Housing Institute (LIHI)	Seattle	King	181	\$24,313	\$2,163,828	89	45	0	44	0	0	0	0	0	67
24-11	Application	Sea Mar Community Health Centers / Sea Mar South Park Housing	Sea Mar Community Health Centers	Seattle	King	167	\$28,101	\$2,163,777	77	39	0	38	0	0	0	0	0	0
24-62	Credit Exchange	DESC Woodland	Downtown Emergency Service Center	Seattle	King	100	\$22,774	\$2,163,612	95	48	0	47	0	0	0	0	0	72
King County Credit Allocated:									426	215	0	211	0	0	0	0	0	263
King County Credit Available:									\$6,044,070									
Balance:									(\$4,156,718)									

King County Pool Unranked (Noncompetitive or Awaiting Other Funding Commitments)

24-20	Application	Pandion at Star Lake	TWG Development	Kent	King	*	\$28,360	\$794,080	28	14	0	14	0	0	0	0	0	21
24-12	Application	Sea Mar Community Health Centers / Lucy Lopez Apartments	Sea Mar Community Health Centers	Kent	King	*	\$28,060	\$869,859	31	16	0	15	0	0	14	0	0	0
King County Unranked Balance:									\$1,663,939	59	30	0	29	0	0	14	0	21

Metro Pool (November 2023 application round)

TC#	Project Status	Project Name	Project Sponsor	City	County	Points	Credit/Unit	Credit Request	Total Low-Income Units	% of Low-Income Housing Units				Units for Priority Populations				
										30% AMI	40% AMI	50% AMI	60% AMI	Farm workers	Large Households	Elderly	Persons with Disabilities	Homeless
Metro New Production																		
24-04	Approved 6/27/2024	River Family Haven	Catholic Charities Eastern Washington	Spokane	Spokane	171	\$28,208	\$1,974,527	70	35	7	0	28	0	0	0	0	18
24-01	Approved 4/25/2024	Felida Park Senior Housing + PACE	Specialized Housing Inc.	Unincorporated Clark County	Clark	169	\$21,590	\$1,403,366	65	33	0	32	0	0	0	65	13	0
24-05	Application	Mercy Aviva Crossing	Mercy Housing Northwest	Tacoma	Pierce	166	\$34,000	\$1,700,000	50	25	0	25	0	0	10	0	10	0
24-02	Scheduled for 7/25/2024	Broadway Senior Housing	Spokane Neighborhood Action Partners (SNAP)	Spokane Valley	Spokane	164	\$27,640	\$1,658,400	60	0	24	18	18	0	0	60	12	0
24-03	Approved 6/27/2024	Bellis Fair Family Housing	Opportunity Council	Bellingham	Whatcom	160	\$28,609	\$1,802,385	63	32	0	19	12	0	0	0	13	13
24-63	Credit Exchange	Hifumi-en	Spokane Housing Authority	Spokane	Spokane	167	\$25,158	\$2,163,557	86	22	43	0	21	0	0	86	18	0
Total Metro Credit Allocated:									308	125	31	94	58	0	10	125	48	31
Metro Credit Available:									\$8,235,765									
Metro Balance (Total):									(\$2,466,470)									

Non-Metro Pool (November 2023 application round)

TC#	Project Status	Project Name	Project Sponsor	City	County	Points	Credit/Unit	Credit Request	Total Low-Income Units	% of Low-Income Housing Units				Units for Priority Populations				
										30% AMI	40% AMI	50% AMI	60% AMI	Farm workers	Large Households	Elderly	Persons with Disabilities	Homeless
24-15	Application	CCHS Grant County Preservation	Catholic Charities Housing Services	Quincy	Grant	173	\$16,173	\$1,504,112	93	10	47	36	0	73	0	0	0	24
Non-Metro Rehab Credit Allocated:									93	10	47	36	0	73	0	0	0	24
Non-Metro New Production																		
24-17	Approved 6/27/2024	CCHS Casa de la Mora	Catholic Charities Housing Services	Yakima	Yakima	175	\$24,187	\$1,741,480	72	18	36	0	18	0	0	0	0	18
24-08	Approved 4/25/2024	WWHA Meadow Grove	Walla Walla Housing Authority	Walla Walla	Walla Walla	174	\$26,424	\$1,321,183	50	13	25	0	12	0	0	0	0	13
24-10	Application	Twisp Family Haven	Catholic Housing Services of Eastern WA	Twisp	Okanogan	173	\$28,093	\$1,320,371	47	24	5	0	18	0	0	0	0	12
Non-Metro New Production and Preservation Credit Allocated:									\$5,887,146	262	65	113	36	48	73	0	0	67
Non-Metro Credit Available:									\$3,077,143									
Non-Metro Balance:									(\$2,810,003)									

Non-Metro Unranked (Noncompetitive or Awaiting Other Funding Commitments)

24-18	Application	Alderwood Apartments	Trillium Housing Services	Yakima	Yakima	*	\$24,420	\$2,002,440	82	9	41	32	0	62	0	0	0	0
24-07	Application	Catlin and Main	Lower Columbia Community Action Council, Inc. (LCCAC)	Kelso	Cowlitz	*	\$27,640	\$1,105,600	40	20	4	0	16	0	0	0	0	10
24-06	Application	Cottages at Pea Patch	OPAL Community Land Trust	Eastsound	San Juan	*	\$41,460	\$829,200	20	10	0	10	0	0	0	0	0	5
24-21	Application	Franz Anderson PSH	Low Income Housing Institute	Olympia	Thurston	*	\$27,640	\$1,934,800	70	35	0	35	0	0	0	0	0	18
24-09	Application	Lewis, Spruce, and Sixth	The Housing Authority of the City of Yakima	Yakima	Yakima	*	\$27,640	\$1,382,000	50	25	5	0	20	0	0	0	0	13
24-14	Application	Moore Wright Legacy Housing	The Moore Wright Group	Aberdeen	Grays Harbor	*	\$27,639	\$1,879,432	68	59	0	9	0	0	0	0	0	17
24-24	Application	Vince's Village	Bayside Housing & Services	Port Townsend	Jefferson	*	\$36,086	\$829,972	23	0	0	0	0	0	0	0	0	0
24-16	Application	VOA North	Volunteers of American Western Washington (VOAWW)	Burlington	Skagit	*	\$20,481	\$839,715	41	21	0	20	0	0	0	0	0	11
24-22	Application	228 Olympia	Interfaith Works	Olympia	Thurston	*	\$27,637	\$1,879,343	68	34	0	34	0	0	0	0	0	17
Non-Metro Waiting List Balance:									\$12,682,502	462	236	50	140	36	62	0	0	97

Statewide Allocation Round Totals:

Total Project Applications: 24
Total Projects Above Line: 12
Application Success Percentage: 50%

Total Credit Requested: \$42,640,722
Total Credit Available for 2024: \$17,356,978
FWD Commitment of 2025 LIHTC: \$10,937,303
Total LIHTC Allocation for 2024: \$28,294,281

1,517 671 194 510 142 135 24 125 48 479
996 405 144 341 106 73 10 125 48 361

Final Allocation amounts may change if new Federal resources are made available.

*No scores displayed for projects that are not fully funded or are below the line for competitive scoring. These projects are ranked alphabetically by project name.

WASHINGTON STATE HOUSING FINANCE COMMISSION

RESOLUTION NO. 24-85

A RESOLUTION of the Washington State Housing Finance Commission amending Resolution No. 24-60 which authorized the issuance of multifamily housing revenue bonds for a 162-unit multifamily housing facility in Olympia, Washington to be owned by VBT Lansdale Pointe LLC, to amend the delegation with respect to the Bonds.

APPROVED ON JULY 25, 2024

PREPARED BY:

PACIFICA LAW GROUP LLP

1191 Second Avenue, Suite 2000
Seattle, Washington 98101

RESOLUTION NO. 24-85

A RESOLUTION of the Washington State Housing Finance Commission amending Resolution No. 24-60 which authorized the issuance of multifamily housing revenue bonds for a 162-unit multifamily housing facility in Olympia, Washington to be owned by VBT Lansdale Pointe LLC, to amend the delegation with respect to the Bonds.

WHEREAS, the Washington State Housing Finance Commission, a public body corporate and politic of the State of Washington (the “Commission”) previously approved Resolution No. 24-60 which authorized the issuance of tax-exempt multifamily revenue bonds in multiple series (collectively, the “Bonds”) in the aggregate principal amount of not to exceed \$32,000,000 to finance the construction and equipping of a 162-unit multifamily housing facility in Olympia, Washington (the “Project”) to be owned VBT Lansdale Pointe LLC (the “Borrower”); and

WHEREAS, market conditions have delayed the anticipated sale of the Bonds and the Borrower has requested that the Commission amend its prior approval and delegation to provide for additional time to sell the Bonds; and

NOW, THEREFORE, BE IT RESOLVED by the Washington State Housing Finance Commission as follows:

Section 1. Definitions. Unless otherwise defined in this resolution, capitalized terms used herein shall have the meanings set forth in Resolution No. 24-60.

Section 1. Amendment to Resolution No. 24-60. The second sentence of Section 7 (“Sale of Bonds”) is hereby amended as follows (additions are double underlined, deletions are stricken):

The Commission hereby delegates to the Executive Director the authority to execute the Bond Purchase Agreement on behalf of the Commission in substantially the form filed with the Commission, subject to the following limitations: (a) the aggregate principal amount of the Bonds does not exceed \$32,000,000; (b) the initial interest rate on the Bonds does not exceed 7.00%; (c) the Bond Purchase Agreement is executed prior to October 31, 2024~~June 30, 2024~~; and (d) the final terms of the Bond Purchase Agreement are otherwise in furtherance of the Act and the Plan.

Section 2. Ratification. All terms and conditions of Resolution No. 24-60 which are not herein amended, are ratified and confirmed.

Section 3. Effective Date. This resolution shall become effective immediately after its adoption and signature by the Chair and attestation by the Secretary of the Commission or his designee and when effective shall act to ratify and confirm all acts taken previously in furtherance of and consistent with this resolution.

ADOPTED at a special meeting duly noticed and called this 25th day of July, 2024.

WASHINGTON STATE HOUSING
FINANCE COMMISSION

By _____
Chair

ATTEST:

Secretary

APPROVED AS TO FORM:

General Counsel

Multifamily Housing Program

Project Name	Lansdale Pointe		
Developer	Southport Financial Services		
Description	<p>Lansdale Pointe Apartments is a proposed development bringing 162 affordable homes to low-income individuals in Thurston County. The site will feature 3-story apartments, a community center, business center with free Wi-Fi, a playground, and sports court. Residents with their own vehicle will have access to ample parking, adjacent I-5 freeway access, and electric vehicle charging. The site will also help to offset its energy costs through more stringent energy efficient building standards and solar installations.</p> <p>The development has been designed with families in mind, and as such will feature larger unit sizes than the market typically offers. There will be a mix of two-, three-, and four-bedroom units to accommodate large families.</p>		
Location	911 Burr Road SE Olympia, WA 98501		
Project Type	New Construction		
Units	Two Bedroom	90	
	Three Bedroom	52	
	Four Bedroom	20	
	Total	162	
Housing Tax Credits	Yes		
Income Set-Aside	100% at 60%		
Regulatory Agreement Term	Minimum 40 years		
Evaluation Plan Scoring	Cost Efficient Development		10
	Commitments for Priority Populations		2
	Donation in Support of Local Nonprofit Programs		2
	Energy Efficiency, Healthy Living, & Renewable Energy – New Construction		10
	Total Points		24

Estimated Tax-Exempt Bonds Amount (Not to exceed)	\$32,000,000
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Bond Structure	Public Sale
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Lender	Berkadia
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Underwriter	Stifel Public Finance
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Development Budget

Acquisition Costs	\$1,775,000
Construction	\$38,139,973
Soft Costs	\$8,255,607
Financing Costs	\$8,410,664
Capitalized Reserves	\$1,313,910
Other Development Costs	\$1,256,457
Total Development Costs	\$59,151,611

Permanent Sources

Permanent Financing	\$25,070,000
Trillium Loan	\$2,650,000
Deferred Developer Fee	\$5,624,218
MTEB Income	\$3,335,000
Tax Credit Equity at \$0.8570 per credit x 10 years	\$22,485,512
Total Permanent Sources	\$59,164,730

Total Development Cost Limit

Project's Total Development Cost Limit	\$76,894,060
Total Development Cost (minus land and reserves)	\$56,137,701
Waiver	Not required

Project Operations

<i>Unit Size</i>	<i>Market Rents</i>	<i>Proposed Rent Range</i>
Two Bedroom	\$1,985	\$1,243
Three Bedroom	\$2,075	\$1,425
Four Bedroom	\$2,190	\$1,573

Action	Approval of new Resolution No. 24-85
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Anticipated Closing Date	July 2024
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WASHINGTON STATE HOUSING
FINANCE COMMISSION

RESOLUTION NO. 24-90

A RESOLUTION of the Washington State Housing Finance Commission authorizing the issuance of nonrecourse nonprofit revenue bonds in one or more series and in an aggregate principal amount of not to exceed \$46,000,000 to finance and refinance the acquisition, construction, rehabilitation, expansion, preservation and equipping of nonprofit facilities owned by The Young Men's Christian Association of Greater Seattle, a Washington nonprofit corporation; approving the sale of the bonds to Zions Bancorporation, N.A. dba The Commerce Bank of Washington, pursuant to its purchase offer; approving the form of a financing agreement and tax certificate; and authorizing the Chair, Vice-Chair, Treasurer, Secretary, or his designee, and Executive Director of the Commission to execute such documents and other related documents.

APPROVED ON JULY 25, 2024

PREPARED BY:

PACIFICA LAW GROUP LLP
1191 Second Avenue, Suite 2000
Seattle, Washington 98101

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Section 7. Effective Date	4
 Exhibit A Purchase Offer	

RESOLUTION NO. 24-90

A RESOLUTION of the Washington State Housing Finance Commission authorizing the issuance of nonrecourse nonprofit revenue bonds in one or more series and in an aggregate principal amount of not to exceed \$46,000,000 to finance and refinance the acquisition, construction, rehabilitation, expansion, preservation and equipping of nonprofit facilities owned by The Young Men's Christian Association of Greater Seattle, a Washington nonprofit corporation; approving the sale of the bonds to Zions Bancorporation, N.A. dba The Commerce Bank of Washington, pursuant to its purchase offer; approving the form of a financing agreement and tax certificate; and authorizing the Chair, Vice-Chair, Treasurer, Secretary, or his designee, and Executive Director of the Commission to execute such documents and other related documents.

WHEREAS, the Washington State Housing Finance Commission, a public body corporate and politic of the State of Washington (the "Commission") has been duly constituted pursuant to the authority and procedures of Laws of 1983, Chapter 161 of the State of Washington, as amended, and codified at RCW 43.180 et seq. (the "Act"); and

WHEREAS, the Act authorizes the Commission to finance and refinance eligible facilities owned and operated by nonprofit organizations described under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Code grants an exemption from federal income tax for interest paid on bonds where the proceeds thereof are used to finance projects owned and operated by 501(c)(3) organizations; and

WHEREAS, the Commission adopted a Housing Finance Plan (the "Plan") on December 12, 2019 following a public notice and hearing as required by the Act; and

WHEREAS, Zions Bancorporation, N.A. dba The Commerce Bank of Washington (the “Bank”) has offered to originate a mortgage loan in the principal amount of not to exceed \$46,000,000 (the “Loan”) to The Young Men’s Christian Association of Greater Seattle, a Washington nonprofit corporation and an organization described in Section 501(c)(3) of the Code (the “Borrower”), finance and refinance the acquisition, construction, rehabilitation, expansion, preservation and equipping of nonprofit facilities of the Borrower located in Kent, Seattle, Snoqualmie, Sammamish, SeaTac, Redmond, Longbranch, Issaquah, Bellevue, Auburn, Eastsound, Mineral, Bothell, and Newcastle, Washington (collectively, the “Projects”), and to pay costs of issuing the Bonds, and to sell the Loan to the Commission; and

WHEREAS, it is desirable for the Commission to provide the Borrower with tax-exempt financing for the Project through: (1) the issuance of its Washington State Housing Finance Commission Nonprofit Revenue and Refunding Revenue Bonds (YMCA of Greater Seattle Project), Series 2024A and Nonprofit Revenue and Refunding Revenue Bonds (YMCA of Greater Seattle Project), Series 2024B, in the aggregate principal amount of not to exceed \$46,000,000 (together, the “Bonds”); and (2) its acquisition of the Loan with proceeds of the Bonds; and

WHEREAS, the Commission has previously given preliminary approval of the Project by Official Intent Declaration No. 24-79A, the Commission held a public hearing on June 27, 2024, and the Governor has, or by the closing on the Bonds will have, approved the Projects and the Bonds; and

WHEREAS, the Commission has received an offer to purchase the Bonds (the “Purchase Offer”) from the Bank; and

NOW, THEREFORE, BE IT RESOLVED by the Washington State Housing Finance Commission as follows:

Section 1. Definitions. Unless otherwise defined in this resolution, capitalized terms used herein shall have the meanings set forth in the following documents filed with the Executive Director of the Commission: the Financing Agreement among the Commission, U.S. Bank Trust Company, National Association, as the fiscal agent, the Borrower and the Bank (the “Financing Agreement”) and the Non-Arbitrage Certificate executed by the Commission of even date with the Bonds (the “Tax Certificate”).

Section 2. Financing Program; Findings. The Commission hereby confirms and ratifies its program for the acquisition of loans for the financing and refinancing of eligible nonprofit facilities under the Act which are owned by organizations described under Section 501(c)(3) of the Code through the issuance of privately placed nonrecourse revenue bonds (the “Program”). The Commission hereby finds and determines that the Program is in furtherance of the Act and the Plan.

Section 3. Authorization of the Bonds. The Commission hereby authorizes the issuance and sale of the Bonds in an aggregate principal amount not to exceed \$46,000,000 pursuant to and in accordance with the provisions of the Act and the Code.

Section 4. Approval of Documents. It is hereby found and determined that the Financing Agreement and the Tax Certificate conform to the requirements of the Commission, the Act and the Code and provide appropriate security for the Bonds consistent with the Act and the Code.

The Financing Agreement and the Tax Certificate are hereby approved in substantially the forms filed with the Executive Director of the Commission. The Commission hereby

authorizes the Chair, Vice-Chair, Treasurer, Executive Director and the Secretary, or his designee, to execute on its behalf such documents, the documents contemplated therein, and any other necessary documents or certificates, and to do all things necessary on its behalf to proceed with the Program and the issuance, sale and delivery of the Bonds as authorized herein. Such officers, the Executive Director and the Secretary's designee, are each authorized to approve such changes in these documents as are recommended by counsel to the Commission that are consistent with the Program and do not materially increase the obligations of the Commission as described in the documents on file with the Commission. The designee of the Secretary may execute documents on behalf of the Secretary, and all prior acts of such designee on behalf of the Secretary are hereby ratified and confirmed.

Section 5. Sale of the Bonds. The Commission hereby authorizes and approves the sale of the Bonds to the Bank, in accordance with the Purchase Offer attached hereto as Exhibit A.

Section 6. Executive Director. The Deputy Director is hereby authorized to act on behalf of the Executive Director for all purposes of this Resolution if it is necessary or desirable to accomplish the purposes hereof.

Section 7. Effective Date. This resolution shall become effective immediately after its adoption and signature by the Chair and attestation by the Secretary of the Commission or his designee and when effective shall act to ratify and confirm all acts taken previously in furtherance of and consistent with this resolution.

ADOPTED at a special meeting duly noticed and called this 25th day of July, 2024.

WASHINGTON STATE HOUSING
FINANCE COMMISSION

By _____
Chair

ATTEST:

Secretary

APPROVED AS TO FORM:

General Counsel

EXHIBIT A

Purchase Offer

July 23, 2024

The Commissioners
c/o Steve Walker, Executive Director
Washington State Housing Finance Commission
1000 Second Avenue, Suite 2700
Seattle, WA 98104-1046

Re: Washington State Housing Finance Commission of its Nonprofit Revenue and Refunding Revenue Bond (YMCA of Greater Seattle Projects), Series 2024A in the amount of \$30,000,000 (“Series A Bond”) and its Nonprofit Revenue and Refunding Revenue Bond (YMCA of Greater Seattle Projects), Series 2024B (“Series B Bond”) in the amount of \$14,500,000 (the “Bonds”).

Dear Honorable Commissioners:

Zions Bancorporation, N.A. dba The Commerce Bank of Washington (the “Bank”) is pleased to offer to purchase the above-referenced Bonds in the combined amount of \$44,500,000 at a price of par.

The Bonds will be dated the date of closing, anticipated to be no later than July 31, 2024. Principal on the Series A Bond will accrue interest at the 1-month SOFR rate plus a margin based on the following margins:

Pricing Level	Debt Service Coverage Ratio	Applicable Margin
I	Greater than 3.0 to 1	1.75%
II	Less than or equal to 3.0 to 1 but greater than or equal to 2.0 to 1	1.85%
III	Less than 2.0 to 1 but greater than or equal to 1.1 to 1	1.95%
IV	Less than 1.1 to 1	2.25%

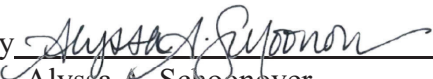
It is anticipated that the Borrower and Bank will enter into a swap agreement for the Series A Bond. The Series B Bond will have a fixed interest rate to be set at closing and anticipated to be 5.097%. The interest rate shall adjust on August 1, 2034, August 1, 2039, August 1, 2044, and August 1, 2049, if applicable at such time. Payments shall be as described in the Promissory Note made by Borrower in favor of Bank. All principal and accrued but unpaid interest shall be due and payable on July 31, 2054.

Our offer is subject to a legal opinion from Pacifica Law Group LLP of Seattle, Washington, acceptable to the Bank, and to other conditions set forth in the Bank's Term Sheet dated as of April 24, 2024, and the loan documents.

[Signature Page to Follow]

Very truly yours,

ZIONS BANCORPORATION, N.A.
DBA THE COMMERCE BANK OF WASHINGTON

By 
Alyssa A. Scheonover
Relationship Manager

Nonprofit Facilities Program

Project Name	YMCA of Greater Seattle
Developer	YMCA of Greater Seattle
Description	<p>The YMCA of Greater Seattle is using this financing to refinance two WSHFC bond issues and four other loans in a strategic move aimed at improving their financial health and operational efficiency. By restructuring their debt obligations, the YMCA can potentially reduce interest costs and free up resources that can be reinvested into their facilities and services. This initiative underscores their commitment to enhancing the experience for the individuals who rely on their facilities daily, ensuring continued support and access to vital community services.</p> <p>The YMCA of Greater Seattle is committed to fostering a supportive and inclusive community where all individuals can thrive. The YMCA's mission is to build a community where all people, especially the young, are encouraged to develop their fullest potential in spirit, mind, and body. Through their core values, a community presence, and a focus on equity and inclusion, the YMCA of Greater Seattle aims to create a welcoming environment where individuals can grow, learn, and contribute positively to society, reflecting their commitment to nurturing youth, promoting healthy living, and fostering social responsibility.</p>
Location(s)	<p>Kent YMCA 10878 SE 248th Street Kent, WA 98030</p> <p>Meredith Mathews East Madison YMCA 1700 23rd Avenue Seattle, WA 98122</p> <p>Dale Turner Family YMCA 19290 Aurora Avenue North Seattle, WA 98133</p> <p>Coal Creek YMCA 13750 Newcastle Golf Club Road Newcastle, WA 98059</p> <p>Nexus Housing - Enumclaw 410-30 Dickson Avenue and 729-31 Blake Street Enumclaw, WA 98022</p>

Nexus Auburn Social Impact Center
934-1000 Auburn Way South and 911-15 H Street SE
Auburn, WA 98002

Northshore YMCA
11811 NE 195th Street
Bothell, WA 98011

Mineral Lake
Approximately 2,000 acres contiguous with:
284 Mineral Hill Road
Mineral, WA 98355

Camp Orkila
484 Camp Orkila Road
Eastsound, WA 98245

Camp Orkila
1867 Mount Baker Road
Eastsound, WA 98245

Camp Orkila
2570 Mount Baker Road
Eastsound, WA 98245

Downtown Seattle YMCA
909 4th Avenue
Seattle, WA 98104

Auburn YMCA
1620 Perimeter Road
Auburn, WA 98001

Lea Hill Early Education Center
12832 SE 312th Street
Auburn, WA 98092

Bellevue Family YMCA
14230 Bel-Red Road
Bellevue, WA 98007

Camp Colman
20016 Bay Road SW
Longbranch, WA 98351

Camp Terry
31112 SE 85th Place
Issaquah, WA 98027

Redmond Early Education Center
2710 Tagore Avenue NE
Redmond, WA 98052

Matt Griffin YMCA
3595 S 188th Street
SeaTac, WA 98188

Sammamish Community YMCA
831 228th Avenue SE
Sammamish, WA 98075

Snoqualmie Valley YMCA
35018 SE Ridge Street
Snoqualmie, WA 98065

University Family YMCA
5003 12th Avenue NE
Seattle, WA 98105

West Seattle YMCA
3622 SW Snoqualmie Street
Seattle, WA 98126

Relation to Mission and Goals

To provide effective, low-cost financing for nonprofit facilities.

Project Type

Refinance of an existing debt and preservation of existing facilities.

**Estimated Tax-Exempt Bond Amount
(Not to exceed)**

\$46,000,000

Bond Structure

Private Placement

Lender

Zions Bancorporation, N.A. DBA The Commerce Bank of Washington

Action

Approval of Resolution No. 24-90

Anticipated Closing Date

July 2024

9% COMPETITIVE HOUSING TAX CREDIT POLICIES

Washington State Housing Finance Commission

2025

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1 Overview

The 1986 Tax Reform Act created the federal low-income housing tax credit (the “Credit”), under Section 42 of the Internal Revenue Code (the “Code”), to assist in the development of low-income rental housing. The Tax Credit Program provides qualified owners with Credit to reduce their federal tax obligations. The Washington State Housing Finance Commission (the “Commission”) is the authorized issuer of Credits for residential rental property located in the state of Washington. The Credit is available to owners of qualified buildings and projects that meet certain low-income occupancy and rent restrictions.

1.1 Purpose of the Policies

The Tax Credit Program is described in three separate documents: The Qualified Allocation Plan, the Rules, and the Policies. All these documents are available online on the [Commission’s web page](#).

Pursuant to the requirements of the Internal Revenue Code Section 42(m)(1)(B), the Commission has adopted a Qualified Allocation Plan (“QAP”) that sets forth: (i) the preferences of the Commission in allocating Credit; (ii) the selection criteria used to determine the Commission’s housing priorities; and (iii) the procedures the Commission will follow in monitoring for Noncompliance, including noncompliance with habitability standards, and notifying the Internal Revenue Service of such Noncompliance.

The Commission has also adopted rules governing the Tax Credit Program (the “Rules”). The Rules are codified in Washington Administrative Code (“WAC”) 262-01-130. The Rules set forth the principles by which the Commission administers the Tax Credit Program and to which all Applicants to the Tax Credit Program will be bound.

In addition, the Commission has published these Policies. RCW 34.05.230(1) provides that “an Agency is encouraged to advise the public of its current opinions, approaches, and likely courses of action by means of interpretive or policy statements.” The Policies are intended to be these interpretive or policy statements. The Policies are intended to provide guidance to Applicants and to Commission staff, but they are not binding on the Commission and do not have the force of a Rule.

The Policies describe the process and criteria that will be used by Commission staff to evaluate and rank projects for recommendations for Credit reservations and allocations.

The Policies also describe the conditions, limitations, and requirements that must be satisfied for a project to be eligible for a Credit reservation, carryover allocation and final allocation.

If there is a conflict between any requirement, condition, definition, or restriction of the Qualified Allocation Plan, the Rules, or the Policies and the requirements of the Code, the more restrictive one will apply, as determined by the Commission.

1.1.1 Program Values

The Tax Credit Program Values are used as a framework to guide Tax Credit Program policy development, including determining how projects are prioritized. Values for the Tax Credit Program include the following:

- Advance Racial Equity
- Align Resources
- Meet Affordable Housing Needs Everywhere
- Ensure High-Quality and Affordable Housing for Residents in the Long Term
- Use Our Limited Resources Efficiently

- Prioritize Populations Who Most Need Help
- Foster Healthy and Sustainable Homes in a Changing Climate

For more information, see the [Tax Credit Program Values Statement](#) published on our website.

1.2 Approval and Effective Date of the Policies

Updates to these Policies are approved by resolution at a special meeting of the Commission and are in effect once approved until they are amended, revoked, or superseded by action of the Commission, which will ordinarily take the form of a resolution approved at a special meeting of the Commission. The Policies will apply in their entirety to all Applications submitted on or after their effective date. In addition, the Policies apply to all projects for which the Commission has executed a Credit Reservation and Carryover Allocation Contract (“RAC”), or Regulatory Agreement, or issued an IRS Form 8609, as determined by the Commission. Please contact the Multifamily Housing and Community Facilities (“MHCF”) Director for clarification regarding the application of the Policies to a project. The MHCF Director will determine the applicability of the Policies to projects.

1.3 Administration and Interpretation of the Policies

Commission staff are authorized to administer, interpret, and clarify the Policies. In addition, staff have authority to administer and interpret the Code and the treasury regulations, subject to any formal written guidance, rulings or precedent received from the IRS or from court decisions.

The decisions to reserve and to allocate Credit to a project rest solely with the Commission. All projects receiving reservations or allocations must comply with the Code, specifically Section 42 of the Code, together with the restrictions, conditions, and requirements of the Tax Credit Program, which may be more restrictive than Section 42 of the Code.

The Policies should not be construed as impairing or limiting the rights of the Commission, or act to release a Tax Credit Program participant from any of the covenants, terms, obligations, duties, or conditions that apply to the participant as a result of entering into any agreement or contract. The Commission may bring a legal action against the participant as it may deem necessary or prudent if the participant fails to perform any obligation or provision, or term under any document, agreement, contract, or under any provision of law.

The Policies are subject to change by the Commission, based on, among other things, developments in federal or state law. The Commission may modify the Policies, as well as the forms, legal documents, and other material used by the Tax Credit Program, at any time determined by the Commission to be necessary and appropriate. It is necessary to stay informed of the actions of the Commission that may amend the Policies. A participant may ask Commission staff for specific information or assistance.

The Commission sends regular program announcements including updates to the Policies to an email list that is open to all interested parties. To be included on this list, sign up using this [signup form](#).

1.4 Definition of Terms

The definitions of capitalized terms used throughout the Policies can be found in the Glossary. All chapter, section, and page references refer to the Policies, unless otherwise specified. In addition, the Policies, the RAC and the Regulatory Agreement use terms that are defined or used in Section 42 of the Code.

1.5 Program Documents and Forms

The Application packet for Credits, the Qualified Allocation Plan, the Rules, and the Policies are available on the Tax Credit Program’s [web page](#). Likewise, sample copies of primary legal documents such as the

RAC and the Regulatory Agreement are available upon request. Keep in mind that the legal documents that a participant is required to execute to participate in the Tax Credit Program may vary from the sample documents.

1.6 Application Schedule and Deadlines

The Commission will announce deadlines for receiving Applications by public notice to all interested parties registered on the Tax Credit Program's email list kept by the Commission. To be included on this list, sign up using this [signup form](#).

The latest Application packet may be obtained from the Tax Credit Program's [web page](#).

1.7 Correspondence

All Commission correspondence will be sent to the contact person identified in the Application. Be sure to notify the Commission in writing of any changes to the contact person or address.

1.8 Public Records Act Notice

Materials and information submitted to the Commission are subject to public disclosure unless otherwise exempt from disclosure under the Washington Public Records Disclosure Act (RCW 42.17 et seq.). No assurances can be given that any materials provided can be protected from public review and copying.

1.9 Waivers

If the Commission fails to act in accordance with the Policies, that should not be considered a waiver by the Commission of a project, person, or entity's compliance with the terms and provisions in the Policies, or establish a precedent for any other project, person, or entity. In any event, no waiver, modification, or change in the Policies will be binding unless it is in writing and signed by an agent of the Commission.

2 General Requirements

The Commission has established the following requirements and disclosures with respect to selecting projects for Credit reservations and allocations. These requirements and disclosures, in addition to the other conditions and requirements described in these Policies and the Commission's legal documents, must be satisfied to obtain, and maintain Credit reservations and allocations.

2.1 Identity of Interest

The Applicant will be required to disclose to the Commission whether certain financial, familial, business, or similar relationships exist between or among the parties participating in the development and operation of the project (i.e., whether an "Identity of Interest" exists). This disclosure shall be made when the Application is filed and at such other times during the development and operation of the project as determined by the Commission.

2.2 Misrepresentation and Fraud

The Commission may disqualify an Application and project and cancel a Credit reservation and carryover allocation, if the Applicant, a Principal, or any participant makes a material misstatement, omission, or misrepresentation to the Commission, or has been convicted of fraud, theft, or other criminal activity involving the misappropriation of funds, false certifications, financial improprieties, or the like.

2.3 Financial Solvency and Litigation Status

As part of the Application and at such other times as required by the Commission, the Applicant must provide a certification with respect to the financial solvency of the Applicant, the project and certain project participants in the form required by the Commission.

If the certification discloses any financial difficulties, risks, or similar matters that the Commission believes might substantially impair or harm the successful development and operation of the project as a qualified low-income housing project, the Commission may:

- refuse to allow the Applicant to participate in the Tax Credit Program;
- reject or disqualify an Application and cancel any Credit reservation and carryover allocation; or
- demand additional assurances that the development, ownership, operation, or management of the project will not be impaired or harmed (such as, performance bonds, pledging unencumbered assets as security, opinions of financial solvency by an independent certified public accountant, or such other assurances as determined by the Commission).

The Applicant must also disclose throughout the development and operation of the project if there is a material change in the matters addressed in the certification.

2.4 Legal Counsel and Professional Representatives

The Applicant may not engage or use the Commission's legal counsel in any matters related to the Application or project, including but not limited to representing the Applicant regarding:

- the acquisition or lease of any land or buildings intended to be part of the project;
- the organization of the ownership entity;
- the preparation of any tax opinion;
- participation in the financing or syndication process;
- the Commission's administrative rules and policies;
- project evaluation, review, recommendation, selection, monitoring, and/or cancellation; and
- establishment, administration, or enforcement of the Commission's Contracts.

In addition, the Applicant must provide the names of the Applicant's developer, project management consultant, property management consultant, architect, legal counsel, tax advisor, accountant, and syndicator. The Commission may require the Applicant to retain legal counsel or other representatives that are in addition to, or different than, the above parties. For example, an Applicant may be required to change a consultant if the Commission believes that the proposed consultant lacks sufficient experience with the Tax Credit Program. It may also happen if the proposed party has made misrepresentations or misstatements to the Commission or has violated or breached any of the specific provisions or intent of the Tax Credit Program (such as furthering themselves or their clients by taking excessive fees or advocating positions that are insupportable given the terms, conditions, and requirements in the Policies and in the Code).

2.5 Project Changes

An Applicant must notify the Commission of any change in a project. An Applicant must notify the Commission in writing at least 30 days in advance of any material change in a project and must obtain the Commission's written consent to the proposed change. A "material change" includes, but is not limited to, a change in:

- the number of buildings or units
- the project contact person

- the Identity of Interest disclosure
- the Development Team
- legal counsel or another professional representative's information
- the project's Total Project Costs
- a financing source (whether debt or equity)
- operating revenue or expenses for the project of more than 10%
- anything that would result in a loss of Allocation Criteria points.
- Project site or location

The MHC Director will decide whether a change in a project is material.

The Commission will consider and may approve a material change to a project, if the change is consistent with the Code and the Tax Credit Program and does not decrease the total number of Allocation Criteria points for the project.

The request for approval of a material change in a project must be submitted in writing and include a narrative description and other supporting documentation, plus the applicable revised pages of the Application. If the Commission grants the request, it may reduce the Credit allocation to the project to the extent that the change results in a decrease in the equity gap or in the adjusted basis, eligible basis, or qualified basis of the project.

The Commission will consider a change in the actual Allocation Criteria for which a project has received Allocation Criteria points only if (i) the project or Applicant qualified for the Allocation Criterion when the Application was submitted; (ii) the Allocation Criterion is no longer feasible through no fault of the Applicant; and (iii) the Applicant can substitute another Allocation Criterion that results in an equal or greater number of Allocation Criteria points. Aside from this exception, the Commission will not consider a project change after the original submission of an Application if it affects project eligibility for Credit, Allocation Criteria points, or project rankings.

Generally, all direct or indirect project transfers or assignments require the prior written consent of the Commission, as set forth in Chapter 9 of the Policies.

2.6 Selection of Tax Credit Factor

The Applicant is responsible for providing the Commission with the Tax Credit Factor that the Applicant believes will be achieved when the Credit is sold. The Commission will establish a minimum Tax Credit Factor based on its evaluation of the equity market.

The Tax Credit Factor represents, on a percentage basis, the value of the Credit dollar amount available for the Total Project Costs (i.e., the amount paid by the investor for each one dollar of Credit). The Applicant's selection of the Tax Credit Factor in the Application establishes the minimum Tax Credit Factor. The Tax Credit Factor must reflect an ownership percentage of 100%. Once selected, the Commission will use the Tax Credit Factor from then on when it calculates the Credit reservation and allocation to any building in a project, except as noted below. Consequently, the Applicant should be sure to research the market to determine an appropriate Tax Credit Factor.

If the proceeds from the sale of the Credit are more than projected in the Application, then, as provided in WAC 262-01-130(7), the Commission will reduce the Credit amount to the minimum amount necessary for the project to be financially feasible and viable as a qualified low-income housing project. In calculating the amount of Credit, if the actual Tax Credit Factor is higher, the Commission will use the actual Tax Credit Factor achieved from the sale of the Credit rather than the Tax Credit Factor in the

Application. Consequently, the amount of Credit actually allocated to a building may be reduced below the amount initially reserved.

The Applicant should be aware that a final Tax Credit Factor that is lower than the figure included in the Application might result in a loss of Credit for the project. In that case, the Applicant must demonstrate that the project is both financially feasible and viable with the reduced amount of Credit. The Commission may disqualify the Project/Application and cancel the Credit reservation or allocation if the Applicant cannot do this. For example, the Applicant may have to provide evidence that it has secured other sources of funds to fill the remaining equity gap. Such alternative sources could also result in a decrease in Credit.

In characterizing the anticipated tax credit proceeds and the corresponding Tax Credit Factor listed in the application, Applicants may be asked to substantiate, to the satisfaction of the Commission, the projected tax credit pricing. If required, Applicants must provide evidence that the Tax Credit Factor listed in the Application has a reasonable likelihood of being achieved given the known conditions of the current equity market.

2.7 Housing Credit Percentage

The IRS reports the “appropriate percentage” or actual housing credit percentages monthly. The variable credit percentage (with a fixed floor rate of 9% and 4%) is applied to the project’s qualified basis to determine the amount of investors tax credit during the 10-year credit period.¹ For applicable rates, see the Housing Credit Percentages published on the IRS [webpage](#).

2.8 Feasibility and Viability Analysis

The Commission is required to limit Credit allocated to a project to the amount it determines is necessary for the financial feasibility and viability of the project. The Commission is required to perform this analysis at each of the following times:

- when the Applicant applies for Credit;
- when the Commission makes a carryover allocation by entering the RAC; and
- when each building in the project is placed-in-service.

To allow the Commission to perform these analyses, the Applicant is required to submit, among other things, (i) a comprehensive development budget showing all sources and uses of funds and the total financing plan for the project and (ii) a fifteen-year operating pro forma for the project. The form and detail of each of the budgets must be satisfactory to the Commission and must be consistent with provisions of Treasury Regulation 1.42-17.

The Commission will review the reasonableness of the development and operating budgets submitted by the Applicant. It may require that the Applicant submit documentation to substantiate that any or all a project’s revenue or costs are reasonable and appropriate. In addition, the Applicant may be required to submit a copy of an appraisal with an effective date within 6 months of the Application to establish the value of the land for a project. Even if the land cost is adequately supported by an appraisal, all or a portion thereof may be treated as Developer Fee (which could have the effect of reducing eligible basis). Further, the maximum amount of Credit allowable to a project is subject to the other limitations of the Tax Credit Program, such as the Tax Credit Program Limits set forth in Chapter 3.

¹ In December 2015, Congress adopted a fixed floor 9% rate for the 9% credit. The COVID-19 stimulus bill passed in December 2020 fixed the 4% tax credit rate at 4% for buildings which received a Credit allocation after December 31, 2020.

Credit pricing is a critical component of assessing and underwriting the appropriate amount of allocation to each project. The Commission's QAP and WACs also require that the Commission give weight to projects which maximize the use of the tax credit. (WAC 262-01-130(5)(i); QAP II.B(j)).

Based on the feasibility and viability analyses performed by the Commission, the amount of the Credit reservation and carryover allocation may be less than the amount set forth in the Commission's initial project approval, and the amount of the final Credit allocation reflected in Form 8609 may be less than the amount of the Credit reservation and/or carryover allocation.

2.9 Credit Reservation and Carryover Allocation

All projects that receive an allocation of credit will receive a carryover allocation. To receive a carryover allocation, the Applicant must meet all the Credit reservation and carryover allocation requirements in Chapter 7 of the Policies. If any building in the project will be placed-in-service in the same year as the Application, that building does not need a carryover allocation, but the Applicant will be required to comply with all the placed-in-service allocation requirements before the end of the calendar year, in addition to meeting other requirements.

All Credit carryover allocations will be made on a "project" basis. The Credit reserved or allocated is the lump sum amount available to each qualified building in the project. The actual amount of Credit available for any specific building will be apportioned from the lump sum carryover allocation of credit and determined when that building satisfies the placed-in-service allocation requirements.

2.10 Equity Closing

The Applicant is required to give the Commission at least 30 days' notice of the scheduled Equity Closing. At least 10 days prior to the scheduled Equity Closing but after the general contractor bids have been received, the Applicant must submit the Project's final development budget, final sources of funds, and documentation to substantiate the final Credit pricing. Using the final budget, Commission staff will evaluate the balance of sources and uses and set the final Developer Fee (see Section 3.7 and 3.8).

2.11 Regulatory Agreement

As a condition of receiving an allocation from the Commission, the Applicant must enter into a Regulatory Agreement that applies to each building in the project. The Regulatory Agreement addresses, among other things, the requirements of Section 42 of the Code, federal and state law, the Tax Credit Program, and the Commitments made in the Application and the RAC.

Generally, the provisions of the Regulatory Agreement will apply for a period of 30 years from the date the project is placed-in-service (the 15-year compliance period and an additional 15-year period, referred to as the "extended low-income use period"). However, if the Applicant makes a commitment for an Additional Low-Income Housing Use Period, the duration of the 22 years beyond the 15-year compliance period. If the Applicant opts for the longest extension, the total Project Compliance Period would be 37 years.

Termination of the Regulatory Agreement will occur prior to the expiration of the extended low-income use period or Additional Low-Income Use Period only under very limited circumstances. In this respect, and many others, the requirements of the Regulatory Agreement are stricter than the provisions of Section 42 of the Code.

The Regulatory Agreement must be recorded as part of the Equity Closing. It must be recorded in first lien position as a restrictive covenant running with the land and binding upon the Applicant's successors in interest. To ensure the Commission's Regulatory Agreement is in first lien position, the Applicant must

prepare and record a Priority Agreement at the Project's expense in a form acceptable to the Commission, and executed by the Applicant, the Commission, and all lienholders on the Project. The Priority Agreement must specify that the lienholders' security interests are subordinate to the interests of the Commission as shown in the Regulatory Agreement.

If documents with monetary liens are recorded prior to the Regulatory Agreement, those documents must be subordinated to the interests of the Commission as shown in the Regulatory Agreement.

If the Applicant has established a long-term lease in lieu of ownership, the owner of the land and holders of any liens and encumbrances that are secured by a recorded mortgage or deed of trust against the land and the improvements on it before the Regulatory Agreement is recorded must execute and record a subordination agreement in a form approved by the Commission. The subordination agreement shall specify that the owner's interest is subject to, and any other parties' security interest is subordinate to, the interests of the Commission as shown in the Regulatory Agreement.

2.12 Final Allocation and Form 8609

For projects receiving a carryover allocation, the Applicant will have until the deadline(s) set forth in the RAC to ensure that each building in the project is placed-in-service and meets all the placed-in-service allocation requirements in Chapter 8 of the Policies. If the Applicant complies with the terms and conditions of the RAC and all other requirements of the Tax Credit Program, the Commission will make a final allocation of Credit for each qualified building by issuing IRS Form 8609.

2.13 Minimum and Additional Low-Income Housing Commitments

The Tax Credit Program includes two low-income housing Commitments: (i) the minimum low-income housing commitment required by Section 42 of the Code and (ii) the Additional Low-Income Housing Commitment, a voluntary election under the Commission's Allocation Criterion. Both Commitments are made when the Application is submitted and are irrevocable and binding upon the Applicant and the Applicant's successors in interest.

The Applicant must choose one of the following minimum low-income housing commitments under the Code:

- at least 40% of the total housing units in a project must be rented to residents with incomes at or below 60% of the AMI adjusted for household size;
- or at least 20% of the total housing units in a project must be rented to residents with incomes at or below 50% of the AMI adjusted for household size;
- or Income Averaging - allows units to serve households earning as much as 80% of the AMI as long as a range of AMI options below 60% AMI are provided and the average income/rent limit in the property is 60% or less of AMI.

Criteria for Income Averaging: allowed on a "case by case" basis with the following:

- Submit a plan and unit configuration, using the spreadsheet created by Novogradac, showing that the unit configuration meets the income averaging; all buildings must have the same election; unit mix is expected to provide for a range of AMI options above and below 60% AMI up to 80% AMI
- Written agreement from the investor and any other public or private funders;
- Submit a market study that addresses income mix
- Commit and agree in writing to the compliance implications, as we understand them at the time of commitment (Complete Average Income Certification Form)

Note: Income averaging is not available for re-syndications or projects with market rate units.

2.14 Utility Allowances

Please note points for alternate utility allowances (UA) have been removed starting with the 2021 9% Competitive Housing Tax Credit Policies. However, applicants are still welcome to submit an alternate UA based on Method 8 from Appendix O of the Tax Credit Compliance Manual.

If the project is planning to use Method 8, a Commission approved energy modeling consultant must submit a UA modeling plan in Tab 11 of the tax credit application. Because the final energy consumption model UA schedule will not be available, the local PHA Section 8 UA can be used to complete Section 8 of the application.

*Any LIHTC projects layered with Project-Based Section 8, or which are otherwise restricted by HUD or RD cannot use alternate UA schedules. Those projects must use the applicable PHA Section 8 UA schedule or other HUD or RD approved utility allowance schedule.

If any of the low-income housing units are receiving rental assistance at the time of Application or if the Applicant has a commitment for rental assistance on any housing units in the project, the Applicant must provide a copy of the applicable rental assistance documentation or the commitment specifying the number of housing units, dollar amount, length of time, and any other significant details.

2.15 Developer Fee and Eligible Basis Limitations

Generally, that portion of the developer fee related to the construction or rehabilitation of a low-income building is capitalized as part of the building's basis and, therefore, is eligible for Credit. The portion of the developer fee that is attributable to the acquisition of the land is ineligible for credit.

In the case of an acquisition/rehabilitation project, the developer fee must be allocated among the various project components. For example, the portion of the developer fee that is earned with respect to the acquisition of the land is ineligible for Credit. The portion of the developer fee earned for the acquisition of the existing building may be eligible for the 4% credit.

Generally, expenses for activities occurring prior to the start of construction must be allocated to land and are excluded from eligible basis, unless a written explanation justifying an alternative treatment is included with the Application and with the Independent CPA's certification regarding the project's eligible basis and the qualified basis as well as the sources and uses of funds.

Specifically, amounts incurred for legal and professional fees, real estate transfer taxes, closing costs, title insurance, loan origination fees and points are ineligible. Similarly, land surveys, appraisals, demolition of existing structures, abatement of environmental hazards, escrow fees, filing fees, pre-construction period interest expense capitalized in accordance with Section 263A of the Code, Partnership organizational fees, and the like are also ineligible for Credit.

2.16 Compliance With Law and Commitments

The Applicant must agree that each building in the project will be owned, managed, and operated as a residential rental property consistent with Section 42 of the Code, federal law, the laws of the state of Washington, and the Commitments. The RAC and the Regulatory Agreement will set forth specific covenants, representations, and warranties of the Applicant regarding these and other undertakings.

2.17 Use of Commission's Contracts, Agreements, and Other Legal Documents

As provided in WAC 262-01-130(9), an Applicant must use the Commission's forms of legal documents, forms, and other materials.

The Commission's documents are not subject to negotiation. However, the Commission is willing to consider revisions that improve the accuracy and clarity of the material.

An Applicant or other participant in the Tax Credit Program may ask to revise or amend the language of the RAC, the Regulatory Agreement, or other documents of the Tax Credit Program if it finds an error, contradiction, or similar problem in the data or language of the documents. The request must be in writing and include any relevant documentation or support for the requested amendment.

2.18 Project Disqualification/Cancellation

The Commission may disqualify the project and Application as well as cancel the Credit reservation and carryover allocation for the project if:

- The Applicant fails to comply with the requirements and policies of the Commission, including these Policies; or
- The Applicant fails to comply with the terms, conditions, obligations, and restrictions in the Application, the RAC, or other legal documents for the project.

The Commission will have no duty or obligation to the Applicant, the lender, or investor upon termination of the project, Credit reservation, or carryover allocation and will bear no liability for the consequences of such termination or decrease of Credit. Furthermore, if the Applicant defaults, the Commission may bring an action to enforce the terms of its agreements or contracts or seek recovery for damages.

2.19 Enforcement

If an Applicant or project owner fails to comply with the QAP, the Policies, the RAC or the Regulatory Agreement, such Noncompliance will be considered an event of default and the Commission will be entitled to exercise any of the rights and remedies it may have under the Tax Credit Program. In addition, the Commission will be entitled to the rights and remedies it has the authority to exercise by law.

