

DECEMBER 7, 2023



**WASHINGTON STATE HOUSING FINANCE COMMISSION
COMMISSION MEETING PACKET**

WSHFC



WASHINGTON STATE
HOUSING FINANCE
COMMISSION

Opening doors to a better life

Public Engagement at Commission Meetings

All Board meetings of the Washington State Housing Finance Commission are open to the public. Our intention is to welcome all members of the public and to provide a clear and reasonable process through which they can share their thoughts with us.

Different ways to Join a Commission Meeting:

1. Click [Launch Meeting - Zoom](#) to go to the meeting directly
2. At www.zoom.us, go to “Join” or “Join a Meeting as attendee,” and enter:
 - Webinar/Meeting ID: **856 2604 8576**
 - Passcode: **756285**
3. To participate by phone, dial toll-free in the U.S. either: **1 (888) 788-0099 or 1 (877) 853-5247**
4. Members of the public can attend the 1 p.m. Special Meeting in-person in the 28th Floor Board Room, located at 1000 Second Avenue, Seattle, WA 98104-3601.

During Meetings:

During Commission board work sessions and board meetings, attendees can see and hear all presentations and business taking place. Microphones will be turned off except to receive comment during public hearings and the public general comment period.

Public Hearings:

Commission meetings often include public hearings for specific housing projects or other policy decisions. Please limit comments to those directly related to the public hearing topic.

Public Comment:

- **Purpose of Public Comment**
During this period, the Commissioners listen to public concerns and comments but do not generally engage in dialogue. Staff will follow up with commenters who request assistance or answers to questions, providing that contact information is shared. Anyone who wishes to speak during the public comment period can take this opportunity.
- **When to Comment**
The public comment period takes place near the end of the afternoon Commission board meeting (not the morning work session). The starting time for the public comment period depends on the length of the Commission’s other business. Typically, the public comment period is reached after about an hour (2 p.m.) but may be sooner or later.
- **Raising Your Hand in Zoom or Through Phone Participation**
To give us a sense of the number of people wishing to speak and help us call on you in an orderly fashion, the meeting Chair will ask you to use the Zoom “raise hand” feature to indicate you would like to speak. People participating on the telephone can press *9 to virtually “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.
- **Timing of Comments:**
We ask that speakers keep their comments brief (2 to 3 minutes). The chair may ask you to begin bringing your statement to a close after that time, especially if others are waiting to speak. Our intention is not to impose a specific time limit unless it seems necessary to give a large number of speakers an equal chance to share their comments.

**WASHINGTON STATE HOUSING FINANCE COMMISSION
COMMISSION MEETING 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, December 7, 2023, at 1:00 p.m., to consider the items in 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 [Launch Meeting - Zoom](#), go to “Join” or “Join a Meeting As Attendee” and enter:

- Webinar/Meeting ID: 856 2604 8576
- Passcode: 756285

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 above for instructions.

- I. **Chair: Approval of the Minutes from the November 16, 2023, Special Meeting. (5 min.)**
- II. **Consider and Act on the Following Action Items:**
 - A. **Resolution No. 23-97, Altaire at Jackson Park, OID # 21-115A**

Lisa Vatske: A resolution approving the 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 207-unit multifamily housing facility located at 14343 15th Avenue NE, Seattle, WA 98125, to be owned by AltaireJackson, 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 \$52,000,000. The public hearing was held November 16, 2023. (5 min.)
 - B. ~~**Resolution No. 23-98, Anacortes WA Portfolio Application, OID # 23-43A-D**~~

~~**Lisa Vatske:** A resolution approving the issuance of one or more series of tax-exempt revenue notes to finance a portion of the costs for the acquisition, rehabilitation and equipping of four multifamily housing facilities, with an aggregate total of 111 units, each to be owned by Anacortes Manor 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 aggregate maximum note amount is not expected to exceed \$13,800,000. The project addresses and maximum note amounts are listed below. The public hearing was held November 16, 2023. (7 min.)~~

C. Resolution No. 23-70, Kendrick Landing, OID # 22-96A

Lisa Vatske: A resolution approving the 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 245-unit multifamily housing facility located at 11416 Kendrick Street SW, Lakewood, WA 98499, to be owned by Kendrick Landing, 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 total estimated note amount is not expected to exceed \$55,000,000. The public hearing was held October 26, 2023. (5 min.)

D. Resolution No. 23-87, MLK Mixed Use and Early Learning Center, OID # 22-40A

Lisa Vatske: A resolution approving the 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 148-unit multifamily housing facility located at 7544 Martin Luther King Jr. Way S. and 7529 Renton Avenue S., Seattle, WA 98118, to be owned by North MLK Development LLLP, a Washington limited liability limited partnership. The notes may also be used to pay all or a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed \$34,000,000. The public hearing was held September 28, 2023. (5 min.)

E. Resolution No. 23-99, Sagebrook Affordable Housing, OID # 23-91A

Lisa Vatske: A resolution approving the issuance of one or more series of tax-exempt revenue bonds to finance a portion of the costs for the acquisition, rehabilitation and equipping of a 108-unit multifamily housing facility located at 15750 NE 15th Street, Bellevue, WA 98008, to be owned by Crossroads Apartments 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 \$15,000,000. The public hearing was held November 16, 2023. (5 min.)

F. Resolution No. 23-100, Carryforward of Private Activity Bond Cap

Lisa Vatske: A resolution approving the carryforward of Private Activity Bond Cap. (10 min.)

G. Resolution No. 23-101, Reauthorization of funding for the Beginning Farmer/Rancher Program

Lisa Vatske: A resolution approving the issuance of up to \$2,000,000 in bonds to fund the Beginning Farmer/Rancher Loan Program. (10 min.)

H. Steve Walker: Request for approval of the proposed 2024 Legislative Agenda. (10 min.)

I. Steve Walker: Request for approval of the proposed 2024 Commission Meeting Calendar (5 min)

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

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

- V. Commissioners' Report (10 min.)**
- VI. Chair: Consent Agenda (5 min.)**
 - A. Homeownership & Homebuyer 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 November 30, 2023**
- VII. Chair: Miscellaneous Correspondence and Articles of Interest (5 min.)**
 - A. Miscellaneous Correspondence and Articles of Interest**
 - B. HFC Events Calendar**
- VIII. Chair: Public Comment**
- IX. Executive Session (if necessary)**
- X. Adjourn**

Nicole Bascomb-Green, Chair

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

WASHINGTON STATE HOUSING FINANCE COMMISSION

WORK SESSION MINUTES

November 16, 2023

The November 16, 2023 Work Session was called to order at 10:08 a.m. by Chair Nicole Bascomb-Green 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, Bill Rumpf, Brian Surratt, Corina Grigoras, Jim Rosenkoetter, Pedro Espinoza, and Wendy Lawrence.

Ms. Lisa DeBrock, Director, Homeownership Division, along with Messrs. Andy Firoved, Jason Connolly, and Bruce Michael of HOTB Software Solutions, presented an update on the Homeownership Assistance Fund (HAF) activities.

Ms. Lisa DeBrock, along with Messrs. Michael Brown and Marty Kooistra of Civic Commons gave a presentation and update on the Black Home Initiative (BHI).

Ms. Lisa Vatske, Director, Multifamily Housing & Community Facilities (MHCF) Division and Mr. Dan Rothman, MHCF Senior Development Analyst, along with contribution from Ms. Vanessa Thomas, MHCF Underwriting Analyst, gave a presentation on newer initiatives and an overview of the Commission's success regarding the Land Acquisition Program (LAP).

Chair Bascomb-Green noted that this month there was no report provided from the Department of Commerce.

Mr. Steve Walker gave the Executive Director's report which was included in the board member packet.

The Work Session was adjourned at 12:02 p.m.

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
MINUTES**

November 16, 2023

The Commission meeting was called to order by Chair Nicole Bascomb-Green at 1:01 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, Bill Rumpf, Brian Surratt, Corina Grigoras, Jim Rosenkoetter, Lowel Krueger, Pedro Espinoza, and Wendy Lawrence.

**Approval of the
Minutes**

The October 26, 2023 Commission meeting minutes were approved as distributed.

**Public Hearing:
Altaire @ Jackson
Park, OID # 21-
115A**

The Chair opened a public hearing for Altaire @ Jackson Park, OID # 21-115A, at 1:04 p.m.

Mr. Jason Hennigan, Acting Manager, MHCF Division, said this is a public hearing for 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 207-unit multifamily housing facility located at 14343 – 15th Avenue NE, Seattle, WA 98125, to be owned by Altaire Jackson, 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 \$52,000,000.

Mr. Hennigan then introduced Mr. Conor Hansen, Managing Partner, SRM Development; and Ms. Michelle Merriweather, CEO, Urban League of Metropolitan Seattle.

Mr. Hansen stated that he has been affiliated with SRM Development for the past couple of years, after previously being affiliated with Mt. Baker Housing for the past thirteen years. He noted that Altaire @ Jackson Park would be SRM's first project utilizing Low-Income Housing Tax Credits (LIHTC) to be located just east of Jackson Park Golf Course, and close by the light rail station currently under construction at NE 148th Street.

Mr. Hansen then stated that 20% of the units will be 3-bedroom units which will be set aside for large households. This location will also have a community amenity space, an outdoor mini-park, and a covered outdoor hosting space. He added that Amazon will also be contributing funds for this project as well, with funds closing in December and construction to start in January, 2024.

Ms. Merriweather added that the Urban League was established 93 years ago and serves all of King County, and portions of Snohomish/Pierce Counties. She added the Urban League will be providing services for the residents of this property such as workforce development, financial education/empowerment, advocacy, and health, to name a few.

There were no comments or written testimony from members of the public, and the public hearing was closed at 1:10 p.m.

**Public Hearing:
Anacortes WA
Portfolio
Application, OID #
23-43A-D**

The Chair opened a public hearing for the Anacortes WA Portfolio Application, OID # 23-43A-D, at 1:10 p.m.

Mr. Hennigan, Acting Manager, MHCF Division, stated that this is a public hearing for the proposed issuance of one or more series of tax-exempt revenue notes to finance a portion of the costs for the acquisition, rehabilitation and equipping of four multifamily housing facilities, with an aggregate total of 111 units, each to be owned by Anacortes Manor 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 aggregate maximum note amount is not expected

to exceed \$13,800,000. The project addresses and maximum note amounts for all four properties are listed below:

Project:	Anacortes Manor
Project Address:	1110 24th Street Anacortes, WA 98221 35 Units
Total Estimated Project Cost:	\$9,415,839
Estimated Maximum Note Amount:	\$5,100,000

Project:	Centralia Manor
Project Address:	303 W. Pine Street Centralia, WA 98531 25 Units
Total Estimated Project Cost:	\$4,578,937
Estimated Maximum Note Amount:	\$2,500,000

Project:	Lakeview Manor
Project Address:	423 S Beech Street Moses Lake, WA 98837 26 Units
Total Estimated Project Cost:	\$5,548,803
Estimated Maximum Note Amount:	\$3,100,000

Project:	Pioneer Village
Project Address:	719 W. 3rd Avenue Toppenish, WA 98948 25 Units
Total Estimated Project Cost:	\$4,728,322
Estimated Maximum Note Amount:	\$3,100,000

Mr. Hennigan then introduced Messrs. Josh & Larry Blake, Principals, Blake Capital Investments, to describe the four projects that are part of this portfolio.

Mr. Josh Blake stated that these properties were constructed in 1976 and 1977, comprise 111 units total and are located in rural areas throughout Washington. He added that this is an acquisition/rehabilitation of four existing HUD-assisted developments. He also added that these properties will serve persons at 50% or less of the county's median income, and a 20-year extended HAP funding agreement will be executed at closing. Also, each property will undergo full renovations in every unit, including energy efficiency to modernize and bring the properties up to code. Exterior renovations will occur as well.

There were no comments or written testimony from members of the public, and the public hearing was closed at 1:14 p.m.

**Public Hearing:
Orchard Hills
Apartments, OID
#23-92A**

The Chair opened a public hearing for the Orchard Hills Apartments, OID # 23-92A, at 1:14 p.m.

Mr. Hennigan, Acting Manager, MHCF Division, stated that this is a public hearing for the proposed issuance of one or more series of tax-exempt revenue bonds to finance a portion of the costs for the acquisition, rehabilitation and equipping of a 142-unit multifamily housing facility located at 1845 Leslie Road, Richland, WA 99352, to be owned by OHP Partners, 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 total estimated bond amount is not expected to exceed \$21,000,000.

Mr. Hennigan noted that this particular bond issue and the one after this, Sagebrook Affordable Housing, will be utilizing recycled bond cap with no LIHTC allocations, through an RFP process. He noted further that two other potential recycled projects were unable to meet funding deadlines and had to

withdraw.

Mr. Hennigan then introduced Messrs. Corey Baldwin, Director of Acquisitions, Aberdeen Capital, and Robert Sheppard, Managing Partner, Vital Housing.

Mr. Baldwin stated that they are looking forward to preserving much needed affordable housing, which is approaching the end of the regulatory agreement period, and which is at risk of being converted to all market rate units. He noted that Orchard Hills was initially placed-in-service in 1994, and is located in Richland, just off of Gage Boulevard, a major east-west thoroughfare.

The unit mix consists of 1-bedroom to 4-bedrooms units; 75% of these total units serve persons making 60% or less of AMI, and the remaining 25% of the total units serve persons making 35% or less of AMI. Mr. Baldwin added that he is seeking vouchers from the Kennewick Housing Authority for the residents that reside in the 35% AMI units. Also, as part of the preservation, the property and all of its units will be extensively renovated along with energy efficiency improvements.

Chair Bascomb-Green asked where the residents will be relocated to during the renovations. Mr. Baldwin replied that most work will be done during the day, and residents would only be displaced during daytime hours, with no need to move out of a particular unit during the renovations.

There were no other comments or written testimony from members of the public, and the public hearing was closed at 1:23 p.m.

**Public Hearing:
Sagebrook
Affordable
Housing, OID #23-
91A**

The Chair opened a public hearing for Sagebrook Affordable Housing, OID # 23-91A, at 1:23 p.m.

Mr. Hennigan, Acting Manager, MHCF Division, stated that this is a public hearing for the proposed issuance of one or more series of tax-exempt revenue bonds to finance a portion of the costs for the acquisition, rehabilitation and

equipping of a 108-unit multifamily housing facility located at 15750 NE 15th Street, Bellevue, WA 98008, to be owned by Crossroads Apartments 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 \$15,000,000. He noted that as mentioned in the previous public hearing, Sagebrook will be utilizing recycled bond cap with no allocation of LIHTCs.

Mr. Hennigan then introduced Mr. Ben Maritz, Managing Member, Great Expectations, LLC.

Mr. Maritz stated that Sagebook was a former senior living facility in the Crossroads area of Bellevue, located a mile from Microsoft's Redmond Campus and close by the Crossroads Shopping Center and on King County Metro's RapidRide bus line. He mentioned that the previous owners closed the property earlier this year because occupancy was no more than 50%. The previous owners sold the property and Great Expectations, LLC will convert it to affordable family units.

Mr. Maritz added that Amazon and AOF Pacific, a nonprofit foundation, will be providing funds in addition to the bond financing. Also there would not be many renovations that need to be done aside from certain units being equipped with kitchens and miscellaneous items being brought up to code. He concluded that he hopes to close/fund in December of this year, and to be open for residents by the end of summer, 2024.

There were no comments or written testimony from members of the public, and the public hearing was closed at 1:27 p.m.

**Action Item:
Resolution No. 23-
79, Ardea @ Totem
Lake, OID # 22-
61A**

Ms. Vatske said this is a resolution approving the 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 a 170-unit multifamily housing facility for seniors located at 12700 – 116th Avenue NE, Kirkland, WA 98034, to be owned by

Ardea TWG, 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 total estimated bond amount is not expected to exceed \$38,000,000. The public hearing was held August 24, 2023. She concluded that this bond resolution will be a public sale, so no bank commitment letter is required.

Mr. Krueger moved to approve the resolution. Mr. Espinoza seconded the motion. The resolution was unanimously approved.

**Action Item:
Resolution No. 23-
70, Kendrick
Landing, OID # 22-
96A**

This item was pulled from the agenda.

**Action Item:
Resolution No. 23-
87, MLK Mixed
Use & Early
Learning Center,
OID # 22-40A**

This item was pulled from the agenda.

**Action Item:
Resolution No. 23-
81, Vintage @
Everett, OID # 23-
44A**

Ms. Vatske said this is a resolution approving the issuance of one or more series of revenue notes to finance a portion of the costs for the acquisition and rehabilitation of a 259-unit multifamily housing facility for seniors located at 1001 East Marine View Drive, Everett, WA 98201, to be owned by Vintage at Everett 2, LP, a Washington limited partnership. Proceeds of the notes may also be used to pay all or a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed \$50,000,000. The public hearing was held August 24, 2023.

Ms. Vatske noted that there is a revised and updated bank commitment letter from Citibank reflecting an increase in the bond amount. She added that she had the opportunity just yesterday to place some of the Commission's recycled cap and that Vintage was willing to take the tax-exempt recycled bond cap instead of the taxable tail. She concluded that it was a great opportunity for the Commission

to actually not lose what will be expiring, recycled bond cap! She thanked Pacifica Law Group for all of their help and expertise in making this possible.

She further concluded that the Commission will be doing a new TEFRA public hearing along with providing an updated resolution. The updated letter from Citibank reflects the larger amount of tax-exempt debt, which doesn't change the total project costs; this basically just substitutes the tax-exempt debt for taxable debt.

Mr. Krueger moved to approve the resolution. Mr. Espinoza seconded the motion. The resolution was unanimously approved.

Commissioners' Reports

Ms. Topper mentioned that Mr. Dietrich Schmitz from the Commission attended a council meeting down in Clark County yesterday to provide an update on the down payment assistance program. She stated that it was well received by the counselors, and they were very appreciative of the Commission and their partnership with the program. She added that there has been quite a bit of success to date with the \$1 million already distributed out of the \$2 million that was allocated for the new program, and of this amount, 23 homes were purchased with 52 people in those households. She concluded that the average age was around 33, and many of them would not have been able to purchase a home without the assistance of the DPA program. She thanked the Commission and their team members for just being great partners and helping homeownership be a reality to low-income community members in Clark County!

Consent Agenda

The consent agenda was approved as distributed.

Adjournment

The meeting was adjourned at 1:34 p.m.

Signature

WASHINGTON STATE HOUSING FINANCE COMMISSION

RESOLUTION NO. 23-97

A RESOLUTION of the Washington State Housing Finance Commission authorizing a plan of finance relating to the issuance of one or more series of tax-exempt and taxable nonrecourse revenue notes in an aggregate principal amount of not to exceed \$56,000,000, to finance the acquisition, construction and equipping of a multifamily housing facility in Seattle, Washington, to be owned by AltaireJackson, LLC; approving the issuance and delivery of the notes to Citibank, N.A.; approving the form of a funding loan agreement, a borrower loan agreement, a regulatory agreement and a tax certificate; and authorizing the Chair, Vice-Chair, Treasurer, Secretary, or the Secretary's designee, and Executive Director of the Commission to amend and execute such documents and other related documents.

