



Bond Tax Credit Program Policy –2025 Proposed Amendments – (updated September 5, 2024)

Proposed changes are noted as redlines.

Updates from the August 14, 2024 version were made only to Section 4.2.

Proposed changes are intended to clarify intent, address discrepancies and update policies.

Existing Policy	Proposed Changes	Rationale
Add Preamble, Policy Section TBD	<p style="color: red;">The Commission acknowledges that market conditions are dynamic and have an impact on affordable housing development and preservation efforts. The Commission continues to monitor and evaluate the current landscape in alignment with our values to effectively use and align our limited resources to serve the affordable housing needs of residents across the state that is safe, affordable and sustainable. The Commission reserves the right to strategically prioritize resources to projects that are responsive to current and emerging sub-market conditions, to ensure proposed rents for income set asides are well below market and the unit bedroom size is appropriately filling a needed demand in the projects market area.</p> <p style="color: red;">For projects located in King County where public leverage is a requirement under these policies, if there is a lack of viable publicly funded projects available in any one cycle, or additional resources become available, the Commission reserves the right to prioritize resources to other non-publicly funded projects, including but not limited to preservation projects.</p>	Procedure Clarification

<p>Section 1.1.1.1 Application Rounds <u>Balance of State Applications</u></p> <p>In competitive rounds in the balance of state, projects should only apply for an application round in which they can meet the closing deadline and project readiness criteria as set forth in Section 4 Bond Cap and Tax Credit Allocation Criteria. Sponsors should be confident of permit timing, lender approvals, and investor commitments when they apply. Commission staff may verify key readiness criteria with applicable jurisdictions before Bond Cap awards are made.</p> <p>Commission staff then rank projects according to point scores, Bond Cap requested per unit, and cost per unit. Projects not receiving an allocation may be placed on a waiting list for that application round only and will be required to apply in any subsequent application rounds to receive an allocation of Bond Cap. See the Bond Cap and Tax Credit Allocation Criteria in Section 4 for minimum points and point criteria. All projects must provide a Bond Cap Reservation Fee to secure their allocation of Bond Cap</p>	<p><u>Adds the following language:</u></p> <p>For Balance of State projects intending to compete within the 2025 Bond Cap publicly-leveraged bucket that applied for funding through the fall Housing Trust Fund (HTF) application round, the Commission may reach out to applicants and request a copy the Combined Funders Application that was submitted to the HTF, to support improved coordination with the Housing Trust Fund and other local funders.</p>	<p>Procedural Update</p> <p>Supports increase coordination with public funders.</p>
<p>Section 2.2 Maximum Allocation of Bond Cap</p> <p>During years when the Commission conducts competitive rounds, the Commission does not allocate more than 25% of the volume cap to</p>	<p><u>Adds the following language:</u></p> <p>In addition, The Commission reserves the right to withhold allocating any new cap to sponsors with outstanding allocations from prior rounds.</p>	<p>Procedural Clarification</p>

<p>be allocated in that round to one project sponsor, unless an exception is approved by the Director of Multifamily Housing and Community Facilities (MHCF). Additionally, the Commission does not allocate more than 25% of the calendar year's aggregate available Bond Cap for a calendar year, including both Carryforward and current year cap, to a single project sponsor.</p>		
<p>Section 3.15 Financial Feasibility and Viability Analysis – WAC 262-01-130(7)</p>	<p><u>Adds the following language, by creating a new sub-section:</u></p> <p><u>3.15.1 Common Area and Common Area Units:</u></p> <p>Applicants must identify any facility or facilities in the project expected to be used by the tenants that can reasonably be associated with residential rental properties, known as Common Areas. Examples include but are not limited to parking areas, swimming pools, storage areas, laundry rooms, and computer rooms. Common areas must be made available to all tenants in the property on a comparable basis. Tenants may be charged a separate fee for the use of any common areas not included in eligible basis. Tenants cannot be charged a separate fee for the use of any common areas included in eligible basis. In the case of common areas included in eligible basis, the fee for usage of such areas must be included in the gross rent calculation.</p> <p>A <u>common area unit</u> is not considered a residential rental unit. The unit is treated as a common area that is required by the project to support property operations. Common area units are to be used to house on-site employees, not LIHTC housing applicants. Under certain circumstances and with Commission pre-approval, a common area unit may be temporarily redesignated as a restricted unit. A common area unit cannot ever be used as a market rate unit.</p>	<p>Language Clarification</p> <p>Clarifies expectations and intent on use of Common Areas and Common Area Units.</p>