The Commission may prosecute any proceeding of law to seek recovery of monetary damages for the Applicant's failure to carry out and fulfill any contract entered into in connection with the Tax Credit Program. The Commission, if it prevails, will be entitled to its reasonable costs, disbursements, and attorneys' fees, together with all expenses it may have reasonably incurred. In addition, the Applicant should understand that the Commission is required to report events of Noncompliance to the IRS regardless of whether the Noncompliance is corrected.

In addition, any resident or potential resident who meets the income limitations for the minimum low-income housing commitment or the Additional Low-Income Housing Commitment for the project, and/or meets the qualifications or restrictions for a Special Needs Housing Commitment, may bring suit to enforce the terms, conditions, obligations, restrictions, covenants, representations, and warranties in the Regulatory Agreement. These persons may be a former, present, or a prospective resident of the project. These persons' rights are more explicitly set forth in the Regulatory Agreement.

Nothing in the Policies, the RAC or the Regulatory Agreement is intended, or should be construed, to create a duty or obligation of the Commission to enforce any term or provision of the Policies, the RAC, Regulatory Agreement, or any other Tax Credit Program document on behalf of, at the request of, or for the benefit of, any former, present, or prospective resident. The Commission assumes no direct or indirect obligation to any former, present, or prospective resident for violations by the owner or any other party.

2.20 Debarment

Under certain circumstances, the Applicant or other parties associated with the Project may be barred from participating in the Commission's Tax Credit Program. The debarment rules and procedures are set forth in WAC 262-03-040. The rights and remedies of the Commission under the Tax Credit Program, the Policies, the RAC, the Regulatory Agreement, and other Tax Credit Program documents for breach and/or Noncompliance are in addition to, and not in lieu of, the rights and remedies the Commission has authority to exercise by statute, rule, or regulation, including, but not limited to, the debarment rules.

2.21 Indemnification

As a condition of submitting an Application, the Applicant agrees to at all times defend (with counsel reasonably acceptable to the Commission), indemnify and hold harmless and release the Commission, its successors and assigns, including their respective members, officers, employees, agents and attorneys, from and against any and all claims, suits, losses, damages, costs, expenses and liabilities of whatsoever nature or kind (including but not limited to attorneys' fees, litigation and court costs, amounts paid in settlement, amounts paid to discharge judgment(s), and any disallowance of tax benefits) directly or indirectly resulting from, arising out of, or related to:

- the financing, acquisition, construction and/or rehabilitation, syndication, sale, management or operation of the project;
- any Noncompliance or failure to perform any covenant under the Application, the RAC, the Regulatory Agreement, or any other Tax Credit Program document (collectively "Tax Credit Program Documents") (whether or not cured);
- any breach of a representation, warranty, or covenant in a Tax Credit Program Document;
- any other act or omission (whether or not cured) constituting a default under a Tax Credit Program Document; or
- the enforcement by the Commission, its successors and assigns of the Commission's rights and remedies under a Tax Credit Program Document or any Tax Credit Program Document.

An indemnified party may monitor and participate in the defense of any claim or suit and may select any law firm to do so. This may include any level of participation the indemnified party wants. The Applicant will promptly reimburse the indemnified party for all attorneys' fees, litigation and court costs, amounts paid in settlement, and other sums as described above that are incurred by the indemnified party.

Furthermore, as a condition of applying, the Applicant waives any right to bring legal action, on the Applicant's own behalf or on behalf of any other party, against the Commission for any matter for which the Applicant agrees to indemnify and hold harmless the Commission.

3 Program Limits

The Commission has established the following program limits (the "Program Limits") for selecting projects for Credit reservations and allocations. The Applicant should demonstrate in the Application compliance with all the Program Limits. In determining the amount of Credit to allocate, the Commission may reduce the budget and/or Credit to reflect the Program Limits listed below.

3.1 Maximum Credit – WAC 262-01-130(7)

As required by Section 42 of the Code, the Commission will allocate no more than the minimum amount of Credit needed to ensure that the project will be financially feasible and viable as a qualified low-income housing project throughout the credit period.

As part of the Commission's Credit determination, the Commission will evaluate each project based upon the project's feasibility and viability which includes examining the development and operational costs of each project as well as the market need and demand.

3.2 Total Development Cost Limit – WAC 262-01-130(8)(a)

Given the finite resource of the Housing Tax Credit, the primary objective of the Total Development Cost Limit policy ("TDC Limits") is to balance cost containment with promoting quality development. Meaningful cost containment policies are essential to the future success and continued credibility of the Housing Tax Credit program.

Requests for utilizing different TDC limits may be determined on a case-by-case basis.

3.2.1 Seattle TDC Limits

Projects located in Seattle are subject to the Seattle TDC limits. If a scattered site project is in an additional city in or outside of King County, those units will be subject to either the Balance of King, Metro, or Balance of State TDC Limits, depending on its geographic location.

3.2.2 Balance of King TDC Limits

Projects located in King County and outside of Seattle are subject to the Balance of King TDC Limits. If a scattered site project is in an additional county(ies), units outside of King County will be subject to Seattle, Metro or Balance of State TDC Limits, depending on its geographic location.

3.2.3 Metro TDC Limits

Projects located in Pierce, Snohomish, Clark, Thurston, Whatcom, or Skagit counties are subject to the Metro TDC Limits. If a scattered site project is in an additional county(ies) that does not include King, Pierce, Snohomish, Clark, Thurston, Whatcom, and Skagit counties, units outside of the Metro area will be subject to the Balance of State TDC Limits.

3.2.4 Balance of State TDC Limits

Projects not located in the Seattle, Balance of King, or Metro TDC Limit areas, as set forth above, are subject to the Balance of State TDC Limits.

3.2.5 Permanent Supportive Housing for the Homeless

Projects located in the Balance of State TDC area that commit at least 50% of their units as Permanent Supportive Housing for the Homeless may use the Metro TDC limits.

Projects located in the Metro TDC area that commit at least 50% of their units as Permanent Supportive Housing for the Homeless may use the Balance of King TDC limits.

Projects located in the Balance of King TDC area that commit at least 50% of their units as Permanent Supportive Housing for the Homeless may use the Seattle TDC limits.

3.2.6 Urban Project TDC Limit Increase

Projects located in any city other than Seattle that fit the definition of an Urban Project set forth below, may request to be allowed to use the Total Development Costs limits one category higher than their current category. For example, a proposed project in the Balance of State TDC Area meeting the "Urban Project" definition, may request to apply under the TDC Limits for the Metro TDC Area.

Urban Projects are defined as those that have three or more of the following and are within a designated urban growth area:

- Located within the city limits

- Located in or near a central commercial zone or downtown core
- More than 4 stories
- An elevator
- Required structured parking
- Maximizes density either through increased number of bedrooms per unit or units per acre
- Specific high-cost design elements meeting city neighborhood plans and infill goals
- Area Designated as a Difficult to Develop Area (DDA)

Projects seeking an increase in their TDC Limits under this section must notify the Commission in writing of its desire to get the increased TDC Limits at least sixty (60) days prior to applying. The Commission may request that the Applicant set forth in detail how it meets the Urban project definition. A project cannot use the increased TDC Limits absent authorization from the Commission.

If the Commission grants an increase to a project's TDC Limits, the project may still compete for Cost Containment Incentive points (see Section 6.8) as follows:

- TDC Limit Points: The project may compete for these points by using the increased TDC Limits.
- Median Square Footage Point: The project will be evaluated against other projects from its geographic credit pool defined in Section 5.2.2.

3.2.7 TDC per Unit Limit Schedule

To be able to be as responsive as possible in a volatile cost environment, the Commission will publish a TDC per Unit Limit Schedule to its website rather than have it set in policy.

A project's Total Development Cost Limit is the sum of the total number of units of each bedroom size multiplied by the cost limits of that bedroom size. Total Development Cost is defined as the Total Residential Project Cost minus the cost of land, the costs associated with offsite infrastructure improvements and the capitalized reserves as detailed below. All units (low-income, market-rate and common area units) are to be included in the calculation.

Additional costs associated with the land including, but not limited to, closing costs, infrastructure, site work or purchase and sale extensions must be included in the Total Development Cost for the purposes of determining whether a project exceeds the TDC limit.

Offsite infrastructure improvements are defined as: improvements required by the City to be dedicated for use by the public and can include roads, curbs, gutter, sidewalks, storm water drainage, domestic water inflow and utilities, including utility steel casings, wiring and installation fees.

Capitalized Reserves include long-term reserves such as an operating reserve or a replacement reserve; they do not include reserves capitalized to cover the lease-up period.

Projects are subject to the Development Cost Limit Schedule in place at the time of application. As part of the Application, Projects must provide a detailed breakdown of anticipated Total Project Costs.

3.2.8 Waiver of the Total Development Cost Limit

In setting this policy, the Commission acknowledges that some projects will not fit within these limits despite best efforts to do so. However, it is imperative that the tax credit resource be allocated to projects demonstrating prudence when making their funding proposals. While the TDC Limit policy sets distinct limits, discretion is a critical component of this policy. Through the waiver process, the Commission may consider several potential project characteristics that can create cost levels above the published limits.

These cost influences may include, but are not limited to:

- Construction type (e.g., high-rise elevator construction, structured parking)
- Density (e.g., units per acre)
- Costs related to stated program priorities (e.g., supportive housing, large family units)
- Multi-phased projects and large-scale redevelopments
- Funded initiatives promoting design or development innovation
- Costs that result in energy or water cost savings beyond local building code or Evergreen Sustainable Development Standard (“ESDS”)

However, it should be noted that an increase in labor costs is not solely enough to support a waiver request.

Approval of the TDC waiver request is at the sole discretion of the Commission. The existence of the above factors should not be construed as a guarantee of waiver approval.

Projects requesting a waiver of the Total Development Cost Limit must submit a TDC Limit Waiver Request Form with required attachments 60 days prior to submission of the Application. Applications submitted that exceed the Total Development Cost limit without an approved waiver will be disqualified and not considered further.

Waiver requests will be evaluated to determine whether additional costs are reasonable and justifiable under the circumstances, attributable to unique development characteristics, and consistent with the housing needs and priorities identified in the Policies.

Total Development Cost Limit Waivers will remain valid only for the current year’s application. In addition, should a Project receive a waiver under these policies but then subsequently reapply for credit under a different set of policies, then a new waiver must be requested. For example, a Project that receives a TDC Limit Waiver under these 9% policies but then reapplies for credit under the Commission’s 4% tax credit/tax-exempt bond policies must apply for a new TDC Limit Waiver.

If a Project exceeds the Total Development Cost Limit by 20% or less, the waiver is subject to the approval of the MHCF Director. If a Project exceeds the Limit by more than 20%, the waiver must be approved by the Executive Director prior to the submission of the Application.

3.2.9 Total Development Cost Limit Exemption

In setting this policy, the Commission acknowledges that occasionally a project requesting tax credit funding will not fit within these limits due to extraordinary circumstances. In those rare cases, the Commission may grant a one-time exemption to the TDC limits.

Some examples of extraordinary circumstances could include historic districts and historic tax credits, seismic retrofit, hazardous material abatement, and other issues faced by projects that consist of an adaptive reuse of an existing site/building.

Projects requesting an exemption from the Total Development Cost Limit must make an initial exemption request by submitting, in writing, a request for an exemption to the MHCF Director at least 4 months prior to the Application deadline. After receipt of the initial exemption request, the MHCF Director (or staff designee) will schedule a project pre-application meeting to determine the documentation and narratives necessary to support a formal request for an exemption. If the Commission grants an exemption from the Total Development Cost Limit, the project will be subject to a project cost-analysis during the application process. The applicant can be required to submit detailed estimates of costs, which can include costs associated with abatement, demolition, seismic retrofit,

structural changes, code compliance, parking and design and professional services. The Commission will determine if the project cost-analysis will be conducted by Commission staff or by a third-party reviewer. If the Commission determines that a third-party review is necessary, costs associated with that review will be borne by the Applicant.

In addition, if the project is granted an exemption from the Total Development Cost Limit, additional reporting requirements, as determined by the Commission, will be required throughout project construction. Total Development Cost Limit Exemptions are granted by the Executive Director of the Commission. Total Development Cost Limit Exemptions will remain valid only for the current year's application. In addition, the development costs associated with a project receiving an exemption shall not be used in calculation of future TDC limits.

3.2.10 Changes in Total Development Costs

The intent of this policy is to encourage the communication of any unanticipated changes in project costs. Any cost increases must be proactively communicated and approved by the Tax Credit Director. The Commission retains the right to disallow any future increased development cost.

3.2.11 Calculation of Future Total Development Costs Limits

The MHCF Division intends to annually review the TDC limits using historical internal application and cost certification data, as well as industry construction cost data. Based upon this review, the TDC limits may be modified as the MHCF division deems appropriate. The new TDC Limits may be found on the Commission's website.

3.2.12 Other Public Funders Development Costs Limitation Initiative

The Commission reserves the right to incorporate development cost containment initiatives offered by other public funders, such as the Department of Commerce or the City of Seattle, into its analysis of TDC limit waiver requests and future adjustments to its TDC limits and cost-containment policies.

3.3 Maximum Construction Contingencies – WAC 262-01-130(8)(b)

The maximum amount of Credit reserved or allocated to a project will be determined after limiting the rehabilitation contingency to 15% of the rehabilitation costs and the new construction contingency to 10% of new construction costs. Rehabilitation costs include rehabilitation hard costs, site work costs, and contractor profit & overhead. New construction costs include new construction hard costs, site work costs, and contractor profit & overhead.

3.4 Maximum Annual Credit Per Low-Income Housing Unit – WAC 262-01-130(8)(c)

The Commission uses a variable Credit Per Unit to better align the costs to develop and the credit resources needed to fill those costs. The actual dollar amount of this limit is published in Exhibit J in the Application Packet available on the website.

3.5 Maximum Credit Per Applicant – WAC 262-01-130(8)(d)

When the Commission determines the amount of Credit to be reserved or allocated, it will limit the (i) Applicant, (ii) the principals, (iii) the developer, and (iv) other parties directly or indirectly related to the Applicant or project (as determined by the Commission) to a maximum of 2 projects and 15% of the Per Capita Annual Authority Available in each year.

The actual dollar amount of this limit is published in Exhibit J in the Application Packet available on the website. An Applicant is subject to the limit in place at the time of application. If the factors that determine the Per Capita Annual Authority are not known by the application deadline, the previous year's population or credit rate will be used to determine the Maximum Credit per Applicant for the

current year. In these instances, the limit will not be updated when the current year's numbers are known.

3.6 Maximum Credit Per Project – WAC 262-01-130(8)(e)

Credit reservations and allocations to a single project are limited to not more than 10% the Per Capita Annual Authority Available in each year.

The actual dollar amount of this limit is published in Exhibit J in the Application Packet available on the website. A Project is subject to the limit in place at the time of application. If the factors that determine the Per Capita Annual Authority are not known by the application deadline, the previous year's population or credit rate will be used to determine the Maximum Credit per Project for the current year. In these instances, the limit will not be updated when the current year's numbers are known.

For the purposes of this restriction, the MHCF Director may determine that it is appropriate to treat two or more otherwise separate projects, submitted by the same Applicant or by multiple Applicants, as a single project if the MHCF Director determines that the projects and/or buildings have substantially common characteristics or attributes.

In making this determination, the MHCF Director may consider, among other factors:

- location;
- plan and design;
- projected tenant base and set asides; and
- the identity of the Applicants, owners, developers, lenders, contractors and/or other parties engaged in connection with each project.

3.7 Maximum Developer Fees – WAC 262-01-130(8)(f)

The Commission will only consider developer fees in the aggregate, up to 15% of Total Project Costs less reserves, Donation, Intermediary Costs, and less the requested developer fee amount. For this purpose, developer fees include all consultant fees (other than arm's length architectural, engineering, appraisal, market study and syndication costs) and all other fees paid in connection with the project for services that would ordinarily be performed by a developer, as determined by the Commission.

The Commission will set the developer fee at the time of the Equity Closing based on the project's final budget after construction bids have been accepted and final sources and uses have been balanced. The fee presented in the Placed-in-Service documentation may not exceed the amount finalized at closing. It is expected that a project with excess funds will return those funds to one or more of the public funders involved upon Project completion. For acquisition/rehabilitation projects where the cost of rehabilitation is less than 25% of the reasonable "as-is value" of the building, the Commission will only allow in eligible basis developer fees up to 10% of Total Project Costs less reserves, Donation, Intermediary Costs, and less the requested developer fee amount. Total rehabilitation costs consist of the budget categories of site work, rehabilitation, contractor overhead and profit, and contingency. The Commission may require the Applicant to submit a copy of a current appraisal to establish the building's as-is value.

For this policy, Intermediary Costs, Reserves, Donation, and any amounts attributed to commercial areas or other non-residential areas are not considered part of the Total Project Costs.

If there is an increase in land cost in a transaction between Related Parties or other parties with an Identity of Interest (a "Related Buyer and Seller"), the Commission may require the Applicant to submit a copy of a current appraisal to establish the land value. The Commission may limit the land costs

included in the Total Project Costs. If any portion of the increased land cost in a transaction between a Related Buyer and Seller is accepted by the Commission, the amount of the increased land price will be deducted from the lesser of the developer fees listed in the Applicant's project budget or the maximum developer fees applicable to the project. If land improvements have been completed by a Related Party or other person having an Identity of Interest to the Applicant, the work should be itemized on the project's budget and not included as an increased land cost.

3.7.1 Related Party Rehabilitation Transactions

A Related Party Rehabilitation Transaction is defined as a sale or lease of a rehabilitation project between Related Parties, parties Affiliated with each other or other parties with an Identity of Interest. The allowable Developer Fee is restricted for Related Party Transactions and may not be generated on the acquisition cost of the land and the building as represented in the budget & appraisal. The Developer Fee will be calculated using the Total Project Cost less acquisition costs, capitalized reserves, intermediary costs, and donation.

3.8 Maximum Consultant Fees – WAC 262-01-130(8)(f)

Consultant fees (other than arm's length architectural, engineering, property appraisal, market study, and syndication costs) must be included in the developer fees limit set forth above.

3.9 Maximum Contractor's Profit and Overhead – WAC 262-01-130(8)(g)

When the general contractor is a Principal, Related Party or otherwise has an Identity of Interest with the Applicant or project owner, the Commission will limit the contractor's combined profit and overhead to 10% of total rehabilitation/construction costs plus site work costs.

3.10 State Designated Eligible Basis Boost

The Housing and Economic Recovery Act of 2008 (H.R. 3221) authorized allocating agencies to extend the extra 130% eligible basis boost to buildings that the state designates as requiring an increase in the credit amount to be financially feasible, effective for buildings placed in service after the July 30, 2008 date of enactment. Prior to HERA, only HUD designated DDA's and QCT's were eligible for the 130% basis boost.

Buildings in DDAs or QCTs that already qualify for the "boost" in eligible basis do not qualify for an additional state designated increase.

3.11 Rural Projects

Projects located in Rural Areas automatically qualify for the State Designated 130% eligible basis boost. For the purposes of this policy, a Rural Area is defined as follows:

- Counties with a population of less than 90,000, except for those cities within these counties with a population of greater than 25,000. For example, Franklin County except the City of Pasco
- Counties with a population greater than 90,000 but less than 390,000 when more than an aggregated 25% of that county's population resides in one substantially contiguous metropolitan area. In this case, the county except such metropolitan area would be considered rural. For example, Yakima County except the City of Yakima

To qualify as a Rural Project, the entire project must be located in one or more of the following counties: Adams, Asotin, Benton (except Kennewick and Richland), Chelan (except Wenatchee), Clallam, Columbia, Cowlitz (except Longview), Douglas (except East Wenatchee), Ferry, Franklin (except Pasco), Garfield, Grant, Grays Harbor, Island (except Oak Harbor), Jefferson, Kittitas, Klickitat, Lewis, Lincoln, Mason, Okanogan, Pacific, Pend Oreille, San Juan, Skagit (except Mount Vernon), Skamania, Stevens,

Thurston (except the cities of Olympia, Lacey, and Tumwater), Wahkiakum, Walla Walla (except the City of Walla Walla), Whatcom (except Bellingham), Whitman (except Pullman), Yakima (except the City of Yakima).

3.12 Non-Rural Projects

Projects outside of Rural Areas may be eligible to receive the state designated 130% eligible basis increase. Approval of this increase will be made on a case-by-case basis at the sole discretion of the Commission.

Such approval will be based upon conclusive findings made by the Commission that the basis boost is necessary for the Project to be financially feasible.

Non-Rural Projects seeking the State Designated Eligible Basis Boost must submit a Basis Boost Request Form at least 60 days in advance of the application deadline.

Examples justifying the need for a basis boost may include Projects located in areas where resources are scarce or infill projects with high land costs. A location that is considered “rural in character” alone is not a valid reason for the basis boost.

Project requesting a basis boost must be able to leverage additional funding to be eligible to request approval of a basis boost.

4 Minimum Threshold Requirements

All projects must meet the minimum threshold requirements listed below (the “Minimum Threshold Requirements”) by the Application deadline to be considered for a Credit reservation and allocation.

The Applicant is responsible for demonstrating to the satisfaction of the MHCF Director that the project meets all the Minimum Threshold Requirements. Projects that do not meet all the Minimum Threshold Requirements will be disqualified and will not be eligible for a Credit reservation or allocation. The Applicant may be able to request a review of this determination by the Executive Director or his designee using the procedures described in Chapter 12: Decisions and Reviews.

4.1 Complete Application and Appropriate Fee – WAC 262-01-130(1)

The Applicant must submit a complete, legible, and executed Application. The Applicant must include all required attachments and the appropriate Application fee by the deadlines established by the Commission. The Applicant must use the Commission’s Application forms. Please see Chapter 11 for details on the Application fee.

The Application, attachments, and Application fee must be received by the Commission no later than 12:00 p.m. Pacific Standard Time on the Application deadline. No late Applications will be accepted.

The Applicant may pay the fee with a wire transfer, business or personal check, a money order, or a cashier’s check. Cash is not accepted. An Application submitted with a check that is returned for insufficient funds will be disqualified and not considered further. The check will be returned to the Applicant. The Applicant should include all the required attachments to show that the project meets the Minimum Threshold Requirements, and all Allocation Criteria the Applicant has selected for the project.

Resolutions and/or consents demonstrating authority to sign must be provided for each entity that is a party to the Application. Sample authorizations are provided as Exhibit G2 and G3 to the Application Packet.

Material changes to an Application will be permitted only at the discretion of the MHCF Director. If the Applicant desires to make a material change to the Application after it has been submitted and the MHCF Director refuses to permit the change, the Application must be canceled, and a new Application and fee must be submitted before the Application deadlines referenced above. The MHCF Director will decide whether a change to the Application is material.

For purposes of considering project eligibility for Credit, satisfaction of the Minimum Threshold Requirements, project Allocation Criteria points, and project rankings, the Commission will only consider the material and information that is included in the Application when it is first submitted, except for (i) changes permitted by the MHCF Director as described in the preceding paragraph and (ii) material accepted during a Correction Period (as described in Section B below).

4.2 Correction Period

If the MHCF Director determines that an Application is substantially complete, but an item is missing, incorrect, or needs clarification, the Applicant will have five business days from receipt of written notice from the Commission to deliver the required information to the Commission. At the discretion of the Commission staff, additional time may be permitted to submit the required information. The written notice will be sent to the address of the contact person identified in the Application. If the Applicant fails to submit the required information within the required time period (including extensions), the MHCF Director may disqualify the Application.

The Correction Period does not apply to any Application that is determined to be substantially incomplete by the MHCF Director. The Correction Period provision may not be used to change the number of Allocation Criteria Points selected for a project.

4.3 Requirements, Disclosures and Program Limits

The Applicant and the project must comply with all the requirements and disclosures listed in Chapter 2 all the Program Limits listed in Chapter 3.

4.4 Site Control – WAC 262-01-130(2)(b)

The Applicant must have control of all land necessary for the project by the Application deadline and submit evidence of that control with the Application. Acceptable evidence of site control is a document that has a complete and accurate legal description and is either:

- a recorded deed or conveyance showing that the Applicant has ownership;
- a valid purchase and sale agreement;
- a valid option to purchase;
- a valid and recorded long-term lease;
- a valid option for a long-term lease; or
- other evidence approved in advance in writing by the Commission.

The Applicant should be sure that the name on the evidence of site control and the Application is the same. The site control document should also identify the exact same area as the project site listed in the Application and the exact same cost for the land and/or existing buildings for the project referenced in the development budget provided with the Application. If the site described in the Application and the site control document are not the same, the Applicant must provide a narrative description and supporting documentation to clarify how the area and cost for the project were established.

The Commission will only accept one Application for a specific site or for any part of the same site, regardless of whether Applications are submitted by the same Applicant or by multiple Applicants. If

there is more than one Application received for the same site, or any part of the same site, the Commission will immediately disqualify all the Applications. The non-refundable Application fee for each Applicant will be retained by the Commission.

If the Commission questions the reasonableness or appropriateness of the land costs for a project, the Applicant may be required to submit a copy of an appraisal with an effective date within 6 months of the transaction and acceptable to the Commission to establish the value of the land. The Commission reserves the right to limit the land costs included in the Total Project Costs for a project when evaluating the Credit amount.

The Applicant should be aware that the Credit reservation and allocation of Credit for a project is site-specific. The Applicant must identify in the Application any changes that are anticipated in the legal description for the project site, including a narrative description and drawings to explain the planned changes (e.g., a land survey, partition, subdivision, etc.). The final legal description must be consistent with the planned site changes identified in the Application.

4.5 Title Report

The Applicant must include a title report that is dated not more than 6 months prior to the Application date that shows that the ownership of the land containing each site is vested in the exact same name as either Ownership Entity or the person/entity with which the Applicant has executed an option to purchase, a purchase and sale agreement, a long-term lease option, a long-term lease, or other acceptable evidence of site control approved in advance in writing by the Commission.

The title report must identify all encumbrances and liens upon the land and include a complete and accurate legal description.

4.6 Relocation Plan – WAC 262-01-130(2)(d)

If there are any tenants residing on the proposed project site, the Applicant must submit a relocation plan approved by the appropriate government authority. Be sure to review the Landlord/Tenant Act, RCW 59.18.010. The plan must be approved in writing by a local government that has jurisdiction over tenant relocation issues, such as a planning or community development department or housing authority.

In the absence of a local policy, Applicants are required to notify existing households of the proposed financing within 10 days following the real estate closing. It will be the responsibility of the Applicant to ensure proper notice is given to all existing residents and sufficiently posted in common areas of the property. Notice should include information regarding transfer of ownership and all potential restrictions on income, rent and/or populations served because of the proposed financing. Tenants must also be advised of where to obtain further information. Once notification has taken place, a copy of the notification must be submitted to the Commission.

To help minimize displacement, unit turnover will be allowed for units occupied by households with incomes at or below the 60% AMI, but above the income levels pledged in the Application. Once the Project places in service, all units must be rented at turnover to households meeting all program commitments, with the additional low-income set-asides being filled first.

4.7 Consistency With State or Local Consolidated Plan – WAC 262-01-130(2)(e)

All projects must be consistent with the state or local consolidated plan at the time that the Application is submitted, and the Applicant must submit adequate evidence consistent with the Plan. Specifically, for projects located in communities covered by a local consolidated plan, the Applicant must submit a

letter from the local government planning or community development department or housing authority responsible for administering the consolidated plan.

The letter must:

- identify the current consolidated plan;
- state that the project is consistent with the consolidated plan; and
- indicate that the project is responsive to local housing needs described in the consolidated plan.

For projects in communities not covered by a local consolidated plan, the Applicant should submit a letter dated no later than 6 months prior to the Application date from the local government where the project is located which describes local housing needs and states that the project is responsive to those needs.

4.8 Market Study – WAC 262-01-130(2)(c)

A complete market study must be submitted with the Application. The market study must satisfy the requirements of this chapter, the Application and Section 42 of the Code. An independent third-party analyst, using generally accepted principles and theory, must prepare the market study. The analyst must be included on the Commission's list of approved providers. The analyst must have demonstrated experience in the proposed project's market area and with the rent-restricted market. The market study must have an effective date no more than 6 months prior to the date the Application is submitted to the Commission. An update of a market study will be accepted, at the Commission's discretion, if the effective date of the original market study is within 12 months of the Application deadline.

The market study must demonstrate to the Commission that the project is creating, preserving, or renovating housing that current market forces are not addressing. In addition, the market study must address current market conditions and determine the project is viable and provides units at below market rents or gives some other public benefit.

The Commission will accept a current appraisal with an effective date no more than 6 months prior to the date that the Application is submitted in lieu of the required market study, provided that the market analysis and rent discussion sections include the information listed below. In addition, at the Commission's discretion, the Commission may require further market justification of the project or accept a market study in a different format. Any deviation from the market study requirements must be approved in writing by the Commission prior to submission of the Application. The Commission reserves the right to contact the market analyst as needed. The list of approved providers and instructions for being added to that list may be found on the Commission website at <http://www.wshfc.org/mhcf/9percent/msprovider.htm> or by contacting the MHCF Division.

1. EXECUTIVE SUMMARY
2. PROJECT DESCRIPTION
 - a. Description of Market Area (general and specific)
 - b. Site Amenities (include any unique characteristics)
 - c. Description of Improvements (as available in the case of new construction)
 - d. Unit mix, unit amenities, common amenities
 - e. Comparison to market rate projects (does project have typical finish, amenities found in local market)
 - f. Comparison to other rent restricted projects
3. MARKET AREA ECONOMY
 - a. Delineation of market area

- b. Population and household trends
 - c. Housing trends, including proposed projects and other new developments
 - d. Supply and Demand Analysis
 - e. Market Rate Supply
 - i. Existing
 - ii. Potential/Developing
 - f. Market Rate Demand
 - i. Vacancy rates, incentives
 - ii. Rent Trends
 - iii. Absorption
 - g. Rent-Restricted Supply (discuss HUD-assisted housing, TC projects, other subsidized projects, and public housing, as applicable)
 - i. Existing
 - ii. Potential/Developing
 - h. Rent-Restricted Demand
 - i. Vacancy Rates
 - ii. Market Penetration Analysis (using income banding – min. and max. income for project)
 - iii. Projected Absorption for project
 - iv. Analysis of project's special needs set-asides, if applicable.
 - v. Statistical and anecdotal information from appropriate social service agencies
 - vi. Analysis of specific demand for special needs units.
 - vii. Conclusion: Proposed project's competitive position
4. COMPETITIVE RENTAL MARKET
- a. Description of Comparable Properties, both market rate and rent-restricted
 - b. Analysis of rents, including amenities and utilities
 - c. Conclusion of Rents by unit type
 - d. Analysis of Rent Gap (Gap between maximum restricted rents, projected restricted rents and market rents)
 - e. Analysis of the project's effect on the market area, including the impact on Tax Credit and other existing affordable rental housing
5. CONCLUSION
- a. Specific Questions:
 - i. Is the project, as proposed, viable?
 - ii. Does the project meet a current or projected market need?
 - iii. Does the project supply units below market rate?
 - iv. If not, does the project provide some other public benefit? (i.e. Curing deferred maintenance or supplying better housing than currently available, holding rents stable in a market of increasing housing prices, or supplying reasonably-priced housing where there is a shortage?)
6. SUMMARY
- a. Recap of project
 - b. Conclusion and Recommendations

4.9 Evergreen Sustainable Development Standard

All Projects funded with Housing Tax Credits must comply with the Evergreen Sustainable Development criteria as developed under legislative mandate by the State of Washington Department of Commerce

("Commerce"). Specific information regarding ESDS can be found online at <http://www.wshfc.org/mhcf/9percent/EvergreenStandard.htm>.

Projects financed through Commerce are not required to submit any additional materials at application.

All Projects without Commerce funding must submit the Evergreen Sustainable Development Standard Checklist as well as the Project Priorities Survey, Sustainable Development Outline, and the Evergreen Owner Certification along with their Application. The Evergreen Owner Certification attests that the Applicant has read and understands the Evergreen Sustainable Development Standard as posted on Commerce's website. Projects must meet all mandatory criteria and must score a minimum of 40 option points for moderate rehabilitation projects or 50 points for new construction projects or substantial rehabilitation.

As part of the placed-in-service package for these projects, the Applicant will submit a copy of the Integrated Development Plan and the Evergreen Project Plan (the "EPP"). The EPP will document exactly how the project met each of the criteria indicated in the Evergreen Sustainable Development Standard Checklist. It will be accompanied by an architect's certification attesting to the information supplied in the Plan and the Plan's implementation.

Failure to comply with this requirement may result in a temporary suspension from the program. Such action will be considered on a case-by-case basis.

Substantial Rehab (or Gut Rehab): a project that includes the replacement and/or improvement of all the major systems of the building, including its envelope. The building envelope is defined as the air barrier and thermal barrier separating exterior from interior space. For Substantial Rehab projects, this could include either removing materials down to the studs or structural masonry on one side of the exterior walls and subsequently improving the building envelope to meet the whole- building energy performance levels for the project type or creating a new thermal and air barrier around the building.

Moderate rehabilitation: a project that does not fully gut and expose the structure and air barrier of the building envelope or replace / improve all major systems of the building.

To maintain consistent definitions throughout the Policies, the Commission uses the Tax Credit Program's definition of Rural (See Section 3.10.1) on all Projects without Commerce funding.

A Rural Project is one located in any of the following counties: Adams, Asotin, Benton (except Kennewick and Richland), Chelan (except Wenatchee), Clallam, Columbia, Cowlitz (except Longview), Douglas (except East Wenatchee), Ferry, Franklin (except Pasco), Garfield, Grant, Grays Harbor, Island (except Oak Harbor), Jefferson, Kittitas, Klickitat, Lewis, Lincoln, Mason, Okanogan, Pacific, Pend Oreille, San Juan, Skagit (except Mount Vernon), Skamania, Stevens, Thurston (except the cities of Olympia, Lacey, and Tumwater), Wahkiakum, Walla Walla (except the City of Walla Walla), Whatcom (except Bellingham), Whitman (except Pullman), Yakima (except the City of Yakima).

An Urban project is one located in any municipality with a population greater than 25,000 that does not fall under the definition of rural. Projects located within a municipality with a population <20,000, but which is adjacent to a city deemed "Urban" may be deemed functionally related to that city and therefore also deemed Urban; for example, Bier, population 6,361 (2003), which is functionally related to the City of Lynnwood.

4.10 Development Team Capacity – WAC 262-01-130(2)(g)

The Project Sponsor must demonstrate to the satisfaction of the MHCF Director that the Project Sponsor, the developer, and/or the development consultant under contract:

- has successfully completed a multifamily housing project of a comparable number of housing units, of a similar complexity, and for a similar target population as the proposed project;
- has the necessary level of staffing and financial capacity to successfully manage development and operations of the current project portfolio, including but not limited to, all current and pending tax credit projects and applications; and
- has successfully completed previous Credit projects for which a Credit allocation was received in Washington or other states.

If the Applicant is using a development consultant to show this capacity, the Applicant must also submit a copy of the executed contract detailing terms, conditions, and responsibilities between the Applicant and the development consultant.

4.11 Property Management Capacity – WAC 262-01-130(2)(h)

The tax-exempt status of the bonds and the viability of the Low-Income Housing Tax Credit are dependent in part on the management of the property, especially the low-income unit resident reporting. The reporting requirements and terms are detailed in the Regulatory Agreement (Bonds) and the Extended Use Agreement (Tax Credits) (together the “Agreements”).

The Commission’s rules require that “evidence of the experience of the property management team” must be provided with each application. Whether the Applicant intends to self-manage or employ a property management firm, the evidence of the management’s experience should be provided in documentation acceptable to the Commission detailing the experience level of the proposed property management team, e.g., résumés of staff (if in-house), contractor resumes and experience (if applicable.) The WAC further states that “the Commission will notify the Internal Revenue Service when instances of noncompliance come to its attention.”

Documentation must demonstrate the successful management of:

- multifamily housing projects of a comparable number of housing units and/or of a similar complexity as the proposed project, and
- multifamily assisted or subsidized housing projects with local, state, and/or federal operating requirements comparable to those of the Bond/Tax Credit Program.

If employing a property management firm, a letter of intent or an executed property management agreement must be submitted at the time of application (see Section 6.3). If self-managing, the Commission must be notified of any property management staff changes.

During the regulatory period of the Agreements, the Commission may request that the property manager be replaced if the reporting requirements of the Agreements are not being met.

4.12 Consultant Contract

If consultant services and corresponding fees are not detailed in the developer agreement, the Applicant must submit a copy of each consultant contract that itemizes the services to be performed by each consultant and the amount of the consultant fee for each service or group of services.

4.13 Financial Feasibility – WAC 262-01-130(7)

The Applicant must submit a 15-year operating pro forma for the project demonstrating financial feasibility and viability for the 15-year compliance period. The operating pro forma must list each of the 15 years separately and include assumptions, notes and explanations regarding the income and expense projections.

Absent a long-term commitment, projects with rental assistance must demonstrate financial feasibility excluding the rent subsidy.

If the project includes commercial and/or other non-residential space, the Applicant will need to submit the following information and supporting documentation in addition to the residential pro forma requested above:

- a breakdown of the total residential and commercial project costs;
- a list of the financing sources for the commercial areas;
- a 15-year operating pro forma for both the residential and commercial areas.

All the forms an Applicant will need to submit for residential and commercial/non- residential Applications are incorporated into the Combined Funders Application provided on the Commission website. See latest published application package at <https://www.wshfc.org/mhcf/9percent/app.htm>.

4.14 Notification of Public Housing Authorities – WAC 262-01-130(2)(f)

The Applicant must submit a copy of a written letter committing to notify the public housing authority of the availability of low-income units. The letter must be in the form described below, dated no earlier than 60 days before the date of the Application, and addressed to the relevant public housing authority or to such other agency authorized to act in lieu of a public housing authority where no public housing exists. If there is no public housing authority and no other agency authorized to act in lieu of a housing authority serving the community where the Project is located, this notification requirement is waived. In the commitment letter, the Applicant must:

- identify the location, the planned number of low-income housing units, the target population and the expected placed-in-service date for the proposed project;
- agree to notify the public housing authority or other such agency, in writing, of the availability of low-income housing units at least 60 days before the placed-in-service date of each building in the project;
- agree to notify the public housing authority or other such agency, in writing and at least once a year, of the ongoing availability of low-income housing units; and
- encourage the public housing authority or such other agency to make the above notices available in any way it deems appropriate to those people on a waiting list for public housing programs.

This requirement does not apply if the housing authority is the project owner or its general partner.

4.15 Allocation Criteria Point Minimum – WAC 262-01-130(3)(a)

The Applicant must select Allocation Criteria in the Application that total a minimum number of Allocation Criteria points according to the county in which the project is located.

- King County: 164 points
- Metro Counties: 158 points
- Non-Metro Counties: 154 points

4.16 Documentation of Ownership Entity

The Applicant must submit the required documentation below for the Ownership Entity of the Project. If the Ownership Entity has not been formed by the date of Application submission, the Applicant may subsequently satisfy these requirements and transfer the Applicant's rights, title, and interest in the project, the Application, the Credit reservation, and/or the carryover allocation, as applicable, to the

entity; however, the Applicant may do so only if it satisfies the requirements established by the Commission to approve a project transfer or assignment (See Chapter 9).

The following items must be submitted with the Application:

- IRS notification of Ownership Entity's federal identification number;
- An organizational chart or diagram that identifies each entity or individual with an ownership interest in the project and the Applicant, including the percentage of ownership;
- A Certificate of Existence/Authorization issued by the Washington Secretary of State dated within 6 months of the Application date; and
- In the case of a general partnership, the Applicant must submit a Certificate of Existence/Authorization issued by the Washington Secretary of State for each Limited Partnership, Limited Liability Company or corporate entity.

If any entity is incorporated or organized outside of Washington, the Applicant must submit a Certificate of Existence/Authorization from the state of incorporation or organization.

4.17 Requirements For Rehabilitation Projects

A Rehabilitation Project is defined as the acquisition and renovation of existing use-restricted housing. If the Project has multiple sites each site must have units to be rehabilitated.

Projects Not Qualifying under Section 5.2.3 Preservation and Recapitalization include:

- The new construction of a project in its entirety
- The creation of new affordable units through the adaptive re-use of an existing non- residential building
- The conversion of existing market-rate units to use-restricted and affordable units
- If more than 20% of the units of an existing rehabilitation project are new construction units, the Project will not be considered as a rehab project. However, the project must still conform to the requirements of 4.17.3.

4.17.1 Project Age

Project must have placed in service at least 20 years before the year of Application.

Placed in Service is defined as the date of the original Certificates of Occupancy or the date the last substantial rehabilitation was completed. Applicants must submit the most recent Certificate of Occupancy or Temporary Certificate of Occupancy for the project to document the age of the project. Projects seeking the 4% credit with bonds may apply after year 15.

4.17.2 Project Sponsor

The Project Sponsor must be in good standing with all Commission programs and policies.

4.17.3 Feasibility as a 4% Tax Credit/Bond Project

Washington State has a growing population and an ever-increasing need for affordable housing. At the same time, the portfolio of aging use-restricted housing with need of repair and/or total rehabilitation is increasing. To better administer the limited 9% tax credit resource, all Rehabilitation Projects in the Metro and Non-Metro areas (even those meeting the definition of "At Risk") must schedule a meeting for pre-authorization before applying for 9% tax credits. If you have not received pre-authorization, the application will not be accepted.

All Rehabilitation project developers are strongly encouraged to consider bonds with 4% tax credits. A smaller project may need to be combined with a new construction project or several other sites in need of rehabilitation to be feasible.

All meetings for preauthorization must be scheduled by the date posted on the timeline on the website.

WHAT TO BRING TO THE MEETING?

- Forms 6A & 6E of the Current Combined Funders Application
- A viable 3rd party CNA and replacement schedule with prioritization
- The current population served and proposed rents. Projects with any project-based rent subsidies should provide the proposed post-rehabilitation rents.
- List of current funders on the project(s)
- A detail of all use restrictions affecting the property(ies)
- Operating proforma, and current reserve account balances
- A narrative explaining the goals of the renovation and future use of the building(s)
- A narrative explaining the greatest current rehabilitation need and timing.

THINGS TO CONSIDER WHEN PREPARING FOR THE MEETING:

- Can certain needs be met by other means or temporary financing?
- Would the project be more feasible as part of a larger/combined financing?
- What aspects of the rehabilitation will affect future energy use and resource conservation?
- Are other sources of funding available that could meet certain project needs?
- Have you sought out other partnerships and other sources of funds to fill the funding gap?

The determination that a project is not feasible as a 4% Tax Credit/Bond Deal is at the sole discretion of the MHCF Director.

4.17.4 Recapitalization of existing 4% Tax Credit/Bond Projects

A Project originally financed with 4% tax credits and tax-exempt bonds is not eligible for recapitalization in the 9% program unless it is determined eligible through the process 4.17.3 noted above.

4.17.5 Capital Needs Assessment (CNA)

All Rehabilitation projects must submit a professional, independent, third-party Capital Needs Assessment (CNA) with their application. The purpose of the CNA is to determine a project's physical capital needs over the next 20 years based on the observed current physical conditions of the project. CNA must identify deferred maintenance; physical needs; the age, useful life and remaining useful life of key components; building material deficiencies and material building code violations that affect the property use; structural or mechanical integrity, and future physical and financial needs. The CNA must be the basis from which the scope of work for the project has been developed and the basis on which any capitalized or annual contributions to the replacement reserves are based.

If 100% of the units have not been inspected, the CNA must include an explanation that includes any assumptions about areas that were not inspected and the reasons for making those assumptions.

Applicants must also complete the Property Conditions Summary Form in the LIHTC Rehab Addendum using the information from the CNA.

4.17.6 Minimum Rehabilitation Threshold

A project applying to the 9% Program is expected to use the recapitalization opportunity to extend the life of the project by at least 20 years. A minimum of \$40,000 in hard construction costs per unit must be included in the development budget and supported by a 3rd party Capital Needs Assessment.

The “Hard Construction Costs” referenced above may not include any amount attributable to the Rehab Contingency or sales tax.

4.17.7 Additional Low-Income Housing Commitment

If the project has an existing Commission Regulatory Agreement, the Additional Low-Income Housing Commitment in the new Tax Credit Regulatory Agreement will be determined by comparing the weighted average of the low-income set-asides in the existing Regulatory Agreement to the available set-aside options under Allocation Criteria 6.1.

If the weighted average of the existing low-income set-asides is less than 40% AMI in Higher Income Counties or 42% AMI in Lower Income Counties (these are the weighted averages of the current 60-point options), the project will be required to choose less restrictive set-asides on the new Regulatory Agreement, to be filled through attrition.

If the weighted average of the low-income set-asides in the existing Regulatory Agreement is greater than 40% AMI in Higher Income Counties or 42% AMI in Lower Income Counties, the Applicant may choose equivalent or more restrictive set-asides under Allocation Criteria 6.1. These may also be filled through attrition.

4.18 Related Party Rehabilitation Projects

A Related Party Transaction is defined as a sale or lease of property between Related Parties, parties Affiliated with each other or other parties with an Identity of Interest. Applicants that have questions regarding whether their transaction is considered a Related Party Transaction are encouraged to inquire with the Commission prior to applying.

Sections 4.18.1 – 4.18.3 below describe the requirements of any Related Party Transaction:

4.18.1 History of Strong Asset Management

The Project Sponsor must be able to demonstrate strong asset management performance on the project.

4.18.2 History of Project Reserves

The Sponsor must be able to track and account for contributions to and draw upon the project’s reserves. Operating and Replacement Reserve balances are expected to be transferred into the new Project. Failure to adequately account for accruing operating and replacement reserves may result in a required equity contribution by the Project Sponsor. A form to track project reserve history has been provided in the LIHTC Rehab Addendum. Evidence of project reserve balances must be attached to the Application.

4.18.3 Appraisal and Value of Asset

Applicants must submit an Appraisal to substantiate the value of the land and building acquisition shown in the project budget. It is expected that any equity or appreciation in value realized over time by the Project Sponsor will remain in the project as a contribution (e.g., as seller financing).

4.18.4 Developer Fee Limitation

The allowable developer fee will be restricted on related party transactions. See Section 3.7.1.

4.19 Disqualification – WAC 262-01-130(3)(a)

The Commission may disqualify any Application that does not meet the requirements and disclosures listed in Chapter 2, the Program Limits in Chapter 3, and the Minimum Threshold Requirements listed in Chapter 4 by the Application deadline. The Applicant may be able to request this determination be reviewed using the procedures described in Chapter 12: Decisions and Reviews.

4.20 Utility Incentive Contact

The applicant must contact their utility(s) before submitting a 9% Competitive Tax Credit Application to discuss qualifying for energy efficiency incentives.

These incentives can significantly lower the costs associated with constructing energy efficient buildings. The Commission recommends integrating utility incentives early in the design process to ensure projects take full advantage of more efficient technologies and corresponding savings.

To comply with this requirement, projects must submit the Utility Contact Form with their application. To identify potential incentives or points of contact in the project's area- please visit www.dsireusa.org or contact the Commission's Senior Sustainable Energy Coordinator at energy@wshfc.org.

5 Project Ranking Policies

This chapter explains the Commission's procedures for ranking projects and awarding Credit within the Geographic Credit Pools. The Allocation Criteria and point system used by the Commission are set forth in Chapter 6.

5.1 Commission Priorities – WAC 262-01-130(5)

For the purposes of ranking projects and allocating credit dollar amounts, the Commission will give preference to fully funded projects that serve the lowest income tenants for the longest period, and that are in qualified census tracts and the development of which will contribute to a concerted community revitalization plan. In determining housing priorities, the Commission will consider sponsor and project characteristics. The Commission will give weight to those projects which, among other things:

- Are in areas of special need as demonstrated by location, population, income levels, availability of affordable housing and public housing waiting lists;
- Commit units to serving special needs populations such as large households, the elderly, the homeless and/or the disabled;
- Preserve federally assisted projects as low-income housing units;
- Rehabilitate buildings for residential use;
- Include the use of existing housing as part of a community revitalization plan;
- Have received written authorization to proceed as a United States Department of Agriculture – Rural Housing Service multifamily new construction project approved by the Commission;
- Are historic properties;
- Are in targeted areas;
- Leverage public resources;
- Maximize the use of credits;
- Demonstrate a readiness to proceed;
- Serve tenant populations of individuals with children; and
- Are intended for eventual tenant ownership.

The housing priorities above are integrated into the policies and procedures described in this chapter and in the Allocation Criterion outlined in Chapter 6.

5.2 Project Ranking Policies

5.2.1 Fully Funded Projects

For purposes of ranking projects and allocating credit, the Commission will give top priority to Projects that qualify as Fully Funded. A Project will be considered Fully Funded if it has all the permanent/takeout financing necessary to meet the Total Project Costs, except the anticipated Credit equity, committed at the time of Application. The permanent financing for any commercial component of the project must also be committed at the time of application.

To be considered Fully Funded, Applicants must demonstrate to the satisfaction of the Commission that all necessary funding commitments have been made at the time of Application:

- Public funding and any source of funds that is allocated on a competitive basis (e.g., FHLB- AHP funds): Applicants must provide evidence of a binding loan/grant commitment or other documentation that is deemed acceptable by the Commission to demonstrate commitment of funds for each source or have applied during a concurrent funding round where there is public funder coordination.
- Funding from private sources, the Applicant must provide a letter of interest from the expected lender dated no more than 60 days prior to the Application date for each source.
- Rehabilitation projects using USDA Rural Development financing must submit a letter from the State RD office indicating that a complete application has been submitted for each property that is part of the Application. The Commission will not schedule a scoping meeting for the bond financing until the State RD office has confirmed their applications have been submitted to the National RD Office for approval. Within 120 days of executing the RAC, the Applicant will be required to submit evidence to the Commission that final financing approval has been received from the USDA National Office or the RAC will expire, and the credit will be deemed returned.

Unless stated otherwise, projects that do not satisfy the Fully Funded Projects policy will not be considered over projects that have.

