

2025 9% Program Proposed Policy Updates

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WASHINGTON STATE
**HOUSING FINANCE
COMMISSION**



Agenda



Current Pool Credit & Pipeline



5-Year Assessment



Proposed Policy Changes (and Beyond)



Next Steps



5-Year Assessment – Context

New Methodology in 2021

- Allocation amount per county using base amount + needs estimation
- Any forward commitment subtracted from subsequent year's allocation

Intent

- Ensure more equitable distribution among counties by providing predictability & pipelining

Revisit Approach in 3-5 Years



Pipeline Discussion



Recap of last year's decisions

Emerging projects for next year



5-Year Assessment – Deeper Dive

| Metro Pool County | Need (CHAS data) | 5-Year Allocation (Base + need) | # Projects Allocated | \$ Credits Allocated | Available for 2025 |
|-------------------|------------------|---------------------------------|----------------------|----------------------|---------------------|
| Clark | 14% | \$ 7,065,561 | 4 | \$ 6,164,045 | \$ 901,516 |
| Pierce | 28% | \$ 9,185,480 | 4 | \$ 6,735,430 | \$ 2,450,050 |
| Snohomish | 27% | \$ 8,978,336 | 3 | \$ 4,713,336 | \$ 4,265,000 |
| Spokane | 20% | \$ 7,999,912 | 5 | \$ 8,474,559 | \$ (474,646) |
| Whatcom | 10% | \$ 6,461,759 | 3 | \$ 5,171,433 | \$ 1,290,326 |
| Totals | 100% | \$ 39,691,051 | 19 | \$ 31,258,803 | \$ 8,432,248 |

