



WASHINGTON STATE
HOUSING FINANCE
COMMISSION



WSHFC HDC Presentation

February 1, 2023



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COMMISSION



9% Tax Credit Program

9% Tax Credit Program—Short-Term Policy Reset

GOALS

- More intentional, inclusive process
- Establish values for the program
- Reset thresholds and scoring criteria
- Streamline points

ENGAGEMENT

- Survey of stakeholders – just checking the pulse
- Focused meetings based on survey results
- Revised policies for feedback

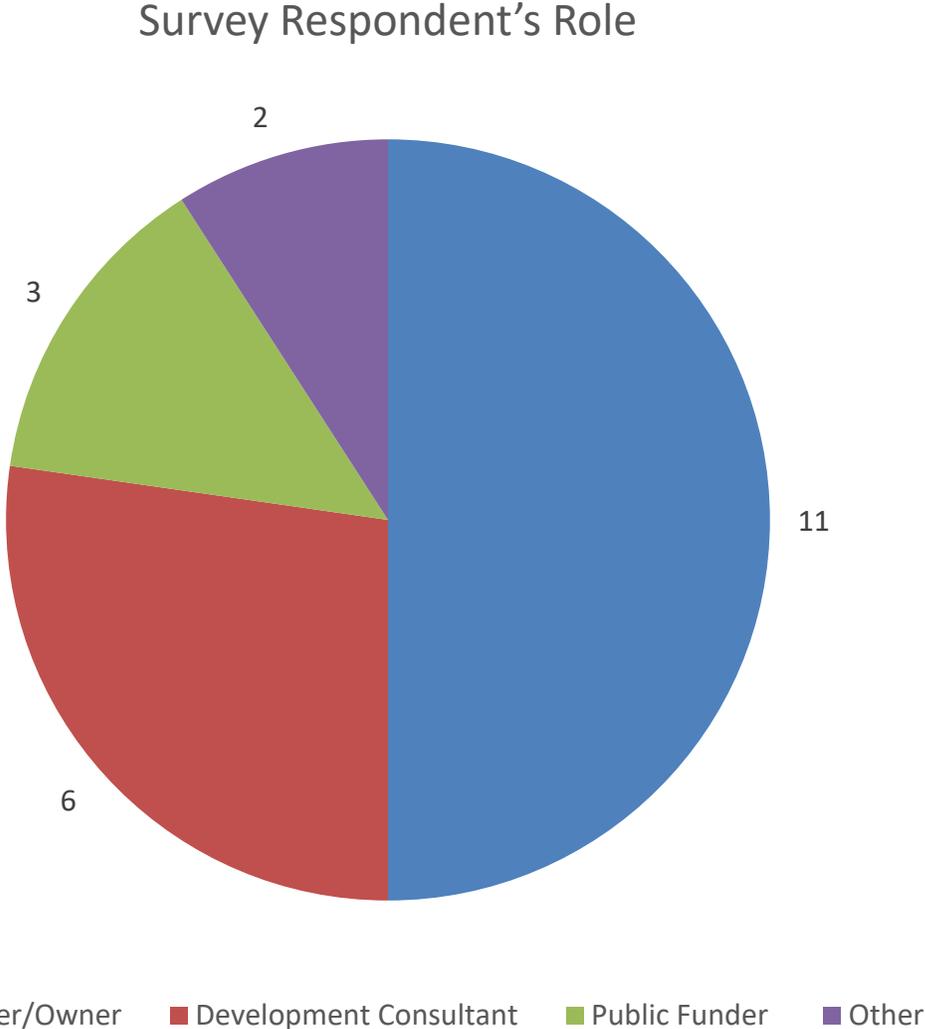




**9% Tax Credit
Program Reframe
Survey Results**

9% Tax Credit Program Survey Results

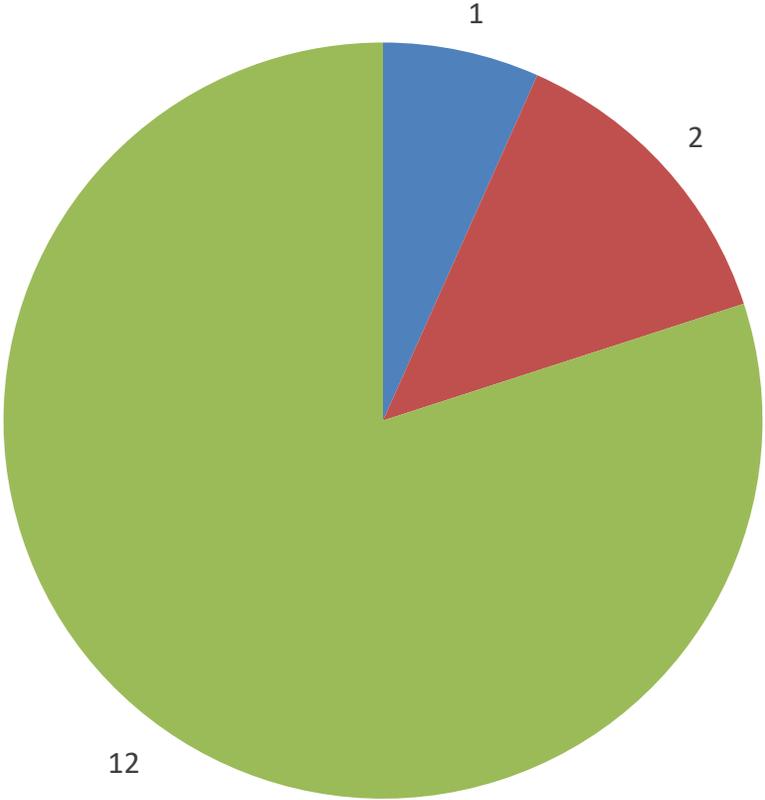
Demographics



9% Tax Credit Program Survey Results

Demographics

Survey Respondent's Racial Identity

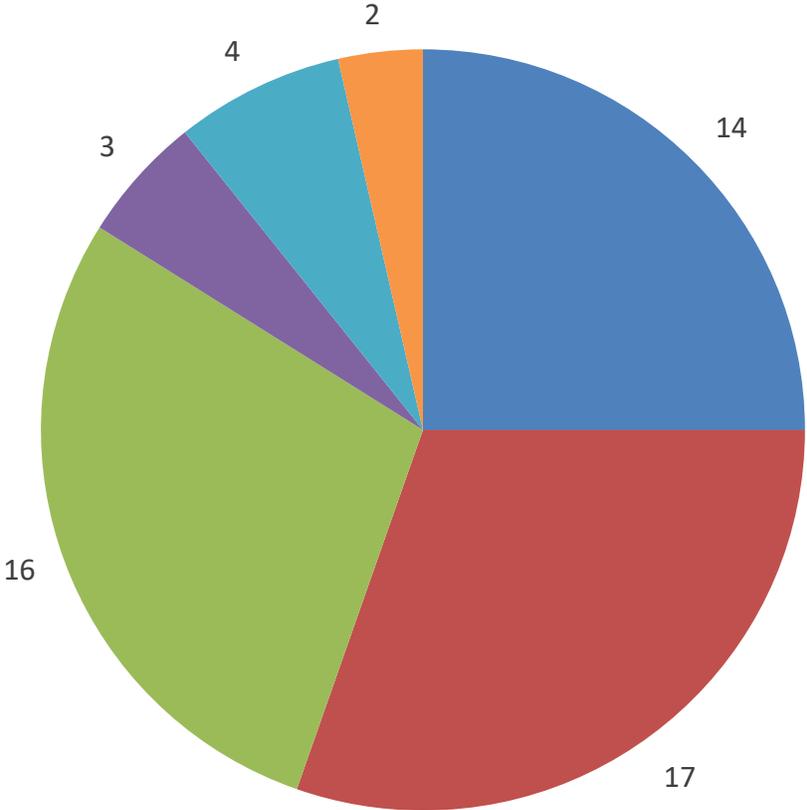


■ Chinese ■ African American ■ White

9% Tax Credit Program Survey Results