5.2.2 Geographic Credit Pools

Pursuant to WAC 262-01-130(6), the Commission has established specific percentages of the Annual Authority for credit set-asides. The Commission has divided the state into three Geographic Credit Pools: Seattle/King County, Metro and Non-Metro. The purpose is to group similar counties so that like projects compete against like projects. After reviewing population size, population density, population living in Urbanized Areas, access to local housing funds, development capacity, and housing needs, the Geographic Credit Pools are made up of the following counties:

- Seattle/King County Pool
- Metro Pool: Clark, Pierce, Snohomish, Spokane, Whatcom
- Non-Metro Pool: Adams, Asotin, Benton, Chelan, Clallam, Columbia, Cowlitz, Douglas, Franklin, Ferry, Garfield, Grant, Grays Harbor, Island, Jefferson, Kitsap, Kittitas, Klickitat, Lewis, Lincoln, Mason, Okanogan, Pacific, Pend Oreille, San Juan, Skagit, Skamania, Stevens, Thurston, Wahkiakum, Walla Walla, Whitman, Yakima

Projects compete for credit allocations based upon the pool in which they are located. Eligibility for each pool is based solely on the location of the project.

5.2.2.1 Scattered Site Proposals

Projects consisting of multiple sites in different counties that cross between the Credit Pools will be treated as follows: Any proposal with one or more sites located in the Non-Metro Counties and one or

more sites in the Metro Counties will be treated as a proposal in the Metro Pool. Likewise, any proposal with one or more sites located in the Non-Metro Counties and/or the Metro Counties but also having one or more sites in King County will be evaluated within the Seattle/King County Pool.

5.2.2.2 Geographic Sizing Methodology

In creating the Geographic Pools, the number of Renter Households at or below 50% AMI with one or more Housing Problems was used to determine the baseline for statewide housing needs.

Ultimately, the sizing of the Seattle/King County and Metro County Pools was agreed to through negotiation.

Annual Credit Authority by Geographic Pool	
Seattle/King County	35%
Metro	37%
Non-Metro	28%
Statewide	100.0%

5.2.2.3 Review of Geographic Credit Pools' Allocation

The amount of the credit allocated in each Geographic Credit Pool shall be reviewed every two years by comparing the housing needs of each Geographic Credit Pool by using commonly available data that can include, but is not limited to, HUD Comprehensive Housing Affordability Strategy (CHAS) data and the State of Washington Housing Needs Assessment. When calculating the housing need in the Geographic Credit Pools, data identifying the populations set forth in Section 6.3 (Housing Commitments for Priority Populations) should be used whenever possible.

5.2.2.4 Modification of Geographic Credit Pools' Allocation

If during the review of the Geographic Credit Pool's allocation, as set forth above, it is shown that the allocation percentages deviate by more than 2% from the current calculations, then the allocation percentages shall be modified to reflect the updated calculated amount.

5.2.2.5 Modification of Geographic Credit Pools Membership

The distribution of counties, along with the size and number of Geographic Credit Pools, may be modified at the Commission's discretion. However, such modification will take place subject to stakeholder input and general acceptance by all members of all geographic pools.

5.2.2.6 Administration of Geographic Credit Pools

The credit will be tracked by Geographic Credit Pool. Returned Credit will be credited to the Geographic Pool from which it originated. Likewise, forward commitments of credit will be deducted from the Geographic Pool to which it was committed. National Pool credit will be split according to the geographic sizing methodology above.

However, under no circumstances will credit or the Commission's eligibility for National Pool credit be put at risk. If credit cannot be used within its designated Geographic Pool, the credit will be allocated to another Pool at the discretion of the Commission. An adjustment will be made in the following round to credit the original Geographic Pool and debit the receiving Pool.

The Geographic Credit Pools are "soft" set-asides of credit. If the remaining portion of the credit in a certain Pool equals at least 50% of the next highest ranked project's credit request in that Pool, the

remaining credit amount will be made available to that project through a forward commitment of the following year's credit, as necessary, from that same pool.

The Seattle/King County Credit Pool will be administered as a "soft" set-aside of credit, but projects within King County are also allowed, at the Commission's discretion and in coordination with the local funders, to adjust their initial credit requests to fit the last project in or to consume the entire credit amount in the Seattle/King County Pool. To allow the King County funders the most flexibility to allocate funding within the Pool, all projects located in King County will be allowed to use the higher Maximum Annual Credit per Low-Income Housing Unit Limit. King County Projects will remain subject to the 10% Maximum Credit per Project and 15% Maximum Credit per Applicant limits. Should the Seattle/King County Credit Pool go undersubscribed, the credit will be split between the Metro and Non-Metro Credit pools according to the geographic sizing proportions.

If the Metro Pool is undersubscribed, the Commission will look to the remaining non-Metro projects first for funding. If the Non-Metro Pool is undersubscribed, the Commission will look to the remaining Metro projects first for funding. If both the Metro and Non-Metro Pools are undersubscribed, the Commission will look to projects located in King County to ensure that all credit is allocated.

5.2.2.7 Metro Pool Allocation Methodology

Each county in the metro geographic pool will be allocated 9% tax credits based on the following formula:

- Base Allocation of \$1,000,000 per county;
- Additional Allocation based upon need as calculated by the most current CHAS housing needs data available (and rounded to nearest \$100,000).

We anticipate that each county will receive an allocation of approximately \$1.2 to \$1.7 million.

This methodology will remain in place over a five-year period and a rolling average reconciled at year five for each county will be done. Additional stakeholder engagement if the 12.5% per capita increase is extended will be considered. Should significant program changes be enacted the Commission reserves the right to implement appropriate changes with input from program stakeholders.

As a part of this allocation process, each county shall develop or modify current processes to select one prioritized project per year. The county's prioritization process shall be submitted to the Commission. As a part of this process, each county shall designate a contact person(s) that is familiar with the process and understands the local pipeline and prioritization structure. It is expected that the key public funders, affordable housing development consortia and the development community will work together to establish a pipeline and prioritize pending projects to be brought forward for each county's portion of the allocation. Proposed projects will need to participate in the local designated process to be eligible for the per county 9% tax credit allocation.

5.2.2.8 Preservation And Recapitalization In Metro And Non-Metro Pools

Preservation and Recapitalization ("P&R") projects will compete with new production in their respective Metro and Non-Metro Credit Pools ("Pools"). P&R projects will have a limit of 25% in each of the above-mentioned Pools.

The P&R limits will be "soft." If a project is above the line in its Pool and 75% of its credit request is within the 25% allowable limit, then the full amount of credit requested will be made available to that project, through forward commitment if necessary ("soft").

A project's credit request may not be adjusted after the Application is submitted to meet the "soft" limit allowable percentage. Should a P&R limit go undersubscribed, any remaining credit will flow in the New Production portion of that Credit Pool. If the New Production portion of a Pool goes undersubscribed, the remaining credit in that Pool will be made available to P&R Projects in rank order on the allocation list.

5.2.2.9 Preservation And Recapitalization in King County

In King County only, preservation and recapitalization projects will compete with new construction projects. All Projects will be ranked together based on the number of Allocation Criteria Points they have selected. All Minimum Threshold Requirements for Rehabilitation and Related Party Transactions outlined in Section 4.17 and 4.18 apply to projects in King County.

5.2.3 Qualified Non-Profits (QNP)

Section 42(h)(5) of the Code and WAC 262-01-130(6)(a) requires that ten percent of the total amount of Annual Authority be allocated to projects that will be owned directly or indirectly by an organization that is a Qualified Nonprofit Organization. To be considered a Qualified Nonprofit Organization, the organization must be described in Section 501(c)(3) or Section 501(c)(4) of the Code and have as one of its exempt purposes the "fostering of low-income housing." Furthermore, the organization must materially participate in the development and operation of the project throughout the compliance period. The organization must not be Affiliated With, or Controlled By, a for-profit organization, entity, or individual. For a partnership, all general partners must be QNPs. For a limited liability company, all members, other than the investor/member, and managers must be QNPs. Further, the investor/member must not actively participate in the day-to-day management of the Company.

Projects receiving an allocation of credit in the King County Credit Pool will be looked to first to satisfy this Code requirement, as this is where the requirement has historically been fulfilled. All applicants will be asked to identify whether they are a 501(c)3 or 501(c)4 nonprofit organization with the "fostering of low-income housing" as one of their tax-exempt purposes. The highest scoring projects in King County sponsored by a QNP will be used to fulfill the IRS requirement.

In the event no QNP is competitive in the KC Pool, we will look second to projects receiving an allocation of credit in the Metro Pool and then lastly to the Non-Metro Pool to follow the Code. In the event no QNP is competitive within the established Credit Pools, the Commission will consider a Forward Commitment of credit to the highest scoring QNP on the waiting list to ensure this requirement is met.

To document an Applicant's QNP status, the Applicant must submit the following:

- A copy of the QNP's IRS determination letter;
- A complete and current as amended copy of the QNP's articles of incorporation as filed with the Secretary of State. The articles of incorporation must have as one of its exempt purposes the "fostering of low-income housing;"
- Complete and current as amended copies of the bylaws and other governing instruments of the QNP;
- Evidence that the QNP has an ownership interest in the project, and that the QNP will materially participate in the development and operation of the project throughout the project compliance period;
- A certification by the QNP that it is not Affiliated With, or Controlled By, a for-profit organization, entity, or individual; and

- A current list of names of all board members and officers of the QNP and any affiliation (plus the nature of the affiliation) such board member or officer has with any for-profit entities or individuals.

5.2.4 Credit Extension Policy – Administrative/Legal Delays

5.2.4.1 *Extensions for Projects Delayed One Year*

Projects funded with Tax Credits occasionally experience unforeseen delays arising from circumstances that are not under the reasonable control of the developer. These circumstances may include delays in funding from government or philanthropic sources; missed timelines for the completion of necessary public infrastructure improvements; delays in local government approvals; lawsuits challenging land use and permit approvals. A project that meets the application criteria, competes successfully, conforms in good faith to land use and zoning requirements, but is delayed due to subsequent action or inaction out of its control is at risk of losing the credit allocation because the project cannot progress in a timely enough manner to comply with the IRS tax credit program deadlines.

In an effort, not to penalize projects experiencing delays beyond their control as described above, the Commission gives the Director of Multifamily Housing and Community Facilities (“MHCF”) the discretionary authority to extend the credit for up to one year, subject to concurrence by the Executive Director and notice to the Commission at its next special meeting of the extension.

5.2.4.2 *Priority for Projects Delayed by Two Years or More*

The Commission also gives discretionary authority to the Director of MHCF, in consultation with the Executive Director, to establish the priority of projects that are forced to return credit due to circumstances that may result in delays extending beyond one year but intend to return to compete in a future round of funding. The basis for any such priority must be explained to the full Commission by the Director of MHCF at the project’s public hearing.

The Director of MHCF may give the highest priority for a new allocation of tax credits to delayed projects that meet the following conditions, regardless of the Application’s total point score in relationship to other projects in that round:

The applicant must submit substantially the same project proposal before the delay occurred.

- The applicant must demonstrate the case for such priority including an explanation of the factors that caused the unanticipated delay;
- The applicant must demonstrate that the project had met or would have met all then existing land use and zoning requirements, i.e., the challenge failed to demonstrate a failure to comply with applicable requirements;
- The project must remain viable, feasible and fully funded and serving substantially the same population as it originally intended.

Projects recognized under Section 2 of this Credit Extension policy must pay a new Application fee but will be credited the Credit Reservation Fee if paid previously and it had not been returned.

Credit returned or allocated under both Sections of this policy will be credited to or deducted from the appropriate Geographic Credit Pool.

The discretionary authority provided to the Director of MHCF with respect to any project is limited to permitting a three-year delay in project readiness, unless extended after a full Commission review.

5.2.5 Geographic Dispersion Policy

NOTE: This Geographic Dispersion Policy does not apply to the Seattle/King County Geographic Pool.

Non-Metro Geographic Pool: If in any one year, projects in any one county are allocated 50% or more of the credit allocated in that county's Geographic Credit Pool, then in the following year, the first 50% of the credit available in the Credit Pool must be awarded outside of that county, but inside the Geographic Credit Pool, before any projects proposed in that county will be considered. An exception will be made if there are not enough projects outside of that county to consume 50% of the credit. If that happens, projects in that county will be considered in rank order after the projects outside of that county regardless of the amount of credit awarded.

Metro Geographic Pool: Projects from any one county are allowed a maximum of 35% of that pool's yearly credit allocation. If that threshold is met, other projects within the pool will receive the remaining credit in rank order. If after allocation to those other projects there is credit remaining to be allocated in the geographic pool, then the projects from any county that has met the 35% threshold will become eligible for additional credit allocation.

5.2.6 Allocation Criteria

Commission staff will use the Allocation Criteria as described in Chapter 6 and the points assigned to each Allocation Criterion to assess the degree to which the proposed projects promote the Commission's housing priorities. Projects will be ranked by staff according to the total number of Allocation Criteria points awarded. The Applicant is responsible for demonstrating in the Application that the project meets the requirements of the Allocation Criteria selected. However, it is the MHCF Director who will make the final determination as to whether a Project meets the requirements of a specific Allocation Criterion.

5.2.7 Tiebreakers

If projects receive equal scores within the same Geographic Credit Pool, the first tie breaker will be if a project is in a Qualified Census Tract (QCT). The second tie breaker will be the project that requests the least amount of Credit. The third tie breaker will be the project that requests the least amount of Credit per Low-Income Housing Unit.

5.2.8 Priorities For Credit Allocations

Staff will recommend projects meeting the Minimum Threshold Requirements and Program Limits (outlined in Chapters 3 and 4) to the Commission for an allocation of credit after applying the Project Ranking Policies in the following order of priority:

Priority	Project Ranking
1 st	Fully funded
2 nd	Geographic Credit Pool
3 rd	Credit Extension Policy
4 th	Geographic Dispersion Policy
5 th	Allocation Criteria
6 th	Tiebreakers

Commission staff will recommend that Credit reservations and allocations be awarded beginning with the highest ranked project to the lowest ranked project until the total available Annual Authority is consumed. All Credit reservations and allocations will be contingent upon the Applicant and the Project meeting all applicable requirements. Projects will also be evaluated on their feasibility and viability as qualified low-income housing projects. This will include an examination of the development and operational costs of each project as well as the market need and demand.

As part of their recommendations, Commission staff may also present any anomalies or concerns regarding the project ranking; any market need or demand issues such as the appropriateness of the number of low-income housing units in each area or the impact of the proposed project on existing rental housing; or other significant items which may be necessary for the Commissioners to consider along with the project ranking.

Although it will receive the staff's recommendations, the Commissioners alone will determine whether a project should receive a Credit reservation and allocation from the Annual Authority and the amount of the Credit. The staff's recommendation of projects to receive Credit reservations and allocations based on their Allocation Criteria points and their ranking is intended to be advisory only and is not binding on the Commissioners.

5.2.9 Waiting Lists

When the number of qualified projects exceeds the available Annual Authority, projects not awarded Credit will be placed on a waiting list. These projects will be listed in the order described under these Policies unless otherwise determined by the Commissioners. In the event a project being considered for a Credit reservation or allocation either withdraws or is cancelled, projects on the waiting list may move up from the waiting list and thereby contend for Credit.

5.2.10 Forward Credit Commitment

If due to insufficient Annual Authority, the last project to receive a Credit reservation or carryover allocation in any round receives a carryover allocation for only a portion of the Credit needed, the Commission may choose to provide the project a Forward Credit Commitment for the balance of Credit needed from the following year. The Forward Credit Commitment will be contingent upon having Annual Authority available in the following year. Thus, the Forward Credit Commitment contract may be executed even though it is uncertain whether there will be any available Annual Authority. The Applicant should be aware of the risks of proceeding with a project given this uncertainty.

The Commission may choose to provide a Forward Credit Commitment to one or more projects. The Commission may, in its discretion, commit up to 20% of the following year's anticipated Annual Authority for this purpose.

6 Allocation Criteria

Commission staff will use the Allocation Criteria described below and the points assigned to each Allocation Criteria to assess the degree to which the proposed projects promote the Commission's housing priorities. The points associated with these Allocation Criteria, when satisfied, facilitate ranking of projects by the staff as described in Chapter 5.

Allocation Point Criteria have been tailored to meet the specific needs and priorities of each Geographic Credit Pool (described in Chapter 5). Not all Allocation Criteria are available in all locations, and some points are weighted differently depending on location. The summary chart on the following page outlines these differences.

The Applicant must select Allocation Criteria in the Application that total a minimum number of Allocation Criteria points according to Geographic Credit Pool in which the project is competing. The minimum points required are as follows:

- King County: 164 points
- Metro Counties: 158 points
- Non-Metro Counties: 154 points

Any Application that does not have the minimum number will be disqualified, and the Application fee will not be refunded.

The Applicant is responsible for demonstrating in the Application that the project meets the requirements for all the Allocation Criteria selected. However, it is the MHCF Director who will make the final determination as to whether a Project meets the requirements of a specific Allocation Criterion.

The number of points that a specific qualified project will need to be recommended by Commission staff for a Credit reservation and allocation will depend on, among other things:

- the number of qualified Applications the Commission receives;
- the number of points received by other projects;
- the total amount of Credit requested by Applicants;
- the amount of Annual Authority available;
- the number of other projects that qualify for the same Geographic Credit Pool; and
- the amount of Credit the Applicant is requesting for the project.

Summary of Allocation Criteria	King County	Metro County	Non Metro County
Additional Low-Income Set-Aside	50-60	50-60	50-60
Additional Low-Income Housing Use Period	2-44	2-44	2-44
Priority Population Set-Aside:			
(A.) Homeless		-	-
75%	35	-	-
25%	-	25	25
(B.) Farmworker (75%)	-	25	25
(C.) Up to two of the following:			
20% Farmworker	10	10	10
20% Large Households	10	10	10
20% Disabled	10	10	10
20% Homeless	10	10	10
100% Elderly	10	10	10
Funding:			
Leverage	2-10	2-10	2-10
Public Funding	2	2	2
Project Based Rental Assistance	1-5	1-5	1-5
Development Costs:			
Cost Containment Incentive			
TDC Limit	1-6	1-6	1-6
Median Square Footage	2	2	2
Developer Fees	2-10	2-10	2-10
Targeted Areas:			
Eligible Tribal Area	6	5	10
Location Efficient Projects	2	2	2
Area Targeted by a Local Jurisdiction	2	2	-
Community Revitalization Plan	1	1	-
Transit Oriented Development	1	-	-
Job Centers	-	1	1
High/Very High Opportunity Areas	1	-	-
At-Risk of Loss or Market Conversion (Rehab only)	4/6	4/6	4/6

Historic Property (New Production Only)	5	5	5
Nonprofit Sponsor	5	5	5
Donation in Support of Local Housing Needs	5	5	5
Eventual Tenant Ownership	2	2	2
Energy Modeling Option	2	2	2

6.1 Additional Low-Income Housing Commitment

50 – 60 Points

Points will be awarded to projects based on the Applicant's Commitment to provide selected percentages of the total low-income units for occupancy by households at or below selected area median income levels (the "Additional Low-Income Housing Commitment"). An Applicant may choose only one option listed in the table below. Units subject to the Additional Low-Income Housing Commitment are both rent and income restricted at the selected income levels.

Recognizing that the area median income (AMI) across the state varies greatly, counties are divided into Lower Income and Higher Income Counties, and the Additional Low-Income set-aside combinations have been specifically configured to take into consideration the differing levels of rents in the two groupings. The Lower Income Counties are those counties whose 50% AMI income for a four-person household is \$31,951 or less as documented on the Commission's Rent and Income Limits webpage. Higher Income Counties are those whose 50% AMI income for a four-person household is greater than \$32,000 per year.

Also recognizing that at a county level there can be income level disparities, an applicant may ask to have its designation changed when it can demonstrate enough need. For example, a county may be designated as Higher Income because many of its residents enjoy a higher AMI, but a city within that county may have a low AMI or have lower employment rates than the rest of the county. The change in designation is a part of the preapproval process and an applicant must notify the Commission in writing at least 30 days in advance and may require supporting documentation. The decision to allow the change in designation will be made by the MHCF Director.

Lower Income Counties: Adams, Asotin, Chelan, Clallam, Columbia, Cowlitz, Douglas, Ferry, Grant, Grays Harbor, Klickitat, Lewis, Lincoln, Mason, Okanogan, Pacific, Pend Oreille, Spokane, Stevens, Wahkiakum, Walla Walla, Yakima.

Higher Income Counties: Benton, Clark, Franklin, Garfield, Island, Jefferson, King, Kitsap, Kittitas, Pierce, San Juan, Skagit, Skamania, Snohomish, Thurston, Whatcom, Whitman.

Projects may select one of 20 different set-aside combinations valued between 50 and 60 points. The project's location in a Lower or Higher Income County determines the point value of a specific set-aside combination. Projects in Lower Income Counties receive a two-point advantage over the Higher Income Counties when the same set-aside combination is chosen in recognition that the same income targets are more difficult to serve in Lower Income Counties where the allowable rents do not generate as much operating income.

Points have been assigned to the set-aside combinations according to the income generated at the Maximum Allowable Tax Credit rents. The lower the income generated, the deeper the income targeting; therefore, the higher the points. The set-aside combinations are grouped into in the

Higher Income Counties, the Additional Low-Income Set-Aside options are based on the principle that all 9% tax credit projects in the Higher Income Counties should serve a significant number of households at 30% AMI. In the Lower Income Counties, the presumed percentage of units set aside at 30% AMI has

been reduced. In the Lower Income Counties, combinations that have 40-50% of the units at 30% AMI cross-subsidized by a large number of units at 60% AMI are not allowed because 60% AMI rents are typically not achievable in those counties. In recognition that 60% AMI rents are not always achievable, there are options that use 50% AMI as the highest income served.

Projects seeking points for set-aside options for units designated at 30% and below must be able to demonstrate feasibility through other income sources, other allowable rents or rental assistance.

Additional Low-Income Set-Aside Menu							
Option	30% AMI	40% AMI	50% AMI	60% AMI	Higher Income County Points	Lower Income County Points	Weighted Average Income Served
1	50@30	25@40		25@60	60	-	40%
2	50@30	-	50@50	-	60	-	40%
3	50@30	-	30@50	20@60	58	-	42%
4	25@30	50@40		25@60	56	60	42.5%
5	50@30	25@50		25@60	56	-	42.5%
6	10@30	50@40	40@50	-	-	60	43%
7	50@30	10@40	-	40@60	54	60	43%
8	10@30	40@40	50@50	-	-	58	44%
9	-	50@40	50@50	-	56	58	45%
10	10@30	60@40	-	30@60	-	58	45%
11	10@30	30@40	60@50		54	58	45%
12		50@40	40@50	10@60	-	56	46%
13		40@40	60@50		-	56	46%
14	-	40@40	50@50	10@60	54	56	47%
15	-	25@40	75@50	-	54	56	47.5%
16	-	50@40	20@50	30@60	-	56	48%
17	-	40@40	30@50	30@60	54	56	49%

*A dash (-) in the points column indicates a combination that is not available in that location without MHCF Director's approval.

6.1.1 Rounding Rule

For instances where the respective percentage of units that are subject to the commitment do not distribute evenly (i.e., 50% of 25 units = 12.5), start by rounding the lowest income targeting category up to the next unit, then round the 2nd lowest income set-aside category up to the next unit. The remaining number of units will then be assigned to the highest income set-aside category.

Example A: 25-unit project selecting Option 20 above:				
	≤ 40% AMI	≤ 50% AMI	≤ 60% AMI	Total
% of low-income units selected:	50%	50%	0%	100%
Actual units per % selected:	12.5 units	12.5 units	0	25 units
Units after rounding rule:	13 units	12 units	0	25 units

Example B: 47-unit project selecting Option 5 above:				
	≤ 30% AMI	≤ 40% AMI	≤ 60% AMI	Total
% of low-income units selected:	40%	30%	30%	100%
Actual units per % selected:	18.8 units	14.1 units	14.1 units	47 units
Units after rounding rule:	19 units	15 units	13 units	47 units

6.2 Additional Low-Income Housing Use Period

2-44 Points

Two points will be awarded (up to a maximum of 44 points) for every year of the additional low-income housing use period selected by the Applicant in the Application, up to a maximum of 22 years (the “Additional Low-Income Housing Use Period”). The Additional Low-Income Housing Use Period commences upon the close of the compliance period. If the Applicant makes this Commitment, the Applicant agrees to maintain the low-income housing units and all applicable Commitments made by the Applicant in the Application to receive Allocation Criteria points for the duration of the Project Compliance Period.

6.3 Housing Commitments for Priority Populations

10-35 Points

Points will be awarded based upon the Applicant’s Commitment in the Application to provide housing units for the populations listed below in the following manner:

- A. Housing Commitment providing a minimum percentage of the total housing units as Permanent Supportive Housing for the Homeless is worth 25 or 35 allocation points.

- Seattle/King – minimum of 75% required for 35 points
- Metro and Non-Metro – minimum of 25% required for 25 points

OR

- B. Housing Commitment providing a minimum percentage of the total housing units as Farmworker Housing is worth 25 allocation points.

- Metro and Non-Metro – minimum of 75% required

OR

- C. The following Housing Commitments are worth 10 allocation points each. A maximum of two options may be selected for a total of 20 points.

- Provide a minimum of 20% of the total housing units as Housing for Farmworkers
- Provide a minimum of 20% of the total housing units as Housing for Large Households
- Provide a minimum 20% of the total housing units as Housing for Persons with Disabilities
- Provide a minimum of 20% of the total housing units as Housing for the Homeless
- Provide an Elderly Housing Project

Applicants may not combine option A. or B. with any of the other options. Under option C above, Applicants may select no more than two priority populations for a maximum score of 20 points. The

selection under option C cannot be for the same priority population; for example, an Applicant may not select 20% Large Household twice to achieve 20 points for a 40% Large Household set-aside.

To receive points for Housing Commitments for Priority Populations, the Applicant must agree to comply with all the requirements and conditions described in this section, as applicable.

6.3.1 Housing for the Homeless

10 – 35 Points

Points will be awarded based on the Applicant's Commitment to provide low-income housing units for Homeless households (the "Housing for the Homeless Commitment").

Each unit must be set-aside to serve Homeless households as defined under the Stewart B. McKinney Homeless Assistance Act or under RCW 43.185c010(12), and must provide supportive services designed to promote self-sufficiency, meeting the needs of the target population. Any Household initially qualifying as Homeless counts toward the Homeless Set-Aside Commitment for as long as the household remains in the project.

All projects providing Housing for the Homeless must demonstrate consistency with any plan adopted by the City, County or State that addresses homelessness in these jurisdictions at the time the Application is submitted. If primary support services for the Homeless are provided by an agency or organization that is different from the Project Sponsor, then a Memorandum of Understanding (MOU) must be submitted that defines the roles and responsibilities of each entity, including the nature and scope of duties for each. The MOU must also include how costs will be covered.

Applicants must complete Section 10 of the Combined Funders Application which includes:

- A comprehensive service plan including both an assessment and identification of the service needs of the targeted population and a specific strategy for service delivery (i.e., what services, who will provide them, how and where they will be provided).
- A detailed funding strategy for the provision of services, including annual budget, proposed funding sources, and respective funding cycles with letters of interest from each service provider and funder.

In providing Housing for the Homeless, the Applicant may select either option A. or option C. under Housing Commitments for Priority Populations in Section 6.3.

- Applicants who select option A. must provide units that meet the definition of Permanent Supportive Housing (see Glossary for complete definition). To qualify for these points, Sponsors must have a successful track record of serving this population and of operating this type of service-intensive housing or partner with the necessary and appropriate provider to ensure services are delivered. Applicants choosing these points are highly encouraged to contact the Commission prior to the application date to determine whether the project meets the intent of this criterion.
- Applicants who select option C. and also intend to provide Transitional Housing must ensure that each housing unit in a building used for Transitional Housing contains sleeping accommodations as well as kitchen and bathroom facilities. The units must be used exclusively to ease the transition of homeless persons to independent living within 24 months. Applicants selecting Transitional Housing for the Homeless must provide evidence in their application that a governmental body or Qualified Nonprofit Organization (QNP) will provide Homeless individuals with temporary housing and supportive services designed to assist them in locating and

retaining permanent housing. For a governmental body, the Applicant must submit a resolution authorizing the governmental body to provide temporary housing and supportive services for the project. For a Qualified Nonprofit Organization, the Applicant must submit all documentation required of a QNP outlined in Section 5.2.3. Requirements for all Projects electing the Housing for the Homeless Commitment

6.3.2 Farmworker Housing

Farmworker means a household whose Income is derived from farm work in an amount not less than \$3,000 per year. See Glossary for a complete definition of “farm work.” All housing units subject to the Farmworker Housing Commitment must be rented to qualifying Farmworker households at initial project occupancy.

Projects that dedicate 75% or more units to farmworker housing can receive up to 25 points. In the Non-Metro Geographic pool, an allocation will not be made for more than two farmworker projects per year.

6.3.3 Housing for Large Households

Points will be awarded based on the Applicant’s Commitment to provide a minimum of 20% of the total housing units in the project as low-income housing units with three bedrooms or more that are reserved for Large Households (the “Housing for Large Households Commitment”). A Large Household consists of four or more persons who are not necessarily related.

6.3.4 Elderly Housing

Points will be awarded on the Applicant’s Commitment to maintain the project as an Elderly Housing Project (the “Elderly Housing Commitment”). At Application, the Owner must commit to one of the following elderly options:

- 62 or over: A Project in which all Housing Units are intended for, and solely occupied by, Residents who are 62 or older.
- 55 or older: A Project in which all Housing Units are intended and operated for occupancy by at least one Resident who is 55 or older, where at least 80% of the Total Housing Units in the Project are in fact occupied by at least one Resident who is 55 or older.
- RD 515 or HUD: A Project subject to either the Rural Development (RD) Section 515 program for elderly persons or a HUD elderly program.

The Elderly Housing Commitment is for 100% of the Housing Units in the project, regardless of the elderly option chosen.

6.3.5 Housing for Persons with Disabilities

Points will be awarded based on the Applicant’s Commitment to provide a minimum of 20% of the total housing units in the project for persons with Disabilities (the “Housing for Persons with Disabilities Commitment”).

6.3.6 Requirements of All Housing Commitments for Priority Populations

All Applicants who select one or more Housing Commitments for Priority Populations must comply with all the following requirements:

- The Applicant must address the need for housing for the priority population in the Market Study. See Section 4.8 for the specific requirements of the Market Study.
- The Applicant agrees that any Housing Commitment for Priority Populations will be established, implemented, and kept in compliance with the Fair Housing Act, as amended; the Architectural

Barriers Act of 1968; the Americans with Disabilities Act; and any other local, state, and Federal nondiscrimination or accessibility laws, regulations, or requirements.

- All housing units subject to the Housing for Large Households Commitment, the Housing for the Homeless Commitment, or the Farmworker Housing Commitment must be rent-restricted, low-income housing units.
- With respect to the Housing for Persons with Disabilities Commitment and the Elderly Housing Commitment, the Applicant may reserve a combination of the low-income housing units and the market-rate housing units for the given Commitment if a project includes both low-income housing units and market-rate housing units. The Applicant agrees that the gross rent for the low-income housing units must be rent-restricted.
- Except for the 100% Elderly Housing Commitment, the same housing unit cannot be used to satisfy more than one Housing Commitment for Priority Populations, regardless of whether a resident is eligible for more than one. Further, the Applicant must provide a minimum of 20% of the total housing units in the project for each Housing Commitment for Priority Populations selected. For example, if the Applicant selects the 20% Housing for Large Households Commitment and the 20% Housing for Persons with Disabilities Commitment, the Applicant must provide a minimum of 40% of the total housing units in the project, including specifically a minimum of 20% of the total housing units for Large Households and a minimum of 20% of the total housing units for Persons with Disabilities.
- When a project with any Housing Commitment for Priority Populations is placed-in-service and ready for initial occupancy, each housing unit subject to such a Commitment must first be rented to and occupied by a resident who qualifies for the commitment (e.g., in the case of the Farmworker Housing Commitment, by a Farmworker household), or else the unit must be held unoccupied. Upon taking possession of an acquisition/rehabilitation project, the project owner may satisfy all Commitments, beyond any Federal minimums, through attrition.
- If, after initial occupancy by a qualified resident, a housing unit subject to a Housing Commitment for Priority Populations (other than Elderly Housing Commitment and the Housing for the Homeless Commitment) is subsequently vacated, the project owner shall actively market any vacant housing units that are necessary to comply with the applicable Commitment(s) for a minimum of 30 days. The owner shall not rent such units to anyone who is not eligible for the selected Commitment(s) during this 30-day period. More specifically, a housing unit in this Special Needs Housing Commitment must remain vacant during this 30-day recruitment period until the Applicant can rent it to a person or household who meets the eligibility criteria for the Housing Commitment for Priority Populations.
- The minimum 30-day recruitment period begins when the housing unit becomes vacant and ready for occupancy and the Applicant begins to actively market the housing unit. The Applicant must document recruitment efforts (e.g., the active use of the project's referral and marketing agreements).
- The Applicant cannot rent the housing units to a person or household who does not meet the eligibility criteria for the specific Commitment(s) during the minimum 30-day recruitment period. If the Applicant is unable to secure an individual or household who meets the eligibility criteria after 30 days of active marketing, the Applicant may rent the housing unit to another resident as applicable.
- If the Applicant rents a housing unit to an individual or household who does not meet the eligibility criteria after completing the minimum 30-day recruitment period, the Applicant must actively market the next available housing units of comparable size and type, following the same recruitment procedures, until all the Commitment(s) are achieved and maintained.

- The recruitment requirements described in this subsection apply to all housing units in the Farmworker Housing Commitment, the Housing for Large Households Commitment, and the Housing for Persons with Disabilities Commitment, including both low-income housing units and market rate housing units.
- For the Elderly Housing Commitment or the Housing for the Homeless Commitment, the Applicant must actively market and exclusively rent all the housing units for the duration of the Project Compliance Period to persons who meet the eligibility criteria of the applicable Special Needs Housing Commitment.
- In the event of reasonably unforeseen circumstances that prevent a project from fully meeting its Commitments, the project owner may seek a waiver or modification to any such Commitments. This request must be made in writing and approval is at the sole discretion of the Commission.

6.4 Leverage Scoring and Points

2-10 Points

Points will be awarded for applicants who have secured funding commitments for one or more capital sources that include but may not be limited to local, state, and federal public funds, as well as capital contributions from health care providers.

Points for this category are based upon the amount of **capital** sources leveraged, defined below, as a percentage of the Total Project Costs, and will be awarded as follows:

Pool Range = % of other sources as % of Total Project Costs				
King	5-10%	11-20%	21-25%	26% and above
Points	2	4	7	10
Metro	2-7%	8-12%	13-17%	18% and above
Points	2	4	7	10
Non- Metro	2-7%	8-15%	16-22%	23% and above
Points	2	4	7	10

The percentage of leverage is calculated by using the amount of all other committed sources as shown in the development budget and specifically identified in the application on the sources form. (Tax credit equity and developer fee excluded).

Applicants seeking points for sponsor loans or charitable donations must have backup to document the source and have at least 50% of the funds received at the time of application. These sources must be approved by the Commission 60 days prior to the submission of an application.

For purposes of calculation under this policy, sources not included are:

- Developer Fee either cash fee or Deferred Loan;
- Any operating related subsidy or operating budget sources;
- Funds not fully committed at the time of application.

6.5 Public Leverage

2 Points

In addition to the points awarded above, two additional points can be awarded for projects that have 50% (fifty percent) or more public resources committed as part of the other sources leveraged. See Sec. 5.2.1 Fully Funded Projects for guidance on committed public funds.

6.6 Project-Based Rental Assistance

1-5 Points

Points will be awarded to projects that meet the following threshold for federal project-based rental assistance (PBRA):

Federal rental assistance may be administered by HUD, USDA Rural Development, another state agency, or by the local Public Housing Authority, including Section 811 PBRA. Other local funding commitments for Operating and Maintenance (O&M) will also be considered for an additional point. Applicants must submit a letter at application containing a two-year minimum commitment to receive points for O&M funding.

Percentage of Low-Income Units with PBRA Points	
10-25%	2 points
26-49%	3 points
50% or more	4 points

Length of Funding Commitment for Operating and Maintenance	
≥ 2 years	1 point

The rental assistance may be an existing or a new contract, and must be committed at the time of application. The Applicant must agree to renew such subsidy for as long as the rental assistance is available. If rental assistance is eliminated, the applicant may request the Commission waive or modify the rent structure and target population to ensure the economic viability of the project.

Projects that use project-based rental assistance to establish eligibility for the Local Funding Commitment points are not eligible for points under this policy.

6.7 Cost Containment Incentive

1-8 Points

TDC Limit Point: TDC Limit Cost Containment Point will be awarded to a project that is below its appropriate TDC Limits at the time of application as follows:

- One (1) point for being under the appropriate TDC limit; or
- Three (3) points for being more than five (5) percent under the appropriate TDC limit; or
- Six (6) points for being more than ten (10) percent under the appropriate TDC limit

Commission staff allow exemptions to the applicable total development cost limit to further acknowledge the impact of certain cost drivers on projects' total development costs. These exemptions are the actual cost of approved cost drivers.

The sustainable building feature listed below is eligible for an exemption

- Costs associated with including a solar energy array include solar equipment procurement, installation, labor, system engineering, and site plans.

Applicants seeking to qualify for exemptions must submit a form of construction cost estimate from the General Contractor (GC), clearly delineating the hard cost, as well as the applicable portion of overhead, profit, WSST, etc., in addition to a narrative explanation. Commission staff has full discretion over the final amount approved as an exemption.

Note: these points are not cumulative

Median Square Footage Point: Two (2) cost-containment points can be awarded to projects based on how they compare to the median cost per square foot in its Geographic credit pool (see Section 5.2.2) for the allocation round in which it applies as set forth below.

When Applications are received, the Residential Cost per Square Foot (Cost/SF) of each project will be calculated per the following definitions:

- **Residential Project Square Footage** is defined as the gross residential square footage of the buildings to be constructed or rehabilitated.
- **Gross residential square footage** is to be measured from the outside face of the exterior walls and the centerline of party walls.

Everything within the building envelope will be included in the calculation, including unheated mechanical space, common area, circulation area and structured parking.

Anything outside of the building envelope such as balconies, roof top decks, carports, and surface parking is to be excluded.

Commercial spaces to be owned under a separate legal entity and whose costs are not reflected in the Residential Project Budget may not be included in the total project square footage.

Space that is shared between a Residential Project Condominium and other condominiums in a building may be included on a pro rata basis.

A certification of the Project's Gross Residential Square Footage by the project architect must be included in the Application and recertified at the time of final cost certification. (Form 2B and Square Footage from Architect should be consistent)

- **Total Development Cost** is defined in the same way as it is under the existing TDC Limit Policy: Total Residential Project Cost minus the cost of land and minus capitalized reserves.
- **Cost per Square Foot** is determined by dividing the Total Development Cost by the project's Residential Project Square Footage.

Projects competing in the same allocation round that are in the King/Seattle Geographic credit pool (see Section 5.2.2) will be grouped together to determine the median King/Seattle Cost/SF for the round. Those same projects will then be awarded two (2) points if they are less than or equal to the median for that grouping.

Projects competing in the same allocation round that are in the Metro Geographic credit pool (see Section 5.2.2) will be grouped together to determine the median Metro Cost/SF for the round.

Those same projects will then be awarded two (2) points if they are less than, or equal to, the median for that grouping.

Projects competing in the same allocation round that are in the Balance of State Geographic Credit pool (see Section 5.2.2) will be grouped together to determine the median Balance of State Cost/SF for the round. Those same projects will then be awarded two (2) points if they are less than, or equal to, the median for that grouping.

Projects must maintain eligibility for the points awarded. If at the time of Final Cost Certification, a project has failed to meet the total development costs proposed in its application, the Commission may, among other penalties it determines to be appropriate, deduct an equal number of points from the Project Sponsor's next complete, Fully Funded 9% tax credit application that satisfies all applicable Minimum Threshold criteria.

6.8 Developer Fees

2-10 Points

Points will be awarded based on the Applicant's Commitment in the Application to limit the maximum developer fees, in the aggregate, for the project to:

% of Total Project Cost*	Points
10%	10 Points
11%	8 Points
12%	6 Points
13%	4 Points
14%	2 Points
15%	0 Points

**For a discussion of how and when the developer fee is calculated with respect to a Project, see Section 3.7.*

6.9 Properties At Risk of Loss Or Market Conversion

4-6 Points

This Allocation Criterion prioritizes projects that are at imminent risk of loss to the State's affordable housing portfolio due to the potential loss or conversion of use-restricted units to market rate units. Projects must have an expiring use restriction and the units must be at risk of loss under one of three scenarios:

- The current ownership is selling the property and the units will no longer be use restricted and will convert to market.
- The Project has significant and immediate capital needs, and the Project Sponsor is faced with letting the use restriction lapse to increase cash flow to fund capital expenditures.
- A project owned by a Housing Authority in the Non-Metro Geographic Pool that needs extensive rehabilitation and has unique economic factors and faces potential loss of the housing stock.

Eligible Projects will be awarded points based on the number of units At Risk of Market Conversion:

Number of Units	Points
79 units or less	4 points
80 units or more	6 Points

Applicants choosing these points are highly encouraged to approach the Commission prior to the application date to determine whether the project meets the intent of this criterion.

Projects are eligible for the At Risk of Market Conversion Criterion if all the following requirements are met:

- Projects must have one or more Federally Assisted Buildings.
- The Federal Agency regulating the low-income use must certify that the owner may be released from all low-income use restrictions within three years of the date of the preapproval request.
- The Applicant must demonstrate that a market exists for the project to be converted to market rate housing and that the existing residents are likely to be displaced should the project not be purchased or recapitalized by the Sponsor.
 - The market study must indicate the market rents that might be achievable at the property without the federal assistance restriction.
 - The Applicant must supply the rent rolls that show the incomes of the residents to demonstrate that the population living in the units is unable to afford market rate rents in the same market area.
- Projects qualifying under Scenario 2: The project must have significant and immediate capital needs evidenced by a required 3rd party Capital Needs Assessment.

These points will be valid for three allocation rounds after the initial application is granted if the above criteria can be documented. The project must compete for credit in the round in which it applies.

At Risk of Market Conversion points are not available to projects competing in the New Production pool, e.g., a project made up of units that are 40% rehab and 60% new construction.

6.10 Historic Buildings

5 Points

Points will be awarded to Projects that fit the definition of New Production, are using the federal Historic Tax Credit (RTC) as part of the project financing, and are:

- Listed, or have been determined eligible for listing, in the National Register of Historic Places administered by the U.S. Department of the Interior in accordance with the National Historic Preservation Act of 1996; or
- Located in a registered historic district and certified by the Secretary of the U.S. Department of the Interior as being of historic significance to that district.

To receive points, 50% or more of the total housing units in the project must be located in the building(s) designated as historic property. Projects must submit evidence of the historic designation and a Title Report that shows no existing Affordable Housing Use Restrictions with the Application. Applicants must also complete the Historic Tax Credit tab of the LIHTC addendum as well as show Historic Tax Credits as part of the Project financing.

6.11 Eligible Tribal Area

6 Points in King County / 5 Points In Metro / 10 Points In Non-Metro

Points will be awarded to Projects located within the boundaries of an eligible Indian Reservation or within the service area of an eligible tribe provided that the project is sponsored by the Indian tribe or tribally designated housing entity. Indian Tribes eligible for these points are those where the percentage of households living below the poverty level is 20% or more of the total tribal households.

Eligible Tribes	Poverty Rate
Chehalis	20%
Colville	21%
Hoh	35%
Kalispel	30%
Lower Elwha	26%
Makah	27%
Nooksack	30%
Quileute	37%
Quinault	27%
Port Gamble S'Kallam	25%
Skokomish	24%
Spokane	24%
Squaxin Island	24%
Upper Skagit	47%
Yakama	24%

Tribal eligibility is based upon poverty rate levels as determined by the U.S. Census. For tribes not listed as eligible, on a case-by-case basis, the Commission will consider supplemental demographic data provided by the Applicant that demonstrates that 20% or more of the total Indian households are living below the poverty level. To be considered for these points using supplemental data, the Applicant must present their data to the Commission for preapproval at least 30 days prior to the application deadline.

The Applicant must provide a site map identifying the project location and the boundaries of the Indian Reservation or the Service Area of the Tribe. If a project consists of multiple sites, all sites must be located within the Eligible Tribal Area.

Note: If a Project selects points under this Allocation Criterion, it is not eligible to select points under the other allocation criteria that target specific locations: Location Efficient Projects, Area Targeted by a Local Jurisdiction, Community Revitalization Plan, Transit Oriented Development, Job Centers, and High Opportunity Areas.

6.12 Location Efficient Projects

2 Points

Points will be awarded to Projects that provide nearby access to food and go beyond the minimum Access to Community Resources criterion of the Evergreen Sustainable Development Standard (ESDS). *Under ESDS Criterion 2.04a, urban projects should be located within 0.5 walk mile distance of at least four, or within 1-mile of seven community, retail, or service facilities. Rural projects should be located within 5 miles of at least four facilities.*

For the purposes of this Allocation Criterion, urban and rural hold the same definitions as under ESDS (See Section 4.9) and the same distance measurement, from the center of the site to the entrance of the facility, will be used.

Two points will be awarded to Urban Projects that are:

- located within 0.5 mile walk distance of at least five community, retail or service facilities, OR within 1-mile of eight facilities from the list below; AND
- located within 0.5 mile walk distance of a supermarket, a grocery store with produce, or a farmers' market. This does not count as one of the 5 or 8 facilities referenced above.

Two points will be awarded to Rural Projects that are:

- located within a 5-mile driving distance of 6 or more facilities from the list below; AND
- one of the 6 facilities must be a supermarket, a grocery store with produce, or a farmers' market.

Examples of Civic and Community Facilities, Services, and Retail

- | | |
|---|--|
| • Medical clinic or office | • Government office that serves public on-site |
| • Licensed Adult or senior care | • Social services center |
| • Licensed Childcare | • Bank |
| • Community or recreation center | • Restaurant, café, diner |
| • Entertainment venue (theater, sports) | • Laundry, dry cleaner |
| • Educational facility (including k-12 school, university, adult education, vocational school, community college) | • Gym, health club, exercise studio |
| • Cultural arts facility (museum, performing arts) | • Supermarket |
| • Police or fire station | • Other food store with produce |
| • Public Library | • Farmers' market |
| • Public Park | • Hardware store |
| • Post office | • Pharmacy |
| • Place of worship | • Clothing retail |
| | • Other retail |

The facilities used to meet this criterion must be built at the time of application. Facilities that are planned, but not built, may be eligible with preapproval.

A Farmer's Market must operate at least once a week for at least 5 months of the year.

Each establishment must be a separate and distinct business and may only count as one facility. Separate and distinct businesses under one roof will each count as a facility. For example, a Safeway that also houses a Wells Fargo Bank and a Starbucks will count as 3 facilities.

If a project includes multiple sites, each of the sites must be within the required distance of the specified number of facilities.

The Applicant is responsible for explaining and demonstrating how the listed facilities meet the intent of this policy; however, it is the Commission, in its sole discretion, who will determine whether the specific facilities, services and/or retail presented qualify.

Applicants must attach the following materials:

- a list of the required number of services, facilities, and/or retail establishments including the name, type of facility and address; and
- a context map demonstrating that the center of the Project site is within the required walking or driving distances of the required number of services.

Google Maps offers a function to demonstrate walking or driving distance. On Google Maps, go to “Get Directions” and then click on the image of a pedestrian. The Commission will, in its sole discretion, determine whether the specific facilities, services and/or retail presented meet the intent of this policy.

6.13 Area Targeted by a Local Jurisdiction

2 Points in King County And Metro Counties

Points will be awarded to a Project that is located within the defined geographic boundaries of a planning document approved by the governing body of the local jurisdiction. The planned targeted area must provide for a mix of housing, retail and services and have zoning provisions to accommodate new growth in the area. The plan must include policies addressing the creation or preservation of affordable housing serving households at 80% AMI or below. The targeted area cannot be an entire local jurisdiction, nor can it be a site level designation.

The Applicant must submit documentation of the targeted area designation by the local jurisdiction and a site map showing the Project’s location within the designated area. If a project includes multiple sites, each of the sites must each be located within an area targeted by a local jurisdiction.

6.14 Community Revitalization Plan (CRP)

1 Point in King County and Metro Counties

One point will be awarded to a Project that is located within the defined geographic boundaries of a Community Revitalization Plan. If a project includes multiple sites, each of the sites must each be located within an area covered by a Community Revitalization Plan. Applicants choosing these points are highly encouraged to approach the Commission prior to the application date to determine whether the project meets the intent of this criterion.

A Community Revitalization Plan must:

- Be a published document, approved and adopted by a governing body, by ordinance, resolution, or other legal action; and
- Target funds or tax incentives to specific geographic areas for either:
 - economic development, including economic related initiatives.
 - Commercial/retail development, including infrastructure and community facility improvement.

To earn this point, submit the following:

- Identify by name, the Community Revitalization Plan document(s) being relied upon to qualify for the CRP allocation points. Attach and highlight the specific sections in the document that apply.

- Provide a narrative explanation to justify how this project meets the Policy requirements to receive the CRP points. Provide details on any of the following and include page references from the applicable plan:
 - Infrastructure such as streets, walkways, street lighting, trees, greening activities, water, sewer, etc.
 - Community Facilities such as parks, playgrounds, activity centers, etc.
- Economic and Business Development such as new or rehabbed commercial space, business organizations, tax incentives, transportation/parking facilities, façade improvements, marketing, etc.
- Identify the specific geography targeted by the plan and provide a map showing the location of the project within the geography.
- List each of the local, state, federal and/or private “economic development” funding source(s) being targeted to the identified revitalization initiatives(s):
 - Please list the amount of funding that has been committed under each source
 - Specifically explain the activities that will be performed using the targeted economic development funds

6.15 Transit Oriented Development (TOD)

1 Point in King County

Projects will be awarded 1 point if they are located within a 10-minute walkshed of Fixed Transit Infrastructure and located in an area zoned for high-capacity transit-supported density. TOD points are only available to Projects in King County. Puget Sound Regional Council (PSRC) has generously developed a map to locate properties to fit the TOD definition outlined below. The map is available on our website. If a property meets the intent of the policy but fails to appear on the map, a location that meets the intent of the policy may still be eligible for the TOD point with preapproval.

