

2025 Bond/Tax Credit Program Proposed Policy Updates

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WASHINGTON STATE
**HOUSING FINANCE
COMMISSION**



Agenda



Welcome



Introductions and Acknowledgements



Overview of Proposed Changes



Questions/Discussion



2025 – Policy Changes and Clean Up!



- Focused Policy Changes
 - Affordability Commitment on Resyndications
- Clarifications: Language & Procedures
 - Market Conditions
 - Previous Allocations
 - Common Areas/Units
 - BIPOC Ownership
 - Donations
 - Energy Efficiency

Market Conditions: Preamble Language

We reserve 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.

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.

- Any change, if needed to the public leverage requirement would happen with advanced notification and process.



Pipeline Info: 1.1.1 Balance of State Projects

Projects in Balance of State requesting bond cap that are also reliant on HTF Resources in the Fall application round, we may ask to see a copy of the application you submitted to the Housing Trust Fund.



2.2 Maximum Allocation of Bond Cap



During years when the Commission conducts competitive rounds, the Commission does not allocate more than 25% of the volume cap to 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.

In addition, the Commission reserves the right to withhold allocating any new bond cap to sponsors with outstanding allocations from prior rounds.

3.15 Financial Feasibility & Viability Analysis

Adding sub-section 3.15.1 Common Area and Common Area Units

- Clarifying what each are and provides examples.
- Describes when tenants can be charged for usage of common areas and the relation to eligible basis.
- Clarifying use of common area units, which are never used as a market rate unit.
- Provides reference to Tax Credit Compliance Procedures Manual for additional guidance.

3.15 Financial Feasibility & Viability Analysis

Adding new sub-section 3.15.1 Common Area and Common Area Units

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.

A common area unit 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.

Refer to Chapter 2 in the Tax
Credit Compliance
Procedures Manual

Section 4.2 Additional Low Income Housing Commitment/Acquisition/Rehabilitation

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.

- 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



- **Resyndication projects maintaining existing set-asides below 60% AMI ... 6 points**

4.4 Overcoming Historic and Systemic Barriers BIPOC Developers

Intent: BIPOC organizations should be incentivized to come in as sole sponsors wherever possible

ABC Housing Nonprofit
(BOTH BOARD AND ED are BIPOC)

Current language

Sole Sponsor

Minority
Partner

8 points

6 points

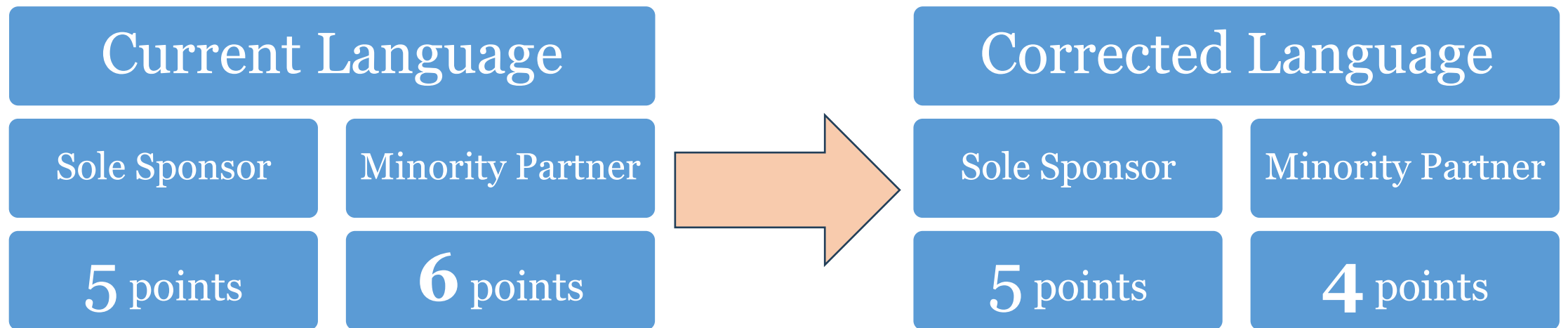
**NO
CHANGE**



4.4 Overcoming Historic and Systemic Barriers BIPOC Developers

For nonprofit organizations WITH BIPOC BOARD ONLY, current language gives more points for coming in as a minority partner instead of as a sole sponsor