APPROVED ON DECEMBER 7, 2023

PREPARED BY:

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

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RESOLUTION NO. 23-97

A RESOLUTION of the Washington State Housing Finance Commission authorizing a plan of finance relating to the issuance of one or more series of tax-exempt and taxable nonrecourse revenue notes in an aggregate principal amount of not to exceed \$56,000,000, to finance the acquisition, construction and equipping of a multifamily housing facility in Seattle, Washington, to be owned by AltaireJackson, LLC; approving the issuance and delivery of the notes to Citibank, N.A.; approving the form of a funding loan agreement, a borrower loan agreement, a regulatory agreement and a tax certificate; and authorizing the Chair, Vice-Chair, Treasurer, Secretary, or the Secretary's designee, and Executive Director of the Commission to amend and 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 issue its bonds and other evidences of indebtedness for the purpose of acquiring mortgage loans used to finance multifamily housing facilities in Washington; and

WHEREAS, the Internal Revenue Code of 1986, as amended (the "Code"), grants an exemption from federal income tax for interest paid on obligations where the proceeds thereof are used to finance multifamily housing facilities meeting the requirements of the Code; and

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

WHEREAS, Citibank, N.A. (the "Bank") has offered to make a loan in a principal amount of not to exceed \$56,000,000 to the Commission (the "Funding Loan") to provide funds

for the acquisition, construction and equipping of a 207-unit multifamily residential rental facility (the “Project”) located in Seattle, Washington, to be owned by AltaireJackson, LLC, a Washington limited liability company (the “Borrower”); and

WHEREAS, the Commission will use the proceeds of the Funding Loan to acquire a loan originated by a mortgage lender to the Borrower (the “Borrower Loan”) for the Project; and

WHEREAS, it is desirable for the Commission to provide the Borrower with tax-exempt financing of the Project through: (1) the incurrence of the Funding Loan, as evidenced by its Multifamily Revenue Note (Altaire at Jackson Park Apartments Project), Series 2023A (the “Series 2023A Note”) in a principal amount not to exceed \$52,000,000, and its Taxable Multifamily Revenue Note (Altaire at Jackson Park Apartments Project), Series 2023B (together with the Series 2023A Note, the “Notes”) in a principal amount not to exceed \$4,000,000, and together in an aggregate principal amount of not to exceed \$56,000,000; and (2) its acquisition of the Borrower Loan with proceeds of the Notes; and

WHEREAS, the Notes are unrated and privately placed and will be issued with terms consistent with and in furtherance of the Commission’s policy for unrated obligations; and

WHEREAS, the Commission has previously given preliminary approval of the Project by Official Intent Declaration No. 21-115A, the Commission held a public hearing as required by federal tax law, and the Governor has, or by the closing on the Notes will have, approved the Project, the plan of finance and the Series 2023A Note; and

WHEREAS, the Commission has received an offer to make the Funding Loan evidenced by the Notes (the “Loan Commitment”) from the Bank to provide financing for the Project; 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 Funding Loan Agreement (the “Funding Loan Agreement”), among the Bank, the Commission and U.S. Bank Trust Company, National Association, as fiscal agent (the “Fiscal Agent”); the Borrower Loan Agreement (the “Borrower Loan Agreement”), among the Commission, the Fiscal Agent, the Bank, acting as mortgage lender, and the Borrower; the Non-Arbitrage Certificate of the Commission (the “Tax Certificate”); and the Regulatory Agreement (the “Regulatory Agreement”) between the Borrower and the Commission.

Section 2. Findings. The Commission hereby ratifies its prior findings that there are a substantial number of persons and families in the state of Washington who are unable to rent apartments in various parts of the state or the rents required are substantially in excess of the available income of such persons or families. As a result, many persons and families are unable to rent safe and sanitary housing at reasonable cost without financial assistance. A principal reason that the cost of renting apartments is not affordable for such persons and families is the interest rate on mortgage loans used to acquire, construct and rehabilitate multifamily rental projects. The provision of lower interest rate loans will encourage developers to acquire, construct and rehabilitate projects which will make additional units available to persons and households at affordable cost and will act as a significant stimulant to the economy of the State.

Section 3. Financing Program. The Commission hereby confirms and ratifies its program for the acquisition of loans for the financing of eligible housing facilities under the Act through the issuance of privately placed nonrecourse revenue obligations (the “Program”). The

Commission hereby finds and determines that the Program and the Notes are in furtherance of the Act and the Plan.

Section 4. Authorization of the Notes. The Commission hereby authorizes a plan of finance relating to the issuance and delivery of its Notes to be designated “Multifamily Revenue Note (Altaire at Jackson Park Apartments Project), Series 2023A” in a principal amount of not to exceed \$52,000,000, its “Taxable Multifamily Revenue Note (Altaire at Jackson Park Apartments Project), Series 2023B” in a principal amount of not to exceed \$4,000,000, and together in an aggregate principal amount of not to exceed \$56,000,000, pursuant to and in accordance with the provisions of the Act, the Code and the Funding Loan Agreement.

Section 5. Approval of Documents. It is hereby found and determined that the Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement and the Tax Certificate conform to the requirements of the Act and the Code and provide appropriate security for the Notes consistent with the Act and the Code.

The Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory 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 the Secretary’s designee, to execute such documents, the documents contemplated therein, and any other necessary documents or certificates on its behalf, and to do all things necessary on its behalf to proceed with the Program and the issuance and delivery of the Notes 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 which 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 6. Issuance and Delivery of the Notes. The Commission hereby authorizes and approves the issuance and delivery of the Notes to the Bank to evidence the Funding Loan, in accordance with the terms and conditions set forth in the Loan Commitment, attached hereto as Exhibit A.

Section 7. 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 8. 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 the Secretary's designee and when effective shall act to ratify and confirm all acts taken previously in furtherance of and consistent with this resolution.

[Remainder of page intentionally left blank]

ADOPTED at a special meeting duly noticed and called this 7th day of December, 2023.

WASHINGTON STATE HOUSING
FINANCE COMMISSION

By _____
Chair

ATTEST:

Secretary

APPROVED AS TO FORM:

General Counsel

EXHIBIT A
Loan Commitment

December 5, 2023

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 Multifamily Revenue Note (Altaire at Jackson Park Apartments Project), Series 2023A and Taxable Multifamily Revenue Note (Altaire at Jackson Park Apartments Project), Series 2023B

Dear Honorable Commissioners:

Citibank, N.A. ("Funding Lender") is pleased to offer to make a loan (the "Funding Loan") to the Washington State Housing Finance Commission (the "Commission") to be evidenced by the above-referenced Multifamily Revenue Notes (the "Series 2023A Note" and the "Series 2023B Note" and, together, the "Notes") in principal amounts of \$50,000,000 and up to \$1,200,000 respectively, with the understanding that the proceeds of the Funding Loan will be used by the Commission to purchase a loan being originated by Citibank, N.A. ("Mortgage Lender") to AltaireJackson, LLC, a Washington limited liability company ("Borrower") for purposes of financing the acquisition, construction and equipping of a 207-unit multifamily rental housing development, known or to be known as Altaire at Jackson Park, located in the City of Seattle, King County, Washington, all pursuant to the provisions of the Funding Loan Agreement, dated as of December 1, 2023 (the "Funding Loan Agreement"), among the Funding Lender, the Commission and U.S. Bank Trust Company, National Association ("Fiscal Agent"), and a Borrower Loan Agreement, dated as of December 1, 2023 (the "Borrower Loan Agreement"), among the Commission, the Borrower, the Mortgage Lender and the Fiscal Agent.

Each of the Notes will be dated the date of closing, which is anticipated to be December 13, 2023. The Series 2023A Note is expected to mature on January 1, 2042. Principal on the Series 2023A Note will initially accrue interest at a variable rate equal to one-month Term SOFR (with a floor of 0.50%) plus a spread of 1.85% until the Conversion Date, which can occur no later than January 1, 2028, and thereafter principal on the Series 2023A Note will accrue interest at a fixed rate to be locked just prior to closing not expected to exceed 12%. Interest only payments will be made on the Series 2023A Note from the closing date to the Conversion Date, and thereafter principal and interest are to be paid in monthly installments amortized over 40 years. The Series 2023B Note is expected to mature on January 1, 2028. Principal on the Series 2023B Note will accrue interest at a variable rate equal to one-month Term SOFR (with a floor of 0.50%) plus a spread of 2.40%. Interest only payments will be made on the Series 2023B Note for its entire term.

Our offer is subject to a legal opinion from Pacifica Law Group LLP of Seattle, Washington, acceptable to the Funding Lender, and to other conditions set forth in the Funding Loan Agreement, Borrower Loan Agreement, Construction Funding Agreement, and in the Borrower Loan application, all of which have been reviewed and approved by Borrower.

Very truly yours,

CITIBANK, N.A.

By: 
Name: Matt Knipprath
Title: Authorized Signatory

Multifamily Housing Program

Project Name	Altaire at Jackson Park										
Developer	SRMAH, LLC										
Description	<p>SRM and Urban League have partnered to develop a project in NE Seattle that offers an opportunity to convert an underutilized commercial property into a large-scale, family-focused, Transit Oriented Development (TOD) as a gateway to the Pinehurst and Shoreline neighborhoods. It is east of the future Shoreline South/148th Light rail Station, planned to open in 2024, on the SR 522/NE 145th Bus Rapid Transit (BRT) line targeted to start service in 2026, and many other bus lines.</p> <p>This project will include approximately 207 affordable units serving people who earn up to 60% of the Area Median Income near transit services, community amenities and employment opportunities that can help working individuals and families live near jobs and opportunities. The proposed development will be comprised of 8 floors of residences over one sub-grade parking level with 32 parking spaces. It will feature 49 studios, 115 1-bedrooms, 1 2-bedroom, and 42 3-bedroom units. The apartment building will include on-site dedicated amenities for a robust residential living environment. The building is designed with a central courtyard, landscaped community garden and naturalistic play area.</p>										
Location	14343 15th Avenue NE Seattle, WA 98125										
Project Type	New Construction										
Units	<table><tr><td>Studio</td><td>49</td></tr><tr><td>One Bedroom</td><td>115</td></tr><tr><td>Two Bedroom</td><td>1</td></tr><tr><td>Three Bedroom</td><td>42</td></tr><tr><td>Total</td><td>207</td></tr></table>	Studio	49	One Bedroom	115	Two Bedroom	1	Three Bedroom	42	Total	207
Studio	49										
One Bedroom	115										
Two Bedroom	1										
Three Bedroom	42										
Total	207										
Housing Tax Credits	Yes										

Income Set-Aside	30% at 50% AMI 70% at 60% AMI	
Regulatory Agreement Term	Minimum 40 years	
Evaluation Plan Scoring	Cost Efficient Development	5
	Additional Low-Income Housing Commitments	2
	Commitments for Priority Populations	2
	Systemic Barrier	6
	CBO Ownership	8
	CBO Inclusion	5
	Community Engagement Process	2
	Application of Community Engagement	3
	Donation in Support of Local Nonprofit Programs	2
	Property Type	3
	Energy Efficiency, Healthy Living, & Renewable Energy – New Construction	10
	Total Points	48
Estimated Tax-Exempt Note Amount (Not to exceed)	\$52,000,000	
Note Structure	Private Placement	
Lender	Citi Community Capital	
Development Budget		
Acquisition Costs		\$6,910,000
Construction		\$67,444,061
Soft Costs		\$11,430,564
Financing Costs		\$7,621,054
Capitalized Reserves		\$1,111,615
Other Development Costs		\$4,121,109
Total Development Costs		\$98,638,403
Permanent Sources		
Perm Loan		\$21,966,000
Deferred Developer Fee		\$5,812,760
Seattle Office of Housing		\$30,724,562
Tax Credit Equity at \$0.8700 per credit x 10 years		\$40,135,081
Total Permanent Sources		\$98,638,403

Total Development Cost Limit

Project's Total Development Cost Limit	\$99,499,725
Total Development Cost (minus land and reserves)	\$90,701,788
Waiver	Not required

Project Operations

<i>Unit Size</i>	<i>Market Rents</i>	<i>Proposed Rent Range</i>
Studio	\$1,475	\$1,097 – 1,324
One Bedroom	\$1,750	\$1,163
Three Bedroom	\$2,900	\$1,582 – 1,919

Action Approval of Resolution No. 23-97

Anticipated Closing Date December 2023

WASHINGTON STATE HOUSING FINANCE COMMISSION

RESOLUTION NO. 23-70

A RESOLUTION of the Washington State Housing Finance Commission authorizing a plan of finance relating to the issuance of one or more series of tax-exempt and taxable nonrecourse revenue notes in an aggregate principal amount of not to exceed \$63,000,000, to finance the acquisition, construction and equipping of a multifamily housing facility in Lakewood, Washington, to be owned by Kendrick Landing, LLC; approving the issuance and delivery of the notes to Citibank, N.A.; approving the form of a funding loan agreement, a borrower loan agreement, a regulatory agreement and a tax certificate; and authorizing the Chair, Vice-Chair, Treasurer, Secretary, or the Secretary's designee, and Executive Director of the Commission to amend and execute such documents and other related documents.

APPROVED ON DECEMBER 7, 2023

PREPARED BY:

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

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RESOLUTION NO. 23-70

A RESOLUTION of the Washington State Housing Finance Commission authorizing a plan of finance relating to the issuance of one or more series of tax-exempt and taxable nonrecourse revenue notes in an aggregate principal amount of not to exceed \$63,000,000, to finance the acquisition, construction and equipping of a multifamily housing facility in Lakewood, Washington, to be owned by Kendrick Landing, LLC; approving the issuance and delivery of the notes to Citibank, N.A.; approving the form of a funding loan agreement, a borrower loan agreement, a regulatory agreement and a tax certificate; and authorizing the Chair, Vice-Chair, Treasurer, Secretary, or the Secretary's designee, and Executive Director of the Commission to amend and 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 issue its bonds and other evidences of indebtedness for the purpose of acquiring mortgage loans used to finance multifamily housing facilities in Washington; and

WHEREAS, the Internal Revenue Code of 1986, as amended (the "Code"), grants an exemption from federal income tax for interest paid on obligations where the proceeds thereof are used to finance multifamily housing facilities meeting the requirements of the Code; and

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

WHEREAS, Citibank, N.A. (the "Bank") has offered to make a loan or loans in the aggregate principal amount of not to exceed \$63,000,000 to the Commission (the "Funding

Loan”) to provide funds for the acquisition, construction and equipping of a 245-unit multifamily residential rental facility (the “Project”) located in Lakewood, Washington, to be owned by Kendrick Landing, LLC, a Washington limited liability company (the “Borrower”); and

WHEREAS, the Commission will use the proceeds of the Funding Loan to acquire a loan originated by a mortgage lender to the Borrower (the “Borrower Loan”) for the Project; and

WHEREAS, it is desirable for the Commission to provide the Borrower with tax-exempt financing of the Project through: (1) the incurrence of the Funding Loan, as evidenced by its Multifamily Revenue Note (Kendrick Landing Apartments Project), Series 2023A (the “Series 2023A Note”) and its Taxable Multifamily Revenue Note (Kendrick Landing Apartments Project), Series 2023B (together with the Series 2023A Note, the “Notes”) in the aggregate principal amount of not to exceed \$63,000,000; and (2) its acquisition of the Borrower Loan with proceeds of the Notes; and

WHEREAS, the Notes are unrated and privately placed and will be issued with terms consistent with and in furtherance of the Commission’s policy for unrated obligations; and

WHEREAS, the Commission has previously given preliminary approval of the Project by Official Intent Declaration No. 22-96A, the Commission held a public hearing as required by federal tax law, and the Governor has, or by the closing on the Notes will have, approved the Project, the plan of finance and the Series 2023A Note; and

WHEREAS, the Commission has received an offer to make the Funding Loan evidenced by the Notes (the “Loan Commitment”) from the Bank to provide financing for the Project; 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 Funding Loan Agreement (the “Funding Loan Agreement”), among the Bank, the Commission and U.S. Bank Trust Company, National Association, as fiscal agent (the “Fiscal Agent”); the Borrower Loan Agreement (the “Borrower Loan Agreement”), among the Commission, the Fiscal Agent, the Bank, acting as mortgage lender, and the Borrower; the Non-Arbitrage Certificate of the Commission (the “Tax Certificate”); and the Regulatory Agreement (the “Regulatory Agreement”) between the Borrower and the Commission.

Section 2. Findings. The Commission hereby ratifies its prior findings that there are a substantial number of persons and families in the state of Washington who are unable to rent apartments in various parts of the state or the rents required are substantially in excess of the available income of such persons or families. As a result, many persons and families are unable to rent safe and sanitary housing at reasonable cost without financial assistance. A principal reason that the cost of renting apartments is not affordable for such persons and families is the interest rate on mortgage loans used to acquire, construct and rehabilitate multifamily rental projects. The provision of lower interest rate loans will encourage developers to acquire, construct and rehabilitate projects which will make additional units available to persons and households at affordable cost and will act as a significant stimulant to the economy of the State.

Section 3. Financing Program. The Commission hereby confirms and ratifies its program for the acquisition of loans for the financing of eligible housing facilities under the Act through the issuance of privately placed nonrecourse revenue obligations (the “Program”). The

Commission hereby finds and determines that the Program and the Notes are in furtherance of the Act and the Plan.

Section 4. Authorization of the Notes. The Commission hereby authorizes a plan of finance relating to the issuance and delivery of its Notes to be designated “Multifamily Revenue Note (Kendrick Landing Apartments Project), Series 2023A” in a principal amount of not to exceed \$60,500,000, its “Taxable Multifamily Revenue Note (Kendrick Landing Apartments Project), Series 2023B” in a principal amount of not to exceed \$2,500,000, and together in an aggregate principal amount of not to exceed \$63,000,000, pursuant to and in accordance with the provisions of the Act, the Code and the Funding Loan Agreement.

Section 5. Approval of Documents. It is hereby found and determined that the Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement and the Tax Certificate conform to the requirements of the Act and the Code and provide appropriate security for the Notes consistent with the Act and the Code.

The Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory 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 the Secretary’s designee, to execute such documents, the documents contemplated therein, and any other necessary documents or certificates on its behalf, and to do all things necessary on its behalf to proceed with the Program and the issuance and delivery of the Notes 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 which 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 6. Issuance and Delivery of the Notes. The Commission hereby authorizes and approves the issuance and delivery of the Notes to the Bank to evidence the Funding Loan, in accordance with the terms and conditions set forth in the Loan Commitment, attached hereto as Exhibit A.

Section 7. 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 8. 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 the Secretary's designee and when effective shall act to ratify and confirm all acts taken previously in furtherance of and consistent with this resolution.

[Remainder of page intentionally left blank]

ADOPTED at a special meeting duly noticed and called this 7th day of December, 2023.

WASHINGTON STATE HOUSING
FINANCE COMMISSION

By _____
Chair

ATTEST:

Secretary

APPROVED AS TO FORM:

General Counsel

EXHIBIT A
Loan Commitment

December 5, 2023

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 Multifamily Revenue Note (Kendrick Landing Apartments Project), Series 2023A and Taxable Multifamily Revenue Note (Kendrick Landing Apartments Project), Series 2023B

Dear Honorable Commissioners:

Citibank, N.A. ("Funding Lender") is pleased to offer to make a loan (the "Funding Loan") to the Washington State Housing Finance Commission (the "Commission") to be evidenced by the above-referenced Multifamily Revenue Notes (the "Series 2023A Note" and the "Series 2023B Note" and, together, the "Notes") in principal amounts of \$60,500,000 (which amount includes \$8,800,000 of recycled cap) and up to \$2,500,000 respectively, with the understanding that the proceeds of the Funding Loan will be used by the Commission to purchase a loan being originated by Citibank, N.A. ("Mortgage Lender") to Kendrick Landing, LLC, a Washington limited liability company ("Borrower") for purposes of financing the acquisition, construction and equipping of a 245-unit multifamily rental housing development, known or to be known as Kendrick Landing, located in the City of Lakewood, Pierce County, Washington, all pursuant to the provisions of the Funding Loan Agreement, dated as of December 1, 2023 (the "Funding Loan Agreement"), among the Funding Lender, the Commission and U.S. Bank Trust Company, National Association ("Fiscal Agent"), and a Borrower Loan Agreement, dated as of December 1, 2023 (the "Borrower Loan Agreement"), among the Commission, the Borrower, the Mortgage Lender and the Fiscal Agent.