“Fixed Transit Infrastructure” is defined as Light Rail Stations, Commuter Rail Stations, Ferry Terminals, Bus Rapid Transit Stations, Streetcar Stops, and Major Bus Transit Centers.

The major bus transit centers in King County are Auburn Transit Center, Aurora Village Transit Center, Bellevue Transit Center, Burien Transit Center, Federal Way Transit Center, Issaquah Transit Center, Kent Transit Center, Kirkland Transit Center, Mount Baker Transit Center, Northgate Transit Center, Overlake Transit Center, Redmond Transit Center, Renton Transit Center, and Totem Lake Transit Center.

Metro has certain Rapid Ride stops designated as “stations” that will receive higher levels of improvement and will always be served. Rapid Ride stops that are not designated as “stations” are not eligible TOD locations.

If the Fixed Transit Infrastructure does not yet exist, the transit investment must be planned, approved, and funded at the time of Application. Transit investments that have been funded, but not yet been sited, will not be considered.

A “10-minute walkshed” is defined as the area surrounding the Fixed Transit Infrastructure that is comfortably walkable within 10 minutes, typically an area that is within ½ mile of the transit. The size and shape of a walkshed considers the existence of freeways, the street grid, topography and other

obstacles that might impede access to the transit site. The 10-minute Walkshed around each of the eligible TOD locations is shown on the TOD map.

An area is zoned for “high-capacity-transit-supportive density” when the overall zoning for the area within the walkshed of the Fixed Transit Infrastructure allows for at least 20 dwelling units per gross acre.

The Applicant must submit a site map with the application demonstrating that the Project’s location is within the boundaries of an eligible TOD’s 10-minute walkshed. If a project includes multiple sites, each of the sites must each be located within a TOD walkshed to be eligible for the TOD point.

6.16 Job Centers

1 Point in Metro and Non-Metro Counties

One point will be awarded to Projects located in or near the top 25 cities and Census Designated Places (CDP) within each of the Metro and Non-Metro Credit Pools that have experienced the highest absolute job growth over the five-year period from 2005 to 2010.

Projects must be within a 5-mile radius of the top growth places in the Metro Credit Pool and within a 10-mile radius of the places in the Non-Metro Credit Pool.

The list of Top Job Growth Cities and Places will remain constant for a five-year period. Updates will occur one year prior to implementation of the updated list to take development pipeline into account. For example, the proposed list will remain in place for the allocation years of 2013 to 2017. The list will be updated and published in 2016 but will not take effect until 2018.

If the Project’s address clearly demonstrates that the Project is in a Job Growth Place, no documentation needs to be submitted with the Application. If the Project’s address shows the project is not located in a Job Growth Place, the Applicant must submit a site map demonstrating that the Project is located within the required distance of a Job Growth Place.

If a project includes multiple sites, each of the sites must demonstrate eligibility for points to be awarded under the Job Center criterion.

Top 25 Job Growth Places in Metro Counties

City or CDP	County	2014 Jobs	2010 Jobs	Job Growth	Rank
Vancouver	Clark	84,214	77,843	6,371	1
Everett	Snohomish	87,131	82,644	4,487	2
Olympia	Thurston	44,889	40,855	4,034	3
Lakewood	Pierce	25,370	21,479	3,891	4
Tacoma	Pierce	104,069	100,411	3,658	5
Lynnwood	Snohomish	28,483	25,386	3,097	6
Puyallup	Pierce	25,746	22,930	2,816	7
Marysville	Snohomish	13,491	11,154	2,337	8
Edmonds	Snohomish	11,694	9,576	2,118	9
Bothell (Sno Cty)	Snohomish	13,178	11,433	1,745	10
Sumner	Pierce	12,572	11,107	1,465	11
Lacey	Thurston	20,069	18,761	1,308	12

Spokane Valley	Spokane	50,944	50,021	923	13
Fife	Pierce	16,232	15,327	905	14
Lake Stevens	Snohomish	4,434	3,889	545	15
South Hill	Pierce	6,862	6,330	532	16
Mount Vista	Clark	4,381	3,863	518	17
Orchards	Clark	3,788	3,273	515	18
Mount Vernon	Snohomish	14,703	14,205	498	19
Mukilteo	Snohomish	9,624	9,133	491	20
Airway Heights	Spokane	4,090	3,616	474	21
Woodland	Clark	3,617	3,151	466	22
Bonney Lake	Pierce	3,821	3,368	453	23
Frederickson	Pierce	4,533	4,087	446	24
Camas	Clark	6,941	6,499	442	25

*Source: U.S. Census Bureau Center for Economic Studies: <https://onthemap.ces.census.gov/>

Top 25 Job Growth Places in Non-Metro Counties

City or CDP	County	2014 Jobs	2010 Jobs	Job growth	Rank
Yakima	Yakima	44,009	39,138	4,871	1
Silverdale	Kitsap	12,230	10,445	1,785	2
Moses Lake	Grant	10,847	9,290	1,557	3
Bainbridge Island	Kitsap	9,554	8,024	1,530	4
Kennewick	Benton	30,868	29,341	1,527	5
Richland	Benton	35,564	34,297	1,267	6
Walla Walla	Walla Walla	14,368	13,262	1,106	7
Pasco	Franklin	20,557	19,477	1,080	8
Pullman	Whitman	14,089	13,084	1,005	9
Port Angeles	Clallam	8,782	7,852	930	10
Bremerton	Kitsap	15,655	14,887	768	11
Burlington	Skagit	8,482	7,833	649	12
Port Townsend	Jefferson	4,446	3,912	534	13
Colville	Stevens	3,694	3,180	514	14
Ephrata	Grant	3,637	3,164	473	15
Othello	Adams	4,166	3,699	467	16
Omak	Okanogan	3,078	2,644	434	17
Sequim	Clallam	4,030	3,607	423	18
Sunnyside	Yakima	6,723	6,302	421	19
Oak Harbor	Island	5,439	5,026	413	20
Sedro -Woolley	Skagit	3,486	3,075	411	21
Kelso	Cowlitz	5,441	5,062	379	22
Clarkston	Asotin	4,192	3,855	337	23
Selah	Yakima	2,928	2,613	315	24
Quincy	Grant	2,712	2,407	305	25

*Source: U.S. Census Bureau Center for Economic Studies: www.onthemap.ces.census.gov (8/2016)

6.17 High and Very High Opportunity Areas

1 Point in King County

Projects in a census tract that is rated High or Very High on the Comprehensive Opportunity Index as defined by the Puget Sound Regional Council will be awarded 1 point. More information on Opportunity Mapping is available on PSRC's website. If a project includes multiple sites, each of the sites must each be located within a High or Very High Opportunity Census Tract to be eligible for this point.

6.18 Nonprofit Sponsor

5 Points

Nonprofit Organizations are critical to the delivery of affordable housing for low-income households in Washington. Nonprofit housing developers are mission driven entities that do not need to produce economic profits for investors and thus are able to place a very high priority on the needs and interests of residents most in need. They have a vested and long-term interest in developing, maintaining and preserving safe, quality and affordable housing options for low-income individuals and families.

Across our state, the organizational capacity and housing development experience of Nonprofit Organizations is uneven. In certain areas of the state, especially in rural areas, the existing capacity of Nonprofit Organizations is not sufficient to meet affordable housing needs.

For-profit entities also provide an important vehicle for the provision of affordable housing. In certain parts of the state, they are the only developers of such housing, and they often bring equity and expertise to transactions that would not otherwise be available to Nonprofit Organizations.

Because of their need to produce returns on investment and their sensitivity to the tax treatment of investments, for-profit entities as a group may not provide the sustained development capacity needed to meet the long-term affordable housing needs of low-income individuals and families.

It is the primary intent of this policy to increase the capacity of Nonprofit Organizations to provide affordable housing and thereby increase the number of affordable housing projects developed and owned by Nonprofit organizations now and in the future. The secondary objective is to encourage partnerships between Nonprofits Organizations and for-profit entities, thereby expanding the capacity of Nonprofit Organizations and recognizing the important contribution that for-profit entities can provide to meet our housing needs. The third objective is to recognize situations where there is simply insufficient Nonprofit Organization capacity or other unique circumstances and provide incentives to for-profit entities to develop affordable housing.

For the purposes of this policy, a Nonprofit Organization is defined as an organization organized and operated exclusively for Charitable Purposes and that is tax-exempt under Section 501(a) of the Code. Examples of these are organizations described in Sections 501(c)(3) and 501(c)(4) of the Code. A Nonprofit Organization also includes public housing authorities, public development corporations, Tribes, and Tribally Designated Housing Entities.

To be considered for the five Nonprofit Sponsor points, Applicants must qualify under one of the following three scenarios:

6.18.1 Nonprofit only

Developed, owned and operated solely by a credible and viable Nonprofit Organization, recognizing that there may be for-profit partners or participants to provide tax- credit equity.

6.18.2 For-Profit/Nonprofit Partnership

Developed, owned and operated by a partnership between a for-profit entity and a Nonprofit Organization as co-owners (FP and NP Partnership). For example, a Limited Partnership may have a for-profit and a Nonprofit Organization as co-general partners or in the case of a Limited Liability Company, co-managing members. Also, projects may be co-developed by partnerships between for-profit entities and Nonprofit Organizations. The Nonprofit Organization should have a material role in the development or management of the project, provide services or otherwise contribute to the project.

6.18.3 Nonprofit Sponsor Waiver

Under certain circumstances and only after making specific findings, the MHCF Director may waive the required Nonprofit Organization involvement. The findings must demonstrate that either no credible and viable Nonprofit Organization is willing and/or able to participate in the project development and ownership, or that unique conditions exist such that only a for-profit entity can complete the project. Approval for such waiver requests must be granted in advance of the published application deadline. Waiver requests must be made in writing at least 60 days in advance of the application submittal deadline.

All Applicants selecting the Nonprofit points must submit the following (as applicable) with their Application:

- A copy of the Nonprofit Organization's IRS determination letter;
- A complete and current as amended copy of the Nonprofit Organization's articles of incorporation as filed with the Secretary of State;
- Complete and current as amended copies of the bylaws and other governing instruments of the Nonprofit Organization;
- Evidence that the Nonprofit Organization has an ownership interest in the project and that the Nonprofit Organization will materially participate in the development and operation of the project throughout the project compliance period;
- A certification by the Nonprofit Organization that it is not Affiliated With, or Controlled By, a for-profit organization, entity, or individual; and
- A current list of names of all board members and officers of the Nonprofit Organization and any affiliation (plus the nature of the affiliation) such board member or officer has with any for-profit entities or individuals.

6.19 Donation in Support of Local Housing Needs

5 Points

Points will be awarded to projects based on the Applicant's Commitment to contribute funds to a local Nonprofit Organization in an amount based upon the Total Project Costs (TPC) as follows:

- \$0 - \$12,500,000 (TPC) = \$15,000 Donation
- \$12,500,001 and above (TPC) = \$25,000 Donation

The Nonprofit Organization being supported must include in its service area the county in which the Project is located and must provide housing, housing-related services, or nearby community/social services that are available to the residents of the Project. The program receiving the donation cannot

require participants to have a specific religious affiliation. Donations may be split among no more than four recipients. Up to 25% of the total donation may be made to an advocacy organization.

As part of the Placed-in-Service process the Applicant must provide the Commission with:

- A written request to approve a donation to a specific Nonprofit Organization.
- Certifications (in a form acceptable to the Commission) from both the Applicant/donor and the recipient confirming that the contribution will be made or received, respectively, without any favor, benefit, gift, or other consideration.
- A letter from the approved Nonprofit Organization acknowledging receipt of the proper contribution amount as well as a copy of the cancelled check from the transaction. The letter must show receipt of the proper contribution amount, identify the low-income housing program, and specify how the funds will be used.

The Commission may grant exceptions on a case-by-case basis to projects that can demonstrate unique challenges due to capacity and/or location in meeting the full requirements of this section

6.20 Eventual Tenant Ownership

2 Points

Two points will be awarded to Projects that include units that are intended for eventual tenant ownership after the initial 15-year compliance period.

Eventual Tenant Ownership (ETO) is an option under the Tax Credit Program elected by the owner which allows the rental units financed under the program to be made available to residents for purchase as homeownership units after the end of the first 15-year compliance period. Post year 15, units are made available for sale under the conditions and requirements as outlined in the Lease Addendum and in compliance with the project's Conversion Plan and the Tax Credit Compliance Procedures Manual.

Applicants interested in ETO must review the 9% Housing Credit Program Eventual Tenant Ownership Guide for Property Owners and Residents for specific requirements and recommended practices. Applicants are required to have a pre-meeting to discuss their project and ETO obligations with Commission staff prior to submitting an application. It is recommended that owners reach out to Commission staff early to schedule a meeting and no later than 30 days before applying.

The Commission allows the election of points for ETO **only** on properties which are developed as Single Family, Townhomes or Duplexes with clear lot delineation to convert to homeownership. In addition, each unit must be assigned its own Building Identification Number (BIN) and separate legal descriptions for each unit, prior to closing.

Applicants interested in ETO must submit the required Conversion Plan Application Form and provide all the relevant documentation at the time of application. This form will allow the Commission to review how the owner intends to convert applicable units from rental units bound by the project's Regulatory Agreement to a unit available to be purchased by the resident. The conversion of units shall be in accordance with Section 42(i)(7) of the Code and the owner's Conversion Plan submitted in the application form and accepted by the Commission.

The documents and requirements mentioned in the above paragraphs are subject to change at any time. Please visit our website to find the most updated versions.

ETO Compliance Requirements:

As part of the owner's annual report submission each January 31st, the owner will be required to confirm in the Owner Annual Certification their compliance with the project's ETO Conversion Plan, commencing on the first anniversary of the date of the Regulatory Agreement. Commencing on the 13th anniversary, the owner must provide a detailed summary report describing its progress towards compliance with the Conversion Plan, including, but not limited to:

- The number of homeownership residents who intend to purchase their units after year 15
- Any materials in relation to ETO delivered from the owner to the residents
- Applicable information about homeownership education and counseling sessions (budget, financial, and maintenance/repair sessions) offered to the residents

Additionally, the owner is required to provide an ETO Lease Addendum to each resident detailing the specific provisions related to ETO for the property. See the 9% Housing Credit Program Eventual Tenant Ownership Guide for Property Owners and Residents for more guidance.

The Commission expects to receive all information and documentation in a timely manner reasonably requested by the Commission, its representatives, or designees throughout the Project Compliance Period. This includes but is not limited to all Certifications or other documentation as to the compliance of each Building in the Project with the terms of this policy, the Conversion Plan, the Low-Income Housing Tax Credit Compliance Manual, all applicable Tax Credit Laws, other requirements of the Commission, IRS, state, federal or local authorities.

The Owner must be familiar with and have read the Commission's Low Income Housing Tax Credit Compliance Procedures Manual section(s) specific to ETO and the 9% Housing Credit Program Eventual Tenant Ownership Guide for Property Owners and Residents.

6.21 Energy Efficiency Modeling

2 Points

To encourage building owners to make savings investments that optimize a building's energy efficiency, we are encouraging the use of energy modeling for **new construction**.

Two points will be awarded for projects that select Option #1 from ESDS Section 1.02 Advanced Tools. The selected consultant must be chosen from the Commission's approved roster of energy modeling consultants.

With the submittal of the tax credit application, the applicant must attach a commitment letter from the chosen energy consultant attesting they will join the project team and provide modeling early enough in the design process to inform design decision making.

7 Credit Reservation and Carryover Allocation Requirements

Those projects selected by the Commission as eligible for Credit will be issued a Credit reservation and carryover allocation only if they meet the requirements set forth in this Chapter, the Application and the

Program. The Credit reservation and carryover allocation is made pursuant to the terms of the Credit Reservation and Carryover Allocation Contract (RAC). The Commission will disqualify the Project/Application and cancel the Credit reservation and carryover allocation for any project if any of these requirements are not met by the deadlines set by the Commission.

7.1 Credit Reservation and Carryover Allocation Contract (RAC)

The Applicant must execute the RAC in a timely manner. The Commission anticipates that the RAC will be distributed to Applicants no later than thirty days after the Commission's approval of the Project's Credit allocation. The Applicant must execute the RAC in the form provided by the Commission. Before the Commission will execute a RAC for a project, an Applicant must satisfy each of the following requirements:

7.1.1 Payment of Fifty Percent (50%) of the Reservation Fee

The Applicant must pay at least fifty percent (50%) of the reservation fee for the project when the RAC is signed by the Applicant and submitted to the Commission. The reservation fee is nonrefundable and nontransferable. The Applicant must pay the reservation fee with a business or personal check, a money order, or a cashier's check. Cash is not accepted. A RAC submitted with a check that is returned for insufficient funds will not be executed, and the project may be disqualified.

7.1.2 Feasibility and Viability Analysis

At the time of the carryover allocation and before signing the RAC, the Commission will perform a financial feasibility and viability analysis for each project (as described in Section 4.13 of these Policies). The Commission will advise the Applicant of documentation that must be submitted to allow the Commission to perform this analysis. The Commission may issue a carryover allocation to a project for an amount of Credit that is less than the amount requested in the Application (and set forth in the Commission's initial project approval), if the project does not qualify for such Credit amount based on the Commission's feasibility and viability analysis or for other reasons. Under no circumstances will the amount of the carryover allocation exceed the amount requested in the Application. The excess credit amount will be deemed automatically returned to the Commission and the Applicant will have no further right to the Credit. The Credit will be available, at the discretion of the Commission, for reservation and/or allocation to other qualified projects.

7.2 Equity Closing

The Applicant is required to give the Commission at least 30 days' notice of the scheduled Equity Closing. At least 10 days prior to the scheduled Equity Closing but after the general contractor bids have been received, the Applicant must submit the Project's final development budget, final sources of funds, and documentation to substantiate the final Credit pricing. Using the final budget, Commission staff will evaluate the balance of sources and uses and set the final Developer Fee (See Section 3.7 and 3.8).

The Applicant must enter into a Regulatory Agreement that applies to each building in the project (See Section 2.11). The Applicant is responsible for the drafting of a Priority Agreement that ensures the Commission's Regulatory Agreement is in first lien position as a restrictive covenant on the land and all improvements thereon. Both the Regulatory Agreement and Priority Agreement must be executed and recorded as part of the Equity Closing.

Once the Equity Closing is completed, the Applicant is responsible for ensuring that the Commission receives a copy of the final title report and the executed Limited Partnership or Limited Liability Company Agreement.

7.3 Carryover

The Applicant must meet each of the following requirements within 12 months of the date of the RAC. The Commission will endeavor to complete its review within 60 days of receipt of all requirements.

7.3.1 Ten Percent (10%) Carryover Test

The Applicant must demonstrate to the satisfaction of the Commission that it has incurred more than ten percent (10%) of the reasonably expected basis of the project, as required by Section 42(h)(1)(E) of the Code and Treasury Regulation 42.6. Specifically, the Applicant must certify to the Commission that it has fulfilled this requirement and must also submit a CPA's certification that satisfies the requirements of Treasury Regulation 42-6(c)(2).

The CPA's certification should itemize all the costs that have been incurred to satisfy the 10% requirement. If the Applicant is itemizing any portion of the developer fee or consultant fees for purposes of satisfying the 10% requirement, the certification must contain a detailed breakdown of the services performed by the developer and each consultant and the amount of the fees apportioned to each service. The Applicant must also submit a copy of all developer and consultant contracts as well as an itemized statement apportioning the fees earned to each service provided.

The Commission may require the Applicant to submit additional documentation of the costs reflected in the certifications and the Commission may limit or exclude certain costs if it cannot determine that they are reasonable and appropriate.

7.3.2 Payment of Balance of Reservation Fee

The Applicant must pay the balance of the reservation fee by the deadline in the RAC.

7.3.3 Election Regarding Calculation of Gross Rent Floor

If the Applicant desires to use the placed-in-service date of the building for purposes of calculating the gross rent floor under Section 42(g)(2)A of the Code and the Applicant did not make an effective election to do so as part of the RAC, the Applicant must affirmatively elect to use the placed-in-service date by giving written notice to the Commission. This notice should be received by the Commission no later than the date that the building is placed-in-service, otherwise the IRS will treat the gross rent floor as taking effect the date the Commission initially allocated Credit to the project.

7.4 Compliance With Code and Commission Requirements

The Applicant, each Principal, each member of the Development Team, each Related Party to the project owner, and the Project must follow any requirements of the Code and any terms, conditions, or obligations of the Tax Credit Program with respect to the project before being issued a RAC. Further, the Commission may choose not to issue a RAC if the Applicant, a principal or any member of the Development Team is in Noncompliance with any requirements under the Code and/or any terms, conditions, or obligations of the Tax Credit Program for any project. If the Commission decides to disqualify the project/Application and cancel the Credit reservation and carryover allocation, any Credit reserved to the project will be automatically returned to the Commission without further action of the

parties and the Applicant will have no further right to such Credit. The Credit will be available for reservation and allocation to other qualified projects.

7.5 Extensions

The requirement for a Project to incur more than ten percent of the reasonably expected basis of the project, as required by Section 42(h)(1)(E) of the Code and Treasury Regulation 42.6, within 12 months of the execution of the RAC cannot be extended.

However, if the Applicant anticipates that it will be unable to submit all the Credit reservation and carryover allocation requirements on time, the Applicant may ask for an extension in writing no less than thirty (30) days in advance of the specified dates in the RAC.

The Applicant's request will only be considered if it has demonstrated a strong probability that documentation of the credit reservation and carryover allocation requirements will be fulfilled within the additional requested time. The Commission may or may not grant the Applicant's request for an extension.

8 Placed-In-Service Allocation Requirements

The Commission will accept and process Placed-In-Service documents and issue IRS Form 8609(s) throughout the year. However, a project owner must submit all Placed-In-Service documentation, including the Independent Certified Public Accountants Report ("Cost Certification") and the certificates of occupancy for each building in the project at least 90 days prior to when they expect to receive the IRS Form 8609(s).

8.1 Compliance Training

The Applicant's property management representative must attend a Commission Tax Credit compliance workshop or receive equivalent training by a Commission Portfolio Analyst by the earlier of:

- at least 120 days before the first building is placed-in-service; or
- prior to commencement of initial rent-up activities for the project. Certificates cannot be more than 18 months old by placed-in-service date.

If the Applicant's property management representative has attended a Commission Tax Credit compliance workshop within the 12 months before the placed-in-service date, the representative is not required to attend another workshop prior to commencement of the property's initial rent-up activities. "Property management representative" is defined as someone who will be working directly with the project on a regular basis from the point of initial rent-up onward. To keep staff trained on the latest compliance issues, owners should also send new staff to the first available tax credit compliance workshop and senior staff every three years.

8.2 Title Report

The Applicant must provide a copy of the current title evidence demonstrating that the Commission's Regulatory Agreement is in first lien position. For projects with recorded liens prior to the Commission's Regulatory Agreement, the project will need to subordinate those liens with the Commission's Subordination Agreement. The Title Report should reflect the recording of the Commission's Regulatory Agreement, Deeds of Trust, Subordination Agreements, and the legal description.

8.3 Property Management Agreement

The Applicant must provide an executed copy of the property management agreement or related documents. The agreement must include specific terms, conditions, and responsibilities. If the

Applicant has previously submitted a property management agreement and amended it; the Applicant must provide a copy of the agreement.

8.4 Long-Term Lease Covenant

If the Applicant has established a long-term lease in lieu of ownership, the Applicant must execute, notarize, and record an agreement between the Applicant and the owner of the land. The owner must agree to allow the Applicant to record the Regulatory Agreement as a restrictive covenant on the land and all improvements on it that is binding upon the current owner and any successors in interest to the owner.

8.5 Regulatory Agreement

The Applicant must confirm that all project specific information in the Regulatory Agreement accurately reflects the project as completed. If the project has changed, an amendment to the Regulatory Agreement must be executed, notarized and recorded in each county where the Regulatory Agreement was originally recorded.

8.6 Compliance with Code and Commission Requirements

Before the Commission will issue IRS Form 8609 to any building in a project, the project owner, each of the principals, each member of the Development Team, all Related Parties to the project owner and the project must be in compliance with any requirements the Code and the terms, conditions, or obligations of the Tax Credit Program with respect to the project. Further, the Commission may choose not to issue IRS Form 8609 for a building if the project owner, a principal, a member of the Development Team, or a Related Party to the Tax Credit project owner is in Noncompliance with respect to any project subject to the Tax Credit Program. In addition, the Commission may cancel any Credit reservation and carryover allocation for any Noncompliance, for example, the failure to pay any fee assessed by the Commission with respect to the project.

If the Commission decides to disqualify the project/Application and cancel the Credit reservation and/or the carryover allocation, the Credit will be available, at the discretion of the Commission, for reservation and/or allocation to other qualified projects.

8.7 Approval Of and Payment of Funds for Local Housing Needs

If the Applicant represented that it would provide funds for local housing needs, the Applicant must provide the Commission with a written request to approve a donation to a specific Nonprofit Organization that provides housing or housing-related services in the county where the project is located. The Applicant must provide the Commission with certifications (in a form acceptable to the Commission) from both the Applicant/donor and the recipient confirming that the contribution will be made or received, respectively, without any favor, benefit, gift, or other consideration. The Applicant must provide a letter from the approved Nonprofit Organization acknowledging receipt of the proper contribution amount as well as a copy of the cancelled check from the transaction. The letter must show receipt of the proper contribution amount, identify the low-income housing program, and specify how

the funds will be used. The amount of the donation cannot be included in the Project's Total Project Costs.

8.8 Program Requirements

All applicable Program requirements and disclosures set forth in Chapter 2 and the RAC and all applicable Program Limits must be met. All Allocation Criteria Commitments must be satisfied.

8.9 Occupancy Permit

The Applicant must get a certificate of occupancy or temporary certificate of occupancy for each building and provide a copy of each certificate to the Commission. The Applicant must place each building in service by the deadlines set by the Commission. Generally, a building will be deemed to be Placed-In-Service when it is issued a certificate of occupancy by a governmental permitting agency or as otherwise defined by the Code.

8.10 Final Cost Certification

The Applicant must provide a certification, addressed to the Commission, and prepared by an independent CPA, of the eligible basis of each building and, based on the Applicant sworn representations about the low-income use of each building, its qualified basis. The certifications must explicitly note if there are any common areas in a building or on the property and must identify which areas are included in eligible basis and which are not. The certifications must also list sources and uses of all funds for the project, for example, the proceeds from the sale of the Credit. The independent CPA's certification must be accompanied by executed copies of the developer agreement, each consultant contract, and an itemized statement earmarking the developer's fees and/or consultant fees earned for the services provided.

8.11 Partnership Agreement

If the Applicant is a partnership or a limited liability company, the Applicant must provide the most current Partnership Agreement.

8.12 Financing Documents

The Applicant must provide financing documents, if not previously submitted, for all loans or grants made to the project. For loans, a copy of the promissory note will fulfill this requirement.

8.13 Operating Pro Forma

The Applicant must provide a copy of a current 15-year operating pro forma for the project.

8.14 Evergreen Sustainable Development Standard

The Applicant must provide a copy of the Evergreen Final Architect Certification, ESDS Final Report, and all required backup documentation.

Projects financed through Commerce are not required to submit any additional materials at placed in service.

8.15 Housing for the Homeless

If the Project is subject to a Housing for the Homeless commitment, then the Applicant must provide a current Memorandum of Understanding (MOU) for each agency or organization that provides support

services. The MOU must define the roles and responsibilities of each entity, including the nature and scope of the duties for each.

9 Project Transfer or Assignment Requirement

Pursuant to the Commission's rules (WAC 262-01-130), Policies, and Regulatory Agreements, a transfer of an interest in a project requires Commission approval. A stated goal of the Commission's Tax Credit Program is to prefer projects that are affordable to the lowest income tenants for the longest period of time. Toward that end, the Commission will decide whether to approve a proposed transfer based on whether the proposed transfer will (1) promote satisfaction of all applicable regulatory and contractual obligations, and (2) further the Commission's priorities for LIHTC projects as set forth in WAC 262-01-130, including by increasing the likelihood the project will continue to serve the lowest income tenants for the longest period of time. This will be determined based on the totality of circumstances, including but not limited to the characteristics of the project, existing partners, and transferee.

Transferees are required to submit a short paragraph explaining how the proposed transfer satisfies the Commission's approval criteria and to complete a Financial Solvency and LIHTC History (FSLH) form as part of the transfer process. This form is designed to help the Commission determine whether the transferee is positioned and likely to support the Commission's stated goals. The Commission may pause, require additional certifications or information from a transferee, or disallow the transfer depending on what the FSLH or other documents reveal. Potential grounds for disallowing the transfer include but are not limited to:

Transferee has been part of a LIHTC ownership/project that subsequently was found by a court or administrative body to be in violation of a LIHTC statutory or regulatory requirement or covenant;

Transferee has been part of a LIHTC ownership/project that subsequently reduced the project's associated financial resources such that the project was not able to meet its planned capital needs;

Judicial or administrative finding against the Transferee of causing actionable harm to a LIHTC project or partner; committing fraud; or violating a LIHTC requirement or covenant.

9.1 Project Transfer or Assignments Requiring Commission Consent

A project transfer means any direct or indirect sale, contribution, assignment, lease, exchange, or other similar transfer of, or change in:

- an interest in the land, the Project, or any building;
- an ownership interest in the entity that is the Applicant or project owner (for example, a transfer of a partnership interest or, with respect to a limited liability company, a membership or managers' interest);
- the rights, title, or interest of the Applicant or project owner in any agreement in which the Commission and the Applicant or project owner are parties;
- the sale or transfer of, or change in, the interest of a limited partner (including the addition, removal, or withdrawal of a limited partner); or
- in the case of a limited liability company, the sale or transfer of, or change in, the interest of the investor member (unless the investor member actively participates in management of the company, such as in the case of a transfer of an investor member interest to a fund in which the investor member serves as the fund manager).

Only a few types of project transfers do not require the prior written consent of the Commission. They include:

- the grant of a security interest or lien junior to the interest of the Commission;
- the issuance, redemption, or transfer of stock or shares of a corporation that is not a closely held corporation;
- a sale or transfer of the interests in a fund or funds constituting the investor limited partner or member, so long as such sale or transfer does not result in a change of control of the fund or funds constituting the investor limited partner or member;
- a sale or transfer of the interests of the investor limited partner or member to implement the ownership arrangement initially agreed upon by the parties at the time of closing, including as a result of the involvement of a syndicator, such as a contemplated transfer of the investor interest to a syndicated fund identified at the closing of the transaction.

9.2 Process and Requirements for Obtaining the Commission's Consent

The first step in obtaining the Commission's written consent is to advise the Commission staff in writing of the Applicant's proposed project transfer or assignment. At a minimum, the Applicant should describe: (1) the name of the project; (2) the names of the project Applicant and/or the owner, the proposed transferor and transferee, and all other relevant parties; (3) a complete description of the proposed project transfer or assignment, including the proposed effective date; and (4) any special circumstances related to the proposed project transfer or assignment.

After receiving the Applicant's written request, the staff will advise the Applicant if Commission consent is necessary. If it is, the staff will require the short paragraph and Financial Solvency and LIHTC History form described above and will advise the Applicant of the Commission's process and conditions that must be satisfied in order to obtain the Commission's consent, including the payment of a nonrefundable transfer fee to the Commission.

Please see submittal instructions in Chapter 9 of the Tax Credit Compliance Procedures Manual.

If the Applicant made a Commitment to participate under the Credit Set-Aside category for Qualified Nonprofit Organizations, any project transfer or assignment must be such that the project continues to qualify for applicable Credit Set-Aside category.

9.3 Final Conditions to Consent by Commission

The Commission will indicate its consent to the proposed project transfer or assignment by executing and returning to the Applicant a certain "Agreement Regarding Transfer of Project Consent." The Applicant may not complete the proposed project transfer or assignment until the Commission has executed and returned this agreement to the Applicant and until the Applicant has performed or satisfied all other requirements and conditions established by the Commission. If a Regulatory Agreement has been recorded for the project, the "Agreement Regarding Transfer of Project Interest" must be recorded in the office of the county auditor or recorder of each county where any building in the project is located.

Any project transfer or assignment made without the Commission's prior written consent (unless otherwise expressly permitted in this chapter) or otherwise in violation of the requirements or provisions of this chapter, the RAC, the Regulatory Agreement, or the Tax Credit Program will be:

- ineffective to relieve or release the transferor, the land, the project, and/or any building from the obligations and provisions of the Policies, the RAC, the Regulatory Agreement, and/or the Tax Credit Program;
- considered an event of default under the Application, the RAC, the Regulatory Agreement, and the Tax Credit Program, allowing the Commission to exercise any or all available remedies; and
- considered an event of Noncompliance that may result in the cancellation or invalidation of the reservation and/or allocation of Credit for the project and/or any building.

The indemnity and hold-harmless provisions of the RAC, the Regulatory Agreement or any other Tax Credit Program agreement by the Applicant and/or a successor-in-interest will survive the ending of such parties' interest in the project and will continue to be a personal obligation of such party.

10 Project Monitoring

Pursuant to the Qualified Allocation Plan and WAC 262-01-130(16), the Commission has established certain compliance monitoring requirements for the owners of projects. These requirements, described in the Qualified Allocation Plan and in a project's Regulatory Agreement, specify the requirements and process an owner must follow to make sure the project is in compliance with Section 42 of the Code and the Tax Credit Program. They also specify the process the Commission or its representatives will follow in monitoring for compliance with the provisions of Section 42 of the Code and the requirements of the Tax Credit Program, and in notifying the IRS of any Noncompliance.

Federal and state laws, together with Commission policies, governing the compliance monitoring are frequently amended. It is the responsibility of the owner to make sure its project complies throughout the Project Compliance Period.

10.1 Owner's Responsibilities and Requirements

The owner's responsibilities and obligations for maintaining project compliance are set forth in the Qualified Allocation Plan and the Regulatory Agreement. In addition, the Commission has prepared a Tax Credit Compliance Procedures Manual and Tax Credit Questions and Answers that govern how an owner and its agent(s) are to carry out their responsibilities and obligations for compliance with the Tax Credit Program. The Commission also provides Tax Credit compliance workshops throughout the year for owners, managers, and on-site managers to support compliance monitoring.

In addition to such other rights the Commission may exercise in connection with compliance monitoring, as a condition of participation in the Tax Credit Program a project owner agrees that the Commission may perform an on-site review of any building in the project, interview residents, review residents' applications and financial information, and review an owner's books and records relating to the project. A project owner must provide the Commission reasonable access to the project and its books and records to allow the Commission to perform compliance monitoring. In connection with this obligation, an owner must take all action as may be reasonably necessary to allow the Commission to inspect housing units occupied by residents.

The Commission will report events of Noncompliance (whether the Noncompliance relates to a violation of federal or state Tax Credit Program requirements) to the IRS regardless of whether the Noncompliance is corrected timely. Noncompliance may result in the loss and recapture of Credit, in addition to the Commission exercising its rights and remedies under the Policies, the RAC, the

Regulatory Agreement, the Tax Credit Program, and law. The procedures set forth for the Commission to report Noncompliance to the IRS are not intended to and will not limit or restrict any other rights and remedies available to the Commission under the Policies, the RAC, the Regulatory Agreement, the Tax Credit Program, or law.

11 Fee Schedule

The Commission has set the fee schedule listed below for the Tax Credit Program. The Commission may make additions or modifications to the fee schedule.

11.1 Application Fee – WAC 262-01-130(1) and (14)

The Application fee is the greater of:

- \$26 per housing unit (based on the total housing units in the project, including both low-income and market rate housing units, but excluding any common area units); or
- \$1,265.

The Application fee is nonrefundable and must be paid upon submission of the Application. A new Application fee must be paid each time a new Application is submitted, regardless of whether that Application is for the same building(s) or project.

11.2 Reservation Fee – WAC 262-01-130(14)

The reservation fee is:

- 9.50% of the total (i.e., first year) Credit reservation amount for a project that selects an Additional Low-Income Housing Commitment of at least 50% of the total low-income housing units at 50% or less of the area median gross income; or
- 12.53% of the total (i.e., first year) Credit reservation amount for any other project.

An Applicant must pay at least 50% of the reservation fee when the RAC is signed by the Applicant and submitted to the Commission, and the Applicant must pay the balance of the reservation fee by the deadline in the RAC. If the Commission does not receive the balance of the reservation fee within five business days of the deadline in the RAC, and the Commission determines that it will accept a late payment, the balance of the reservation fee must be accompanied by a late charge of 1.5% per month accruing from the RAC deadline.

The reservation fee is nonrefundable. If a RAC is canceled, the Commission will keep the entire reservation fee. Also, no adjustment of the reservation fee will be made if the final Credit allocated to a project is less than the Credit reserved to it.

11.3 Annual Compliance Monitoring Fee – WAC 262-01-130(14)

The Commission is required to monitor compliance of projects with applicable laws, regulations, and agreements. The annual compliance monitoring fee for projects placed-in-service after March 31, 2001, is \$450 for projects with 10 or fewer low-income housing units and \$45.00 per low-income housing unit for projects with 11 or more low-income housing units. These fees are nonrefundable. The annual compliance monitoring fee may be increased to cover increased compliance monitoring costs in the future.

If the first year of the credit period for a project begins with the taxable year when a building is placed-in-service, the owner must pay the annual compliance monitoring fee for the first Credit year for the entire project by the deadline in the RAC, and in any event no later than the first Monday in November of the year that the first building is placed-in-service.

The full annual compliance monitoring fee must be paid annually by the Commission deadline. The current deadline for the full fee for all projects is January 31 of each year, although the Commission may change the date. If the full fee is not paid within 30 days and the Commission determines that it will accept a late payment, the payment must be accompanied by a late fee of 1.5% per month on any unpaid amounts.

The full fee is due for a project when it is placed-in-service and is subject to compliance monitoring for a given year, regardless of the number of days a project is subject to compliance within a given year.

11.4 Transfer Fee – WAC 262-01-130(13) and (14)

A transfer fee applies to any project transfer or assignment occurring after an application is submitted. The fee is not refundable. The Commission's transfer fee schedule is outlined in Chapter 9 of the Tax Credit Compliance Procedures Manual and is subject to change. Commission staff do not review an Applicant/Owner's request for a transfer until the Commission reviews the transfer fee.

11.5 Disqualification, Cancellation, Notification to IRS of Noncompliance, and Debarment

If an Applicant or project owner fails to pay any Tax Credit Program fee on time and in full, the Commission may disqualify the project and Application, cancel the Credit reservation and carryover allocation, assess a late charge, report the Noncompliance to the IRS, or prevent the Applicant, project owner, and parties associated with the project from any participation in the Tax Credit Program pursuant to the debarment rules found in WAC 262-03-040.

12 Decisions and Reviews

The MHCF Director is responsible for determining whether a project meets the Program Limits in Chapter 3, the Minimum Threshold Requirements set forth in Chapter 4, and whether the project qualifies for an award of Allocation Criteria points as set forth in Chapter 6 and the Application. Any person who has a question about this process, or who believes that the Policies have been violated or misapplied, should contact the MHCF Director and attempt to resolve the matter.

Following submission of the Application, the MHCF Director will notify an Applicant whether its project meets the Minimum Threshold Requirements and, if so, whether the project qualifies for the number of Allocation Criteria points awarded to the project. The notice may be given by any reasonable method as determined by the Commission, including posting the results on the Commission's website (www.wshfc.org) and notifying each Applicant by email that the results are so available. Except for extraordinary circumstances, the MHCF Director will not change a determination as to eligibility, qualification, satisfaction of conditions or requirements, or an award of Allocation Criteria points after posting the results.

The Applicant may request that the determination by the MHCF Director with respect to these matters be reviewed by the Executive Director or his designee using the procedures described below. The

Commission will generally not consider any complaint or argument about the MHCF Director's determinations that an Applicant could have raised through these review procedures if the Applicant has not sought and obtained such review.

12.1 Review By Executive Director

If an Applicant believes it has been treated unjustly by a determination that (and only that): (i) the project does not satisfy the Minimum Threshold Requirements or (ii) the project is not entitled to an award of Allocation Criteria points, the Applicant may ask the Executive Director to review that determination. To be considered, the request must be:

- In writing;
- Signed by the Applicant; and
- Received by the Executive Director no later than five business days after the Commission notifies the Applicant that the results are available.

A determination that a project does not meet the Minimum Threshold Requirements or does not qualify for an award of certain allocation Criteria points, may be reviewed only if the Applicant can show that:

- The MHCF Director erred in applying the Policies to the Applicant's project, or
- Extraordinary circumstances exist such that:
 - It is unreasonable and unjust to apply the Policies to the project, and
 - Making an exception will not detract from the integrity and fairness of the Tax Credit Program.

An Applicant may seek a review only with respect to the determination or award that has been made regarding the Applicant's project. No party may intervene or otherwise participate in another party's review. An Applicant may not challenge the ranking of its project relative to others. The deadlines in the Policies are not subject to review.

A request for review must state all objections to the MHCF Director's determination or award, give specific reasons for the contention that the MHCF Director erred or that extraordinary circumstances exist, and specify the desired remedy. The request must identify all information the Applicant wants the Executive Director to consider in the review. Although a request for review may include supporting documents, an Applicant may not use the review procedure to supplement the existing record.

The Executive Director (or the Executive Director's designee) will review each request for review based upon the Application and materials in the Commission's file for the project when the MHCF Director decided or award.

The Executive Director or designee may also investigate and talk to or meet with the Applicant. The Executive Director will grant relief only if the Applicant has met the burden of showing that the MHCF Director erred in applying the Policies to the Applicant's project, or that extraordinary circumstances exist such that applying the Policies as written to the project is unreasonable and unjust, and making an exception in this case will not detract from the integrity and fairness of the Program.

The Executive Director will issue a written decision within 10 business days after receiving a request for review or notify an Applicant within that period that more time is needed to respond.

12.2 Judicial Review

Judicial review of any decision of the Commission is governed by RCW 34.05.510 et seq. In accordance with RCW 34.05.534, any person seeking judicial review must first have exhausted administrative remedies.

12.3 Timing Of Reviews

The Commission administers the Tax Credit Program under strict deadlines set by the Internal Revenue Code. These deadlines may make it difficult or impossible to complete the review by the Executive Director. Any reviews that remain unresolved as of a carryover allocation or final allocation deadline set by the Code will be deemed of no practical importance.

This chapter does not apply to any decision made by the Commission relating to a project after the RAC is executed. The rights and remedies of the parties to that contract will be as set forth in the RAC.

13 Glossary

Note: The following definitions are used in the Policies and in other documents that relate to the Tax Credit Program. Capitalized terms in the Policies bear the meaning given them in the definitions in this Glossary.

The definitions in this Glossary may be amended by the Commission to comply with federal or state law. If there is a conflict between an Internal Revenue Code and a Tax Credit Program definition, restriction, or requirement, the more restrictive one will apply, as determined by the Commission.

Additional Low-Income Housing Commitment means the specified percentage of housing units that are both rent-restricted and occupied by residents whose household income is at or below the selected percentage of the area median gross income, which is at or below the level of the minimum low-income housing set-aside. The percentages refer to the Commitments made in the Application to receive Allocation Criteria points.

Additional Low-Income Housing Use Period means the number of years (commencing after the close of the compliance period) that an Applicant made a Commitment in the Application to maintain the low-income housing units and all the applicable Commitments made to receive Allocation Criteria points and to comply with all the terms and conditions of the Regulatory Agreement, as well as the requirements of Section 42 of the Code and the Tax Credit Program. The period of years refers to the applicable Commitment made in the Application to receive Allocation Criteria points.

Affiliated With means a relationship that permits a person to directly or indirectly, materially and unduly influence the policies and decisions of an organization or entity, regardless of whether the influence is exercised or merely exercisable. In the case of an individual, material and undue influence exercised or exercisable by the individual's family shall be taken into account. The Commission shall have the sole discretion to interpret and apply this definition in its broadest sense, and the Commission's determination shall be based on all relevant facts and circumstances. Unless determined otherwise by the Program Director, the following relationships are presumed to permit a person to materially and unduly influence the policies and decisions of an organization or entity:

- A single for-profit organization owns, directly or indirectly, 33 1/3 % or more of the total combined voting power of all classes of stock or membership interests of the Nonprofit

Organization; or 33 1/3% or more of the total number of shares or membership interests of all other classes of stock or interests of the Nonprofit Organization; or

- A single for-profit organization has the power, directly or indirectly, to elect 33 1/3% or more of the members of the board of directors (or similar governing body) of the Nonprofit Organization; or remove 33 1/3% or more of the members of the board of directors (or similar governing body) of the Nonprofit Organization; or
- 33 1/3% or more of the board of directors (or similar governing body) of the Nonprofit Organization are officers, directors, employees, or agents of a single for-profit organization.

For the purposes of the above, a for-profit “organization” may be a sole proprietorship or individual.

Allocation Criteria means the allocation criteria set forth in Chapter 6 and the Application used by the Commission to assess the degree to which a proposed project promotes the Commission’s Housing Priorities set forth in Chapter 5.

Annual Authority means the total state Housing Tax Credit dollar amount that the Commission may allocate for any calendar year, equal to the state Housing Tax Credit ceiling. Total Annual Authority is comprised of the Per Capita Authority plus National Pool Credit plus Returned Credit less any credit forward committed in the previous year. Whether Annual Authority will be available in a given year depends on the status of federal legislation and the Commission’s actions.

Applicant means the party that applies to the Commission for a Credit reservation and/or allocation, including its successors in interest.

Application means the Tax Credit Program Application and amendments thereto, if any, submitted by an Applicant for a project.

Certification Period means the 12-month period following the date that the Owner is required to give the Annual Certification in accordance with the reporting requirements of the Regulatory Agreement and Section 42(m) of the Code.

Code means the Internal Revenue Code of 1986, as amended, together with corresponding and applicable temporary, proposed, and final Treasury Regulations, and Revenue Rulings and pronouncements issued or amended regarding it by the U.S. Department of the Treasury or IRS to the extent applicable to the project.

Combined Funder Application is an application for affordable multifamily housing development capital jointly developed and used by the State Department of Commerce, the Commission, King County, ARCH, and the City of Seattle.

Commission means the Washington State Housing Finance Commission, a public body corporation and politic in the State of Washington.

Commissioners means the eleven-member board of Commissioners of the Commission, composed of nine members appointed by the governor and two ex officio members.

Commitment means a representation or agreement by an Applicant in the Application that is binding upon the owner of a project throughout the project Compliance Period unless otherwise noted in the Policies, the Application, or agreements in connection with the Tax Credit Program.

Common Area means a facility or facilities expected to be used by the tenants and that can reasonably be associated with residential rental properties. Examples include but are not limited to parking areas, swimming pools, storage areas, and computer rooms. Common areas must be made available to all tenants in the property on a comparable basis. Tenants may be charged a separate fee for the use of any common areas not included in eligible basis. Tenants **cannot be charged a separate fee** for the use of any common areas included in eligible basis.

Common Area Unit is a unit that is not considered a residential rental unit. The unit is treated as a common area that is required by the project to support property operations. Common area units are to be used to house on-site employees, not LIHTC housing applicants. Under certain circumstances and with Commission pre-approval, a common area unit may be temporarily redesignated as a restricted unit. A common area unit cannot ever be used as a market rate unit.

Community Revitalization Plan means a plan that is (1) a published document, approved and adopted by a governing body, by ordinance, resolution, or other legal action; and (2) targets funds or tax incentives to specific geographic areas for either of the following: economic development, including economic related initiatives; and/or commercial/retail development, including infrastructure and community facility improvement.

Controlled By or In Control Of means any kind of control, direct or indirect, by means of which a person in fact controls an organization or another person, whether or not the control is legally enforceable and regardless of the method control is exercised or merely exercisable. In the case of an individual, control possessed by the individual's family shall be considered. The Commission shall have the sole discretion to interpret and apply this definition in its broadest sense and the Commission's determination shall be based on all relevant facts and circumstances.

Correction Period has the meaning set forth in Section 4.2.

Development Team means the Applicant, the developer, the project management consultant, the general contractor and includes all persons or organizations materially involved in the acquisition, construction, rehabilitation, development, or improvement of the project.

Disabilities means a physical or mental impairment that substantially limits one or more of the major life activities of an individual, such as not being able to care for oneself, performing manual tasks, walking, seeing, hearing, speaking, breathing, or learning.

Donation means the contribution of funds made to qualify for the Donation in Support of Local Housing Needs Allocation Criterion points.

Elderly Housing Commitment has the meaning set forth in Section 6.3.4 of the Policies.

Elderly Housing Project means a project that conforms to the Fair Housing Act, as amended, and:

- A project in which all housing units are intended for and solely occupied by residents who are 62 or older;
- A project in which all housing units are each intended and operated for occupancy by at least one resident who is 55 or older, and where at least 80% of the total housing units are in fact occupied by at least one resident who is 55 or older; or

- A project which is financed, constructed, and operated under the RD Section 515 program for the elderly or a HUD elderly program

Equity Closing is the date the Project closes on its Tax Credit partnership.

Equity Gap has the meaning set forth in the Application.

Executive Director means the Executive Director of the Commission.

Farm work means services relating to cultivating the soil, raising or harvesting, or in catching, netting, handling, planting, drying, packing, grading, storing, or in preserving in its unmanufactured state any agriculture or aquaculture commodity; or delivering to storage, market, or a carrier for transportation to market or to processing any agricultural or aqua cultural commodity; or working in a processing plant and directly handling agricultural or aqua cultural product.

Farmworker means a household whose Income is derived from farm work (as defined above) in an amount not less than \$3,000 per year.

Farmworker Housing Commitment has the meaning set forth in 6.3.2 of the Policies.

Federally Assisted Building means any building that is substantially assisted, financed, or operated under Section 8; Section 221(d)(3) or Section 236 of the National Housing Act; or Section 515 of the Housing Act of 1949.