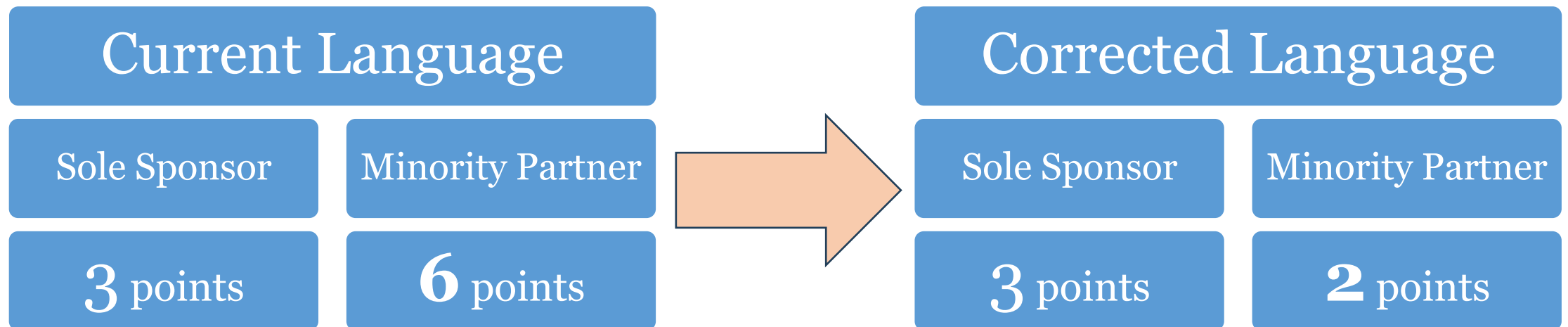
ABC Housing Nonprofit (BOARD ONLY is BIPOC)



4.4 Overcoming Historic and Systemic Barriers BIPOC Developers

For nonprofit organizations WITH BIPOC ED ONLY, current language gives more points for coming in as a minority partner instead of as a sole sponsor

ABC Housing Nonprofit
(EXECUTIVE DIRECTOR ONLY is BIPOC)



4.6 Donation is Support of Local Nonprofit Programs

For developments which have sites in more than one county, donations must be made to organizations in each county the projects are located in.



Energy Efficiency



Section 4.8 - New Construction

4.8.1 - Projects building to the 2021 WSEC

- *NEW* sub-section for projects building to the 2021 version of code
- Projects building to 2021 WSEC can now claim 12 points, up from 11 in last year's policy.
- Existing requirements remain unchanged; adds more detailed language describing the requirements (next slide)

4.8.2 - Projects building to the 2018 WSEC

- *NEW* sub-section for projects building to the 2021 version of code
- Existing point options remain unchanged; some language clean-ups and clarifications made.



Energy Efficiency

Existing WSEC 2021 Policy

Regardless of the date the 2021 Washington State Energy Code (WSEC) goes into effect:

(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.

Updated WSEC 2021 Policy (summary)

4.8.1 – Projects Building to 2021 WSEC

12 points will be awarded to projects building to the 2021 Washington State Energy Code. To qualify for these points, the application must include all the following:

Solar: 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.

Additional efficiency: 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.

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.



