

2024 Bond/Tax Credit Program Proposed Policy Updates – CBO Specific Meeting

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WASHINGTON STATE

**HOUSING FINANCE
COMMISSION**



Agenda

Overview of Immediate Bond Policy Changes **for 2024**

- Pipeline Process for Seattle/King County
- Changes to CBO-specific policy section

CBO Bond Policy Changes **for 2025 and Beyond**

- Timeline
- Topics for Discussion
- Commission Support/ Process

2024 Bond Policy Updates

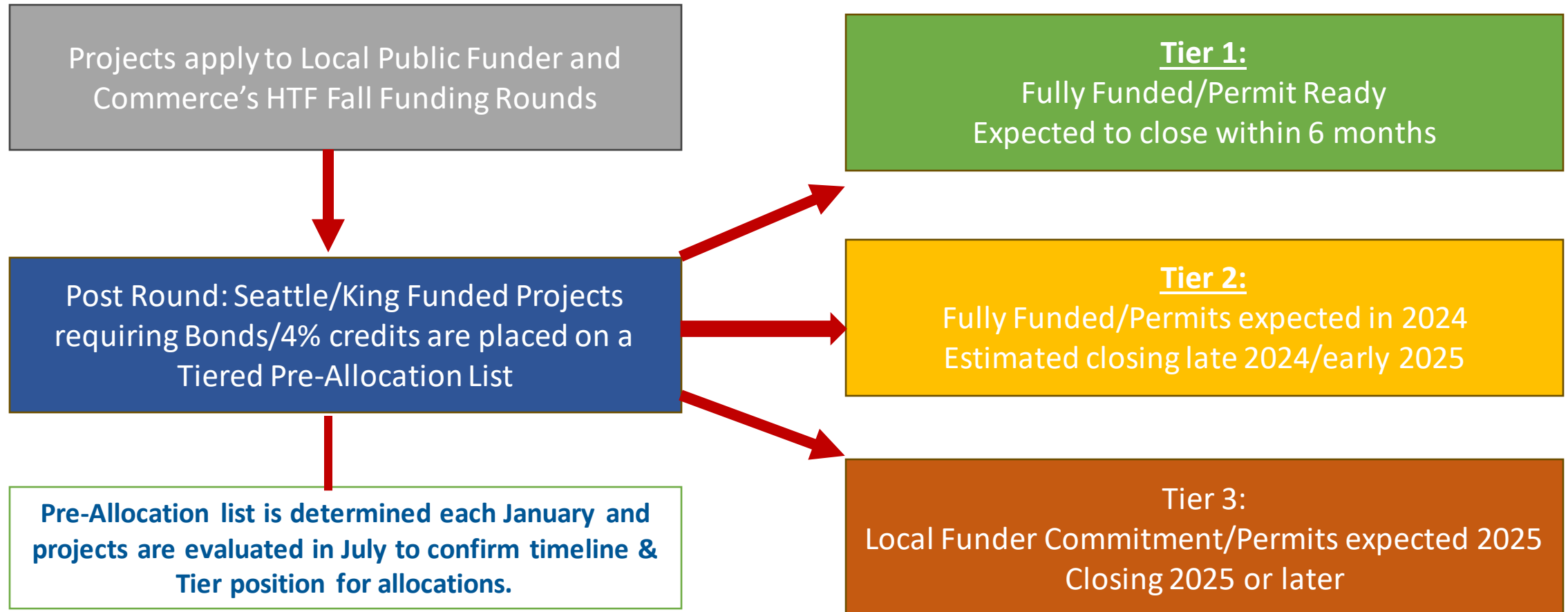


1.1.1.1 Application Rounds

- King County Pipeline: Allocate bonds differently in King Co. for 2024 based off public leverage, funding readiness
 - Tier 1
 - Tier 2
 - Tier 3
- Re-evaluations of tiers will occur in January and July each year
- Balance of State: Closing deadline, project readiness criteria (section 4). Projects ranked according to point scores, bond cap request per unit, cost per unit.
- Waitlist for projects that do not receive an allocation for that round only, will still need to re-apply for subsequent rounds
- When competitive rounds are in effect, projects will also be expected to provide a Bond Cap Reservation Fee



Example of Seattle/King County Pipeline Process



Projects By and For Community/CBOs



Section 4 Bond Cap and Tax Credit Allocation Criteria:

- Projects outside King County must select a minimum of **25** points below to apply for the Bond/Tax Credit Program (**4 of which must be in Section 4.5 Projects that are By and For the Community**). Projects located in King County must select a minimum of **30** points (**5 of which must be in Section 4.5 Projects that are By and For the Community**).