Forward Commitment of Credit means the reservation and/or allocation of credit of a portion of the Annual Authority available in a subsequent year to a qualified project during a calendar year when there is not enough Annual Authority available for that project.

Geographic Credit Pools has the meaning set forth in Section 5.2.2.

Higher Income Counties are Benton, Clark, Franklin, Island, King, Kitsap, Pierce, San Juan, Skagit, Skamania, Snohomish, Thurston, and Whatcom counties for the purposed of the Additional Low- Income Housing Set-Aside Allocation Criterion.

Homeless has two meanings:

- The meaning set forth in the Stewart B. McKinney Homeless Assistance Act
- RCW 43.185C0.10(12): "Homeless person" means an individual living outside or in a building not meant for human habitation or which they have no legal right to occupy, in an emergency shelter, or in a temporary housing program which may include a transitional and supportive housing program if habitation time limits exist. This definition includes substance abusers, mentally ill people, and sex offenders who are homeless.

Housing Commitment(s) for Priority Population means the Farmworker Housing Commitment, the Housing for Large Households Commitment, the Elderly Housing Commitment, the Housing for Persons with Disabilities Commitment and Housing for the Homeless Commitment.

Housing for Large Household Commitment has the meaning set forth in Section 6.3.3 of the Policies.

Housing for the Homeless Commitment has the meaning set forth in Section 6.3.1 of the Policies.

Housing for Persons with Disabilities Commitment has the meaning set forth in Section 6.3.5 of the Policies.

Housing Unit means a low-income housing unit or a market rate housing unit in a building that is available for rent or rented by residents. A common area unit is not a Housing Unit. “Total Housing Units” refers to all the low-income and market rate units in a Project unless the context clearly means all the Housing Units in a Building.

Identity of Interest means a financial, familial, or business relationship that permits less than arm’s length transactions. For example: Related Parties; persons, entities, or organizations Affiliated with or Controlled by or In Control of another; existence of a reimbursement program or exchange of funds; common financial interests; common officers, directors, stockholders, or managers; or family relationships between officers, directors, or stockholders.

Intermediary Costs are expenses involved in selling the Credit to raise equity capital and include syndication fees, partnership organizational costs, and broker fees.

Investor and Lender Notice means the notice that must be included in any loan application, syndication agreement, offering circular, prospectus, or other information given to potential lenders or investors.

Large Household means a group of four or more income qualified residents who are not necessarily related and who live together in a low-income housing unit containing three or more bedrooms.

Lease Rider means the disclosure statement required by the Commission which is to be attached by the owner to each resident lease and rental agreement for all Low-Income Housing Units and all market rate housing units in a project. The Lease Rider describes in general the rights of the residents of a project.

Lower Income Counties are Adams, Asotin, Chelan, Clallam, Columbia, Cowlitz, Douglas, Ferry, Garfield, Grant, Grays Harbor, Jefferson, Kittitas, Klickitat, Lewis, Lincoln, Mason, Okanogan, Pacific, Pend Oreille, Spokane, Stevens, Wahkiakum, Walla Walla, Whitman, and Yakima for the purposes of the Additional Low-Income Set-Aside Allocation Criterion.

Low-Income Housing Unit means a Housing Unit that meets the definition of a Qualified Low- Income Housing Unit. In addition, all Housing Units in the Additional Low-Income Housing Set- Aside are Low-Income Housing Units. Common area units are not included.

MHCF means the Multifamily Housing and Community Facilities Division of the Commission.

Metro Counties are Clark, Pierce, Snohomish, Spokane, and Whatcom Counties, grouped to create the Metro Geographic Credit Pool.

Minimum Threshold Requirements means the requirements that must be met by the Application deadline for a project to be considered for a Credit reservation and allocation, all as set forth in Chapter 4 of the Policies.

New Production Project is defined as new construction, the creation of new affordable units through the adaptive re-use of an existing non-residential building; or the conversion of existing market-rate units to use-restricted affordable units. A Rehabilitation project that does not meet the new vs. rehab unit percentage thresholds outlined in the Rehabilitation definition above (e.g., a project comprised of 40% rehabilitated units and 60% new construction units) is considered a New Production Project.

Noncompliance means a failure to observe or perform any covenant, condition or term of any agreement between the Applicant or project owner and the Commission, or failure to meet the requirements of Section 42 of the Code, the Policies, or the Tax Credit Program.

Non-Metro Counties are Adams, Asotin, Benton, Chelan, Clallam, Columbia, Cowlitz, Douglas, Franklin, Ferry, Garfield, Grant, Grays Harbor, Island, Jefferson, Kitsap, Kittitas, Klickitat, Lewis, Lincoln, Mason, Okanogan, Pacific, Pend Oreille, San Juan, Skagit, Skamania, Stevens, Thurston, Wahkiakum, Walla Walla, Whitman, and Yakima Counties, grouped to create the Non-Metro Geographic Credit Pool.

Nonprofit Organization means an organization organized and operated exclusively for Charitable Purposes and that is tax-exempt under Section 501(a) of the Code. Examples of these are organizations described in Sections 501(c)(3) and 501(c)(4) of the Code. A Nonprofit Organization also includes public housing authorities, public development corporations, Tribes, and Tribally Designated Housing Entities.

Placed-In-Service Allocation Requirements means the terms, conditions, obligations, and restrictions of the Tax Credit Program that are in the RAC that must be satisfied for a project to receive an allocation and for the Commission to issue IRS Form 8609.

Permanent Supportive Housing is defined under RCW 36.70A.030(19) as follows:

subsidized, leased housing with no limit on length of stay that prioritizes people who need comprehensive support services to retain tenancy and utilizes admission practices designed to use lower barriers to entry than would be typical for other subsidized or unsubsidized rental housing, especially related to rental history, criminal history, and personal behaviors. Permanent supportive housing is paired with on-site or off-site voluntary services designed to support a person living with a complex and disabling behavioral health or physical health condition who was experiencing homelessness or was at imminent risk of homelessness prior to moving into housing to retain their housing and be a successful tenant in a housing arrangement, improve the resident's health status, and connect the resident of the housing with community-based health care, treatment, or employment services. Permanent supportive housing is subject to all of the rights and responsibilities defined in chapter [59.18](#) RCW.

Principal(s) means

- with respect to a project owned by a partnership, the partners;
- with respect to a project owned by a limited liability company, the members and managers; and
- with respect to a closely held corporation, the shareholders.

Program Limits has the meaning set forth in Chapter 3 of the Policies, that is, the limits established by the Commission and set forth in Chapter 3 to be used for selecting projects for Credit reservations and allocations.

Project Compliance Period means the period beginning with the year a building in a project is placed-in-service and continuing until the latest of the following periods for each building in the project:

- The compliance period;
- The extended low-income housing use period;
- The Additional Low-Income Housing Use Period; or
- The Three-Year Period.

Qualified Allocation Plan means the plan adopted by the Commission pursuant to Internal Revenue Code Section 42(m)(1)(B), as more fully described in Chapter 1 of the Policies.

Qualified Nonprofit Organization means a nonprofit organization described in Section 501(c)(3) or Section 501(c)(4) of the Code or that is tax-exempt under Section 501(a) of the Code and that is determined by the Commission not to be Affiliated With or Controlled By a for-profit organization, entity, or individual.

RAC means the Credit Reservation and Carryover Allocation Contract.

Regulatory Agreement means the Commission's Regulatory Agreement and amendments thereto, if any, that is required to be executed by the owner and recorded in first lien position. See Section 2.11 for a discussion of the Regulatory Agreement.

A **Rehabilitation Project** is defined as existing use-restricted housing that consists of the rehabilitation of 80% or more of the housing units that exist in the Project prior to rehabilitation. The number of rehabilitated units must be 75% or more of the total units in the project.

Related Buyer or Related Seller has the meaning set forth in Section 3.7.

Related Party means:

- 1) the brothers, sisters, spouse, ancestors, and direct descendants of a person;
- 2) a person and corporation where that person owns more than 50% in value of the outstanding stock of that corporation;
- 3) two or more corporations that are connected through stock ownership with a common parent with stock possessing:
 - a) at least 50% of the total combined voting power of all classes that can vote, or
 - b) at least 50% of the total value of shares of all classes of stock of each of the corporations, or
 - c) at least 50% percent of the total value of shares of all classes of stock of at least one of the other corporations,
 - d) excluding in computing that voting power or value stock owned directly by the other corporation;
- 4) a grantor and fiduciary of any trust;
- 5) a fiduciary of one trust and a fiduciary of another trust, if the same person is a grantor of both trusts;
- 6) a fiduciary of a trust and a beneficiary of that trust;
- 7) a fiduciary of a trust and a corporation where more than 50% in value of the outstanding stock is owned by or for the trust or by or for a person who is a grantor of the trust;
- 8) a person or organization and an organization that is tax-exempt under Section 501(a) of the Code and that is Affiliated with or Controlled By that person or the person's family members or by that organization;
- 9) a corporation and a partnership, limited liability company, or joint venture if the same persons own more than:
 - a) 50% in value of the outstanding stock of the corporation; and
 - b) 50% of the capital interest or the profits' interest in the partnership, limited liability company, or joint venture;

- 10) one S corporation and another S corporation if the same persons own more than 50% in value of the outstanding stock of each corporation;
- 11) an S corporation and a C corporation, if the same persons own more than 50% in value of the outstanding stock of each corporation;
- 12) a partnership, limited liability company, or joint venture and a person or organization owning more than 50% of the capital interest or the profits' interest in that partnership, limited liability company, or joint venture; or
- 13) two partnerships, limited liability companies, or joint ventures, or a combination thereof, where the same person or organization owns more than 50% of the capital interests or profits' interests.

For purposes of 1) through 13) above, the constructive ownership provisions of Section 267 of the Code apply.

Reservation and Carryover Allocation Requirements means the terms, conditions, obligations, and restrictions of the Tax Credit Program, the RAC, together with the satisfaction of the requirements under Section 42(h)(1)(E) and/or Section 42(h)(1)(F) of the Code and Treasury Regulation Section 1.42-6.

Rules means those rules adopted by the Commission and codified in Washington Administration Code 262-01-130 governing the Tax Credit Program.

Special Needs Housing Commitment(s) has the same meaning as Housing Commitment for Priority Populations.

Tax Credit Factor means the factor selected by the Applicant that represents, on a percentage basis, the value of the tax Credit dollar amounts available for Total Project Costs.

Tax Credit Program means the Commission's program for awarding, reserving and allocating Credit and monitoring projects for compliance with the Tax Credit Program and Section 42 of the Code, as set forth in the QAP, the Rules, the Policies, and the Commission's agreements, contracts, manuals, guides and documents.

Total Project Costs means the total costs incurred in acquiring and developing the project as set forth in the proposed budget in the Application and/or in an Independent CPA's report of sources and uses of funds given to the Commission.

Transient/Transient Basis means a housing unit that does not have a minimum initial lease term of six months or that does not meet the definition of Transitional Housing. A single-room occupancy unit shall not be treated as used on a Transient Basis merely because it is rented on a month-by-month basis.

Transitional Housing means a housing unit that contains sleeping accommodations, kitchen and bathroom facilities and is located in a building that is used exclusively to facilitate the transition of homeless individuals to independent living within 24 months; and where a governmental body or Qualified Nonprofit Organization provides those individuals with temporary housing and supportive services to assist them in finding and keeping permanent housing.

Department of Commerce updates for the Housing Finance Commission meeting

Housing Division

Homeownership Unit

Contact: ann.campbell@commerce.wa.gov.

- The balance in the Covenant Homeownership Account is currently \$7.8M as of July 12. Current estimates available are approximately \$90M in total through the end of fiscal year 2025 (e.g. June 30, 2025).
- The 2024 Fall Capital Competitive funding round commenced on July 19, 2024, where \$17.5M is available and applications are due by September 23. Webinars and in person application workshops will be held in August 2024 and technical assistance is made available from July 20 through September 19.
- Commerce Community Engagement and Homeownership Unit staff continue to attend community meetings held by residents of privately held manufactured home communities who are being priced out of their communities by rent and fee increases. Commerce staff continues to work closely, to connect community members with local service providers and fair housing resources to ensure that all available resources are known to the residents.

Office of Homeless Youth

Contact: kim.justice@commerce.wa.gov.

Direct Cash Transfer Pilot Program:

- The Office of Homeless Youth (OHY) received \$500,000 in funding for fiscal year 2025 to design a direct cash transfer (DCT) pilot program to serve youth and young adults experiencing or at risk of homelessness.
- OHY is working with Point Source Youth and youth-lived expert consultants to co-design the DCT pilot program, which will provide cash to eligible youth and young adults to achieve stable housing outcomes.
- By July 1, 2025, OHY will report findings on the DCT model, the proposed number of households to be served, and the budget required for the pilot program

Office of Apple Health & Home & Permanent Supportive Housing

Contact: Melodie.Pazolt@commerce.wa.gov.

Operations, Maintenance and Supportive Service Programs:

- The team is currently closing state fiscal year 2024 and renewing budgets/contracts for state fiscal year 2025 (200+ contracts).

- The AHAH-PSH team is working closely with the Data and Performance Unit to analyze the forecasted need of HTF Operations & Maintenance (HTF-O&M) and PSH-Operations, Maintenance & Services (PSH-OMS) funding in alignment with the capital funding.
- A Notice of Funding Announcement (NOFA) is projected to be released in August to add new HTF-O&M and PSH-OMS projects to the contract portfolio.

AHAH Rent Assistance Program:

- In partnership with the Health Care Authority, the AHAH-PSH unit will be launching two rent assistance programs.
 - One program will be tenant-based rent assistance. These long-term rent assistance vouchers will be distributed through a 'lottery or drawing'. Individuals will be Apple Health and Homes prioritized population. See RCW 74.09.886 for detailed AHAH eligibility. AHAH-PSH unit will be piloting paying landlords through a newly established platform called FUTURE - Funds, Unit Tracking, and Unit Rental Exchange. Finalizing a data sharing agreement is the last step in this lengthy process.
 - In addition, AHAH-PSH unit will be issuing a competitive solicitation this fall for project-based rent assistance for AHAH eligible individuals with a priority towards AHAH capital funded projects.
- HCA is working to issue an interagency agreement for rent assistance to Commerce. These Medicaid funds, authorized by the Medicaid Transformation Demonstration Waiver 2.0, will be used to pay for 6 months of rent for individuals eligible for AHAH.

Local Government Division

Bond Cap

Contact: allan.johnson@commerce.wa.gov

An allocation of \$25M in Bond Cap was made to the Housing Finance Commission's Single-Family Program on July 16 and an allocation of \$217.15M was received by the Commission's Multi-Family Program on July 16.



Opening doors to a better life

MEMO

DATE: July 24, 2024
TO: Board Commissioners
FROM: Steve Walker
RE: Executive Directors Report

This memo is a summary of activities for each division as well as highlights of some of my activities from June 26 – July 23, 2024. Please contact Tera to set up a call with me or a division director should you have any questions.

Multifamily & Community Facilities:

- Super excited to announce that we received a HUD award for our partnership with the Seattle Foundation with our Evergreen Impact Housing Fund- EIHF- Dan Rothman accompanied Kris Hermanns to accept the award in DC. See press release here:
<https://www.seattlefoundation.org/evergreen-impact-housing-fund-wins-national-hud-award/>
- Kudos to staff and Pacifica for closing the PATH, 501c3 financing, as well as the Camas Flats project, a balance of state bond deal. Staff is continuing to develop a pipeline in our Land Acquisition Program. We are continuing to track and monitor potential opportunities through the Inflation Reduction Act and recently participated in several sessions, hearing about progress on the state Green Bank as well as other financing updates.
- We are in discussions and looking into doing further analysis on the state of the portfolio and specifically issues around vacancy and operating issues. We continue to hear about the acuteness of the operating issues especially in Seattle, and strategizing on the approach and understanding of what is happening in the market.

Homeownership:

- **Covenant Homeownership-**

Corinna Obar & Dietrich Schmitz offered 4 virtual training courses for loan originators, real estate professionals and nonprofit partners during the month of July and trained over 450 partners.

Our first CHA loan closes on August 15th!

As of 7/22, we have 13 loans with CHA reservations representing King, Pierce, Kitsap, Grant, and Spokane counties.

Calls to the hotline are steady. We are following up with many connections in communities and have been invited to do presentations at meetings and host tables at events all over the state.

We received dozens of highly qualified applicants for our new Covenant outreach position and look forward to this additional capacity.

For the CHA proviso, the Housing Counseling, Support, and Outreach for Covenant Homeownership Program RFP was released on July 1st.

- **Homeownership Assistance Fund-**

As of July 16, 2024, over 4,300 grants have been funded totaling approximately \$89.5 million dollars in grant assistance.

- In June, we had \$197 million in new reservations assisting 514 households.

Asset Management & Compliance:

- **Compliance Monitoring-**

Tax Credit Reviews: All Owner's Annual Certifications have been submitted to WBARS, and PAs have commenced their reviews. 35% of the reports are reviewed.

Bond Reviews: PAs are finalizing Bond Reviews, with 100% completed by the end of June.

- **Physical Inspections-**

Inspections are proceeding under HUD's NSPIRE standards, with LIHTC properties inspected at least once every three years. U.S. Housing Consultants are inspecting over 300 properties between March and October.

As of June 30th, 48% of the total scheduled inspections have been completed. Portfolio Analysts are currently reviewing inspection reports. Although we have only reviewed a small portion of the total units inspected, staff have found an increased administrative workload. Therefore, we are analyzing the impact of the new federal inspection standards and IRS requirements for filing an IRS Form 8823

for every instance of noncompliance. We have observed a steep rise in staff workload directly attributable to the proliferation of 8823s filed for inspection violations. AMC is working on a process change proposal to ease the administrative burden and improve the effective monitoring of the assets.

- **Eventual Tenant Ownership-**

Chrystal White is leading the monitoring of Tribal deals and collaborating with the cross-divisional Eventual Tenant Ownership work group, which has recently published policy change documents. Staff will be presenting the documents to the board of commissioners during the August meeting work session.

Community Engagement and Education-

- **Training-**

First time in many years Portfolio Analysts conducted Fundamentals and Advanced training in the Tri-Cities. We had 33 trainees attending these training courses representing 23 different companies.

- **Language Access Project-**

Renee and the team are working on reviewing the RFPs to complete the forms Evaluation and resident focus group project.

- **Staffing-**

Duane Bakke, one of the veteran Portfolio Analyst will be retiring effective July 31, 2024. Duane has been a valued member of AMC and the Commission for 27 years and will be greatly missed. We all wish Duane well.

Finance:

- Another fiscal year end is upon us, and staff are scrambling to close the books for Fiscal Year 2024 in preparation for our annual financial audit. Staff have been working with our auditors at Eide Bailly on providing preliminary information to get a head start on the audit, which will take place a month sooner than prior years due to requirements of the State Auditor's Office.
- Staff have begun the process of investigating a replacement to our very outdated timekeeping system. We met with an outside vendor for a demonstration of one software solution and will continue to explore options. We hope to have a new system in place before year end.

Steve Walker:

- **Budget Proviso and RFPs-**

As we work to implement the work of the \$2M Legislative Budget Proviso supporting homeownership and the Covenant Homeownership Act, we now have 2 of what will be 3 total RFPs on the street; one for counseling and outreach in support of the, the second is seeking a predevelopment fund grant manager to support BIPOC developers in their efforts to develop homebuying inventory and the 3rd RFP will be seeking to hire a consultant team to draft long-term vision and actionable plan to, among other activities, lower costs of starter homes and scale production. Thanks to Rich, Carol, and Rona for their support in getting these proposals out.

- **NCSHA Executive Director Workshop-**

Last week I attended the NCSHA Board Meeting and ED Workshop. Presentations and conversations covered a variety of topics including framing and messaging our diverse work and urgent needs; the growing and unique housing needs in our rural areas and states; urgent needs in many urban markets related operations stresses (e.g., occupancy/vacancy rates, rent collections, and lingering effects of the pandemic).

- **Cascadia Housing Roadmap Steering Committee-**

Cascadia Innovation Corridor made up of Oregon, Washington and British Columbia seeks to build on the robust body of existing work on housing supply to develop a clear, tactical roadmap outlining how specific policy choices can bridge the housing supply and demand gap across the Cascadia mega-region. Chaired by former Gov. Gregoire, the roadmap will be released at a November conference. The steering committee is made up of developers, land use lawyers, policymakers, planners, development financiers, and other thought leaders to help shape the housing roadmap project (led by Boston Consulting Group) and conference agenda.

Other Events and Meetings:

I took part in the following events and meetings for June:

WCRA Criticized Advisory committee meeting; BHI Supply Discussion; Audit Status Update; SAO Performance Audit; Federal Liaison Legislative Update; Meeting with Representative Frank Chopp.

Washington State Housing Finance Commission
Homeownership Programs
Fiscal Year Loan Production
July 1, 2023 - June 30, 2024

**Fiscal Year Goal - 5,000 households purchase an affordable home using the Home Adv/HK programs.*

Percentage of Goal reached YTD - 72.2%

HOME ADVANTAGE

	Loans	\$ Volume	% Households of Color
Conventional FNMA	164	\$ 62,269,583	38.4%
Conventional FHLMC	411	\$ 156,242,126	32.2%
Government	2562	\$ 998,605,227	36.6%
Energy Spark	2	\$ 1,024,009	50.0%
Total	3139	\$ 1,218,140,945	36.1%

HOUSE KEY OPPORTUNITY

	Loans	\$ Volume	% Households of Color
Conventional FNMA	161	\$ 36,792,188	40.4%
Conventional FHLMC	66	\$ 17,017,599	28.8%
Government	242	\$ 69,327,368	31.0%
Total	469	\$ 123,137,155	33.9%

DOWNPAYMENT ASSISTANCE

	Loans	\$ Volume	% Households of Color
Home Adv 0%	2960	\$ 44,959,958	36.6%
Home Adv Needs Based 1%	5	\$ 49,591	20.0%
Opportunity	405	\$ 5,620,801	34.8%
HomeChoice	34	\$ 504,964	5.8%
Bellingham	6	\$ 240,000	33.3%
East King County	0	\$ -	0.0%
Pierce County	0	\$ -	0.0%
Seattle	0	\$ -	0.0%
Tacoma	0	\$ -	0.0%
University of WA	4	\$ 350,500	25.0%
Veterans	10	\$ 90,157	20.0%
Clark County DPA	7	\$ 419,289	42.8%
Social Justice DPA	21	\$ 210,000	100.0%
Total	3452	\$ 52,445,260	35.7%

Washington State Housing Finance Commission/Homeownership Division
Counseling & Grants:
Default Counseling, Pre-Purchase and Other Homeowner Assistance
Report for June 2024

Grant Name/ Description/Service Area	Granting Entity	Subgrantees/ Partners	Grant Amount/ Date	Amount Disbursed to Date	Balance Remaining	Grant Expiration
HUD SuperNOFA 2022 Default and Pre-Purchase Counseling. Service Area: Statewide	Department of Housing and Urban Development	AFS; CVH; KCLT; OIC; OPAL; Parkview; RRCA; SNAP	\$200,000 2023/2024	\$99,347	\$100,653	9/30/2024
HUD SuperNOFA 2023 Default and Pre-Purchase Counseling. Service Area: Statewide	Department of Housing and Urban Development	AFS; CVH; KCLT; OIC; OPAL; Parkview; RRCA; SNAP	\$271,690	0.00	\$271,690	3/31/2025
HAF Counseling Pay-Per- Service Grant FY 2024 Default Housing Counseling. Service Area: Statewide	U.S. Department of the Treasury	AFS; OIC; NJP; Parkview; RRCA; SNAP; ULMS;	\$3,000,000 Jul 2023	\$1,662,850	\$1,337,150	12/31/2025
Foreclosure Fairness Act Default Housing Counseling and Mediation. Service Area: Statewide	Department of Commerce	WHRC; AFS; NJP; Parkview; RRCA; SNAP; ULMS;	\$1,000,000 FY 24	\$464,750	\$535,250	6/30/2025
HAF/STATE Civil Legal Aid Legal Representation for Low- Income Clients Service Area: Statewide	U.S. Department Treasury and State	NJP	\$5,635,311 Jan 2022	\$5,589,602	\$45,709	6/30/2024
HAF Application Assistance Post-HAF Application Assistance Service Area: Statewide	U.S. Department of the Treasury	AFS; OIC; NJP; Parkview; RRCA; SNAP; ULMS;	\$3,000,000 Oct 2022	\$1,337,555	\$1,662,445	12/31/2025

AFS – American Financial Solutions
CVH – Columbia Valley Affordable Homeownership
ECDLR – El Centro de la Raza
KCLT – Kulshan Community Land Trust
NJP – Northwest Justice Project
OPAL – Opal Community Land Trust

OIC – Opportunities Industrialization Center
Parkview – Parkview Services
RRCA – Rural Resources Community Action
SNAP – Spokane Neighborhood Action Partners
WHRC – Washington Homeownership Resource Center

HOMEOWNERSHIP PROGRAMS**HOMEBUYER EDUCATION PRODUCTION and HOME LOAN TRAINING**

July 1, 2023 - June 30, 2024

HOMEBUYER CLASS

Fiscal year goal - 800 classes, 8,000 participants by June 30, 2024

Percentage of goal reached YTD: 150%

	Classes	Participants
Virtual:	801	3,729
In-Person:	450	2,828
Online Classes:	5,474	5,474
Total:	6,725	12,031

Classes not yet reporting participation: 254

Data lags 3 months due to data collection process

In-Person and Virtual All-Time Totals 1992 to Present

Classes:	43,594
Participants	244,624

PROGRAM TRAINING ATTENDEES

Fiscal year goal - 10 Instructor classes by June 30, 2024

Percentage of goal reached YTD: 110%

Month	Classes	Attendees
July	1	44
August	1	46
September	1	73
October	0	0
November	1	60
December	1	54
January	1	56
February	1	67
March	1	55
April	1	65
May	1	59
June	1	45
Total:	11	624

Washington State Housing Finance Commission

2024 Bond/Tax Credit Balance of State Allocation List



Development Name	Developer	Community-Based Organization	City	Tax-Exempt Bond Request	Taxable Bond Request	Geographic Target	Units	Points Awarded
Geographic Target: Publicly-Funded Balance of State								
Vancouver Waterfront Gateway Affordable Housing	Colas Development	Native American Youth and Family Center	Vancouver	\$23,000,000	\$ -	Publicly Funded - Balance of State	95	40
Mercy Aviva Crossing - 4%	Mercy Housing Northwest	Metropolitan Development Council	Tacoma	\$19,887,309	\$ -	Publicly Funded - Balance of State	79	38
			Subtotal	\$42,887,309	\$ -		174	
Geographic Target: Balance of State								
Crestview Terrace Apartments	Community Preservation Partners	Hopesource	Ellensburg	\$27,500,000	\$5,500,000	Balance of State	168	65
Westgate Terrace & Parkland Terrace	Reliant Group	Longview Senior Center	Longview	\$19,126,750	\$3,873,250	Balance of State	153	49
			Subtotal	\$46,626,750	\$9,373,250		321	
Geographic Target: Snohomish								
Rucker Avenue	Devco	Rise Up Academy	Everett	\$55,000,000	\$ -	Snohomish	214	41
Village at Lake Stevens	Vintage Housing Development	Veteran's Village	Lake Stevens	\$36,570,000	\$ -	Snohomish	191	46
			Subtotal	\$91,570,000	\$ -		405	
Waitlist								
Cedar Flats	MacDonald Ladd Development	Metropolitan Development Council	Puyallup	\$22,062,322	\$653,433	Balance of State	120	32
Cedar Crossing	MacDonald Ladd Development	Metropolitan Development Council	Puyallup	\$27,343,362	\$866,882	Balance of State	144	32
			Subtotal	\$49,405,684	\$1,520,315		264	
			TOTAL	\$230,489,743	\$10,893,565		1164	

ASSET MANAGEMENT & COMPLIANCE ACTIVITY REPORT

REPORTING MONTH: June 2024

The Asset Management & Compliance Division is charged with ensuring the long-term viability of Commission financed or assisted projects. This is accomplished through project compliance monitoring efforts and training of program users.

PROGRAM PURPOSE: To ensure that the public benefits of all Commission housing programs are fulfilled.

BUSINESS OBJECTIVE: Review 100% of compliance annual reports within 12 months from report receipt dates and issue compliance status letters.

Within the 12-month period, staff will:

- review Owner's Annual Certification and other reporting materials for every project.
- review resident certification packages for 5% - 20% (depending on type of review year) of the units in each project.
- notify the Internal Revenue Service of any noncompliance discovered in tax credit assisted projects.
- notify the Multifamily Housing division of any significant noncompliance issues.

Tax Credit Reports *

Calendar Year 2024	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	GOAL	% COMPLETED
REPORTS REVIEWED	1	31	21	28	94	201							376	1,075	35%

Calendar Year 2023	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	GOAL	% COMPLETED
REPORTS REVIEWED	2	2	16	84	207	143	44	68	73	92	122	205	1,058	1,055	100%

Tax credit reports are due January 31st of every year for the previous calendar year.

Bond Reports **

Calendar Year 2024	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	GOAL	% COMPLETED
REPORTS REVIEWED	6	19	14	20	7	4							70	70	100%

Calendar Year 2023	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	GOAL	% COMPLETED
REPORTS REVIEWED	11	21	44	2	0	0	0	1	0	0	0	0	79	75	105%

Bond reports are due January 7th of every year for the previous calendar year.

Notes: * Tax credit reporting bridges two fiscal program years.

** Goal total for bonds indicates both bond property annual reports and initial reports for Acquisition-Rehab bonds and New Construction bonds quarterly reporting as needed. New properties with both bonds and tax credits are reviewed as bonds until placed in service, then converted to tax credits for annual reviews.

ASSET MANAGEMENT & COMPLIANCE ACTIVITY REPORT

REPORTING MONTH: June 2024

BUSINESS OBJECTIVE: *Complete on-site review of 33^{1/3}% of all projects by December 31, 2024.*

Within the 12-month calendar year, the Commission will:

- conduct on-site inspections of 33^{1/3}% of projects monitored according to HUD inspection standards.
- inspect 20% of all low-income units for health and safety issues.
- notify the Internal Revenue Service of any project noncompliance discovered through the inspections.

Project Inspections

Calendar Year 2024	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	GOAL	% COMPLETED
ON-SITES COMPLETED	1	2	30	45	57	47							182	380	48%

Calendar Year 2023	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	GOAL	% COMPLETED
ON-SITES COMPLETED	4	2	45	54	52	56	52	54	55	1	0	0	375	375	100%

NOTE: Cumulative totals for all goals may be greater or lesser than goal totals as new projects are coming on-line throughout the year; placed in service dates for projects can move forward or be delayed, affecting the number of reports and/or inspections that need to be completed each year. Inspections are sometimes canceled due to delayed placed in service dates or for other reasons.

COMPLIANCE TRAININGS: The next Tax Credit Compliance Workshops are scheduled for:
Tuesday and Wednesday, August 20-21, 2024 Spokane
In-Person Tax Credit Fundamentals and Advanced Workshops

The next Bond Compliance Workshop is scheduled for:
Tuesday and Wednesday, October 8-9, 2024 ONLINE



WASHINGTON STATE
**HOUSING FINANCE
COMMISSION**

Nicole Bascomb-Green
Chair
Steve Walker
Executive Director

July 23, 2024

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 June 30, 2024 and the related statement of Activities and Changes in Net Position for the month ended in accordance with generally accepted accounting principles.

Please be aware that these statements represent the best information available at the report date. June 30, 2024 represents the end of the fiscal year and, as such, additional efforts are taken to assure accrual of all expense and revenue into the appropriate fiscal year. Therefore, we expect additional recognition or reclassification to the statements. However, except for pension related entries required by the Government Accounting Standards Board (GASB), such changes are not expected to be material.

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: Sharon Hu
Sharon Hu
Senior Controller

WASHINGTON STATE
HOUSING FINANCE COMMISSION
GENERAL OPERATING FUND

June 30, 2024

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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
June 30, 2024
(See Accountant's Compilation Report)

	Current Year	Prior Year	Variance		
			Amount		%
ASSETS					
Cash and Cash Equivalents:					
Demand Deposits	\$ 6,524,047	\$ 6,914,411	\$ (390,364)	(1)	-6%
Money Market Accounts	111,697,136	152,214,062	(40,516,926)	(1)	-27%
Investment Securities	38,601,831	40,228,323	(1,626,492)	(1)	-4%
Interest Receivable	985,602	960,813	24,789		3%
Fees Receivables	13,306,085	12,526,287	779,798		6%
Prepaid Expenses & Other Receivable	3,435,647	1,254,926	2,180,721	(2)	174%
Furniture and Fixtures (net of depreciation)	407,092	348,490	58,602	(3)	17%
Intangible Lease Asset (net of amortization)*	763,411	763,411	-	(4)	0%
Net Pension Asset*	1,767,016	1,767,016	-		0%
<i>Total Assets</i>	<u>177,487,867</u>	<u>216,977,739</u>	<u>(39,489,872)</u>		<u>-18%</u>
Deferred Outflow of Resources (Pension & OPEB Contributions) *	<u>5,479,906</u>	<u>5,479,906</u>	<u>-</u>		<u>0%</u>
<i>Total Assets and Deferred Outflows</i>	<u>\$ 182,967,773</u>	<u>\$ 222,457,645</u>	<u>\$ (39,489,872)</u>		<u>-18%</u>
LIABILITIES					
Accounts Payable and Other Liabilities	\$ 5,149,995	\$ 6,105,505	\$ (955,510)	(5)	-16%
Unearned Fee Income	99,970,410	149,259,888	(49,289,478)	(6)	-33%
Accrued Payroll Payable	1,965,586	1,677,164	288,422	(7)	17%
Lease Liability*	719,844	719,844	-	(4)	0%
Net Pension Liability *	3,584,711	3,584,711	-		0%
<i>Total Liabilities</i>	<u>111,390,546</u>	<u>161,347,112</u>	<u>(49,956,566)</u>		<u>-31%</u>
Deferred Inflow of Resources (Change in Investment Return/Assumptions - Pension & OPEB) *	<u>6,907,214</u>	<u>6,907,214</u>	<u>-</u>		<u>0%</u>
NET POSITION					
Invested in Capital Assets	407,091	348,492	58,599	(3)	17%
Committed - Housing Washington *	350,886	496,505	(145,619)		-29%
Unrestricted	63,912,036	53,358,322	10,553,714		20%
Total Net Position	<u>64,670,013</u>	<u>54,203,319</u>	<u>10,466,694</u>		<u>19%</u>
<i>Total Liabilities, Deferred Inflows and Net Position</i>	<u>\$ 182,967,773</u>	<u>\$ 222,457,645</u>	<u>\$ (39,489,872)</u>		<u>-18%</u>

- (1) Fluctuations in these accounts are considered in aggregate. The decrease is primarily due to the drawdown of funds for the Homeowner Assistance Fund (HAF) program.
- (2) The increase in prepaids and other receivables balance is primarily due to receivables related to principal and interest advanced on GNMA securities serviced by IHFA.
- (3) The increase in net capital assets reflects the deposit made on the purchase of new office furniture and fixtures, offset by continued depreciation and amortization of capital assets.
- (4) These accounts reflect the implementation of GASB 87 in which long-term, non-ownership-transferring leases are recorded as an intangible right-of-use asset and a lease liability. Adjustments are made at year-end to record the amortization of the office rent lease asset and reduction in related lease liability.
- (5) The overall decrease in accounts payable and other liabilities is primarily due to the return of a large portion of interest earned on HAF program funds, partially offset by an increase in HAF related subgrantee payables.
- (6) The decrease in unearned fee income is primarily due to the drawdown of funds from the HAF program, established in Section 3206 of the American Rescue Plan Act of 2021.
- (7) The increase in accrued payroll payable is primarily due to higher vacation and sick leave balances, plus effects of the 4% COLA and general increases at the beginning of the fiscal year.
- * 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: June 30, 2024
(See Accountant's Compilation Report)

	Current Period	Current Year to Date	Prior Year to Date	Variance Amount	%
<i>Revenues:</i>					
Fee Income	\$ 2,907,431	\$ 37,816,054	\$ 31,769,160	\$ 6,046,894 (1)	19%
Interest Earned & Realized Gain	1,382,455	15,502,830	9,654,916	5,847,914 (2)	61%
Other	514,693	736,287	743,866	(7,579)	-1%
<i>Total Unadjusted Revenues</i>	<u>4,804,579</u>	<u>54,055,171</u>	<u>42,167,943</u>	<u>11,887,228</u>	<u>28%</u>
<i>Expenses:</i>					
Salaries, Wages, and Employee Benefits	1,046,871	11,746,936	9,732,548	2,014,388 (3)	21%
Travel & Conferences	789,903	1,031,456	568,342	463,114 (4)	81%
Professional Fees	334,910	2,675,254	1,924,818	750,436 (5)	39%
Office Expense	223,705	2,760,603	2,639,193	121,410	5%
<i>Total Expenses</i>	<u>2,395,389</u>	<u>18,214,249</u>	<u>14,864,902</u>	<u>3,349,347</u>	<u>23%</u>
<i>Adjustments</i>					
<i>Revenues:</i>					
Unrealized Gain/(Loss) on Investments	288,674	1,381,958	218,555	1,163,403	532%
Grant Revenue	5,094,832	70,982,588	39,406,555	31,576,033	80%
<i>Expenses:</i>					
Grant Pass-Through	<u>5,094,832</u>	<u>70,982,588</u>	<u>39,406,555</u>	<u>31,576,033</u>	<u>80%</u>
<i>Total Adjustments</i>	<u>288,674</u>	<u>1,381,958</u>	<u>218,555</u>	<u>1,163,403</u>	<u>532%</u>
Excess of Revenues over Expenses	2,697,864	37,222,880	27,521,596	9,701,284	35%
Less transfer to Commission Fund *	<u>-</u>	<u>-</u>	<u>(99,524)</u>	<u>99,524</u>	<u>-100%</u>
Excess of Revenues over Expenses (Net of Transfers)	<u>2,697,864</u>	<u>37,222,880</u>	<u>27,422,072</u>	<u>9,800,808</u>	<u>36%</u>
<i>Net Position</i>					
Total net position, beginning of period	61,972,149	27,447,133	26,781,247	665,886	2%
Current Increase (Decrease) - to Net position	<u>2,697,864</u>	<u>37,222,880</u>	<u>27,422,072</u>	<u>9,800,808</u>	<u>36%</u>
Total net position, end of year	<u>\$ 64,670,013</u>	<u>\$ 64,670,013</u>	<u>\$ 54,203,319</u>	<u>\$ 10,466,694</u>	<u>19%</u>

- (1) Increase in fee income is primarily due to increased revenue from the Homeownership division's Home Advantage program, coupled with an acceleration of income related to the Citi Securitization program.
- (2) The increase in interest income is primarily due to the increase in rates. For example, the LGIP rate has increased from 5.20% in the prior period to a rate of 5.40% in the current period.
- (3) Effective July 1st, all staff received a 4% cost of living wage increase and qualified staff received retention and covid vaccination bonuses, as well as an annual increase, resulting in greater salary and benefits expenses.
- (4) While conference and travel expenses increased slightly due to an increase in attendance of the NCSHA annual conference as well as a delay in recording HOWA registration fees in the prior year, the increase primarily reflects greater Housing WA Conference activity expenses recorded to the Commission at year-end compared to the prior year.
- (5) Professional fees increase is primarily due to greater property inspection related expenses in the Asset Management & Compliance Division and electronic content management consulting expenses for all divisions.
- * Effective 1/1/2013, 25% of the Home Advantage Program revenue was transferred to the Single-family bond program's Commission Fund to ensure future indenture and program flexibility. Due to an ease in the revenue generated from the Home Advantage program, the 25% allocation has been suspended indefinitely, effective 7/1/23, until it is determined be beneficial to the Commission Fund to resume allocation and transfers.

Washington State Housing Finance Commission
Detailed Statement of Activities
Fund: General Operating Fund
Division: All
For The Year To Date Ending: June 30, 2024
(See Accountant's Compilation Report)

	Variance-YTD vs. PY Actuals		Prior YTD	YTD	YTD	Variance-YTD Budget to	
	%	Amount	Actual	Actual	Budget	Actual	%
<i>Revenues:</i>							
Program Fees	17.8%	\$ 3,958,105	\$ 22,255,341	\$ 26,213,446	\$ 23,806,323	\$ 2,407,123	10.1%
Issuance, Application, and Servicing Fees	22.0%	2,088,790	9,513,818	11,602,608	3,614,914	7,987,694	221.0%
Interest Earned & Realized Gain	60.6%	5,847,914	9,654,916	15,502,830	10,639,801	4,863,029	45.7%
Other Income	-1.0%	(7,579)	743,866	736,287	1,173,200	(436,913)	-37.2%
<i>Total Unadjusted Revenues</i>	<i>28.2%</i>	<i>11,887,230</i>	<i>42,167,942</i>	<i>54,055,170</i>	<i>39,234,238</i>	<i>14,820,933</i>	<i>37.8%</i>
<i>Expenses:</i>							
Salaries & Wages - Staff & Temp. Svcs	16.2%	1,271,984	7,866,598	9,138,582	10,509,277	(1,370,695)	-13.0%
Employee Benefits - Staff	39.8%	742,403	1,865,950	2,608,353	2,982,674	(374,321)	-12.5%
Conference, Education & Training	109.6%	431,924	394,088	826,012	117,700	708,312	601.8%
Travel out of state - Staff	-2.0%	(2,697)	132,121	129,424	243,400	(113,976)	-46.8%
Travel in state - Staff	80.4%	33,886	42,133	76,019	85,285	(9,266)	-10.9%
Accounting Fees	-23.3%	(36,656)	157,438	120,782	137,960	(17,178)	-12.5%
Legal Fees	20.5%	122,585	597,029	719,614	701,000	18,614	2.7%
Financial Advisor Fees	-25.8%	(80,006)	310,000	229,994	356,800	(126,806)	-35.5%
Investment Management Fees	-1.4%	(2,515)	175,695	173,180	230,000	(56,820)	-24.7%
Office Rent/Conf. Room Rentals	-29.5%	(231,867)	785,137	553,270	942,684	(389,414)	-41.3%
Furniture & Equipment Rental	-44.0%	(17,093)	38,876	21,783	29,520	(7,737)	-26.2%
Advertising	74.3%	42,618	57,376	99,994	327,900	(227,906)	-69.5%
Publications/ Subscriptions/ Dues	3.3%	3,131	93,647	96,778	112,369	(15,591)	-13.9%
Deliveries	-25.6%	(490)	1,914	1,424	5,270	(3,846)	-73.0%
Insurance	8.6%	5,011	58,064	63,075	60,000	3,075	5.1%
Meeting Expense	-32.8%	(16,359)	49,815	33,456	112,249	(78,793)	-70.2%
Equipment & Building Maintenance	294.0%	27,380	9,312	36,692	111,520	(74,828)	-67.1%
Software Maint. Support & Other Info Svcs	26.0%	310,870	1,195,752	1,506,622	1,609,149	(102,527)	-6.4%
Non-capitalized Equipment/Supplies	-43.3%	(58,323)	134,667	76,344	122,637	(46,293)	-37.7%
Postage	-41.2%	(588)	1,428	840	3,630	(2,790)	-76.9%
Printing	404.4%	6,418	1,587	8,005	15,590	(7,585)	-48.7%
State Services	24.8%	494	1,993	2,487	16,870	(14,383)	-85.3%
Supplies	-12.8%	(3,826)	29,890	26,064	53,100	(27,036)	-50.9%
Telephone	33.5%	19,086	57,023	76,109	70,490	5,619	8.0%
Contract Services	109.1%	747,029	684,656	1,431,685	1,526,296	(94,611)	-6.2%
Depreciation	31.0%	37,270	120,391	157,661	163,667	(6,006)	-3.7%
<i>Total Expenses</i>	<i>22.5%</i>	<i>3,349,347</i>	<i>14,864,905</i>	<i>18,214,249</i>	<i>20,647,037</i>	<i>(2,432,788)</i>	<i>-11.8%</i>
<i>Adjustments</i>							
<i>Revenues:</i>							
Unrealized Investments Gain/(Loss)	532.3%	1,163,403	218,555	1,381,958	-	1,381,958	NA
Grant Revenue	80.1%	31,576,033	39,406,555	70,982,588	138,823,719	(67,841,131)	-48.9%
<i>Expenses:</i>							
Grant Pass-Through	80.1%	31,576,033	39,406,555	70,982,588	138,823,719	(67,841,131)	-48.9%
	532.3%	1,163,403	218,555	1,381,958	-	1,381,958	NA
<i>Excess of Revenues over Expenses- adjusted</i>	<i>35.2%</i>	<i>9,701,286</i>	<i>27,521,592</i>	<i>37,222,879</i>	<i>18,587,201</i>	<i>18,635,679</i>	<i>100.3%</i>
Less transfer to Commission Fund	-100.0%	99,524	(99,524)	-	-	-	NA
<i>Excess of Revenues over Expenses (Net of Transfers)</i>	<i>35.7%</i>	<i>\$ 9,800,811</i>	<i>\$ 27,422,068</i>	<i>\$ 37,222,879</i>	<i>\$ 18,587,201</i>	<i>\$ 18,635,679</i>	<i>100.3%</i>



WASHINGTON STATE
**HOUSING FINANCE
COMMISSION**

Nicole Bascomb-Green
Chair
Steve Walker
Executive Director

June 26, 2024

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 May 31, 2024, 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 Finance Director

WASHINGTON STATE
HOUSING FINANCE COMMISSION
GENERAL OPERATING FUND

May 31, 2024

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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

May 31, 2024
(See Accountant's Compilation Report)

	Current Year	Prior Year	Variance		
			Amount		%
ASSETS					
Cash and Cash Equivalents:					
Demand Deposits	\$ 6,111,583	\$ 8,860,757	\$ (2,749,174)	(1)	-31%
Money Market Accounts	105,516,250	153,684,791	(48,168,541)	(1)	-31%
Investment Securities	36,112,414	38,341,315	(2,228,901)	(1)	-6%
Interest Receivable	944,434	880,903	63,531		7%
Fees Receivables	14,701,454	13,423,401	1,278,053	(2)	10%
Prepaid Expenses & Other Receivable	3,401,309	911,672	2,489,637	(3)	273%
Furniture and Fixtures (net of depreciation)	421,445	360,112	61,333	(4)	17%
Intangible Lease Asset (net of amortization)*	763,411	1,531,162	(767,751)	(5)	-50%
Net Pension Asset*	1,767,016	5,925,840	(4,158,824)		-70%
Total Assets	169,739,316	223,919,953	(54,180,637)		-24%
Deferred Outflow of Resources (Pension & OPEB Contributions) *	5,479,906	1,960,676	3,519,230		179%
Total Assets and Deferred Outflows	\$ 175,219,222	\$ 225,880,629	\$ (50,661,407)		-22%
LIABILITIES					
Accounts Payable and Other Liabilities	\$ 11,934,458	\$ 3,754,697	\$ 8,179,761	(6)	218%
Unearned Fee Income	88,198,011	157,003,689	(68,805,678)	(7)	-44%
Accrued Payroll Payable	1,902,834	1,656,458	246,376	(8)	15%
Lease Liability*	719,844	1,424,129	(704,285)	(5)	-49%
Net Pension Liability *	3,584,711	4,144,035	(559,324)		-13%
Total Liabilities	106,339,858	167,983,008	(61,643,150)		-37%
Deferred Inflow of Resources (Change in Investment Return/Assumptions - Pension & OPEB) *	6,907,214	7,567,112	(659,898)		-9%
NET POSITION					
Invested in Capital Assets	421,444	360,114	61,330	(4)	17%
Committed - Housing Washington *	350,886	496,505	(145,619)		-29%
Unrestricted	61,199,820	49,473,890	11,725,930		24%
Total Net Position	61,972,150	50,330,509	11,641,641		23%
Total Liabilities, Deferred Inflows and Net Position	\$ 175,219,222	\$ 225,880,629	\$ (50,661,407)		-22%

- (1) Fluctuations in these accounts are considered in aggregate. The decrease is primarily due to the drawdown of funds for the Homeowner Assistance Fund (HAF) program.
- (2) The overall increase in fees receivable is primarily due to an increase in receivables related to DPA loans in the Homeownership program and greater balances related to 2nd half tax credit fees for Commission issued 4% bonds.
- (3) The increase in prepaids and other receivables balance is primarily due to receivables related to principal and interest advanced on GNMA securities serviced by IHFA, as well as, prepaids for software application maintenance, cloud server hosting, and support services.
- (4) The increase in net capital assets reflects a deposit made on the purchase of new office furniture and fixtures, offset by continued depreciation and amortization of assets placed in service.
- (5) These accounts reflect the implementation of GASB 87 in which long-term, non-ownership-transferring leases are recorded as an intangible right-of-use asset and a lease liability. The decrease is primarily related to the amortization of the office rent lease asset and reduction in related lease liability.
- (6) The overall increase in accounts payable and other liabilities is primarily due to the recording of payables related to the interest earned on HAF program funds.
- (7) The decrease in unearned fee income is primarily due to the drawdown of funds from the HAF program, established in Section 3206 of the American Rescue Plan Act of 2021.
- (8) The increase in accrued payroll payable is primarily due to higher vacation and sick leave balances, plus effects of the 4% COLA and general increases at the beginning of the fiscal year.
- * 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: May 31, 2024
(See Accountant's Compilation Report)

	Current Period	Current Year to Date	Prior Year to Date	Variance	
				Amount	%
<i>Revenues:</i>					
Fee Income	\$ 4,450,213	\$ 34,908,623	\$ 27,858,848	\$ 7,049,775 (1)	25%
Interest Earned & Realized Gain	1,315,844	14,120,375	8,649,788	5,470,587 (2)	63%
Other	11,202	221,594	224,185	(2,591)	-1%
<i>Total Unadjusted Revenues</i>	<u>5,777,259</u>	<u>49,250,592</u>	<u>36,732,822</u>	<u>12,517,770</u>	<u>34%</u>
<i>Expenses:</i>					
Salaries, Wages, and Employee Benefits	978,115	10,700,065	9,423,116	1,276,949 (3)	14%
Travel & Conferences	38,012	241,553	198,482	43,071 (4)	22%
Professional Fees	381,084	2,340,344	1,722,570	617,774 (5)	36%
Office Expense	267,107	2,536,897	2,357,245	179,652	8%
<i>Total Expenses</i>	<u>1,664,318</u>	<u>15,818,859</u>	<u>13,701,414</u>	<u>2,117,445</u>	<u>15%</u>
<i>Adjustments</i>					
<i>Revenues:</i>					
Unrealized Gain/(Loss) on Investments	511,939	1,093,284	606,531	486,753	80%
Grant Revenue	5,093,696	65,887,417	32,459,366	33,428,051	103%
<i>Expenses:</i>					
Grant Pass-Through	<u>5,093,696</u>	<u>65,887,417</u>	<u>32,459,366</u>	<u>33,428,051</u>	<u>103%</u>
<i>Total Adjustments</i>	<u>511,939</u>	<u>1,093,284</u>	<u>606,531</u>	<u>486,753</u>	<u>80%</u>
Excess of Revenues over Expenses	4,624,880	34,525,017	23,637,939	10,887,078	46%
Less transfer to Commission Fund *	<u>-</u>	<u>-</u>	<u>(88,677)</u>	<u>88,677</u>	<u>-100%</u>
Excess of Revenues over Expenses (Net of Transfers)	<u>4,624,880</u>	<u>34,525,017</u>	<u>23,549,262</u>	<u>10,975,755</u>	<u>47%</u>
Net Position					
Total net position, beginning of period	57,347,270	27,447,133	26,781,247	665,886	2%
Current Increase (Decrease) - to Net position	<u>4,624,880</u>	<u>34,525,017</u>	<u>23,549,262</u>	<u>10,975,755</u>	<u>47%</u>
Total net position, end of year	<u>\$ 61,972,150</u>	<u>\$ 61,972,150</u>	<u>\$ 50,330,509</u>	<u>\$ 11,641,641</u>	<u>23%</u>

- (1) Increase in fee income is primarily due to increased revenue from the Homeownership division's Home Advantage program, coupled with an acceleration of income related to the Citi Securitization program.
- (2) The increase in interest income is primarily due to the increase in rates. For example, the LGIP rate has increased from 5.15% in the prior period to a rate of 5.40% in the current period.
- (3) Effective July 1st, all staff received a 4% cost of living wage increase and qualified staff received retention and covid vaccination bonuses, as well as an annual increase, resulting in greater salary and benefits expenses.
- (4) Increase in conference and travel expenses is primarily due to an increase in attendance of the NCSHA annual conference in the current year as well as a delay in recording HOWA registration fees in the prior year.
- (5) Professional fees increase is primarily due to greater property inspection related expenses in the Asset Management & Compliance Division and electronic content management consulting expenses for all divisions.
- * Effective 1/1/2013, 25% of the Home Advantage Program revenue was transferred to the Single-family bond program's Commission Fund to ensure future indenture and program flexibility. Due to an ease in the revenue generated from the Home Advantage program, the 25% allocation has been suspended indefinitely, effective 7/1/23, until it is determined be beneficial to the Commission Fund to resume allocation and transfers.

