BOARD MEETING SUMMARY
Wednesday, March 18, 2015
10:00am to 1:00pm
Department of Commerce – Olympia, WA

ATTENDANCE

COMMERCE STAFF
Diane Klontz, Tedd Kelleher, Janet Masella, Cary Retlin, Corina Grigoras, Jeff Wilson, and Michelle Bradley.

GUESTS
Carl Schroeder, Association of Washington Cities
Lisa Vatske, Director, Multifamily Housing & Capital Facilities, Housing Finance Commission
Claire Harry, DSHS (guest of David Stillman)
Angela Hagen, DSHS (guest of David Stillman)
Rich Zwicker, Policy Analyst, Housing Finance Commission
Margret Graham, Communications Manager, Housing Finance Commission
Kate Budd, Housing Civility Manager, Economic Services Administration
Jeanette McKague, Washington Realtors

ININTRODUCTIONS AND CONFIRMATION OF AGENDA
Faith Pettis
Faith welcomed our newest member Vijya Patel representing Real Estate Sales and replacing Wanda Coates who term out after two terms (who contributed greatly and will be missed). Vijya has been in the business for about 25 years with a broad range of experience. She is a Washington Husky with a degree in Engineering and Marketing. After graduating college, Vijya moved to New York and sold real estate for about seven years in Manhattan before returning to Washington. Vijya has a lot of variety in her background, from entry-level homeowners to investment properties. She is from a small village in India and amongst her work experience she brings to the table the understanding of the diversity of home ownership.

Faith also introduced Peter Orser, another new member who is filling a long-time vacant seat. Peter is recently retired as the Weyerhaueser Real Estate CEO with a very strong development background. He will represent Residential Construction. He was not able to attend today, but he is excited to participate and will be at the next meeting.
Corina Grigoras is the new Board staffer, replacing Cary Retlin. Corina currently manages the Foreclosure Fairness Program here in the Community Services and Housing Division at Commerce. She has also worked for the Public Works Board on the Public Works Trust Fund, which is mostly related to infrastructure.

Cary Retlin will continue supporting the AHAB Needs Assessment while serving as the liaison for Commerce for the Vulnerable Families Partnership. This is a partnership between Commerce, DSHS, the Governor’s Office, and Building Changes. This is a grant funded by the Gates Foundation. The partners are working to find ways to improve access to services for families at risk of homelessness.

**APPROVAL OF MINUTES**
Motion: Moved by Connie Devaney to approve the December 2014 meeting summary.
- Ayes: 11
- Nays: 0
- Abstain: 0

**APPOINTMENT OF VICE CHAIR**
At the first meeting of every odd-numbered year the Board is required to appoint a Vice Chair. Kevin Grossman has served in this role for two years and is technically termed out. However, Faith and Commerce coordinated with the Governor’s Office to have his term extended for one year. Kevin plays a very important role as a rental housing owner and has agreed to serve for another year on the Board as the Vice Chair.

Motion: Moved by Tori Laughlin Taylor to re-appoint Kevin Grossman as Vice-Chair of the Board for another year.
- Ayes: 11
- Nays: 0
- Abstain: 0

The Board will need to do something creative next year, on an even-numbered year, to appoint the next Vice Chair.

**APPROVE 2015 MEETING DATES**
Faith reviewed the proposed meeting dates for 2015:

June 10, October 5, and December 2 – locations are TBD. The Board would like to have the October 5 meeting in conjunction with the Housing Washington conference in Spokane, if possible.

Motion: Moved by Paula Lonergan to approve 2015 meeting dates.
- Ayes: 11
- Nays: 0
- Abstain: 0

Lauren requested that, if possible, the December meeting be held in Seattle.

**REPORT FROM THE CHAIR**
There has been a lot of time spent on the rollout of the Washington State Housing Needs Assessment and a number of presentations have been given to a number of different groups.
We have been working hard getting all the vacancies on the Board filled and have been in close contact with the Governor’s Office. We have submitted a couple more names and are waiting to hear back and hoping to have a full Board shortly.

A group (Faith Pettis, Dan McConnon, Tedd Kelleher, Paul Purcell, Corina Grigoras) was recently asked to meet with Senator Miloscia regarding the AHAB-Growth Management Act (GMA) connection. This was triggered by a presentation on the Needs Assessment. The Senator is very interested in affordable housing and in a review of the GMA Study done in 2006 and to determine how he can assist in affordable housing through legislation. Once the legislative session is over, the Board will be inviting Sen. Miloscia to an upcoming AHAB meeting. The goal is to raise our understanding of GMA issues.

