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Opening doors to a better life

Preservation Bond Pilot: Interested Parties Engagement Session

April 3, 2026

Multifamily Housing and Community Facilities Division

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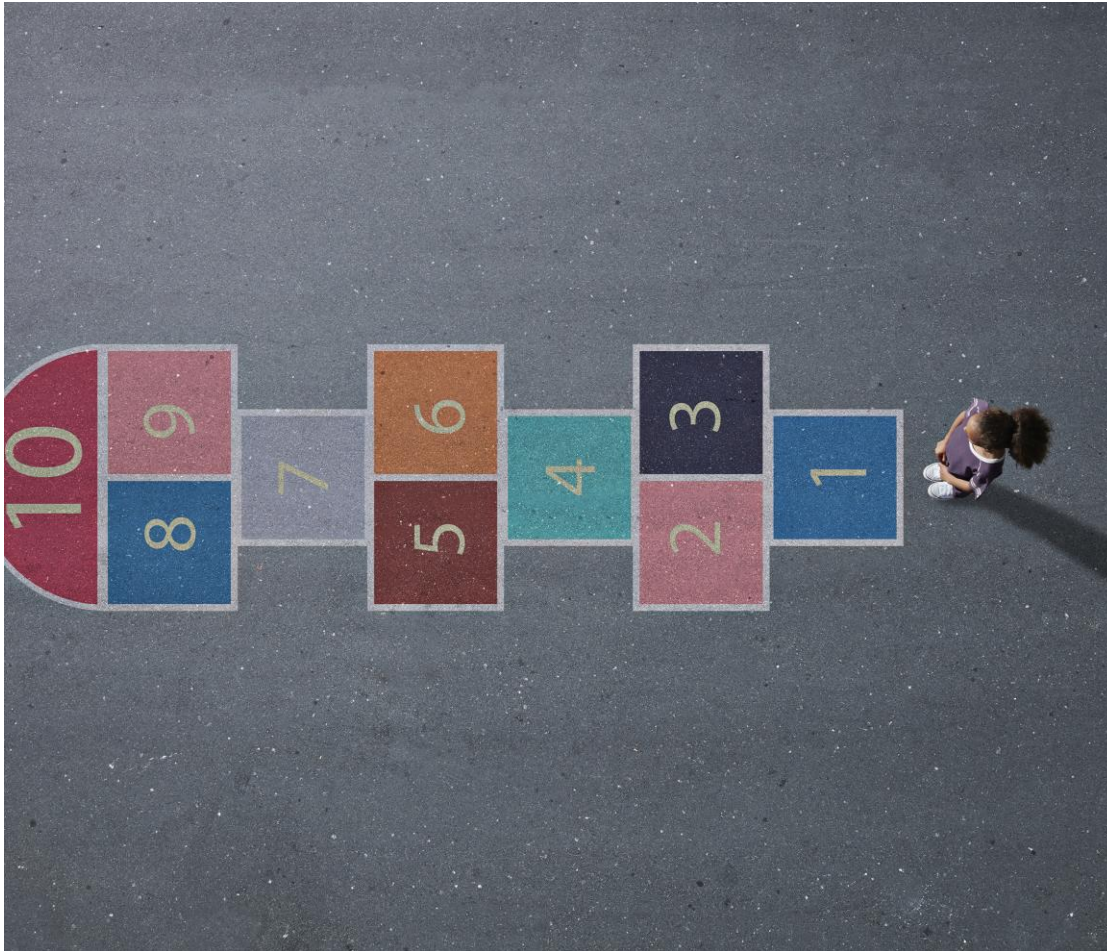
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Agenda



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- Welcome
- Context & Purpose
- What's Staying the Same?
- What's Evolving?
- Timeline & Next Steps
- Questions & Discussion



Preservation: Existing properties with regulatory agreement with the Commission

Acquisition/Rehab: Acquisition or rehab of a property that is Naturally Occurring Affordable Housing (NOAH) or a property that may have a regulatory agreement that is not in Commission portfolio

Why Now?



We have an aging portfolio that will need reinvestment on some level and there are preservation opportunities with existing housing stock.

Increasing volume of projects with regulatory agreements that expire in the next 10 years.

Growing demand for preservation resources!

**Opportunity With
Expanded
Resources!**

Bond 25% Test and
Increased 9% Credits

What is the Demand?