Washington State Housing Finance Commission
Detailed Statement of Activities
Fund: General Operating Fund
Division: All
For The Year To Date Ending: May 31, 2024
(See Accountant's Compilation Report)

	Variance-YTD vs. PY Actuals		Prior YTD	YTD	YTD	Variance-YTD Budget to	
	%	Amount	Actual	Actual	Budget	Actual	%
<i>Revenues:</i>							
Program Fees	24.6%	\$ 4,722,353	\$ 19,159,782	\$ 23,882,135	\$ 21,822,463	\$ 2,059,672	9.4%
Issuance, Application, and Servicing Fees	26.8%	2,327,423	8,699,066	11,026,489	3,313,671	7,712,818	232.8%
Interest Earned & Realized Gain	63.2%	5,470,587	8,649,788	14,120,375	9,753,151	4,367,224	44.8%
Other Income	-1.2%	(2,591)	224,185	221,594	1,075,433	(853,839)	-79.4%
<i>Total Unadjusted Revenues</i>	<u>34.1%</u>	<u>12,517,772</u>	<u>36,732,822</u>	<u>49,250,592</u>	<u>35,964,718</u>	<u>13,285,875</u>	<u>36.9%</u>
<i>Expenses:</i>							
Salaries & Wages - Staff & Temp. Svcs	15.8%	1,133,412	7,187,842	8,321,254	9,633,504	(1,312,250)	-13.6%
Employee Benefits - Staff	6.4%	143,537	2,235,274	2,378,811	2,734,118	(355,307)	-13.0%
Conference, Education & Training	66.6%	36,366	54,624	90,990	107,892	(16,902)	-15.7%
Travel out of state - Staff	-13.4%	(14,551)	108,295	93,744	223,117	(129,373)	-58.0%
Travel in state - Staff	59.8%	21,256	35,563	56,819	78,178	(21,359)	-27.3%
Accounting Fees	-17.5%	(25,061)	143,089	118,028	135,043	(17,015)	-12.6%
Legal Fees	24.6%	134,292	545,832	680,124	642,583	37,541	5.8%
Financial Advisor Fees	-28.1%	(79,506)	282,500	202,994	327,067	(124,073)	-37.9%
Investment Management Fees	-1.6%	(2,671)	162,049	159,378	210,833	(51,455)	-24.4%
Office Rent/Conf. Room Rentals	-25.4%	(175,093)	688,419	513,326	864,127	(350,801)	-40.6%
Furniture & Equipment Rental	-10.8%	(2,546)	23,625	21,079	27,060	(5,981)	-22.1%
Advertising	86.4%	43,388	50,217	93,605	300,575	(206,970)	-68.9%
Publications/ Subscriptions/ Dues	4.4%	3,794	86,218	90,012	103,005	(12,993)	-12.6%
Deliveries	-21.0%	(379)	1,803	1,424	4,831	(3,407)	-70.5%
Insurance	8.6%	4,593	53,293	57,886	55,000	2,886	5.2%
Meeting Expense	-8.2%	(4,066)	49,304	45,238	102,896	(57,658)	-56.0%
Equipment & Building Maintenance	232.6%	21,661	9,312	30,973	102,227	(71,254)	-69.7%
Software Maint. Support & Other Info Svcs	27.5%	294,748	1,071,492	1,366,240	1,475,053	(108,813)	-7.4%
Non-capitalized Equipment/Supplies	-48.4%	(64,486)	133,222	68,736	112,417	(43,681)	-38.9%
Postage	-42.4%	(591)	1,395	804	3,328	(2,524)	-75.8%
Printing	435.7%	6,483	1,488	7,971	14,291	(6,320)	-44.2%
State Services	40.9%	721	1,761	2,482	15,464	(12,982)	-83.9%
Supplies	-15.3%	(3,800)	24,901	21,101	48,675	(27,574)	-56.6%
Telephone	46.3%	22,982	49,635	72,617	64,616	8,001	12.4%
Contract Services	100.3%	590,720	589,100	1,179,820	1,399,105	(219,285)	-15.7%
Depreciation	31.8%	34,567	108,836	143,403	150,028	(6,625)	-4.4%
<i>Total Expenses</i>	<u>15.5%</u>	<u>2,117,448</u>	<u>13,701,414</u>	<u>15,818,859</u>	<u>18,935,033</u>	<u>(3,116,174)</u>	<u>-16.5%</u>
<i>Adjustments</i>							
<i>Revenues:</i>							
The i Unrealized Investments Gain/(Loss)	80.3%	486,753	606,531	1,093,284	-	1,093,284	NA
Grant Revenue	103.0%	33,428,051	32,459,366	65,887,417	127,255,076	(61,367,659)	-48.2%
<i>Expenses:</i>							
Grant Pass-Through	103.0%	33,428,051	32,459,366	65,887,417	127,255,076	(61,367,659)	-48.2%
	80.3%	486,753	606,531	1,093,284	-	1,093,284	NA
<i>Excess of Revenues over Expenses- adjusted</i>	46.1%	10,887,077	23,637,939	34,525,017	17,029,685	17,495,333	102.7%
Less transfer to Commission Fund	-100.0%	88,677	(88,677)	-	-	-	NA
<i>Excess of Revenues over Expenses (Net of Transfers)</i>	<u>46.6%</u>	<u>\$ 10,975,755</u>	<u>\$ 23,549,262</u>	<u>\$ 34,525,017</u>	<u>\$ 17,029,685</u>	<u>\$ 17,495,333</u>	<u>102.7%</u>

WASHINGTON STATE HOUSING FINANCE COMMISSION QUARTERLY STATUS REPORT

Program Summary Fiscal Year 2023 - 2024 Quarter Ending: June 30, 2024

Program: Administration

Division: Executive Office

Commission Agency Wide Performance Measures:

1. Directly finance 350,000 affordable housing units by the end of fiscal year 2026.
2. Earn a minimum of \$380,000 per FTE in revenue each fiscal year.
3. Spend less than \$210,000 per FTE each fiscal year.
4. Directly finance 205 nonprofit owned facilities by the end of fiscal year 2023.
5. Develop benchmarking standards to assess progress toward increasing the accessibility of our resources for BIPOC residents and/or entities which are prioritizing the needs of BIPOC populations.
6. The Commission's employees will average a score of 4 or better on the "employee engagement" measures developed by DOP and supplemented with racial equity assessment questions when measured each fiscal year.

Business Objectives:

1. Evaluate the impact of historic and systemic racism on Commission programs and processes by June 30, 2024, and develop new tools to mitigate the impact of such racism.

First Quarter: This process is ongoing.

Second Quarter: This process is ongoing.

Third Quarter: 75% of Commission Staff have begun the state require DEI four-part training series. Consistent with our Racial Equity Strategic Plan we continue to review and update all office procedures (OPMs) to remove bias and promote inclusion.

Fourth Quarter: This process is ongoing and noteworthy progress has been made with this objective. 95% of Commission Staff have begun the state required DEI four-part module training series by watching the educational introductory video. 92% of Commission staff have completed the first module of the four-part module training. Consistent with our Racial Equity Strategic Plan, an internal team is creating a plan for an inclusive review of the organization office procedures manual (OPMs) to mitigate opportunity for bias and promote equity.

2. Evaluate the impacts resulting from the COVID-19 pandemic on Commission programs and processes and implement regulatory requirements or other changes as necessary by June 30, 2024.

First Quarter: We continue to comply with directives prescribed by the Governor

Second Quarter: We continue to comply with directives prescribed by the Governor

Third Quarter: We continue to comply with directives prescribed by the Governor

Fourth Quarter: All COVID related operating protocols and restrictions have been lifted.

3. Identify, communicate, and support enhancements of current programs as well as the development of new tools to mitigate the impact of the COVID-19 pandemic by June 30, 2024.

First Quarter: We continue to comply with directives prescribed by the Governor and communicate with staff and support them accordingly.

Second Quarter: We continue to comply with directives prescribed by the Governor and communicate with staff and support them accordingly.

Third Quarter: We continue to comply with directives prescribed by the Governor and communicate with staff and support them accordingly.

Fourth Quarter: All COVID-related operating protocols and restrictions have been lifted.

4. Conduct new Commissioner Orientation within 90 days of new appointments; Prepare for and conduct 11 monthly Commission meetings, one planning session, and assist the Commissioners in the completion of their duties by June 30, 2024.

First Quarter: Conducted three Commission meetings during the quarter via Zoom. Coordinated participation in other activities for Commissioners.

Second Quarter: Conducted three Commission hybrid meetings during the quarter via Zoom including one work session. Coordinated participation in other activities for Commissioners.

Third Quarter: Conducted three Commission hybrid meetings during the quarter via Zoom including two work sessions. Coordinated participation in other activities for Commissioners.

Fourth Quarter: Conducted two Commission hybrid meetings as well as an in person Planning Session in May. There have been no new appointments necessitating new Commissioner orientation.

5. Provide leadership in the development of statewide housing policy and obtain approval of a 2024 legislative agenda by December 30, 2023.

First Quarter: In the coming month we will begin to frame our agency legislative agenda to bring before the Board for consideration in November.

Second Quarter: The Board approved the 2024 legislative agenda at its December meeting.

Third Quarter: Task has been completed.

Fourth Quarter: Task has been completed.

6. Produce and distribute the Annual Report and Cumulative Report by December 31, 2023.

First Quarter: Communications is gathering data for the program year just passed.

Second Quarter: Communication is continuing to gather data for the program year just passed.

Third Quarter: Communications has gathered data and is in the writing stage.

Fourth Quarter: Communications has gathered data and is in the writing stage.

7. Organize and conduct a statewide housing conference by October 30, 2023; prepare and present a final report by January 31, 2024.

First Quarter: The Commission held our Housing Washington conference on October 3-5, 2023, offering an in-person conference in Tacoma and also streaming on the Whova platform. The Conference had 840 in-person attendees as well as 376 people who attended only the virtual pre-conference sessions. Thanks to the efforts of Commission staff who for the first time took charge of the content in five subject-area tracks (Homeownership, Multifamily Development, Multifamily Management, Advocacy/Communications, and General), many attendees praised the sessions as the best yet of any Housing Washington.

Second Quarter: The conference was a success. We have closed out final invoices and started planning for the September 2024 conference.

Third Quarter: Task has been completed.

Fourth Quarter: Task has been completed.

8. Lead the Friend of Housing Award selection process and produce the awards ceremony during Housing Washington in October 2023.

First Quarter: The communications team convened a staff committee that selected eight Friend of Housing awardees in various categories, then produced the evening awards ceremony at the Housing Washington conference in Tacoma. Anna Porkalob created the professional and attractive event graphics and was the primary point of contact with the attendees. Four of our Commissioners presented the awards from the stage. The acoustics of the room were a challenge during the event which is an unfortunate lesson learned for future years. We have again followed up with post-conference virtual “coffee talks” where people can meet the awardees in informal discussion of their work.

Second Quarter: The communications team convened a staff committee that selected six Friend of Housing awardees in various categories, then produced the awards ceremony at the Housing Washington conference in Tacoma in October. Gomer Roseman, Liz Prince, and Suzanne Forester in the category of *Unsung Hero*; Boa Nguyen Emerging Leader; Korean Women’s Association in the category of *Housing*

Intersection; Black Home Initiative in the category of *Racial Equity Initiative*; HopeSource in the category of *Sustainable Housing*, and Lucy Lipinski with the *Margaret Sevy Lifetime Achievement Award*. Created professional and attractive event graphics and was the primary point of contact with the attendees. Communications created a program and script for the event, which Commissioners followed to emcee and deliver remarks praising each awardee. Based on anecdotal feedback from attendees, it was a successful event. We also held two popular post-conference “coffee talk” sessions in which Steve Walker and Bob Peterson interviewed the awardees. The videos of these sessions remain available for viewing.

Third Quarter: Task has been completed.

Fourth Quarter: Task has been completed.

9. Coordinate, schedule and complete the annual revisions to the Business Resumption Plan by June 30, 2025.

First Quarter: The plan will be postponed until next year until we redevelop a new plan with a consultant.

Second Quarter: The plan will be postponed until next year until we redevelop a new plan with a consultant.

Third Quarter: The plan will be postponed until next year until we redevelop a new plan with a consultant.

Fourth Quarter: The plan will be postponed until next year until we redevelop a new plan with a consultant.

10. In collaboration with the Deputy Director and EMT/AMT, plan and conduct a staff planning session by June 30, 2024.

First Quarter: Preliminary planning for the staff planning session will begin during the next quarter.

Second Quarter: Preliminary planning is ongoing.

Third Quarter: Preliminary planning is ongoing.

Fourth Quarter: The staff planning session is scheduled for October 2024, and we are currently planning.

11. Complete the on-going implementation, monitoring and training for a Commission electronic content management system by December 31, 2023.

First Quarter: Process is ongoing with CRE8 consultant.

Second Quarter: Phase one of the consultancy has been completed. Consultant has provided Use Case Study's for phase two.

Third Quarter: Consultant is in the final phase of meeting with divisions before implementing transfer of files to Laserfiche repository.

Fourth Quarter: Consultant in conjunction with Commission IT staff have begun

working with Division's to begin transfers of existing files into the Laserfiche system. This task is expected to be completed by December 2024.

12. Conduct monthly EMT/IT Governance meetings and semi-monthly AMT meetings and record and report actions to Executive Director and staff within 5 days.

First Quarter: Conducted three EMT/IT Governance meetings and two AMT meetings during the quarter.

Second Quarter: Conducted three EMT/IT Governance meetings and one AMT meeting during the quarter.

Third Quarter: Conducted five EMT/IT Governance meetings and 4 AMT meetings. Meeting frequency was increased due to business needs and budget discussions. All meeting minutes were posted to Microsoft Teams and the P drive for staff.

Fourth Quarter: Conducted six EMT Governance meetings and one AMT meeting. All meeting minutes were posted to Microsoft Teams and the P drive for staff.

13. Monitor the strategic direction of the Commission's IT program and research, report and receive approval to implement new initiatives by December 31, 2023.

First Quarter: Provided a monthly summary report to the ITG of all the network and end-user issues. Those issues were documented in a report generated in Fresh Service (our ServiceDesk software).

Second Quarter: Provided a bi-monthly summary report to the ITG and AMT of all the network and end-user issues. Those issues were documented in a report generated in Fresh Service (our ServiceDesk software). Last provided constant updates to the Deputy Director on ongoing IT projects assigned to the IT Department.

Third Quarter: Provided a bi-monthly summary report to the ITG and AMT of all the network and end-user issues. Those issues were documented in a report generated in Fresh Service (our ServiceDesk software). Constant updates were provided to the Deputy Director on ongoing IT projects assigned to the IT Department.

Fourth Quarter: Provided a monthly summary report to the ITG of all the network and end-user issues. Those issues were documented in a report generated in Fresh Service (our ServiceDesk software).

14. Throughout 2023/2024 the Administration Division will continue to advance the Commission's commitment to racial equity and social justice by accomplishing the following objectives:

- By June 30, 2024, provide continued commitment and support for implementation of the Commission's Racial Equity Strategic Plan.

First Quarter: We continue making progress on our Racial Equity Strategic Plan (RESP) which was finalized in April 2023. We have also made significant progress on revising the Commission's Mission, Vision and Values statements and anticipate presenting those to the Board during the November or December meeting. Major milestones met this quarter included the kick off of racial affinity groups, formation of a DEI Director

recruitment committee, and selection of a recruiter for that position.

Second Quarter: We hired a DEI Director and she will start at the Commission on February 12, 2024. Additionally, we believe we are in the final stages of revising the Mission statement. Once that is finalized we will revise and finalize the Vision and Value statements.

Third Quarter: Mission, Vision and Values is in final draft form pending presentation to All Staff on May 6 and Board on May 22-23, 2024.

Fourth Quarter: The final version of the Mission, Vision, and Values (MVV) has been completed and shared with the Commissioners during the Annual Budget and Planning meeting. The Commissioners endorsed the MVV at the June Board meeting. The Director of Communication has assembled an internal team to create a poster version of the MVV to be placed in various physical locations within the WSHFC office space. The new MVV is already posted on the WSHFC website.

- By October 31, 2023, develop an inclusive process and timeline for reimagining and revising the Commission's Office Procedures Manual.

First Quarter: The OPM timeline has been identified and will continue to be monitored for updates and revisions.

Second Quarter: Continually identifying and prepare for the onboarding of the DEI Director to collaborate and brainstorm the revisioning.

Third Quarter: The completion date for developing an inclusive process for reimagining the OPM Manual has been revised to allow several leaders ample time to co-create the plan for revision of the current manual, including a set cadence for future reviews. The intended completion date for the plan and timeline is the end of the third quarter (September) of 2024.

Fourth Quarter: This is still scheduled for September 2024.

- By June 30, 2024, update the Commission's Office Procedure Manual to ensure relevance to current business practices, as well as ensuring that they reflect the Commission's commitment to racial and social justice.

First Quarter: Continually identifying and updating our organizational processes and business practices in collaboration with our consultants.

Second Quarter: Continuously identifying and enhancing our organizational processes and business practices. With the onboarding of a DEI Director, we will delve deeper to ensure collaboration and adapt our strategies accordingly.

Third Quarter: The completion date for the OPM update has been revised to ensure the DEI Director is provided ample time to evaluate the OPM's and understand the functionality of each of the procedures. The intended completion date for review and revision of the OPM Manual is the end of the fourth quarter (December) of 2024.

Fourth Quarter: This is still scheduled for December 2024.



WASHINGTON STATE
**HOUSING FINANCE
COMMISSION**

Nicole Bascomb-Green
Chair
Steve Walker
Executive Director

June 26, 2024

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 May 31, 2024, 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 Finance Director

WASHINGTON STATE HOUSING FINANCE COMMISSION QUARTERLY STATUS REPORT

Fiscal Year 2023 - 2024
Quarter Ending: June 30, 2024

Program: Homebuyer Education & Counseling

Division: Homeownership

Commission Goals:

To actively support our potential homebuyers and existing homeowners through education and counseling services.

Problem/Need:

Many lower income and first-time homebuyers lack the community resources to learn how to buy a home and understand the responsibilities of homeownership, including what to do if they are having difficulty making their monthly mortgage payment.

Program Goal:

To provide the educational opportunity for potential homebuyers to learn how to buy, maintain and stay in their home.

Business Objectives (Outputs/Outcomes):

1. Consider the impacts resulting from historic and systemic racism on Commission programs and processes, including the homeownership programs, change programs, and develop new tools to mitigate the impact of such racism. Ensure that any grant administration program complies with the Commission's efforts regarding racial and social justice initiatives.

First Quarter:

- Ongoing. We continue to advocate that any new counseling programs be mindful of racial and social justice goals. We continue to market the HAF program to underserved communities and seek opportunities to modify our programs to be more racially and socially just.

Second Quarter:

- Ongoing. We continue to advocate that any new counseling programs be mindful of racial and social justice goals. We continue to market the HAF program to underserved communities and seek opportunities to modify our programs to be more racially and socially just.

Third Quarter:

- Ongoing. We are active in internal Commission racial and social justice groups, including the Strategic Plan and the White Allies Group. We continue to advocate that any new counseling programs be mindful of racial and social justice goals. We continue to market the HAF program to underserved communities and seek opportunities to modify our programs to be more racially and socially just.

Fourth Quarter:

- Ongoing. We are active in internal Commission racial and social justice groups, including the Strategic Plan and the White Allies Group. We continue to advocate that any new counseling programs be mindful of racial and social justice goals. We continue to market the HAF program to underserved communities and seek opportunities to modify our programs to be more racially and socially just.

2. Conduct 800 homebuyer education seminars, with 8,000 participants, including on-line classes by June 30, 2024.

First Quarter:

• Classes:	287	Participants:	1,502
• Non-English:	5	Participants:	30
• Tri-County:	211	Participants:	1,012
• Rest of State:	76	Participants:	490
• eHomeAmerica Online	1,299	Participants:	1,299
Total:			2,801

Second Quarter:

• Classes:	567	Participants:	2,816
• Non-English:	7	Participants:	65
• Tri-County:	426	Participants:	1,893
• Rest of State:	141	Participants:	923
• eHomeAmerica Online	2,301	Participants:	2,301
Total:			5,117

Third Quarter:

• Classes:	980	Participants:	5,152
• Non-English:	15	Participants:	150
• Tri-County:	718	Participants:	3,386
• Rest of State:	262	Participants:	1766
• eHomeAmerica Online	3,695	Participants:	3,695
Total:			8,847

Fourth Quarter:

• Classes:	1,251	Participants:	6,557
• Non-English:	15	Participants:	65
• Tri-County:	503	Participants:	2,680
• Rest of State:	748	Participants:	1,083
• eHomeAmerica Online	5,474	Participants:	5,474
Total:			12,031

3. For new grants or existing grants develop and/or implement the appropriate distribution program by June 30, 2024.

First Quarter:

- Ongoing for existing grants. Additional FY 2024 funding is from the Foreclosure Fairness Act and being finalized with the Department of Commerce.

Second Quarter:

- Ongoing for existing grants. Additional FY 2024 funding is from the Foreclosure Fairness Act and being finalized with the Department of Commerce

Third Quarter:

- Ongoing for existing grants.

Fourth Quarter:

- Ongoing for existing grants.

4. For grants that may expire this fiscal year, ensure that counseling funds are distributed by the grant end dates, or seek extensions as appropriate by June 30, 2024.

First Quarter:

- Ongoing

Second Quarter:

- Ongoing

Third Quarter:

- Ongoing

Fourth Quarter:

- Ongoing

5. Continue cooperative work with the Department of Commerce to assist in implementing any Foreclosure Fairness Act funds that become available to comply with program goals that may be set by the Commission, Commerce, or the Washington State Legislature by July 1, 2024.

First Quarter:

- Additional FY 2024 funding is from the Foreclosure Fairness Act and transfer of funding is being finalized with the Department of Commerce.

Second Quarter:

- Additional FY 2024 funding is from the Foreclosure Fairness Act and transfer of funding is being finalized with the Department of Commerce.

Third Quarter:

- Worked closely with the Department of Commerce to successfully advocate for additional network funding for FY 2025.

Fourth Quarter:

- Worked closely with the Department of Commerce and our partners create funding distribution plan for FY 2025 Supplement Budget and FFA Collected Fees

6. Continue to implement the American Rescue Plan Act Homeownership Assistance Program to comply with program goals that may be set by the Commission, Treasury, or the Washington State Legislature by June 30, 2024.

First Quarter:

- Ongoing. HAF Program continues to be successfully implemented.

Second Quarter:

- Ongoing. HAF Program continues to be successfully implemented.

Third Quarter:

- Ongoing. HAF Program continues to be successfully implemented.

Fourth Quarter:

- Ongoing. HAF Program continues to be successfully implemented.

Performance Measures:

1. Ten percent (10%) of the Homebuyer Education class instructor's participants teach a class within twelve (12) months of taking the class.

First Quarter:

- Out of 608 trainees, 138 or 22.6% of Homebuyer Education class participants taught a class within 12 months of taking the class.

Second Quarter:

- Out of 560 trainees, 126 or 22.5% of Homebuyer Education class participants taught a class within 12 months of taking the class.

Third Quarter:

- Out of 524 trainees, 125 or 23.8% of Homebuyer Education class participants taught a class within 12 months of taking the class.

Fourth Quarter:

- Out of 441 trainees, 109 or 24.7% of Homebuyer Education class participants taught a class within 12 months of taking the class.

2. All required reporting associated with any counseling grant be completed by their respective deadlines.

First Quarter:

- All required reporting during the 1st quarter of FY 2024 completed on time.

Second Quarter:

- All required reporting during the 2nd quarter of FY 2024 completed on time.

Third Quarter:

- All required reporting during the 3rd quarter of FY 2024 completed on time.

Fourth Quarter:

- All required reporting during the 4th quarter of FY 2024 completed on time.

3. The Homeownership division receives an average score of 4 or better on the evaluation of division conducted training workshops.

First Quarter:

- Out of 3 trainings, 100% of the training received an average score of 4 or better.

Second Quarter:

- Out of 2 trainings, 100% of the training received an average score of 4 or better.

Third Quarter:

- Out of 3 trainings, 100% of the training received an average score of 4 or better.

Fourth Quarter:

- Out of 3 trainings, 100% of the training received an average score of 4 or better.

WASHINGTON STATE HOUSING FINANCE COMMISSION QUARTERLY STATUS REPORT

Program Summary Fiscal Year 2023 - 2024 Quarter Ending: June 30, 2024

Program: Homeownership Programs

Division: Homeownership

Commission Goals:

To provide effective, low-cost financing for low to moderate income homebuyers.

Problem/Need:

Low and moderate-income households—especially underserved communities and communities of color—cannot afford a home at market rates and can be subject to predatory loans. Due to historical discrimination in the housing and housing finance markets, many members of underserved communities have not been able to benefit from the generational wealth created with homeownership; therefore, for this and other reasons, they are unable to access funding for downpayments and closing costs. These communities have also been historically denied access to credit due to historically biased lending practices and inflexible investor guidelines.

Program Goal:

To address historical inequities in homeownership for low and moderate-income homebuyers, the Homeownership Division seeks to provide safe and affordable financing options that include downpayment assistance at favorable rates and terms. The Homeownership Division also seeks to broaden the credit box through flexible underwriting guidelines for potential homebuyers as well as challenging traditional financing requirements that may be biased against underserved borrowers and communities of color.

Business Objectives (Outputs/Outcomes):

1. Consider the impacts resulting from historic and systemic racism on Commission programs and processes, including the homeownership programs, change programs, develop new tools to mitigate the impact of such racism and set baseline to measure impact in alignment with the agency racial equity strategic plan by June 30, 2024.

First Quarter:

- Staff continue to evaluate HMDA data to see if there are any benchmarks.

- Added the financing of duplex properties to the Home Advantage program.
- Commissioners approved new program for Community Land Trusts

Second Quarter:

- Staff continue to evaluate HMDA data to see if there are any benchmarks.

Third Quarter:

- Staff continue to evaluate HMDA data to see if there are any benchmarks.
- Work on Covenant Homeownership Program manual.

Fourth Quarter:

- Covenant Homeownership Program designed.
- Covenant Homeownership Program manual completed.
- Staff provided Covent Homeownership Program Lender Trainings

Completed.

2. By June 30, 2024, continue to work on marketing and outreach to reach underserved communities and communities of color groups in our homeownership programs to include outreach to renters in our multifamily properties.

First Quarter:

- Collaborated with the multi-family division on providing marketing and outreach to renters in our projects.

Second Quarter:

- Working on a one page brochure for multi-family property managers to distribute.

Third Quarter:

- Finalizing one page brochure for multi-family property managers to distribute.

Fourth Quarter:

- Developing a marketing kit in conjunction with finalizing one page brochure for multi-family property managers to distribute.

Ongoing

3. Translate homeownership materials into multiple languages and have translation services available to assist clients by June 30, 2024.

First Quarter:

- Added Language Line to our phone service to assist callers in multiple languages.

Second Quarter:

- Finalizing homeownership brochures in 4 languages.

Third Quarter:

- Completed homeownership brochures in 4 languages.

Fourth Quarter:

- Posted completed homeownership brochures in 4 languages to our website.

Completed.

4. Purchase 5,000 Home Advantage loans and 300 House Key loans by June 30, 2024.

First Quarter:

1st Quarter	Number	Amount	% Minority Borrowers
House Key	151	\$ 39,915,285	29.20%
MCC	0	\$ -	
Home Advantage	774	\$ 296,972,414	35.50%
HK Opportunity DPA	130	\$ 1,823,769	28.46%
Home Advantage DPA	735	\$ 10,907,909	35.90%
Home Advantage DPA Needs Based 1%	3	\$ 29,591	0.00%
Homechoice	8	\$ 120,000	0.00%
Clark County DPA	7	\$ 419,289	42.80%
House Key Veterans	3	\$ 21,700	33.30%
House Key Seattle	0	\$ -	
Tacoma DPA	0	\$ -	
Bellingham DPA	3	\$ 120,000	0.00%
Pierce County	0	\$ -	
Bremerton DPA	0	\$ -	
HK+ Arch- East King County DPA	0	\$ -	
HK+ CLT	0	\$ -	
University of WA DPA (non-Commission funds)	0	\$ -	

Second Quarter:

2nd Quarter	Number	Amount	% Minority Borrowers
House Key	157	\$ 42,285,708	38.20%
MCC	0	\$ -	
Home Advantage	720	\$ 276,658,450	35.70%
HK Opportunity DPA	135	\$ 1,853,459	40.70%
Home Advantage DPA	682	\$ 10,154,006	36.20%
Home Advantage DPA Needs Based 1%	1	\$ 10,000	0.00%
Homechoice	13	\$ 193,825	7.70%
Clark County DPA	0	\$ -	
House Key Veterans	2	\$ 20,000	0.00%
House Key Seattle	0	\$ -	
Tacoma DPA	0	\$ -	
Bellingham DPA	0	\$ -	
Pierce County	0	\$ -	
Bremerton DPA	0	\$ -	
HK+ Arch- East King County DPA	0	\$ -	
HK+ CLT	0	\$ -	
University of WA DPA (non-Commission funds)	1	\$ 82,500	0.00%

Third Quarter:

3rd Quarter	Number	Amount	% Minority Borrowers
House Key	73	\$ 17,608,952	36.69%
MCC	0	\$ -	
Home Advantage	721	\$ 276,847,607	36.62%
HK Opportunity DPA	61	\$ 855,357	36.07%
Home Advantage DPA	669	\$ 10,161,048	37.82%
Home Advantage DPA Needs Based 1%	1	\$ 10,000	100.00%
Homechoice	7	\$ 104,139	0.00%
Clark County DPA	0	\$ -	
House Key Veterans	2	\$ 19,857	50.00%
House Key Seattle	0	\$ -	
Tacoma DPA	0	\$ -	
Bellingham DPA	3	\$ 120,000	66.67%
Pierce County	0	\$ -	
Bremerton DPA	0	\$ -	
HK+ Arch- East King County DPA	0	\$ -	
HK+ CLT	0	\$ -	
University of WA DPA (non-Commission funds)	1	\$ 88,000	0.00%

Fourth Quarter:

4th Quarter	Number	Amount	% Minority Borrowers
House Key	88	\$ 23,327,210	31.80%
MCC	0	\$ -	
Home Advantage	924	\$ 367,662,474	36.50%
HK Opportunity DPA	79	\$ 1,088,216	34.20%
Home Advantage DPA	874	\$ 13,736,995	36.50%
Home Advantage DPA Needs Based 1%	0	\$ -	
Homechoice	6	\$ 87,000	16.70%
Clark County DPA	0	\$ -	
House Key Veterans	3	\$ 28,600	0.00%
House Key Seattle	0	\$ -	
Tacoma DPA	0	\$ -	
Bellingham DPA	0	\$ -	
Pierce County	0	\$ -	
Bremerton DPA	0	\$ -	
HK+ Arch- East King County DPA	0	\$ -	
HK+ CLT	0	\$ -	
University of WA DPA (non-Commission funds)	2	\$ 180,000	50.00%

5. Conduct 10 lender Home Advantage training seminars; 10 real estate professional/lender presentations; 20 outreach activities with non-profits, lenders, real estate professionals and/or government entities, 5 partnerships, sponsorships, and/or attendance of BIPOC community-based partner events, and 4 HomeChoice down payment assistance training seminars by June 30, 2024.

Conduct 10 lender Home Advantage training seminars

First Quarter:

- Conducted 3 Home Advantage/House Key training seminars virtually via Zoom.

Total for Quarter: 03

Total for Fiscal Year: 03

Second Quarter:

- Conducted 2 Home Advantage/House Key training seminars virtually via Zoom.

Total for Quarter: 02

Total for Fiscal Year: 05

Third Quarter:

- Conducted 3 Home Advantage/House Key training seminars virtually via Zoom.

Total for Quarter: 03

Total for Fiscal Year: 08

Fourth Quarter:

- Conducted 3 Home Advantage/House Key training seminars virtually via Zoom.

Total for Quarter: 03

Total for Fiscal Year: 11

Completed.

10 real estate professional/lender presentations.

First Quarter:

- Jenni Davidson held backoffice training with 72 attendees on July 11, 2023.
- Jenni Davidson held backoffice training with 16 attendees on August 16, 2023.
- Dietrich Schmitz presented our UHAP program to staff at HomeStreet Bank on August 30, 2023.
- Jenni Davidson held backoffice training with 76 attendees on September 12, 2023.
- Robin Denning held backoffice training with 28 attendees on September 14, 2023.
- Dietrich Schmitz presented our programs to staff at Banner Bank on September 18, 2023.
- Dietrich Schmitz presented our programs real estate agents at Windermere Adobe Lakewood office on September 19, 2023.
- Dietrich Schmitz presented our programs to staff at Guild Mortgage in Wenatchee on September 25, 2023.

Total for Quarter: 08

Total for Fiscal Year: 08

Second Quarter:

- Lisa DeBrock presented at the Habitat Executive Director/CEO retreat to also discuss further partnership opportunities on October 2, 2023.
- Dietrich Schmitz presented our programs at the NWMLS in Bellevue in conjunction with Down Payment Resource on October 2, 2023.
- Dietrich Schmitz moderated DPA Panel at Housing Washington on October 4, 2023.
- Corinna Obar presented our programs at the Tacoma Pierce County Association of Realtors in conjunction with Down Payment Resource on October 6, 2023.
- Lisa DeBrock presented on the Special Purpose Credit Program panel at the NCSHA annual conference on October 16, 2023.
- Jenni Davidson held backoffice training on October 17, 2023 with 13 attendees.
- Jenni Davidson held backoffice training on November 14, 2023 with 63 attendees.
- Lisa DeBrock presented at the Realtor DEI Advisory Group meeting on December 11, 2023.

Total for Quarter: 08

Total for Fiscal Year: 16

Third Quarter:

- Lisa DeBrock presented our programs to the Growth Management Policy Board on January 4, 2024.
- Robin Denning held backoffice training with representatives from WSECU on January 10, 2024 with 29 attendees.
- Jenni Davidson held backoffice training on January 16, 2024 with 31 attendees.
- Lisa DeBrock presented to the WA Realtor DEI Committee in Shelton on January 17, 2024*.
- Corinna Obar presented our programs in conjunction with Down Payment Resource via webinar hosted by WMBA on January 18, 2024.
- Jenni Davidson and Carla Vanderpool held backoffice training on February 13, 2024 with 105 attendees.
- Lisa DeBrock presented to the Whatcom County Realtors DEI Committee on February 21, 2024.
- Corinna Obar in conjunction with Freddie Mac presented our programs on February 22, 2024.

- Dietrich Schmitz presented our programs at the Catholic Charities Central WA in Sunnyside on February 27, 2024.
- Jenni Davidson held backoffice training on March 13, 2024 with 24 attendees.

Total for Quarter: 10

Total for Fiscal Year: 26

Fourth Quarter:

- Lisa DeBrock presented at the Hilltop Securities HFA MBS Investor Virtual Conference on April 11, 2024.
- Lisa DeBrock presented in conjunction with Civic Commons on the Black Home Initiative at the WMBA lunch and learn on April 12, 2024.*
- Corinna Obar presented our programs at the AREAA Real Estate & Business Expo in Burien on April 13, 2024.
- Jenni Davidson and Christian Hayes held a full backoffice training webinar on April 16, 2024 with 46 attendees.
- Jenni Davidson and Makena Ogata held a post-closing backoffice webinar training with 25 attendees on May 15, 2024.
- Robin Denning held a backoffice training webinar with 17 attendees on May 17, 2024.
- Lisa DeBrock presented our programs to the NW Independent Brokers Meeting on May 16, 2024.
- Dietrich Schmitz presented our programs to the NWMLS in Tacoma in conjunction with Down Payment Resource on May 28, 2024.
- Corinna Obar presented our programs to the NWMLS in Everett in conjunction with Down Payment Resource on May 29, 2024.
- Jenni Davidson held a full backoffice webinar training with 68 attendees on June 16, 2024.
- Corinna Obar and Dietrich Schmitz presented the Covenant program to lenders in Vancouver, Tacoma, Burien, Bellingham, and Everett on June 18th-20th, 2024.
- Corinna Obar and Dietrich Schmitz presented the Covenant program to lenders in Yakima, Tri-Cities and Spokane on June 25th-27th, 2024.

Total for Quarter: 18

Total for Fiscal Year: 44

Completed.

20 outreach activities with non-profits, lenders, real estate professionals and/or government entities.

First Quarter:

- Lisa DeBrock, Corinna Obar and Kat Komin participated in the WMBA golf tournament on July 12, 2023.
- Lisa DeBrock presented our programs at two Guild lender and Realtor events on July 18 & 19, 2023 in Bellevue and Puyallup respectively.
- Lisa DeBrock attended a HUD roundtable to give the HFA perspective on homeownership issues with Julia Gordon on August 1, 2023.
- Sarah Bruington met with representatives from Union Home Mortgage on August 3, 2023.
- Makena Ogata manned a booth at the University of Washington Resource Fair on August 7, 2023.
- Lisa DeBrock attended a homeownership roundtable in conjunction with HomeSight with Representative Adam Smith on August 11, 2023.
- Makena Ogata, Heidi McMahon and Carla Vanderpool met with representatives from Directors Mortgage on August 15, 2023.
- Joe Jen and Heidi McMahon manned our booth at the Washington Association of Mortgage Professionals (WAMP) event on September 12, 2023.
- Lisa DeBrock presented at WMBA's lunch and learn along with one of our Realtor partners on September 20, 2023.

Total for Quarter: 10

Total for Fiscal Year: 10

Second Quarter:

- Homeownership staff attended Housing Washington October 3-5, 2023.
- Homeownership staff attended the NCSHA annual conference in Boston on October 14-17th, 2023 to learn best practices and meet with industry partners.
- Jenni Davidson met with representative from AmeriSave Mortgage to discuss our programs on October 31, 2023.

- Jenni Davidson met with representatives from USA Mortgage to discuss our programs on November 1, 2023.
- Makena Ogata and Carla Vanderpool manned our table at the University of Washington Resource Fair on November 6, 2023.
- Dietrich Schmitz met with Clark County to discuss Clark County DPA on November 15, 2023.
- Kat Komin manned our table at the University of Washington Resource Fair on December 18, 2023.
- Jenni Davidson met with representatives from Columbia Credit Union on December 19, 2023.

Total for Quarter: 08

Total for Fiscal Year: 18

Third Quarter:

- Makena Ogata manned our table at the University of WA Resource Fair on January 16, 2024.
- Corinna Obar and Lisa DeBrock attended the Offsite Construction Symposium hosted by HDC on February 13, 2024.
- Lisa DeBrock and Corinna Obar traveled to Boise to meet with senior leadership staff at Idaho Housing & Finance Association and western states homeownership directors on February 28-March 1, 20024 to compare best practices.
- Dietrich Schmitz manned our table at the University of WA Resource Fair on February 20, and March 18, 2024.
- Dietrich Schmitz and Krystina Gillen manned our booth at the Kitsap Resource Fair on March 16, 2024.
- Jenni Davidson met with representative of CrossCountry Mortgage to discuss our programs on March 22, 2024.

Total for Quarter: 07

Total for Fiscal Year: 25

Fourth Quarter:

- Dietrich Schmitz manned a booth at the Kitsap Community Resources event on April 11, 2024.

- Corinna Obar and Joe Jen manned a booth at the AREAA Real Estate & Business Expo in Burien on April 13, 2024.
- Carla Vanderpool and Heidi McMahon manned a booth at the Tacoma Pierce County Association of Realtors event in Lakewood, WA on April 15, 2024.
- Dietrich Schmitz and Carla Vanderpool met with representatives from Washington Trust Bank to discuss our programs on April 23, 2024.
- Lisa DeBrock participated in the WA Mortgage Bankers' Leadership & Planning event on April 24, 2024.
- Dietrich Schmitz attended the NWCLT conference in Walla Walla on May 6th-8th, 2024.
- Dietrich Schmitz manned a booth at the Yakima Homeownership and Community Fair on May 31, 2024.
- Lisa DeBrock and Corinna Obar attended the Western States Homeownership Director's Conference in Albuquerque, New Mexico to share ideas and discuss best practices on June 9th-11th, 2024.
- Carla Vanderpool and Heidi McMahon networked at the Puget Sound Mortgage Lenders Association golf tournament on June 13, 2024.
- Jenni Davidson hosted a documents tour through Lender Online system with representatives from Cross Country Mortgage on June 15, 2024.
- Makena Ogata, Carla Vanderpool and Heidi McMahon discussed our programs with representatives from Umpqua Bank on June 25, 2024.

Total for Quarter: 11

Total for Fiscal Year: 36

Completed.

5 partnerships, sponsorships, and/or attendance of BIPOC community-based partner events.

First Quarter:

- Kat Komin and Emily Northrup attended BHI meeting on July 14, 2023.
- Lisa DeBrock attended NAREB's meet and greet on July 17, 2023.
- Corinna Obar and Lisa DeBrock presented information on our DPA in conjunction with NAREB on July 18, 2023.
- Kat Komin met with a representative of the Young Realist Division on July 20, 2023.

- Kat Komin met with representatives of the Ranier Beach Action Coalition on August 7, 2023.
- Lisa attended the BHI full team meeting on August 9, 2023.
- Lisa DeBrock and Kat Komin attended NAMMBA's summer mixer on August 16, 2023.
- Kat Komin attended the Afghan community event on August 16 & 17, 2023.
- Dietrich Schmitz manned our booth at the New Holly Gathering in conjunction with Washington Homeownership Resource Center on August 19, 2023.
- Lisa DeBrock and Corinna Obar participated in a Facebook Live event in conjunction with NAREB on August 26, 2023.
- Emily Northrup attended the Smartsheet Engage Conference on September 19-21, 2023 in Seattle.

Total for Quarter: 12

Total for Fiscal Year: 12

Second Quarter:

- Lisa DeBrock and Kat Komin attended 2 Black Home Initiative Full Team meetings on October 11th and December 6th, 2023.*
- Steve Walker, Lisa DeBrock, Pacifica, and NFHA held 2 meetings with local employers to discuss further partnership on November 1st and 2nd, 2023.*
- Homeownership staff attended "An Afternoon with Richard & Leah Rothstein Event" on November 2nd, 2023.*
- Kat Komin met attended several Black Home Initiative meetings in October, November and December 2023 to discuss outreach and marketing

Total for Quarter: 08

Total for Fiscal Year: 20

Third Quarter:

- Lisa DeBrock and Kat Komin attended a NAMMBA Network event on January 10, 2024.
- Lisa DeBrock and Kat Komin assisted with Black Home Initiative booth at the MLK Day Seattle Clergy Summit on January 15, 2024.

- Lisa DeBrock and Kat Komin managed a booth at the BHI Black Homeownership Symposium on January 26, 2024.
- Homeownership staff attended the annual NAREB Gala where Kat Komin received the Partner of the Year Award on January 27, 2024.
- Corinna Obar attended BHI lending and underwriting group meeting to discuss best practices on February 2, 2024.

Total for Quarter: 05

Total for Fiscal Year: 25

Fourth Quarter:

- Kat Komin attended the BHI Network Policy Group Meeting on April 5, 2024.
- Lisa DeBrock participated in NAREB's Community Day on April 13, 2024 and shared out programs with attendees*
- Lisa DeBrock and Corinna Obar attended the BHI Lending and Underwriting Work Group meeting on May 10th and June 14th, 2024*
- Lisa DeBrock and Kat Komin met with representatives from the Rainier Beach Action coalition to discuss further partnership on June 4, 2024.*
- Lisa DeBrock and Carla Vanderpool manned a booth at the City of Tukwila Juneteenth Annual event on June 19, 2024.*
- Dietrich Schmitz, Martina Norman-Maleski, Krystina Gillen, Heid McMahon and Randy Mentele manned a booth at the Juneteenth Freedom Festival event in Seattle on June 19, 2024.*

Total for Quarter: 07

Total for Fiscal Year: 32

Completed.

4 HomeChoice down payment assistance training seminars

First Quarter:

- Conducted 3 Home Choice down payment assistance training seminars.

Total for Quarter: 03

Total for Fiscal Year: 03

Second Quarter:

- Conducted 2 Home Choice down payment assistance training seminars.

Total for Quarter: 02

Total for Fiscal Year: 05

Third Quarter:

- Conducted 3 Home Choice down payment assistance training seminars.

Total for Quarter: 03

Total for Fiscal Year: 08

Fourth Quarter:

- Conducted 2 Home Choice down payment assistance training seminars.

Total for Quarter: 02

Total for Fiscal Year: 10

Completed.

6. Conduct an RFP to hire for Quantitative Services or extend current contract by 12/31/2023.

First Quarter:

- Will work on extension or RFP in 2nd quarter.

Second Quarter:

- Extension completed. RFP will be sent in 3rd quarter.

Third Quarter:

- Quantitative Services selected. Contracts executed.

Fourth Quarter:

Completed.

7. Work with Seller Servicer Consultant on a Work Plan and timeline for application if applicable for certification of the Commission as a Ginnie Mae, Fannie Mae or Freddie Mac seller/servicer by June 30, 2024.

First Quarter:

- Working with seller servicer consultant on QC policy and procedures.

Second Quarter

- Working with seller servicer consultant on performing applicable QC on loan portfolio.
- Working with seller servicer consultant on completing Freddie Mac agency application.

Third Quarter:

- Submitted application for approval to Freddie Mac agency.
- Submitted application to HUD agency and received approval.

Fourth Quarter:

- Waiting for approval from Freddie Mac agency.

8. Complete an initial covenant homeownership program study by March 1, 2024 or final date as determined by the legislature.

First Quarter:

- Staff contracted with the National Fair Housing Alliance and their partners ABT Associates, Fair Housing Center of Washington, and the Northwest Fair Housing Alliance to conduct the study which is well underway. Staff meets regularly with the partners.
- A meeting was held with key stakeholders including Commissioners and to give update on the study and solicit feedback on September 14, 2023.
- An update on the study was given by the National Fair Housing Alliance to Commissioners on September 28, 2023.

Second Quarter:

- Meetings continue to be held monthly with National Fair Housing Alliance and their partners ABT Associates, Fair Housing Center of Washington, and the Northwest Fair Housing on study updates and engagement.
- Covenant Homeownership study due to legislature on March 1st.

Third Quarter:

- Meetings continue to be held monthly with National Fair Housing Alliance and their partners ABT Associates, Fair Housing Center of Washington, and the Northwest Fair Housing on study updates and engagement.

- Covenant Homeownership study sent to the legislature on March 22nd.
- Covenant Homeownership study presented to Commissioners by National Fair Housing Alliance in conjunction with ABT Associates on March 28, 2024.

Fourth Quarter:

- Covenant Homeownership study presented to the public on April 2, 2024 by the National Fair Housing Alliance.
- Lisa DeBrock and Steve Walker presented a study overview to the BHI Network Policy Group on April 5, 2024 *
- A Covenant Homeownership listening session was held on April 15, 2024.
- Lisa DeBrock and Steve Walker presented the study to the CHP Oversight Committee Quarterly meeting on April 23, 2024.*

Completed.