Each of the Notes will be dated the date of closing, which is anticipated to be December 12, 2023. The Series 2023A Note is expected to mature on January 1, 2043. Principal on the Series 2023A Note will initially accrue interest at a variable rate equal to one-month Term SOFR (with a floor of 0.50%) plus a spread of 1.75% until the Conversion Date, which can occur no later than July 1, 2028, and thereafter principal on the Series 2023A Note will accrue interest at a fixed rate to be locked just prior to closing not expected to exceed 12%. Interest only payments will be made on the Series 2023A Note from the closing date to the third anniversary of the Conversion Date, and thereafter principal and interest are to be paid in monthly installments amortized over 40 years. The Series 2023B Note is expected to mature on July 1, 2028. Principal on the Series 2023B Note will accrue interest at a variable rate equal to one-month Term SOFR (with a floor of 0.50%) plus a spread of 2.25%. Interest only payments will be made on the Series 2023B Note for its entire term.

Our offer is subject to a legal opinion from Pacifica Law Group LLP of Seattle, Washington, acceptable to the Funding Lender, and to other conditions set forth in the Funding Loan Agreement, Borrower Loan Agreement, Construction Funding Agreement, and in the Borrower Loan application, all of which have been reviewed and approved by Borrower.

Very truly yours,

CITIBANK, N.A.

By: _____

Name: Matt Knipprath

Title: Authorized Signatory

Multifamily Housing Program

Project Name Kendrick Landing

Developer DevCo, LLC

Description This is the new construction of 245 units split between 3 buildings, in Lakewood, WA. The units will be leased to households earning no more than 60% of the Pierce County area median income. Ten percent of units will be set aside for disabled persons, as well as 20% set aside for large households. The project will provide amenities including a fitness center, lounge, outdoor plazas, computer/business center, dog walk, outdoor recreation/play areas and meeting rooms.

DevCo is partnering with Next Chapter on Kendrick Landing. Next Chapter's mission is to provide a safe and supportive place to live for pregnant women, single mothers, and their children who are experiencing homelessness in Pierce County, while helping them address their individual barriers to housing.

Next Chapter provides education, opportunities, and tools for women to find permanent housing and achieve self-sufficiency.

Location 11416 Kendrick Street SW
Lakewood, WA 98499

Project Type New Construction

Units	One Bedroom	90
	Two Bedroom	80
	Three Bedroom	50
	Four Bedroom	25
	Total	245

Housing Tax Credits Yes

Income Set-Aside 100% at 60% AMI

Regulatory Agreement Term	Minimum 40 years	
Evaluation Plan Scoring	Cost Efficient Development	6
	Commitments for Priority Populations	2
	Systemic Barrier	6
	CBO Ownership	8
	CBO Inclusion	5
	Community Engagement Process	2
	Application of Community Engagement	3
	Donation in Support of Local Nonprofit Programs	2
	Property Type	3
	Energy Efficiency, Healthy Living, & Renewable Energy – New Construction	10
	Total Points	47

Estimated Tax-Exempt Note Amount (Not to exceed) \$55,000,000

Note Structure Private Placement

Lender Citi Community Capital

Development Budget	
Acquisition Costs	\$5,325,000
Construction	\$69,274,849
Soft Costs	\$14,239,663
Financing Costs	\$9,186,045
Capitalized Reserves	\$1,001,000
Other Development Costs	\$1,331,861
Total Development Costs	\$100,358,418

Permanent Sources	
Forward - TE	\$38,731,000
Soft Loan	\$7,000,000
Deferred Developer Fee	\$11,409,366
Income from Operations	\$1,648,086
Tax Credit Equity at \$0.9000 per credit x 10 years	\$41,569,966
Total Permanent Sources	\$100,358,418

Total Development Cost Limit

Project's Total Development Cost Limit	\$111,210,175
Total Development Cost (minus land and reserves)	\$94,132,418
Waiver	Not Required

Project Operations

<i>Unit Size</i>	<i>Market Rents</i>	<i>Proposed Rent Range</i>
One Bedroom	\$1,700	\$1,045
Two Bedroom	\$2,000	\$1,259
Three Bedroom	\$2,400	\$1,461
Four Bedroom	\$2,600	\$1,631

Action Approval of Resolution No. 23-70

Anticipated Closing Date December 2023

WASHINGTON STATE HOUSING FINANCE COMMISSION

RESOLUTION NO. 23-87

A RESOLUTION of the Washington State Housing Finance Commission authorizing the issuance of one or more series of tax-exempt nonrecourse revenue notes, in a principal amount of not to exceed \$34,000,000, to finance the acquisition, construction and equipping of a 148-unit multifamily housing facility in the City of Seattle, Washington, to be owned by North MLK Development LLLP; approving the issuance and delivery of the note to KeyBank National Association; approving the form of a funding loan agreement, a project loan agreement, a regulatory agreement and a tax certificate; and authorizing the Chair, Vice-Chair, Treasurer, Secretary, or the Secretary's designee, and Executive Director of the Commission to amend and execute such documents and other related documents.

APPROVED ON DECEMBER 7, 2023

PREPARED BY:

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

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RESOLUTION NO. 23-87

A RESOLUTION of the Washington State Housing Finance Commission authorizing the issuance of one or more series of tax-exempt nonrecourse revenue notes, in a principal amount of not to exceed \$34,000,000, to finance the acquisition, construction and equipping of a 148-unit multifamily housing facility in the City of Seattle, Washington, to be owned by North MLK Development LLLP; approving the issuance and delivery of the note to KeyBank National Association; approving the form of a funding loan agreement, a project loan agreement, a regulatory agreement and a tax certificate; and authorizing the Chair, Vice-Chair, Treasurer, Secretary, or the Secretary's designee, and Executive Director of the Commission to amend and 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 issue its bonds and other evidences of indebtedness for the purpose of acquiring mortgage loans used to finance multifamily housing facilities in Washington; and

WHEREAS, the Internal Revenue Code of 1986, as amended (the "Code"), grants an exemption from federal income tax for interest paid on obligations where the proceeds thereof are used to finance multifamily housing facilities meeting the requirements of the Code; and

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

WHEREAS, KeyBank National Association, in its capacity as Funding Lender (the "Funding Lender") under a Funding Loan Agreement, has offered to make one or more

loans in a principal amount of not to exceed \$34,000,000 to the Commission (together, the “Funding Loan”) to provide a portion of the funds for the acquisition, construction and equipping of a mixed-use multifamily housing facility containing a total of 148 units, located in the City of Seattle, Washington (the “Project”) to be owned by North MLK Development LLLP, a Washington limited liability limited partnership (the “Borrower”); and

WHEREAS, the Commission will use the proceeds of the Funding Loan to acquire one or more loans originated by a mortgage lender to the Borrower (together, the “Project Loan”) for the Project; and

WHEREAS, it is desirable for the Commission to provide the Borrower with tax-exempt financing of the Project through: (1) the incurrence of the Funding Loan, as evidenced by its Multifamily Revenue Note (MLK Apartments Project), Series 2023 (the “Note”) in the aggregate principal amount of not to exceed \$34,000,000, and (2) its acquisition of the Project Loan with proceeds of the Note; and

WHEREAS, the Note is unrated and privately placed and will be issued with terms consistent with and in furtherance of the Commission’s policy for unrated obligations; and

WHEREAS, the Commission has previously given preliminary approval of the Project by Official Intent Declaration No. 22-40A, the Commission held a public hearing on September 28, 2023, and the Governor has, or by the closing on the Note will have, approved the Project and the Note; and

WHEREAS, the Commission has received an offer to make the Funding Loan evidenced by the Note (the “Loan Commitment”) from the Funding Lender to provide financing for the Project; 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 Funding Loan Agreement (the “Funding Loan Agreement”), among the Funding Lender, the Commission and U.S. Bank Trust Company, National Association, as fiscal agent (the “Fiscal Agent”); the Project Loan Agreement (the “Project Loan Agreement”), among the Commission, the Fiscal Agent, the Funding Lender, acting as mortgage lender, and the Borrower; the Non-Arbitrage Certificate of the Commission (the “Tax Certificate”); and the Regulatory Agreement (the “Regulatory Agreement”) between the Borrower and the Commission.

Section 2. Findings. The Commission hereby ratifies its prior findings that there are a substantial number of persons and families in the state of Washington who are unable to rent apartments in various parts of the state or the rents required are substantially in excess of the available income of such persons or families. As a result, many persons and families are unable to rent safe and sanitary housing at reasonable cost without financial assistance. A principal reason that the cost of renting apartments is not affordable for such persons and families is the interest rate on mortgage loans used to acquire, construct and rehabilitate multifamily rental projects. The provision of lower interest rate loans will encourage developers to acquire, construct and rehabilitate projects which will make additional units available to persons and households at affordable cost and will act as a significant stimulant to the economy of the state.

Section 3. Financing Program. The Commission hereby confirms and ratifies its program for the acquisition of loans for the financing of eligible housing facilities under the Act

through the issuance of privately placed nonrecourse revenue obligations (the “Program”). The Commission hereby finds and determines that the Program and the Note are in furtherance of the Act and the Plan.

Section 4. Authorization of the Note. The Commission hereby authorizes the issuance and delivery of the Note to be designated “Multifamily Revenue Note (MLK Apartments Project), Series 2023,” together with such series and subseries designations as the Executive Director may deem appropriate, in a principal amount of not to exceed \$34,000,000, pursuant to and in accordance with the provisions of the Act, the Code and the Funding Loan Agreement, as applicable.

Section 5. Approval of Documents. It is hereby found and determined that the Funding Loan Agreement, the Project Loan Agreement, the Regulatory Agreement and the Tax Certificate conform to the requirements of the Act and the Code and provide appropriate security for the Note consistent with the Act and the Code.

The Funding Loan Agreement, the Project Loan Agreement, the Regulatory 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 the Secretary’s designee, to execute such documents, the documents contemplated therein, and any other necessary documents or certificates on its behalf, and to do all things necessary on its behalf to proceed with the Program and the issuance and delivery of the Note 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 which 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 6. Issuance and Delivery of the Note. The Commission hereby authorizes and approves the issuance and delivery of the Note to the Funding Lender to evidence the Funding Loan, in accordance with the terms and conditions set forth in the Loan Commitment, attached hereto as Exhibit A.

Section 7. 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 8. 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 the Secretary's designee and when effective shall act to ratify and confirm all acts taken previously in furtherance of and consistent with this resolution.

[Remainder of page intentionally left blank]

ADOPTED at a special meeting duly noticed and called this 7th day of December, 2023.

WASHINGTON STATE HOUSING
FINANCE COMMISSION

By _____
Chair

ATTEST:

Secretary

APPROVED AS TO FORM:

General Counsel

EXHIBIT A
Loan Commitment



December 5, 2023

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

Re: \$32,131,200 Washington State Housing Finance Commission Multifamily Revenue Note
(MLK Apartments Project), Series 2023 (the "Governmental Note")

Dear Honorable Commissioners:

KeyBank National Association ("KeyBank"), is pleased to offer to purchase the above-described Governmental Note in the amount set forth above at a price of par solely by assignment to the Washington State Housing Finance Commission of KeyBank's loan to North MLK Development LLLP, a Washington limited liability limited partnership, evidenced by a Promissory Note (Tax-Exempt) (the "KeyBank Note") in the principal amount of not to exceed \$32,131,200.

The Governmental Note will be dated the date of closing (the "Closing Date"), anticipated to be on December 13, 2023. It is anticipated that the Governmental Note will have a Maturity Date no later than 240 months from the Closing Date. Interest on the Governmental Note will accrue at a variable rate calculated as set forth in the KeyBank Note and initially based on the adjusted daily simple SOFR until its conversion to a fixed rate to be specified by KeyBank in the KeyBank Note prior to the Closing Date and which fixed rate is not expected to exceed 6.64% per annum. Such interest rates will be subject to adjustment if an event of default occurs or if interest on the Governmental Note becomes taxable.

Our offer is subject to KeyBank's receipt of satisfactory legal opinions from Pacifica Law Group LLP and satisfaction of other customary conditions to closing as determined by KeyBank.

Very truly yours,

KEYBANK NATIONAL ASSOCIATION,
a national banking association

A handwritten signature in black ink, appearing to read "Caleb Stephens", written over a horizontal line.

By: _____
Name: Caleb Stephens
Title: Relationship Manager

Multifamily Housing Program

Project Name MLK Mixed-Use and Early Learning Center

Developer Low Income Housing Institute

Description The MLK Mixed-Use building is in the heart of the Othello neighborhood in Seattle, located 1 block south of the Othello light rail station. The new 6-story building will provide 148 affordable housing units for low-income individuals and families, as well as a 6-classroom, 9,900 square-foot Early Learning Center (ELC) operated by Refugee Women’s Alliance (ReWA).

ReWA is a Seattle Preschool Program provider and plans to serve 102 children, ages 3-5 (with 16 infant slots), and their families at the MLK site. ReWA will provide referrals to the families it serves to MLK Mixed-Use housing while LIHI will provide service referrals to residents to ReWA.

In addition to the 6 classrooms noted above, the ELC will also include teacher rooms, a staff break room, an outdoor play area, and a kitchen for site-cooked meals reflecting the cultures of the children attending the ELC.

Location 7544 Martin Luther King Jr. Way S
Seattle, WA 98118

Project Type New Construction

Units	Studio	29
	One Bedroom	74
	Two Bedroom	14
	Three Bedroom	31
	Total	148

Housing Tax Credits Yes

Income Set-Aside 30% at 60% AMI
70% at 50% AMI

Regulatory Agreement Term Minimum 40 years

Evaluation Plan Scoring	Cost Efficient Development	7
	Additional Low-Income Housing	6
	Commitments	
	Commitments for Priority Populations	2
	Systemic Barrier	5
	CBO Inclusion	5
	Community Engagement Process	2
	Application of Community Engagement	2
	Donation in Support of Local Nonprofit Programs	2
	Property Type	3
	Energy Efficiency, Healthy Living, & Renewable Energy – New Construction	3
	Total Points	37

Estimated Tax-Exempt Note Amount (Not to exceed) \$34,000,000

Note Structure Private Placement

Lender KeyBank Community Development Lending

Development Budget

Acquisition Costs	\$1,239,000
Construction	\$43,667,947
Soft Costs	\$4,115,000
Financing Costs	\$3,420,156
Capitalized Reserves	\$601,800
Other Development Costs	\$1,152,750
Total Development Costs	\$60,196,653

Permanent Sources

City of Seattle	\$12,345,183
Perm Debt	\$6,617,096
Deferred Dev Fee	\$1,500,000
Amazon	\$11,200,000
Sponsor Equity, EDI, Donations	\$2,501,954
Tax Credit Equity at \$0.8900 per credit x 10 years	\$26,032,420
Total Permanent Sources	\$60,196,653

Total Development Cost Limit

Project's Total Development Cost Limit	\$72,813,515
Total Development Cost (minus land and reserves)	\$58,375,853

Waiver

Not required

Project Operations

<i>Unit Size</i>	<i>Market Rents</i>	<i>Proposed Rent Range</i>
Studio	\$1,425	\$1,097
One Bedroom	\$1,725	\$1,168
Two Bedroom	\$2,300	\$1,396
Three Bedroom	\$2,900	\$1,597

Action

Approval of Resolution No. 23-87

Anticipated Closing Date

December 2023

WASHINGTON STATE HOUSING
FINANCE COMMISSION

RESOLUTION NO. 23-99

A RESOLUTION of the Washington State Housing Finance Commission authorizing the issuance of one or more series of tax-exempt multifamily revenue bonds in a principal amount of not to exceed \$15,000,000 to finance the acquisition, rehabilitation and equipping of a 108-unit multifamily housing facility located in Bellevue, Washington, to be owned by Crossroads Apartments LLC, a Washington limited liability company; approving the sale of the bonds to Stearns Bank National Association pursuant to its purchase offer; approving the form of a financing agreement, regulatory agreement and tax certificate; and authorizing the Chair, Vice-Chair, Treasurer, Secretary, or the Secretary's designee, and Executive Director of the Commission to execute such documents and other related documents.

APPROVED ON DECEMBER 7, 2023

PREPARED BY:

PACIFICA LAW GROUP LLP

1191 Second Avenue, Suite 2000
Seattle, Washington 98101

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RESOLUTION NO. 23-99

A RESOLUTION of the Washington State Housing Finance Commission authorizing the issuance of one or more series of tax-exempt multifamily revenue bonds in a principal amount of not to exceed \$15,000,000 to finance the acquisition, rehabilitation and equipping of a 108-unit multifamily housing facility located in Bellevue, Washington, to be owned by Crossroads Apartments LLC, a Washington limited liability company; approving the sale of the bonds to Stearns Bank National Association pursuant to its purchase offer; approving the form of a financing agreement, regulatory agreement and tax certificate; and authorizing the Chair, Vice-Chair, Treasurer, Secretary, or the Secretary's 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 issue its bonds for the purpose of acquiring mortgage loans used to finance multifamily housing facilities in Washington; and

WHEREAS, the Internal Revenue Code of 1986, as amended (the "Code"), exempts from federal income tax the interest paid on bonds the proceeds of which are used to finance multifamily housing facilities meeting the requirements of the Code; and

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

WHEREAS, Stearns Bank National Association (the "Bank") has offered to originate a mortgage loan in a principal amount of not to exceed \$15,000,000 (the "Loan") to finance the acquisition, rehabilitation and equipping of a 108-unit multifamily housing facility for seniors

located in Bellevue, Washington (the “Project”), by Crossroads Apartments LLC, a Washington limited liability company (the “Borrower”), 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 Multifamily Housing Revenue Bond (Sagebrook Apartments Project), Series 2023, in one or more series and with such additional designations as may be appropriate, in a principal amount of not to exceed \$15,000,000 (the “Bond”); and (2) its acquisition of the Loan with proceeds of the Bond; and

WHEREAS, the Commission has previously given preliminary approval of the Project by Official Intent Declaration No. 23-91A, the Commission held a public hearing as required by federal tax law on November 16, 2023, and the Governor has, or by the closing on the Bond will have, approved the Project and the Bond; and

WHEREAS, the Commission has received an offer to purchase the Bond (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”), the Non-Arbitrage Certificate executed by the Commission of even date with the Bond (the “Tax Certificate”), and the Regulatory Agreement between the Commission and the Borrower (the “Regulatory Agreement”).

Section 2. Findings. The Commission hereby ratifies its prior findings that a substantial number of persons and families in the state of Washington are unable to rent apartments in various parts of the state or the rents required of such persons or families substantially exceed their available income. As a result, many persons and families are unable to rent safe and sanitary housing at reasonable cost without financial assistance. A principal reason that the cost of renting apartments is not affordable for such persons and families is the interest rate on mortgage loans used to acquire, construct and rehabilitate multifamily rental projects. The issuance of the Bond by the Commission will encourage developers to construct new projects and rehabilitate existing projects, which will make additional units available to persons and families at affordable rents.