	Please refer to Chapter 2 of the Tax Credit Compliance Procedures Manual for further guidance.	
<p>Section 4.2 Additional Low-Income Housing Commitment Acquisition/Rehabilitation of Existing Affordable Housing</p> <p>Points for projects in King and Snohomish Counties will be awarded to projects based on the Applicant’s commitment to provide selected percentages of the housing units for occupancy by households at or below selected area median income levels. Units are both rent and income restricted at the selected income levels.</p> <ul style="list-style-type: none"> • 100% of the housing units at 60% AMI.... 0 points • 70% of the housing units at 60% AMI, 30% at 50% AMI.... 2 points • 50% of the housing units at 60% AMI, 50% at 50% AMI.... 4 points • 30% of the housing units at 60% AMI, 70% at 50% AMI.... 6 points 	<p>Adds the following language:</p> <p><u>Points are awarded to projects based on the Applicant’s commitment to provide selected percentages of the housing units for occupancy by households at or below selected area median income levels. Units are both rent and income restricted at the selected income levels.</u></p> <p><u>•For Resyndication projects maintaining existing set-asides below 60% AMI ... 6 points</u></p> <p><u>For projects in King and Snohomish Counties points will be awarded based on the following:</u></p> <ul style="list-style-type: none"> • 100% of the housing units at 60% AMI.... 0 points • 70% of the housing units at 60% AMI, 30% at 50% AMI.... 2 points • 50% of the housing units at 60% AMI, 50% at 50% AMI.... 4 points • 30% of the housing units at 60% AMI, 70% at 50% AMI.... 6 points <p>•For Resyndication projects maintaining existing set-asides below 60% AMI ... 6 points</p>	<p>Policy Change</p> <p>Adds an additional scoring option for resyndication projects which maintain the set-asides from their existing tax-credit regulatory agreement that are below 60% AMI.</p>

