

AFFORDABLE HOUSING ADVISORY BOARD

2010 – 2015 Housing Advisory Plan

February 10, 2010



Laurel Village in Bellingham, Washington

Affordable Housing Advisory Board

2010-2015 Housing Advisory Plan

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STATUTORY LIST OF AHAB MEMBERS

Members appointed by the Governor include:

- **Two representatives of the residential construction industry:**
Samuel Anderson, Executive Director, Master Builders Association of King and Snohomish Counties

David Gruenstein
Soma Construction Services
- **Two representatives of the home mortgage lending profession:**
Christine Walsh Rogers, formerly of Washington Mutual

-Vacant-
- **One representative of the real estate sales profession:**
Wanda Coats, Executive Officer, Tacoma-Pierce County Association of Realtors
- **One representative of the apartment management and operation industry:**
Connie Devaney, Executive Director, Kawabe Memorial House
- **One representative of the for-profit housing development industry:**
Paul Purcell, President, Beacon Development Group
- **One representative of for-profit rental housing owners:**
Kevin Grossman, President, Grossman Services Inc.
- **One representative of the nonprofit housing development industry:**
Tony To, Executive Director, Homesight
- **One representative of homeless shelter operators:**
Chris Lowell, Executive Director, Housing Authority of Thurston County
- **One representative of lower-income persons:**
Joseph Ingram, Past/Present Consumer of Low Income Housing
- **One representative of special needs populations:**
Lynn Davison, Executive Director, Common Ground
- **One representative of public housing authorities:**
Thomas Tierney, Executive Director, Seattle Housing Authority
- **Two representatives of the Washington Association of Counties:**
Western Washington: The Honorable Dave Gossett, Snohomish County Council Member

Eastern Washington: The Honorable Cindy Carter, Commissioner of Grant County

- **Two representatives of the Association of Washington Cities:**
Western Washington: The Honorable Joan Hernandez, Tukwila City Council

Eastern Washington: The Honorable Thomas Moak, Mayor of the City of Kennewick
- **One representative to serve as chair of the Affordable Housing Advisory Board:**
Heyward Watson, CEO, Impact Capital
- **One representative at large:**
Pedro Perez, President/Founder of Whatcom Hispanic Organization

Ex-Officio Members:

Kim Herman, Executive Director, Washington State Housing Finance Commission

Toni Johnson, Program Coordinator, Housing and Human Services, Department of Social and Health Services

Commerce Staff:

Will Graham, Assistant Director for Housing, Department of Commerce

Jordan Deja, Department of Commerce

Heather Matthews, Data and Legislative Manager, Department of Commerce



State of Washington
AFFORDABLE HOUSING ADVISORY BOARD

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Message from the Chair
Affordable Housing Advisory Board

I am pleased to present to the Governor, the Washington State Legislature, and Rogers Weed, Director of the Washington State Department Commerce, a new five-year housing policy advisory plan from the Affordable Housing Advisory Board (AHAB). As required by state law, this plan documents the need for affordable housing in the state; assesses Washington's housing market trends; reviews the supply and distribution of affordable housing units; identifies regulatory barriers to affordable housing; and makes specific recommendations for meeting the affordable housing needs of our citizens.

Affordable housing is important to the quality of life for individuals, families and communities. It is also vitally important for a healthy economy. Businesses will not attract and retain employees if those employees can't find homes at reasonable cost within a reasonable distance from the workplace. In addition, the affordable housing industry is tremendously important to Washington's economy, representing \$3 billion in business¹, which is roughly the size of the Washington wine industry.

A recent National Association of Home Builders study estimated that the one-year impacts of building 100 single-family homes in King and Snohomish Counties yielded \$18.1 million in local income, \$2.8 million in taxes and other local government revenue, and 311 local jobs. Similarly, construction of 100 multifamily units creates \$11.3 million in local income, \$1.4 million in local government revenue and 188 local jobs. We hope that you will find this housing advisory plan to be useful in the development and preservation of affordable housing in the coming years. We would be pleased to answer any questions you might have concerning this report and to provide supplementary materials as necessary.

Sincerely,

Heyward Watson
Chair

¹ Based on affordable housing production expenditures and wine industry volume in 2007.

EXECUTIVE SUMMARY

The Affordable Housing Advisory Board's 2010-2015 Housing Advisory Plan embraces smart growth and addresses the entire range of affordable housing — considering not only housing for the chronically homeless and for special needs populations, but also for low income households and moderate income wage earners. It also addresses both rental housing and homeownership. The need for continued direct subsidies for the most vulnerable through the development of affordable housing, rental assistance, and other subsidy programs is more pressing than ever even as resources decline during the recession.

Affordable housing not only creates jobs and attracts investment; it is also a critical part of sustainable communities and economic growth. The high cost of producing housing and getting from home to work inhibits the expansion of our state's economy. We can no longer treat housing, transportation, and infrastructure in separate unrelated silos.

With these considerations in mind, the Affordable Housing Advisory Board has chosen what it thinks are the top eight areas where policies adopted by the State can make the most difference in the next five years. These goal areas and a short synopsis of ways the State can positively affect them are summarized below:

1. Decrease Homelessness

To decrease homelessness, the State and its local partners (counties, public housing authorities, and nonprofit organizations) must work closely together and adopt policies that complement each other. The State should utilize a combination of the following strategies: developing more affordable housing that serves those with the lowest incomes (30% of the Area Median Income and below); institute a long term rental assistance program; integrate services between state agencies serving the homeless; advocate for more federal funding; and, use Homeless Management Information System (HMIS) data to drive policy. Counties should continue to refine and implement their 10-year Plans to end homelessness, use their portion of document surcharge revenues effectively, implement the HMIS fully, fund affordable permanent housing, secure private resources to address homelessness and educate the public about homelessness and the solutions to prevent and end it.