Fall 2025 Preservation Request for Information (RFI)

RFI Purpose: To collect high level information to inform how we may allocate resources to meet the needs identified; pipeline, resource needs, challenges

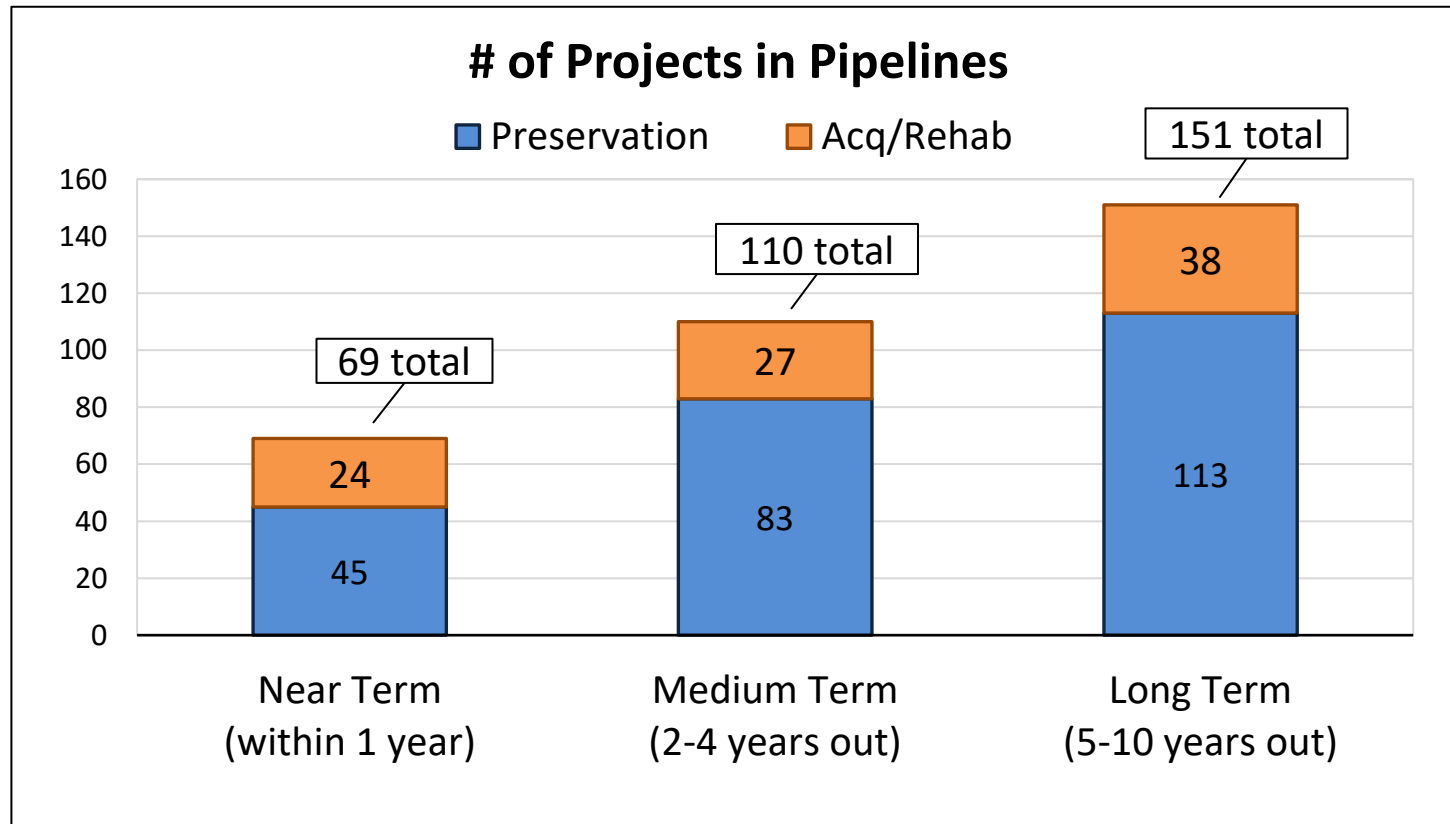
Received: 39 unique responses: for-profits, non-profits (including PSH providers) and housing authorities

RFI Responses - Challenges:

Most important problems to address:

1. Addressing Capital Needs
2. Improving Energy Efficiency/Sustainability

The RFI asked respondents to estimate the number of potential Preservation and Acq/Rehab projects in their development pipelines.