Demographics

Pool Where Majority of Projects Are



■ Metro ■ Non-Metro ■ King County ■ Metro + KC ■ Metro + Non-Metro ■ All

9% Tax Credit Program VALUES

Value #1: Racial Equity

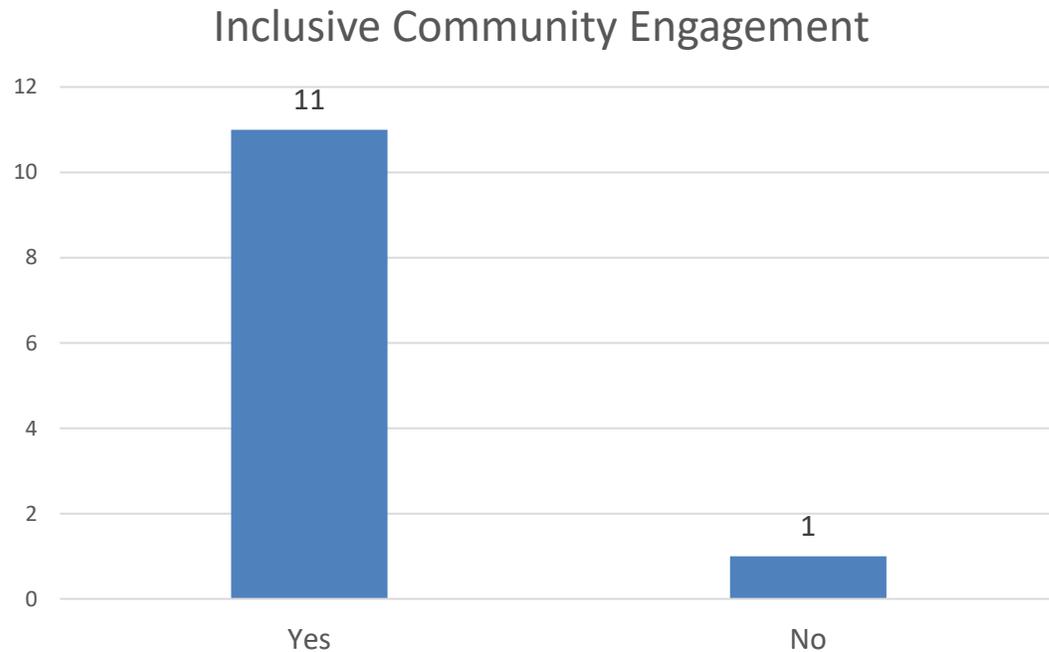
- “Umbrella Value” woven throughout the others
- Focused on tenant experience and outcomes
- Racial Equity Impact Assessment across programs planned within 3 years



Value #1: Racial Equity

The majority of survey respondents have an inclusive community engagement process and would like to see it incentivized in some way.

How can we achieve this?



Ranking of Considerations in the Allocation Process

1. Inclusive community engagement process
2. Culturally competent design and supportive services
3. Reflective sponsor of community being served

9% Tax Credit Program VALUES

Value #2: Alignment of Resources

- Predictable pathway
- Housing Trust Fund
- Local priorities—“skin in the game”