2. Increase Homeownership Opportunities

To increase homeownership opportunities, the State should develop collaborative multi-jurisdictional efforts to apply for Federal Neighborhood Stabilization Program II funding, continue to implement the consensus recommendations from the Governor's Task Force on the Growth Management Act and Affordable Housing, increase support to the Housing Division of Commerce; increase the level of homeownership funds available in the Housing Trust Fund; and direct more private activity bond cap to the Housing Finance Commission to support homeownership programs.

3. Increase the Supply, Decrease the Cost of Affordable Rental Housing

To increase the supply and decrease the cost of affordable rental housing, the State should reduce the number of rent burdened households by 2015, add 15,000 units of rental housing that is affordable to people making below 50% of AMI by 2015, preserve 100% of existing subsidized housing that offers safe, decent, and affordable homes to households making 0-50% AMI and ensure that the development costs of affordable rental housing are reasonable and responsible while continuing to meet the public benefit policies and quality standards.

4. Land Use and Infrastructure

Land use and infrastructure are two policy areas that can either aid or hamper the development and preservation of affordable housing. To positively influence these two areas, the State should continue the stakeholder work of the Governor's GMA and Affordable Housing Task Force, fully implement the recommendations of the Task Force's first report, ensure that proposed state legislation and corresponding fiscal notes include a statement of impact on the provision and cost of housing and eliminate the "replacement rule" that requires counties and cities to pay the cost of low-income housing impact fee exemptions from public funds.

5. Preserve Existing Affordable Housing

To most effectively preserve existing affordable housing, the State should preserve all units of affordable subsidized housing in the Housing Trust Fund portfolio and acquire 5,000 units of existing, affordable unsubsidized housing to expand the Housing Trust Fund portfolio by 2015.

6. Senior Housing

An adequate supply of affordable housing for seniors is more important than ever as the average age of Washingtonians increases. To make sure the needs of this population are met, the State should either create a new ombudsman position or rename and expand the duties of the current Long-Term Care Ombudsman to coordinate various programs and make recommendations to state agencies, review current regulations and encourage coordination across Commerce, Department of Veterans' Affairs, and Department of Social and Health Services to identify barriers and opportunities for improvement and ensure that multiple options (including in-home solutions and group facilities) are included in any assessment of senior housing and services needs.

7. Special Needs and Supportive Housing

Special needs and supportive housing are increasingly important as more state owned and nonprofit owned facilities are closing due to a lack of funding. To make sure the needs of this population are met, the State should collect and report annually the housing status of all people with disabilities that receive services from state government; develop an annual development target for the number of units to be financed by the Housing Trust Fund; refine tax credit guidelines to promote inclusion of units for special needs populations; advocate with HUD to expand the allocation of project based Section 8 funding for disabled populations; increase the availability of project based operating and maintenance funds for special needs housing; and, involve disabled people in the design and management of special needs housing while incorporating universal design standards.

8. Workforce Housing

As the State encourages job growth in Washington, attention must be paid to ensure there is an adequate supply of housing for the growing workforce. To accomplish this, the State should provide funding to support creating more community land trusts; support non-profit housing development organizations that are addressing workforce housing problems; develop Comprehensive Plan policies, zoning, and regulatory ordinances that support and promote the development of workforce housing; seek out local funding sources; create incentives for developers to build mixed-income housing; and, promote employer assisted housing programs where employers provide assistance to their workers to help them live near their work.

Affordable housing is a complex issue that requires commitment and cooperation between the State, local partners, and between state agencies. The Affordable Housing Advisory Board believes that if all these entities work together on the above eight areas, major strides can be made in the next 5 years to make housing affordable for all.

The State of Affordable Housing in Washington

The Affordable Housing Advisory Board prepares a plan every five years to accomplish the following:

- 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

AHAB's 2010-2015 Plan embraces smart growth and addresses the entire range of affordable housing: from the chronically homeless and special needs populations to the very low income households and moderate income wage earners. It also addresses both rental housing and homeownership. The need for continued direct subsidies for the most vulnerable through the Housing Trust Fund, Tenant Based Rental Assistance, the Washington Families Fund and other subsidy programs is more pressing than ever even as resources decline during the recession. At the state level, through the Housing Trust Fund and the work of the Housing Division in partnership with local jurisdictions, public housing authorities, our nonprofit housing providers and the Housing Finance Commission, Washington is a recognized leader in affordable housing finance and production. Washington has passed legislation enabling incentive zoning and property tax exemptions, extended support for affordable housing to low and moderate income residents and enabled local jurisdictions to develop and enact homeless plans with funding provided to counties across the state.

Affordable housing not only creates jobs and attracts investment; it is also a critical part of sustainable communities and economic growth. The high cost of producing housing and getting from home to work inhibits the expansion of our state's economy. We can no longer treat housing, transportation, and infrastructure in separate unrelated silos. We have to get smart about how to produce affordable housing to accommodate the wide range of Washington's workforce, particularly low and middle-income households, to better serve our industries and businesses. The state's Growth Management Act provides a clear and strategic vision and framework, but we need to strengthen its application and implementation at the local level through the housing and transportation elements of the comprehensive plans.

While Washington State has been hit hard by the recession, one of the results has been that home prices and rents have decreased. This, coupled with the recent \$8,000 tax credit for first-time homebuyers, has made housing more affordable. On the other hand, unemployment rates have risen, resulting in less income to apply toward both homeowner and rental housing.

Affordable housing is a complex issue where many different policy areas and factors intersect. The Affordable Housing Advisory Board has selected eight strategy areas that Washington State can focus on to make housing more affordable by 2015. The following statistics reflect trends that affect Washington's affordable housing market, and provide a context for the eight strategy areas.

