



2009 Affordable Housing Advisory Board Annual Progress Report

The Washington State Affordable Housing Advisory Board (AHAB) advises the Department of Community, Trade and Economic Development (CTED) on housing and housing-related issues. AHAB has 22 members representing a variety of interests related to affordable housing. Nineteen are appointed by the Governor for four-year terms.

CTED and AHAB are required by RCW 43.185B.040 to prepare and update a five-year housing advisory plan. The purpose of the plan is to:

- Document the need for affordable housing in the state,
- Examine the extent to which that need is met through public and private sector programs,
- Facilitate planning to meet state affordable housing needs,
- Enable the development of strategies and programs for affordable housing.

CTED and AHAB are also required to submit an annual progress report each February detailing the extent to which the state's affordable housing needs were met during the preceding year and recommendations for meeting those needs. The attached report is an up-to-date summary of the progress made on recommendations from the 2005-2010 plan.



AHAB-2009 Strategy Update (Report Card)

Strategy 1:

Maintain, Improve and Continue to Increase the supply of Affordable Housing

Strategic Direction:	Accomplishments (2005-2008):
a. Support an increase to the Housing Trust Fund (HTF) from \$80 million to \$100 million.	In the 2008 Legislative Session, the HTF was increased to \$200 million passed (up from \$130 million in 2005-2007).
b. Invest HTF resources strategically, based on market conditions and needs.	As getting tax credit equity has recently become more challenging, HTF has begun to fund a larger portion of several tax credit projects, bridging funding gaps to help projects move forward.
c. Manage the HTF portfolio to continue to protect the state's investment. Support an increase to the HTF administrative cap from 4 to 5 percent.	The HTF administrative cap was lifted from 4 to 5 percent. Additional work is needed to ensure adequate funds are available to protect the state's investment.
d. Continue to expand the amount of private activity bond cap available to the Housing Finance Commission and to Housing Authorities.	The Housing Finance Commission successfully increased its debt limit from to \$5 billion in 2005.
e. Increase coordination of decision-making by state and local funders to ensure leveraging is maximized.	CTED continues to enhance its relationships with other public funds in order to align resources to move projects forward quickly and efficiently.
f. Protect the State's low-income housing inventory in advocating the opposition to HUD's cap on the Housing Assistance Payment costs for the Housing Choice Voucher Program.	The HTF was charged with creating a sustainable building program (The Evergreen Standard) for use in affordable housing projects and all HTF projects must comply with the standard by July 1, 2008.
g. Support efforts to promote sustainable building practices.	The \$14 million appropriated in capital funding for Energy Matchmakers was fully matched, principally by public and private utilities. Of a \$3 million LBP mitigation grant, an additional 70% was leveraged.
h. Support CTED's efforts to secure and leverage funds (public/private) for weatherization/rehab/lead paint mitigation efforts.	CTED directed over \$30 million to 26 community based contractors for low income weatherization, repair, rehabilitation, and lead pain mitigation.
i. Support CTED provision and administration of funding to a network of community based contractors to preserve and improve energy efficiency for low-income households.	Environmental review process simplified for rehab projects. Contracts were consolidated to only one contract open at a time. CTED began exploring ways to make program simpler and less cumbersome by all administering parties for implementation July 2009.
j. Support streamlining CTED's housing rehab programs, policies, procedures w/ input from stakeholders.	No specific actions to report at this time.
k. Support CTED participation in regional/national committees to educate Congress on the value of funding low-income housing weatherization.	CTED's Housing Improvement and Preservation Manager, Steve Payne, has been very active in recent work to increase federal weatherization funding.
l. Promote energy utility participation in low-income weatherization programs.	Work with utilities and contract providers to secure leveraging from utilities, including Puget Sound Energy, Avista, Pacific Corp, Tacoma City Light, Snohomish PUD and others.
m. Support the purchase, preservation or replacement of existing mobile home parks.	CTED has been developing a park purchase and home replacement program using federal HOME funds. Additionally, a new \$4 million set-aside for mobile home parks was added to the HTF for 2007-2009. Additionally, the department will be evaluating policy approaches to the epidemic of park closures during 2007-2009.



Strategy 2:

Increase Local Government Financial Support for Affordable Housing

Strategic Direction:	Accomplishments (2005-2008):
Support and assist local gov'ts and communities to effectively use resources from 2060 money.	CTED continues to survey local governments on local use of 2060 money to gather concrete examples of affordable housing initiatives that might be replicated in other parts of the state. This information is also posted to the Housing Division website and included in the State's 10 Year Plan on Homelessness.
Encourage local gov'ts to increase funding efforts for affordable housing such as levies and increasing the levy cap.	The City of Seattle has a successful affordable housing levy and is looking to renew it this year. Housing advocates in Spokane have investigated the creation of a similar levy but did not find sufficient citizen support to put one on the ballot at this time.