9. Design, develop, and implement one or more special purpose credit programs to reduce racial disparities in homeownership by June 30, 2024.

First Quarter:

- The study is well underway. The program will be developed from the recommendations of the study.
- Staff met with ABT Associated and delivered program data to them for analysis.
- Activate community engagement is also underway to capture lived experience.

Total for Quarter: 03

Total for Fiscal Year: 03

Second Quarter:

- The study continues to move forward. The program will be developed from the recommendations of the study.
- Wide spread community outreach completed to capture lived experience.

Total for Quarter: 02

Total for Fiscal Year: 05

Third Quarter:

- The study released.

- Widespread stakeholder outreach.
- The program development from the recommendations of the study underway.

Total for Quarter: 03

Total for Fiscal Year: 08

Fourth Quarter:

- Program developed from study recommendations.
- Program manual drafted and finalized.
- Provided 8 lender trainings on program.
- Program approved by Commissioners.

Total for Quarter: 04

Total for Fiscal Year: 12

Completed.

Performance Measures:

5,300 low and moderate-income households purchase an affordable home using the House Key Program/Home Advantage by the Commission by June 30, 2024.

1. 90% of the loans are reviewed within 3 business days of receipt by June 30, 2024.

First Quarter:

- Out of 774 Home Advantage files, 762 or 98.50% were reviewed within 3 business days of receipt, 12 or 1.50% were reviewed after 3 business days of receipt.

Second Quarter:

- Out of 720 Home Advantage files, 702 or 97.50% were reviewed within 3 business days of receipt, 18 or 2.50% were reviewed after 3 business days of receipt.

Third Quarter:

- Out of 721 Home Advantage files, 715 or 99.17% were reviewed within 3 business days of receipt, 6 or 0.83% were reviewed after 3 business days of receipt.

Fourth Quarter:

- Out of 924 Home Advantage files, 912 or 98.7% were reviewed within 3 business days of receipt, 6 or 1.30% were reviewed after 3 business days of receipt.

Completed.

2. The Homeownership division receives an average score of 4 or better on the evaluation of division conducted training workshops.

First Quarter:

- Out of 3 trainings, 100% of the training received an average score of 4 or better.

Second Quarter:

- Out of 2 trainings, 100% of the training received an average score of 4 or better.

Third Quarter:

- Out of 3 trainings, 100% of the training received an average score of 4 or better.

Fourth Quarter:

- Out of 3 trainings, 100% of the training received an average score of 4 or better.

WASHINGTON STATE HOUSING FINANCE COMMISSION
HOMEOWNERSHIP PROGRAMS
HOME ADVANTAGE LOAN PRODUCTION
July 1, 2023 - June 30, 2024

COUNTY	HOME ADV LOAN AMOUNT	NUMBER OF HA LOANS	AVERAGE LOAN AMOUNT	AVERAGE PURCHASE PRICE	AVERAGE HOUSEHOLD INCOME	AVERAGE FAMILY SIZE	PROGRAM MINORITY %	# HA DPA LOANS 0% INT RATE	HA DPA LOAN AMOUNT	AVERAGE HA DPA LOAN	# HA NEEDS BASED DPA 1% INT RATE	# HA NEEDS BASED LOAN AMOUNT	AVE NEEDS BASED DPA AMOUNT
Adams	\$ 3,492,882	12	\$ 291,074	\$ 298,042	\$ 92,832	3.1	58.3%	12	\$ 129,218	\$ 10,768			
Asotin	\$ 2,983,397	11	\$ 271,218	\$ 276,982	\$ 96,476	2.1	27.3%	11	\$ 119,330	\$ 10,848			
Benton	\$ 64,924,842	188	\$ 345,345	\$ 354,805	\$ 108,197	2.8	44.2%	180	\$ 2,444,138	\$ 13,579			
Chelan	\$ 8,738,207	23	\$ 379,922	\$ 396,471	\$ 101,908	2.5	39.2%	20	\$ 288,210	\$ 14,411	\$ 1	\$ 10,000	\$ 10,000
Clallam	\$ 10,591,607	31	\$ 341,665	\$ 355,111	\$ 104,000	2.7	19.4%	29	\$ 374,502	\$ 12,914			
Clark	\$ 60,689,278	140	\$ 433,495	\$ 443,894	\$ 121,523	2.7	28.6%	136	\$ 2,321,179	\$ 17,067			
Columbia	\$ 1,233,316	5	\$ 246,663	\$ 251,900	\$ 92,415	3.4	0.0%	5	\$ 48,831	\$ 9,766			
Cowlitz	\$ 45,501,267	130	\$ 350,010	\$ 357,836	\$ 105,398	2.6	18.5%	126	\$ 1,715,361	\$ 13,614			
Douglas	\$ 7,684,534	19	\$ 404,449	\$ 414,173	\$ 111,579	3.2	57.9%	18	\$ 278,454	\$ 15,470			
Ferry	\$ -		\$ -	\$ -	\$ -								
Franklin	\$ 31,090,056	86	\$ 361,512	\$ 372,026	\$ 105,161	2.6	67.4%	82	\$ 1,149,670	\$ 14,020			
Garfield	\$ 706,722	3	\$ 235,574	\$ 240,667	\$ 85,601	3.0	33.3%	3	\$ 26,473	\$ 8,824			
Grant	\$ 27,460,868	89	\$ 308,549	\$ 316,793	\$ 96,932	2.9	44.9%	85	\$ 1,017,563	\$ 11,971			
Grays Harbor	\$ 24,132,343	82	\$ 294,297	\$ 301,671	\$ 91,811	2.4	21.9%	78	\$ 918,863	\$ 11,780	2	\$ 19,591	\$ 9,796
Island	\$ 10,494,267	24	\$ 437,261	\$ 446,440	\$ 121,607	3.0	8.3%	24	\$ 406,749	\$ 16,948			
Jefferson	\$ 1,281,606	4	\$ 320,402	\$ 327,750	\$ 108,878	2.0	25.0%	4	\$ 55,485	\$ 13,871			
King	\$ 107,876,169	233	\$ 462,988	\$ 483,357	\$ 128,233	2.3	57.1%	209	\$ 3,840,180	\$ 18,374			
Kitsap	\$ 44,735,289	108	\$ 414,216	\$ 426,728	\$ 116,249	2.5	29.6%	105	\$ 1,698,790	\$ 16,179			
Kittitas	\$ 6,036,708	17	\$ 355,100	\$ 370,014	\$ 111,759	1.9	17.6%	15	\$ 197,420	\$ 13,161			
Klickitat	\$ 2,486,683	8	\$ 310,835	\$ 315,950	\$ 86,707	3.0	12.5%	8	\$ 96,214	\$ 12,027			
Lewis	\$ 24,932,552	69	\$ 361,341	\$ 368,155	\$ 102,398	2.8	20.3%	68	\$ 975,915	\$ 14,352			
Lincoln	\$ 1,093,474	4	\$ 273,369	\$ 279,063	\$ 81,664	3.0	0.0%	3	\$ 35,378	\$ 11,793	1	\$ 10,000	\$ 10,000
Mason	\$ 33,656,192	98	\$ 343,431	\$ 355,627	\$ 98,107	2.6	16.3%	91	\$ 1,261,667	\$ 13,864			
Okanogan	\$ 6,743,375	24	\$ 280,974	\$ 293,588	\$ 101,600	2.7	20.8%	19	\$ 194,194	\$ 10,221			
Pacific	\$ 4,466,525	15	\$ 297,768	\$ 305,360	\$ 87,302	2.7	20.0%	14	\$ 161,947	\$ 11,568	1	\$ 10,000	\$ 10,000
Pend Oreille	\$ 2,546,686	9	\$ 282,965	\$ 294,544	\$ 94,572	2.8	22.2%	7	\$ 81,227	\$ 11,604			
Pierce	\$ 277,644,947	630	\$ 440,706	\$ 453,118	\$ 122,011	2.7	44.4%	608	\$ 10,526,286	\$ 17,313			
San Juan	\$ -		\$ -	\$ -	\$ -								
Skagit	\$ 19,686,921	45	\$ 437,487	\$ 450,246	\$ 122,806	3.1	26.7%	44	\$ 769,520	\$ 17,489			
Skamania	\$ -		\$ -	\$ -	\$ -								
Snohomish	\$ 91,877,483	182	\$ 504,821	\$ 519,006	\$ 129,937	2.6	37.4%	175	\$ 3,480,790	\$ 19,890			
Spokane	\$ 113,996,330	351	\$ 324,776	\$ 334,823	\$ 100,992	2.7	16.3%	328	\$ 4,071,266	\$ 12,412			
Stevens	\$ 7,991,527	25	\$ 319,661	\$ 326,566	\$ 92,350	3.1	8.0%	24	\$ 297,096	\$ 12,379			
Thurston	\$ 67,552,071	161	\$ 419,578	\$ 436,101	\$ 118,166	2.5	26.7%	142	\$ 2,296,518	\$ 16,173			
Wahkiakum	\$ 1,239,140	4	\$ 309,785	\$ 315,500	\$ 93,872	4.5	0.0%	4	\$ 49,109	\$ 12,277			
Walla Walla	\$ 10,066,191	30	\$ 335,540	\$ 342,530	\$ 109,223	2.9	23.3%	30	\$ 388,555	\$ 12,952			
Whatcom	\$ 28,447,242	71	\$ 400,665	\$ 418,361	\$ 109,861	2.5	23.9%	55	\$ 870,141	\$ 15,821			
Whitman	\$ 4,218,396	16	\$ 263,650	\$ 270,381	\$ 100,943	2.7	6.3%	16	\$ 157,161	\$ 9,823			
Yakima	\$ 59,841,852	192	\$ 311,676	\$ 320,674	\$ 96,278	2.8	69.8%	182	\$ 2,216,558	\$ 12,179			
TOTAL	\$ 1,218,140,945	3139	\$ 388,067	\$ 399,909	\$ 111,883	2.7	36.1%	2960	\$ 44,959,958	\$ 15,189	5	\$ 49,591	\$9,918

*Primary Mortgagor.

WASHINGTON STATE HOUSING FINANCE COMMISSION
HOMEOWNERSHIP PROGRAMS
HOUSE KEY OPPORTUNITY/CASH WINDOW/OPEN MARKET AND OPPORTUNITY DPA PRODUCTION
July 1, 2023 - June 30, 2024

COUNTY	HOUSE KEY LOAN AMOUNT	% OF TOTAL LOAN AMOUNT	NUMBER OF HK LOANS	AVERAGE LOAN AMOUNT	AVERAGE ACQUISITION COST	AVERAGE HOUSEHOLD INCOME	AVERAGE FAMILY SIZE	PROGRAM MINORITY %	GENERAL MINORITY POPULATION**	NUMBER OF OPPORTUNITY DPA LOANS	OPPORTUNITY DPA LOAN AMOUNT	AVERAGE OPPORTUNITY DPA LOAN	HUD AREA MEDIAN INCOME LIMIT
Adams	\$ 319,719	0.26%	2	\$ 159,860	\$ 173,000	\$ 48,642	2.5	0.0%	59.60%	1	\$ 15,000	\$ 15,000	\$ 47,900
Asotin	\$ 647,658	0.53%	3	\$ 215,886	\$ 221,567	\$ 71,656	2.3	0.0%	6.08%	3	\$ 38,985	\$ 12,995	\$ 60,100
Benton	\$ 2,872,768	2.33%	11	\$ 261,161	\$ 270,727	\$ 76,109	3.0	45.5%	23.70%	10	\$ 143,898	\$ 14,390	\$ 70,300
Chelan	\$ 490,197	0.40%	2	\$ 245,099	\$ 282,500	\$ 68,840	2.5	50.0%	30.33%	2	\$ 30,000	\$ 15,000	\$ 56,700
Clallam	\$ 1,050,052	0.85%	4	\$ 262,513	\$ 291,625	\$ 74,127	3.0	0.0%	15.02%	2	\$ 30,000	\$ 15,000	\$ 56,300
Clark	\$ 7,010,070	5.69%	21	\$ 333,813	\$ 382,440	\$ 89,758	2.4	38.1%	15.99%	10	\$ 145,944	\$ 14,594	\$ 73,900
Columbia									11.71%				\$ 60,000
Cowlitz	\$ 3,168,576	2.57%	12	\$ 264,048	\$ 274,717	\$ 64,648	2.3	25.0%	12.65%	10	\$ 144,929	\$ 14,493	\$ 58,100
Douglas	\$ 507,635	0.41%	2	\$ 253,818	\$ 258,500	\$ 82,324	2.5	0.0%	29.51%	2	\$ 25,307	\$ 12,654	\$ 56,700
Ferry	\$ 340,736	0.28%	2	\$ 170,368	\$ 177,500	\$ 49,459	3.5	0.0%	26.76%	2	\$ 19,475	\$ 9,738	\$ 43,600
Franklin	\$ 861,184	0.70%	3	\$ 287,061	\$ 288,000	\$ 69,734	2.3	33.3%	60.00%	3	\$ 32,587	\$ 10,862	\$ 70,300
Garfield	\$ 186,558	0.15%	1	\$ 186,558	\$ 190,000	\$ 66,379	5.0	0.0%	5.27%	1	\$ 9,800	\$ 9,800	\$ 69,700
Grant	\$ 2,543,156	2.07%	10	\$ 254,316	\$ 260,234	\$ 73,427	3.9	60.0%	43.18%	10	\$ 103,113	\$ 10,311	\$ 56,900
Grays Harbor	\$ 4,273,220	3.47%	20	\$ 213,661	\$ 221,798	\$ 65,139	2.9	10.0%	19.20%	15	\$ 190,021	\$ 12,668	\$ 56,800
Island	\$ 388,170	0.32%	1	\$ 388,170	\$ 380,000	\$ 77,625	2.0	0.0%	17.79%				\$ 74,200
Jefferson	\$ 1,673,850	1.36%	10	\$ 167,385	\$ 227,690	\$ 46,400	2.1	20.0%	10.32%	10	\$ 150,000	\$ 15,000	\$ 65,200
King	\$ 19,707,953	16.00%	76	\$ 259,315	\$ 400,427	\$ 78,398	2.2	52.7%	31.50%	65	\$ 942,842	\$ 14,505	\$ 89,600
Kitsap	\$ 3,241,244	2.63%	11	\$ 294,659	\$ 348,841	\$ 88,877	3.6	36.4%	20.33%	10	\$ 143,360	\$ 14,336	\$ 74,600
Kittitas	\$ 989,113	0.80%	5	\$ 197,823	\$ 317,958	\$ 42,217	2.0	20.0%	13.18%	5	\$ 75,000	\$ 15,000	\$ 65,800
Klickitat	\$ 203,500	0.17%	1	\$ 203,500	\$ 215,000	\$ 61,296	4.0	0.0%	17.83%	1	\$ 15,000	\$ 15,000	\$ 46,900
Lewis	\$ 1,300,154	1.06%	5	\$ 260,031	\$ 269,250	\$ 67,558	3.8	20.0%	12.39%	4	\$ 50,598	\$ 12,650	\$ 57,800
Lincoln	\$ 968,561	0.79%	5	\$ 193,712	\$ 199,260	\$ 61,370	2.2	0.0%	6.67%	5	\$ 62,675	\$ 12,535	\$ 60,300
Mason	\$ 1,824,760	1.48%	7	\$ 260,680	\$ 289,024	\$ 69,690	2.4	14.3%	15.82%	6	\$ 90,000	\$ 15,000	\$ 60,800
Okanogan	\$ 739,653	0.60%	3	\$ 246,551	\$ 259,633	\$ 57,436	4.3	33.3%	33.58%	3	\$ 45,000	\$ 15,000	\$ 51,900
Pacific	\$ 650,138	0.53%	3	\$ 216,713	\$ 244,505	\$ 64,351	2.7	0.0%	15.57%	3	\$ 35,845	\$ 11,948	\$ 53,500
Pend Oreille	\$ 397,663	0.32%	2	\$ 198,832	\$ 202,500	\$ 56,155	2.5	0.0%	10.46%	2	\$ 24,500	\$ 12,250	\$ 49,100
Pierce	\$ 19,614,035	15.93%	60	\$ 326,901	\$ 352,778	\$ 82,770	3.0	43.3%	27.50%	53	\$ 769,786	\$ 14,524	\$ 71,000
San Juan									6.62%				\$ 68,200
Skagit	\$ 978,287	0.79%	4	\$ 244,572	\$ 276,375	\$ 70,706	1.5	0.0%	22.10%	3	\$ 41,000	\$ 13,667	\$ 68,200
Skamania	\$ 366,422	0.30%	1	\$ 366,422	\$ 412,000	\$ 116,676	6.0	0.0%	10.34%	1	\$ 15,000	\$ 15,000	\$ 73,900
Snohomish	\$ 6,281,674	5.10%	18	\$ 348,982	\$ 369,427	\$ 98,173	1.8	22.2%	20.27%	14	\$ 183,100	\$ 13,079	\$ 89,600
Spokane	\$ 20,251,760	16.45%	86	\$ 235,486	\$ 257,867	\$ 62,510	2.4	24.4%	11.97%	76	\$ 1,028,332	\$ 13,531	\$ 64,500
Stevens	\$ 1,135,196	0.92%	5	\$ 227,039	\$ 237,800	\$ 53,439	2.4	20.0%	11.91%	4	\$ 58,898	\$ 14,725	\$ 54,700
Thurston	\$ 2,816,833	2.29%	9	\$ 312,981	\$ 328,741	\$ 79,581	2.9	0.0%	19.59%	8	\$ 114,395	\$ 14,299	\$ 71,500
Wahkiakum									8.14%				\$ 54,500
Walla Walla	\$ 539,106	0.44%	2	\$ 269,553	\$ 276,500	\$ 64,810	3.5	0.0%	26.91%	2	\$ 28,946	\$ 14,473	\$ 62,900
Whatcom	\$ 5,292,671	4.30%	21	\$ 252,032	\$ 306,228	\$ 67,322	2.7	19.1%	16.27%	21	\$ 307,459	\$ 14,641	\$ 67,600
Whitman	\$ 549,923	0.45%	3	\$ 183,308	\$ 212,596	\$ 71,401	4.3	0.0%	15.48%	2	\$ 26,200	\$ 13,100	\$ 67,600
Yakima	\$ 8,954,960	7.27%	38	\$ 235,657	\$ 248,766	\$ 67,682	2.7	71.1%	52.36%	36	\$ 483,806	\$ 13,439	\$ 53,200
TOTAL	\$ 123,137,155	100.00%	469	\$ 262,553	\$ 306,523	\$ 72,499	2.6	33.9%	25.19%	326	\$ 5,620,801	\$ 17,242	\$ 62,933

*Primary Mortgagor.

**WASHINGTON STATE HOUSING FINANCE COMMISSION
HOMEOWNERSHIP PROGRAMS
DOWNPAYMENT ASSISTANCE PRODUCTION (ACTIVE/INACTIVE)
July 1, 2023 - June 30, 2024**

Active Programs - Current FY totals

Active Programs - Historical totals

Inactive Programs - Historical totals

Active/Inactive Combined totals

ACTIVE PROGRAMS						
		July 1, 2023 - June 30, 2024		Historical Totals - Active Programs		
DPA PROGRAM	Launch Date	Number of Loans	Dollars Lent	Number of Loans Total	Total Dollars Loaned	Average Loan Amount
Bellingham DPA	February 2016	6	\$ 240,000	43	\$ 1,594,887	\$ 37,090
Home Advantage DPA	July 2012	2960	\$ 44,959,958	52,834	\$ 577,935,911	\$ 10,939
Home Advantage Needs Based	July 2014	5	\$ 49,591	2,265	\$ 21,163,243	\$ 9,344
HomeChoice	June 1997	34	\$ 504,964	1,600	\$ 20,406,778	\$ 12,754
House Key Opportunity	August 2012	405	\$ 5,620,801	3,976	\$ 42,247,455	\$ 10,626
East King County (ARCH) DPA	September 2005	0	\$ -	82	\$ 2,369,891	\$ 28,901
Community Land Trust DPA	September 2004	0	\$ -	124	\$ 1,550,721	\$ 12,506
Seattle DPA	June 2004	0	\$ -	424	\$ 21,715,651	\$ 51,216
Pierce County DPA	July 2015	0	\$ -	19	\$ 447,300	\$ 23,542
Tacoma DPA	June 2014	0	\$ -	68	\$ 1,332,601	\$ 19,597
Veterans DPA	December 2006	10	\$ 90,157	81	\$ 592,099	\$ 7,310
Univ of WA DPA (non-Commission funds)	May 2019	4	\$ 350,500	19	\$ 1,601,440	\$ 84,286
Clark County DPA	March 2023	7	\$ 419,289	23	\$ 1,330,142	\$ 57,832
Total		3431	\$ 52,235,260	61,558	\$ 694,288,119	

INACTIVE PROGRAMS						
DPA PROGRAM	Launch Date	Loans	Dollars	Average Loan Amount	End Date	Column1
House Key Plus	June 1999	6,301	\$ 26,735,036	\$ 4,243	June 2012	
House Key Extra	April 2000	27	\$ 165,075	\$ 6,114	July 2005	
House Key Rural	January 2001	193	\$ 1,760,117	\$ 9,120	December 2011	
House Key Schools	December 2006	195	\$ 1,477,698	\$ 7,578	March 2016	
House Key King County	September 2008	38	\$ 1,124,256	\$ 29,586	June 2010	
House Key Real Estate Owned	March 2009	893	\$ 6,448,429	\$ 7,221	July 2012	
House Key Federal Way	August 2009	11	\$ 314,213	\$ 28,565	December 2010	
New Home for You	February 2010	145	\$ 1,073,081	\$ 7,401	December 2014	
Home Advantage Rebound	January 2013	359	\$ 3,162,673	\$ 8,810	May 2014	
House Key Bremerton	July 2015	6	\$ 56,916	\$ 9,486	August 2016	
Total		8,168	\$ 42,317,494			

Active and Inactive DPA Totals 69,726 \$ 736,605,613

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
QUARTERLY STATUS REPORT**

**Fiscal Year 2023 - 2024
Quarter Ending: June 30, 2024**

Program: Multifamily Housing Program

Division: Multifamily Housing

Commission Goal:

To provide equitable access and effective, low-cost financing for the new construction and preservation of multifamily housing for the homeless, farmworkers, other special needs populations and the general workforce at or below 60% of the area median income.

Problem/Need:

There is a lack of sufficient affordable rental housing throughout the State and the cost of housing exceeds the incomes of many households. Resources are insufficient to meet the affordable housing need.

Program Goal:

To create and preserve affordable rental housing and provide access to capital to underserved communities by removing barriers in program design.

Business Objectives (Outputs/Outcomes):

1. Program wide:

- a. Evaluate the impacts resulting from historic and systemic racism on Commission programs and processes, including the multifamily housing programs, change programs and develop new tools to mitigate the impact of such racism in alignment with the agency's racial equity strategic plan.

First Quarter: Have begun interested party mapping process, developed a work plan for CBO engagement, developing pipelining process in Seattle/King County.

Second Quarter: Ongoing discussions with public funders regarding alignment and prioritization of by and for community organizations.

Third Quarter: Continued work with HDC CBO affinity group and public funders around CBO alignment.

Fourth Quarter: Ongoing work and discussions with public funders and CBO affinity groups. Have begun drafting an RFP for Race and Equity impact assessment specifically focused on the 9% program.

- b. Evaluate opportunities for grant applications for all division programs and report quarterly to AMT and Administration. Ongoing through June 30, 2024.

First Quarter: No activity.

Second Quarter: Submitted final report to NCSHA on the Health and Housing initiative. Pursuing ongoing potential opportunities for a second round. Partnering with HCA on a multi-agency application for coordination through HUD.

Third Quarter: No activity.

Fourth Quarter: No activity.

- c. Tax credit and housing bond policies reviewed annually, including total development costs limits to increase alignment with the Racial Equity Strategic Plan values. Ongoing through June 30, 2024.

First Quarter: Proposed updated TDC limits for 9% program and reworking timing of waiver process based on current volatile cost environment.

Second Quarter: Worked on developing a shared framework with the Seattle/King County public funders, including HTF for the pipelining process in Seattle/King County.

Third Quarter: Working on internal assessment of potential changes and interested party engagement. Not expecting big policy changes for next year but may have some minor changes and some process updates.

Fourth Quarter: We held interested party meetings with members of each of the 9% Geographic Pools to discuss proposed policy changes for 2025. Proposed policy changes will be presented at the July Board meeting for a public hearing and approval.

- d. Continued process improvement and streamlining of application and placed in service functions by leveraging technologies such as Salesforce, Laserfiche, and more. Add additional programs as budget and timeline allows. Ongoing through June 30, 2024.

First Quarter: Updated and revised 9% application.

Second Quarter: Updated and revised Bond/Tax Credit application in the Multifamily Developer Portal in Salesforce based on policy changes for the program year.

Participated in several interviews with CR8 resulting in the Electronic Content Management (ECM) Use Case Study (UCS) for MHCF and high-level process maps. The report provides recommendations for required ECM modules and streamlined processes using workflow; it also provides a starting point for the next phase of the Content Management project for MHCF, “Build” to the Laserfiche system.

Third Quarter: Continued work on content management system and assessing ongoing needs for Homebase and the application portal.

Fourth Quarter: Continued work with CR8 to develop MHCF future state process/workflow blueprints which will be used in the ECM Build phase as a framework to support workflow development and future process improvement initiatives. Ongoing evaluation of programmatic requirements for data systems and automation tools to achieve program goals. Met with software providers at annual NCSHA Credit Connect

conference in Atlanta to research digital solutions to improve efficiency and enhance program goals/outcomes. Initiated business case to explore underwriting software to modernize and streamline PRI processes.

- e. Assess current staffing needs and objectives based on legislative, emerging program initiatives and automation by December 31, 2023. Provide internship opportunities, either through HDC program or other avenues; track and report progress by 6/30/24.

First Quarter: Applied for and hired HDC intern to support work on rent stabilization proviso.

Second Quarter: Responded to employee staff capacity needs by allowing the current manager to go part-time and appointing an acting manager to back fill and support program management needs.

Third Quarter: Looking to hire a temp data consultant to help support rent stabilization work.

Fourth Quarter: Hired a data consultant and an additional intern. Claire has officially retired and promoted Jason to permanently fill the manager position after a recruitment/hiring process.

- f. Develop preservation strategy in coordination with AMC, outline specific recommendations for policy formation by 12/31/23 with implementation by 6/30/24.

First Quarter: No activity this quarter.

Second Quarter: Examining intersection of preservation and energy efficiency opportunities, particularly where potential funding opportunities may exist under the IRA and/or through the State's Energy Office in the Department of Commerce. Completed evaluation/analysis of proposal from a buyer to preserve Orchard Hills an existing affordable housing property with an expiring regulatory agreement. While terms could not be successfully negotiated with the buyer, it provided a timely case study and generated a list of factors to consider as the preservation strategy is developed.

Third Quarter: Identified need for data analysis of the current portfolio, to further understand preservation opportunities particularly for projects nearing the end of their extended use regulatory agreements. Continuing to explore collaboration or partnership with the Department of Commerce both with the Energy Office and the Housing Unit and examining the intersection of preservation and energy efficiency for potential funding opportunities under the IRA.

Fourth Quarter: Entered into a contract with the Department of Commerce to administer \$9.5 million to preservation projects through the Home Electrification and Appliance Rebate (HEAR) Program. The funds will cover the costs of high-efficiency heat pumps at three rehabilitation projects that received an allocation from the 2024 Bond/4% application round. The 'HEAR Multifamily Affordable Housing Heat Pump Pilot' was devised to deliver cooling benefits to residents, lower the financial burden of extensive rehabilitation scopes, and build internal expertise on integrating green capital to

further preservation. The new data consultant will begin high-level analysis of the portfolio to understand the scale of scope of preservation opportunities. Continuing to explore collaboration or partnership with the Department of Commerce both with the Energy Office and the Housing Unit and examining the intersection of preservation and energy efficiency for potential funding opportunities under the IRA.

2. Multifamily housing bonds:

- a. Finance 3,000 units of affordable rental housing or issue \$350,000,000 in tax-exempt bonds by 06/30/2024.

First Quarter:

Project Name	Location	Tax-Exempt Bonds	Units
2023 Holly Ridge Supplemental Bond	Everett	\$3,200,000.00	0*
Ethiopian Village Supplemental Bond	Seattle	\$1,380,000.00	0*
Totals		\$4,580,000.00	0

**Units counted with a prior issuance of tax-exempt bonds*

Second Quarter:

Project Name	Location	Tax-Exempt Bonds	Units
Kendrick Landing	Lakewood	\$60,500,000	245
Altaire at Jackson Park	Seattle	\$50,000,000	207
Vintage at Everett	Everett	\$56,502,000	259
Mercy Angle Lake Family Housing	SeaTac	\$35,960,791	130
Ardea at Totem Lake	Kirkland	\$35,999,811.66	170
Blue Thistle Villa	Kelso	\$9,150,000	32
MLK Mixed-Use and Early Learning Center	Seattle	\$32,131,200	148
Sagebrook Affordable Housing	Bellevue	\$13,300,000	108
Totals		\$293,543,802.66	1,299

Third Quarter:

Project Name	Location	Tax-Exempt Bonds	Units
Anacortes WA Portfolio	Multiple – Skagit County	\$12,775,000	111
Victory Northgate	Seattle	\$48,000,000	182
Totals		\$60,775,000.00	293

Fourth Quarter:

Project Name	Location	Tax-Exempt Bonds	Units
St. Luke's Affordable Housing	Seattle	\$26,800,000	84
Crestview Terrace Apartments	Ellensburg	\$30,700,000	168
Mill at First Hill	Seattle	\$6,810,000.00	358
Totals		\$64,310,000.00	610

- b. Monitor and control multifamily bond cap including transfers to other issuers to ensure maximum use of the state's resource, review quarterly through 6/30/2024.

First Quarter:

Project Name	Issuer	Location	Tax-Exempt Bonds	Units
Kirkland Heights	King County Housing Authority	Kirkland	\$115,995,270.80	276
Devonshire Apartments	Community Roots Housing	Seattle	\$16,900,000.00	62
Totals			\$132,895,270.80	338

Second Quarter:

Project Name	Issuer	Location	Tax-Exempt Bonds	Units
Juniper Apartments	Seattle Housing Authority	Seattle	\$46,686,036	114
Northgate Affordable Housing	Community Roots Housing	Seattle	\$57,351,000	235
Totals			\$104,037,036.00	349

Third Quarter:

No activity.

Fourth Quarter:

Project Name	Issuer	Location	Tax-Exempt Bonds	Units
White Center Hub	Community Roots Housing	Seattle	\$23,453,583.00	76
Totals			\$23,453,583.00	76

- c. Pursue initiatives for increasing private activity bond cap, including recycling of bond cap, lowering of 50% test and other initiatives depending on federal and state framework with a report by 06/30/2024.

First Quarter: Continued monitoring of legislative initiatives and reintroduction of AHIA.

Second Quarter: Continued monitoring of legislative initiatives and reintroduction of AHIA. For the first time in this bill's history, Rep Newhouse signed on in support.

Third Quarter: Big win with 2 key provisions included in the Tax Relief package and voted out of the House. Stalled in the Senate.

Fourth Quarter: No activity

- d. Seek additional and alternative methods of financing multifamily housing.
 - i. Model additional financing structures with EIHF and continue to staff and evaluate additional options with the Seattle Foundation for furthering housing development by 6/23/24.

First Quarter: Continued discussion and staff support of EIHF.

Second Quarter: Staff participated in an outreach event in Spokane with the Seattle Foundation.

Third Quarter: Continued discussion with potential investors and EIHF advisory committee on next steps. Workforce Accelerator program legislation passed and signed by the Governor, currently with no funding.

Fourth Quarter: Additional discussion with Amazon Housing fund staff on the potential of a workforce accelerator program. Applied for and won an award from HUD for our private/public partnership with EIHF and Seattle Foundation. Dan Rothman and Kris Hermanns went to DC to accept the award.

- ii. Create BIPOC fund or capacity building initiatives aimed at addressing gaps in communities most impacted having access to capital by 6/30/24.

First Quarter: Began conversations with LISC about possible capacity building and technical assistance for emerging BIPOC/CBO developers, including but not limited to the Housing Equity Accelerator program. Staff also began developing “CBO Profiles” aimed at better understanding the strengths, challenges, capacity, and goals of various types and sizes of BIPOC-led organizations and other community-based developers and nonprofits.

Second Quarter: Ongoing discussions with Dept of Commerce regarding their technical assistance and training funds.

Third Quarter: Continued discussions regarding gaps and needs for CBO organizations.

Fourth Quarter: Several staff participated in LISC cohort panels, explaining our resources and financing landscape.

3. Housing Credits:

- a. Allocate credits to 860 or more units of affordable housing by 12/31/23 issuing final allocations to 100% of the projects with all PIS requirements satisfied by 01/15/2024.

First Quarter: The commission allocated credit to 16 projects, resulting in 1,922 units in the first quarter.

Second Quarter: All sixteen 2023 9% projects signed their contracts by year end.

Third Quarter: Reviewed applications and allocated 2024 9% credits.

Fourth Quarter: Conducted Minimum Threshold Requirements reviews for all 2024 9% applications and started bringing projects to the Board for individual public hearings and approvals.

- b. Assess and redefine 9% Policies based on specific values and outcomes-based approach with initial scoping and stakeholder engagement by 12/31/23 and final policy approach by 6/30/24 for implementation for 2025 allocations.

First Quarter: No activity this quarter

Second Quarter: At this time, we do not anticipate making significant changes to the 9% policies for 2025.

Third Quarter: List and modifications underway for approval in July 2024.

Fourth Quarter: Proposed 9% policy changes for 2025 are on the July 2024 Commission Meeting agenda for a public hearing and approving resolution.

- c. Review and process non-Commission bond/housing credit applications received within 30 days. Ongoing through June 30, 2024.

First Quarter: Received the Tacoma Housing Authority's Housing Hilltop application. A draft Regulatory Agreement has been circulated for comments. Closing is expected on November 8.

Second Quarter: Received the Vancouver Housing Authority's Esther Cougar application. Received the Community Roots White Center Hub application and Kennewick Housing Authority's Bubble on Gum application.

Third Quarter: The Community Roots White Center Hub project is expected to close this month.

Fourth Quarter: Received the Community Roots Broadway Center for Youth application.

4. Performance Measures:

- a. Approximately 1,500 low and moderate-income households will have affordable rental housing because of bond and tax credit financing, and 50% of the 860 units to be financed with 9% tax credits will serve households earning less than 50% AMI or meet other program set asides and 95% of carryover projects will perform within specified timelines. Estimated bonds for the fiscal year - \$350,000,000.
- b. Incorporate client recommendations into program revisions when appropriate.
- c. Heightened awareness of race, equity, and social justice issues and how our policies either help or hinder enabling greater access amongst all the division's program to communities of color. Evidenced by Commission co-sponsored initiatives or policy improvements with a report on activities by 6/30/2024.
- d. Reports and Program initiatives are completed and or implemented by 6/30/2024.

- e. Implement recommendations from UW student lab report or continue to assess how to Develop baseline and measures to track outcomes and bond/tax credit policy changes by 12/31/23.

5. Assumptions:

- a. The financing tools available to the Commission provide a cost-effective and efficient benefit to eligible borrowers.
- b. Changes to the tax code do not impede the issuance of bonds.
- c. There is sufficient issuance authority under the debt ceiling.
- d. One Tax Credit (TC) application round per year and housing credit of \$2.75.
- e. Commission policy requirements are not in irresolvable conflict with market requirements.

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
QUARTERLY STATUS REPORT**

**Fiscal Year 2023 - 2024
Quarter Ending: June 30, 2024**

Program: Nonprofit Financing Program

Division: Multifamily Housing

Commission Goal:

To provide effective, low-cost financing for nonprofit-owned housing and facilities. To administer programs in an equitable and inclusive way.

Problem/Need:

Nonprofit organizations, particularly community-based organizations serving BIPOC people and other underserved communities have difficulty accessing low-cost credit options due to irregular revenue streams, systemic racism in the finance industry and other considerations. However, developing capital facilities will improve cash flow and assist them in carrying out their missions. The Commission provides options for organizations allowing them to take advantage of multiple choices to develop financing for supportive housing, multifamily facilities and housing intended for special populations.

Program Goal:

Eliminating real and perceived barriers to the tax-exempt bond market for eligible borrowers, to lower the cost of debt. To foster partnerships and assist in educating borrowers and the lending community about bond-financing and Commission resources to develop housing including assisted living, congregate care, and nursing beds. To form authentic relationships with community-based organizations beyond transactions.

Business Objectives (Outputs/Outcomes):

1. Program wide:

- a. Evaluate the impacts resulting from historic and systemic racism on Commission programs and processes, including the nonprofit facilities and nonprofit housing programs and develop a baseline to track and measure impact in alignment with the agency racial equity strategic plan.

First Quarter: Developed safe space principles, interviewed CBOs regarding 2022 bond application process, made minor edits and clarifications, and changing process for CBOs in the next application round based on input and interviews.

Second Quarter: Contracted with Athena group to provide third party facilitation and support for CBO outreach work plan.

Third Quarter: Continued to engage with CBOs through facilitated meetings.

Fourth Quarter: Continued to engage with CBOs through facilitated meetings.

- b. Identify, communicate, and support changes to current programs as well as develop new tools to mitigate the impact of such racism in alignment with the agency racial equity strategic plan.

First Quarter: Initial kick off meeting of H3C grant. Also kicked off CBO Engagement process with the HDC CBO Affinity Group.

Second Quarter: Adapted to concerns and issues raised by BIPOC led CBOs in the HDC CBO Affinity Group- contracted with a facilitator to lead the group discussions and support WSHFC staff.

Third Quarter: Through facilitated meetings, continued to listen to BIPOC led CBOs on issues of access to capital.

Fourth Quarter: Through facilitated meetings, continued to listen to BIPOC led CBOs on issues of access to capital

- c. Incorporate into the marketing plan specific outreach to organizations in communities of color and other underserved communities. Report to Division leadership events, outreach and activities on a quarterly basis through June 30, 2024.

First Quarter: Proposed updated TDC limits for 9% program and reworking timing of waiver process based on current volatile cost environment. Staff had one-on-one conversations with multiple interested parties representing marginalized groups.

Second Quarter: Staff attended events and community meetings led by BIPOC organizations including African Community and Housing Development, Community Passageways, Black Coffee Northwest.

Third Quarter: Staff met with several groups from underserved or BIPOC communities including Urban Black, the Seattle Griot Project, Thurston County Council on Aging, and Delridge Neighborhood Development Association.

Fourth Quarter: Staff attended events and met with BIPOC organizations and others who serve them including Snohomish and Yakima Counties Community Foundations, Native American Youth Association, Fourth Plain Forward, and LISC's Housing Equity Accelerator.

- d. Conduct a mapping exercise to create a comprehensive understanding of various interested party groups from an impact/access/accountability analysis, in preparation for public engagement goals detailed in racial equity strategic plan.

First Quarter: Build out and testing of 9% application portal. Held multiple internal “small workgroup” meetings with staff of MHCF and AMC to begin the Interested Party Mapping process. Created initial Interested Party Maps for the 9% and 4% programs and shared with MHCF Division Staff. Solicited and received input from MHCF on the initial maps.

Second Quarter: Shared Interested Party map with AMC Division and received feedback about the map and the coordination among the two divisions regarding policy and process for allocation in the 4% and 9% programs.

Third Quarter: Presented Interested Party mapping work to the national group Government Alliance for Racial Equity. Formulated a timeline for increasing engagement with interested parties identified as Low Power/High Interest.

Fourth Quarter: No activity.

- e. As committed in the racial equity strategic plan, begin the process of conducting a Racial Equity Impact Assessment across multiple programs, including defining requirements for the scope, budget, timeline, consultant qualifications, and internal staff load. (Timing aligned with RESP).

First Quarter: Hired and orientation of 2 HDC interns, one to be housed in MHCF and one to be housed in AMC. Hiring process and staff hired for analyst position to back fill Jacob’s position and filling the policy position. MHCF Community Engagement Intern began the process of researching methods and deliverables for the REIA.

Second Quarter: Had conversations with staff of Race Forward’s Government Alliance on Race and Equity about other jurisdictions and states that have completed an REIA.

Third Quarter: Gathered examples of consultant scopes and deliverables from other Racial Equity Impact Assessments and ascertained the budget for the Commission’s project.

Fourth Quarter: Created RFP to seek a consultant for the Racial Equity Impact Assessment.

- f. Review and refresh marketing materials, website, brochures, handouts to reflect program changes and results as needed by June 30, 2024, in alignment with agency wide racial equity strategic plan.

First Quarter: Suspended refresh of CapitalPlus materials due to lack of available funds in the CapitalPlus program. Completed a refresh of the NPF Client List, to make it more understandable for nonprofit organizations.

Second Quarter: Evaluated marketing materials to identify what would be needed during the office transition, for conferences in the Spring of 2024.

Third Quarter: Refreshed website for Nonprofit Housing and Facilities Programs.

Fourth Quarter: Began conversations about new guidelines for priorities for CapitalPlus projects based in racial equity principles.

- g. Evaluate nonprofit organizations' barriers to financing capital projects and develop tools to educate and assist organizations in preparing for and undertaking projects, including soliciting input from community-based organizations that do not have ready access to capital, Ongoing through June 30, 2024.

First Quarter: Began conversations with LISC about possible avenues for capacity building and technical assistance.

Second Quarter: Continued conversations with partners including LISC and Enterprise, as well as other public funders.

Third Quarter: Conducted two specific discussions about capacity building needs with the facilitated CBO Affinity Group.

Fourth Quarter: Continued conversations with CBOs and created a session for the 2024 Housing Washington Conference on capacity building curriculums and activities.

- h. Seek out alternative financing structures and provide technical assistance to traditional non-profit housing developers to utilize more fully 501(c)(3) bonds to develop affordable housing by June 30, 2024. Track and analyze trends by 12/30/23.

First Quarter: Completed bond financing for Emerald Heights senior housing project.

Second Quarter: Staff invested many hours with a few new borrowers trying to structure acquisition/rehabs with recycled bond cap.

Third Quarter: Continued discussions with borrowers utilizing 501c3 financing for purchasing existing housing units.

Fourth Quarter: Met with Amazon Housing Fund staff to discuss potential program criteria and structures for subordinate debt products. Continue to work with EIHf to assess new structures and tools for financing.

2. Nonprofit Financing Objectives:

- a. Issue \$80 million in bonds or finance 225 units/beds including facilities for senior housing by 6/30/2024.

First Quarter:

Project Name	Location	Tax-Exempt Bonds	Units	Elderly
Emerald Heights	Redmond	\$118,330,000.00	375	Yes
Totals		\$118,330,000.00	375	

Second Quarter:

Project Name	Location	Tax-Exempt Bonds	Units	Elderly
Spokane United Methodist Homes d/b/a Rockwood Retirement Communities	Spokane	\$69,609,000.00	447	Yes
Totals		\$69,609,000.00	447	

Third Quarter:

Project Name	Location	Tax-Exempt Bonds	Units	Elderly
Renton Sage	Renton	\$44,700,000.00	284	No
Totals		\$44,700,000.00	284	

Fourth Quarter:

Project Name	Location	Tax-Exempt Bonds	Units	Elderly
Aventine	Bellevue	\$9,500,000.00	66	No
Totals		\$9,500,000.00	66	

- b.** Coordinate and market green initiatives to nonprofit housing providers, with report on successes by 6/30/2024.

First Quarter: No activity this quarter.

Second Quarter: Continue to track and inform potential borrowers of funding opportunities at the state and federal level.

Third Quarter: Continue to track and inform potential borrowers of funding opportunities at the state and federal level.

Fourth Quarter: No activity.

c. Issue \$40 million in bonds for non-profit facilities by June 30, 2024.

First Quarter:

Project Name	Location	Tax-Exempt Bonds
Ocean Pavilion	Seattle	\$64,294,000.00
Totals		\$64,294,000.00

Second Quarter: No activity this quarter.

Third Quarter: No activity this quarter.

Fourth Quarter:

Project Name	Location	Tax-Exempt Bonds
UW Student Housing Portfolio	Seattle	\$180,282,470.00
Totals		\$180,282,470.00

Performance Outcome(s):

1. Eligible borrowers participate in our programs by developing housing and facilities with bond financing.
2. Portfolio of borrowers is expanded to include new organizations unaware of or unable to use the bond financing program in the past.
3. Nonprofits and banks consider the limitations imposed by 501(c)(3) bonds are not greater than the interest rate benefits.
4. Commission understands its broad range of interested party groups and integrates the needs and concerns of those groups into program design and implementation.
5. Commission marketing activities continue to generate client interest who use the Commission as issuer.
6. Incorporate client recommendations into the program design when appropriate.
7. Increased use of 501c3 financings for traditional non-profit housing developers.

Assumptions:

1. Tax-exempt bond financing provides more beneficial ways of developing nonprofit housing and facilities than other sources of financing for eligible borrowers.
2. Credit is available.
3. Changes to the tax code do not impede the issuance of bonds or do away with them altogether.
4. Commission policy requirements and market requirements are compatible.
5. Changes to health care reimbursement do not make the development of capital facilities providing childcare services, assisted living and/or nursing care infeasible.
6. The economy will support the services provided by eligible borrowers to the community and lenders will continue to underwrite nonprofits for the nonprofit-owned facilities.

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
QUARTERLY STATUS REPORT**

**Program Summary
Fiscal Year 2023 - 2024
Quarter Ending: June 30, 2024**

Program: Special Focus Programs

Division: Multifamily Housing

Commission Goal:

To provide access to capital and address gaps in traditional financing for effective, low-cost financing for multifamily housing, manufactured housing communities, land acquisition, beginner farmer ranchers, energy efficiencies in housing and alternative energy technologies.

Problem/Need:

There is a lack of sufficient affordable rental housing throughout the State and the cost of housing exceeds the incomes of many households. Resources are insufficient to meet the affordable housing need. Beginning farmers and ranchers, have a lack of sufficient economic resources to purchase land and equipment. Additionally, there are current and historical barriers to accessing capital resources for BIPOC households and communities. In furtherance of State policy to reduce energy consumption, programs are necessary to increase energy efficiency in housing and facilities and to integrate renewable energy resources in these programs.

Program Goal:

To create and preserve affordable rental housing beyond the traditional financing sources. To provide financing for individuals seeking to begin a life in farming and ranching. To finance energy efficiency and renewable energy sources throughout all Commission programs.

Business Objectives (Outputs/Outcomes):

1. Program wide:

- a. Evaluate the impacts resulting from historic and systemic racism on Commission programs and processes, including the Commission's special focus programs, change programs, and develop new tools to mitigate the impact of such racism, in alignment with the agency racial equity strategic plan.

First Quarter: Developed safe space principles, interviewed CBO's regarding 2022 bond program outcomes.

Second Quarter: Developed and funded the first 2 projects in our CDLAP program, targeting LAP funds for community-based organizations.

Third Quarter: Continued pipeline development for CDLAP, CBO engagement work ongoing and starting to scope REIA action item in strategic plan.

Fourth Quarter:

Continued pipeline development for CDLAP. Staff presented to the BHI group to discuss land financing options.

- b. Evaluate opportunities for grant applications for all division programs and report quarterly to Director through June 30, 2024.

First Quarter: Initial kick off meeting of H3C grant. Held several convenings statewide

Second Quarter: Submitted final report of H3C grant.

Third Quarter: One last final convening is being organized in Tacoma.

Fourth Quarter: Applied and won a HUD recognition award for our partnership with Seattle Foundation and EIHF work.

- c. Assess current staffing needs and objectives based on legislative or emerging program initiatives by 12/31/2023. Support ongoing internship opportunities within the Division through 6/30/2024.

First Quarter: Hired HDC program intern.

Second Quarter: Hired second underwriter for new LAP program and funding.

Third Quarter: Looking to hire temp data consultant 3, to maintain continuity and support for the final rent stabilization report due December 2024.

Fourth Quarter: Hired Data consultant position and outreach intern.

2. Renewable and energy efficiency

- a. Navigate, communicate, and track Inflation Reduction Act funding with relevant stakeholders through 6/30/2024.

First Quarter: Launched and updated public-facing IRA funding webpage. Participated in NHT's IRA bootcamps. Coordinated closely with partners regarding analysis and research for Solar For All grant opportunity. Prepped existing portfolio energy survey.

Second Quarter: Participated in NHT's IRA bootcamps. Coordinated closely with partners to explore IRA rebates and Climate Pollution Reduction Grants. The Commission received official designation as a State Energy Financing Institution from Loan Programs Office Title 17. Updated IRA map of resources. Frequently updated public-facing IRA funding webpage. Deployed existing portfolio energy survey and analyzed results.

Third Quarter: Supported King County's application to EPA's Climate Pollution Reduction Grant to include technical assistance for energy efficiency upgrades for multifamily affordable housing across King, Snohomish, Kitsap and Pierce counties. Attended NCSHA Energy Efficiency monthly calls with partner HFAs to track Greenhouse Gas Reduction Fund awards. Updated IRA map of resources.

Fourth Quarter: Supported several applications which received awards from the EPA's Greenhouse Gas Reduction Fund. Began analysis of a potential project pipeline, anticipating application/RFP opportunities to be named sub-awardees and deploy GGRF funds to multifamily affordable housing. Attended NCSHA Energy Efficiency monthly calls, NHT's IRA bootcamps, and several IRA webinars hosted by GGRF awardees.

- b. Issue \$2 million from the SET. Continue to assess and develop strategic priorities for the SET, that are responsive to community needs and gaps. Look for opportunities to bridge or leverage IRA resources through 6/30/2024.

First Quarter: Issued SET loan to Maryhill Museum of Art. Two additional SET loans in pipeline. Explored Loan Programs Office Title 17 guarantees with U.S. Dept of Energy staff.

Second Quarter: Teed up \$900,000 SET loan for Lopez Community Land Trust to close early Q3. Two additional SET loans in pipeline.