FACT #1: For most counties in Washington, buying a home is largely out of reach for first-time homebuyers. *Fall 2009 Washington State Center for Real Estate Research Report.* (Influences the “Increase Homeownership Opportunities” strategy)

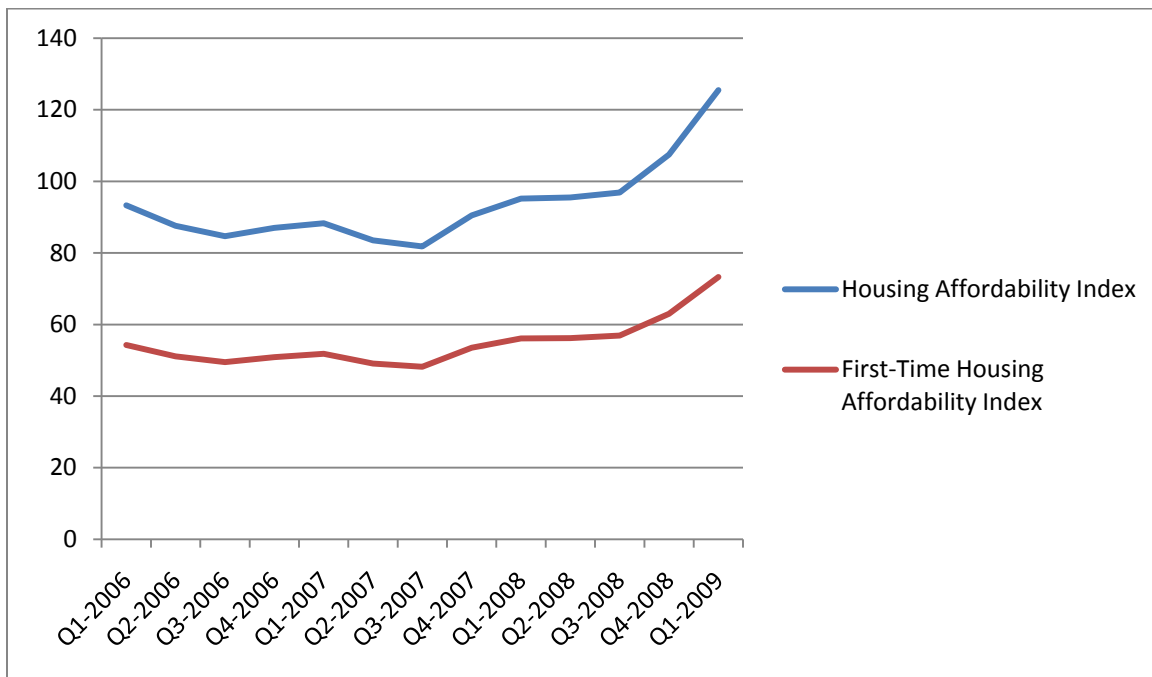
The most recent, complete information available by county from the Washington Center for Real Estate Research is for the first quarter of 2009.

County	Median Home Price	Area Median Income (based on a household of four)	Housing Affordability Index (HAI)	First-Time HAI
Adams	\$85,000	\$47,800	251.8	167.5
Asotin	\$143,000	\$53,800	169.5	98.4
Benton	\$159,400	\$64,800	193.7	116.2
Chelan	\$242,000	\$56,500	117.3	68.2
Clallam	\$218,000	\$55,800	120.6	70.0
Clark	\$224,100	\$70,000	145.4	88.2
Columbia	\$139,900	\$56,800	169.4	95.9
Cowlitz	\$169,800	\$57,800	153.4	91.6
Douglas	\$219,900	\$56,500	119.4	74.3
Ferry	\$150,000	\$46,000	135.6	80.3
Franklin	\$159,400	\$64,800	152.2	99.7
Garfield	\$143,000	\$53,600	164.6	89.6
Grant	\$150,100	\$50,000	142.6	90.2
Grays Harbor	\$142,000	\$50,800	167.7	100.9
Island	\$248,000	\$68,400	115.6	71.0
Jefferson	\$242,500	\$58,800	118.3	68.0
King	\$375,000	\$84,300	102.5	57.0
Kitsap	\$239,500	\$70,900	136.1	81.8
Kittitas	\$220,000	\$59,300	123.2	63.6
Klickitat	\$237,500	\$52,000	101.2	60.9
Lewis	\$160,500	\$53,100	155.8	93.5
Lincoln	Not Available	\$53,200	Not Available	Not Available
Mason	\$148,500	\$57,300	184.3	113.7
Okanogan	\$138,000	\$45,100	156.0	94.7
Pacific	\$125,000	\$51,100	187.4	107.2
Pend Oreille	\$150,000	\$47,700	146.0	88.9
Pierce	\$235,000	\$68,100	138.7	81.9
San Juan	\$684,000	\$66,800	42.6	25.1
Skagit	\$245,000	\$61,300	114.9	70.2
Skamania	\$185,000	\$70,000	144.2	90.7
Snohomish	\$311,800	\$84,300	112.4	68.1
Spokane	\$180,300	\$60,200	150.0	83.6
Stevens	\$150,000	\$51,400	159.4	96.4
Thurston	\$247,000	\$70,000	129.2	76.6
Wahkiakum	\$182,500	\$61,500	132.8	95.9
Walla Walla	\$181,100	\$57,300	146.5	82.9
Whatcom	\$259,900	\$64,400	109.6	61.3
Whitman	\$175,000	\$57,700	152.3	68.0
Yakima	\$137,300	\$50,900	164.7	100.8
STATEWIDE	\$253,500	\$59,233	125.5	73.3

The affordability index measures the ability of a typical median income family to make payments on the purchase of a median priced resale home and assumes a 20% down payment. A value of 100 means that a median income family has exactly enough income to qualify for a mortgage on a median-priced home. For example, if the HAI of a county were 120, this means that the average family has 120% of the income necessary to afford a median priced home.