Section 3. Financing Program. The Commission hereby confirms and ratifies its program for the acquisition of loans under the Act for the financing of eligible housing facilities through the issuance of privately placed nonrecourse revenue bonds (the “Program”). The Commission hereby finds and determines that the Program and the Bond are in furtherance of the Act and the Plan.

Section 4. Authorization of the Bond. The Commission hereby authorizes the issuance, sale and delivery of its Bond to be designated “Multifamily Housing Revenue Bond (Sagebrook Apartments Project), Series 2023,” in one or more series and with such additional designations as may be appropriate, in a principal amount not to exceed \$15,000,000, pursuant to and in accordance with the provisions of the Act and the Code.

Section 5. Approval of Documents. It is hereby found and determined that the Financing Agreement, the Tax Certificate and the Regulatory Agreement conform to the

requirements of the Act and the Code and provide appropriate security for the Bond consistent with the Act and the Code.

The Financing Agreement, Tax Certificate and Regulatory Agreement 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 the Secretary's 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 Bond. 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 6. Sale of the Bond. The Commission hereby authorizes and approves the sale of the Bond to the Bank, in accordance with the Purchase Offer attached hereto as Exhibit A.

Section 7. Fee Waiver. The Commission has determined that the pilot use of recycled private activity bond volume cap for this project qualifies it for a waiver from its fee policy and hereby approves an annual fee of 0.10% per annum of the outstanding principal amount of the Bond.

Section 8. 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 9. 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 the Secretary's 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 7th day of December, 2023.

WASHINGTON STATE HOUSING
FINANCE COMMISSION

By _____
Chair

ATTEST:

Secretary

APPROVED AS TO FORM:

General Counsel

EXHIBIT A
Purchase Offer



We get the job done!

December 5, 2023

The Commissioners
c/o Executive Director

Washington State Housing Finance Commission
1000 Second Avenue, Suite 2700

Seattle, WA 98104-1046

Re: Not to exceed \$14,000,000 Washington State Housing Finance Commission Multifamily Housing Revenue Bond (Sagebrook Apartments Project), Series 2023 (the "Bond")

Dear Honorable Commissioners:

Stearns Bank National Association ("Bank"), is pleased to offer to purchase the above-described Bond in the amount set forth above at a price of par solely by assignment to the Washington State Housing Finance Commission of Bank's loan to Crossroads Apartments LLC, a Washington limited liability company, evidenced by a Promissory Note (the "Note") in the principal amount of not to exceed \$14,000,000.

The Bond will be dated the date of closing (the "Closing Date"), anticipated to be on December 19, 2023. It is anticipated that the Bond will have a Maturity Date no later than 66 months from the Closing Date. Interest on the Bond will accrue at a variable rate calculated as set forth in the Note and initially based on one-month Term SOFR until its conversion to a fixed rate to be specified by the Bank, expected to be a fixed rate equal to Wall Street Journal Prime Rate minus 1.50%, with a floor of 5.75%, as determined in connection with the conversion date. Such interest rates will be subject to adjustment if an event of default occurs or if interest on the Bond becomes taxable.

Rev11192021



We get the job done!

Our offer is subject to Bank's receipt of satisfactory legal opinions from Pacifica Law Group LLP and satisfaction of other customary conditions to closing as determined by Bank.

Very truly yours,

STEARNS BANK NATIONAL ASSOCIATION,
a national banking association

By: _____

Name: Victoria A Quinn

Title: Vice President

Multifamily Housing Program

Project Name	Sagebrook Affordable Housing
Developer	Great Expectations LLC
Description	<p>The acquisition and rehabilitation of an unoccupied former assisted living property in the Crossroads neighborhood of Bellevue, to be funded using Recycled Bond Volume Cap and funds from the Amazon Housing Equity Fund. Seventy-five percent of units will be set-aside at 60% area median income, with the remaining 25% of the units set-aside at 80% area median income.</p> <p>There are 2 buildings currently on the site. The first building is a 1990s-vintage single garden style apartment, with 33 units. The development team plans minor unit upgrades, adding a framed wall in 12 units, turning those studio's into 1br's.</p> <p>The second building is a 1970s vintage, 2 story “u” shaped structure, with 77 units. The units do not currently have cooking facilities, so the development team plans to add kitchenettes to each unit. The total scope includes new vinyl flooring, repaint, cabinets/countertops/appliances for the kitchenettes and a vent hood to exhaust cooking fumes. New unit electrical panels will also be required in each unit per City of Bellevue.</p>
Location	15750 NE 15th Street Bellevue, WA 98008
Project Type	Acquisition/Rehabilitation
Housing Tax Credits	No
Income Set-Aside	75% at 60% AMI, 25% at 80% AMI
Estimated Tax-Exempt Bond Amount (Not to exceed)	\$14,000,000
Bond Structure	Private Placement
Lender	Sterns Bank

Action

Approval of Resolution No. 23-99

Anticipated Closing Date

December 2023

WASHINGTON STATE HOUSING FINANCE COMMISSION

RESOLUTION NO. 23-100

A RESOLUTION of the Washington State Housing Finance Commission regarding the use of the state volume cap for private activity bonds allocated to the Commission; delegating to the Executive Director the authority to determine the exact amount of state volume cap to carry forward from 2023 for single family and multifamily revenue bonds; directing the Executive Director to give notice as required by the federal tax laws to carry forward the 2023 allocation.

WHEREAS, the Department of Commerce of the State of Washington (the “State”) has the authority to allocate the state ceiling for private activity bonds and there is a possibility that the Department of Commerce will allocate a remaining portion of the unused 2023 volume cap (the “2023 Regular Volume Cap”) to the Washington State Housing Finance Commission (the “Commission”) to use or carry forward for housing purposes; and

WHEREAS, the exact amount of unused allocation for the State and available to the Commission may not be known until December 31, 2023; and

WHEREAS, Section 146(f) of the Internal Revenue Code of 1986, as amended (the “Code”), permits the carry forward of the unused state allocation for housing purposes; and

WHEREAS, the Commission has determined in its Housing Finance Plan for 2023 – 2024 that additional volume cap authority can be used to continue the successful single family and multifamily programs of the Commission; and

WHEREAS, to fully utilize the unused state allocation that may be reallocated to the Commission as late as December 31, 2023, it is necessary for the Commission to determine in advance of such date the manner in which it will carry forward such reallocation;

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

Section 1. Carry Forward of 2023 Regular Volume Cap. The Commission elects, and delegates to the Executive Director the authority to carry forward an amount of 2023 Regular Volume Cap to be negotiated with the Department of Commerce as late as December 31, 2023, and to determine the specific amount to be allocated for use in the Commission's Multifamily and Single-Family programs; provided that the Executive Director will consult with the Chair or Vice-Chair regarding the determination and carry forward of such amounts. The Executive Director is further authorized to negotiate with the Department of Commerce regarding the 2024 volume cap which would be allocated to the Commission by legislative formula if necessary, to receive unused 2023 Regular Volume Cap to carry forward.

Section 2. General Authorization. The Commission authorizes the Chair and Executive Director to execute such forms, documents or certificates, to file appropriate forms and documents with the Internal Revenue Service and to do all things necessary on its behalf to carry forward the unused 2023 Regular Volume Cap as provided for in this resolution.

Section 3. Effective Date. The resolution will become effective immediately after its adoption and signature by the Chair and attestation by the Secretary of the Commission.

ADOPTED at a special meeting duly noticed and called this 7th day of December 2023.

WASHINGTON STATE HOUSING
FINANCE COMMISSION

By _____
Chair

ATTEST:

By _____
Secretary

APPROVAL AS TO FORM:

By _____
General Counsel

WASHINGTON STATE HOUSING FINANCE COMMISSION

RESOLUTION NO. 23-101

A RESOLUTION of the Washington State Housing Finance Commission reauthorizing its beginning farmer/rancher loan program; authorizing the financing of not to exceed \$2,000,000 in transactions under such program; and authorizing the officers and Executive Director of the Commission to execute all documents necessary to implement such program subject to specific limitations.

WHEREAS, the Washington State Housing Finance Commission (the “Commission”) is authorized pursuant to chapter 43.180 RCW (the “Act”) and particularly RCW 43.180.290 to issue tax-exempt revenue bonds for the purpose of acquiring loans made to beginning farmers and ranchers to finance qualified facilities meeting the requirements of the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, the Commission annually has authorized a program to provide financing for beginning farmers and ranchers in a cost-effective and timely manner with one or more preapproved financial institutions; and

WHEREAS, AgWest Farm Credit, FLCA, as successor in interest to Northwest Farm Credit Services, FLCA and AgWest Farm Credit, PCA, as successor in interest to Northwest Farm Credit Services, PCA (together, the “Lender”) serves as a lender and bond investor for the Commission’s beginning farmer/rancher loan program; and

WHEREAS, the Commission is authorized pursuant to RCW 43.180.080(18) to delegate any of its powers if consistent with the purposes of the Act;

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

Section 1. Reapproval of Program and Bonds. The Commission hereby reapproves the program to finance qualified facilities for beginning farmers and ranchers (the “Program”) eligible under the Act and the Code substantially as described in the form of loan agreement (the “Loan Agreement”) and financing agreement (the “Financing Agreement”) on file with the Commission, with such changes thereto as are necessary or desirable and are approved by bond counsel to the Commission to implement the Program, subject to the limitations set forth in this resolution. The Commission hereby affirms its intent to continue working with the Lender to originate loans and acquire bonds issued by the Commission pursuant to the Program to provide financing to qualified borrowers under the Act and the Code. The Commission may, pursuant to separate resolution, select and approve one or more additional lenders to originate loans and acquire bonds issued by the Commission pursuant to the Program to provide financing to qualified borrowers.

Section 2. Authorization for Financing. The Executive Director is hereby authorized to approve on behalf of the Commission, from time to time, the issuance of bonds under the Program and their sale to the Lender to provide financing to qualified borrowers in accordance with the Act and the Code; provided, that (i) the aggregate principal amount so approved pursuant to this authorization for all such bonds will not exceed \$2,000,000; (ii) the terms and conditions of any such financing are acceptable to the Lender and the applicable borrower; and (iii) this delegation shall expire on the first Commission Board meeting in 2025.

Section 3. General Authorization. The Executive Director or his designee is hereby authorized and directed (i) to request state bond volume cap authority for the Program, and (ii) to publish such notices, to hold such hearings, and to take such other actions as shall be necessary to enable the Commission’s bond counsel to render its opinion as to the exclusion of the interest on the bonds issued by the Commission under this Program from gross income for federal income tax

purposes. The Commission hereby authorizes the Chair, Vice-Chair, Treasurer, Executive Director and the Secretary, or the Secretary's designee, to execute and deliver a Loan Agreement, Financing Agreement, all such additional and supplemental documents including bonds, and any other necessary documents or certificates on its behalf, 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 bond counsel to the Commission that are consistent with the Program, to do and perform such acts and to take such actions as may be necessary or required for the consummation of the transactions provided for and contemplated by the Loan Agreement and Financing Agreement and to negotiate all final terms and conditions of the Loan Agreement and Financing Agreement not contrary to or inconsistent with the objectives of the Program. 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. The Deputy Executive 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 4. 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 the Secretary's 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 7th day of December, 2023.

WASHINGTON STATE HOUSING
FINANCE COMMISSION

By _____
Chair

ATTEST:

Secretary

APPROVED AS TO FORM:

General Counsel

WASHINGTON STATE HOUSING FINANCE COMMISSION 2024 LEGISLATIVE AGENDA

In all the categories below, the Commission will (1) support legislation that seeks to end systemic racism and to advance equity. We will also (2) advocate for as much public investment as possible to be equitably directed to a range of affordable housing initiatives; as well as for (3) legislation that makes our state taxing system more equitable and combats climate change.

Lead Priority:

None this year.

Support Agenda:

Increase Rental Housing Supply

- Fund the state Housing Trust Fund at a historically high level in the biennial capital budget
- Seek a permanent source of funding for the Housing Trust Fund

Fund Other Housing Programs and Supportive Services

- Support legislation to authorize an expanded Real Estate Excise Tax (REET) for affordable housing.
- Support investments in affordable homeownership to create new homes for buyers that include those eligible for the Covenant Homeownership Account Program, among other programs
- Support supplemental budget asks for the Foreclosure Fairness Act, Foreclosure Hotline, Default Housing Counseling and Civil Legal Aid for foreclosure prevention
- Support efforts to ensure that any proposed cuts to the budget do not negatively impact affordable housing programs and related services.

Close Racial Gaps in Homeownership

- Support new programs that expand homeownership opportunities for BIPOC households
- Support legislation to amend lending and real-estate systems built on structural racism

Tenant Protection

- Seek increased funding for statewide Right to Counsel program to meet statutory requirements
- Support efforts to establish well-calibrated rent stabilization, among other tenant protections, to increase resident stability while ensuring housing providers can sustainably operate affordable housing and create new housing.

JANUARY – DECEMBER 2024
COMMISSION MEETING CALENDAR

January 25	Hybrid
February 22	Hybrid
<i>NCSHA Legislative Conference March 4-6, 2024</i>	<i>Washington, D.C.</i>
March 28	Hybrid
April 25	Hybrid
May 20 - 21 (Mon – Tues) Budget/Planning Meeting	Hybrid
<i>NCSHA Housing Credit Connect June 10 – 13, 2024</i>	<i>Atlanta, GA</i>
June 27	Hybrid
July 25	Hybrid
August 22	Hybrid
<i>Housing Washington Conference September 23-25, 2024</i>	<i>Spokane</i>
September 26	Hybrid
<i>NCSHA Annual Conference September 28 - October 1, 2024</i>	<i>Phoenix, AZ</i>
October 24	Hybrid
**November 21	Hybrid
**December 12	Hybrid

** Scheduled early because of the holidays

Department of Commerce updates for the Housing Finance Commission meeting

Housing Division

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

Contact: Melodie Pazolt, Melodie.Pazolt@commerce.wa.gov

- **The AHAH capacity grant RFA is currently underway:** Over 100 applications have been received to expand the FCS network, enhance FCS services etc.
- In addition, the AHAH **capital funding applications are still being reviewed:** Eleven AHAH capital application addenda were received. Reviewers included members from HCA, DSHS, Amerigroup and the Office of Apple Health and Homes.
- **AHAH-PSH and the Housing Finance Commission continue to meet with the first cohort of AHAH awardees to discuss how to operationalize the referrals to units,** ensuring the AHAH eligibility is met and coordination with the 'Coordinating Entity - Amerigroup' process works collaboratively with the capital stack.
- AHAH-PSH and Melissa from the Housing Finance Commission met to continue to discuss strategies to expedite the lease-up process and are excited about the possibility of DSHS and HCA administrative data for meeting LIHTC income verification requirements.

Multifamily Housing Unit

Contacts: Nathan Lichti, Nathan.Lichti@commerce.wa.gov

Policy Advisory Team

Incorporating community members' voices, particularly centering voices of communities that experience marginalization and discrimination in access to housing, was a priority throughout a consultant-led process, which involved multiple public meetings across 2023. As a result of this process, Commerce recognizes the need to improve engagement holistically and is presenting a proposal that replaces the current PAT. This proposal focuses on the following strategies to increase the transparency of decision-making by incorporating input from diverse stakeholders with reasonable timelines, presentations, and multiple feedback channels.

- **Community-Based Housing Advisory Committee** – Form a new community-based advisory group centering the voices of the most impacted communities.
- **Public Forums/Assemblies** – Host open public forums without membership restrictions.

- **Task Forces and Work Groups** – As needed, convene work groups to focus on specific policy products or areas.
- **Agency Partners and Consortia** – Offer concrete methods for agency partners, housing consortia, and ex-officio organizations (currently on PAT) to provide their expertise in policy-making. Commerce will reconvene a statewide public funders group as a venue for input and coordination.

Loan/Grant Policy

Affordable housing program loans and grant policy is available for public comment. Commerce extensively reviewed the loan and grant policy for our affordable housing programs through a series of Policy Advisory Team (PAT) and stakeholder engagements over the last six years. At a joint meeting of the PAT and Affordable Housing Advisory Board in October, we outlined elements of the updated policy and announced that it would be released for a final public comment opportunity. When implemented, this policy will be applied to all new and future affordable housing contracts, beginning with those awarded funding from the 2023-25 biennial capital budget (including direct appropriations). Current contractors and pre-contract awardees may submit a request to modify their loan terms, which will be considered on a case-by-case basis.

How to provide comments:

- [Review the policy](#) (Box PDF) (released on Nov. 7, 2023)
- Email your comments by **5 p.m. Friday, Dec. 8** to: HTFStakeholderCommunications@commerce.wa.gov

Multifamily Housing Unit investment decisions

MHU is reviewing 91 Multifamily Housing applications seeking \$455.7 Million. The applications represent \$3 Billion in affordable housing development and would produce 6,505 units. There is \$290,400,000 available from competitive state funds, including set-asides for Apple Health and Home and for persons with Intellectual and Developmental Disabilities. Economic limitations inhibit projects that otherwise have developer capacity and prepared sites (i.e., zoning approval, environmental clearance, architectural drawings, etc.). Less than half of the projects that applied for funding will likely receive commitments. The following factors inhibit the production of the affordable housing pipeline:

- Limitations on local funding
- Higher cost of capital; Inflationary costs make project costs more expensive
- Excess Demand on Low Income Housing Tax Credit (LIHTC) Program
 - 57 of the applications received are counting on LIHTC. Over half of these projects will not get this match (\$15-50M+ in equivalent subsidy per project).
 - All Applicants that applied for both HTF and LIHTC will be considered for larger state awards to fill project gaps, depending on:
 - Funding eligibility
 - Regional distribution
 - By and For Target

Homeownership Unit

Contact: Ann Campbell, Ann.Campbell@commerce.wa.gov

- **HOU is finalizing Covenant Homeownership Program pass-through funding contracts.** Commerce will pass funding to the WSHFC to capitalize one or more special-purpose credit programs authorized in the Covenant Homeownership Act (SSHB 1474). Funding will also pass to the Department of Financial Institutions to establish and support the Covenant Homeownership Program Oversight Committee.
 - Reminder: \$100 document recording fee collection does not start until 1/1/24.
- **HOU capital funding application evaluations are being finalized.** Staff have coordinated with other public funders, interviewed applicants, and reviewed the applications. Reviewers include Capital Programs staff, Foreclosure Fairness Program staff, and the Data and Performance Unit staff.

Housing Policy and Strategic Initiatives Unit

Contact: Kirsten Jewel, Kirsten.Jewell@commerce.wa.gov

- **Pathways to Housing Security Report.** On December 1, the Ruckelshaus Center released its Pathways to Housing Security Report. This is the final report of a three-year project commissioned by the Legislature to thoroughly explore and identify trends affecting and policies guiding the housing and services provided to households experiencing housing instability or homelessness in Washington. The project also included facilitating meetings and discussions to develop options and recommendations for a long-term strategy to improve services and outcomes for these households by developing pathways to permanent housing solutions. View the full report and appendices: <https://ruckelshauscenter.wsu.edu/projects/current-projects/pathways-to-housing-security/december-2023-final-reporting/>
- **Affordable Housing Advisory Board 5-Year Report:** The plan provides state and local policymakers, and other stakeholders, critical information on:
 - Progress to date to addressing affordable housing, at the state and county levels
 - Barriers to future progress,
 - Housing targets by county for the next 20 years,
 - Recommendations for meeting housing need
- **Encampment Resolution Program (formerly known as the Rights-of-Way Initiative):** Twenty-nine encampments have been resolved, including all major encampments on I-5 in Thurston, Pierce, and Snohomish counties. Two significant encampments remain on I-5 in King County.

