



WASHINGTON STATE  
HOUSING FINANCE  
COMMISSION



## **Interested Parties Meeting 9% Program Discussion**

**January 28, 2026**

# Agenda



- Introduction
  - General Updates
- 9% Program: Recap on Learnings from 2025
- 9% 2026 Approach
  - Affordability Focus
  - Other Areas
- Policy Road Map
- Discussion
- Goals and Next Steps

## General Updates



- Preservation Work: Context and Next Steps
- 4% Bond Program
- Looking forward to 2027 for 9% Tax Credit changes



## 9% Program: Recap on Learnings from 2025



- 2025 policy work occurred on a compressed timeline
- Emergent issues highlighted the need for deeper analysis
- Larger, structural changes require a longer runway
- Feedback to engage earlier with flexible formats & increased transparency



## 9% Program: 2026 Approach



- Introduce policy focus areas
- Surface tensions and tradeoffs
- Set expectations for how input will be used
- Avoid focus on points
- Use data as signals to support discussion, along with polls and prompts

## 2026 Core Policy Focus Areas: Affordability



- Prioritizing policy areas on **affordability and need**
  - Low Income Set Asides
  - Priority Population Set Asides
- Grounding in statewide evidence
  - Housing Need
  - Affordability outcomes within portfolio
- Landscape Scan of five Peer HFAs to review their approaches

## 2026 9% Program Policy Focus Areas



### Today's Focus

- Low Income Set Asides
- Priority Population Set Asides

Other areas under review include

- Additional Use Period
- Preservation
- Tribal considerations
- Energy
- Location based incentives

## Portfolio Data: Affordability in 9% Program



Distribution of unit targets over time



Program set-asides and actual household income



Affordability Match or Mismatch

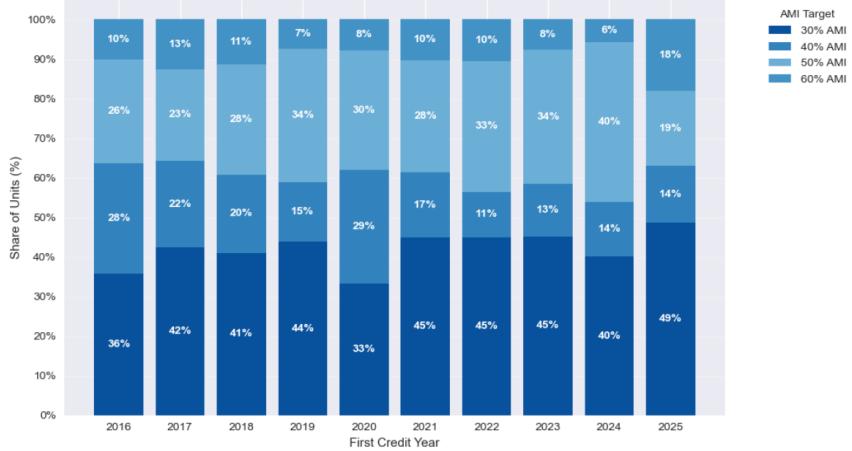


Cost burden

## 9% LIHTC units by AMI target, 2016–2025



100% stacked bars show the share of units at each income target by first credit year



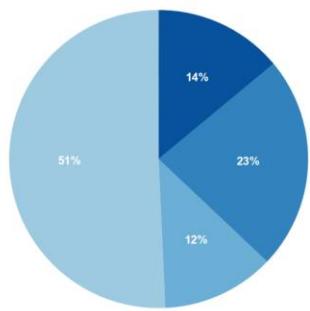
\*30% AMI represents the largest share of units in every year. 60% AMI remains a small portion of total 9% LIHTC units.

## Mismatch between 9% LIHTC unit restrictions & household incomes

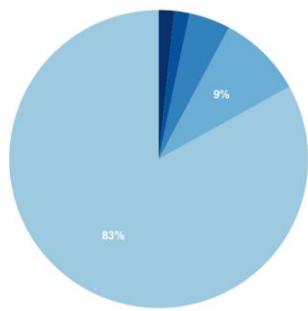


Occupied units, report years 2020-2025

Unit Income Restrictions



Household Incomes (Occupied Units)



*Left: share of units by restricted AMI band. Right: share of households by actual income.*