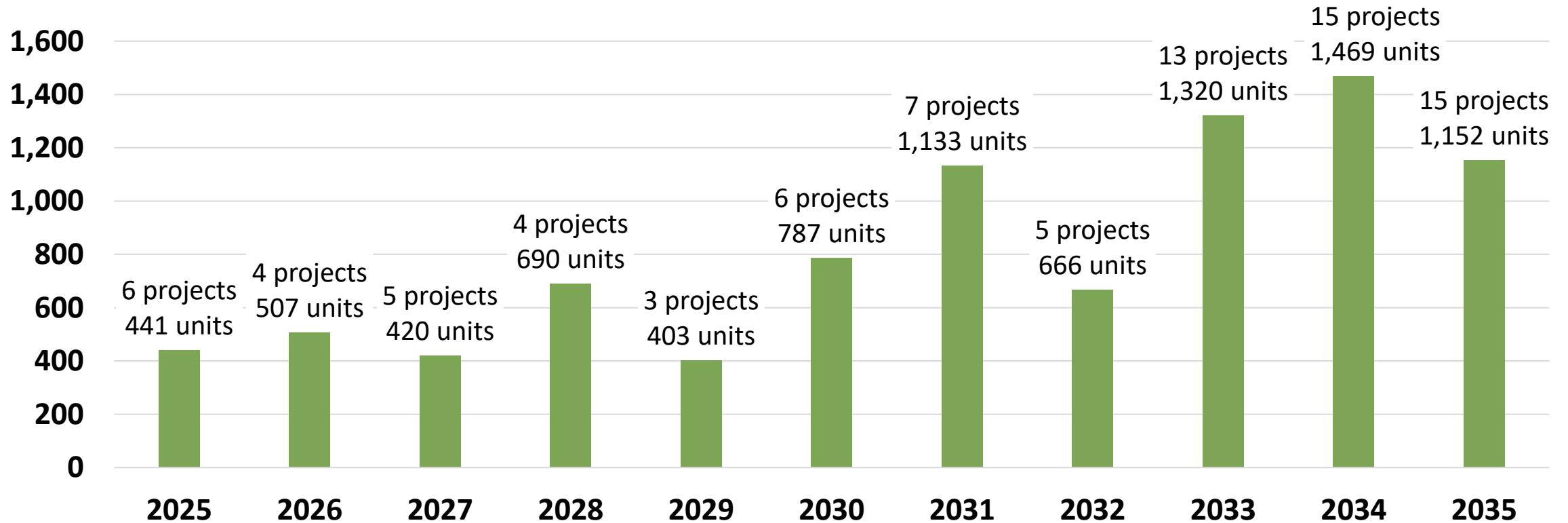


- About 70 potential projects in near-term pipelines (within 1 year)
- Total pipeline of up to 330 potential projects across the next 10 years
- Preservation projects estimated \$262 million in near-term funding needs; \$278 million in the medium-term.

10-Year Look: Expiring LIHTC Projects



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Preservation Strategy & Pilot



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Background Work

- RFI Results
- Portfolio Review
- Research and discussions with other State HFAs
- Engagement with you as our partners!

Results

- Create separate tracks for New Construction and Preservation projects to apply for financing
- Launch a Preservation Pilot with Bond/4% Program resources Spring 2026