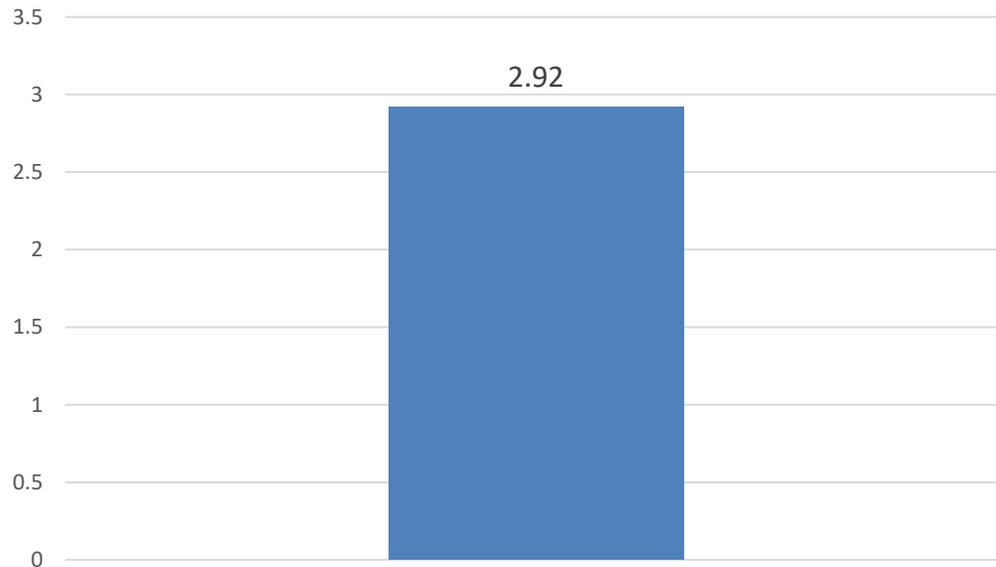


Value #2: Alignment of Resources

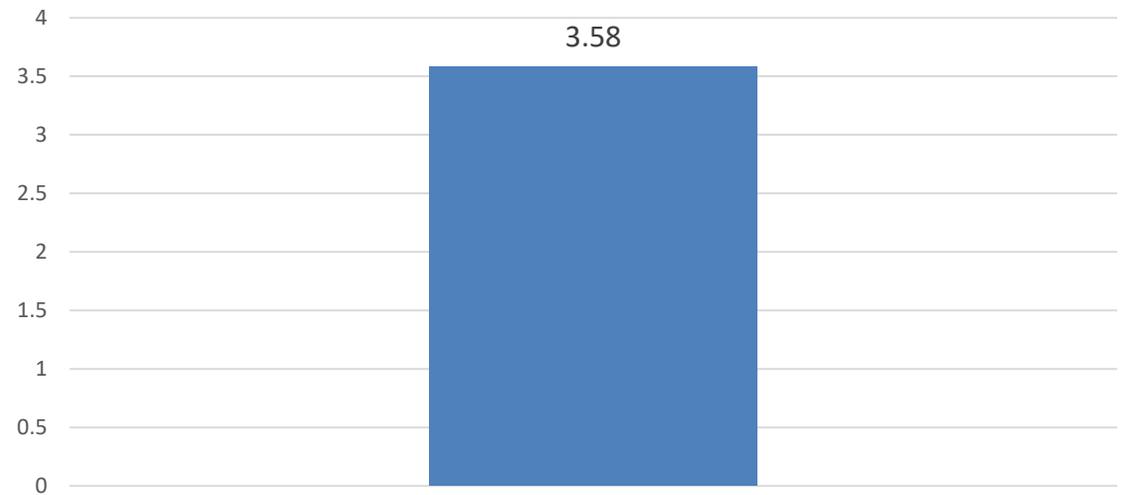
The efficacy of the timing according to survey responses (on average) could be better.

Should we go back to being the last to fund?

9% and HTF Round Overlap Efficacy



Other Funding Commitments Secured Before Allocation



9% Tax Credit Program VALUES

Value #3: Meeting Affordable Housing Needs Everywhere

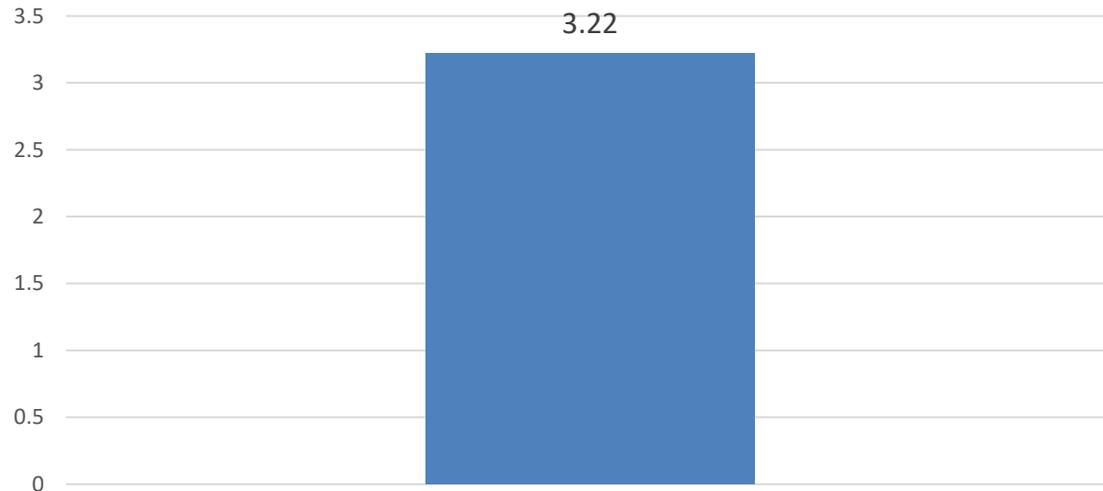
- Geographic pools
- Flexibility
- Inclusiveness of process to determine local priorities



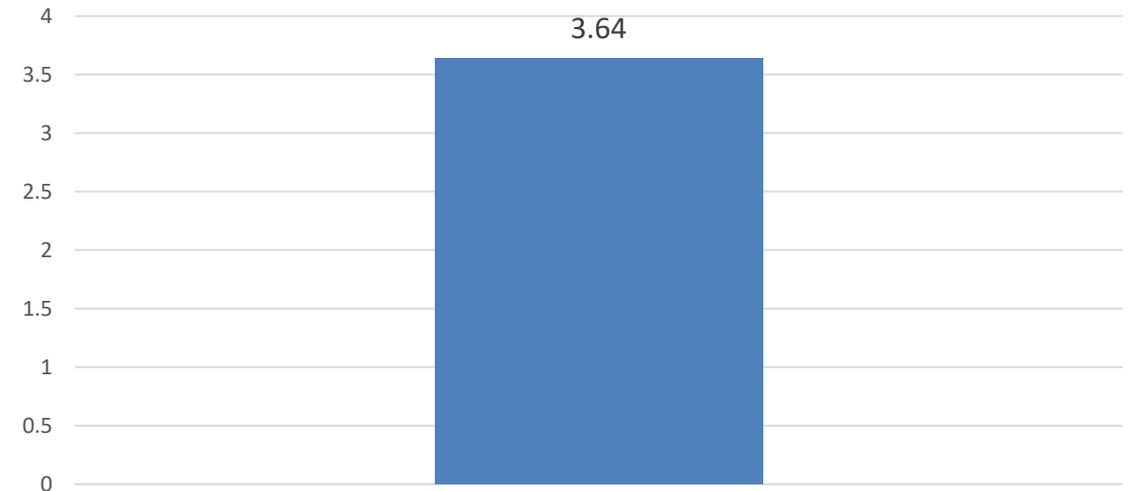
Value #3: Meeting Affordable Housing Needs Everywhere

- The Commission is effectively distributing resources geographically
- We will continue to use the Comprehensive Housing Affordability Strategy (CHAS) data as the determinant for geographic pool formulation