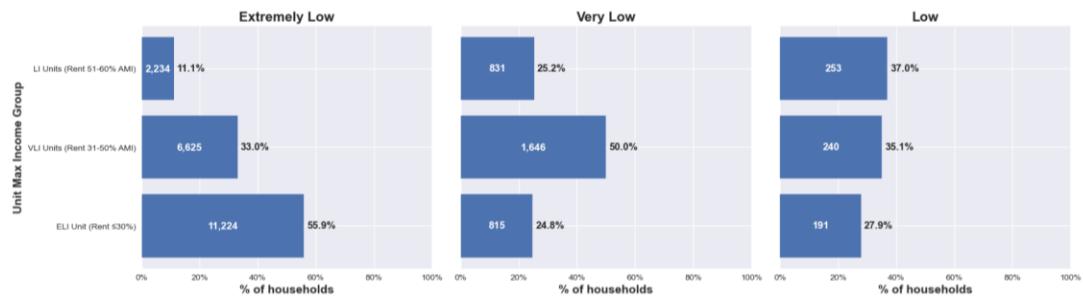
\*Households earning  $\leq 30\%$  AMI make up 83% of households but only 51% of unit restrictions.

This slide compares unit income restrictions to the actual incomes of households reported during the monitoring year, providing a snapshot of how the portfolio is operating in practice.

## Many households do not live in units targeted to their income level



Distribution of households across unit maximum income groups, by household income (report years 2020-2025)



*Unit categories (y-axis) reflect the maximum allowable income for the unit, not the actual household's income.*

\*Deeper-income units (ELI, VLI) serve households across all income groups

\*ELI households living in VLI or LI units (44.1%) and VLI households living in LI units (25.2% of VLI) may face increased risk of rent burden without additional rental subsidies (~40% of total households)

This slide compares unit income restrictions to the actual incomes of households reported during the monitoring year, providing a snapshot of how the portfolio is operating in practice.

Matched: household income group equals unit max income group

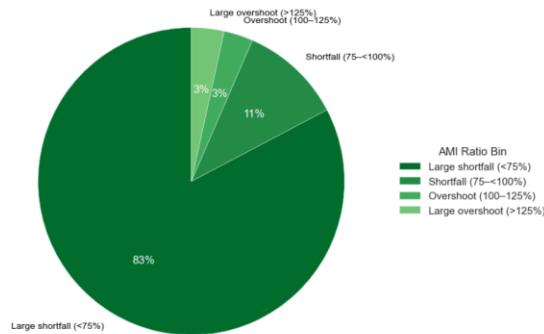
Mismatch: household lives in a unit targeted above or below their income group

- Total ELI households: 20,083 (55.9% matched, 44.1% mismatched)
- Total VLI households: 3,292 (50% matched, 50% mismatched) – but 25% are in ELI, 25% are in LI.
- Total LI households: 684 (37% matched, 63% mismatched)
- All households (deduped): 24,059
- Mismatched households: 10,936 (54.5%)
- Matched households: 13,123 (45.5%)

## Many income targets fall short of household need



AMI Ratio shows how close a household is to the unit's income limit  
(report years 2020-2025)



Values < 1 indicate a shortfall; values > 1 indicate an overshoot.

\*AMI Ratio = actual household share ÷ unit-restricted share

\*Households categorized above target met income eligibility at move-in. Subsequent income growth is permitted under LIHTC rules ("once qualified, always qualified").

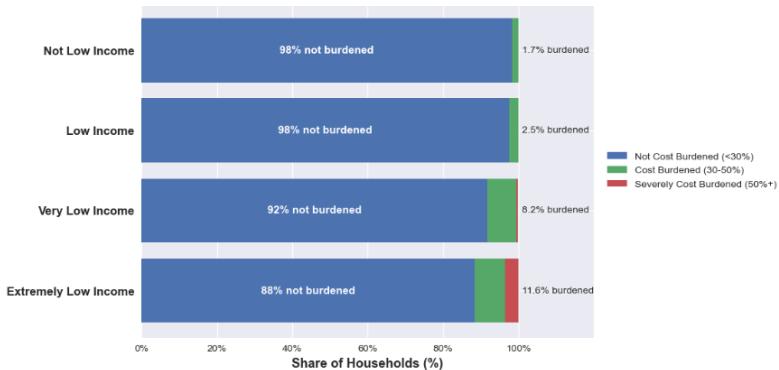
AMI Ratio compares a household's actual income to the unit's maximum allowed income. Lower ratios indicate deeper income targeting relative to the unit restriction. For example, a household at 11% AMI living in a 30% AMI-restricted unit has an AMI Ratio of 36%, meaning the household's income is about one-third of the unit's allowable limit.

- Households with an AMI Ratio below 75% means the household income is substantially lower than the unit's allowable limit (<75% of the unit limit).
- 75-100% means the household income is close to the unit cap
- >100% means the household income meets or exceeds the unit's restrictions.

## Most households are not cost burdened due to rental subsidies



Share of households by rent burden class



*Based on resident payment as a share of household income (subsidized and non-subsidized households, 2020–2025)*

\*While rent burden is generally low due to subsidies, households are living in units targeted above their income, highlighting reliance on rental subsidies rather than income targeting alone.