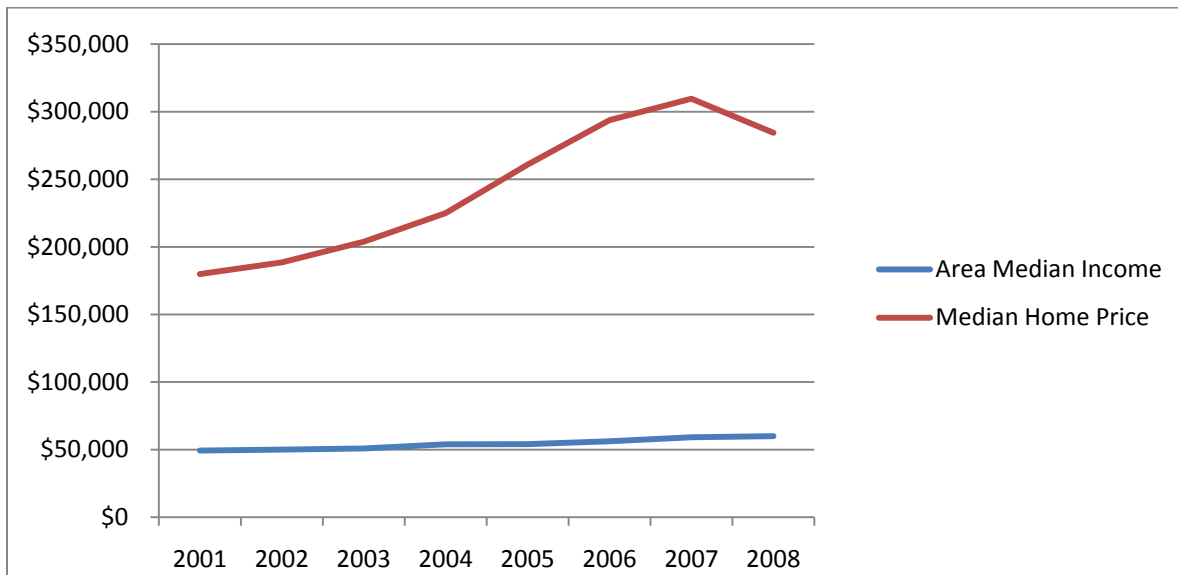
The first-time buyer index assumes the purchaser has an income equal to only 70% of the median household income. Homes purchased by first-time buyers are assumed to cost 85% of area's median price. All loans are assumed to be 30 year loans and the first-time buyer index assumes a 10% down payment and that only 25% of income can be used for principal and interest payments.

What the chart indicates is that with the exception of San Juan County, all counties as of the first quarter of 2009 have a housing affordability index that indicates the median 4-person family can afford a median priced home. For first-time homebuyers, however, only Adams, Benton, Grays Harbor, Mason, Pacific, and Yakima counties have homes priced within the reach of qualified first-time buyers. While things have improved for the first quarter of 2009, on a state-wide basis over the last three years, first-time homebuyers only made about 73% of the income needed to purchase their first home.



FACT #2: Median income has largely remained flat state-wide compared to median home prices. *Source: Washington State’s Center for Real Estate Research Fall 2009 Housing Affordability Index* (Influences the “Preserve Existing Affordable Housing,” “Increase Homeownership Opportunities,” and the “Increase Supply, Decrease Cost of Affordable Rental Housing” strategies).

Over the past 10 years, the rise of housing prices has far outpaced any rise in household incomes. While the gap has narrowed in the past year, due to falling housing prices, it remains significant. Many economists predict that in late 2009, home prices will have stopped falling and will begin to slowly rise again. Income growth is likely to lag behind the slow increase in housing prices predicted for 2010.



FACT #3: Washington has some of the most cost-burdened rental households in the nation. *Source: 2009 PolicyMap data through The Reinvestment Fund.* (Influences the “Increase Supply, Decrease Cost of Affordable Rental Housing” strategy).

18% of Washingtonians who rent pay more than 50% of their income toward rent, which ranks us as the 8th state in the nation for having the most severely cost-burdened rental households. 39% of Washingtonians who rent pay more than 30% of their income toward rent, which ranks us fifth behind California, Florida, New York, and Oregon as a cost-burdened state. These numbers affect a range of low and moderate income Washingtonians, although those with the lowest incomes experience the most dramatic impacts.

FACT #4: According to the U.S. Census Bureau, Washington ranks #10 out of 50 states for longest average commuting times. *Source: American Community Survey, reported by the U.S. Census Bureau.* (Influences the “Land Use and Infrastructure” and “Workforce Housing” strategies).

This means that many Washingtonians are unable to find affordable housing close to their workplace. The average commuting time is 24.8 minutes, which means people in Washington spend more than 100 hours commuting to work each year, which exceeds the two weeks of vacation (80 hours) that most workers take over the course of a year. This is 100 hours of unpaid time and needless carbon emissions and pollution. The primary reason for these long commute times is the lack of affordable housing in the communities where the jobs are located.

FACT #5: It is unlikely to find a community in Washington State where a disabled person on Social Security Income can afford to rent a market rate unit. *Source: Average rents come from the Fall 2009 Washington State Center for Real Estate Research Report. Income estimates come from OFM.* (Influences the “Special Needs and Supportive Housing” strategy).