Centering Our Values

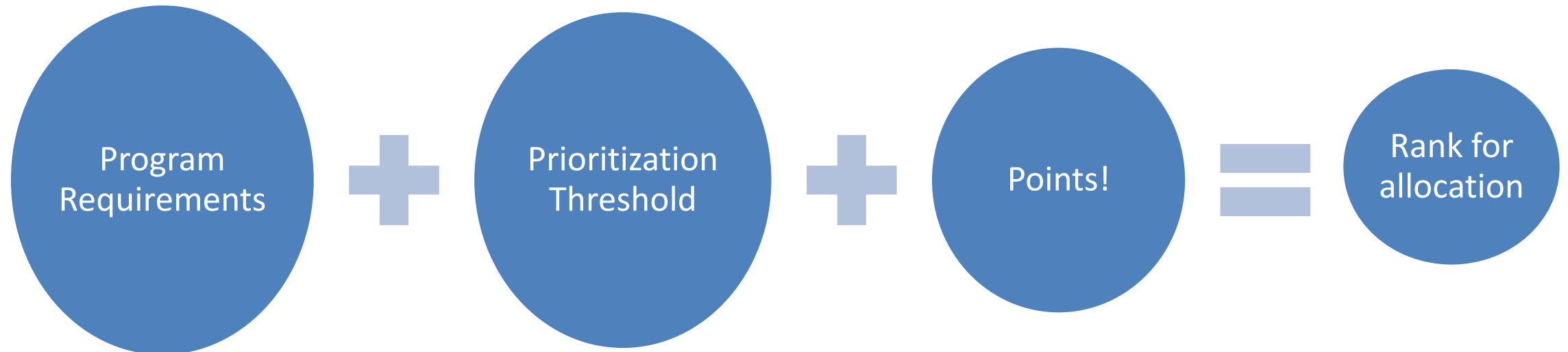
High-Quality and
Affordable Housing
for Residents in the
Long Term

Foster Healthy and
Sustainable Homes

General Concept



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Program Limits and Requirements

(Sections 2, 3, 5-10 of 2026 Bond Policies)

- Projects must meet IRS Code and federal requirements
- Financial Feasibility and fully funded
- Development Team and Property Management Capacity
- TDC Cost Limits
- Evergreen Sustainable Development Standards (ESDS)
- Relocation Plans
- Rehabilitation Requirements including In-Unit Cooling
- Minimum low-income housing commitment
- All Placed in Service, Compliance and Monitoring, and Program Fee requirements

Readiness is still a core component!

What is Staying the Same?



Allocation Criteria - Points

4.1 Cost Efficiency

4.4 Overcoming Historic and Systemic Barriers for Developers who are BIPOC

4.5.1 and 4.5.2 Projects that are By and For the Community*

4.6 Donation of Support of Local Nonprofit Programs

4.7 Property Type – Historic ONLY

4.9.1 and 4.9.2 Energy Efficiency, Healthy Living and Renewable Energy*

4.10 Combo Properties

*Changes are proposed to 4.5.3 Potential Tenant Engagement and 4.9.3 Rehab Electric Vehicle Charging Station Option see slide 20

What is Evolving?



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Overview

Centering impact on residents

Integrating sustainability

Using a Risk/Opportunity lens to prioritize projects

Prioritization in lieu of point minimum as threshold

Risk/Opportunity Matrix

Purpose and Intent

We acknowledge that each project has a unique set of circumstances and there is currently not enough financing available to preserve every property.

Therefore, we must be **strategic** in our focus and prioritization of investments.

Process

The Commission will first evaluate projects using a **Risk/Opportunity Matrix**. We have identified criteria within four Risk/Opportunity Categories to determine a project's prioritization for review.

Once prioritized, projects will be scored within their designated priority level to determine competitiveness for a Bond allocation.



Risks

- Conversion to market due to expiring affordability restrictions
- Loss due to financial instability and/or physical deterioration
- Expiration of critical subsidy contracts (Federal Assistance; Section 8 USDA/RD)

Factors

- Displacement risk of existing and future residents
- Historical and projected financial position
- Capital Needs Assessment/Scope of Rehab, including sustainability

Categories for Prioritization: Overview



Risk/Opportunity Category	High Priority	Medium Priority	Low Priority
A. Expiring Regulatory Agreements with Affordability Restrictions <i>Expands existing policy program requirements and definition for preservation.</i>			
B. Expiring Critical Subsidies <i>Expands existing policy program requirements and definition for preservation</i>			
C. Physical Needs <i>Shifts and builds on existing policies for rehabilitation, sustainability and major systems.</i>			
D. Critical for Community/Population Served <i>Shifts and builds on existing policies for affordability and population served.</i>			

A. Expiring Regulatory Agreement with Affordability Restrictions



Risk/Opportunity Category	High	Medium	Low
<p>Expiring Regulatory Agreement with Affordability Restrictions:</p> <p>Determined by expiration date of existing regulatory agreements.</p>	<p>Affordability restrictions expire within 0-5 years and the regulatory agreement covers a majority (50% or more) of the units in the property</p>	<p>Affordability restrictions expire within 5-7 years and the regulatory agreement covers a majority (50% or more) of the units in the property</p>	<p>Affordability restrictions expire 7+ years and/or the regulatory agreement covers a minority (less than 50%) of the units in the property</p>