<p>Section 4.4 Overcoming Historic and Systemic Barriers for Developers who are Black, Indigenous, or People of Color (BIPOC)</p> <p>With the stated goal of promoting development by and for a community, the Commission reserves the right to make determinations regarding an applicant’s eligibility for points in each area of activity and to disallow points to applicants who attempt to circumvent the goals of this policy. The Commission awards points for projects in which the Ownership Entity is more than 50% BIPOC owned or controlled.</p> <p>A BIPOC entity is defined as:</p> <ul style="list-style-type: none"> • For Profit: more than 50% of the ownership identifies as BIPOC • Non-Profit: at least one of these is true at the time of application <ul style="list-style-type: none"> o More than 50% of the board of directors identifies as BIPOC o Its executive director or chief executive officer identifies as BIPOC <p><u>For Sole Entity Sponsors only</u></p> <p>If the sponsor is a for-profit and more than 50% of the ownership identifies as BIPOC, the Commission awards eight points. The BIPOC sponsor entity that has more than 50% ownership will need full control of development decisions and be taking the full</p>	<p><i>Updating only the following section of the policy:</i></p> <p><u>For Partnerships only</u></p> <ul style="list-style-type: none"> • If the BIPOC entity has more than 50% ownership in the general partner, the Commission awards eight points. The BIPOC entity with more than 50% ownership needs full control of development decisions and be taking the full financial risk and reward related to the development to receive these points. • If the BIPOC entity has 50% or less of the ownership in the general partner, but BIPOC entity receives more than 40% of the developer fee and has a significant role in the development decision-making, projects can earn points under these conditions: then the Commission awards six points <ol style="list-style-type: none"> 1. If the BIPOC entity is For-Profit the Commission will award 6 points. 2. If the BIPOC entity is Non-Profit then the following apply: <ul style="list-style-type: none"> • If more than 50% of Board of Directors identify as BIPOC, the project will be awarded four points • If Executive Director identifies as BIPOC, project will be awarded two (2) points <p>Points for Non-Profit are cumulative. Therefore, if both are true the project is awarded six (6) points.</p> 	<p>Language Clarification</p> <p>Clarifies intent and aligns points accordingly.</p> <p>The policy was interpreted to incentivize organizations to become a minority partner rather than a sole sponsor. That was not the intent, and this recalibrates the points accordingly.</p>
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<p>financial risk and reward related to the development to receive these points.</p> <p>If the sponsor is a nonprofit, the Commission awards points as indicated for each of the criteria:</p> <ul style="list-style-type: none"> • More than 50% of board of directors identifies as BIPOC 5 points • Nonprofit executive director or chief executive officer identifies as BIPOC 3 points <p><u>For Partnerships only</u></p> <ul style="list-style-type: none"> • If the BIPOC entity has more than 50% ownership in the general partner, the Commission awards eight points. The BIPOC entity with more than 50% ownership needs full control of development decisions and be taking the full financial risk and reward related to the development to receive these points. • If the BIPOC entity has 50% or less of the ownership in the general partner, but BIPOC entity receives more than 40% of the developer fee and has a significant role in the development decision-making, then the Commission awards six points. 		
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<p>4.6 Donation in Support of Local Nonprofit Programs</p>	<p>Add the following:</p> <p>The Nonprofit Organization being supported must include in its service area the county in which the Project is located and must provide housing, housing-related services, or nearby community/social services that are available to the residents of the Project. For developments which have sites in more than one county, donations must be made to organizations in each county the projects are located in. At least 50% of the donation must be made to a CBO as defined in Section 4.5 Projects that are By and For the Community.</p>	<p>Language Clarification</p> <p>Clarifies intent and aligns points accordingly.</p>
<p>Section 4.8 Energy Efficiency, Healthy Living and Renewable Energy (New Construction Projects Only)</p> <p>Regardless of the date the 2021 Washington State Energy Code (WSEC) goes into effect:</p> <p>1) If the project is building to the 2021 WSEC, the sponsor must submit with their application an assessment from its energy consultant or engineer on how the project meets the 2021 WSEC code for solar, additional efficiency, and electric vehicles, and receive 11 points. (If the project is located in the City of Seattle, the sponsor is not exempt from the solar requirement. To be eligible for the 11 points, the sponsor must submit proof of its plans to comply with the solar requirement of the 2021 WSEC.)</p>	<p><u>Adds new language:</u></p> <p>Section 4.8 assumes that new construction projects are included in the ‘Commercial’ energy code. If a project is permitted under any version of the ‘Residential’ energy code, please contact Commission staff before applying.</p> <p>Regardless of the date the 2021 Washington State Energy Code (WSEC) goes into effect:</p> <p>1) If the project is building to the 2021 WSEC, the sponsor must submit with their application an assessment from its energy consultant or engineer on how the project meets the 2021 WSEC code for solar, additional efficiency, and electric vehicles, and receive 11 points. (If the project is located in the City of Seattle, the sponsor is not exempt from the solar requirement. To be eligible for the 11 points, the sponsor must submit proof of its plans to comply with the solar requirement of the 2021 WSEC.)</p> <p><u>Adds new sections and language:</u></p> <p>4.8.1 – Projects Building to 2021 WSEC</p>	<p>Language Clarification and Procedure Change</p> <p>Aligns policies with implementation of Washington State Energy Code 2021.</p> <p>Adjusts point awards to better represent the efficiency and cost disparities between WSEC-2021 and WSEC-2018.</p> <p>Clarifies the application materials required to claim points under each code edition.</p>

