

2014 Affordable Housing Update

A review of affordable housing accomplishments and recommendations to improve access to housing at all income levels in Washington State per RCW 43.185B.040(2)(b)

Affordable Housing Advisory Board Policy Priorities

Promote Affordable Housing through Growth Management Changes

In October 2014, the Affordable Housing Advisory Board (AHAB) launched an effort, chaired by Paul Purcell of Beacon Development, to review and continue the work of the 2006 [Growth Management/Housing Task Force Report to the Affordable Housing Advisory Board](#). That group met twice to identify state growth management policy changes that promote affordable housing.

Support for County Bond Authority for Affordable Housing

At the request of the King County Housing Development Consortium, AHAB supports legislative action to allow counties the option of issuing bonds for affordable housing backed by revenue from future lodging taxes. Current law would allow them to begin doing so in 2021, after the expiration of other current uses for those taxes (stadium, arts, and tourism). The proposed legislation would permit counties to issue bonds now and pledge future taxes to their repayment.

Continued Support of Direct Housing Trust Fund Funding by the Legislature

AHAB supports legislative action to fund the Housing Trust Fund directly to the Department of Commerce (Commerce). This would ensure policy priorities are acknowledged and met, maximize coordination among funders, and promote efficiency in housing development.

Support for Commerce Budget Requests

Note: This recommendation was developed prior to the release of the Governor's 2015-2017 budget.

Last fall, Commerce made a number of funding requests to the Legislature. AHAB voted to support these requests, which include:

- Funding \$15 million for families with homeless school children, including \$2 million for the Washington Families Fund. Those funds would strengthen the Ending Family Homelessness program efforts, which focus on rapid rehousing for TANF families.
- Funding \$150 million for the Housing Trust Fund.
- Funding \$28 million for weatherization of low-income homes.
- Funding \$20 million for preservation of aging units within the Housing Trust Fund.
- Funding \$10 million for an ultra-efficient affordable housing demonstration project.

2015 Housing Needs Assessment

AHAB Issued the Most Comprehensive Affordable Housing Study in More Than 10 Years

The [2015 Washington State Housing Needs Assessment](#) combines and analyzes federal, state, and housing authority data on affordable housing to create a baseline for measurement of the effectiveness of state and local housing programs, policies and funding. The research was funded by public and private partners, including the Washington State Housing Finance Commission, Commerce, the Bill & Melinda Gates Foundation, the Association of Washington Housing Authorities, Washington REALTORS®, Tacoma-Pierce County Association of REALTORS®, Seattle-King County Association of REALTORS®, Master Builders Association of Pierce County, the Building Industry Association of Washington, and the Olympia Master Builders.

Progress Toward Meeting our Five-Year Goals

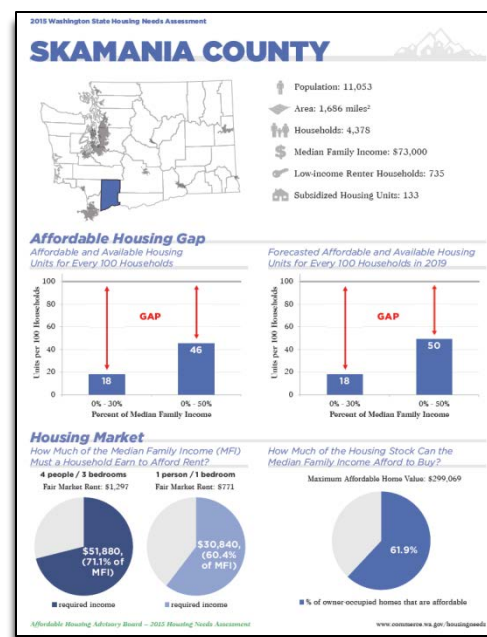
Goal 1: Preserve Existing Affordable Housing

1. Incentivize and fund building rehabilitation to preserve existing affordable housing stock.

- ✓ In Fiscal Year (FY) 2014, the Housing Finance Commission issued \$284 million in multifamily tax-exempt bonds and \$178.6 million in multifamily housing credits, a portion of which allowed for the preservation of affordable housing properties.
- ✓ In FY 2014, Commerce awarded \$7 million through the Housing Trust Fund for acquisition and rehabilitation, and \$10 million for weatherization.
- ✓ Commerce maintained and oversaw the expansion of a statewide online data system, HousingSearchNW.org, which matches property owners with renters and provides data on vacancies.

2. Ensure the ongoing monitoring and oversight of existing affordable housing stock.

- ✓ The Housing Finance Commission monitored the performance of 934 affordable housing projects with 75,000 living units during FY 2014.
- ✓ The Housing Trust Fund monitored 611 projects with 21,400 units through more than 400 site inspections and review of 423 annual reports.
- ✓ In January, AHAB published the *Washington State Affordable Housing Needs Assessment*, which includes maps and analysis of public housing resources. Detailed information, including county and large-city profiles, is at www.commerce.wa.gov/housingneeds.
- ✓ Commerce and the Housing Finance Commission commissioned a third-party assessment of the financial performance and capital needs of multifamily projects within both agencies' portfolios. The study will provide an estimate of funds needed for capital improvements that will sustain these projects in the future.