Energy Efficiency

Existing WSEC 2018 Policy

Regardless of the date the 2021 Washington State Energy Code (WSEC) goes into effect:

(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:

- 4.8.1 NC Solar Option..... 3 points
- 4.8.2 NC Additional Efficiency..... 5 points
- 4.8.3 EVs..... 2 points

Updated WSEC 2018 Policy (summary)

4.8.2 – Projects Building to 2018 WSEC

For projects building to the 2018 WSEC, the Bond/Tax Credit program existing policies for section 4.8 remain unchanged. These policies are:

- 4.8.2.1 NC Solar Option.....3 points
- 4.8.2.2 NC Additional Efficiency5 points
- 4.8.2.3 EVs.....2 points

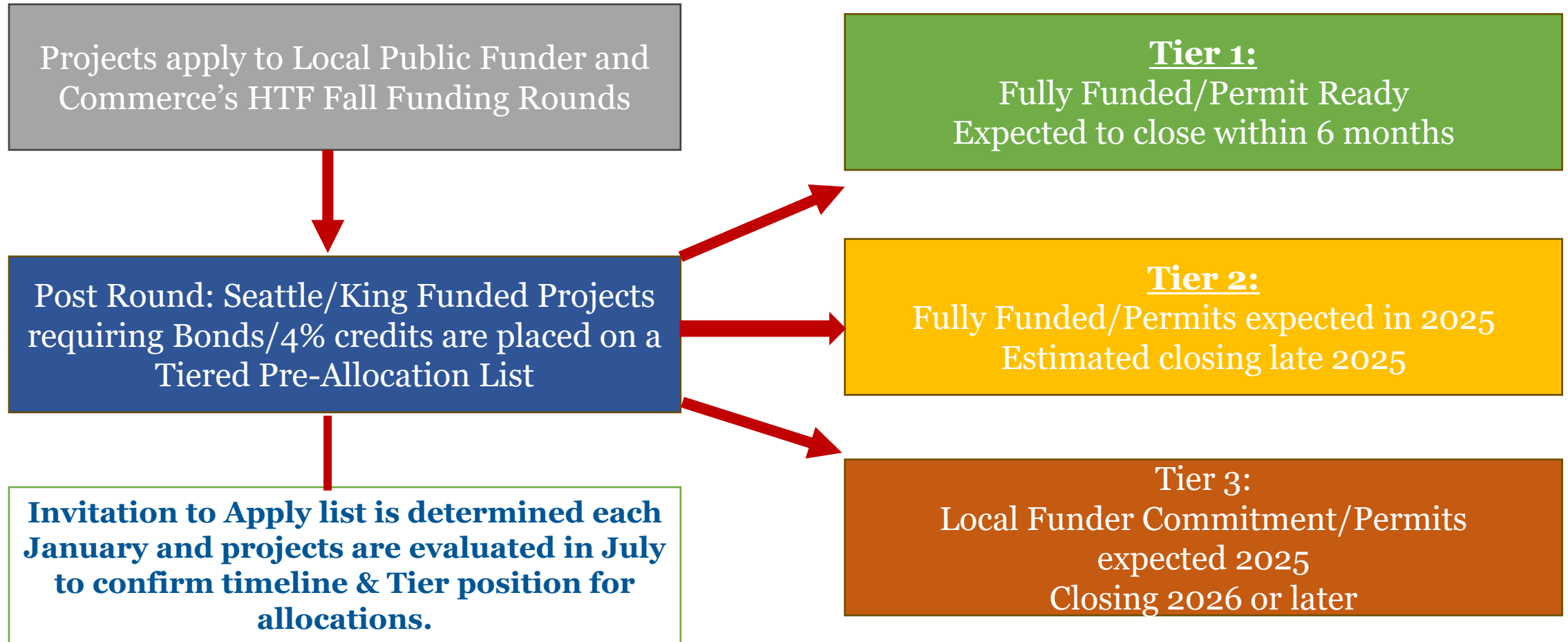
Next Steps for 2024

- Provide feedback/comments due by August 30th.
- Policy Changes go to the Board on September 19th
- Balance of State Applications will be due in February!

- Check out the full timeline here:
[WSHFC | 4% Housing Credit with Bonds](#)



Reminder for King County Projects – Pipeline Process!



Commission Application Process for King County



All funding is fully secured, permits are expected, and closing is imminent=
Projects Invited to Apply



Application submitted to Commission no less than 4 months to expected closing



Commission staff review application, provide feedback and request clarifications.



Kick off/
Scoping Meeting



Expectations Application to Closing is 120 days!



Questions/Feedback?

Thank you!!