Section 4.5 Projects that are By and For the Community:

- **All applicants must score a minimum of points in Section 4.5 Projects that are By and For the Community to be considered for an allocation.**
 1. Seattle/King County must score a minimum of 5 points
 2. Balance of State must score a minimum of 4 points

Section 4.5 Related Changes

Section 4.5.2: CBO Inclusion: Removes ability to claim points for nonprofit donation in two point categories (4.5.2: CBO Inclusion-Financial Benefit and 4.6: Donation in Support of Local Nonprofit Programs).

- CBO benefits financially from the partnership, as determined by the CBO. Examples can include – CBO pays below-market rent for space in the project. **Donations made to the CBO under Section 4.6 Donation in Support of Local Nonprofit Programs do not count towards meeting this criterion.**

Section 4.5.3 Meaningful Community Engagement: changes term from “Meaningful Community” to “**Potential Tenant**” Engagement

Section 4.5: CMI Relevance to Project - Note: CMI term is changed to **Community Most Harmed (CMH)**

The relevance of the Community Most Harmed (CMH) to the project will be addressed in the CBO Interview process and the Community Engagement Response Form instructions but will not be included in the actual policy.

Section 4.5 CBO Interview Schedule: 1) The developer must identify the CMH, as well as the CBO partner at Intent to Apply. 2) Repeat CBO's will have a streamlined interview to verify information. 3) Second CBO interview is only necessary to verify information/ ask questions raised based on applications received and will not be required for every applicant or allocatee.



Bond Policy Discussion for 2025 & Beyond

Deep and Broad CBO Engagement Plan

Timeline for 2025 Bond/4% Tax Credit Policy Engagement



Deep and Broad CBO Engagement Plan

Topic Areas for 2025 Bond/4% Tax Credit Policy Engagement

- Points for Racial Equity in Development Team
- Communities Most Harmed (CMH) and Community Based Organization (CBO) Characteristics and Requirements
- Incentives for Developers to Partner with CBOs
- Engagement of CMH
- Decision-Making Power for CBOs
- CBO Support/Resources



Points for Racial Equity in Development Team

Define BIPOC Ownership/ Organizations:

Current Language:

The Commission will award points for projects in which the Ownership Entity is more than 50% BIPOC owned or controlled.

A BIPOC entity is defined as:

- For Profit – more than 50% of the ownership identifies as BIPOC
- Non-Profit – at least one of these is true at the time of application
 - More than 50% of the board of directors identifies as BIPOC
 - Its executive director or chief executive officer identifies as BIPOC

Feedback to Commission:

“The Commission has to stop asking people, specifically the heads of organizations, if they are People of Color. If I self-identify that way, that should be the end of that question or discussion... Is it really fair or appropriate? To give an organization five points because its executive director is a person of color? That’s an effort to do something positive that has a negative effect. Would a white person be asked if they are white?”