Effective Geographical Resource Distribution
Through Racial Equity Lens



CHAS data is the correct determinant for
geographic pool formulation



9% Tax Credit Program VALUES

Value #4: Ensuring Residents have Quality Homes and Long-term Affordability

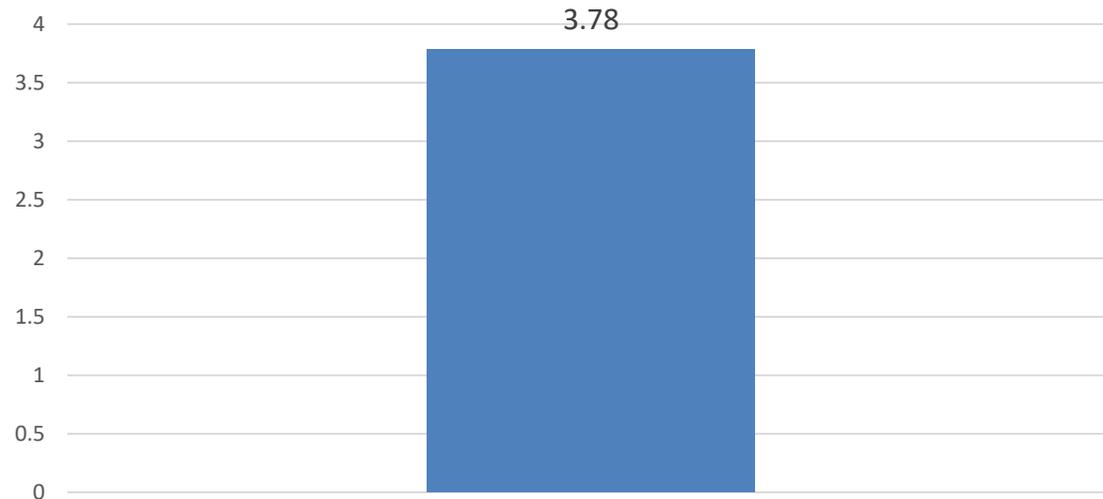
- Anti-displacement for vulnerable people
- Responsive to high-risk of covenants expiring, market forces
- Improve resident quality of life



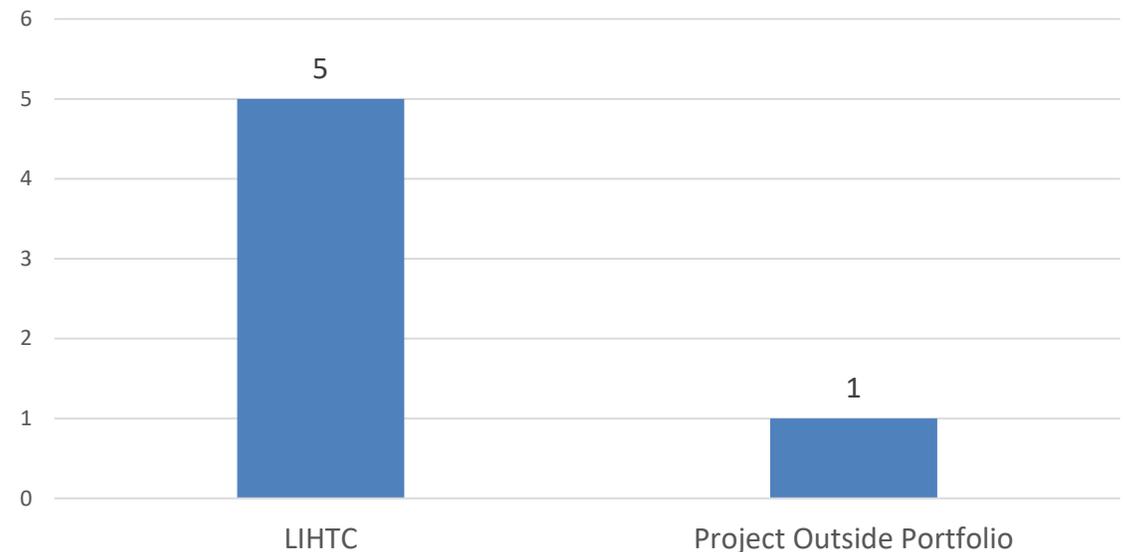
Value #4: Ensuring Residents have Quality Homes and Long-term Affordability

- Additional low-income housing use period points should be moved to threshold
- The program should also be used to preserve existing affordable buildings
 - Incorporate a set-aside percentage for LIHTC preservation

Additional Low-Income Set-Aside as a Threshold



Potential Set-Asides



Value #4: Ensuring Residents have Quality Homes and Long-term Affordability

Incentivization	
<input checked="" type="checkbox"/> (6 yes, 4 no)	In-Depth Rehabilitation
<input checked="" type="checkbox"/> (7 yes, 3 no)	Expiring Affordability (7 yes, 3 no)
<input checked="" type="checkbox"/> (6 yes, 4 no)	Major Systems and Sustainability Upgrades

9% Tax Credit Program VALUES

Value #5: Using our Limited Resources Efficiently

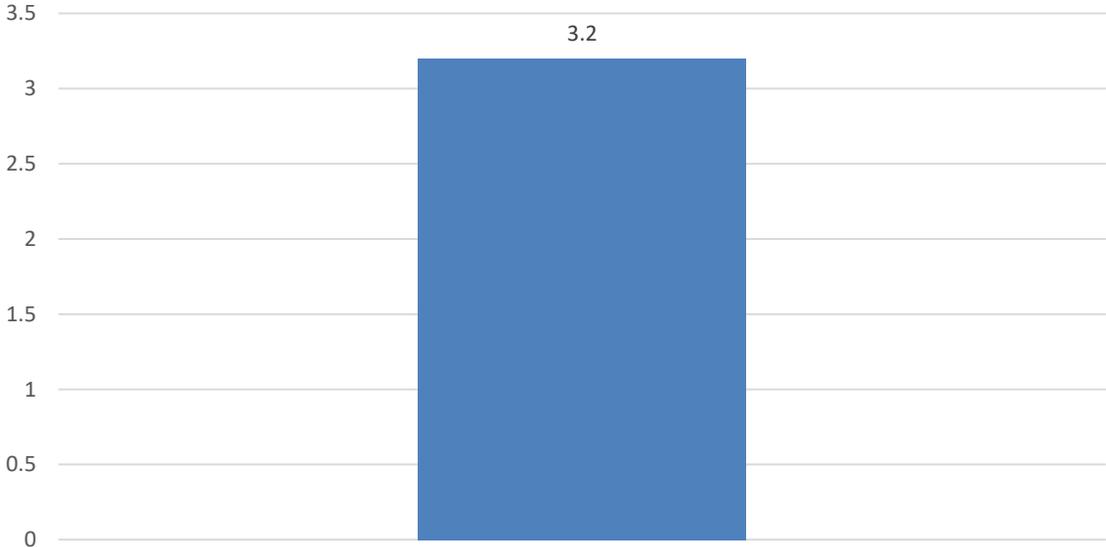
- Unit Count is balanced with other values
- Incentivize innovation
- Competition within pools



