

2018 ANNUAL REPORT

IMPOSSIBLE

Making affordable homes a reality in Washington.



WASHINGTON STATE
HOUSING FINANCE
COMMISSION



2018 COMMISSIONERS

Karen Miller, Commission Chair

Brian Bonlender, Director, Department of Commerce, Ex Officio

Diane Klontz, Department of Commerce, Designee

Duane Davidson, Washington State Treasurer, Ex Officio

Jason Richter, Washington State Treasurer's Office, Designee

Beth Baum, At-Large

Steven Moss, Nonprofit and Housing Consumer Representative

Randy Robinson, Housing Consumer Interests Representative

Alishia Topper, Publicly Elected Official Representative

Lowel Krueger, Public Member

Ken A. Larsen, Public Member

Wendy L. Lawrence, Public Member



Letter from the Chair

No question about it: Washington's housing market is among the most expensive in the country. That's why we're doubling down on making affordable homes a reality for the people who need them most.

This year alone, we financed nearly 7,000 affordable apartments, enabled more than 6,000 families to buy homes, and helped communities preserve historic buildings, save energy and money, and bring people together in common spaces.

What does this mean for the people of Washington? It means Tamara has a safe place to call her own for the first time. It means Jim and Leandra, a disabled couple, have a permanent home that meets their unique physical needs.

That's what we're working toward every day: to ensure people like Tamara, Jim, and Leandra have peace of mind, safety and well-being.

Thank you for your partnership in making affordable homes and healthy communities possible for people all over the state.



Karen Miller,
WSHFC Commission Chair

**"MAKING AFFORDABLE HOMES
AND HEALTHY COMMUNITIES POSSIBLE."**



What We Do

OPENING DOORS TO A BETTER LIFE



- Offer affordable home loans
- Help build and rehabilitate affordable apartments
- Ensure affordable homes remain safe, decent, and affordable for decades
- Offer free homebuyer education classes
- Finance energy projects, new farms, and nonprofit facilities
- Advocate for affordable housing throughout the state

WHO BENEFITS

- Seniors
- The homeless
- Working families
- People with disabilities
- New farmers and ranchers
- Non-profits
- Real-estate professionals and loan officers
- Contractors and developers
- Property managers

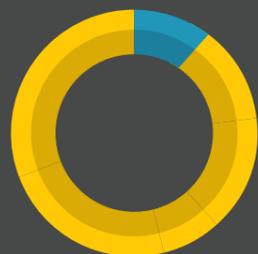
Homeownership

We offer affordable home loans, downpayment assistance, and free homebuyer education to enable people across the state to become homeowners.



MORTGAGE LOANS

6,112 HOUSEHOLDS SERVED



500 House Key loans

5,612 Home Advantage loans

\$1.4 billion
IN HOME LOANS

DOWNPAYMENT AND CLOSING-COST LOANS*



5,378
HOMEBUYERS
SERVED

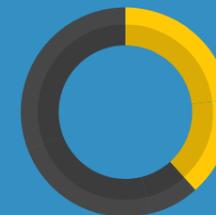
(buyers using our home loans)

\$50.5 million
IN DOWNPAYMENT ASSISTANCE



FREE HOMEBUYER EDUCATION SEMINARS

16,411 POTENTIAL
HOMEBUYER ATTENDEES



6,495 online attendees

785
INSTRUCTORS TRAINED



1,202
IN-PERSON SEMINARS
HELD STATEWIDE

HOUSING COUNSELING GRANTS

These grants cover pre-purchase counseling for people who need personalized home-buying help and foreclosure counseling for people who might lose their home.

7,000
HOUSEHOLDS
SERVED



MORTGAGE CREDIT CERTIFICATES*

\$6.1
MILLION

26
CERTIFICATES

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

“We feel free.” This is what Leandra and her husband, Jim, said after finally becoming homeowners after years of renting. Both live with disabilities, making it nearly impossible to find a home that met their needs, while still being affordable.