All households in 9% units in our portfolio are receiving rental subsidies, which explains the low rates of cost burden in this program.

## Upcoming Questions - Additional Low Income Set Asides



- What tension feels most present in the current AMI matrix structure?
  - Depth of Affordability vs Financial Feasibility
  - Predictability vs Flexibility
  - Targeting vs Scale
  - Subsidy Reliance vs Standalone Affordability
  - Other/Unsure
- Which AMI mix would you select if all options were available to you and had the same point values?

## Current Additional Low Income Set Aside



17 options total, with restrictions depending on county

Last Updated in 2018

### Current Most Selected Options (2018-2024 funded projects)

<input type="checkbox"/> Option 2: 50% @ 30% AMI, 50% @ 50% AMI	<b>(50% of projects)</b>
<input type="checkbox"/> Option 6: 10% @ 30% AMI, 50% @ 40% AMI, 40% @ 50% AMI	<b>(21% of projects)</b>
<input type="checkbox"/> Option 7: 50% @ 30% AMI, 10% @ 40% AMI, 40% @ 60% AMI	<b>(11% of projects)</b>
<input type="checkbox"/> Option 1: 50% @ 30% AMI, 25% @ 40% AMI, 25% @ 60% AMI	<b>(10% of projects)</b>
<input type="checkbox"/> Option 4: 25% @ 30% AMI, 50% @ 40% AMI, 25% @ 60% AMI	<b>(8% of projects)</b>

## Most Selected & Never Selected AMI Options



Option	Additional Low-Income Set-Aside Menu								Weighted Average Income Served
	30% AMI	40% AMI	50% AMI	60% AMI	Higher Points	Income County	Lower Points	Income County	
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%

Green = most selected

Red = never selected

White = sometimes selected

## Discussion: AMI Matrix



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

**What tension feels most present in the current AMI matrix structure?**

- Depth of Affordability vs Financial Feasibility
- Predictability vs Flexibility
- Targeting vs Scale
- Subsidy Reliance vs Standalone Affordability
- Other/Unsure

**Which AMI mix would you select if all options were available to you and had the same point values?**

## Upcoming Questions - Priority Population Set Aside



- What tension feels most present in our current Priority Population structure?
  - Depth of need vs meaningful differentiation
  - Clarity and consistency vs flexibility to respond to emerging needs
  - Single-population categories vs overlapping household needs
  - Equity goals vs geographic feasibility
  - Stability and services vs broader housing access
  - Other/unsure
- Which Priority Population Set-Aside(s) would you select if all options were available to you and had the same point values?

## Current Priority Population Set-Asides



### Option A – Permanent Supportive Housing

- Seattle/King County: 75% of units for 35 points
- Metro & Non-Metro: 25% of units for 25 points

### Option B – Farmworker Housing

- Metro and Non-Metro: 75% of units for 25 points

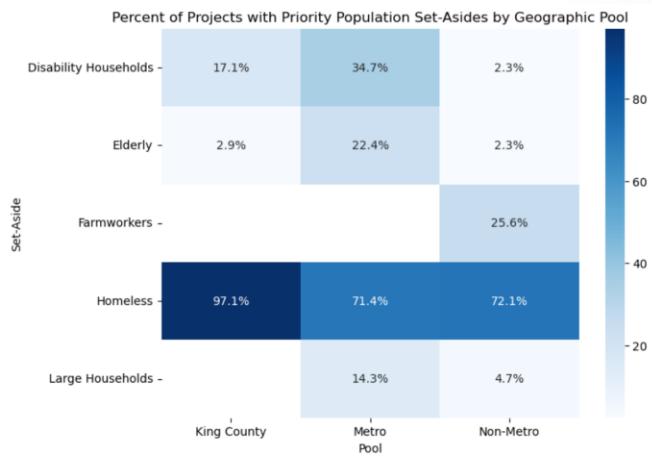
### Option C – Other Priority Populations

- 10 points each (max 20 points)
- Select up to two populations at 20% each
  - Farmworkers
  - Large Households
  - Persons with disabilities
  - Homeless
  - Elderly (entire project)

# Priority Population Commitments



- **Homeless set-asides dominate across all pools** – very high representation, especially in King County.
- **Farmworker, Elderly, Disabled, and Large Household units** are much less common and unevenly distributed by pool.
- Metro tends to have higher uptake for **Elderly, Disabled, and Large Household** set-asides compared to King County or Non-Metro
- **Some set-asides are almost entirely absent in certain pools** (e.g., Farmworker in King/Metro, Large Households in King County)