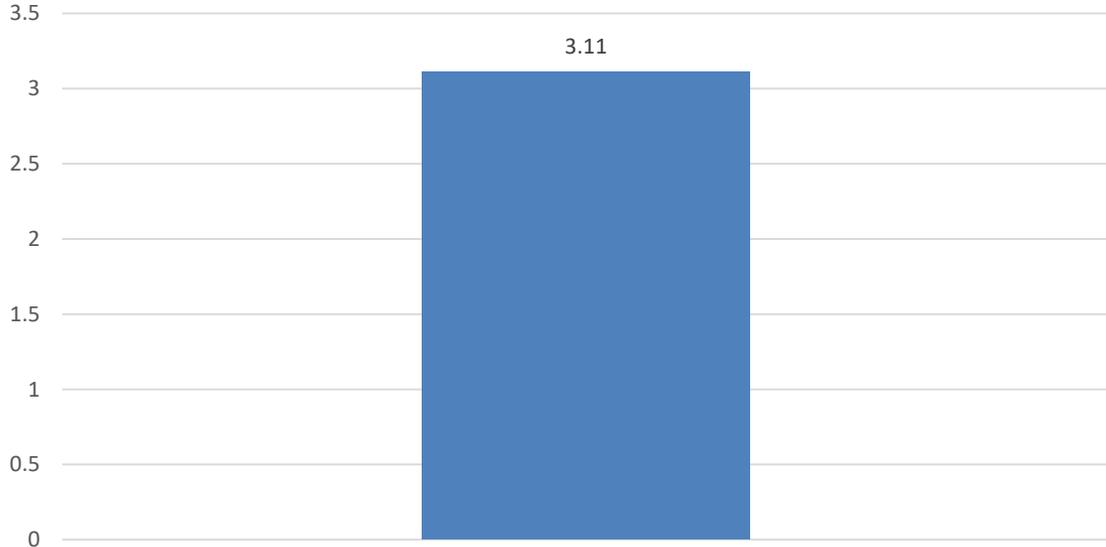
Value #5: Using our Limited Resources Efficiently

TDC should be kept as a threshold

TDC and Points Methodology Effectiveness



Total Development Cost Limits as Thresholds



How does the median square footage point fit in?

9% Tax Credit Program VALUES

Value #6: Priority Population

- Statute: Lowest incomes for Longest Period—what does that mean?
- Permanent Supportive Housing has been main focus
- Many different barriers exist for low-income groups across the state—vary greatly



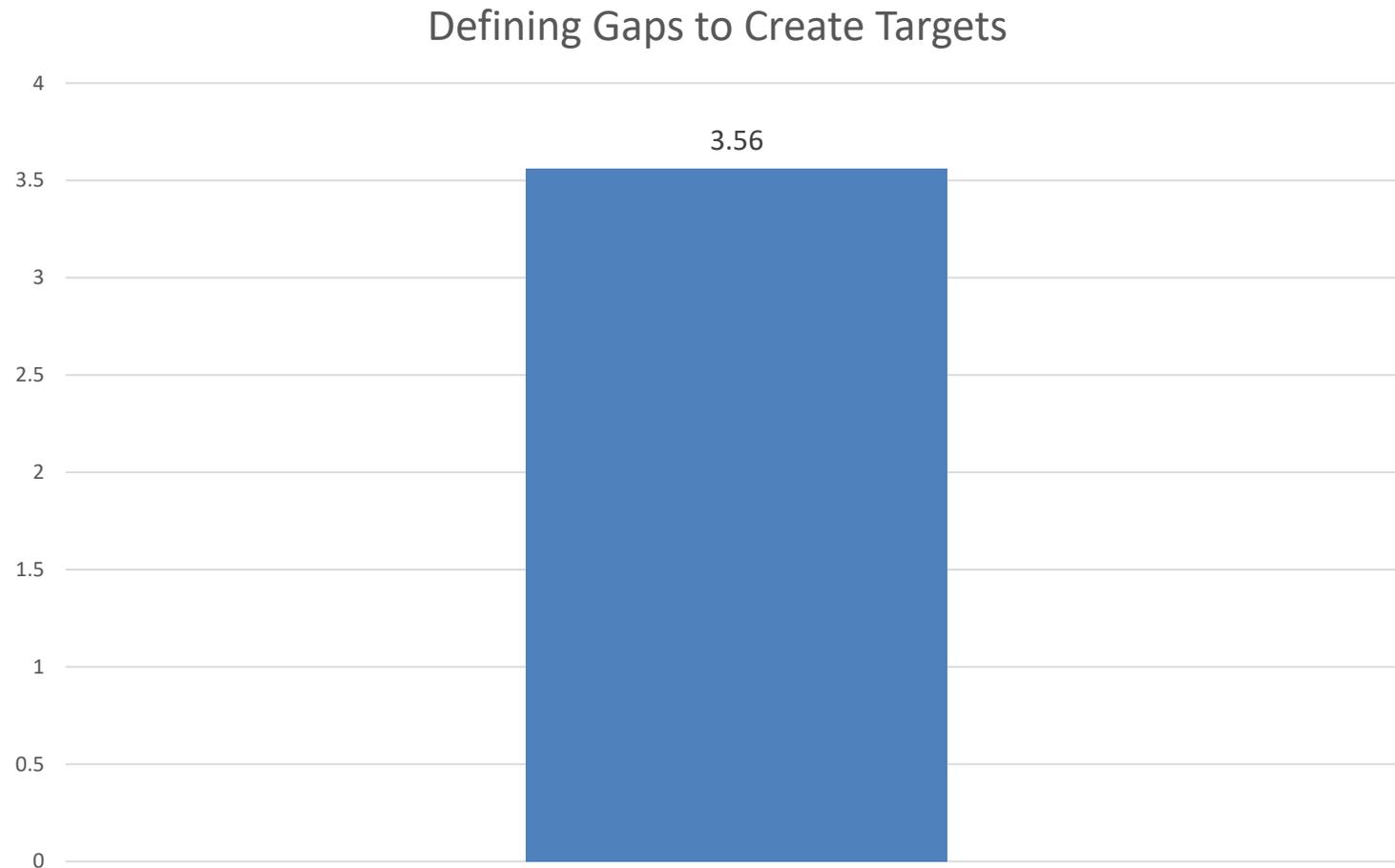
Value #6: Priority Population

We should keep our priority population the same.

Ranking Priority Populations
1. Homeless
2. Disabled
3. Senior
4. Veterans
5. Tribal (tied)
5. Survivors of Domestic Violence (tied)
6. General
7. Large Households
8. LGBTQIA+
9. Farmworkers

Value #6: Priority Population

But also... we should shift to define specific gaps and create targets based on those gaps.