Strategy 3:

Make more Public Investment in Infrastructure

Strategic Direction:	Accomplishments (2005-2008):
Reexamine the balance of "who pays for growth" w/ respect to affordable housing. Support more public investment in infrastructure from general tax revenues rather than depending on impact fees, hook up fees and development requirements which drive up housing costs.	Bills have been introduced during the last several sessions to create additional infrastructure funding sources and to allow cities to waive or defer impact fee collection for low-income housing.
Support deferral of impact fee collection or waiver for low-income housing: <ul style="list-style-type: none"> i. Encourage local gov'ts to negotiate w/ a school district to waive impact fees for affordable housing. ii. Clarify the ability in statute for locals to waive charges for systems utilities for low-income housing. iii. Continue to support impact fee deferral, provided it does not impact a jurisdiction's ability to eventually collect. 	No specific actions to report at this time.
Pursue a constitutional amendment to make tax increment financing work in this State.	CTED is implementing the Local Increment Financing Tool (LIFT) pilot program. There was also legislation introduced in 2008 to create a similar program for housing. CTED is working with stakeholders and the Dept. of Revenue on this concept.



Strategy 4:

Pursue Regulatory Strategies and Incentive that Support Affordable Housing

Strategic Direction:	Accomplishments (2005-2008):
<p>Promote local inclusionary zoning requirements for affordable housing or voluntary programs with density bonuses and other incentives for developers.</p>	<p>A majority of these recommendations are for local governments and have been adopted independently by various jurisdictions.</p> <p>CTED is currently implementing a Transfer of Development Rights pilot program and will be making recommendations based on lessons learned from the pilot.</p>
<p>Require minimum densities w/in urban growth areas (UGAs):</p> <ul style="list-style-type: none"> iv. Require minimum densities targets in UGAs for each jurisdiction. v. Require review of development regs for barriers to achieving higher densities w/in UGAs, e.g., setback, right-of-way, building height and parking requirements. vi. Encourage cities to take advantage of the categorical exemption from the State Environmental Policy Act (SEPA) for residential development in areas where they are not meeting targeted densities. 	<p>CTED and AHAB completed (October 2006) a growth management – housing task force report requested by Governor Gregoire. The task force was to consist of representatives of AHAB, the Realtors, the residential construction industry, cities, counties, and other groups that are vitally interested in expanding the supply of affordable housing through better implementation of the GMA, including the provision of more tools and incentives. The report can be provided as requested.</p>
<p>Support provisions that allow accessory dwelling units subject to local regulations.</p>	<p>No specific actions to report at this time.</p>
<p>Substantially simplify local building codes through the state building code, without compromising public safety.</p>	<p>No specific actions to report at this time.</p>
<p>Encourage better environmental review of plans and regulations to streamline permitting. Support funding for CTED's Planning & Environmental Review Fund (PERF).</p>	<p>No specific actions to report at this time.</p>
<p>Encourage priority permit processing for low-income housing developments.</p>	<p>No specific actions to report at this time.</p>
<p>Allow smaller rural communities outside of urban growth areas to do more with density - create small nodes of development surrounded by rural land.</p>	<p>No specific actions to report at this time.</p>
<p>Allow property tax reductions for affordable housing by expanding tax exemptions or credits for owners of lower income housing and supporting other tax breaks for developers of affordable housing.</p>	<p>No specific actions to report at this time.</p>
<p>Provide more public education and community involvement so that citizens see that housing density can be accomplished in a way that enhances rather than detracts from the quality of life.</p>	<p>No specific actions to report at this time.</p>
<p>Examine other ownership models such as "mutual housing" and cooperatives.</p>	<p>No specific actions to report at this time.</p>



**Strategy 5:
Help Developers Address Rising Insurance Costs**

Strategic Direction:	Accomplishments (2005-2008):
Support stable insurance costs for affordable housing providers with rent restricted properties.	AHAB has made several recommendations regarding insurance issues to CTED, the Legislature and the Governor. Additionally, several studies have been conducted on the issue of rising insurance costs for affordable housing projects. Stakeholders are working with the Office of the Insurance Commissioner to see if anything can be done to contain insurance costs. However, these costs are highly dependent on the insurance market, making it difficult to address through policy changes.
Ensure there is affordable and available insurance coverage for housing contractors, particularly condo builders, small homebuilders, and subcontractors.	No specific actions to report at this time.
Promote risk-reduction and safety programs within the affordable housing industry.	No specific actions to report at this time.
Continue to work on liability reform for all housing development and operations while protecting consumer interests.	No specific actions to report at this time.