The average 1 bedroom apartment in King County rents for \$930 a month. A disabled person on SSI receives approximately 17% of AMI, or approximately \$1,200 per month. In Kitsap County, the average rent is \$639 a month and 17% of AMI is \$1,000 per month. In Walla Walla County, the average rent is \$740 a month and 17% of AMI is \$850 per month. Since all these scenarios mean households would have to pay more than 50% of their income toward rent, the average person with disabilities would not be able to afford to rent an average price rental unit.

FACT #6: About one million senior citizens will live in Washington by 2020, twice as many as lived here in 2002, and the senior population is the fastest growing population in the state. *Source: Washington State Housing Finance Commissions 2006 “Findings from Housing Washington Seniors – a Profile”* (Influences the “Senior Housing” and “Increase Supply, Decrease Cost of Affordable Rental Housing” strategies)

Housing costs are a heavy burden for seniors. About a third of renters 65 and over spend half their income or more on rent and utilities. For the oldest seniors (85 years and older), the local averages for percentage of income spent on housing ranged from a low of 47% in Thurston County to a high of 59% in Whatcom County.

The demand for the Section 202 program, which provides grants and rental help through nonprofit sponsors of low-income senior housing projects, far outstrips the supply. Tom Slemmer, president of National Church Residences, estimates that for each existing Section 202 unit, there are nine people on the waiting list.

Special considerations need to be taken when developing affordable housing for seniors, including accessibility and universal design. At the age of 85, nearly seven in ten seniors in Washington reported some or multiple types of disabilities.

FACT #7: The homeless population of Washington is growing. *Source: the yearly Point in Time counts conducted per Washington State law* (Influences the “Decrease Homelessness” strategy).

While 21 out of 36 counties in Washington reported a decrease in homeless persons between the 2007 and 2009 point in time counts, the total number of homeless persons in Washington State has increased slightly since the beginning of the 10-year plan time period in 2006.

Affordable housing in Washington has many faces – from the home of a first-time homebuyer to transitional housing for those making their way out of homelessness. Like any complex policy area, there are many different factors that intersect to make housing affordable. The Affordable Housing Advisory Board has chosen what it thinks are the top eight areas where policies adopted by the State can make the most difference in the next five years. These goal areas, problem statements, and AHAB’s recommended solutions and strategies are outlined in the following pages.

Strategies for Meeting Washington’s Affordable Housing Needs: 2010 – 2015

Decrease Homelessness	
Goal:	Reduce homelessness by 50 percent by 2015, equivalent to a reduction of homeless people, as measured by the annual one night count, from 21,692 in 2006 to 10,981 in 2015.
Background/Problem Statement	<p>In 2009, on any given night in Washington State, there were almost 22,000 individuals counted as homeless. The total number of persons in the state who have experienced homelessness over the course of a year is estimated to be 87,000.</p> <p>According to the last US Census, there are about 250,000 low income persons live with severe rent burdens in Washington state, meaning they pay more than 50 percent of their annual household income on housing costs. In Washington 729,000 people live in poverty. These households are at risk of becoming homeless. A sudden illness, loss of a job, or family break-up can result in a family losing their home.</p> <p>Although there have always been homeless people in Washington State, the nature and size of homelessness changed in the late 20th century by the following factors:</p> <ul style="list-style-type: none"> • While housing prices have increased, median inflation adjusted income for a fully employed male has dropped 2 percent (\$800/year) since 1970. • Most very low-cost housing (such as single room occupancy rentals) was eliminated due to improvements in building codes and enforcement and market-driven gentrification in urban areas. • There was a federally driven 96 percent reduction in the per-capita rate of people institutionalized for mental health problems between 1950 and the year 2000, without a matching increase in the level of community-based supportive mental health treatment and supportive housing. • As housing prices increase faster than overall inflation and wages, housing becomes less affordable for more households in WA. <p>The key elements of the 2005 Homeless Housing and Assistance Act requires <u>Counties</u> to:</p> <ul style="list-style-type: none"> • Develop a ten-year plan to reduce homelessness by 50 percent • Conduct an annual point in time count of homeless persons • Report annually to Commerce on progress implementing homeless plans • Use the local portion of document recording fees (\$42 million

	<p>per year) to reduce homelessness</p> <ul style="list-style-type: none"> • Implement the Homeless Management Information System (HMIS) <p>The key elements of the 2005 Homeless Housing and Assistance Act requires the <u>State Department of Commerce</u> to:</p> <ul style="list-style-type: none"> • Work with the Interagency Council on Homelessness (ICH) and the Affordable Housing Advisory Board (AHAB) to develop a ten-year plan to reduce homelessness by 50 percent by 2015 • Coordinate the annual point in time count • Produce an annual report on the performance measures used to measure state and local plan implementation • Provide technical assistance to counties • Pass through most of the state portion of document recording fees (\$5 million per year) to local governments to reduce homelessness • Implement the Homeless Management Information System (HMIS)
<p>Solutions/ Recommendations/ Strategies</p>	<p>To meet the goals established by the State’s Homeless Housing and Assistance Act, including reducing homelessness by 50% by 2015, <u>The State of Washington</u> should:</p> <ul style="list-style-type: none"> • Once the recession has ended and state revenues have stabilized, raise the Housing Trust Fund level to \$300M per biennium expand the operating and maintenance subsidy to assure that minimum of 50% of the funds support properties affordable to households making 30% AMI or less. • Explore funding for short-term, shallow rent subsidies, such as a 90-day rental voucher program. • Integrate services of the mainstream systems within the various state departments, including at least DSHS, DVA, and DOC, to support reductions in homelessness. These departments should coordinate their funding priorities and processes with Commerce to assure capital, operating, and services funding are aligned. • Work with the Department of Corrections and the Department of Social and Health Services to end practices that discharge individuals from state institutions into homelessness. This includes people coming out of jails and prisons, state hospitals and residential treatment facilities, and foster homes. Once the recession has ended and revenues have stabilized, DSHS and DOC should work with counties and housing authorities to provide transitional supporting services and rent subsidies of sufficient length to limit the necessity for re-institutionalization. • Advocate with the Federal Government for increased resources dedicated to ending homelessness. For example, increased funding for the National Housing Trust Fund, McKinney programs, 811, Sec. 8, CDBG, HOME and Emergency Shelter Grants. • Implement a single set of definitions and data