9% Tax Credit Program VALUES

Value #7: Healthy and Sustainable Homes in Changing Climate

- Reduce unequal health outcomes for communities of color
- Focus on tenants—comfortable temperature range, smoke-free
- Reduce carbon emissions from the built environment



Value #7: Healthy and Sustainable Homes in Changing Climate

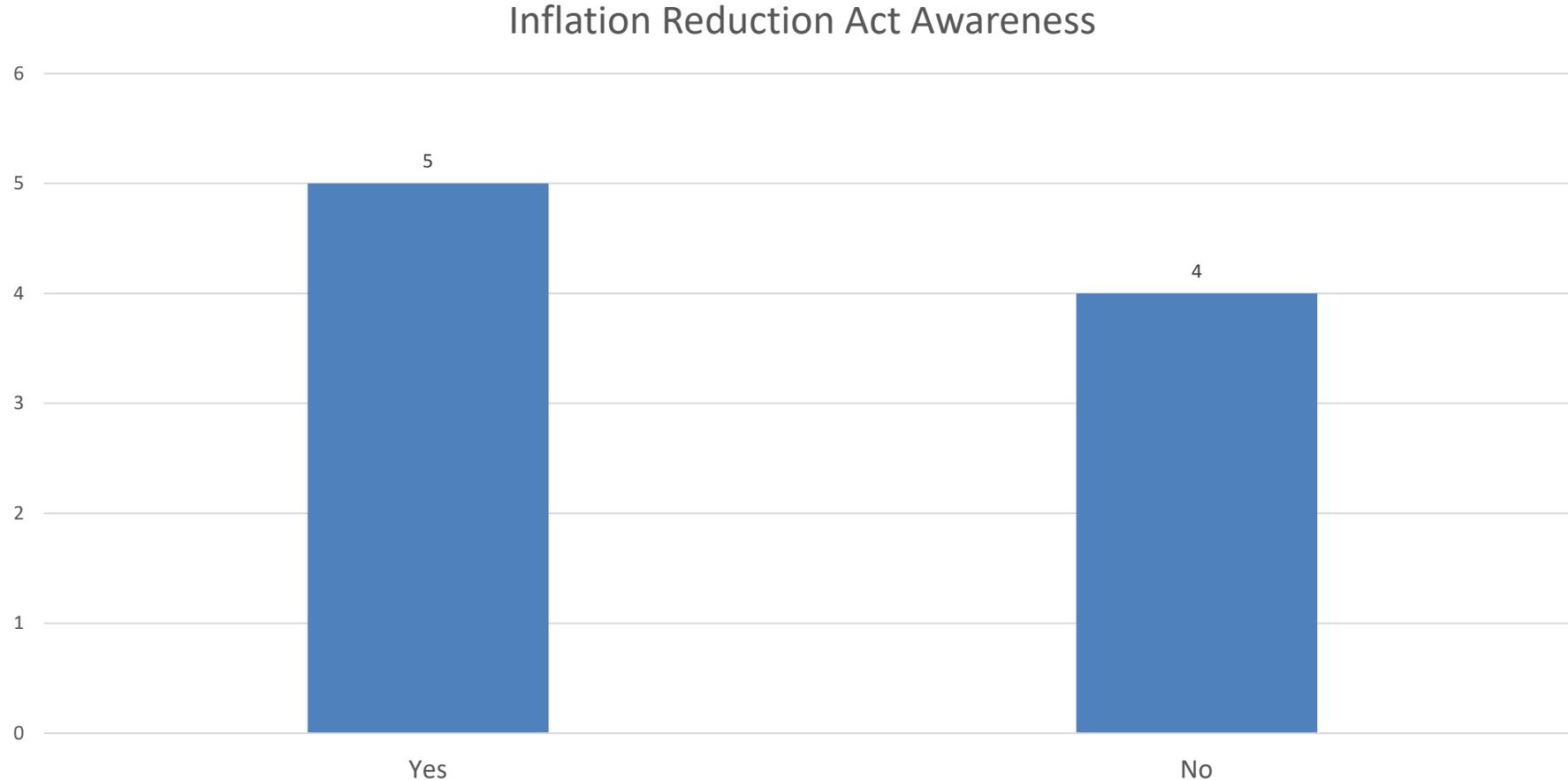
We should keep the ESDS as the highest possible energy standard without incentivizing going above and beyond them.

Comments from survey ranged

- Meeting the ESDS is crucial, but going beyond that can be difficult
- Best practices in design for healthy housing and energy efficiency are tracked and planned for as much as funding/budgeting allows
- Energy efficiency is something we are very committed to

Value #7: Healthy and Sustainable Homes in Changing Climate

The Inflation Reduction Act (IRA)



<https://www.epa.gov/green-power-markets/inflation-reduction-act#:~:text=Additional%20Resources-,Inflation%20Reduction%20Act%20and%20Green%20Power%20Partners,%2C%20local%2C%20and%20tribal%20organizations.>

Value #7: Healthy and Sustainable Homes in Changing Climate

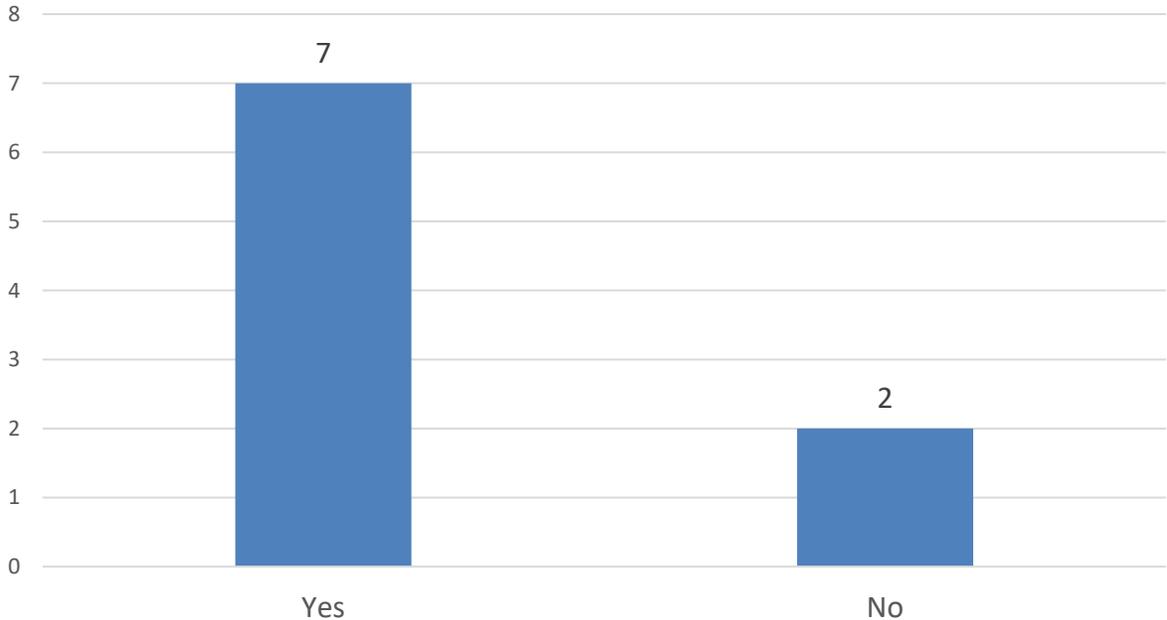
Energy Efficiency Incentive Ranking

1. Location and resiliency
2. Air Quality (heating and cooling)
3. Heat Pumps
4. Solar
5. Bicycle Facilities
5. Electric Vehicles