**Strategy 6:
Significantly Reduce Homelessness for Individuals and Families**

Strategic Direction:	Accomplishments (2005-2008):
Adopt and implement a coordinated executive branch initiative with the goal of ending homelessness in Washington State in ten years.	An Interagency Council on Homelessness comprised of senior leadership from CTED, DSHS, DOC, Veterans, ES., DOH and OFM have convened monthly since April 2006 and overseen the creation of the state's first comprehensive plan to reduce homelessness by half by 2015.
Expand the private/public funding model created with the Homeless Families Services Fund to meet the statewide need for homeless families by providing a cumulative total of \$15 million in services funding; replicate the private/public funding approach to address the housing plus service needs of other homeless populations and special needs populations.	Now called the Washington Families Fund an additional \$4 million was appropriated by the Legislature in 2006 to expand housing services throughout the state.
Prioritize and coordinate state housing and services investments to significantly increase permanent housing for chronically homeless adults.	The Balance of State Continuum of Care has dedicated all of its new funding for the past four years to permanent supportive housing for chronically homeless people. The state Homeless Grant Assistance Program has a primary goal of ensuring that those served are stably housed over the long term, resulting in a portion of many of the awards going toward the segment of the homeless population that needs permanent supportive housing. The Department of Social and Health Services are developing a mental Health Housing Plan to help guide cross agency efforts to implement additional supportive housing.
Improve the coordination of data collection and reporting between the state and local service providers by expanding the Homeless Management Information System statewide.	CTED and its partners in King and Snohomish County are migrating off the existing CTED support HMIS system to a vendor supported system in order to leverage the new functionality developed by vendors in the past two years. All counties will be offered formula grant funding to support their HMIS efforts, and the 16 smallest counties will be offered free use of the CTED procured HMIS.
Strongly advocate at the federal level to maintain and expand more mainstream resources for homeless individuals and families.	CTED and other state agency partners and stakeholders have participated in conferences and provided the congressional delegation with need information.



**Strategy 7:
Promote Supportive Housing**

Strategic Direction:	Accomplishments (2005-2008):
<p>Increase significantly the amount of permanent supportive housing created in Washington State.</p> <ul style="list-style-type: none"> i. Maintain the Housing Trust Fund's commitment and priority for serving the lowest income individuals and families; maintain incentives within the nine percent tax credit program to serve individuals with extremely low incomes and special needs. ii. Promote, in projects that also serve those at 30-60 percent Area Median Income (AMI), some permanent supportive housing serving the 0-30 percent AMI individuals and families. Mixed income models are consistent with DSHS policies for disabled individuals and spread the impact of low rent payments across a broader base. iii. Better coordinate DSHS priority populations who received existing service dollars and existing CTED housing resources designed to serve lowest income populations. iv. Explore the possibility of tapping the State Charitable, Educational, Penal and Reformatory Institutions account funds (RCW 43.79.201) to address the gap in operating and maintenance dollars for disabled individuals moving out of institutions into community based supportive housing. v. Increase the supportive housing capacity of local housing and service providers through federal, state, and privately sponsored technical assistance. 	<p>The Housing Trust Fund continues to serve extremely low-income populations, with 60 percent of current units serving households with income below 30 percent AMI. The Trust Fund has continued to work with DSHS to connect clients with units in HTF projects.</p> <p>CTED conducted an intensive Supportive Housing Institute with several collaborative local partnerships to increase the capacity to implement supportive housing projects.</p> <p>CTED works with staff from the Governor's policy office and the Interagency Council on Homelessness to create connections between programs serving homeless or potentially homeless clients.</p> <p>CTED and DSHS have agreed to match HMIS data against DSHS and other state agency client records in order to understand the relationships between the homeless and larger social service systems, and to report out on the performance measures contained in the state homeless plan. CTED and DSHS will enter into a formal agreement to implement the data matching and reporting.</p>
<p>Promote strong leadership and create a structure within state government accountable for supportive housing for homeless people and people with special needs.</p> <ul style="list-style-type: none"> i. Create a cabinet level group and assign a high level policy person from the Governor's staff to oversee policy direction, resource allocation, and evaluation of affordable housing plus services for homeless people and people with special needs. ii. Implement a coordinated executive branch initiative to address homelessness. Include, at least, representation from the Department of Community, Trade and Economic Development, Department of Social and Health Services, Department of Corrections, Department of Health, Department of Veteran's Affairs, Office of Superintendent of Public Instruction, and Department of Employment Security. iii. Coordinate and maximize the impact of statewide planning initiatives like the Policy Academy for Chronically Homeless Individuals, the 10 Year Plan to End Chronic Homelessness, the Taking Health Care Home Grant, and the Partnership for Community Safety. iv. Develop the cross systems data capability between state departments to describe, track and report needs, existing projects, outcomes and costs of affordable housing plus services in the state. 	<p>The Governor created the Interagency Council on Homelessness and designated CTED's Housing Division Assistant Director as council chair. The ICH includes agencies in ii of this section.</p> <p>The ICH has assisted CTED in the 10 year plan creation and annual updates and ICH agencies have specific tasks. DSHS and CTED have a data sharing agreement and have collaborated on work to house people exiting state institutions. Similar work on offender re-entry has occurred with DOC. CTED, DSHS and DOC have participated in the Supportive Housing Institute.</p>