Third Quarter: Closed \$900,000 SET loan to Lopez Community Land Trust. Two additional SET loans closed the first week of the 4th quarter – one to Olympia Community Solar and the other to Northaven Senior Living. Two SET loans in the pipeline.

Fourth Quarter: Closed three SET Loans - \$380,000 to Olympia Community Solar, \$85,000 to Northaven Senior Living, and \$89,000 to Lazy T Farm. Cleared SET pipeline of active projects, established several new leads.

- c. Map SET stakeholders and conduct stakeholder outreach in line with our racial equity strategic plan through June 30, 2024.

First Quarter: Participated in MF Bond/Tax Credit interested party mapping workgroup.

Second Quarter: Continued participation in MF Bond/Tax Credit interested party mapping workgroup.

Third Quarter: Continued participation in MF Bond/Tax Credit interested party mapping workgroup.

Fourth Quarter: No activity this quarter.

- d. Coordinate and collaborate with AMC to better understand the needs of our portfolio and market SET funds. Ongoing through 6/30/2024.

First Quarter: Coordinated and consulted with AMC to create and deploy existing portfolio energy survey. Included IRA webpage in AMC monthly newsletter.

Second Quarter: Teed up conversations around the intersection between energy efficiency and preservation. Included energy resources in AMC monthly newsletter.

Third Quarter: Included energy resources in AMC monthly newsletter.

Fourth Quarter: Attended AMC listening session, included energy resources in AMC monthly newsletter.

- e. Develop a plan for disbursing the City of Seattle solar funding program by 12/31/2023.

First Quarter: Coordinated with the State Energy Office's solar team to set the stage for future collaboration, including possibly for the City of Seattle solar funding program.

Second Quarter: Continued coordination with the State Energy Office's Solar team to support a Solar Readiness Study, which could include matching sources for the City of Seattle solar funding program.

Third Quarter: Shared forms with interested parties and responded to requests to learn more about the program.

Fourth Quarter: Received \$153,312.50 contribution to solar fund. Coordinated with the State Energy Office's solar team to set the stage for future collaboration, including possibly for the City of Seattle solar funding program.

- f. Track and monitor multifamily point effectiveness and impact on energy efficiency and any potential changes by 6/30/2024.

First Quarter: Tracked the 2021 State Energy Code effective dates and changes to ensure alignment with our points. Presented energy point changes to interested parties including members of the public and the Board of Commissioners.

Second Quarter: Continued tracking the 2021 State Energy Code effective dates and changes to ensure alignment with our points. Analyzed energy points for 2023 9% round applications.

Third Quarter: The 2021 State Energy Code went into effect during Q3. Analyzed energy points for bond/4% applications and teed up potential policy tweaks for 2024-2025.

Fourth Quarter: Continued refining potential changes to energy points for 2024-2025 Bond/4% policy update. Explored post-construction energy use reporting and engaged with HFAs who have implemented similar benchmarking policies.

3. Beginning farmers and ranchers:

- a. Issue \$1.5 million in tax-exempt bonds or close 3 projects by 06/30/24.

First Quarter: No activity this quarter.

Second Quarter: Closed two Beginning Farm Rancher bond issues for \$613,702 purchasing 2,362 acres of farmland.

Third Quarter: Closed one Beginning Farmer Rancher bond issue for \$178,816 purchasing 427.5 acres of agricultural land.

Fourth Quarter: No activity this quarter.

- b. Monitor and track the Purchase Assistance Loan Program. Report quarterly on any potential loan activity.

First Quarter: No activity this quarter.

Second Quarter: No activity this quarter.

Third Quarter: No activity this quarter.

Fourth Quarter: No activity this quarter.

- c. Continue to fund farmland conservation projects as Farm PAI funds become available. Report quarterly on progress to Division Director.

First Quarter: Allocated \$3,000,000 in FarmPAI funds to conserve 260 acres of farmland for one dairy farm.

Second Quarter: Allocated \$1,491,950 in FarmPAI funds to conserve 48 acres of farmland for two farms.

Third Quarter: Contracting with 2 Farmland Trusts on allocations. Continuing marketing efforts.

Fourth Quarter: Closed on the purchase of 8 acres of farmland for \$142,410.

- d. Assess viability for a BIPOC farmer component of Farm PAI by 6/30/24.

First Quarter: Continue to look at options.

Second Quarter: Continue to look at options.

Third Quarter: No current activity.

Fourth Quarter: No current activity.

4. Manufactured Housing Communities

- a. Finance 2 Manufactured Housing Communities, or 100 units, by 6/30/2024.

First Quarter: We closed on the re-financings for Duvall Riverside Village (25 units) and Cascade Village (56 units).

Second Quarter: We received a loan payoff from Woodbrook Wagon West cooperative in Lakewood as a part of the plan to make improvements to the rental homes on the property and pursue a new financing package with ROC USA. The Commission will likely participate in the new financing. We also received a financing application from ROC USA for the 35-site Sherwood Village community in Mill Creek. Columbia Court community in Longview is exploring selling their community due to continued difficulties. This would result in the Commission's loan being paid off.

Third Quarter: We closed on the financing for the 35-site Sherwood Village community in Mill Creek. We also closed on the financing for the 32-site Samish MHP community in Bellingham.

Fourth Quarter: We closed on the financing for the Woodbrook Wagon West cooperative in Lakewood. We are currently reviewing documents for the Tumwater Mobile Estates community in Tumwater. Closing for this financing is expected toward the end of July 2024.

- b. Track and monitor legislation and funding opportunities by 6/30/2024 and report quarterly on any progress or initiatives.

First Quarter: Held discussions with ROC USA Capital and ROC NW on coordination for upcoming HUD notice of funding availability for resident owned community finance.

Second Quarter: We are currently monitoring 3 bills in the WA state legislature related to manufactured housing.

Third Quarter: Continued discussions with ROC USA Capital and ROC NW on coordination for HUD notice of funding availability for resident owned community finance.

Fourth Quarter: We have been in contact with the state Department of Commerce about their application for grant funds through the HUD PRICE initiative. If successful, these funds would supplement Commission funds and likely lead to our ability to finance a greater number of communities around the state.

5. Land Acquisition Program

- a. Assess and implement any new initiatives developed either through private partnership or by the legislature by 12/31/2023.

First Quarter: Closed first CDLAP loan on 9/14/2023.

Second Quarter: Closed second CDLAP loan in December.

Third Quarter: Continued pipeline development for CDLAP program. Approved 3rd CDLAP loan to SCIDpda and closed on a \$2.3M acquisition loan (LAP) to The Housing Authority of the City of Vancouver for a 92-unit affordable housing project.

Fourth Quarter: Finalized term sheet for TOD LAP with Sound Transit. Continued pipeline development and closed on \$11,404,000 in acquisition loans.

- b. Develop measures and report impacts of redefined outcomes by 6/30/2024.

First Quarter: CDLAP is live and expecting additional funding for a program in partnership with Sound Transit. Will incorporate these elements into redefined measures/criteria for each program.

Second Quarter: Staff and leadership met to create workplan and milestones for developing tools to measure impact across all land acquisition programs. Pipeline and Dashboard tool created and is being refined.

Third Quarter: Dashboard and pipeline tool in operation. Working with Microsoft to develop reporting deliverables and cadence.

Fourth Quarter: Continued to adapt dashboard and pipeline tool as needs have become apparent or changed.

Performance Measures

1. Measure number of transactions and pipeline for each of the PRI programs.
2. Track reoccurring applicants, first time users and race/ethnicity of project sponsors as well as communities most impacted and tenant data, where applicable and available.
3. Create outcomes-based approach for all the PRI programs, establishing baselines and key measures to track progress towards the outcomes.

Assumptions

1. The financing tools available to the Commission provide a cost-effective and efficient benefit to eligible borrowers.
2. Changes to the tax code do not impede the issuance of bonds.
3. Funds are available for the SET, LAP, and other Commission PRI programs.
4. There is sufficient issuance authority under the debt ceiling.
5. Commission policy requirements are not in irresolvable conflict with market requirements.

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
QUARTERLY STATUS REPORT**

**Fiscal Year 2023 - 2024
Quarter Ending: June 30, 2024**

Program: Compliance

Division: Asset Management & Compliance

Commission Goal:

To provide effective low-cost financing for housing and non-profit facilities in Washington state.

Problem/Need:

Ensure consistency in monitoring developments within the state of Washington.

Compliance requirements are extensive and complex; Owners may not understand or comply with program regulations, requirements, or commitments. Owners may need assistance maintaining affordable units for the duration of their Regulatory Agreement.

Program Goal:

To ensure Owner commitments and public benefits of multifamily properties financed with Commission Bonds and Tax Credits are satisfied. To ensure financed housing remains affordable and in good repair for the longest time possible.

Business Objectives:

1. Review all project compliance reports. Complete initial reviews within eleven months of report due dates. Issue compliance close-out letters within 14 months of report due dates.

First Quarter: 61% of all 2022 tax credit annual reports have been reviewed. 100% of 2022 bond annual reports have been reviewed and closed out.

Second Quarter: 100% of all 2022 tax credit annual reports have been reviewed.

Third Quarter: 100% of 2022 tax credit annual reports were closed out. 5% of 2023 Tax Credit annual reports were reviewed. 54% of Bond annual reports have been reviewed.

Fourth Quarter: All 2023 Bond annual reports have been closed out. 35% of 2023 Tax Credit annual reports have been reviewed.

2. Ensure completion of calendar year onsite inspections for 1/3 of all projects by December 31st, 2023.

First Quarter: All but one 2023 inspections were completed as of 9/30/23. The remaining inspection will take place in October.

Second Quarter: 100% of 2023 inspections were completed as of 12/31/23.

Third Quarter: 8% of 2024 inspections have been done this quarter.

Fourth Quarter: 48% of 2024 inspections have been completed this quarter.

3. Provide regular educational opportunities and resources to owners, managers, and other stakeholders to ensure thorough understanding of LIHTC and bond program requirements. Includes the following:
 - a) Deliver virtual, in-person and/or hybrid tax credit and bond compliance workshops and training modules on a regular schedule.
 - b) Publish 12 electronic newsletters and online resources throughout the year.
 - c) Hire an additional full-time Portfolio Analyst with a focus on training development and delivery.

First Quarter: Online tax credit compliance workshops were presented in July and September. An in-person Fundamentals workshop and in-person Advanced workshop were presented in Spokane in August. Electronic newsletters were sent out a few times this quarter. Our division has hired two new fulltime Portfolio Analysts who will begin employment in November.

Second Quarter: Online Bond-only compliance workshop was presented in October. In-person tax credit compliance workshops were presented in November in Renton. Electronic newsletters were sent out a few times this quarter. Our division hired one new fulltime Portfolio Analysts who began employment in November.

Third Quarter: In-person tax credit workshops were presented in Tacoma in March. Virtual tax credit training was presented in February. Electronic newsletters were sent out a few times this quarter. Training processes are being updated with new Portfolio Analyst taking the lead on updates.

Fourth Quarter: In-person tax credit workshops were presented in Yakima in May. Electronic newsletters were sent out a few times this quarter. Training lead PA continues to refine work flows around training.

4. Outline specific preservation policy criteria for compliance with MHCF's Sr. Policy Advisor by end of June 30th, 2024.

First Quarter: A PA will be assigned by the end of 2nd quarter.

Second Quarter: A PA is assigned to this project and workgroup to start meeting in Q4.

Third Quarter: A PA is assigned to this project and workgroup to start meeting in Q4.

Fourth Quarter: This project is postponed to FY25 due to staff capacity and competing priorities

5. Implement Eventual Tenant Ownership plan framework with projects that are at end of the Federal Compliance period by December 31st, 2023.

First Quarter: AMC has been working extensively with tribes to develop feasible ETO work plans. Another tribe has indicated interest in delivering their LIHTC units to their residents; they are developing a plan in conjunction with the ETO framework released in the previous quarter.

Second Quarter: Continued to work with owners; an ETO work group is formed and is working towards policy and procedure recommendations as well as coordinating efforts for the state performance review.

Third Quarter: ETO workgroup has been working on policy and procedure recommendations as well as updates to forms. One owner has been approved to begin conveyance in 2025, another owner's plan is on track to be approved in 2024.

Fourth Quarter: ETO workgroup finalized policy and procedure recommendations as well as updates to forms. Workgroup held feedback sessions and has posted updated allocation documents on Commission website. Working with the approved owner to begin removing units from Regulatory Agreements in advance of conveyance.

6. Continue to engage, realign business objectives, and implement the Commission's Strategic Plan over the next 3 years in the areas of:
 - a) Language accessibility
 - b) Enhanced data collection process to inform policies.
 - c) Stakeholder mapping and engagement

First Quarter: Projects A and B will be assigned to a PA by the end of 2nd quarter. Michael Soper and Wubet Biratu took part in the interested parties mapping work with MHCF work group. Outcomes will be presented to teams in Q2.

Second Quarter:

- **Language accessibility:** Communications team has developed RFP for a forms evaluation and community engagement piece of the project. Workgroup will regroup in Q3.
- **Enhanced data collection process to inform policies:** Developing ideas on how to approach this project. Project will be assigned to a PA in Q4 once we have additional PA hired.
- **Stakeholder mapping and engagement:** AMC continues to participate in the Workgroup that is led by MHCF, PA has been assigned to this workgroup.

Third Quarter: Still working on RFP for a consultant to work on making our resident-facing forms more accessible.

Fourth Quarter: Received a number of responses to our RFP. The Community Outreach Coordinator prepared a survey for team members to give feedback about our forms. The contract award will be made by the end of the quarter.

Performance Measures:

1. 100% of owners and managers with noncompliance issues will experience resolution of noncompliance issues within stated periods (refers to Goals 1, 2 and 3).

First Quarter: Division staff are on track to complete reviews and resolve noncompliance issues by established deadlines.

Second Quarter: Second quarter deadlines have been met.

Third Quarter: Third quarter deadlines have been met.

Fourth Quarter: Fourth quarter tax credit annual report review goal was not met; onsite and bond annual report review goals were met.

2. The average score for the division on post-training evaluations will be 4 or higher on a scale of 1 to 5.

First Quarter: The average score was 4.3.

Second Quarter: The average score was 4.2.

Third Quarter: The average score was 4.2.

Fourth Quarter: The average score was 4.6.

3. The average score for owner/manager satisfaction for compliance policy assistance and resolving noncompliance issues will be 4 or higher, on a scale of 1 to 5.

First Quarter: No activity yet.

Second Quarter: No activity yet.

Third Quarter: No activity yet.

Fourth Quarter: Average score was 4.3.

Assumptions:

1. Performance Measure #1: Success will be measured by meeting or exceeding stated timelines based on a query of database dates entered for reviewing projects and closing out noncompliance issues.
2. Performance Measure #2: All workshop participants will be asked to complete a post training evaluation. Results will be tabulated each quarter for reporting to AMT.
3. Performance Measure #2: This assumes that training can be successfully translated to a combination of in person and virtual format.

4. Performance Measure #3: Stakeholders will be sent a customer satisfaction survey; results will be collected and reported by June 30th. Survey results will not be reported if we receive responses from less than 5% of the people who emailed the survey.

TOTAL PROJECTS MONITORED AND UNITS SET ASIDE FOR LOW-INCOME RESIDENTS:

First Quarter:

Total Low Income Projects & Units Monitored			
Housing Programs	Projects	Total Low Income Units	Total Units
Bond	88	2,542	8,419
Tax Credit	1,096	101,821	105,200
RTC	1	68	193
TOTALS	1,174	103,532	113,039

Second Quarter:

Total Low Income Projects & Units Monitored			
Housing Programs	Projects	Total Low Income Units	Total Units
Bond	86	2,103	8,058
Tax Credit	1,104	103,313	106,664
RTC	1	68	193
TOTALS	1,191	105,484	114,915

Third Quarter:

Total Low Income Projects & Units Monitored			
Housing Programs	Projects	Total Low Income Units	Total Units
Bond	86	2,103	8,058
Tax Credit	1,105	103,570	106,920
RTC	1	68	193
TOTALS	1,192	105,741	115,171

Fourth Quarter:

Total Low Income Projects & Units Monitored			
Housing Programs	Projects	Total Low Income Units	Total Units
Bond	95	3,464	9,881
Tax Credit	1,105	103,535	106,885
RTC	1	68	193
TOTALS	1,201	107,067	116,959

WASHINGTON STATE HOUSING FINANCE COMMISSION QUARTERLY STATUS REPORT

Fiscal Year 2023 - 2024
Quarter Ending: June 30, 2024

Program: IT Services

Division: IT Services

Commission Goals:

To focus Commission efforts on building communities.

To maintain financial independence.

To actively support our clients.

To provide improved infrastructure and superior technology.

Problem/Need:

The Housing Finance Commission needs to provide technological support to program staff to assure the delivery of affordable housing and community facility programs among others.

Program Goal:

To provide support to Commission staff through technology programs that are both relevant to our mission and fiscally responsible.

Business Objectives (Outputs/Outcomes):

1. Ensure IT Service Desk incidents are resolved in accordance with the terms of our Service Level Agreement (SLA) which defines response time based upon severity level. This will be reported monthly to the ITG (Information Technology Governance) Committee.

First Quarter: This quarter, the service desk completed 225 issues as of September 30th, 2023.

Second Quarter: This quarter, the service desk completed 176 issues.

Third Quarter: This quarter, the service desk completed 310 issues.

Fourth Quarter: This quarter, the service desk completed 326 issues.

2. Complete quarterly server recovery testing in conjunction with Disaster Recovery exercises to support the Business Resumption Plan.

First Quarter: Restored various files from accidental deletions by end-users and one server over this quarter.

Second Quarter: Restored various files from accidental deletions by end-users and one server over this quarter.

Third Quarter: Restored various files from accidental deletions by end-users and one server over this quarter.

Fourth Quarter: Restored various files from accidental deletions by end-users and one server over this quarter.

3. Coordinate and assist in providing IT support for the installation and implementation of a Content Management System project through 6/30/2024.

First Quarter: There were no significant updates made to the content management system this quarter.

Second Quarter: We are in the process of moving the Content management system to the cloud. We expect to be finished with the move by the end of January.

Third Quarter: The migration of Laserfiche Cloud services to the cloud has been completed successfully. Now, all staff can access it from anywhere in the United States with an internet connection. It's important to note that this service is hosted on the government cloud of Azure, and access is limited to within the United States only. If you have any questions or concerns regarding this, please feel free to let me know.

Fourth Quarter: There were no significant updates made to the content management system this quarter.

4. Maintain the Salesforce database with the support of an external contractor; coordinate planning, scheduling, and implementation of enhancements and provide a monthly report to ITG.

First Quarter: There were no issues with Salesforce this quarter.

Second Quarter: There were no issues with Salesforce this quarter.

Third Quarter: There were no issues with Salesforce this quarter.

Fourth Quarter: This quarter the Salesforce database was moved to the government cloud. This move allowed for encrypted data.

5. Maintain the Emphasys loan servicing platform with the support of internal staff and external contractors; coordinate planning, scheduling, and implementation of enhancements and present monthly reports to ITG on system status.

First Quarter: There was no downtime experienced with Emphasys

Second Quarter: There was no downtime experienced with Emphasys

Third Quarter: There was no downtime experienced with Emphasys

Fourth Quarter: This quarter we completed the move to the Emphasys cloud.

6. Support Dynamics Nav and Serenic Navigator financial systems in accordance with the terms of the SLA. Report monthly status updates to the ITG.

First Quarter: There was no downtime experienced with Navision

Second Quarter: There was no downtime experienced with Navision

Third Quarter: The migration of Navision to the cloud has been completed successfully.

Fourth Quarter: There was no downtime experienced with Navision

7. Provide and maintain monthly Service Desk Summary Reports with a roll-up of types of issues and resolution results as well as response time statistics in accordance with the SLA to the ITG.

First Quarter: Provided a bi-monthly summary report to the ITG of all the network and end-user issues. Those issues were documented in a report generated in Fresh Service (our ServiceDesk software).

Second Quarter: Provided a bi-monthly summary report to the ITG and AMT of all the network and end-user issues. Those issues were documented in a report generated in Fresh Service (our ServiceDesk software). Last provided constant updates to the Deputy Director on ongoing IT projects assigned to the IT Department.

Third Quarter: Provided a bi-monthly summary report to the ITG and AMT of all the network and end-user issues. Those issues were documented in a report generated in Fresh Service (our ServiceDesk software). Last provided constant updates to the Deputy Director on ongoing IT projects assigned to the IT Department.

Fourth Quarter: Provided a bi-monthly summary report to the ITG and AMT of all the network and end-user issues. Those issues were documented in a report generated in Fresh Service (our ServiceDesk software). Last provided constant updates to the Deputy Director on ongoing IT projects assigned to the IT Department.

8. Maintain an Information Technology training program that will ensure that current and future IT and Commission staff stay current with present and future technologies. Update current content by September 2024 and report status to the ITG monthly.

First Quarter: Provided online and in-person training courses for IT staff.

Second Quarter: Provided online and in-person training courses for IT staff.

Third Quarter: Provided online and in-person training courses for IT staff.

Fourth Quarter: Provided online and in-person training courses for IT staff.

9. Maintain a Commission staff training program that will ensure that current and future cyber security vulnerabilities are recognized and how to avoid them. Renew content yearly and publish training videos monthly.

First Quarter: Provided online video training with Knowbe4.com. Videos included how to identify a phishing email and how to guard against Phishing attacks.

Second Quarter: Provided online video training with Knowbe4.com. Videos included how to identify a phishing email and how to guard against Phishing attacks.

Third Quarter: provided online video training with Knowbe4.com. The videos included how to identify a phishing email, how to guard against Phishing attacks, and the benefits and problems with AI-generated content.

Fourth Quarter: Provided online video training with Knowbe4.com. Videos included how to identify a phishing email and how to guard against Phishing attacks.

10. Maintain the after-hours maintenance schedule that ensures all servers, desktops, laptops, and network equipment stay up to date with all security, firmware, and operating system updates as recommended by Microsoft and other Information Technology vendors to be performed quarterly.

First Quarter: Network and server updates are scheduled for weekends or after hours once a quarter, regularly scheduled on the last day of the first month of the quarter There were no issues with network and server updates this quarter.

Second Quarter: Network and server updates are scheduled for weekends or after hours once a quarter, regularly scheduled on the last day of the first month of the quarter There were no issues with network and server updates this quarter.

Third Quarter: We understand how critical network and server updates are. That's why we have a quarterly schedule, with updates taking place on the last day of the first month of the quarter, during weekends or after hours to minimize disruption. We're pleased to report that this quarter's updates were completed seamlessly, ensuring that your systems remain up-to-date and secure.

Fourth Quarter: Network and server updates are scheduled for weekends or after hours once a quarter, regularly scheduled on the last day of the first month of the quarter There were no issues with network and server updates this quarter

11. Maintain and provide a quarterly Security Breach Report to the Information Technology Governance Committee. For audit purposes the report of an intrusion from both internal and external sources by ten days following the quarter end.

First Quarter: There were no breaches of the network this quarter, according to our Cyber security SELM (Darktrace) Reports were provided to the Deputy Director.

Second Quarter: There were no breaches of the network this quarter, according to our Cyber security SELM (Darktrace) Reports were provided to the Deputy Director.

Third Quarter: Our Cyber security SELM (Darktrace) reports have confirmed that our network remained secure throughout the last quarter, with no breaches reported. It gives us great confidence to assure our stakeholders that we are taking every measure to protect our network from cyber threats. We have provided the Deputy Director with detailed reports, demonstrating our commitment to transparency and accountability.

Fourth Quarter: Our Cyber security SELM (Darktrace) reports have confirmed that our network remained secure throughout the last quarter, with no breaches reported. It gives us great confidence to assure our stakeholders that we are taking every measure to protect our network from cyber threats. We have provided the Deputy Director with detailed reports, demonstrating our commitment to transparency and accountability.

12. Ensure that all critical IT hardware (servers, switches, and firewalls) and software remains under warranty coverage in accordance with the agreed upon SLA (service level agreement). Audit them quarterly and provide a report to ITG of the expiring service contracts.

First Quarter: All mission-critical servers, firewalls, and switches remain under warranty.

Second Quarter: All mission-critical servers, firewalls, and switches remain under warranty.

Third Quarter: All mission-critical servers, firewalls, and switches remain under warranty.

Fourth Quarter: All mission-critical servers, firewalls, and switches remain under warranty.

13. Maintain and update the Commission's IT network infrastructure and the Commission's desktops, laptops, and tablets.

First Quarter: We maintain the Commission's infrastructure at a high level.

Second Quarter: We maintain the Commission's infrastructure at a high level.

Third Quarter: We maintain the Commission's infrastructure at a high level.

Fourth Quarter: We maintain the Commission's infrastructure at a high level.

14. Identify and implement IT Infrastructure that can be moved into a cloud platform and cause little impact on the Commission's SLA by September 15, 2024.

First Quarter: We are in the process of moving Emphasys and Laserfiche to a cloud platform provided by the vendors.

Second Quarter: We are in the process of moving Emphasys and Laserfiche to a cloud platform provided by the vendors. Go live date for both is this quarter.

Third Quarter: Emphasys is currently being migrated to a cloud platform provided by the vendors, with a go-live date set for this quarter. We've already completed the migration of both Laserfiche and Navision to the cloud.

Fourth Quarter: Emphasys has been transitioned to the Emphasys cloud completely. There is still some cleanup that needs to be done; we are mostly in the cloud. The next step is to move the reporting features to the cloud.

15. Identify, communicate, and support enhancements of current programs as well as the development of new tools to mitigate the impact of the COVID-19 pandemic.

First Quarter: By moving the applications mentioned above we are making it easier for staff to seamlessly work remotely.

Second Quarter: No changes from last quarter.

Third Quarter: No changes from last quarter.

Fourth Quarter: No changes from last quarter

16. Review and implement safe office return-to-office procedures and processes.

First Quarter: The office is being consolidated into one floor. IT is developing a plan to move and consolidate IT equipment on one floor.

Second Quarter: All staff have moved to the 28th floor. We are in the process of clearing the 27th floor of all IT equipment.

Third Quarter: We are actively planning our move to the 27th floor and implementing a reservation system for desks and conference rooms. Additionally, we are equipping the space with the necessary tools and technology to guarantee a seamless transition to our new hybrid environment.

Fourth Quarter: The move to the 27th floor is postponed until permits can be acquired from the city.

17. Create and submit a new RFP for our Salesforce Consultant by December 3, 2023.

First Quarter: An action plan is being developed by IT

Second Quarter: An action plan is being developed by IT

Third Quarter: The Request for Proposal (RFP) will be posted on May 1st after legal verification.

Fourth Quarter: We are in the interview phase.

18. Continue to support a hybrid back-to-the-office solution as directed by the executive staff.

First Quarter: The plan is being developed and portions of it is being applied.

Second Quarter: We continue to support the hybrid back-to-work solution at a high level.

Third Quarter: We continue to support the hybrid back-to-work solution at a high level.

Fourth Quarter: We continue to support the hybrid back-to-work solution at a high level

19. Support the continued Commissioners Hybrid Meetings audio visual needs.

First Quarter: Conducting all Commission meetings with the chosen audio-visual solution (OWL) determined by executive staff.

Second Quarter: Conducting all Commission meetings with the chosen audio-visual solution (OWL) determined by executive staff. We continue to be successful with this solution and plan to keep it going till we move downstairs.

Third Quarter: We've made the decision to conduct all Commission meetings using the OWL audio-visual solution. This solution has been proven to be incredibly successful, facilitating seamless meetings and allowing us to achieve our goals efficiently. Given its outstanding performance, we plan to continue using it until we move downstairs. With the OWL audio-visual solution, we can ensure that our Commission meetings are conducted effectively and with few technical glitches.

Fourth Quarter: Conducting all Commission meetings with the chosen audio-visual solution (OWL) determined by executive staff. We continue to be successful with this solution and plan to keep it going till we move downstairs.

20. Install a system that will guard against ransomware and Malware. Also, install a recovery system that recovers the business in a time determined by the leadership team.

First Quarter: We have two systems that monitor network traffic 24 hours a day. (Darktrace and Rubrik)

Second Quarter: We have two systems that monitor network traffic 24 hours a day. (Darktrace and Rubrik) no change from last quarter.

Third Quarter: We have two systems that monitor network traffic 24 hours a day. (Darktrace and Rubrik) no change from last quarter.

Fourth Quarter: We have two systems that monitor network traffic 24 hours a day. (Darktrace and Rubrik) no change from last quarter.

Performance Measures:

1. Commission staff will have reliable access to major IT resources, File server, Office 365, Salesforce, Microsoft Dynamics NAV Remote Access and Emphasys Bond system at least 99.9% of the time (excluding routine, schedule maintenance).

First Quarter: End-users had access to all network services this quarter 99.6% of the time.

Second Quarter: End-users had access to all network services this quarter 99.6% of the time.

Third Quarter: End-users had access to all network services this quarter 99,90%of the time.

Fourth Quarter: End-users had access to all network services this quarter 99,90%of the time.

2. Commission staff will have responses to network and peripheral support problems in accordance with our Service Level Agreement (SLA).

First Quarter: All issues were resolved under our service level agreement.

Second Quarter: All issues were resolved under our service level agreement.

Third Quarter: All issues were resolved under our service level agreement.

Fourth Quarter: All issues were resolved under our service level agreement.

Assumptions:

1. No major disasters in the physical environment.
2. External contractor for software development and data analyst support.
3. No major disruptions of critical external IT services.
4. Performance outcome #1 will be measured and reported monthly by review of the problem ticket work order log.

WASHINGTON STATE HOUSING FINANCE COMMISSION QUARTERLY STATUS REPORT

Program Summary Fiscal Year 2023 - 2024 Quarter Ending: June 30th, 2024

Program: General Operations & PRI

Division: Finance

Business Objectives:

1. Deposit and record all receipts, process accounts payable and accounts receivable daily; close general ledger with all appropriate transactions completed by the 12th business day of the next month.

First Quarter: All appropriate transactions were completed by the 16th business day for the month-end close of June 2023 and by the 17th business day for the month-end close of July and August 2023.

Second Quarter: All appropriate transactions were completed by the 17th, 9th, and 4th business day for the month-end close of September, October, and November 2023, respectively.

Third Quarter: All appropriate transactions were completed by the 16th, 14th, and 19th business day for the month-end close of December 2023, January 2024, and February 2024, respectively.

Fourth Quarter: All appropriate transactions were completed by the 18th, 15th, and 17th business day for the month-end close of March, April, and May 2024, respectively.

2. Provide accurate and timely management information to divisional directors, managers, and Commissioners by the 14th business day of the next month.

First Quarter: Commission-wide and divisional financial reports to management and Commissioners were provided by the 16th business day for the month-end close of June 2023 and by the 17th business day for the month-end close of July and August 2023.

Second Quarter: Commission-wide and divisional financial reports to management and Commissioners were provided by the 18th, 11th, and 4th business day for the month-end close of September, October, and November 2023, respectively.

Third Quarter: Commission-wide and divisional financial reports to management and Commissioners were provided by the 16th, 16th, and 20th business day for the month-end close of December 2023, January 2024, and February 2024, respectively.

Fourth Quarter: Commission-wide and divisional financial reports to management and Commissioners were provided by the 18th, 15th, and 19th business day for the month-end close of March, April, and May 2024, respectively.

3. Invest the Commission's general operating reserves, monitor investment managers and report status by the end of the month following each quarter.

Summary of Activities and Results					Net Return			
<u>Fiscal Qtr.</u>	<u>Beginning Balance</u>	<u>Interest Earned</u>	<u>Mgmt. Fees</u>	<u>Realized Mkt Adj</u>	<u>Dollars</u>	<u>Percent</u>	<u>Unrealized Market Adj</u>	<u>Ending Balance</u>
Q1	\$60,447,767	\$494,702		\$(137,807)	\$356,895	2.4%	\$(100,552)	\$60,704,110
Q2	\$60,704,110	\$255,474	(93,970)	\$(60,181)	\$101,323	0.67%	\$1,610,997	\$62,416,430
Q3	\$62,416,430	\$507,607		\$(94,385)	\$413,222	2.65%	\$(276,729)	\$62,552,923
Q4	\$62,552,923	\$300,008	\$(99,080)	\$(77,332)	\$123,676	0.79%	\$148,242	\$62,824,841

4. Lead the Commission's annual budgeting process for FY 24-25 with a proposed budget completed for presentation at the Commission May planning session and a final budget adopted at the Commission's June 2024 meeting.

First Quarter: No activity this quarter.

Second Quarter: No activity this quarter.

Third Quarter: The budget process for FY 23-24 is in progress.

Fourth Quarter: The FY 24-25 budget was completed and adopted at the June 27th Commission meeting.
5. Complete quarterly grant reconciliation and required reporting by the 5th business day following receipt of program staff detail following quarters end.

First Quarter: The reconciliations through June 30th were completed by the end of July.

Second Quarter: The reconciliations through September 30th were completed by October 20th.

Third Quarter: The reconciliations through December 31st were completed by February 12th.

Fourth Quarter: The reconciliations through March 31st were completed by April 18th.
6. In the event of a state audit, facilitate the auditor's review and develop a plan of correction, if required, within 15 business days of the exit conference. Implement plan within 60 days of plan's approval by EMT.

First Quarter: There is currently no scheduled audit by the SAO.

Second Quarter: The State Auditor's Office contacted staff for planning of the Statewide Single Audit (SWSA) related to the Homeowner Assistance Fund federal grant for FY 2023 in October. Fieldwork is currently ongoing with participation from Homeownership and Finance staff, with completion expected February 2024.

Third Quarter: Fieldwork for the SWSA concluded in January 2024, and the exit conference with the audit committee is scheduled for April 16, 2024.

Fourth Quarter: Corrective action plans for the findings identified in the SWSA were developed and delivered to OFM by April 23, 2024. The plans were implemented by June 30, 2024.
7. Maintain currency of knowledge in relevant SAAM and communicate relevant policies and procedures with appropriate levels of staff.

First Quarter: OFM DIRECTIVE 23A-06: Chapter 10 Travel – Added and updated language regarding the definition and an agency's responsibility in determining the Official Duty Station, Official Worksite, and Official Workstation for Travel Reimbursement. Chapter 25 Payroll – Updated definition of when telecommute travel may be compensable. Chapter 70 Other Administrative Regulation – updated information on when light refreshments may be served. OFM DIRECTIVE 23A-07: Chapter 10 Travel – Updated reimbursement rates for lodging effective October 1, 2023. Chapter 40 E-Commerce – added information on Lived Experience cards and purchase of gift cards to be used as incentives.

Second Quarter: No activity to report this quarter.

Third Quarter: OFM DIRECTIVE 24A-01: Chapter 10 Travel – Increased the reimbursement rate for privately owned vehicle (POV) mileage from \$0.655 to \$0.67. Chapter 40 E-Commerce: Moved Lived Experience prepaid cards from the section where an Electronic Feasibility Study (EFS) "may be required" to the section where an EFS is "not required."

Fourth Quarter: OFM DIRECTIVE 24A-03: Chapter 25 Payroll - Updated the reference to excess vacation leave from 240 to 280.

8. Review and update program policies and procedures as necessary.
First Quarter: No activity to report this quarter.
Second Quarter: No activity to report this quarter.
Third Quarter: No activity to report this quarter.
Fourth Quarter: No activity to report this quarter.
9. Work with Seller Servicer Consultant on a work plan and timeline for application, if applicable, for certification of the Commission as a Ginnie Mae, Fannie Mae, or Freddie Mac seller/servicer by June 30, 2024.
First Quarter: Finance staff participated in a meeting with the Seller Servicer Consultant to discuss Sub-Servicing and reporting needs.
Second Quarter: No activity to report this quarter.
Third Quarter: No activity to report this quarter.
Fourth Quarter:
10. Meet the timeline and KPIs for the action item where Finance takes the leading role as set out in the racial equity strategic plan.
First Quarter: No activity to report this quarter.
Second Quarter: No activity to report this quarter.
Third Quarter: No activity to report this quarter.
Fourth Quarter: No activity to report this quarter.

Program-Related Investments

11. Provide maximum funds available, including those from the PRI and Bond funds and warehouse lines as necessary for the timely purchase of mortgage loan participations. Manage the process receiving funds and returning the loan participations, maintaining appropriate control. Reconcile all activity and ensure correct revenue is received.
First Quarter: All purchases of mortgage loan participations have been made timely and all funds received and returned reconciled and properly managed.
Second Quarter: All purchases of mortgage loan participations have been made timely and all funds received and returned reconciled and properly managed.
Third Quarter: All purchases of mortgage loan participations have been made timely and all funds received and returned reconciled and properly managed.
Fourth Quarter: All purchases of mortgage loan participations have been made timely and all funds received and returned reconciled and properly managed.
12. Provide Program Related Investment financial statements including available program balances by the end of the month following quarter end.
First Quarter: PRI financial statements for the 3rd quarter of FY 2023 were distributed August 2nd, 2023.
Second Quarter: PRI financial statements for the 4th quarter of FY 2023 were distributed October 31st, 2023.

Third Quarter: PRI financial statements for the 2nd quarter of FY 2023 were distributed February 1st, 2024.

Fourth Quarter: PRI financial statements for the 2nd quarter of FY 2023 were distributed May 2nd, 2024.

13. Increase access to affordable housing financing for historically underserved and marginalized communities. This will be measured by tracking the number or dollar amount of affordable housing loans provided to BIPOC individuals and communities over time. Such info will be reported on an annual basis.

First Quarter: No activity to report this quarter.

Second Quarter: No activity to report this quarter.

Third Quarter: No activity to report this quarter.

Fourth Quarter:

Performance Measures:

1. The Commission's annual independent external audit will have an unqualified opinion with no reportable conditions.

First Quarter: Field work is scheduled to commence October 2, 2023, with an entrance conference with the audit committee held September 25, 2023. Field work is currently ongoing with completion expected by the end of October.

Second Quarter: The final audit report was provided to the Commission on December 18th. The audit was issued with an unmodified or "clean" opinion. **Complete, no additional activity for the fiscal year.**

2. The Commission's annual state compliance audit will report no material instances of non-compliance with applicable statutes and WACs.

First Quarter: There is currently no scheduled audit by the SAO.

Second Quarter: The State Auditor's Office contacted staff for planning of the Statewide Single Audit (SWSA) related to the Homeowner Assistance Fund federal grant for FY 2023 in October. Fieldwork is currently ongoing with participation from Homeownership and Finance staff, with completion expected February 2024.

Third Quarter: Fieldwork for the SWSA concluded in January 2024, and the exit conference with the audit committee is scheduled for April 16, 2024.

Fourth Quarter:

3. All of the general operations financial reports will be completed within the specified timeframes.

First Quarter: General operations financial reports were completed on the 16th business day for the month-end close of June 2023 and on the 17th business day for July and August 2023.

Second Quarter: General operations financial reports were completed on the 17th, 9th, and 4th business day for September, October, and November 2023, respectively.

Third Quarter: General operations financial reports were completed on the 16th, 14th, and 19th business day for the month-end close of December 2023, January 2024, and February 2024, respectively.

Fourth Quarter: General operations financial reports were completed on the 18th, 15th, and 17th business day for the month-end close of March, April, and May 2024, respectively.

4. Management will have the materially accurate financial information available monthly by the 20th day of the following month to guide effective decision making.

First Quarter: Financial information was available by the 25th, 23rd, and 26th day of the following month for the months of June, July, and August 2023, respectively.

Second Quarter: Financial information was available by the 25th, 16th, and 6th day of the following month for the months of September, October, and November 2023, respectively.

Third Quarter: Financial information was available by the by the 24th, 23rd, and 28th business day for the month-end close of December 2023, January 2024, and February 2024, respectively.

Fourth Quarter: Financial information was available by the by the 18th, 15th, and 19th business day for the month-end close of March, April, and May 2024, respectively.

WASHINGTON STATE HOUSING FINANCE COMMISSION QUARTERLY STATUS REPORT

Program Summary Fiscal Year 2023 - 2024 Quarter Ending: June 30th, 2024.

Program: Bond Portfolio Management

Division: Finance

Business Objectives:

1. Review and record bond transactions, create quarterly financial statements and disclosure and management reports:
 - a. Review and record monthly transactions by the 20th of the following month.

First Quarter: All Single-family bond portfolio transactions for June were posted on 7/24/2023, and for July and August transactions are all completed and ready for posting.

Second Quarter: Single-family bond portfolio transactions for September were posted on 11/17/2023, and for October and November transactions are all completed and ready for posting.

Third Quarter: Single-family bond portfolio transactions for December were posted on 1/31/2024, January's transactions were completed and posted on 3/6/2024, and February's transactions are all completed and ready for posting.

Fourth Quarter: Single-family bond portfolio transactions for March, April, and May transactions are all completed and ready for posting.
 - b. Quarterly outstanding bond list by program with balances by 10 days following quarter end, single-family and non-conduit multifamily bond disclosure reports posted to website and EMMA as required, financial statements (including parity) and PlainsCap Compliance reporting, dashboard of bonds outstanding and activity to management and Commissioners, and complete quarterly conduit bond negative confirmations distribution for 25% of outstanding conduit bonds by 35 days following quarter end.

First Quarter: The quarterly Single-Family Disclosures were posted on 8/10/2023. The parity reports and Plains Capital compliance reporting were distributed on 7/27/2023.

Second Quarter: The quarterly Single-Family Disclosures were posted on 11/21/2023.

Third Quarter: The quarterly Single-Family Disclosures were posted on 2/16/2024.

Fourth Quarter: The quarterly Single-Family Disclosures were completed and ready for posting.
 - c. Semi-annual single-family indenture parity reports, liquidity compliance reports, and updates to cross call table, proceeds use report (WAC 262 01 080) by 45 days following quarters end.

First Quarter: These reports were prepared and distributed within the given timeframe.

Second Quarter: These reports were prepared and distributed within the given timeframe.

Third Quarter: These reports were prepared and distributed within the given timeframe.

Fourth Quarter: These reports were prepared and distributed within the given timeframe.

2. Reconcile Home Advantage TBA MBS sales within three days of each sale (generally three times per month with two servicers).

First Quarter: All Home Advantage MBS sales were reconciled within the given timeframe.

Second Quarter: All Home Advantage MBS sales were reconciled within the given timeframe.

Third Quarter: All Home Advantage MBS sales were reconciled within the given timeframe.

Fourth Quarter: All Home Advantage MBS sales were reconciled within the given timeframe.

3. Monitor arbitrage liabilities and assure timely calculation, reporting, recording and payment within the quarterly timelines above.

First Quarter: This quarter, no arbitrage payments were due; reports were reviewed and confirmed.

Second Quarter: There were no arbitrage payments due this quarter; reports were reviewed and confirmed.

Third Quarter: The required arbitrage calculations for the SF 2019-1 (#776) and 2019-2 (#806) were due, computed, and filed on 01/26/2024, with no rebate due.

Fourth Quarter: This quarter, no arbitrage payments were due; reports were reviewed and confirmed.

4. Administer the bond cap recycling program including quarterly reporting on available cap and related debt outstanding.

	Payments Received for Recycling		Recycled into New Project			
<u>Fiscal Qtr.</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Available Amount</u>	<u>Expired Unused</u>
Q1	4	\$39,895,100	0	\$0	\$94,001,100	\$0
Q2	4	\$11,128,700	3	\$33,350,000	\$37,458,100	\$35,752,100
Q3	5	\$10,363,700	2	\$5,145,086	\$21,492,400	\$21,184,314
Q4	3	9,140,700	2	10,010,000	19,504,400	1,147,400

5. Complete annual audit of financial statements and obtain an unqualified audit opinion by December 15, 2023. Publish audited financial statements within 30 days of Commission approval, no later than January 12, 2024.

First Quarter: Field work is scheduled to commence October 2, 2023, with an entrance conference with the audit committee held September 25, 2023. Field work is currently ongoing with completion expected by the end of October.

Second Quarter: The final audit report was provided to the Commission on December 18th. The audit was issued with an unmodified or “clean” opinion. **Complete, no additional activity for the fiscal year.**

6. Periodic review and update program policies and procedures as needed.

First Quarter: No current update on bond program policies & procedures.

Second Quarter: No current update on bond program policies & procedures.

Third Quarter: No current update on bond program policies & procedures.

Fourth Quarter: No current update on bond program policies & procedures.

Performance Measures:

1. The Commission's annual independent external audit will have an unqualified opinion with no reportable conditions.

First Quarter: Field work is scheduled to commence October 2, 2023, with an entrance conference with the audit committee held September 25, 2023. Field work is currently ongoing with completion expected by the end of October.

Second Quarter: The final audit report was provided to the Commission on December 18th. The audit was issued with an unmodified or "clean" opinion. **Complete, no additional activity for the fiscal year.**

2. All of the bond accounting financial reports, including the dashboard and disclosures, will be completed within the specified timeframes.

First Quarter: The bond accounting financial reports were completed in a timely manner.

Second Quarter: The bond accounting financial reports were completed in a timely manner.

Third Quarter: The bond accounting financial reports were completed in a timely manner.

Fourth Quarter: The bond accounting financial reports were completed in a timely manner.

3. Required Single Family Arbitrage information returns will be timely filed.

First Quarter: Although there were no single-family arbitrage reports due during this period, we have been in touch with the quantitative analyst to make sure that reports due early next quarter will be available so that returns may be filed on time if required.

Second Quarter: There were no arbitrage payments due this quarter; reports were reviewed and confirmed.

Third Quarter: The required arbitrage calculations for the SF 2019-1 (#776) and 2019-2 (#806) were filed in a timely manner.

Fourth Quarter: There were no arbitrage payments due this quarter; reports were reviewed and confirmed.

4. Home Advantage TBA MBS Sales will be reconciled within three days of receipt of funds and necessary distributions identified.

First Quarter: All Home Advantage MBS sales were reconciled, and distributions identified, within the given timeframe.

Second Quarter: All Home Advantage MBS sales were reconciled, and distributions identified, within the given timeframe.

Third Quarter: All Home Advantage MBS sales were reconciled, and distributions identified, within the given timeframe.

Fourth Quarter: All Home Advantage MBS sales were reconciled, and distributions identified, within the given timeframe.

Events Calendar

Date	7/25/2024	Length of Event	1:00 PM - 4:00 PM
Event	Board Meeting (Hybrid)	Audience	General Public
Address	Zoom/1000 2nd Ave-28th Flr. Board Room	Division	Administration
City	Seattle, 98104	Contact	Tera Ahlborn
		Phone # of Contact	206-287-4470

Date	8/22/2024	Length of Event	10:00 AM - 4:00 PM
Event	Work Session & Board Meeting (Hybrid)	Audience	General Public
Address	Zoom/1000 2nd Ave-28th Flr. Board Room	Division	Administration
City	TBA	Contact	Tera Ahlborn
		Phone # of Contact	206-287-4470

Date	9/19/2024	Length of Event	1:00 PM - 4:00 PM
Event	Board Meeting (Hybrid)	Audience	General Public
Address	Zoom/1000 2nd Ave-Board Room	Division	Administration
City	Seattle, 98104	Contact	Tera Ahlborn
		Phone # of Contact	206-287-4470

Date	9/24/2024	Length of Event	TBD
Event	Housing Washington 2024 Conf.	Audience	Conf. Attendees
Address	Spokane Convention Ctr.	Division	Administration
City	Spokane	Contact	Tera Ahlborn
		Phone # of Contact	206-287-4470

Date	9/25/2024	Length of Event	TBD
Event	Housing Washington 2024 Conf.	Audience	Conf. Attendees
Address	Spokane Convention Ctr.	Division	Administration
City	Spokane	Contact	Tera Ahlborn
		Phone # of Contact	206-287-4470

Date	9/26/2024	Length of Event	TBD
Event	Housing Washington 2024 Conf.	Audience	Conf. Attendees
Address	Spokane Convention Ctr.	Division	Administration
City	Spokane	Contact	Tera Ahlborn
		Phone # of Contact	206-287-4470
Date	9/28/2024	Length of Event	TBD
Event	2024 NCSHA Ann'l. Conf. & Showplace	Audience	NCSHA Members
Address	Sheraton Phoenix Downtown Hotel	Division	Administration
City	Phoenix, AZ	Contact	Tera Ahlborn
		Phone # of Contact	206-287-4470
Date	9/29/2024	Length of Event	TBD
Event	2024 NCSHA Ann'l. Conf. & Showplace	Audience	NCSHA Members
Address	Sheraton Phoenix Downtown Hotel	Division	Administration
City	Phoenix, AZ	Contact	Tera Ahlborn
		Phone # of Contact	206-287-4470
Date	9/30/2024	Length of Event	TBD
Event	2024 NCSHA Ann'l. Conf. & Showplace	Audience	NCSHA Members
Address	Sheraton Phoenix Downtown Hotel	Division	Administration
City	Phoenix, AZ	Contact	Tera Ahlborn
		Phone # of Contact	206-287-4470
Date	10/1/2024	Length of Event	TBD
Event	2024 NCSHA Ann'l. Conf. & Showplace	Audience	NCSHA Members
Address	Sheraton Phoenix Downtown Hotel	Division	Administration
City	Phoenix, AZ	Contact	Tera Ahlborn
		Phone # of Contact	206-287-4470
Date	10/24/2024	Length of Event	10:00 AM - 4:00 PM
Event	Work Session & Board Meeting (Hybrid)	Audience	General Public
Address	Zoom/1000 2nd Ave-Board Room	Division	Administration
City	Seattle, 98104	Contact	Tera Ahlborn
		Phone # of Contact	206-287-4470

Date	11/21/2024	Length of Event	1:00 PM - 4:00 PM
Event	Board Meeting (Hybrid)	Audience	General Public
Address	Zoom/1000 2nd Ave-Board Room	Division	Administration
City	Seattle, 98104	Contact	Tera Ahlborn
		Phone # of Contact	206-287-4470

Date	12/12/2024	Length of Event	1:00 PM - 4:00 PM
Event	Board Meeting (Hybrid)	Audience	General Public
Address	Zoom/1000 2nd Ave-Board Room	Division	Administration
City	Seattle, 98104	Contact	Tera Ahlborn
		Phone # of Contact	206-287-4470