Goal 2: Increase the Supply and Decrease the Cost of Affordable Housing

1. Maintain a property tax exemption for projects serving households earning less than 50 percent of median income.

- ✓ No action was taken because the Legislature maintained the current property tax exemption for affordable housing properties owned by public and private nonprofit organizations.

2. Begin funding the Housing Trust Fund at \$300 million per biennium.

- ✓ During the 2015-17 Biennium, funding for affordable housing and weatherization totaled \$66 million (\$56 million for Housing Trust Fund and \$10 million for weatherization). Although short of the goal, it was a significant investment in affordable housing and construction-related jobs during the recession.
- ✓ The Affordable Housing Advisory Board has worked with advocates and elected officials to ensure that the Housing Trust Fund remains in the capital budget despite sharp overall revenue declines.

3. Increase the tools available to finance affordable housing development and implement cost-efficiency measures in major funding programs.

- ✓ The Housing Trust Fund continued implementation of nine recommendations to emphasize cost-effectiveness in response to HB 2640 (2012), including implementation of cost-containment limits.
- ✓ The Housing Finance Commission implemented a cost-containment policy in the 2013 round of the Housing Credit Program, and in 2014, the Commission provided additional competitive 'points' to encourage more savings. However, rising construction costs, especially in urban areas, are having an increasing impact on developers and the Commission has responded to these changes with program adjustments.

Goal 3: Decrease Homelessness

1. Work with the Department of Corrections and Department of Social and Health Services (DSHS) to end practices that discharge individuals from state institutions into homelessness.

- ✓ New performance-based incentives encourage counties to find and transition individuals into stable housing, especially those who exit from correctional institutions, psychiatric care, and foster care.
- ✓ Commerce expanded Consolidated Homeless Grant performance incentives to reduce average lengths of stay in temporary homeless programs and reduce the percent of households returning to homelessness after exiting a program. Those changes also align with new federal HEARTH (Homeless Emergency Assistance and Rapid Transition to Housing) Act goals.
- ✓ Last fall, Governor Jay Inslee proposed a new Office of Youth Homeless. If enacted, that office would move youth homeless services currently at DSHS to Commerce, link existing housing resources more closely, and fund training to identify and engage youth who have been victims of exploitation.

2. Integrate services of the mainstream systems – Temporary Assistance for Needy Families (TANF) and Medicaid – within the various state departments to support reductions in homelessness.

- ✓ As part of the Ending Family Homelessness initiative, Commerce and DSHS linked local housing providers into the TANF case management system, allowing formal referrals and the addition of housing stability in TANF participant Individual Responsibility Plans.
- ✓ Commerce has one year left in a grant from the Bill & Melinda Gates Foundation to improve alignment of housing, homeless, and anti-poverty policies that serve families. The Vulnerable Families Partnership includes DSHS, the Governor's Office, Commerce, and Building Changes (a nonprofit focused on ending family homelessness).

3. Support existing funding, and explore future funding, for homeless prevention.

- ✓ In FY 2014, the Housing Finance Commission financed 132 units dedicated to formerly homeless residents through its bond and tax credit programs.

About the Affordable Housing Advisory Board

The AHAB board recommends solutions that promote affordable housing and identify regulatory barriers to affordability by advising Commerce on housing-related issues ([RCW 43.185B.030](#)). The Governor appoints members who represent a variety of housing interests. The [Washington State Housing Finance Commission](#), [Department of Social and Health Services](#) (DSHS), and [Commerce](#) are represented by ex-officio members.

2015 Membership

Faith Pettis, Chair, Pacifica Law Group

Kevin Grossman, Vice Chair, Grossman Services Inc.

Chris Pegg, Policy Advisory Team Chair, Longview Housing Authority

Paul Purcell, Affordable Housing/Growth Management Subcommittee Chair, Beacon Development Group

Mike Adolfae, member at large

Wanda Coats, Tacoma-Pierce County Association of REALTORS®

Connie Devaney, Kawabe Memorial House

Bryan Friend, Union Bank

Andree Harland, Pacific County

Joel Ing, Shelter Resources Inc.

Joseph Ingram, Vets Edge

Tory Laughlin Taylor, Bellwether Housing

Paula Lonergan, Tacoma Rescue Mission

Chris Lowell, Housing Authority of Thurston County

The Honorable Obie O'Brien, Kittitas County Council

Michael O'Rourke, Washington Federal

The Honorable Teresa Overhauser, Cheney City Council

Christina Pegg, Longview Housing Authority

Shaw Seaman, DSHS Division of Developmental Disabilities

Tiffany Speir, Residential Construction

The Honorable Lauren Walker, Tacoma City Council

Kim Herman, Ex-Officio, Washington State Housing Finance Commission

Dan McConnon, Ex-Officio, Commerce

David Stillman, Ex-Officio, DSHS

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www.commerce.wa.gov/ahab