B. Expiring Critical Subsidies



Risk/Opportunity Category	High	Medium	Low
<p>Expiring Critical Subsidies: Determined by expiration date of existing <u>federal</u> rent subsidy contracts or agreements.</p>	<p>Within 3 years and supports majority (50% or more) of residents who are extremely or very low income</p>	<p>Within 3-5 years and support majority (50% or more) of residents who are extremely or very low income</p>	<p>Within 7 years and/or supports a minority (less than 50%) of residents within the property who are low income</p>

C. Physical Needs



Risk/Opportunity Category	High	Medium	Low
<p>Physical Needs:</p> <p>Determined by the applicants proposed scope of work and budget including major systems rehab, the Capital Needs Assessment (CNA).</p> <p><u>Note:</u> In-Unit Cooling is a rehab requirement!</p> <p><u>Major systems:</u></p> <ul style="list-style-type: none"> • Electrical • Elevators • Envelope • Heating, Ventilation, and Air Conditioning (HVAC) • Plumbing • Seismic 	<p>A. Rehab addresses all immediate physical needs identified in the CNA.</p> <p><i>AND one of:</i></p> <p>B. Rehab addresses the long-term physical needs of at least 4 major systems.</p> <p><i>OR</i></p> <p>C. Rehab addresses the long-term physical needs of at least 3 major systems and at least 1 of those systems is converted to electricity from another fuel source.</p>	<p>A. Rehab addresses all immediate physical needs identified in the CNA.</p> <p><i>AND one of:</i></p> <p>B. Rehab addresses the long-term physical needs of at least 3 major systems.</p> <p><i>OR</i></p> <p>C. Rehab addresses the long-term physical needs of at least 2 major systems and at least 1 of those systems is converted to electricity from another fuel source.</p>	<p>A. Rehab addresses all immediate physical needs identified in the CNA.</p> <p><i>AND</i></p> <p>B. Rehab addresses the long-term physical needs of at least 2 major systems.</p>

D. Critical for Community/Population Served



Risk/Opportunity Category	High	Medium	Low
<p>Critical for Community/Population Served:</p> <p>Determined by application responses regarding existing residents served and any proposed changes, market study findings as well as other available data sources.</p> <p><u>Preference to maintain existing set asides below 60% AMI.</u></p>	<p>Limited to no affordable housing options of similar quality and cultural relevance are available for existing residents; will result in a significant loss of supply for the community due to high displacement pressure</p>	<p>Limited affordable housing options of similar quality and cultural relevance are available for existing residents; may result in loss of supply for the community due to medium displacement pressure</p>	<p>Other affordable housing options of similar quality and cultural relevance are available for existing residents; not expected to result in loss of supply for the community due to low displacement pressure</p>