It wasn't until someone told Leandra about the Commission's

Cristie connected them with the Commission's Home Choice program for buyers with disabilities. With their realtor's help, they found a perfect two-bedroom home close to Leandra's job at Snohomish County Human Services. The Home Choice program provided downpayment help and even covered the cost of a new walk-in shower.

Disabled couple finds perfect home.

DIS/EMPOWERED

Where:
Everett

Programs used:
Downpayment assistance, free homebuyer education, and House Key mortgage loan

Community partner:
Guild Mortgage

downpayment assistance program that their dream of homeownership started to take shape. Leandra and Jim met with Cristie Stapp at Guild Mortgage, one of the Commission's premier lenders, and took a Commission-sponsored homebuyer education seminar. "We learned a lot!" Jim said.

Jim, Leandra, and their Chihuahua Joy are incredibly happy in their new home. Leandra said the best part is being able to update and improve things. "No more dealing with building managers. We're responsible for the whole place!"

This new responsibility is one they couldn't be happier to tackle.



Multifamily

We enable housing developers and community partners to build and renovate affordable apartments throughout the state.



9% HOUSING TAX CREDITS

COMBINED BONDS AND 4% TAX CREDITS

\$183
MILLION IN
TAX CREDIT
EQUITY

933
UNITS
*created or
preserved*



5,185
RENTAL
HOUSING UNITS
created or preserved

\$552 MILLION
ISSUED IN BONDS

\$436 MILLION
IN TAX CREDITS

PROJECTS
32
STATEWIDE



TOTAL
59
PROJECTS

OVERVIEW

6,472 UNITS OF HOUSING
FINANCED, INCLUDING:

- 1,619 for seniors
- 547 for disabled households
- 839 for homeless households

\$718 MILLION
TOTAL BONDS ISSUED

\$619 MILLION
ALLOCATED IN HOUSING
CREDITS

NONPROFIT HOUSING

\$166
MILLION IN
BONDS ISSUED
*to create **354 units** and refinance
more than **935 existing units***



Social butterfly spreads her wings in downtown Bellingham.

UNSETTLED

From accepting a single woman to live with her, and being shocked when the woman, her husband, and four kids moved

in to her two-bedroom apartment, to dealing with roommates' theft and drug issues, Diana couldn't be happier to live alone in a safe and stable environment.

"Living alone is the greatest gift," Diana said.

"FOR ME, LIVING HERE IS A GODSEND."

Now, she only pays about \$350 a month for her own space and can use the rest of her \$790 monthly income to cover other living expenses. The Eleanor Apartments' energy-efficient design has also cut her utility bills significantly.

As a self-described "city gal," living in the heart of downtown Bellingham is a dream come true for Diana. She's a few blocks from everything she wants to do.

"I have a wonderful life and I thank the Eleanor Apartments for enhancing that."

At 68 years old, Diana Swan has a social calendar that would be the envy of anyone half her age. When she's not volunteering for the homeless shelter, attending classes at the local food co-op, or dressing up as her favorite Icelandic character for the local steampunk festival, you'll find her socializing and relaxing in her new apartment in downtown Bellingham.

But before Diana found her space at the Eleanor Apartments—a new senior community built by Mercy Housing Northwest with the help of the Commission—having a place to call her own was out of the question.

Diana's depth perception and balance issues limited her career opportunities, so she's mostly worked in retail and restaurants. Her low income put her at the mercy of roommates, many of whom caused health and financial problems. "I've had so many roommate horror stories," Diana says.



Where:
Bellingham

Programs used:
9% Low Income
Housing Tax Credits

Community partner:
Mercy Housing
Northwest

Asset Management Impact

OUR TEAM ENSURES
AFFORDABLE HOUSING
DEVELOPMENTS REMAIN
AFFORDABLE AND IN
COMPLIANCE FOR AT
LEAST 40 YEARS.

- 93,000 units in 1,070 properties monitored statewide
- 600+ property owners and managers trained in compliance monitoring and reporting
- 350+ properties inspected each year



JUNE 2018, BELLINGHAM:

Photo Credit: Lorraine Wilde

Kulshan Community Land Trust broke ground on a new development of 54 affordable townhomes, thanks in part to a loan from the Commission's Land Acquisition Program. Pictured are Commissioner Ken Larsen, Kulshan Executive Director Dean Fearing, Mauri Ingram of the Whatcom Community Foundation and Cynthia Weaver of Beneficial State Bank.

