WASHINGTON STATE
HOUSING FINANCE
COMMISSION

Commission Program Resources 2026: Policy Process Reset

Statewide Interested Parties Meeting

July 8, 2025

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Agenda

- Overview: Current Program Policy Process
- Reset: Shifting to Proactive Approach
- What does that mean for 2026 Allocation Cycle? *(No changes, Issuing Guidance)*
- Federal Updates
- Discussion Questions

Current Process State

Timeline	March/April	May/June	July/Aug	Sept/Oct	Nov - Feb
9%	Policy Development & **Engagement**	**Engagement** & **Board Approval**	Application Packet Updates	Pre-apps Due	Applications Due; Review; Awards announced
Bond/ 4%	Policy Scan	Policy Development & **Engagement**	**Engagement**	**Board Approval**; Application packet updates	Pre-approvals & Intents; Tiered List Posted; BOS Applications Due; Reviews

Emergent Issues Require Us to Evolve

Strain on the Portfolio

Rising Preservation Needs

Evolving Resident Needs

Federal Budget and Tax Bill Impacts

State and Local Resources: Capital and Operating

What needs to change?

- Policies must evolve to respond to shifting needs and a changing housing landscape
- Pipeline projects must also adapt—requiring longer lead times and greater flexibility

Big Changes Require Longer Runway

Refine Scoring Criteria

Example: Update Affordability Incentives

Update Threshold Requirements

Example: Streamline 9% Program

Reevaluate Program Structure & Pools

Example: Rebalance Geographic Pools or Create Sub Pools

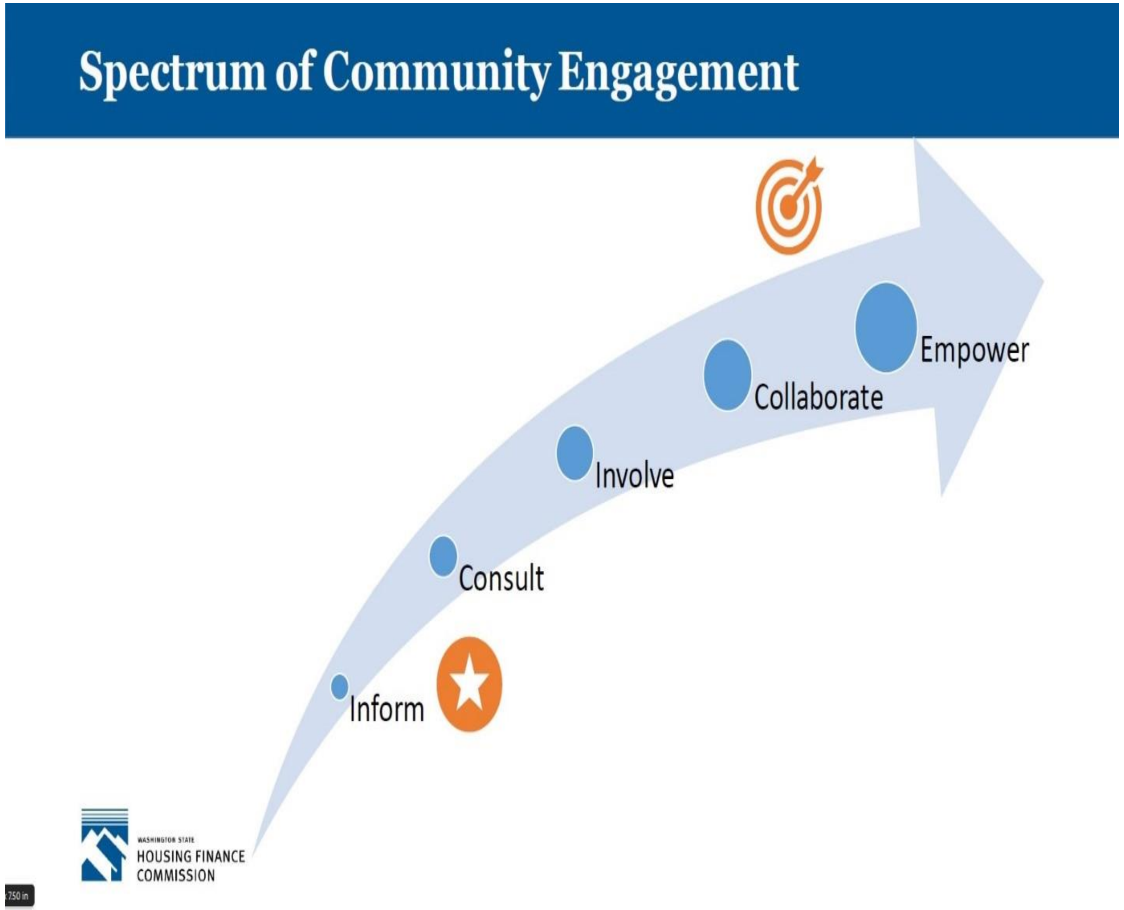
Incorporate External Workgroup Recommendations

Example: Preservation Strategy

How do we need to shift?

Prioritize foundational research, analysis, and evaluation that strengthens policy work

Deepen engagement efforts to support more collaborative policy development



Where we hope to land!

Desired Result: Adopt a **pro-active responsive approach** for deeper analysis, thought partnership, and **co-creation with interested parties (internal/external)** to better inform our policy work

Plan: Develop 3-year strategy for program policy improvements, to **efficiently focus** on bodies of work that **support outcomes** with meaningful impact for both residents and housing providers.

Program Values

Advance Racial Justice and Equity

Align Resources

Meet Affordable Housing Needs Everywhere

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

Use Our Limited Resources Efficiently

Prioritize Populations Who Most Need Help* (9% Program)

Foster Healthy and Sustainable Homes in a Changing Climate

What does that mean for 2026 resources?

No Policy Changes – Exception Federal Changes

Issue Guidance to Complement Policies

Improving Application Submissions

<u>Holding Space for</u>:

Preservation Opportunities

Federal Updates

Tax Credit provisions provide opportunity:

- Adds permanent 12% increase to the 9% Tax Credit for 2026 Allocations
- Permanently lowers the 50% test to 25% (issuances after 12/31/2025)
- Make permanent 100 percent bonus depreciation for qualified properties

Shifting Landscape Requires More Discussion

- How will the markets and investors respond?
- How will Medicaid cuts and requirement changes impact our programs?
- How federal policies and actions impact households in our programs?
- Where does the Appropriation Budget land? *(expect mark up in next week)*
- Further impacts to the State budget?

Discussion Questions

1. How could we structure engagement to make your participation more meaningful and efficient?

   Think about timing, communication, group size, or how feedback loops are closed

2. What barriers make it difficult to participate in our current engagement opportunities – and how could we help address them?

3. If there is one improvement you could make to how we engage with partners, what would it be?

Discussion Questions

4. Where do you see value in combined engagement across 9% and Bond/4% programs, and where might separate, program-specific engagement be more effective?

5. What makes engagement feel genuine to you – and what signals that your input is actually being used?

6. Drop one word in the chat that describes how you're feeling after today's conversation.

Next Steps

Timeline for Application Packets & Submissions

- **9% Program Timeline is Posted – visit our website here:** [20269pctAllocationProcessTimeline.pdf]
- **Bond/4% Program Timeline – will be posted in the next couple weeks!**

Continued Collaboration: We're actively seeking your input to help shape our policy work plan for the coming year & beyond