<p>2) If the project is building to the 2018 WSEC, the Bond/Tax Credit program existing policies in Section 4.8 remain unchanged. These policies are:</p> <ul style="list-style-type: none"> o 4.8.1 NC Solar Option..... 3 points o 4.8.2 NC Additional Efficiency... 5 points o 4.8.3 EVs..... 2 points 	<p>12 points will be awarded to projects building to the 2021 Washington State Energy Code (WSEC). To qualify for these points, the application must include all the following:</p> <ul style="list-style-type: none"> • Solar: Projects must install a solar system with an estimated annual energy production per square foot of the building’s gross conditioned floor area greater than or equal to 0.5 (0.5 kWh/SF/year). Projects must submit with their application (1) an architect’s certification that the project can accommodate a compliant solar system and (2) a solar contractor’s assessment attesting to the planned system’s size, estimated generation, and cost. <p>As part of the Placed-in-Service package, the Applicant or the Applicant’s solar contractor must submit documentation stating the size of the system installed. Failure to install a compliant solar system may result in a temporary suspension from the program. Such action will be considered on a case-by-case basis.</p> <p>If the project is in the City of Seattle, the sponsor is not exempt from installing a solar system with an annual energy production per square foot of conditioned floor area of the building greater than or equal to 0.5 kWh/SF/year.</p> <ul style="list-style-type: none"> • Additional efficiency: New Construction projects must score an additional 5 ESDS points in ESDS Section 5.02a. The application must include a letter from the energy efficiency consultant, project architect, or engineer detailing which additional efficiency measures the project plans to integrate to score an additional 5 ESDS points. During submittal, the ESDS points used to comply with this section must be noted on the ESDS Checklist and Evergreen Owner Certification outlined in Section 3.6. As part of the Placed-in-Service Package, the ESDS points used to comply with this section must be included in the Evergreen Project Implementation Plan and architect's certification outlined in Section 3.6. 	
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	<ul style="list-style-type: none"> • Electric vehicle charging: Projects must share site plans demonstrating compliance with electric vehicle charging infrastructure requirements set forth in Washington State Building Code Section 429. <p><u>4.8.2 - Projects Building to 2018 WSEC</u></p> <p>For projects building to the 2018 WSEC, the Bond/Tax Credit program existing policies for section 4.8 remain unchanged. These policies are: If the project is building to the 2018 WSEC, the Bond/Tax Credit program existing policies in Section 4.8 remain unchanged. These policies are:</p> <ul style="list-style-type: none"> • 4.8.2.1 NC Solar Option..... 3 points • 4.8.2.2 NC Additional Efficiency..... 5 points • 4.8.2.3 EVs..... 2 points 	
<p>Section 4.8.1 NC Solar Option</p> <p>The Commission awards three points for projects that install a solar system with an annual energy production per square foot of conditioned floor area of the building, with an annual energy production greater than or equal to 0.28 kWh/SF/Year. Projects must submit with their application an architect’s certification and a solar contractor’s assessment attesting that the project can accommodate a compliant solar system.</p> <p>As part of the Placed-in-Service package, the Applicant or the Applicant’s solar contractor must submit documentation stating the size of the system installed. Failure to install a compliant solar system may result in a</p>	<p><u>Updates section:</u></p> <p>4.8.2.1 NC Solar Option</p> <p>The Commission awards three points for projects that install a solar system with an annual energy production per square foot of conditioned floor area of the building, with an annual energy production greater than or equal to 0.28 kWh/SF/Year.</p> <p>Projects must submit with their application (1) an architect’s certification that the project can accommodate a compliant solar system and (2) a solar contractor’s assessment attesting to the planned system’s size, estimated generation, and cost.</p> <p>The Commission awards three points for projects that install a solar system with an annual energy production per square foot of conditioned floor area of the building, with an annual energy production greater than or equal to 0.28 kWh/SF/Year. Projects must submit with their application</p>	<p>Procedure Clarification</p> <p>Clarifies application materials that are required to claim the points in Section 4.8.</p>