HOPELESS

Woman finds safety after homelessness.



Where:
Spokane

Programs used:
9% Low-Income
Housing Tax Credit
Program

**Community
partners:**
Community
Frameworks

Until recently, Tamara's living situation was "unimaginable." Her ex-husband, who's also the father of her two children, was mentally and physically abusive, going so far as to steal her identity. She moved in with other family members but faced abuse there, too.

Tamara sought refuge at Hope House, a women's emergency shelter in Spokane.

"I was so grateful to have a bed to sleep in," Tamara said. "I don't think I would have survived without Hope House."

Tamara stayed in Hope House for one month before finding a permanent home at West 315 Apartments. Built in 2016, West 315 offers 32 affordable apartments for low-income residents; seven of the units are set aside for people coming out of homelessness, like Tamara.

The nonprofit Community Frameworks used the Commission's 9% Low-Income

Housing Tax Credit Program to develop West 315.

Tamara is hoping to find a job working with people with mental disabilities. "I've always had a place in my heart for the disabled," Tamara said. "Now that I have a home, I can seek employment."

Tamara has also since reconnected with her family, babysitting her grandchildren, including Noah, 5. She lives with her small dog, who stayed with her even while she was homeless.

**"LIVING HERE IS THE
BEST THING THAT
EVER HAPPENED
TO ME."**

Tamara encourages other women facing abusive relationships to seek help. "Don't be scared to leave and reach out for the help you need."

Enhancing Communities



The Commission's programs go beyond housing to finance a wide range of community needs. Our loans allow nonprofits to buy, build, renovate and refinance facilities; aspiring farmers to purchase land and equipment; and organizations and businesses to save money while saving—or even generating—energy.



Photo Credit: Food Lifeline

SUSTAINABLE ENERGY PROGRAM

10 projects
\$3.8 million financed



Projects Completed:

- **Valley Cities Recovery Place**
\$1,000,000 (King County)
- **Vashon Island Bioenergy Co-op**
\$500,000 (King County)
- **Highline Heritage Museum**
\$375,000 (King County)
- **College Point Storage**
\$265,000 (Thurston County)
- **Stanwood Community and Senior Center**
\$260,000 (Snohomish County)
- **Bellwether Cascade Court**
\$120,000 (King County)
- **Colby House COA**
\$115,000 (Snohomish County)
- **Food Market at Key Center**
\$100,000 (Pierce County)
- **Bellwether Olive Tower**
\$92,000 (King County)
- **Green Canopy Rosa Refinance**
\$1,000,000 (King County)

NONPROFIT FACILITIES

6 projects
\$53.3 million financed



Projects Completed:

- **Food Lifeline**
\$17.7 million (King County)
- **Annie Wright Schools**
\$22 million (Pierce County)
- **Briggs Community YMCA**
\$3.3 million (Thurston County)
- **Metamorphosis Project**
\$3 million (King County)
- **Seattle Waldorf School**
\$5.9 million (King County)
- **Welcome Center**
\$1.5 million (Pierce County)

NEW FARMER/RANCHER

1 project
\$285,725 financed



With this financing, a family purchased 204 acres for farming near Deer Park in unincorporated Spokane County.

Victory over addiction

Last summer was the first time in a decade that Quentin enjoyed the feeling of sun on his skin. After battling an opioid addiction for the last 10 years—which causes extreme temperature sensitivities—Quentin is now clean, employed, and ready to tackle his next challenge.

upgrade its energy efficiency. The new facility will help 1,500 people a year leave behind chemical dependency.

While Quentin had sought treatment from other facilities in the past, he said Valley Cities was completely different. “The team of people who worked with me were genuinely

invested,” Quentin said. “While other programs have classes with 50-60 people, these classes were small, which helped a lot.”