Points for Racial Equity in Development Team

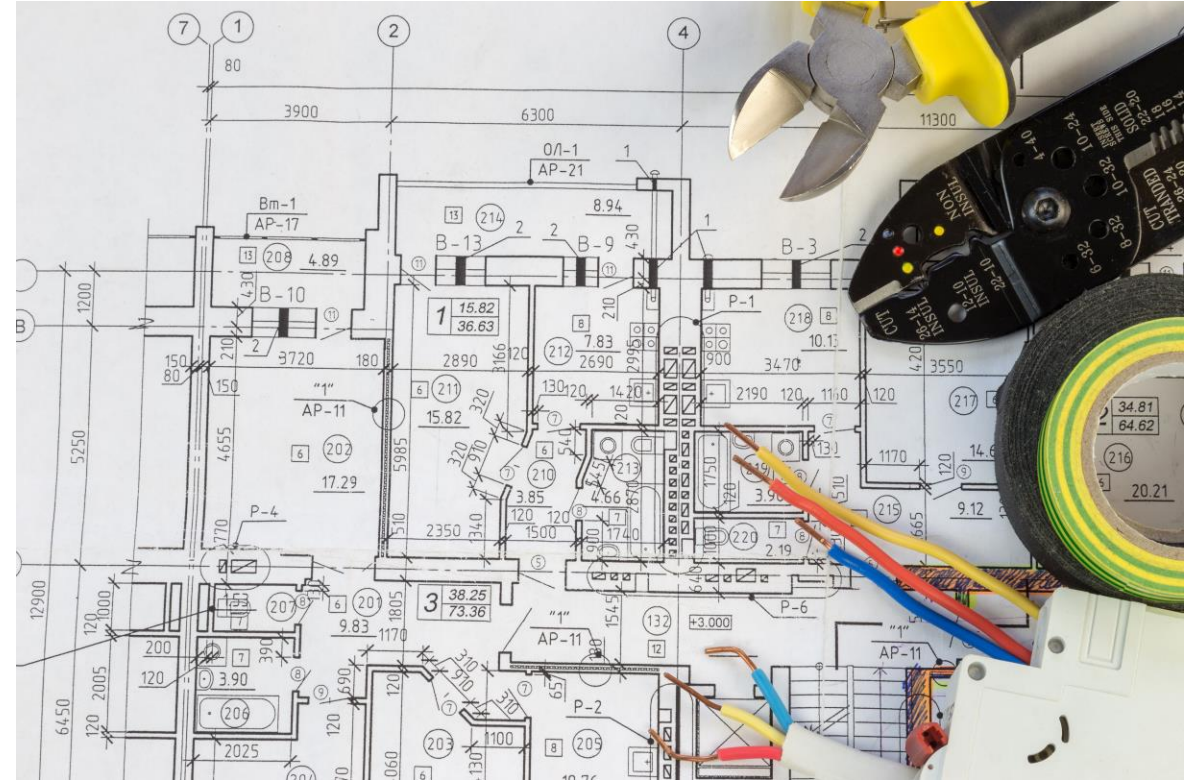
OPTIONS FOR 2024:

1. **Leave the points**, and the procedure for documentation of identity, in place while engagement is conducted, and then make policy/procedure changes that result from the engagement in future years.
2. **Remove the policy**, and all points associated with it, while engagement is conducted. The results of the engagement will be turned into a new policy/procedure in future years.

Points for Racial Equity in Development Team

Discussion for 2025:

- Should we expand incentives in application and engagement process to include BIPOC architects, property managers, service providers, etc.?
- How should we determine an entity's racial identity in order to achieve this?
- Should we change the determinants for Nonprofits (e.g. Board Makeup and CEO Identity)?



Communities Most Harmed (CMH) / Community Based Organizations (CBO)

*“You know a disadvantaged organization when you interact with it.
You don’t have to make them check a box.”*

Discussion for 2025:

- Are the definitions of CMH/CBO appropriate?
- What is “*community intelligence*”, as far as it relates to a CBO’s role in the community it is working in/ supporting?
- Is the current CBO interview process working?

Incentives for Developers to Partner with CBOs

“We are not sure how much changes to the points system leveled the playing field. There were plenty of opportunities for larger organizations to get points in other ways.”

Discussion for 2025:

- Are the options for points adequate and appropriately gauged?
- What are some examples of financial incentives CBOs could be offered?

Engagement of Communities Most Harmed

Discussion for 2025:

- What does “*meaningful community engagement*” look like and mean?
- Is the current Community Engagement documentation process working? Are the toolkits helpful?
- Should we establish a point scale based on level of CMH engagement on part of CBO and developer partner?
 - What would be sufficient documentation/ proof for this?

Decision-Making Power for CBOs

Discussion for 2025:

- How can our policy promote decision-making power for BIPOC organizations and/or CBOs without placing undue burdens on their shoulders?
- What role should the Commission play in negotiations?



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CBO Support/Resources

Discussion for 2025:

- What support and/or resources do CBOs need—
 - For application
 - For negotiation of partnership terms
 - During pre-closing
 - During construction
 - During ownership/management phase
 - At Year 15 Exit



Process for CBO Co-Design of Policy Revisions

- How do CBOs want to engage?
- What involvement should Commission Staff have?



Next Steps for 2024

- Send us your feedback and/or take the Survey by August 18th!
- Final revisions posted & info session scheduled for September 6th, stay tuned for the invite.
- Applications will be due in January!

- Check out the full timeline here:

[2024BondTCPolicyRevisionsTimeline.pdf](#)
[\(wshfc.org\)](#)



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Thank you!!

Please reach out with any further questions or concerns.

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