	<p>collection/reporting requirements so that housing status is regularly collected and reported on everyone receiving state funded services. Use the data to guide future policy and resource decisions.</p> <ul style="list-style-type: none"> • Use the Interagency Council on Homelessness more effectively to prioritize and implement the strategies listed above. Make sure that ICH representatives are committed, empowered and held accountable to make necessary system changes. <p><u>Counties and their local partners should:</u></p> <ul style="list-style-type: none"> • Fully implement the HMIS and the use data collected to plan, evaluate, and make policy and resource decisions • Update County Homeless Plans every two years to guide local policy and resource decisions and as a tool for education and advocacy about homelessness • Use local dedicated document recording fee revenues to leverage other sources of funds to implement County Homeless Plans • Provide ongoing support for successful pilot projects, funded initially by State controlled document recording fees that implement current best practice models and partnerships necessary to end homelessness • Invest dedicated document recording fees in a timely manner, to assure they make an impact on reducing homelessness as quickly as possible • Build community knowledge about homelessness and support for the housing and services necessary to end it • Secure local private resources to supplement available local, state, and federal public resources to address homelessness • Include and fund affordable permanent housing in County Homeless Plans • Require coordinated assessment of housing and service needs for homeless individuals and families that places them as rapidly as possible in appropriate housing with the level of supporting services necessary to assist them to find permanent housing • Include and fund prevention strategies in all County Homeless plans • Provide regular feedback to the State ICH on how state policies, programs, and resources could better support local plans to end homelessness
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Increase Homeownership	
Goal	Once the recession has ended and state revenues stabilize, increase the number of first time homebuyers assisted by state initiated programs to 5,000 households annually by 2015. (The term “first time homebuyer” includes households who have not owned a home for three or more years).
Background/Problem Statement	<p>Washington’s economic success depends on a healthy, vibrant housing market. Prior to the current economic downturn, the housing market accounted for 24% of the state’s employment and a significant portion of state tax revenues in sales, property, business and occupation and real estate excise taxes. In addition to permanent housing, homeownership provides social benefits of community stability and wealth creation. The housing market has changed dramatically in the last 18 months in Washington state. The challenge of an escalating market with no affordability for first time homebuyers has rapidly changed to one with increasing unsold inventory in many communities undermining the stability and the asset base of many neighborhoods. In some counties, foreclosures exceeded closed sales in the fourth quarter of 2008.</p> <p>Overall, the numbers of new first-time buyers has dropped dramatically due to the tightening of credit criteria and declining consumer confidence in the housing market. While the \$8,000 first-time homebuyers’ tax credit contributed to the purchase of a significant number of homes during 2009, the overall housing market has remained flat at levels significantly below the 2008 level. Many who purchased their first home in recent years with responsible and sound mortgages are now threatened with losing their first homes due to decline of property values and loss of income.</p>
Solutions/ Recommendations/ Strategies	<ul style="list-style-type: none"> • Develop collaborative multi-jurisdictional efforts to apply for Federal Neighborhood Stabilization Program II funding to assist first time homebuyers to reclaim foreclosed and/or vacant homes or properties. • Continue to implement the consensus recommendations from the Governor’s Task Force on the Growth Management Act and Affordable Housing. • Increase support to the Housing Division of Commerce and, when state revenues stabilize, level funding for the Housing Trust Fund at \$300 million per biennium. • Increase the allocation of private activity bond cap to the Housing Finance Commission to support homeownership programs.

	<ul style="list-style-type: none"> • Increase support for down-payment assistance (DPA) programs through a B & O tax credit for mortgage lenders and employers that invest the DPA programs of the Housing Finance Commission. <p>To achieve these strategies, we need to increase home purchases through more flexible down payment assistance or other incentives to first-time homebuyers. A tiered system based on income should be considered. Recipients must be first time homebuyers, be required to complete home buying education and counseling and earn household incomes at or below 120% of area median income. Recommended source of funds are:</p> <ul style="list-style-type: none"> • The Washington State Housing Trust Fund • The Housing Finance Commission’s DPA programs in combination with investments from mortgage lenders • A Temporary property tax credit or waiver for one year for every first-time homebuyer earning less than 80% of area median income
Goal 2.	Eliminate foreclosure and loan modification scams, which will lower foreclosure rates; increase support for counseling and homebuyer education.
Background/Problem Statement	In addition to problems created by subprime and predatory loans, many homeowners with fixed rate mortgages are faced with loss of income and declining equity due to the recession and the foreclosure crisis. At the same time, more legislation, programs, and incentives are available to assist distressed borrowers at the federal level and among loan servicers. The combination of increased distress and more resources has resulted in increased fraudulent activities in the foreclosure prevention industry.
Solutions/ Recommendations/ Strategies	<p>The state needs to create local tools to provide the best opportunity for existing homeowners to stay in their homes. In addition, the state needs to prevent home foreclosures to reduce the supply of unsold inventory and stabilize property values, home prices, and neighborhoods.</p> <p>The following strategies should be considered to achieve this goal:</p> <ul style="list-style-type: none"> • Increase education and public service announcements for WSHFC approved and/or HUD certified pre-purchase and post-purchase/foreclosure prevention counseling programs • The Governor should identify a state agency that will institute loan modification efforts, including collaboration between counselors, attorneys, and accountants to work with distressed homeowners