Shifts to Prioritization Matrix

4.2 Additional Low-
Income Housing
Commitment

4.3 Housing
Commitments for
Priority Populations

4.11 Rehabilitation of
Major Systems

Moved to Program Requirement & Points Adjusted

4.5.3 Potential Tenant
Engagement – must plan
engagement and show
how feedback will be
incorporated

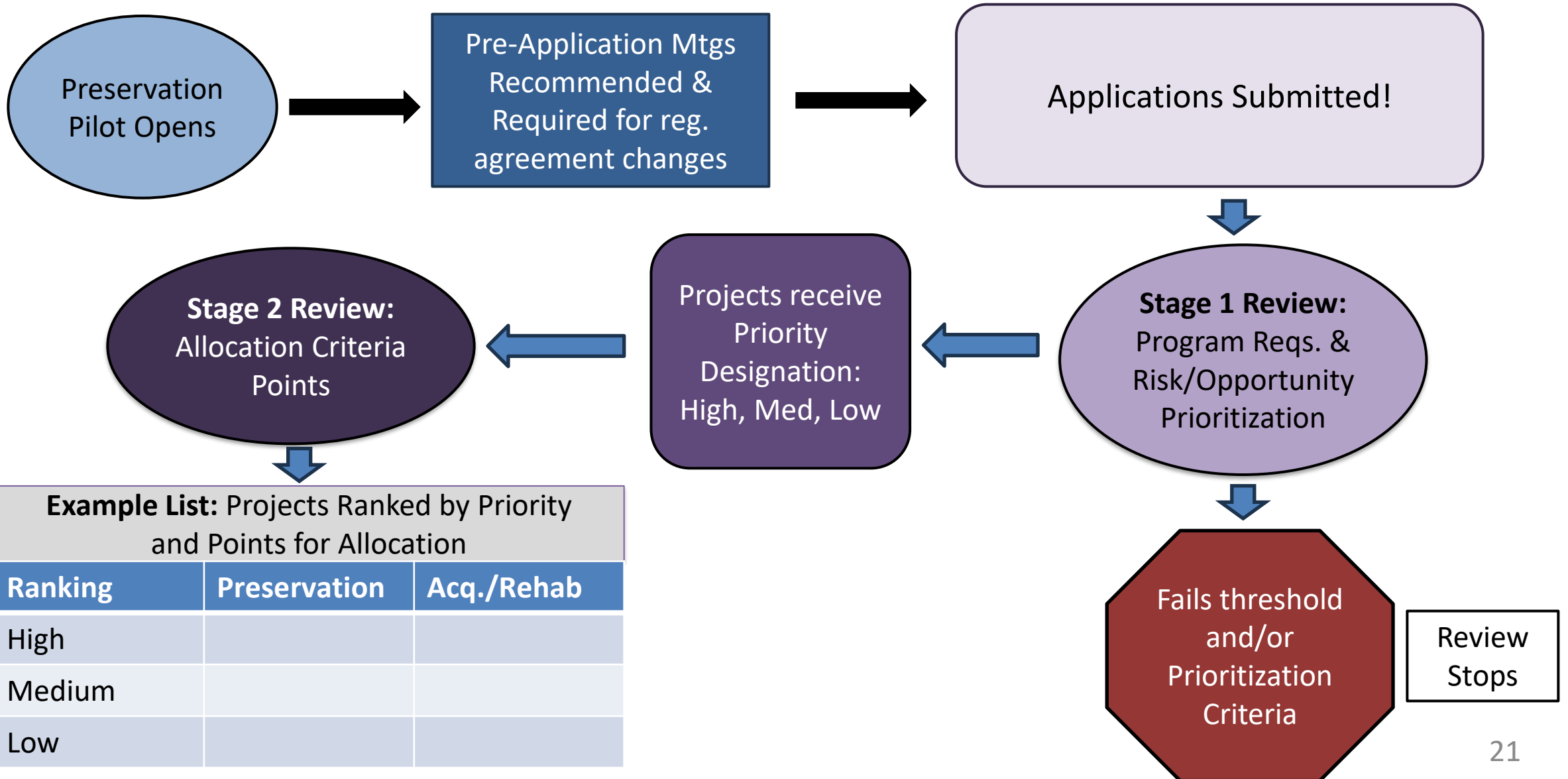
4.5.3 Tenant
Engagement – maintain
point for using CBO for
engagement

Removed

4.9.3 Rehab Electric
Vehicle Charging Station
Option

Note: Outreach showed
that Rehab EV Charging
Stations were not being
utilized

Process Flow



Stage 2 Review:
Allocation Criteria
Points

Projects receive
Priority
Designation:
High, Med, Low

Stage 1 Review:
Program Req. &
Risk/Opportunity
Prioritization

Example List: Projects Ranked by Priority and Points for Allocation

Ranking	Preservation	Acq./Rehab
High		
Medium		
Low		

Fails threshold
and/or
Prioritization
Criteria

Review
Stops

Additional Information for the Pilot Round



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Process Reminders:

Pre-application meetings with AMC
Portfolio project review remains
unchanged

Application Revisions:

Related Party flow of funds
Question on Cost Benefit Analysis

Bond Cap Amount Available:

\$250M, subject to change

Total Development Cost (TDC) Limits:

No change - we will evaluate as
part of the pilot

Timeline & Next Steps



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- Interested Parties Meeting April 3rd
- Public Hearing at the April 23rd Board Meeting
- Seek Board Approval May 18th
- Following approval, publish approved policies and application materials late May
- Application deadline will be at least 30 days from when the policies and application materials are posted

Timeline subject to change.





❖ What clarification questions do you have for us?

Want to reach out directly?

Email us here and include “Preservation Questions” in your subject line: askusmhcf@wshfc.org

We plan to do an evaluation and capture feedback post-pilot for applicants and those who chose not to apply.



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Thank you!