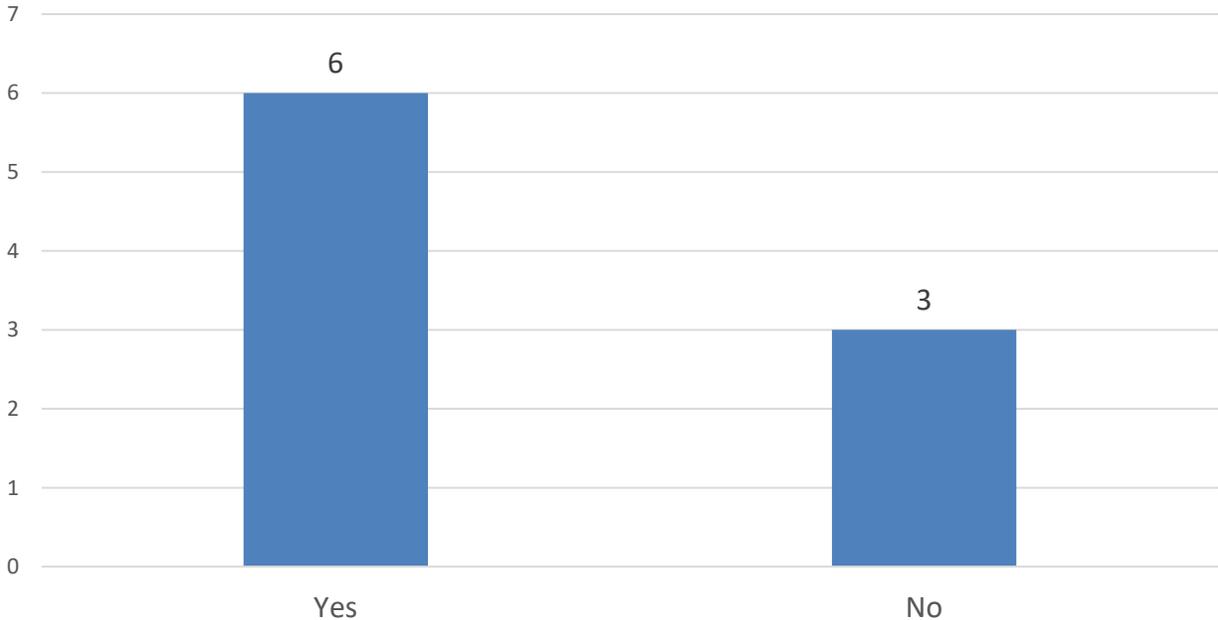
General Thoughts: Tenant Support

The majority of you have tenant eviction prevention programs and notices for rent limits and increases

Tenant Eviction Prevention Program

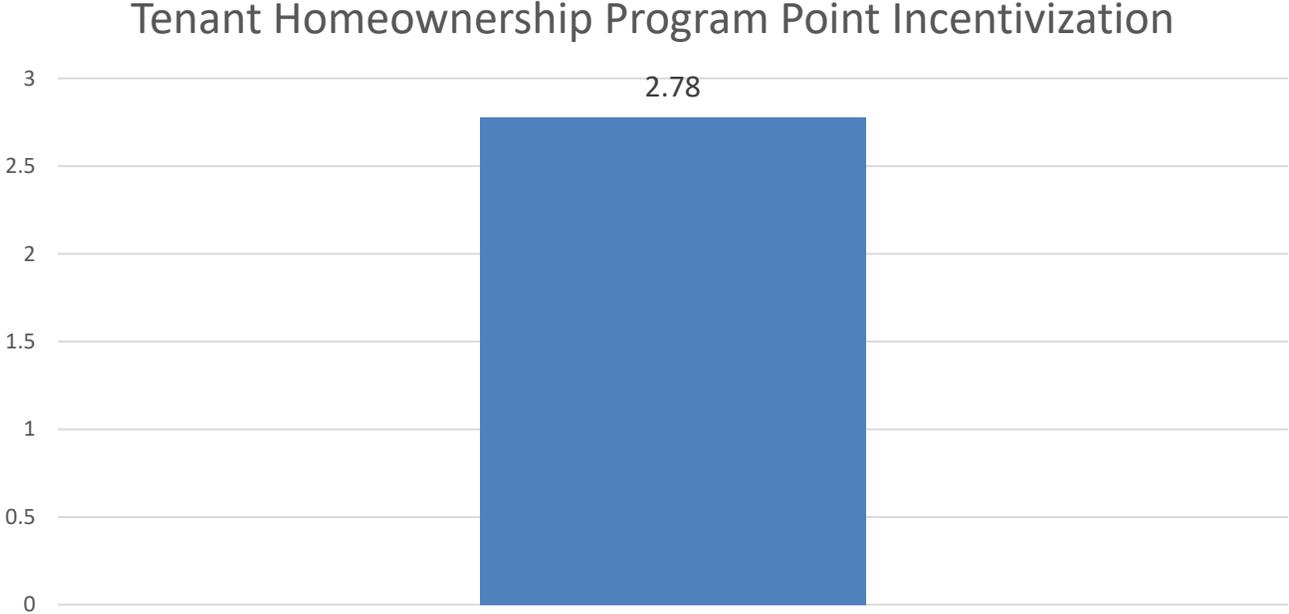


Notice for Rent Limits/Increases



General Thoughts: Tenant Support

After internal deliberation, we will move towards targeting tenant homeownership programs to the tenants and not the projects



We will not be incentivizing tenant homeownership programs through points

General Thoughts: Ranking Our Values

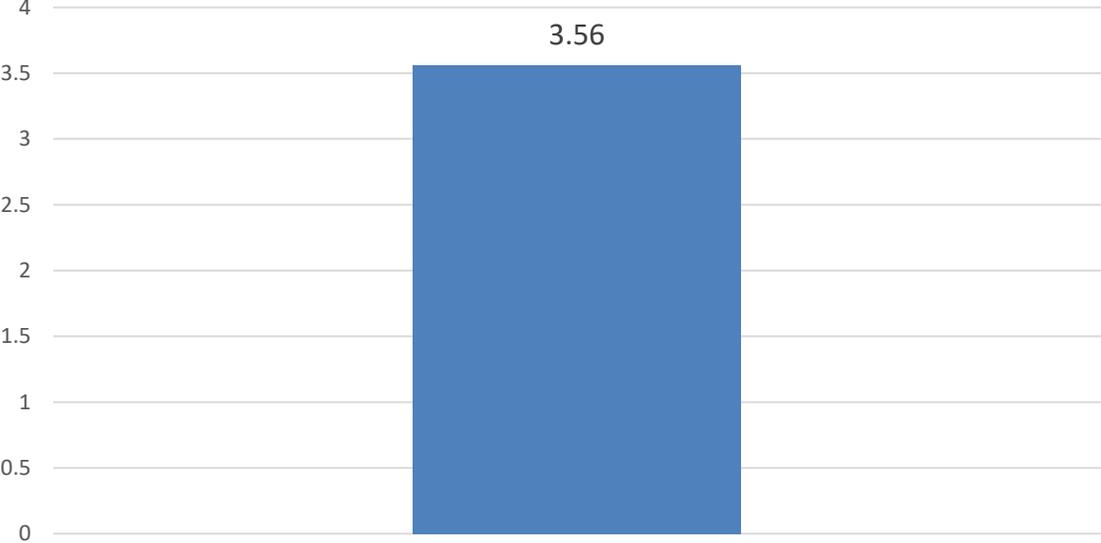
Ranking Our Values

1. Alignment of Resources
2. Meeting Affordable Needs Everywhere
3. Targeting Resources Towards Vulnerable Populations
4. Efficient Use of Resources
5. Preserving Existing Affordable Housing
6. Healthy Housing and Energy Efficiency