<p>temporary suspension from the program. Such action will be considered on a case-by-case basis.</p>	<p>an architect's certification and a solar contractor's assessment attesting that the project can accommodate a compliant solar system.</p> <p>As part of the Placed-in-Service package, the Applicant or the Applicant's solar contractor must submit documentation stating the size of the system installed. Failure to install a compliant solar system may result in a temporary suspension from the program. Such action will be considered on a case-by-case basis.</p>	
<p>Section 4.8.3 NC Electric Vehicle Charging Stations</p> <p>The Commission awards two points mission awards points to projects that install electric vehicle charging stations in no less than 10% of Residential parking spaces, with a minimum requirement of 1 in non-accessible parking and 1 in accessible stalls. 10%+ requirement applies to both accessible and non-accessible parking stall.</p>	<p><u>Updates language:</u></p> <p>4.8.2.3 NC Electric Vehicle Charging Stations</p> <p>The Commission awards two points mission awards points to projects that install electric vehicle charging stations in no less than 10% of Residential parking spaces, with a minimum requirement of 1 in non-accessible parking and 1 in accessible stalls. 10%+ requirement applies to both accessible and non-accessible parking stall. The 10%+ requirement applies to both accessible and non-accessible parking stalls, calculated independent of the other.</p>	<p>Procedure clarification</p> <p>Clarifies application materials that are required to claim the points in Section 4.8.</p>
<p>4.9 Energy Efficiency, Healthy Living and Renewable Energy (Rehabilitation Projects Only)</p> <p>4.9.1 Rehab Solar Option</p> <p>The Commission awards three points for projects that install a solar system with an annual energy production per square foot of conditioned floor area of the building, with an annual energy production greater than or equal to 0.42 kWh/SF/Year.</p>	<p><u>Updates language:</u></p> <p>4.9.1 Rehab Solar Option</p> <p>The Commission awards three points for projects that install a solar system with an estimated annual energy production per square foot of the building's gross conditioned floor area greater than or equal to 0.5 (0.5 kWh/SF/year). Projects must submit with their application (1) an architect's certification that the project can accommodate a compliant solar system and (2) a solar contractor's assessment attesting to the planned system's size, estimated generation, and cost.</p>	<p>Language Change</p> <p>Adjust Rehab solar option to match the system requirements in WSEC 2021 and the New Construction section.</p>

<p>Projects must submit with their application an architect's certification and a solar contractor's assessment attesting that the project can accommodate a compliant solar system.</p> <p>As part of the Placed-in-Service package, the Applicant or the Applicant's solar contractor must submit documentation stating the size of the system installed. Failure to install a compliant solar system may result in a temporary suspension from the program. Such action will be considered on a case-by-case basis.</p>	<p>The Commission awards three points for projects that install a solar system with an annual energy production per square foot of conditioned floor area of the building, with an annual energy production greater than or equal to 0.42 kWh/SF/Year.</p> <p>Projects must submit with their application an architect's certification and a solar contractor's assessment attesting that the project can accommodate a compliant solar system.</p> <p>As part of the Placed-in-Service package, the Applicant or the Applicant's solar contractor must submit documentation stating the size of the system installed. Failure to install a compliant solar system may result in a temporary suspension from the program. Such action will be considered on a case-by-case basis.</p>	
<p>4.9.3 Rehab Electric Vehicle Charging Station Option</p> <p>The Commission will award one point to projects that install electric vehicle charging stations in no less than 5% of parking spaces, with a minimum requirement of 1 in non-accessible parking and 1 in accessible stalls. The 5%+ requirement applies to both accessible and non-accessible parking stalls.</p>	<p><u>Updates language:</u></p> <p>The Commission will award one point to projects that install electric vehicle charging stations in no less than 5% of parking spaces, with a minimum requirement of 1 in non-accessible parking and 1 in accessible stalls. The 5%+ requirement applies to both accessible and non-accessible parking stalls, calculated independent of the other.</p>	<p>Procedure Clarification</p>