MEMO

DATE: December 5, 2023
TO: Board Commissioners
FROM: Steve Walker
RE: Executive Directors Report

This memo summarizes activities for each division and highlights some of my activities from November 15 – December 4, 2023. Please contact Tera to set up a call with me or a division director should you have any questions.

Multifamily & Community Facilities:

- We received 12 intents to apply for the Balance of State competitive bond cap pool for 2024, this represents approximately \$335 million in requests. Four of the intents are for preservation and eight are new construction. Three are from Snohomish County, five from Pierce, One each from Clark, Thurston, Cowlitz, and Kittitas. Final applications are due in late January.
- Seattle/King projects are being prioritized and discussions are underway with the public funders for our new pipeline tiered allocation list. The prioritized lists are expected in mid-January.
- We submitted our Interim Rent Stabilization report due to the Legislature by Dec 1. A big shout out to Jackie for being the main author and to our intern Ed Lawrence who did analysis to support the data provided in the report. The report is included in the packet.
- We are finalizing our annual cost report that will be submitted to the Legislature shortly and will be included in your packet next month.
- We continue to review and align our funding recommendations for the 9% LIHTC (Low Income Housing Tax Credit) 2024 allocations as well. Expecting those decisions in mid Jan.

Homeownership:

Covenant Homeownership:

- Homeownership staff, Steve Walker and Pacifica continue to meet with NFHA regularly.

Homeownership staff continues to work closely with NFHA and HDC (Housing Development Consortium) on communications.

NFHA is working with Pacifica on the first draft of Chapter One of the study.

Homeownership Assistance Fund:

- As of November 29, 2023, over 2,500 grants have been funded totaling over \$52 million dollars in grant assistance.

The program continues to demonstrate excellent geographic distribution of funding and continues to show the success of our marketing in reaching underserved communities and communities of color. Outreach to underserved communities regarding the HAF Program continues to reach all areas of the state and in multiple languages. Advertising in social media, along with local publications and radio stations, has shown results through the steady traffic to our HAF Program landing site (WashingtonHAF.org) as well as the “Hotline” at the Washington Homeownership Resource Center.

We continue our bi-weekly meeting with our counseling network to talk through program ideas, concerns, and best practices to make sure that the entire network is supported and working towards a common goal. They continue to report that the program is easy to use and our program administrator, HOTB, is of tremendous assistance to them and homeowners.

The Washington HAF Program administrator, HOTB Software, joined us for a day of meetings with other Commission staff, prior to a presentation they made at the November Commission Meeting work session. At that meeting, HOTB Software was awarded a “Proud Partner Award” by the Commission for their work on behalf of Washington state homeowners.

Other:

- In November, we had \$100 million in new reservations assisting 267 households.
- The Homeownership division continues to work weekly with our seller servicer consultant to develop internal policies and continue to work on Quality Control. We have developed and have begun to implement policies on vendor management, participating lender approvals, and pre and post funding QC. We also started our Freddie Mac application for approval.

Asset Management & Compliance:

- We welcomed Shannon Woodard as a new Portfolio Analyst this month. Having worked in the affordable housing industry for several years, Shannon brings a wide range of experience to the table. The addition of Tyrae and Shannon last month and this month will help AMC redistribute workload more efficiently and allow more time and capacity to take on other projects.
- Thanks to Duane and Melissa, who continue to meet with the Totara team & Bob W. Within the next few weeks, the group will begin setting up the meeting and starting the online learning content creation process.
- AMC continues their work with our Communications team to update the language and content of our forms and applications. The goal is to increase the accessibility of our forms and materials to Washingtonians in need of affordable housing and manage LIHTC developments. In the new year, we will pick up this task to reach the next milestone of outreach to renters.
- Our team is excited to have returned to in-person training this year as we continue to offer online classes; the transition back to in-person training and shifting workloads has been a heavy lift for Portfolio Analysts

Finance:

- Thanks to the splendid work by the Commission finance staff, Pacifica, and Habitat team, on November 30, we successfully closed Program Related Investment loans in the total amount of \$2,310,000 to Habitat for Humanity of Washington State to support its affiliates - Skagit and Tri County Partners - to serve families in need of affordable homeownership.
- The Commission has entered an agreement for CSG Advisors to review the overall financial sustainability, focusing on the General Operating Fund and PRI, and develop financial performance measures and dashboard to track future sustainability. We expect the completion of the study in time for the FY 2025 budget.

Steve Walker:

- I gave two presentations to the Senate Housing Committee last week:
 - In partnership with Commerce, we presented our Interim Report of Rent Stabilization activities. The final report is due to the legislature in December 2024.
 - In partnership with Lisa Rice at the National Fair Housing Alliance we presented a status update on activities related to the Covenant

Homeownership Act including the study, the oversight committee, and our timeline for moving forward.

- Attended the NSCHA Board of Directors Meeting in New Orleans

Other Events and Meetings:

I participated in the following events and meetings:

Met with Representative Alvarado regarding affordable housing; monthly covenant homeownership meeting; Affordable homes stakeholder group and Urban League of Metropolitan Breakfast.

Washington State Housing Finance Commission
Homeownership Programs
Fiscal Year Loan Production
July 1, 2023 - November 30, 2023

*Fiscal Year Goal - 5,000 households purchase an affordable home using the Home Adv/HK programs.

Percentage of Goal reached YTD - 29.9%

HOME ADVANTAGE			
	Loans	\$ Volume	% Households of Color
Conventional FNMA	72	\$ 27,031,155	38.9%
Conventional FHLMC	156	\$ 57,451,527	33.3%
Government	1013	\$ 392,792,735	34.6%
Energy Spark	1	\$ 579,313	100.0%
Total	1242	\$ 477,854,730	34.8%

HOUSE KEY OPPORTUNITY			
	Loans	\$ Volume	% Households of Color
Conventional FNMA	93	\$ 21,210,517	36.6%
Conventional FHLMC	33	\$ 8,633,058	27.3%
Government	130	\$ 37,859,754	33.8%
Total	256	\$ 67,703,329	33.9%

DOWNPAYMENT ASSISTANCE			
	Loans	\$ Volume	% Households of Color
Home Adv 0%	1178	\$ 17,510,941	35.2%
Home Adv Needs Based 1%	3	\$ 29,591	0.0%
Opportunity	217	\$ 3,030,790	35.1%
HomeChoice	19	\$ 283,825	5.3%
Bellingham	3	\$ 120,000	0.0%
East King County	0	\$ -	0.0%
Pierce County	0	\$ -	0.0%
Seattle	0	\$ -	0.0%
Tacoma	0	\$ -	0.0%
University of WA	1	\$ 82,500	0.0%
Veterans	4	\$ 31,700	25.0%
Clark County DPA	7	\$ 419,289	42.8%
Social Justice DPA	10	\$ 100,000	100.0%
Total	1442	\$ 21,608,636	35.1%

Washington State Housing Finance Commission/Homeownership Division
Counseling & Grants:
Default Counseling, Pre-Purchase and Other Homeowner Assistance
Report for November 2023

Grant Name/ Description/Service Area	Granting Entity	Subgrantees/ Partners	Grant Amount/ Date	Amount Disbursed to Date	Balance Remaining	Grant Expiration
HUD SuperNOFA 2021 Default and Pre-Purchase Counseling. Service Area: Statewide	Department of Housing and Urban Development	AFS; CVH; KCLT; OIC; OPAL; Parkview; RRCA; SNAP	\$200,000 2020/2022	\$171,496	\$28,504	9/30/2023 Closure Pending
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; ECDLR	\$3,000,000 Jul 2023	\$547,300	\$2,452,700	6/30/2024
Foreclosure Fairness Act Default Housing Counseling and Mediation. Service Area: Statewide	Department of Commerce	WHRC; AFS; NJP; Parkview; RRCA; SNAP; ULMS; ECDLR	\$1,222,560	\$214,350	\$1,008,210	6/30/2024
HAF/STATE Civil Legal Aid Legal Representation for Low- Income Clients Service Area: Statewide	U.S. Department of the Treasury	NJP	\$5,635,311 Jan 2022	\$3,569,037	\$2,066,274	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; ECDLR	\$2,000,000 Oct 2022	\$705,295	\$1,293,705	6/30/2024
KC VSHSL Counseling Navigator Service Area: King County	King County	AFS; Parkview; ULMS	\$212,000 Jan 2023	\$159,009	\$53,001	12/31/2023

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
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HOMEOWNERSHIP PROGRAMS

HOMEBUYER EDUCATION PRODUCTION and HOME LOAN TRAINING

July 1, 2023 - November 30, 2023

HOMEBUYER CLASS

Fiscal year goal - 800 classes, 8,000 participants by June 30, 2024

Percentage of goal reached YTD: 52.63%

	Classes	Participants
Virtual:	285	1,274
In-Person:	152	928
Online Classes:	2,009	2,009
Total:	2,446	4,211

Classes not yet reporting participation: 163

Data lags 3 months due to data collection process

In-Person and Virtual All-Time Totals 1992 to Present

Classes:	39,315
Participants	236,804

PROGRAM TRAINING ATTENDEES

Fiscal year goal - 10 Instructor classes by June 30, 2024

Percentage of goal reached YTD: 40%

Month	Classes	Attendees
July	1	44
August	1	46
September	1	73
October	0	0
November	1	60
December		
January		
February		
March		
April		
May		
June		
Total:	4	223

ASSET MANAGEMENT & COMPLIANCE ACTIVITY REPORT

REPORTING MONTH: November 2023

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 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	95		826	1,055	78%

Calendar Year 2022	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	GOAL	% COMPLETED
REPORTS REVIEWED	1	1	16	134	130	134	74	97	75	131	140	102	1,035	1,010	102%

Tax credit reports are due January 31st of every year for the previous calendar year.

Bond Reports **

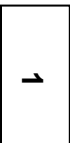
Calendar Year 2023	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	GOAL	% COMPLETED
REPORTS REVIEWED	11	21	44	2	0	0	0	1	0	0	0		79	75	105%

Calendar Year 2022	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	GOAL	% COMPLETED
REPORTS REVIEWED	6	37	33	2	0	0	0	0	0	0	0	0	78	75	104%

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: November 2023

BUSINESS OBJECTIVE: *Complete on-site review of 33^{1/3}% of all projects by December 31, 2023.*

Within the 12-month calendar year, the Commission will:

- conduct on-site inspections of 33^{1/3}% of projects monitored according to HUD’s Uniform Physical Conditions 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 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		375	375	100%

Calendar Year 2022	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	GOAL	% COMPLETED
ON-SITES COMPLETED	0	1	10	7	44	67	36	35	36	36	44	9	325	325	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:
TBA

The next Bond Compliance Workshop is scheduled for:
TBA



WASHINGTON STATE
**HOUSING FINANCE
COMMISSION**

Nicole Bascomb-Green
Chair
Steve Walker
Executive Director

December 6, 2023

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 November 30, 2023, 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 Controller

WASHINGTON STATE
HOUSING FINANCE COMMISSION
GENERAL OPERATING FUND

November 30, 2023

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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

November 30, 2023

(See Accountant's Compilation Report)

	Current Year	Prior Year	Variance	
			Amount	%
ASSETS				
Cash and Cash Equivalents:				
Demand Deposits	\$ 7,937,721	\$ 6,173,238	\$ 1,764,483	(1) 29%
Money Market Accounts	145,444,359	187,423,868	(41,979,509)	(1) -22%
Investment Securities	9,446,961	12,984,621	(3,537,660)	(1) -27%
Interest Receivable	954,685	577,147	377,538	(2) 65%
Fees Receivables	13,819,354	10,806,690	3,012,664	(3) 28%
Prepaid Expenses & Other Receivable	1,209,025	311,301	897,724	(4) 288%
Furniture and Fixtures (net of depreciation)	289,304	371,365	(82,061)	(5) -22%
Intangible Lease Asset (net of amortization)*	763,411	1,531,162	(767,751)	(6) -50%
Net Pension Asset*	1,767,016	5,925,840	(4,158,824)	-70%
<i>Total Assets</i>	<u>181,631,836</u>	<u>226,105,232</u>	<u>(44,473,396)</u>	<u>-20%</u>
Deferred Outflow of Resources (Pension & OPEB Contributions) *	5,479,906	1,960,676	3,519,230	179%
<i>Total Assets and Deferred Outflows</i>	<u>\$ 187,111,742</u>	<u>\$ 228,065,908</u>	<u>\$ (40,954,166)</u>	<u>-18%</u>
LIABILITIES				
Accounts Payable and Other Liabilities	\$ 8,424,444	\$ 2,452,409	\$ 5,972,035	(7) 244%
Unearned Fee Income	124,197,076	174,861,325	(50,664,249)	(8) -29%
Accrued Payroll Payable	1,771,146	1,614,119	157,027	(9) 10%
Lease Liability*	719,844	1,424,129	(704,285)	(6) -49%
Net Pension Liability *	3,584,711	4,144,035	(559,324)	-13%
<i>Total Liabilities</i>	<u>138,697,221</u>	<u>184,496,017</u>	<u>(45,798,796)</u>	<u>-25%</u>
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	289,304	371,363	(82,059)	(5) -22%
Committed - Housing Washington *	350,886	496,505	(145,619)	-29%
Unrestricted	40,867,117	35,134,911	5,732,206	16%
<i>Total Net Position</i>	<u>41,507,307</u>	<u>36,002,779</u>	<u>5,504,528</u>	<u>15%</u>
<i>Total Liabilities, Deferred Inflows and Net Position</i>	<u>\$ 187,111,742</u>	<u>\$ 228,065,908</u>	<u>\$ (40,954,166)</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) Higher interest rates in the current year contributed to the increase in interest receivable. For example, the LGIP rate in the prior year was 3.76% as compared with 5.43% in the current year.
 - (3) The overall increase in fees receivable is primarily due to greater balances related to 2nd half tax credit fees for Commission issued 4% bonds, higher receivables related to the Citibank Securitization program and DPA loans in the Homeownership program, and slower collection of Commission fees on outstanding bonds.
 - (4) 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.
 - (5) The decrease in net capital assets reflects the continued depreciation of prior investments in assets.
 - (6) 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.
 - (7) 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.
 - (8) 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.
 - (9) 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: November 30, 2023
(See Accountant's Compilation Report)

	Current Period	Current Year to Date	Prior Year to Date	Variance Amount	%
<i>Revenues:</i>					
Fee Income	\$ 2,786,873	\$ 14,685,003	\$ 12,720,079	\$ 1,964,924 (1)	15%
Interest Earned & Realized Gain	1,343,323	5,963,417	3,343,572	2,619,845 (2)	78%
Other	23,656	101,065	93,746	7,319	8%
<i>Total Unadjusted Revenues</i>	<u>4,153,852</u>	<u>20,749,485</u>	<u>16,157,398</u>	<u>4,592,087</u>	<u>28%</u>
<i>Expenses:</i>					
Salaries, Wages, and Employee Benefits	943,148	4,830,679	4,200,907	629,772 (3)	15%
Travel & Conferences	10,374	118,322	82,191	36,131 (4)	44%
Professional Fees	225,491	1,314,708	745,826	568,882 (5)	76%
Office Expense	201,065	1,082,156	1,085,202	(3,046)	0%
<i>Total Expenses</i>	<u>1,380,078</u>	<u>7,345,865</u>	<u>6,114,127</u>	<u>1,231,738</u>	<u>20%</u>
<i>Adjustments</i>					
<i>Revenues:</i>					
Unrealized Gain/(Loss) on Investments	847,860	656,554	(749,937)	1,406,491	-188%
Grant Revenue	4,827,627	28,812,122	8,486,775	20,325,347	239%
<i>Expenses:</i>					
Grant Pass-Through	4,827,627	28,812,122	8,486,775	20,325,347	239%
<i>Total Adjustments</i>	<u>847,860</u>	<u>656,554</u>	<u>(749,937)</u>	<u>1,406,491</u>	<u>-188%</u>
Excess of Revenues over Expenses	3,621,634	14,060,174	9,293,334	4,766,840	51%
Less transfer to Commission Fund *	-	-	(71,802)	71,802	-100%
Excess of Revenues over Expenses (Net of Transfers)	<u>3,621,634</u>	<u>14,060,174</u>	<u>9,221,532</u>	<u>4,838,642</u>	<u>52%</u>
<i>Net Position</i>					
Total net position, beginning of period	37,885,673	27,447,133	26,781,247	665,886	2%
Current Increase (Decrease) - to Net position	<u>3,621,634</u>	<u>14,060,174</u>	<u>9,221,532</u>	<u>4,838,642</u>	<u>52%</u>
Total net position, end of year	<u>\$ 41,507,307</u>	<u>\$ 41,507,307</u>	<u>\$ 36,002,779</u>	<u>\$ 5,504,528</u>	<u>15%</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 3.76% in the prior period to a rate of 5.43% 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 payment of the special purpose program fee with NFHA, plus greater property inspection related expenses in the Asset Management & Compliance Division.
- * 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: November 30, 2023
(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	18.5%	\$ 1,608,673	\$ 8,683,465	\$ 10,292,138	\$ 9,919,301	\$ 372,837	3.8%
Issuance, Application, and Servicing Fees	8.8%	356,251	4,036,613	4,392,864	1,506,214	2,886,650	191.6%
Interest Earned & Realized Gain	78.4%	2,619,845	3,343,572	5,963,417	4,433,250	1,530,167	34.5%
Other Income	7.8%	7,319	93,746	101,065	488,833	(387,768)	-79.3%
Total Unadjusted Revenues	28.4%	4,592,088	16,157,397	20,749,483	16,347,598	4,401,886	26.9%
<i>Expenses:</i>							
Salaries & Wages - Staff & Temp. Svcs	16.7%	535,828	3,217,389	3,753,217	4,378,865	(625,648)	-14.3%
Employee Benefits - Staff	9.6%	93,943	983,518	1,077,461	1,242,781	(165,320)	-13.3%
Conference, Education & Training	153.1%	28,449	18,579	47,028	49,042	(2,014)	-4.1%
Travel out of state - Staff	28.3%	12,531	44,336	56,867	101,417	(44,550)	-43.9%
Travel in state - Staff	-25.2%	(4,849)	19,276	14,427	35,535	(21,108)	-59.4%
Accounting Fees	-4.9%	(5,278)	108,278	103,000	94,583	8,417	8.9%
Legal Fees	14.0%	31,182	221,945	253,127	292,083	(38,956)	-13.3%
Financial Advisor Fees	5.5%	7,167	130,000	137,167	148,667	(11,500)	-7.7%
Investment Management Fees	-1.5%	(1,140)	74,085	72,945	95,833	(22,888)	-23.9%
Office Rent/Conf. Room Rentals	-40.7%	(156,837)	385,327	228,490	392,785	(164,295)	-41.8%
Furniture & Equipment Rental	2.4%	243	10,227	10,470	12,300	(1,830)	-14.9%
Advertising	65.3%	19,692	30,168	49,860	136,625	(86,765)	-63.5%
Publications/ Subscriptions/ Dues	25.8%	8,890	34,419	43,309	46,821	(3,512)	-7.5%
Deliveries	-7.5%	(39)	518	479	2,196	(1,717)	-78.2%
Insurance	8.5%	2,087	24,665	26,752	25,000	1,752	7.0%
Meeting Expense	1238.1%	26,323	2,126	28,449	46,771	(18,322)	-39.2%
Equipment & Building Maintenance	-70.8%	(2,947)	4,160	1,213	46,467	(45,254)	-97.4%
Software Maint. Support & Other Info Svcs	13.6%	66,141	485,706	551,847	670,479	(118,632)	-17.7%
Non-capitalized Equipment/Supplies	24.6%	6,727	27,327	34,054	51,099	(17,045)	-33.4%
Postage	-56.8%	(360)	634	274	1,513	(1,239)	-81.9%
Printing	305.3%	3,835	1,256	5,091	6,496	(1,405)	-21.6%
State Services	135.6%	743	548	1,291	7,029	(5,738)	-81.6%
Supplies	-24.1%	(3,771)	15,630	11,859	22,125	(10,266)	-46.4%
Telephone	87.1%	13,938	15,999	29,937	29,371	566	1.9%
Contract Services	253.9%	536,951	211,518	748,469	635,957	112,512	17.7%
Depreciation	33.1%	14,613	44,170	58,783	68,195	(9,412)	-13.8%
Total Expenses	20.1%	1,231,740	6,114,129	7,345,866	8,640,035	(1,294,169)	-15.0%
<i>Adjustments</i>							
<i>Revenues:</i>							
Unrealized Investments Gain/(Loss)	-187.5%	1,406,491	(749,937)	656,554	-	656,554	NA
Grant Revenue	239.5%	20,325,347	8,486,775	28,812,122	57,843,216	(29,031,094)	-50.2%
<i>Expenses:</i>							
Grant Pass-Through	239.5%	20,325,347	8,486,775	28,812,122	57,843,216	(29,031,094)	-50.2%
	-187.5%	1,406,491	(749,937)	656,554	-	656,554	NA
Excess of Revenues over Expenses- adjusted	51.3%	4,766,839	9,293,331	14,060,171	7,707,563	6,352,609	82.4%
Less transfer to Commission Fund	-100.0%	71,802	(71,802)	-	-	-	NA
Excess of Revenues over Expenses (Net of Transfers)	52.5%	\$ 4,838,642	\$ 9,221,529	\$ 14,060,171	\$ 7,707,563	\$ 6,352,609	82.4%