	<ul style="list-style-type: none">• Preserving State authority to regulate financial institutions and the financial services industry doing business in the state• Establishment of an inter-agency workgroup including the Housing Division of Commerce, the Dept. of Financial Institutions, the Housing Finance Commission, and the Attorney General’s Office, and other stakeholders to develop legislation and enforcement actions against foreclosure prevention and loan modification scams• Passing legislation to create a document recording fee on foreclosure filings to support counseling and homebuyer education programs• Passing legislation to delay foreclosures for families receiving unemployment insurance payments to allow them an opportunity to return to work
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Increase supply, decrease cost of affordable rental housing	
Goal	<ul style="list-style-type: none"> • Reduce the number of rent burdened households by 5 % (7,500 households) by 2015 • Maintain current production levels of rental housing through state initiated programs that are affordable to people making below 50% of AMI by 2015 • Preserve 100% of existing housing in state initiated programs that offer safe, decent, and affordable homes to households earning less than 50% AMI • Ensure that the development costs of affordable rental housing are reasonable and responsible while continuing to meet the public benefit policies and quality standards <p>For the purposes of this section, we are not addressing the <u>service dollars</u> required to support special needs populations nor extremely low income (less than 30% of median) populations. Vouchers and Operating and Maintenance dollars referred to here are purely for operating support.</p>
Background/Problem Statement	<p>The Washington Low Income Housing Alliance estimates there are about 250,000 low income persons making 50% of Area Median Income or less that are severely rent burdened in Washington State. In the 20 year history of the Housing Trust Fund, it has partnered with the Housing Finance Commission, local governments, tribes and non-profit organizations to create approximately 35,000 units of affordable housing. The Housing Finance Commission has financed 75, 521 affordable rental units serving very low-income, low-income and moderate income households through a variety of programs. While this is a tremendous accomplishment, we still have a quarter of a million households overburdened with rent. These numbers are in addition to the estimated 22,000 plus households who were homeless in Washington State in 2008.</p>
Solutions/ Recommendations/ Strategies	<p>All strategies involve utilizing the resources of the state to advocate for and support various levels of government funding for affordable housing, including federal, state, tribal and local funding sources, to make housing affordability a high priority in their policies and funding decisions.</p> <p>Federal Strategies:</p> <ul style="list-style-type: none"> • Create and expand federal initiatives that combine funding from Transportation, Energy, Education, and Workforce Development and affordable housing funding programs, facilitating the growth of a federal role in housing, beyond the

	<p>traditional roles of Public Housing, Housing Choice Vouchers, HUD and USDA housing programs</p> <ul style="list-style-type: none"> • Increase federal funding for senior housing (Section 202), for disabled people (Section 811) and for Project-based rental assistance through vouchers • Expand funding for the Community Development Block Grant program to create affordable housing • Increase the level of HOME funding to the states • Preserve the nation’s investment in public housing by: <ul style="list-style-type: none"> ○ Funding Public Housing Operating Subsidies at 100 percent of HUD-identified need ○ Increasing the Public Housing Capital Fund to eliminate the capital needs backlog over a ten-year period • Strengthen, expand and simplify the Section 8 Rental Assistance program • Fund the National Housing Trust Fund at a minimum level of \$1 Billion dollars per year • Preserve and expand the viability of the Low Income Housing Tax Credit Program • Provide exit tax relief to owners of expiring federally subsidized projects so that they can be transferred to public or non-profit ownership for long term preservation <p>State Strategies:</p> <ul style="list-style-type: none"> • Increase the tools available to the Department of Commerce to finance affordable housing development including the creation of a bridge loan product, a tax increment financing vehicle and a set of standards for evaluating project costs • When the recession ends and state revenues return to normal, begin funding the State Housing Trust fund at \$300 million per biennium • Assure that HTF investments are made to sustainable organizations serving targeted populations and communities • Provide technical assistance to build the capacity of nonprofit developers/owners to effectively operate and maintain their properties for the life of their regulatory commitments • Increase the State’s commitment to green/sustainable housing development by providing training and technical assistance to assist project sponsors, designers, and builders to meet the Evergreen Sustainable Development Standards • Provide a state sales tax exemption for all projects serving households earning less than 50% of median income • Maintain a property tax exemption for projects serving households earning less than 50% of median income and amend the current provision which reduces such an exemption when
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	<p>the household income increases</p> <ul style="list-style-type: none"> • Increase the Operations and Maintenance fund to assure that at least 50% of the HTF capital dollars can be invested in sustainable projects serving people earning less than 30% AMI • Enforce the affordability requirements of the GMA including the housing production targets for affordable housing • Approve a form of Tax Increment Financing (TIF) dedicated to affordable housing • Create an affordable housing infrastructure fund with the express purpose of funding utilities and offsite expenses that support the development of affordable housing • Require Transit oriented developments to include a minimum of 20% of the units to be affordable to households earning less than 60% of AMI with at least 10% of the units affordable to households earning less than 50% of area median income • Support the purchase, preservation and/or replacement of manufactured home communities serving primarily low-income households • Eliminate the GMA requirement for local jurisdictions to identify alternative funding sources when fees are waived for affordable housing development • Provide tax or fee based incentives for public and private utilities to participate in energy rebate and weatherization programs • Support alternative ownership models which enhance affordability such as community land trusts, cooperatives and “mutual housing” projects • Coordinate and simplify the state funding process with other state wide, county and local funding processes • Provide incentives for local governments to coordinate funding cycles and decisions with state funding processes • Review and fully fund wage, environmental, labor and other regulatory costs required for affordable housing development • Create a B and O tax based incentive as well as transportation credits for employers to provide housing assistance to their employees to live within 5 miles of their work place.
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Land-use/Infrastructure	
Goal	Minimize the impacts of land use, regulatory, and infrastructure costs on housing development, and create incentives to assist jurisdictions to meet affordable housing goals in comprehensive plans.
Background/Problem Statement	There are many factors that influence the cost of producing housing – market factors, land use and development regulations, permitting costs, and infrastructure costs (sewer, water, roads, electricity) that add to rents and sale prices of new housing. Several of these factors are influenced by the requirements of the Growth Management Act. Where costs have increased, it contributes to a gap in meeting the housing needs of all income levels in our communities. It is in the State’s best interest to close the housing affordability gap for all income levels in our communities.
Solutions/ Recommendations/ Strategies	<p>In order to minimize the impacts of land use, regulatory, and infrastructure costs on housing development, and to maximize the effectiveness and efficiency of dollars invested in infrastructure, AHAB will advocate for the Governor and the Legislature to adopt the following measures:</p> <ul style="list-style-type: none"> • Work with a variety of stakeholders to create and implement an action plan to begin closing the infrastructure funding gap faced by Washington State. The work group’s results should include acknowledgement and inclusion of data from the many studies on infrastructure funding that have been prepared in the last few years together with appropriate funding criteria, application requirements, and technical assistance to jurisdictions. This will help to address the infrastructure funding gap and create a funding strategy to meet the needs of our 21st Century communities and economy. • Eliminate the "replacement rule" that requires counties and cities to pay from public funds for low-income housing impact fee exemptions as currently required by RCW 82.02.060(2). • Modify the existing State Environmental Policy Act authority in RCW related to smaller projects involving residential development under RCW 36.70A (GMA) to apply in the following ways: <ul style="list-style-type: none"> • Residential projects of 20 units or less in urban areas should be exempt. • Residential projects of 9 or fewer dwelling units will be reviewed as "short plats" rather than as "subdivisions" • Continue the stakeholder work of the Governor’s GMA and Affordable Housing Task Force to complete its unfinished business by 2013. There were several issues related to land use planning and