Since completing his treatment, Quentin said life’s been great. “I’m happy to get back to work. I got a job within four days of leaving Valley Cities and now I’m working to get my real estate license.”

Quentin got help at Valley Cities Recovery Place in Seattle, a behavioral health clinic that supports people struggling with substance abuse and mental health challenges.

Valley Cities used the Commission’s Land Acquisition Program loan to purchase the existing building on Beacon Hill, saving it from being torn down and replaced with townhomes. Then, a Sustainable Energy Trust loan from the Commission helped

UNSUCCESSFUL

Where:
Seattle

Programs used:
Sustainable Energy Trust and Land Acquisition Program

Community partner:
Valley Cities Recovery Place



UNACCOMPLISHED

Family of four builds permanent home.



Where:
Spokane

Programs used:
Revolving Loan
Fund

**Community
partners:**
Habitat for
Humanity

Dorcus and her husband, Bright, couldn't be happier to have a warm place to call home.

Up until last year, they lived in a chilly, two-bedroom basement apartment in Spokane that was damp and cold, despite their \$200 a month heating bill. The lack of heat caused their two little girls, ages four and two, to constantly catch colds.

But everything changed when they became part of Habitat for Humanity's new community in Deer Park north of Spokane. After spending 500 hours working alongside volunteers to build their new home, including weekends and vacation time, Dorcus and her family happily moved in the summer of 2017.

Their new home has three bedrooms and one-and-a-half baths, along with a backyard where the kids can play and

cozy heated floors. Dorcus and her husband, who are both from Ghana, can now pour their energy into their education and careers: Bright is getting an MBA and Dorcus is getting an MA in elementary education (she was formerly a teacher in Ghana).

Partnering with Habitat

Dorcus and Bright's home was made possible by a Commission loan fund that supports Habitat for Humanity, totalling \$7.5 million since 2015. This partnership jump-starts Habitat's development funding: Instead of slowly raising money from donors and building one house at a time, this financing allows Habitat affiliates to buy land and materials and start building—energizing volunteers and donors to build whole neighborhoods at a time.

Commission leader gets national recognition

UNPROTECTED

Statewide advocacy campaign defends affordable housing.



the development of 128,000 affordable apartments statewide—all without using state resources and instead harnessing the private market for the public good.

“IT’S MORE IMPORTANT THAN EVER THAT WE KEEP OPENING DOORS TO A BETTER LIFE.”

This year, Kim Herman, the Commission’s only Executive Director since the organization’s creation nearly 35 years ago, was inducted into the national Affordable Housing Finance’s (AHF) Affordable Housing Hall of Fame.

Under Kim’s leadership, the Commission has helped more than 73,000 families become homeowners and has financed

Kim has truly changed the face of affordable housing throughout Washington. We’re thrilled his hard work and tenacity have been recognized on a national level.

Going into the 2017 legislative session, housing advocates across the country were worried about the future of affordable housing. But the biggest threat came where they least expected: a tax reform proposal that eliminated all private-activity bonds. For Washington, this meant the potential loss of 60% of the state’s affordable apartment production. In the first year alone, it would prevent the construction of 2,088 apartments for more than 4,000 people. It would also cut off funding for nonprofit senior housing, nonprofit facilities and new farms.

The Commission quickly mobilized, in partnership with hundreds of housing partners across the state and country. Our two-months-long, all-hands-on-deck advocacy paid off when Congress voted to keep private-activity bonds with no limits.



That wasn’t the only win for housing. Thanks to Senator Maria Cantwell and the work of advocates across the country, in the spring of 2018, Congress approved a temporary 12.5% increase to the Low-Income Housing Tax Credit—the first increase in decades.

“TOGETHER WITH OUR PARTNERS NATIONWIDE, WE PROVED THAT BIG WINS ARE POSSIBLE.”