WASHINGTON STATE
**HOUSING FINANCE
COMMISSION**

Nicole Bascomb-Green
Chair
Steve Walker
Executive Director

November 14, 2023

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 October 31, 2023, 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 Controller

WASHINGTON STATE
HOUSING FINANCE COMMISSION
GENERAL OPERATING FUND

October 31, 2023

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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
October 31, 2023

(See Accountant's Compilation Report)

	Current Year	Prior Year	Variance	
			Amount	%
ASSETS				
Cash and Cash Equivalents:				
Demand Deposits	\$ 6,092,106	\$ 6,742,526	\$ (650,420)	(1) -10%
Money Market Accounts	132,190,917	171,192,147	(39,001,230)	(1) -23%
Investment Securities	25,045,393	27,723,294	(2,677,901)	(1) -10%
Interest Receivable	926,803	359,933	566,870	(2) 157%
Fees Receivables	14,361,641	12,722,920	1,638,721	(3) 13%
Prepaid Expenses & Other Receivable	1,343,929	367,954	975,975	(4) 265%
Furniture and Fixtures (net of depreciation)	302,756	379,395	(76,639)	(5) -20%
Intangible Lease Asset (net of amortization)*	763,411	1,531,162	(767,751)	(6) -50%
Net Pension Asset*	1,767,016	5,925,840	(4,158,824)	-70%
<i>Total Assets</i>	<u>182,793,972</u>	<u>226,945,171</u>	<u>(44,151,199)</u>	<u>-19%</u>
Deferred Outflow of Resources (Pension & OPEB Contributions) *	5,479,906	1,960,676	3,519,230	179%
<i>Total Assets and Deferred Outflows</i>	<u>\$ 188,273,878</u>	<u>\$ 228,905,847</u>	<u>\$ (40,631,969)</u>	<u>-18%</u>
LIABILITIES				
Accounts Payable and Other Liabilities	\$ 8,119,221	\$ 2,858,059	\$ 5,261,162	(7) 184%
Unearned Fee Income	129,289,429	178,385,434	(49,096,005)	(8) -28%
Accrued Payroll Payable	1,767,786	1,592,156	175,630	(9) 11%
Lease Liability*	719,844	1,424,129	(704,285)	(6) -49%
Net Pension Liability *	3,584,711	4,144,035	(559,324)	-13%
<i>Total Liabilities</i>	<u>143,480,991</u>	<u>188,403,813</u>	<u>(44,922,822)</u>	<u>-24%</u>
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	302,756	379,393	(76,637)	(5) -20%
Committed - Housing Washington *	350,886	496,505	(145,619)	-29%
Unrestricted	37,232,031	32,059,024	5,173,007	16%
<i>Total Net Position</i>	<u>37,885,673</u>	<u>32,934,922</u>	<u>4,950,751</u>	<u>15%</u>
<i>Total Liabilities, Deferred Inflows and Net Position</i>	<u>\$ 188,273,878</u>	<u>\$ 228,905,847</u>	<u>\$ (40,631,969)</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) Higher interest rates in the current year contributed to the increase in interest receivable. For example, the LGIP rate in the prior year was 3.03% as compared with 5.40% in the current year.
 - (3) The overall increase in fees receivable is primarily due to greater balances related to 2nd half tax credit fees for Commission issued 4% bonds, higher receivables related to the Citibank Securitization program and Commission fees outstanding, while partially offset by a decrease in receivables related to DPA loans in the Homeownership program.
 - (4) 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.
 - (5) The decrease in net capital assets reflects the continued depreciation of prior investments in assets.
 - (6) 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.
 - (7) 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.
 - (8) 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.
 - (9) 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: October 31, 2023
(See Accountant's Compilation Report)

	Current Period	Current Year to Date	Prior Year to Date	Variance	
				Amount	%
<i>Revenues:</i>					
Fee Income	\$ 2,775,788	\$ 11,898,129	\$ 9,775,666	\$ 2,122,463	(1) 22%
Interest Earned & Realized Gain	1,227,457	4,620,094	2,324,525	2,295,569	(2) 99%
Other	18,327	77,409	63,140	14,269	(3) 23%
Total Unadjusted Revenues	4,021,572	16,595,632	12,163,332	4,432,300	36%
<i>Expenses:</i>					
Salaries, Wages, and Employee Benefits	946,394	3,887,531	3,349,868	537,663	(4) 16%
Travel & Conferences	76,988	107,948	81,741	26,207	(5) 32%
Professional Fees	375,046	1,089,217	517,537	571,680	(6) 110%
Office Expense	280,409	881,091	862,698	18,393	2%
Total Expenses	1,678,837	5,965,787	4,811,845	1,153,942	24%
<i>Adjustments</i>					
<i>Revenues:</i>					
Unrealized Gain/(Loss) on Investments	(90,754)	(191,305)	(1,129,274)	937,969	-83%
Grant Revenue	7,305,594	23,984,496	6,347,483	17,637,013	278%
<i>Expenses:</i>					
Grant Pass-Through	7,305,594	23,984,496	6,347,483	17,637,013	278%
Total Adjustments	(90,754)	(191,305)	(1,129,274)	937,969	-83%
Excess of Revenues over Expenses	2,251,981	10,438,540	6,222,213	4,216,327	68%
Less transfer to Commission Fund *	-	-	(68,538)	68,538	-100%
Excess of Revenues over Expenses (Net of Transfers)	2,251,981	10,438,540	6,153,675	4,284,865	70%
Net Position					
Total net position, beginning of period	35,633,692	27,447,133	26,781,247	665,886	2%
Current Increase (Decrease) - to Net position	2,251,981	10,438,540	6,153,675	4,284,865	70%
Total net position, end of year	\$ 37,885,673	\$ 37,885,673	\$ 32,934,922	\$ 4,950,751	15%

- (1) Increase in fee income is primarily due to increased revenue from Homeownership division's Home Advantage program, coupled with increases related to tax credit allocations and an acceleration of income related to our 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 3.03% in the prior period to a rate of 5.40% in the current period.
- (3) The increase in other revenue is primarily due to increases in training and workshop sessions in the Asset Mgmt & Compliance and Homeownership divisions.
- (4) 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.
- (5) 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.
- (6) Professional fees increase is primarily due to payment of the special purpose program fee with NFHA, plus greater property inspection related expenses in the Asset Management & Compliance Division.
- * 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: October 31, 2023
(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	16.8%	\$ 1,159,806	\$ 6,896,976	\$ 8,056,782	\$ 7,935,441	\$ 121,341	1.5%
Issuance, Application, and Servicing Fees	33.4%	962,658	2,878,689	3,841,347	1,204,971	2,636,376	218.8%
Interest Earned & Realized Gain	98.8%	2,295,569	2,324,525	4,620,094	3,546,600	1,073,494	30.3%
Other Income	22.6%	14,269	63,140	77,409	391,067	(313,658)	-80.2%
Total Unadjusted Revenues	36.4%	4,432,302	12,163,331	16,595,631	13,078,079	3,517,553	26.9%
<i>Expenses:</i>							
Salaries & Wages - Staff & Temp. Svcs	18.0%	461,835	2,564,452	3,026,287	3,503,092	(476,805)	-13.6%
Employee Benefits - Staff	9.7%	75,828	785,416	861,244	994,225	(132,981)	-13.4%
Conference, Education & Training	109.9%	24,622	22,406	47,028	39,233	7,795	19.9%
Travel out of state - Staff	17.9%	7,261	40,581	47,842	81,133	(33,291)	-41.0%
Travel in state - Staff	-30.3%	(5,675)	18,754	13,079	28,428	(15,349)	-54.0%
Accounting Fees	-23.4%	(18,278)	78,278	60,000	51,667	8,333	16.1%
Legal Fees	29.6%	46,822	158,206	205,028	233,667	(28,639)	-12.3%
Financial Advisor Fees	7.2%	7,500	104,000	111,500	118,933	(7,433)	-6.2%
Investment Management Fees	-1.5%	(879)	59,421	58,542	76,667	(18,125)	-23.6%
Office Rent/Conf. Room Rentals	-40.7%	(125,741)	308,849	183,108	314,228	(131,120)	-41.7%
Furniture & Equipment Rental	-0.6%	(47)	8,295	9,840	9,840	(1,592)	-16.2%
Advertising	53.9%	16,269	30,168	46,437	109,300	(62,863)	-57.5%
Publications/ Subscriptions/ Dues	31.6%	8,603	27,189	35,792	37,456	(1,664)	-4.4%
Deliveries	-7.5%	(39)	518	479	1,757	(1,278)	-72.7%
Insurance	8.4%	1,669	19,894	21,563	20,000	1,563	7.8%
Meeting Expense	1214.9%	25,828	2,126	27,954	37,417	(9,463)	-25.3%
Equipment & Building Maintenance	-100.0%	(4,159)	4,160	1	37,173	(37,172)	-100.0%
Software Maint. Support & Other Info Svcs	14.1%	54,080	384,806	438,886	536,383	(97,497)	-18.2%
Non-capitalized Equipment/Supplies	297.4%	19,571	6,580	26,151	40,879	(14,728)	-36.0%
Postage	-59.7%	(332)	556	224	1,210	(986)	-81.5%
Printing	305.3%	3,835	1,256	5,091	5,197	(106)	-2.0%
State Services	92.7%	508	548	1,056	5,623	(4,567)	-81.2%
Supplies	-23.9%	(3,715)	15,574	11,859	17,700	(5,841)	-33.0%
Telephone	110.8%	15,156	13,679	28,835	23,497	5,338	22.7%
Contract Services	456.1%	536,515	117,632	654,147	508,765	145,382	28.6%
Depreciation	25.5%	9,230	36,179	45,409	54,556	(9,147)	-16.8%
Total Expenses	24.0%	1,153,945	4,811,848	5,965,790	6,888,026	(922,236)	-13.4%
<i>Adjustments</i>							
<i>Revenues:</i>							
Unrealized Investments Gain/(Loss)	-83.1%	937,969	(1,129,274)	(191,305)	-	(191,305)	NA
Grant Revenue	277.9%	17,637,013	6,347,483	23,984,496	46,274,573	(22,290,077)	-48.2%
<i>Expenses:</i>							
Grant Pass-Through	277.9%	17,637,013	6,347,483	23,984,496	46,274,573	(22,290,077)	-48.2%
	-83.1%	937,969	(1,129,274)	(191,305)	-	(191,305)	NA
Excess of Revenues over Expenses- adjusted	67.8%	4,216,326	6,222,209	10,438,536	6,190,053	4,248,484	68.6%
Less transfer to Commission Fund	-100.0%	68,538	(68,538)	-	-	-	NA
Excess of Revenues over Expenses (Net of Transfers)	69.6%	\$ 4,284,865	\$ 6,153,671	\$ 10,438,536	\$ 6,190,053	\$ 4,248,484	68.6%

Interim Report

Stabilizing rents for tenants in state-funded affordable housing

In partnership with:



Submitted by the Washington State Housing Finance Commission
and the Washington State Department of Commerce

WASHINGTON STATE
HOUSING COMMISSION
AND
WASHINGTON STATE
DEPARTMENT OF COMMERCE

December 1, 2023

Interim Report to the
Legislature

Acknowledgments

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For people with disabilities, this report is available on request in other formats. To submit a request, please call 360-725-4000 (TTY 360-586-0772)

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Executive Summary

Reporting requirements and scope

During the 2023 session, the Washington State Legislature included provisos in the 2023-2025 operating budget for both the Housing Finance Commission (Commission) and the Department of Commerce (Commerce) to report on efforts to stabilize rents for residents of affordable housing units financed by the agencies. The Legislature specifically requested the following:

NEW SECTION 129 (70) Within existing resources, the department must submit an interim and a final report to the appropriate committees of the legislature on efforts taken by the department to stabilize rents for tenants of affordable housing units financed through the housing assistance program created under RCW 43.185.015 including, but not limited to, efforts to limit or mitigate the impacts of rent increases for tenants of qualifying units. The department must submit the interim report by December 1, 2023, and the final report by December 1, 2024.

And:

NEW SECTION 914. (1) The Washington State Housing Finance Commission must submit an interim and a final report to the appropriate committees of the legislature on efforts taken by the commission to stabilize rents for tenants of affordable housing units financed through federal low-income housing tax credits allocated by the commission, and other housing finance programs administered by the commission as applicable. Rent stabilization efforts may include, but are not limited to, limiting or mitigating the impacts of rent increases for tenants of qualifying units. The commission must submit the interim report by December 1, 2023, and the final report by December 1, 2024. (2) This section expires June 30, 2025.

The Commission and Commerce collaborated on this interim report, which describes efforts undertaken to date with existing staff resources, as well as planned efforts for the final report due next year, which may require additional staffing or consulting resources to complete.

The scope of this report is limited to the affordable housing portfolios financed by and within the compliance purview of the Commission and/or Commerce. While this report refers to market factors for context, the work associated with this report does not speak to or intend to explore strategies that would affect non-subsidized affordable housing units in the market (commonly known as naturally occurring affordable housing), affordable units generated through land-use incentives, such as the Multifamily Housing Property Tax Exemption Program (MFTE), or solely with local public funds, or units with direct federal funding, such as public housing (owned by housing authorities) or Section 8-supported units.

Summary of identified opportunities to stabilize rents

Solutions to mitigate rent burden may need to be tailored to address certain resident populations or geographic conditions. Some solutions are outside the Commission's and potentially outside Commerce's purview.

Opportunities that are within the Commission's and Commerce's purview include:

- Review/update allocation policies to determine whether current policies are a contributing factor or cause of rent burden.
- Develop "best practices" and "guardrails" to equitably implement rent increases and mitigate rent burden.
- Explore incentives that influence housing providers' behavior and use of best practices.
- Consider rent increase cap policies that mitigate potentially onerous rent limit changes as determined by U.S. Department of Housing and Urban Development (HUD).

Introduction

Background

The Washington State Housing Finance Commission (Commission) administers the federal Low-Income Housing Tax Credit (LIHTC) program, which finances the construction and preservation of affordable multifamily housing units through federal tax incentives. Housing credit in the higher-subsidy 9% Program is awarded through an annual competitive process. Projects are evaluated and scored according to the Commission's established criteria. The lower-subsidy 4% Program combines tax credit equity with tax-exempt bonds, which are allocated through a competitive process. The Internal Revenue Service (IRS) governs these programs, and annual state allocations are determined by a per capita formula.

The Department of Commerce (Commerce) administers a suite of Affordable Housing Programs authorized in [RCW 43.185A](#) and which are primarily known as the Housing Trust Fund (HTF), the federal HOME and National Housing Trust Fund programs. These programs provide grants and low-interest loans to nonprofits, housing authorities and federally recognized tribes for the development or preservation of low-income affordable housing.

Commerce and the Commission collaborate on policies and partner on making investments in affordable housing across the state. In any given year, up to half of our projects overlap, meaning that they receive both an HTF-funded award and an LIHTC allocation of federal housing tax credits. Approximately 42% of the Commerce portfolio (1,356 properties) overlaps with the Commission's, and 45% of the Commission's portfolio (1,260 properties) overlaps with Commerce's portfolio.

Properties funded by the Commission and/or Commerce are subject to specific requirements related to household incomes, rent limits and ongoing compliance, including annual reporting, which is documented through regulatory agreements, covenants running with the land, and contracts that run for a specified term, typically, 40-50 years. These legal documents are amended on a very limited basis for specific circumstances. Therefore, new policies are applicable on a go-forward basis for newly financed projects and can only be applied to existing projects when legal documents are amended in conjunction with a new transaction, such as a refinancing to preserve a project.

Values

We are using the set of values below to guide our exploration of rent stabilization strategies. We acknowledge that these values are inherently in conflict, and we seek to find balance to ensure the long-term health and stability of both residents and the buildings in which they live.

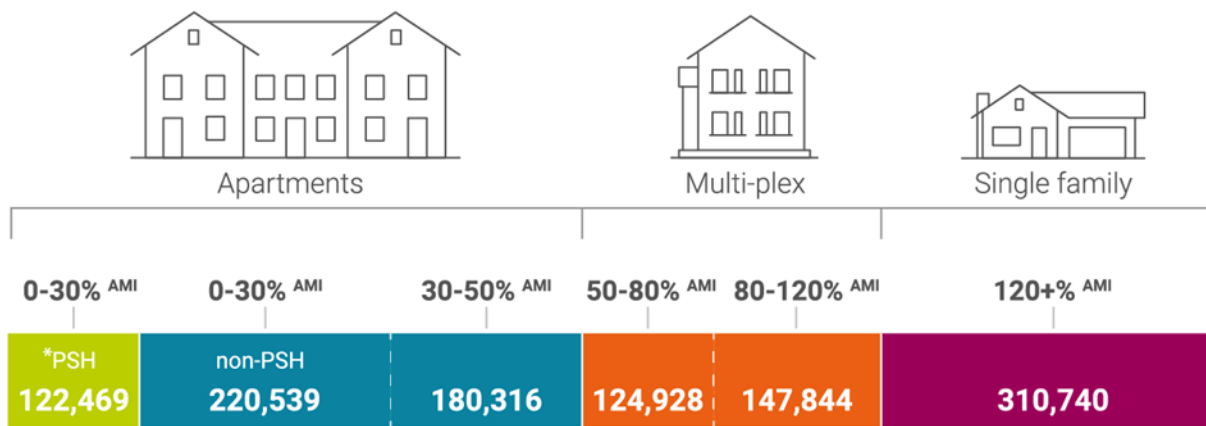
- We value **housing stability as an essential foundation** for people to thrive and we believe everyone, regardless of income, race, ethnicity, gender identity and ability, deserves a healthy, safe and affordable place to live.
- We value the **financial health of rent restricted housing properties** to ensure that buildings are physically maintained as high quality, healthy and safe places for residents to live.
- We value that **property owners serving our most vulnerable residents**, such as people coming out of homelessness, people with disabilities, or seniors on fixed incomes, **rely on competitive and limited resources** to fund operations, maintenance and services.
- We value that **low-income residents need predictable and manageable rent increases** to maintain housing stability, prevent displacement and/or falling into homelessness, **particularly Black, Indigenous, and People of Color (BIPOC) residents who are disproportionately impacted in our systems.**

Context setting

Affordability gap

One of the core factors to acknowledge is the lack of housing supply to meet the need. As Figure 1 shows, 1.1 million homes are needed in the next 20 years with more than half of these homes needed for low-income housing at or below 50% Area Median Income (AMI). Washington is a high-cost state and as efforts are focused on providing affordable housing for the lowest income households, more than 340,000 units are needed for households with the lowest incomes below 30% AMI. New housing cannot be built fast enough. Due to the lack of supply, people are rent burdened and rent increases can destabilize households particularly at the lowest income.