Strategy 8:

Promote Quality Manufactured Housing & Fair Regulation

Strategic Direction:	Accomplishments (2005-2008):
Support CTED provision of technical assistance and encouragement of local governments to implement SB 6593 by revising local regulations that have the effect of discriminating against consumers' choices in the placement or use of a manufactured home.	CTED is currently conducting a study of long-term strategies for manufactured housing communities, as well as seeking recommendations regarding the highest and best use of state funds in preventing this loss of affordable housing
Work with community banks to develop manufactured home loan programs that conform to Fannie Mae and Freddie Mac guidelines.	
Support changes to land use codes to allow for condominium conversion or other home ownership opportunities for land currently zoned for mobile and manufactured home parks.	Several local jurisdictions are pursuing or have adopted mobile home park zones or declaring moratoriums on redevelopment of mobile home parks, in the wake of large closures.
Develop a homeowner strategy that supports movement from mobile to manufactured homes.	CTED is developing a home replacement program using Federal HOME funds, which could be used to move homeowners displaced by mobile home parks to upgrade their homes.
Develop a homeowner strategy that supports the allowance and acceptance of manufactured homes for both new development and redevelopment/in-fill projects.	See the first block above
Support expansion of the Office of Manufactured Housing to include other services to provide homeowner opportunities for seniors and first-time homebuyers.	



Strategy 9:
Increase Investment in Farmworker Housing

Strategic Direction:	Accomplishments (2005-2008):
<p>Acknowledge the long-term nature of the state’s involvement in the development and support of farm worker housing through the establishment of a permanent office of farm worker housing in CTED. Given the importance of the agricultural industry to the state’s economy, it is critical that the unique role that permanent, seasonal and emergency housing plays in support of this industry be fully recognized and supported.</p>	<p>In July 2005, the Housing Division allocated a PM/TS4 to work exclusively on farmworker housing programs and issues. The position reports directly to the Assistant Director. A second FTE (PM/TS3) was added shortly thereafter. This position is outstationed in Eastern Washington and provides direct assistance to growers that are interested in developing on-farm housing for migrant workers.</p>
<p>Continue support for a continuum of housing for farm workers that include on-farm and community based seasonal housing, permanent community based housing and emergency housing, when necessary.</p>	<p>During the 2005-2007 Biennium, CTED invested \$12.8 million in the development and operation of community-based farmworker housing, including 273 units of year-round housing and 303 seasonal beds. In addition, \$2.5 million was invested in the development and/or preservation of 1,323 on-farm beds for migrant workers.</p>
<p>Support the provision of more community based, affordable permanent housing for farm workers, including homeownership opportunities.</p>	<p>During the 2005-2007 Biennium, CTED invested \$10.5 million in the development of 273 units of permanent farmworker housing. Of this, \$500,000 was invested in 16 units for homeownership.</p>
<p>Support development of on-farm seasonal units with major investment from the agricultural industry with incentives from the state. Support an appropriation of capital funds for a Farm Worker Infrastructure Housing program to assist growers to develop on-farm infrastructure that supports seasonal farm worker housing on farm property.</p>	<p>During the 2005 legislative session, CTED sought and received a \$2.5 million capital appropriation to provide infrastructure loans to growers to support the development and/or preservation of on-farm housing. The program requires growers to provide a dollar-for dollar match and to maintain the housing for a minimum of 15 years.</p>
<p>Look for opportunities to remove regulatory barriers to the development and management of safe and healthy farm worker housing.</p>	<p>On going collaboration with the Farm worker trust and other stakeholder groups have helped successfully implement the on farm infrastructure program.</p>
<p>Consider tax incentives that encourage siting of farm worker housing in agricultural communities.</p>	<p>During the 2008 legislative session, additional funding was added to the Housing Trust Fund for housing located on-farms.</p>