**INDUSTRY UPDATES AND VIEWPOINTS**

It was recently decided that Board members would give short presentations at the AHAB meetings on their industry’s work and viewpoint as it relates to affordable housing. This is in an effort to work toward better understanding what all of us do and the reasons that we have all been appointed to the Board. We have heard from the Realtors already. Teresa Overhauser was scheduled to present at today’s meeting to give an update from the Association of Washington Cities (Eastern), but was unable to attend. She did, however, write up a letter that was passed out to the group (enclosed). She will likely do a more formal presentation at a later date. The goal is to educate the Board about specific growth management issues and challenges and how it relates to affordable housing.

**Obie O’Brien – Washington Association of Counties (Eastern)**

Obie spoke of the role of Local Government as the implementer of GMA in trying to make opportunities available for housing. Local governments can do that through requirements that a certain amount of affordable housing units be available in subdivisions, etc.

Background:

Yakima and Kittitas County are partnered for land trust with outside entities to purchase properties. This is a very slow process; there is not a lot of building going on in those areas. There are outside developers such as Shelter Resources who purchase properties to keep them affordable and also purchase and build new properties. There are a lot of variations.

The counties partner with local Community Action Programs. Five counties partnered to accept the Veteran’s homeless monies and make sure that there is an active program on the ground finding the veterans and putting them in homes. They hire vets to reach out to vets and that connection seems to work.

It is important to consider who is doing the outreach. It makes a difference who is delivering the message and doing the talking. We often need to do more than just find a home for vets to help them long-term.

Obie spoke of the County’s work to combat generational poverty and generational drug use and generational problems with the law. We need to work together to bring all of these pieces together. Some have to do with housing and some have to do with how the neighborhoods are designed. Obie is working to bring together a small, gated community of foster families so that foster kids can play with each other and at each other’s homes. It is more than just the house… it is everything that goes along with it.

In most of Eastern Washington the goal was to cut homelessness in half in 2015. That was met years ago and we need to determine the next goal. There are many issues. Water is important to housing but it is a tool that many people use to restrict housing developments that they do not want to see.
Another issue is the agricultural workers who we are trying to serve. They are not going to make enough to pay for their housing – that is another hole in the program. Does it come from rental assistance? Does it come from rapid reentry? It is a challenge and there is no answer currently.

For those folks whom we are trying to serve, life is not getting any better. We need enough jobs for people to make enough to pull them out of the spot they are in. We need to let the entrepreneurs develop their projects to offer the jobs without all of the government stop signs being put up.

Obie provided a document outlining low-income/housing in the counties and reviewed with the group:

- The impact of college cities on the Kittitas County numbers;
- Numbers are fairly similar between eastern and western counties;
- Wages are higher in Western Washington;
- On the East/West border you have Eastern housing with Western prices, which causes an issue for folks on the eastern side;
- If you are on the cusp where you are not really considered low-income, you will still be paying 40-50 percent of your wages into your housing;
- Problem with housing that is not occupied – Suncadia (2nd or 3rd homes);
- Vacancy rate is not that high, finding housing at any level is a challenge in most cases;
- Anything below $200,000 is not available, and anything above $250,000 often sits there (but there are not many of those);
- Spokane County does not seem to have as much of an issue, but the sparser populated areas have problems;
- Flats and subdivision requirements – some of the counties have also put into effect “Transfer Development Rights.” Basically, if you have a piece of land that you could put a number of houses on but you do not really want to, you just want to keep farming it, then you take what could be your development and you sell that to someone who will take those development rights and put them into the urban growth area and increase the densities next to a city, which is in compliance with the GMA. This is not used much, but is being talked about.

Population trends:

- Moses Lake is building BMW Fiber Bodies for their electric cars – high skilled and higher wages;
- Call centers (but those do not pay a lot);
- Court District and being able to use it;
- Business in Grant County;
- Tourism (but not the strongest area).

Cary mentioned that re-entry from Department of Corrections (DOC) is something that DOC is working on improving around the state. Cary indicated he would follow-up with Obie with some contacts at Corrections for Kittitas County.

**GROWTH MANAGEMENT AND HOUSING**

*Keynote Speaker – Carl Schroeder, Association of Washington Cities*

Faith introduced Carl Schroeder, the Government Relations Advocate from the Association of Washington Cities (AWC). She described how the AHAB is working to educate itself on the GMA.

Carl shared that he covers housing, land use, environmental issues, and some infrastructure issues at the AWC.
AWC advocates that the state should remain a strong partner with the cities to support the population growth. About 20 years ago the state population split was about 50/50 between people living in cities and people living in unincorporated areas. As GMA came into place, and population trends and growth trends have occurred, the split is now about 2/3 living in cities and 1/3 living in counties. The total number of people in the unincorporated areas remains steady, but the inbound population is mostly moving into cities. That is the intent of the GMA and where growth is supposed to occur. Over the next ten years the population will grow substantially (750,000). The concern is how we will have the resources for that population and be able to provide housing opportunities all across the income spectrum.