Figure 1: Future housing needs by Area Median Income (AMI) groups ¹



1.1 Million new homes will be needed in the next 20 years

*Permanent supportive housing (PSH)

A contributing factor is that incomes have not kept pace with housing costs, which is a national issue, resulting in a growing gap in income-to-rent disparity. Figure 2 shows the trend since 2001 of median rents nationwide (including utilities) increasing faster than the median renter household income. This disparity creates a greater amount of rent burden for households. While median rents have increased by 18.8% since 2001, median renter household income has only increased by 4.3%.

In addition, costs in general have increased drastically over the last few years, which has impacted both property owners and renters. In May 2020, the Consumer Price Index (CPI) for the west rose 0.8%; by May 2022 it had risen to 8.3% for all goods. ²

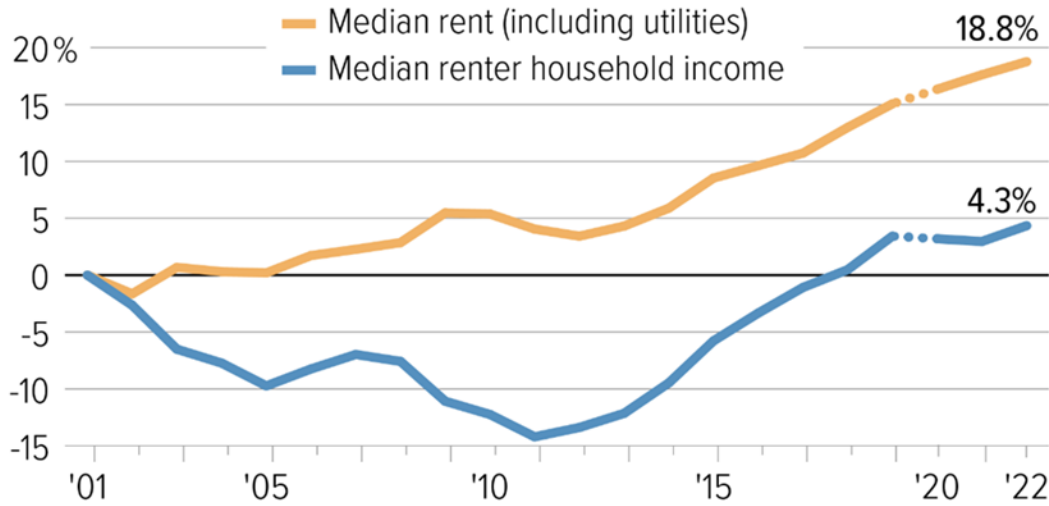
¹ Washington State Department of Commerce Growth Management Services, *Washington state will need more than 1 million homes in next 20 years*, <https://www.commerce.wa.gov/news/washington-state-will-need-more-than-1-million-homes-in-next-20-years/>

² U.S. Bureau of Labor Statistics, *12-month percentage change, Consumer Price Index, by region and division, all items*, <https://www.bls.gov/charts/consumer-price-index/consumer-price-index-by-region.htm>

Figure 2: Median rent to income

Renters' Incomes Haven't Caught Up to Rising Housing Costs

Percent change since 2001, adjusted for inflation



Source: CBPP tabulations of the Census Bureau's American Community Survey

Note: Dashed line indicates missing 2020 1-year ACS data due to pandemic-related data collection issues.

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Portfolio analysis

The Commission and Commerce affordable-housing portfolios serve a wide variety of households across the range of income levels. Understanding who lives in the buildings provides a baseline of historical data that can be used to analyze and strategize limitations to and mitigation of rent increase impacts. The Commission and Commerce are in the early stages of conducting an analysis of our respective portfolios.

The portfolio analysis is a big task. The Commission currently monitors 1,260 properties providing 106,964 low-income housing units across Washington. Commerce monitors 1,356 properties providing more than 46,000 low-income housing units representing a broad range of types. As Figure 3 shows, roughly 40% of the properties are jointly financed by both the Commission and Commerce and are governed by dual regulatory agreements. Both agencies have distinct regulatory authority and coordinate in monitoring.

Figure 3: State-financed affordable housing properties

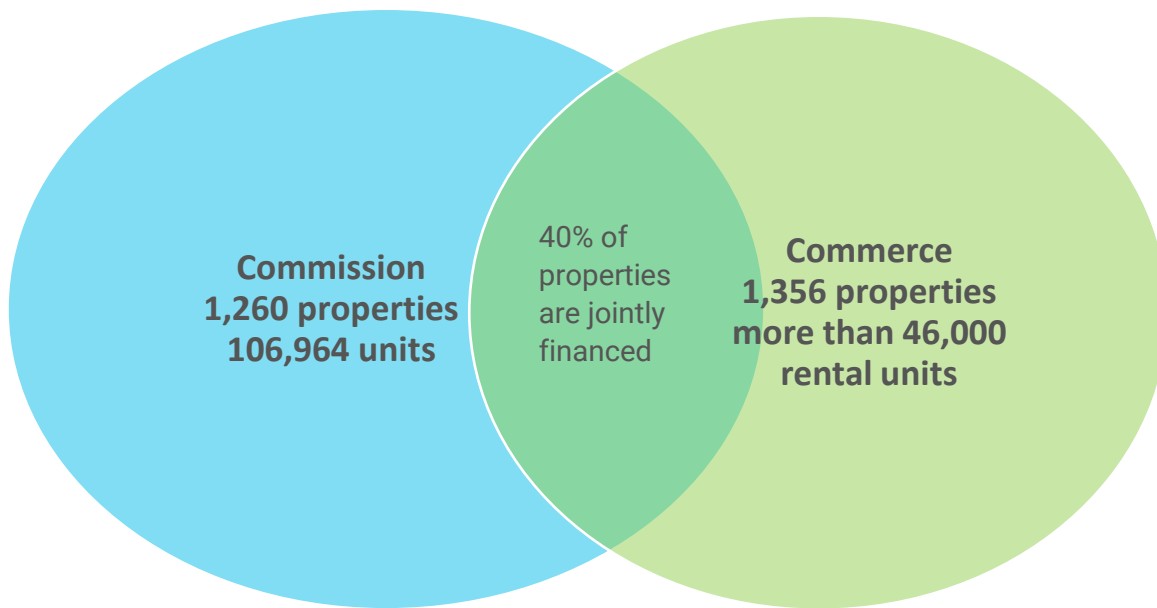
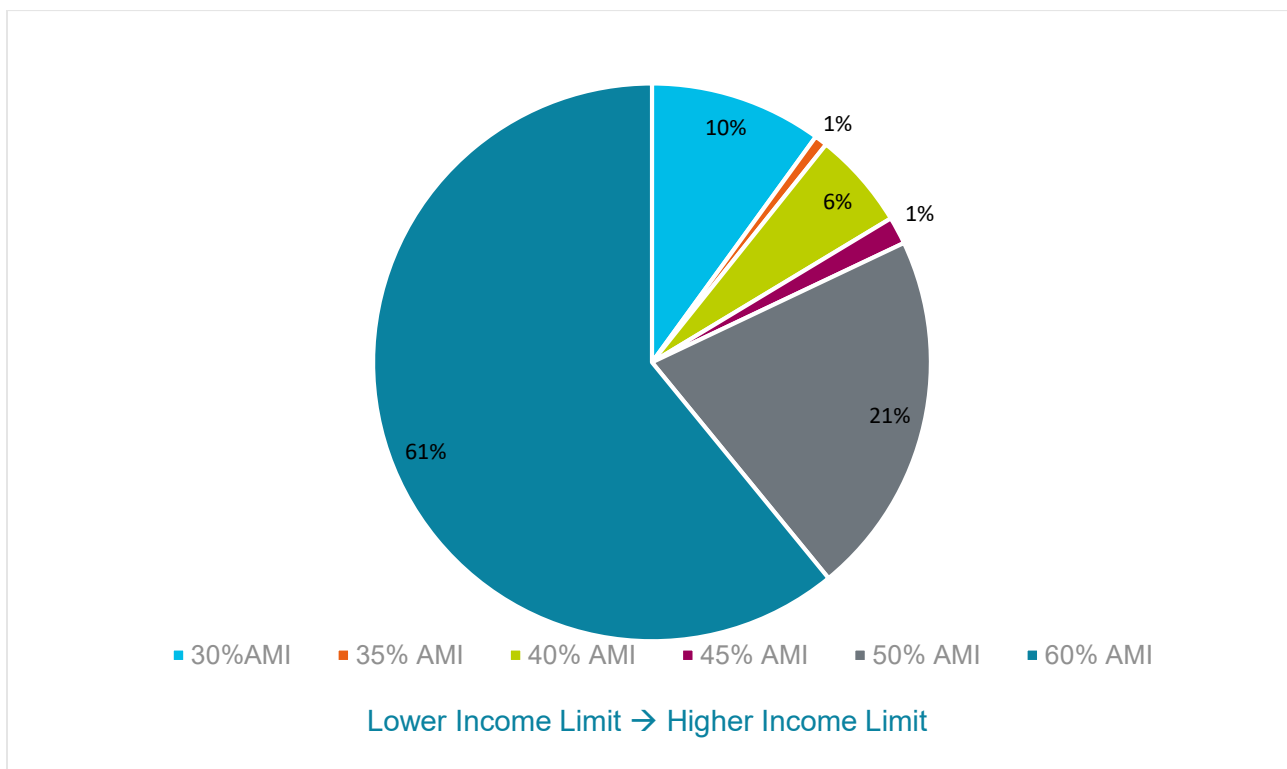


Figure 4 below shows the breakdown of the Commission’s portfolio by AMI level, where a majority of the units are restricted to be affordable to households at 60% AMI and the remainder are affordable at various income levels from 30% - 50% AMI.

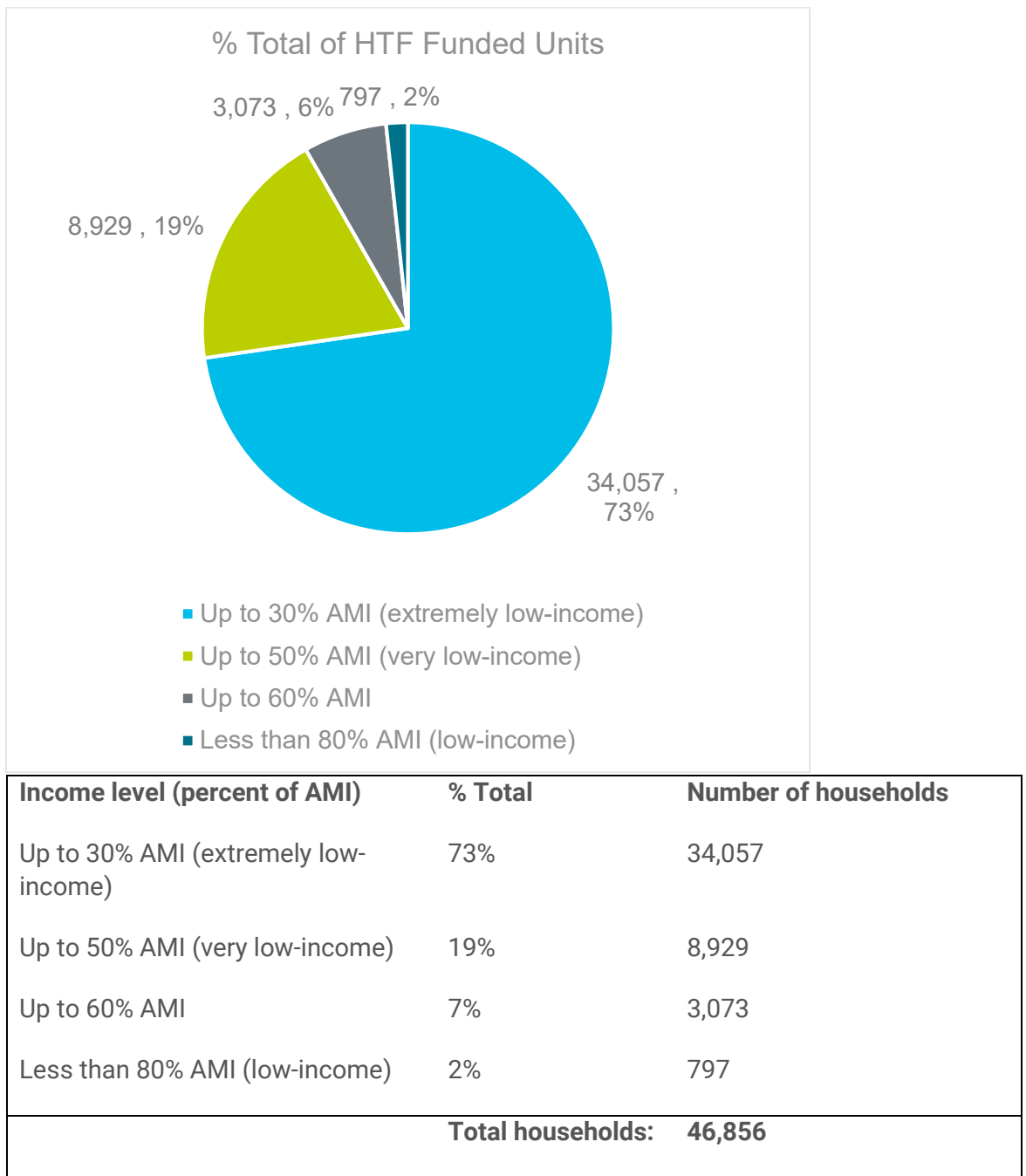
Figure 4: Commission low-income housing units by AMI



Notably, of the units active in the Commission’s portfolio, 52% have special set-asides for specific household types. Of these housing units, less than 1% are allocated for transitional housing; 3% for farmworkers, 10% for homeless individuals, 14% for large households; 22% for individuals with disabilities; and 26% for the elderly.

Commerce’s HTF portfolio includes a wider range of project types, comprising shelters, transitional, multifamily housing, farmworker housing and transitional shelters. A majority of the units (73%) are dedicated to extremely low-income households (earning up to 30% AMI). Half of all households living in HTF-funded units report having at least one person with disabilities, a veteran, a survivor of domestic violence, or an elderly person. These represent the most vulnerable households in the state and indicate the importance of the housing benefits provided.

Figure 5: Commerce low-income housing units



Ongoing monitoring of the State’s affordable housing portfolio requires close coordination and collaboration across the Commission and Commerce, particularly where financing overlaps. This is necessary to ensure both compliance with layered regulatory requirements and stewardship of the portfolio’s long-term ability to serve residents.

How rents are set

Commission-financed Low-Income Housing Tax Credit properties utilize rent and income limits set by HUD, as required by the IRS. The Commission’s Asset Management and Compliance Division publishes these limits on its website as a service to assist owners and property managers in developing and managing their housing projects. The Commission does not have a policy that further limits rents beyond the maximum allowable by HUD that corresponds to the individual low-income AMI set-asides for each property. However, we are aware of other state housing finance agencies that have implemented such policies.

Income and rent limits for properties funded by Commerce are also established using limits published by HUD. While HUD publishes extremely low-income limits using what is referred to as an “increase for poverty guidelines,” this adjustment was not adopted by Commerce when setting rent limits. This results in lower maximum allowable rent limits for individuals occupying extremely low-income units. Commerce’s Compliance Asset Management team within the Multifamily Housing Unit annually calculates and publishes the income and rent limits on its website. Pursuant to HUD regulations, Commerce must specifically review and approve the rent schedule for all HOME and National Housing Trust Fund (NHTF) units in a project on an annual basis. Owners may not implement rent increases on units funded by HOME or NHTF without Commerce’s approval.

HUD’s rent-limit methodology is based on median income data from the Census Bureau’s American Census Survey (ACS). The ACS data used lags three years behind the year in which the limits become effective, so HUD has historically used a CPI factor to trend the data forward. Since 2010, HUD has been using a cap on rents calculated as the “greater of 5% or double the change in national median income.” Changes in median income are unpredictable and can result in varied rent limit changes year over year and these changes vary county to county. To calculate the 2023 income and rent limits, HUD would have used the 2020 ACS data; however, the impacts of the COVID pandemic prevented the data from meeting the Census Bureau’s data-quality standards. Therefore, HUD used the change from 2019 to 2021 ACS data without applying a CPI factor. The 2023 limits, published on May 15, 2023, capped rent increases at just under 6%, which is much less than the approximate 12% increase that industry partners at Novogradac predicted.³

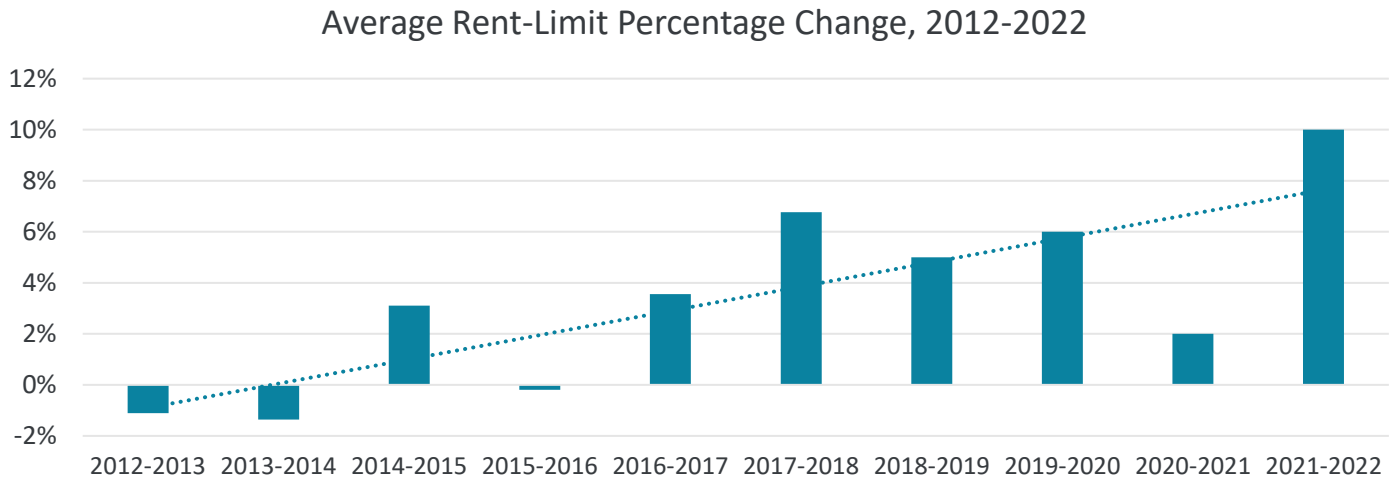
Figure 6 provides an analysis of HUD rent limit trends over a 10-year period for 11 Washington counties with 25 or more affordable housing properties in the Commission’s portfolio.⁴ The analysis is based on the rent limit for a four-person household earning up to 50% AMI. On average, the increase over a 10-year period was no more than 4%. However, the 2021-2022, increase averaged 10%, with the highest increase of 12% for six of the 11 counties analyzed. As shown, these double-digit increases are anomalies within the 10- year trend. Regardless, an increase of 10% or more creates a hardship and can destabilize households, particularly those with the lowest incomes and those who rely on fixed Supplemental Security Income (SSI) or Social Security Disability Income (SSDI). While there is a Cost-of-Living Adjustment (COLA) for recipients of social security

³ Novogradac, “Is it Time for HUD to Settle on a Consistent Method to Determine the Income Limits Cap?,” (July 5, 2023), <https://www.novoco.com/periodicals/articles/it-time-hud-settle-consistent-method-determine-income-limits-cap>

⁴ Counties included: Clark, Grant, King, Kitsap, Pierce, Skagit, Snohomish, Spokane, Thurston, Whatcom, Yakima.

benefits, those increases have ranged from 0% to 8.7% over the last ten years, January 2023 being the highest increase.⁵ Residents need predictable and manageable rents to remain stably housed.