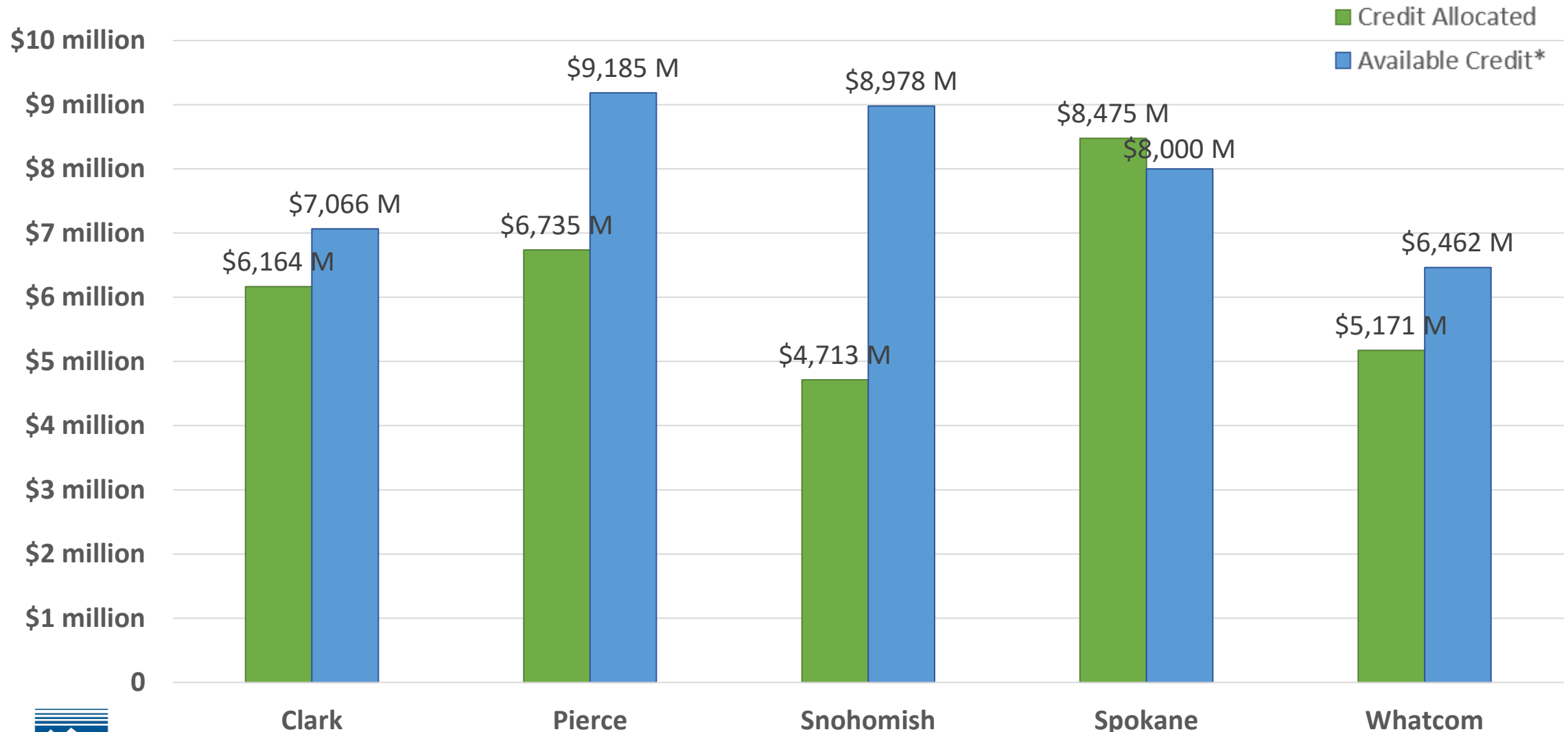


5-Year Assessment – Deeper Dive

| Metro Pool County | # Projects Allocated | Annual Allocation | Median Credit /Project | Median Credit/ Unit | Median Units/ Project |
|-------------------|----------------------|---------------------|------------------------|---------------------|-----------------------|
| Clark | 4 | \$ 1,413,112 | \$1,392,485 | \$ 24,615 | 67 |
| Pierce | 4 | \$ 1,837,096 | \$1,700,000 | \$ 27,285 | 60 |
| Snohomish | 3 | \$ 1,795,667 | \$1,497,756 | \$ 28,803 | 52 |
| Spokane | 5 | \$ 1,599,983 | \$1,658,400 | \$ 27,423 | 60 |
| Whatcom | 3 | \$ 1,292,352 | \$1,739,942 | \$ 27,729 | 63 |
| Totals | 19 | \$ 7,938,210 | | | |



5-Year Assessment – Metro Balance by County



5 Year Assessment – Discussion



Any surprises?

How did this policy impact your community?

Did new challenges emerge because of this process?

Should we continue our approach?

2025 Proposed Policy Changes

2025 – Policy Changes and Clean Up!



Focused Policy Changes

- TDC Limits
- Energy Boost
- Nonprofit Donation
- Eventual Tenant Ownership

Clean Up

Future Work – Beyond 2025

- AHAH Coordination
- Additional Low Income Housing Commitment
- Good Standing Policy
- Larger Program Overhaul

Total Development Costs (TDC)

Proposing 3% increase to current limits:

| Limit | Studio | One Bedroom | Two Bedroom | Three Bedroom | Four+ Bedroom |
|------------------|-----------|-------------|-------------|---------------|---------------|
| Seattle | \$414,690 | \$474,227 | \$563,046 | \$717,625 | \$717,625 |
| Balance of King | \$387,605 | \$448,729 | \$476,790 | \$591,595 | \$634,297 |
| Metro | \$373,087 | \$435,186 | \$460,929 | \$544,989 | \$587,691 |
| Balance of State | \$334,534 | \$377,357 | \$412,982 | \$500,703 | \$543,403 |

Cost Containment – Energy Boost



Adding a “boost” for costs associated with including solar energy array in projects

Ensures projects with solar are better able to compete for Cost Containment Incentive points



Donation in Support of Local Housing Needs

Updating donation requirements to match the Bond/Tax Credit Program

- Nonprofit Organization service area must include county where project is located and provide housing, housing-related services, or nearby community/social services that are available to residents of the project
- At least 50% of donation must be made to a Community Based Organization (CBO)
- Up to 25% of total donation may be made to an advocacy organization

Eventual Tenant Ownership (ETO)



Restoring 2 Points for ETO option that allow units to convert from rental to homeownership opportunities after Year 15

Updating policies and procedures to clarify expectations and requirements

Interested in a deeper dive – Join us for an ETO specific session Wed May 29th



Procedural Changes: Update the Following



- Project-Based Rental Assistance
 - HUD 811 Program & other local funding commitments for O&M
- Claiming Credit Prior to 8609 Issuance
- Better upfront documentation of Common Areas and Parking basis decisions



Future Work – Beyond 2025

Larger Program Overhaul



Comprehensive assessment of scoring informed by the following

- Racial Equity Impact Assessment
- Deeper policy & data analysis
- Robust community engagement



Permanent Supportive Housing (PSH) and Apple Health and Homes (AHAH)



No changes this year – continued emphasis of PSH housing

Pairing AHAH with 9% tax credits

- Commerce requires upfront application

Current environment and PSH looking forward



Additional Low Income Housing Commitment

No changes this year

Deeper analysis of income matrix as part of work developing strategies to stabilize rents for residents

Average Income Test

- Challenges in 9% Program
- Clarifying our intent

Good Standing Policy

Additional work to evaluate potential metrics

- Updating procedures to better track how project costs change from application to Placed-In-Service

Right sized approach is critical



Next Steps for 2024

- Proposed changes and survey posted no later than May 20
- Additional touchpoints
 - ETO specific meeting on May 29 – reach out if interested
 - Final Interested Parties Meeting July 11
- Board action July 25



Thank you!!