The cities have supported moving forward on affordable housing, and homelessness issues and the Housing Trust Fund. How the GMA relates to affordable housing is interesting. It is a platform for affordable housing – how do we put in place the infrastructure for affordable housing so that the cost ratio does not get way out of balance? If we cannot build the infrastructure and the developers have to, then their cost is going to go up. To provide affordability, we need infrastructure.

There is healthy conversation occurring around the Buildable Lands Program. What sort of analysis we need to go through as we look to develop over the next 20 years? Some people want to be very specific about how we are going to accommodate income thresholds. A lot of it is predicated on long term infrastructure. We need to have options for people in the short-term, as well as for those who need housing in the next couple of years. GMA is part of the solution, but it is likely a long-range term solution. There is a lot of value in making sure that people have the right data in front of them.

The more flexibility you can provide the local community and the more tools you provide them to make the decision, the better. Some folks would like to extend Buildable Lands across the state and be a lot more prescriptive about how that is done. The struggle is the resources and whether that is the best use of those resources in some areas.

Carl was asked to address whether cities are turning away affordable housing by claiming they already have their fair share. Carl indicated that there is a lot of political pressure on cities. He was not aware of a specific example of a city denying low income housing. He encouraged considering adding incentives. Development has costs associated with it; the state has a system of impact fees to try to address costs, but those are never sufficient.

Faith asked whether there were any plans to remove the one percent cap on property taxes. Carl noted that new construction is already outside of the one percent cap. He does anticipate that there will be an open conversation about limiting property tax increases to something closer to inflation. Not all cities/counties respond to the same incentives due to the differences in funding, etc.

Obie stated that counties are lobbying heavily to remove the one percent cap. The counties do not have resources, because they do not have the same property tax incentives or tools as the cities. The counties would like to have a utility tax. Two thirds of the roads in the state are owned by the counties.

Carl indicated that the cities want to partner with the counties and to let him know if there are more and better ways that they can do that.

Dan recognized Carl’s efforts and shared that he has been a tireless advocate for housing and vulnerable people.
COMMERCE UPDATE
Legislative Session Update
Dan McConnon provided the Board with a Commerce Legislative update:

- We are about half way through session. Each house of origin met their cut-off last week.
- The Senate will introduce its budget in a couple weeks.
- The Homeless Youth Act [HB 1436/SB 5404] focuses on homeless youth. The First Lady is spearheading this effort. The bill creates an “Office of Homeless Youth” within Commerce and requires us to put together a plan for a “chapter on youth” and to work with our stakeholders on homeless youth issues. It will also transfer a couple of programs from DSHS to Commerce. Commerce would then be responsible for all of the housing issues while DSHS would continue with the needs of the individuals. This bill has come out of both chambers and has had wide-support.
- There are several Human Trafficking bills aimed highlighting the issues of both sex trafficking and labor trafficking. [Bills include SB 5884, SB 5933 and HB 1139.]
- Rep. Santos ran a bill in the House to create a Land Bank Program at the state level. The idea was to use land held by local jurisdictions for speculative purposes for affordable housing; or to sell it and use the proceeds for affordable housing. Her focus was to ensure that land is available for affordable housing. This bill did not come out of the House, but it is good to know that there are people trying to think of creative ways to address affordable housing. The bill would take a lot of work, however, to be manageable. [HB 2049]
- Housing Trust Fund discussions in the House – there is a good probability that we will not see a “list” this year. There is a desire to address vulnerable populations. We will likely see categories instead of a list and “buckets” (by type, not geographic) of funding within each one. The buckets are units, not projects. Commerce will select projects within each bucket. This would give us a degree of flexibility to get the most needed projects moved forward. There is some language that allows us to go outside of the categories. Commerce also wanted to ensure funding for homeownership and advocated that homeownership be one of the categories.
- A major package coming out of the House for affordable housing is being discussed in the context of this broader revenue generation discussion.
- There was a target in the Senate that would have created a set-aside for homeownership in the Housing Trust Fund – this would have been the first programmatic set-aside in the Fund had it has passed. Commerce did not officially oppose, but programmatic targets are an issue for Commerce.

NEEDS ASSESSMENT REVIEW AND DISCUSSION
Faith encourages that all Board members volunteer to present the Washington State Housing Needs Assessment and “take it on the road,” as all members need to be able to clearly present it.