Figure 6: HUD rent limit 10-year trend



Efforts to date

This section outlines some preliminary analysis and efforts undertaken by the Commission and Commerce to date, in preparation for the final report to the Legislature, due on December 1, 2024. Conclusions and/or possible recommendations will need careful analysis and consideration of our respective portfolios, as well as engagement with the affordable housing community, to learn the various perspectives and seek input from both tenants and affordable housing providers as well as other interested parties.

As noted in the [Values](#) section of this report, there is inherent conflict and a delicate balance to both maintaining affordability for residents and supporting the continued financial and physical sustainability of the state funded affordable housing portfolio. Efforts taken for this interim report focused on understanding the intersecting issues that affect the stability of both residents and housing providers, in the context of stabilizing rents. This includes an analysis of documented resident concerns raised over the last five years and a summary of concerns raised by affordable housing providers through initial outreach, that are considerations as we further explore solutions. There are many interested parties, who have interest in and/or are affected by policy and program changes, with residents being both directly and indirectly affected. However, the Commission and Commerce’s direct contractual relationships are with housing providers as the developers and owners of the state funded portfolio, who have previously expressed concerns regarding rent stabilization policies. Therefore, we chose to initiate engagement efforts with housing providers first to listen and lay the groundwork for further solution-oriented conversations.

Assessment of resident concerns

Washington residents of our portfolio properties reach out to the Commission and Commerce on a variety of issues, including but not limited to information about housing opportunities, information about program requirements and regulations, concerns about maintenance or other property issues as well as issues related

⁵ Social Security Administration, “Cost-of-Living Adjustment (COLA) Information for 2024,” <https://www.ssa.gov/cola/>

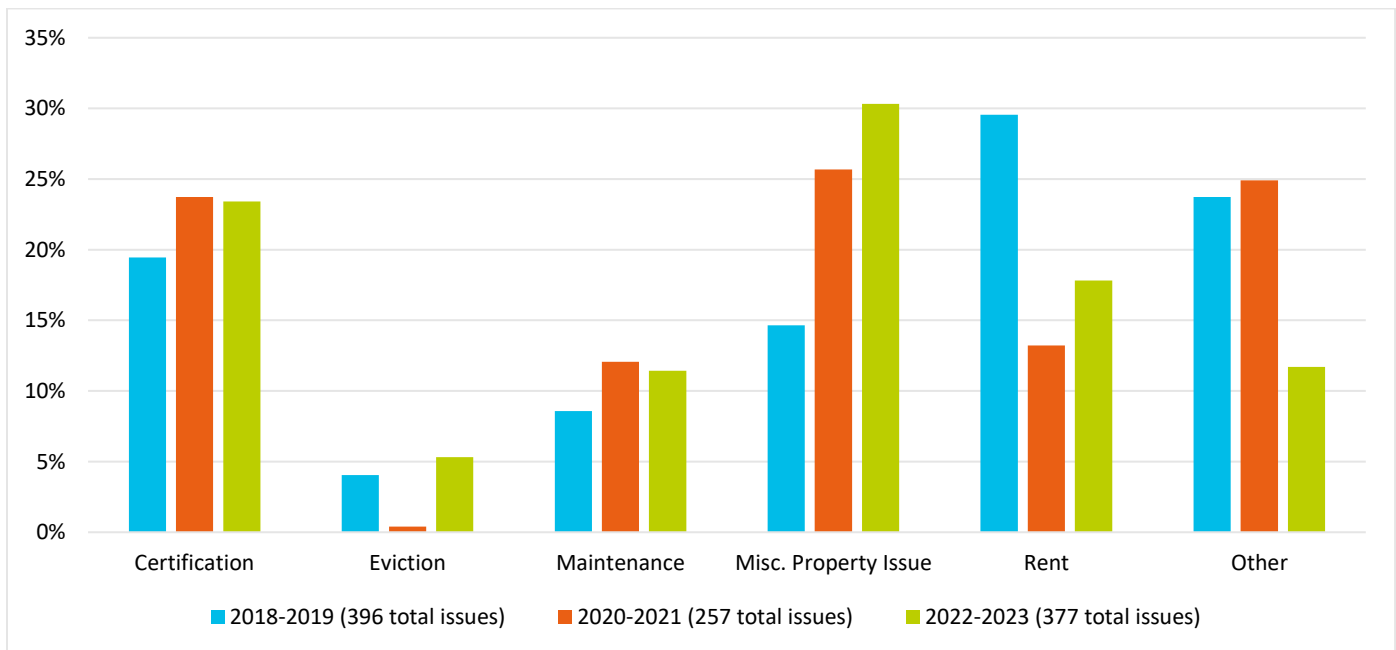
to rents and evictions. In general, Commerce receives a small percentage of resident calls, which are primarily related to tenant–landlord or compliance-related issues, rather than rent-related concerns.

The Commission recently analyzed its resident call/email log from May 2018 through October 6, 2023, to understand the most common issues raised by residents. [Figure 7](#) shows the issues raised sorted into six categories, which are represented as a percentage of the total number documented. As shown, most residents raise issues around Certification, Miscellaneous Property Issues and Rent. The Miscellaneous Property Issue category includes concerns such as property management challenges and quality of life issues such as community rooms, parking, or neighbor-related concerns, which can include safety. The Other category includes a mix of concerns such as general information, fair housing questions, and other issues, which generally represent less than 5% of the total.

Notably, during the first two years of the pandemic (2020-2021), issues related to Rent and Eviction decreased, which likely correlates to eviction moratoria being in place at that time, while concerns related to Miscellaneous Property Issues increased and has remained a high complaint category in 2022-2023. This is likely due to residents spending more time at home during and after the pandemic.

We recognize that for every resident who places a call or sends an email, many other residents with similar issues do not reach out. This analysis is not representative of what a robust engagement with residents may bring to light.

Figure 7: Commission resident issues by subject, 2018-2023



Interested parties engagement

Over the last several months, in preparation for this interim report and the final report due December 2024, the Commission and Commerce started initial outreach efforts to affordable housing providers (both for profit and non-profit) and other public funders, and began a conversation with the Association of Washington Housing Authorities.

As of the writing of this report, 19 affordable housing organizations have participated in small group or one-on-one conversations. Additional information/data has been requested from those organizations, though few have yet responded, and outreach is ongoing. Conversations have also started with other interested local jurisdictional partners including the City of Bellingham, King County, Seattle Office of Housing, and A Regional Coalition for Housing (ARCH) in east King County. The Commission organized a panel at the Housing Washington conference in October 2023 that included representatives from HNN Communities, the City of Bellingham and the Housing Justice Project that discussed balancing the need to support the long-term success of both tenants and the properties in which they live.

Additionally, we continue to engage in research on policies implemented in other states as well as data analysis of the state's affordable housing portfolio to identify trends and gaps, though additional staffing capacity will be necessary to complete this portion of the work which will inform solutions and the final report.

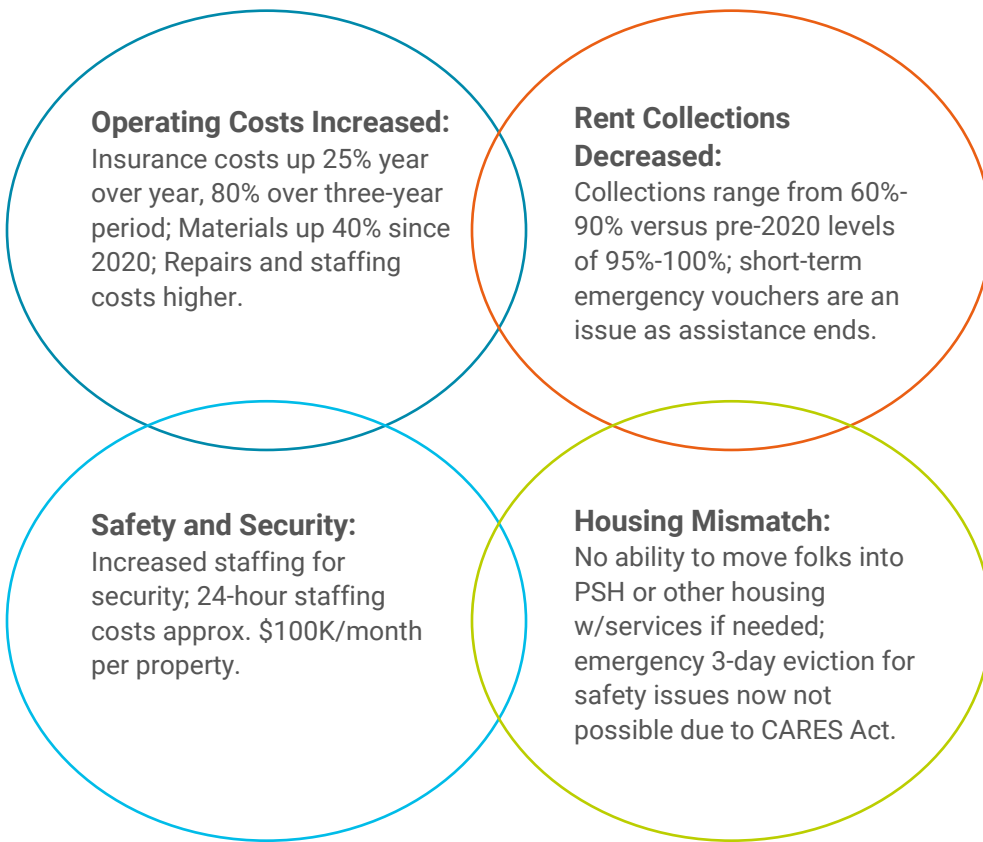
Themes surfaced

When engaging with owners of affordable housing, it is difficult to discuss rent stabilization strategies without first listening to and acknowledging the challenges they are currently navigating. These owners, both non-profit and for profit, are subject to the same economic forces as the market-rate owners, but they operate on thinner margins while greatly constrained in their ability to raise revenue or access additional funding.

Most of the affordable housing owners we have met with so far are operating general affordable housing for families or what can be typically referred to as workforce housing (as opposed to permanent supportive housing for the most vulnerable). Several themes have emerged, which the owners attribute to a combination of the impacts of COVID, inflation and general changes in renters' behavior since the pandemic started, particularly with residents spending more time at home. Figure 8 summarizes these themes along with specific examples as available. The rise in operating costs, particularly insurance costs, is an issue not just in our state, but nationwide. A report recently published by the National Leased Housing Association (NLHA) in partnership with NDP Analytics examines the impact of increased insurance costs on affordable housing, finding that approximately one in three policies renewed in 2022-23 experienced premium increases of 25% or more across all lines of insurance.⁶

⁶ Social Security Administration, "Cost-of-Living Adjustment (COLA) Information for 2024," <https://www.ssa.gov/cola/>

Figure 8: Affordable housing owner-surfaced themes



Housing providers shared challenges with maintaining stability in their buildings both physically and financially. These challenges make it hard to create and maintain community and ultimately affect the stability of all the residents in the building, particularly if safety issues start to arise. We noted that the safety/security issues are more extreme in properties located in Seattle/King County than in other areas. The real or perceived lack of landlords’ ability to act results in other residents leaving if they can.

Some property owners are using their organization or corporate funds to cover increased costs of security and other staffing needs, as properties were not set up originally to cover these additional costs at the property level. These expenses are then compounded by inflation of costs generally. This strategy was noted as not sustainable and is impacting owners’ ability to build new projects. Access to operating subsidy was cited as a near-term solution. There is consensus that eviction is a last resort; providing residents with affordable, safe, and stable housing is the goal. However, eviction must remain an option, especially when it comes to the safety of other residents. This will be further analyzed and any drawn conclusions will be outlined in the final report to the Legislature due December 2024.

Summary takeaways

The efforts described in this interim report have utilized existing Commission and Commerce staff resources. Efforts with partners to date have focused on understanding the overall landscape within which our respective rent stabilization efforts would intersect. Both agencies wish to emphasize the lived experience of housing residents and are organizing ways to safeguard the quality and sustainability of these properties. We must listen to the needs of both housing residents and property owners. Failure to protect the long-term success of the properties will ultimately fail the communities and people we intend to serve.

This initial work has surfaced that we need solutions for operational issues in housing properties that do not place the cost burden on residents. Solutions to mitigate rent burden may need to be tailored and nuanced to address the impact on certain resident populations. For example, a solution may be different for people on fixed incomes (such as seniors) versus a working family household. Additionally, solutions may need to look different based on the variety of conditions geographically across the state. Some of these solutions, such as providing operating subsidies or loss reserves, a strategy to deal with a growing insurance market issue, or legal system changes, are outside the Commission and Commerce’s purview.

Opportunities that are with the Commission and Commerce’s purview include:

- Review/update allocation policies to determine whether current policies are a contributing factor or cause of rent burden.
- Develop best practices to equitably implement rent increases and mitigate rent burden.
- Explore incentives that influence housing providers’ behavior and use of best practices.
- Consider rent increase cap policies that provide predictability and stability for residents to mitigate the variability of rent limit changes determined by HUD.

As stated previously in this report, the Commission and Commerce are limited by existing regulatory agreements and contracts in our current portfolios. Therefore, any new policies would apply to new projects on a go-forward basis.

Next steps

Outreach and engagement

Developing strategies to mitigate the burden of rent increases will require more research, portfolio analysis of trends and behaviors, and engagement with affordable-housing owners, funders, and housing residents statewide. Additionally, as solutions are explored, an impact assessment will be needed to assess the capacity of our agencies to successfully implement any new policies proposed.

The Commission and Commerce are assessing current staff capacity and considering hiring a consultant to support this work in 2024.

2024 final report

The final report will document efforts from 2023 through October 2024, which may include but are not limited to the results of outreach and engagement, summary of any research of other state strategies, portfolio analysis regarding rent burden, and any strategies for implementation.

REDACTED

Events Calendar

Date	12/7/2023	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	1/25/2024	Length of Event	1:00 PM - 4:00 PM
Event	Board Meeting (Hybrid) - TENTATIVE	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	2/22/2024	Length of Event	1:00 PM - 4:00 PM
Event	Board Meeting (Hybrid) - TENTATIVE	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	3/4/2024	Length of Event	TBD
Event	2024 NCSHA Legislative "LegCon" Conf.	Audience	NCSHA Members
Address	Hilton Washington DC Nat'l. Mall The Whar	Division	Administration
City	Washington, DC	Contact	Tera Ahlborn
		Phone # of Contact	206-287-4470

Date	3/5/2024	Length of Event	TBD
Event	2024 NCSHA Legislative "LegCon" Conf.	Audience	NCSHA Members
Address	Hilton Washington DC Nat'l. Mall The Whar	Division	Administration
City	Washington, DC	Contact	Tera Ahlborn
		Phone # of Contact	206-287-4470

Date	3/6/2024	Length of Event	TBD
Event	2024 NCSHA Legislative "LegCon" Conf.	Audience	NCSHA Members
Address	Hilton Washington DC Nat'l. Mall The Whar	Division	Administration
City	Washington, DC	Contact	Tera Ahlborn
		Phone # of Contact	206-287-4470

Date	3/28/2024	Length of Event	1:00 PM - 4:00 PM
Event	Board Meeting (Hybrid) - TENTATIVE	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	4/25/2024	Length of Event	1:00 PM - 4:00 PM
Event	Board Meeting (Hybrid) - TENTATIVE	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	5/20/2024	Length of Event	TBD
Event	Board Mtg./Budget Plng. (Hybrid)-TENTA	Audience	General Public
Address	Location TBD	Division	Administration
City	TBD	Contact	Tera Ahlborn
		Phone # of Contact	206-287-4470

Date	5/21/2024	Length of Event	TBD
Event	Board Mtg./Budget Plng. (Hybrid)-TENTA	Audience	General Public
Address	Location TBD	Division	Administration
City	TBD	Contact	Tera Ahlborn
		Phone # of Contact	206-287-4470

Date	6/10/2024	Length of Event	TBD
Event	2024 NCSHA Housing Credit Connect Conf.	Audience	Conf. Attendees
Address	Atlanta Marriott Marquis Hotel	Division	Administration
City	Atlanta, GA	Contact	Tera Ahlborn
		Phone # of Contact	206-287-4470

Date	6/11/2024	Length of Event	All day
Event	2024 NCSHA Housing Credit Connect Conf.	Audience	Conf. Attendees
Address	Atlanta Marriott Marquis Hotel	Division	Administration
City	Atlanta, GA	Contact	Tera Ahlborn
		Phone # of Contact	206-287-4470

Date	6/12/2024	Length of Event	All day
Event	2024 NCSHA Housing Credit Connect Conf.	Audience	Conf. Attendees
Address	Atlanta Marriott Marquis Hotel	Division	Administration
City	Atlanta, GA	Contact	Tera Ahlborn
		Phone # of Contact	206-287-4470

Date	6/13/2024	Length of Event	TBD
Event	2024 NCSHA Housing Credit Connect Conf.	Audience	Conf. Attendees
Address	Atlanta Marriott Marquis Hotel	Division	Administration
City	Atlanta, GA	Contact	Tera Ahlborn
		Phone # of Contact	206-287-4470

Date	6/27/2024	Length of Event	1:00 PM - 4:00 PM
Event	Board Meeting (Hybrid) - TENTATIVE	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	7/25/2024	Length of Event	1:00 PM - 4:00 PM
Event	Board Meeting (Hybrid) - TENTATIVE	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	TBD
Event	Board Meeting (Hybrid) - TENTATIVE	Audience	General Public
Address	Location TBD	Division	Administration
City	TBD	Contact	Tera Ahlborn
		Phone # of Contact	206-287-4470

Date	9/23/2024	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	9/24/2024	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	Board Meeting (Hybrid) - TENTATIVE	Audience	General Public
Address	Location TBD	Division	Administration
City	TBD	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	1:00 PM - 4:00 PM
Event	Board Meeting (Hybrid) - TENTATIVE	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	11/21/2024	Length of Event	1:00 PM - 4:00 PM
Event	Board Meeting (Hybrid) - TENTATIVE	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	12/12/2024	Length of Event	1:00 PM - 4:00 PM
Event	Board Meeting (Hybrid) - TENTATIVE	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