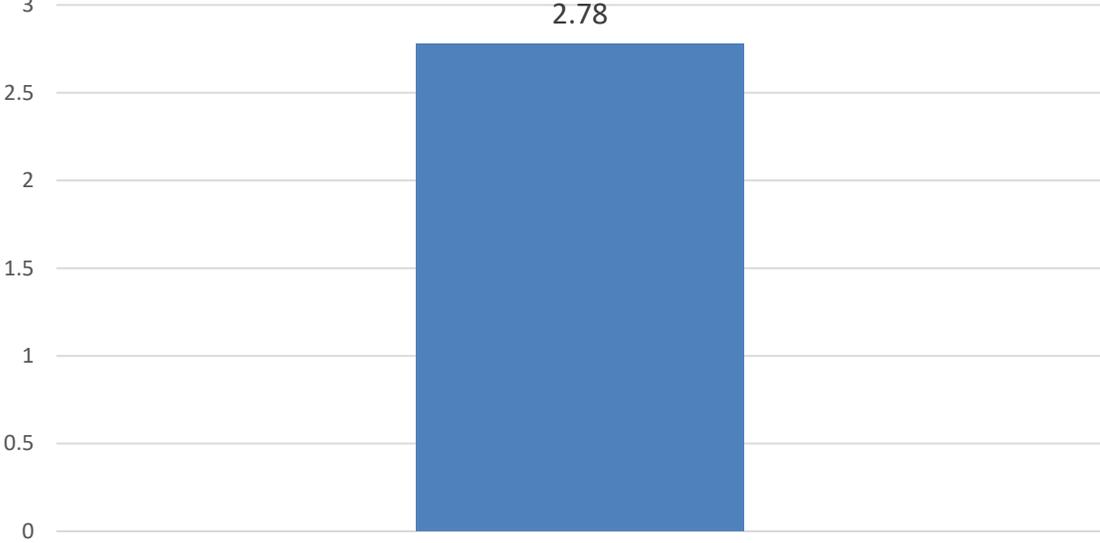
General Thoughts: Move to Threshold

Nonprofit and Developer Fee Points will be moved to threshold

Nonprofit Points to Threshold

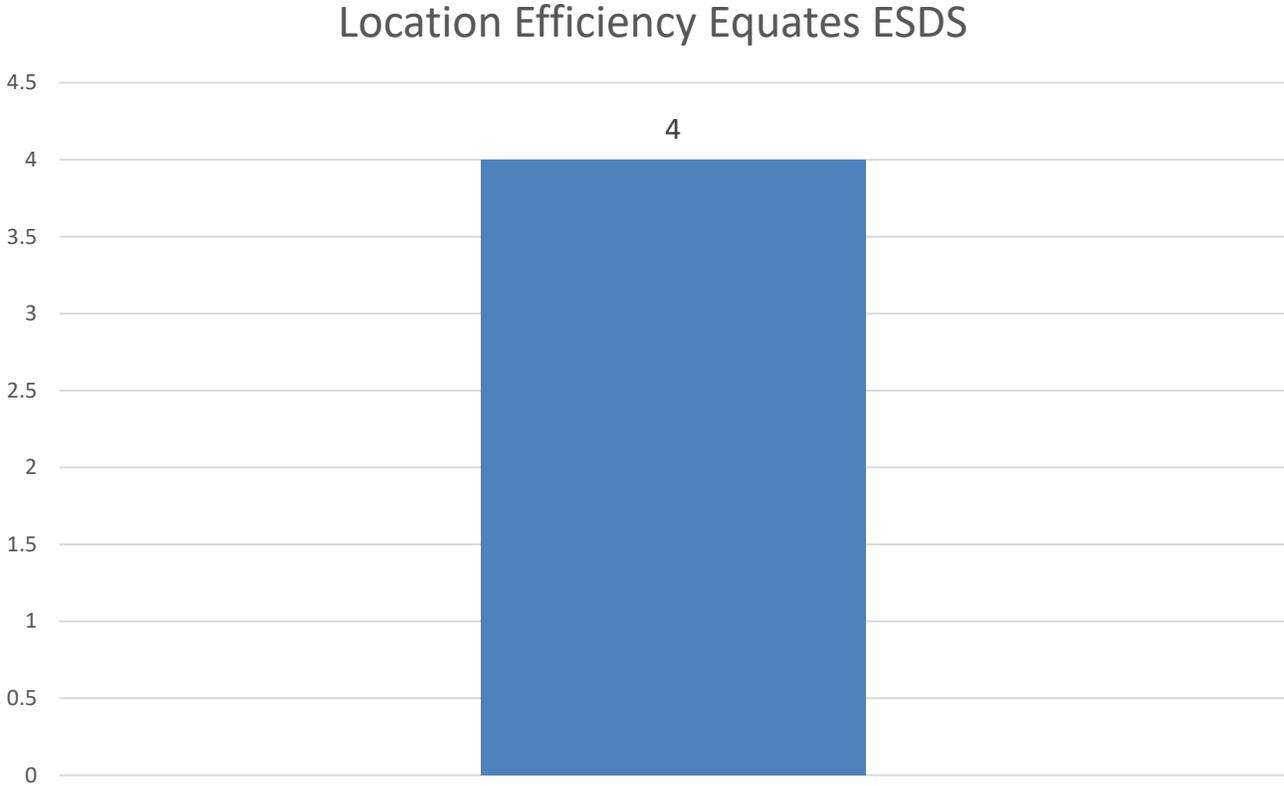


Developer Fee to Threshold



General Thoughts: Location Efficiency and ESDS

To attain location efficiency, we will streamline the points to follow the ESDS



Next Steps

- Survey January 2023
- Stakeholder Meetings Spring 2023
- Revised Policies Summer 2023
- Questions?





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Thank you!

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