The Needs Assessment has been presented to housing policy committees in both chambers of the Legislature, State Housing Finance Commission Board, Association of Washington Housing Authorities, Housing Development Consortium (HDC), the Housing Alliance, the Pierce County Consortium, HDC Senior Group, Washington Communities Reinvestment Association, and coming up at the Association of Washington Cities Annual Conference.

Faith distributed some of the geographic profiles and discussed the data and methodology behind the various graphs and tables. The gap tables are from a different data source than the cost burden tables, so they may not appear to completely match up. The AHAB asked the consultant to use different sources intentionally to look at housing data from different angles.

The Needs Assessment has officially been rolled out and we have had a lot of success in getting interest. There were news articles all over the state. The most recent Housing Finance Commission newsletter
focused on the Needs Assessment and many groups have used the data in their legislative presentations. The Association of Washington Cities magazine will include an article referencing the Needs Assessment in its next publication. The Study is also on the agenda for the fall Housing Washington conference, to share the results of this research as well.

If members do hear issues that could be improvements to the Needs Assessment in the future, please bring them back to the Board.

AHAB is finding that people are really interested in the reports and the presentations. Tori suggested that the Board think about the way information is slicing and dicing the data when you present, dig into it.

Lisa shared that we need to look at the next level to discuss how we will dive a little deeper for the target populations and special needs populations.

Cary shared that he was at an event in King County where the audience was planners, educators, and housing authorities. Marci Maxwell from the Governor’s Office was there and used data from the study in her presentation.

Margaret shared about the Hack Housing event hosted by Zillow where software developers and students were challenged to create applications that would help low-income housing seekers, first-time homebuyers, or special needs groups. They spent a weekend creating applications using government data that include the Needs Assessment.

For presentations or talking points, the main resource is a PowerPoint presentation on the Study. We will circulate that again so the newer members have that resource.

**HUD’S GUIDANCE FOR FEDERAL HOUSING TRUST FUND IMPLEMENTATION**

*Janet Masella*

Janet spoke about the National Housing Trust Fund which was created in 2008. It has been suspended since then, as there has been no funding, but several months ago HUD announced that the funding would begin the roll-out in the summer of 2016. It is modeled after the HOME program, which Commerce already administers. Each state needs to designate the agency that will administer the program. Commerce is working with the Governor’s Office to be the Washington State designee. The funds are allocated only to the state and not to local jurisdictions, unlike HOME and CDBG. The state then has the option of sub-granting to local jurisdictions. The formula will be based on housing that is available and affordable to extremely low-income households and the number of households that are cost burdened at 30 percent and 50 percent of area median income, with a heavier weight on extremely low-income households. We will have to develop an allocation plan, which will involve a stakeholder input process. Emphasis is higher on rental housing; at least 75 percent has to be designated to rental housing or extremely low-income housing. Guidance from HUD has been limited so far; states expect more direction soon.

**SUBCOMMITTEE AND OTHER REPORTS**

*Policy Advisory Team (Janet Masella)*

Janet provided the Board with an update of the Policy Advisory Team. The team will be proposing some policy changes to the Housing Trust Fund that they will discuss at the June 2015 meeting. The team discussed the National Housing Trust Fund and also some follow-up on the cost containment work.

The minutes from the last meeting are on the [Policy Advisory Team’s webpage](#).
CLOSING REMARKS
The next Board meeting is scheduled for June 10. The meeting agenda will be distributed as the date gets closer.

MEETING ADJOURNED 1:00 p.m.

Next Meeting: Wednesday, June 10, 2015
10:00am to 1:00pm
Seattle – Washington State Housing Finance Commission
Fellow Members, Affordable Housing Advisory Board;

My apologies for not being with the Board today to share this report personally.

Providing affordable housing in Eastern Washington comes with challenges that are likely consistent with those experienced on the much of the west side of the state. As you are all aware, economic complexities, land use distribution, demographics, markets, shifting labor needs, gentrification, transportation availability and housing inventory variances are just a few of the forces that challenge housing opportunities for both owners and renters. Eastern Washington is home to several of the poorest (both urban and rural) census districts in the state with economic opportunities trending far behind other regions. Exacerbated by a reluctance (by some but not all local jurisdictions) to adopt sustainable development standards at a local level, planning policies (promoting improved housing opportunity and providing for healthier communities) that take can take generations to see fulfillment see timelines extended even further.

While there are many discouraging poverty and housing statistics that define conditions in Eastern Washington, we are fortunate to have several non-profit organizations and resources to support those in need. In a recent conversation with fellow Board Member, Mike Adolfae, we discussed possible activities we can undertake to improve the connections between AHAB and stakeholders in our region. We are looking forward to discussing that further in the near future.

Thank you all for your work on behalf our greater community.

Yours very sincerely,

Teresa Overhauser, Eastern Washington Cities