## Discussion: Population Set-Asides



### Option A – Permanent Supportive Housing

- Seattle/King County: 75% of units for 35 points
- Metro & Non-Metro: 25% of units for 25 points

### Option B – Farmworker Housing

- Metro and Non-Metro: 75% of units for 25 points

### Option C – Other Priority Populations

- 10 points each (max 20 points)
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**What tension feels most present in our current Priority Population structure?**

- Depth of need vs meaningful differentiation
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- Other/unsure

**Which Priority Population Set-Aside(s) would you select if all options were available to you and had the same point values?**

## Research & Policy: Peer HFA Review



- Exploring AMI and deep affordability approaches from peer HFAs
- Main differences across the landscape of HFA policies
  - Prioritization of affordability compared to total points offered
  - Flexible vs structured AMI options
  - Mandatory thresholds vs incentives for competitive scoring

## Example: Wisconsin



- 35 out of 212 total points related to affordability (16.5%)
- “Serves Lowest Income” category consists of customizable weights rather than thresholds or options
- Additional 0.75 points for every 1 percentage point of supportive units in the project (10 point maximum)

AMI Set-Aside Percentage	Number of Units @ AMI	Percentage of Total Units (Must Equal or Exceed 5%)	Multiply Percent by Factor	Points Awarded
50%	27	27%	x 0.4730	6.3
40%	31	31%	x 0.5885	9
30% or Lower	42	42%	x 0.7095	14.7

\*potential example for a 100 unit property

30 Total Points

## Discussion: Nationwide Experience



- In your current or previous role, have you worked on a 9% project in other states?
- For those who answered Yes, would you be able to share which state(s) and connect on your experience?

We are interested to learn what you appreciate about how another state's program was structured and/or what any pain points you've experienced.

## Additional Policy Focus Areas



- Preservation/At Risk
- Tribal Eligibility/Tribal Area
- Energy
- Location Related Categories (TOD, Job Center)
- Additional Use Period

## Future Engagement: WHO



- Who is missing from these conversations?



## Future Engagement: HOW



- As this work moves forward, how interested would you be in continued engagement?
  - Very interested – Would participate in another meeting or working session
  - Interested in reviewing and providing feedback on draft concepts
  - Interested, but time limited
  - Prefer to stay informed but not actively engage
  - Not interested in further engagement

## Future Engagement: HOW



- When we do additional engagement, which format would be most useful?
  - Smaller topic-focused meetings
  - Written feedback on draft concepts
  - Targeted working groups
  - Not sure

## Further Engagement: WHAT



- Of the other topic areas we mentioned, what are you most interested in discussing more in depth?



1. Preservation/At Risk
2. Energy
3. Tribal Eligibility/Tribal Area
4. Location Related Categories (TOD, Job Center)
5. Additional Use Period
6. OTHER: Please Specify!

## Open Forum



- Any reactions to our conversation today?
- Any other issues that anyone would like to bring to the table?



# Policy Development Roadmap

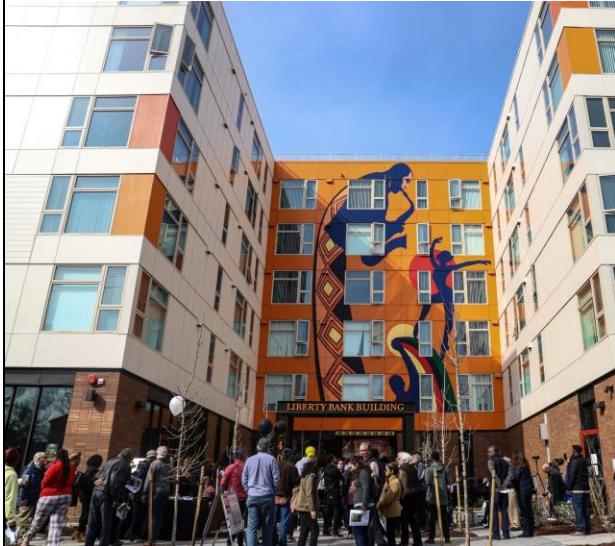


Sept-Dec	Data analysis and initial identification of focus areas for exploration	
Jan	Interested Parties Mtg #1 – early input to surface priorities, tensions, and tradeoffs	
Feb-Mar	Concept development and feasibility testing, informed by January input	
Apr	Draft policy language	
May	Refine and finalize language with internal and external interested parties	<b>Continued Iterative Engagement</b>
June	Board consideration	

*Note: This roadmap reflects the policy development timeline only and may be adjusted based on engagement feedback and emerging priorities. Other program activities—including geographic pool conversations, pipeline conversations, and technical updates (such as TDC waiver limits)—occur on parallel timelines and are not shown here.*



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# Thank you!

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