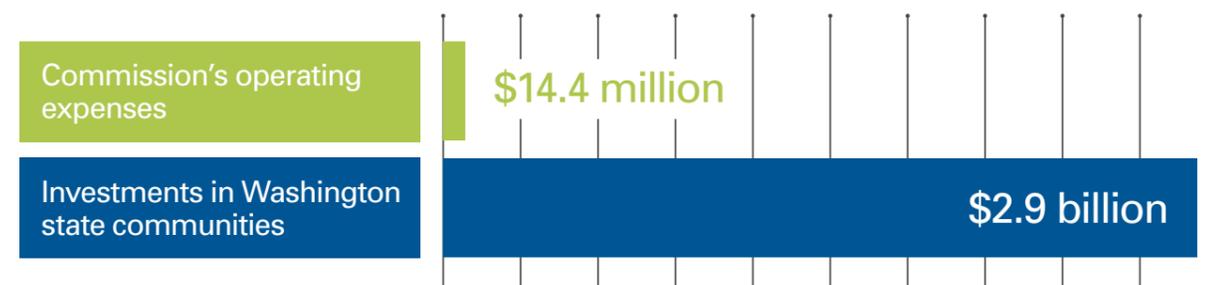
UNAUDITED (IN THOUSANDS)

Statement of Net Assets

For the years ending June 30, 2018 and 2017

Assets	\$ 2018	\$ 2017	\$ change	% change
Cash and cash equivalents	20,085	15,309	4,776	31.2%
Investment securities	5,697	9,186	(3,489)	-38.0%
Receivables and prepaids	6,798	6,582	216	3.3%
Furniture and fixtures (net of depreciation)	234	349	(115)	-33.0%
Total assets	\$ 32,814	\$ 31,426	\$ 1,388	4.4%
Deferred Outflows of Resources	1,639	1,059	580	54.8%
Total assets and deferred outflow of resources	\$ 34,453	\$ 33,634	\$ 819	2.4%
Liabilities	\$ 2018	\$ 2017	\$ change	% change
Accounts payable and other liabilities	3,874	1,974	1,900	96.3%
Net Pension and OPEB Liability	7,599	5,207	2,392	45.9%
Unearned fee income	8,647	9,131	(484)	-5.3%
Total liabilities	\$ 20,120	\$ 16,312	\$ 3,808	23.3%
Deferred Inflows of Resources	1,951	–	1,951	N/A
Net Assets	\$ 2018	\$ 2017	\$ change	% change
Total net assets	\$ 12,382	\$ 16,173	\$ (3,791)	-23.4%
Total assets, deferred inflows of resources and liabilities	\$ 34,453	\$ 32,485	\$ 1,968	6.1%

OUR INVESTMENTS



UNAUDITED (IN THOUSANDS)

Statement of Activities and Change in Net Assets

For the years ending June 30, 2018 and 2017

Revenues	\$ 2018	\$ 2017	\$ change	% change
Fee and other income	30,205	31,998	(1,793)	-5.6%
Interest and investment income (net)	839	487	352	72.3%
Grants and other pass through revenue	2,168	3,614	(1,446)	-40.0%
Total revenues	\$ 33,212	\$ 36,099	\$ (2,887)	-8.0%
Expenses	\$ 2018	\$ 2017	\$ change	% change
Salaries, wages, and employee benefits	8,442	7,754	688	8.9%
Professional fees	1,102	1,219	(117)	-9.6%
Office and other expense	2,673	2,661	12	0.5%
Grants and other pass through expense	2,168	3,614	(1,446)	-40.0%
Total expenses	\$ 14,385	\$ 15,248	\$ (863)	-5.7%
Allocated to Commission Fund	3,022	2,425	597	24.6%
Excess allocated to program investments	15,972	16,374	(402)	-2.5%

THE COMMISSION IS A SELF-SUSTAINING ORGANIZATION

Total: \$33,212,000

Self-generated revenue:
\$30,205,000



Pass-through grants:
\$3,007,000

Mission

The Washington State Housing Finance Commission is a publicly accountable, self-supporting team, dedicated to increasing housing access and affordability and to expanding the availability of quality community services for the people of Washington.

Here's to another year of making the impossible *possible*.



WASHINGTON STATE
HOUSING FINANCE
COMMISSION

Opening doors to a better life

www.WSHFC.org



Photos: Tom Turley,
except as noted