	<p>permitting as well as infrastructure planning and financing that did not reach conclusion in the Growth Management/Housing Task Force Report dated October 18, 2006. This report is available at http://www.commerce.wa.gov/DesktopModules/CTEDPublications</p> <ul style="list-style-type: none">• Ensure that proposed state legislation includes a statement of impact on the provision of housing and housing costs along with a fiscal impact. Ask Governor to reconvene the GMA and Affordable Housing Task Force and assign a high level policy person from the Governor’s staff to oversee the policy direction, resource allocation and evaluation of the implementation of the Growth Management Act at the local level with respect to housing choices, job creation and adequate infrastructure.
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Preserve Existing Affordable Housing	
Goal 1	<ul style="list-style-type: none"> • Preserve 3,200 units of multifamily affordable housing within the Housing Trust Fund portfolio through the MacArthur Grant. • Acquire 2,000 units of existing, affordable unsubsidized housing to expand the Housing Trust Fund portfolio by 2015.
Background/Problem Statement	<p>As set forth in legislation, the first priority of the Housing Trust Fund is to acquire existing privately owned housing stock that can serve families earning less than 50% of AMI. The second priority is given to the acquisition of non-profit or publicly owned housing stock because such ownership prevents current residents from becoming displaced and acquisition/rehabilitation is usually more cost-effective than new construction. Our recent experience indicates that the cost of acquisition/rehabilitation is typically 60-80% of the total development cost of new construction.</p> <p>The Housing Trust Fund recently received a grant from the MacArthur Foundation. This initiative is designed to build on our long history of policy innovation and housing finance to achieve innovative, systemic change in the sustainability of the portfolios of owners of affordable housing and to directly contribute to preservation of at least 5,000 units over the next three years.</p>
Solutions/ Recommendations/ Strategies	<ul style="list-style-type: none"> • Improve portfolio management practices so that existing housing in Washington State can maintain affordability for as long as possible. • The Housing Trust Fund should share the knowledge gained from the MacArthur Grant through technical assistance to affordable housing developers and contractors to improve their asset management practices. • The Department of Commerce should pursue legislation or budget strategies that increase the capacity of the Housing Trust Fund's portfolio management program in proportion to the growing portfolio. Best practices indicate that the ideal ratio would be one asset manager for every 50 projects, but the first goal will be to have one asset manager per 100 projects. The Department of Commerce should investigate how to increase operational support to projects serving extremely low income households so that the projects remain financially viable for the life of their regulatory period. • To protect both the state's financial investment and its public policy goals, the Department of Commerce should investigate and propose strategies for funding the building rehab that will be necessary to preserve every HTF funded project during its 50 year regulatory period.

	<ul style="list-style-type: none"> • The Department of Commerce should investigate and propose incentives to private owners to preserve currently unsubsidized affordable housing including units in multifamily properties and manufactured housing communities. • Adequately fund the asset management function of the Housing Division of Commerce
Goal 2	<ul style="list-style-type: none"> • Maximize DOE Recovery Act funding to weatherize 7,000 units of housing by the end of 2011 • Encourage Community Action Agencies to focus more effort on multifamily buildings to take advantage of economies of scale.
Background/Problem Statement	<p>The Weatherization Assistance Program serves low-income families free of charge and limits according to federal rules the amount of money that can be spent on any single residence. (The average expenditure is \$6,500.) As a result, only the most cost-effective measures are included in the upgrade of a particular home. This constant pressure for low-cost energy savings has become the trademark of weatherization and distinguishes it from the larger home retrofit industry.</p> <p>The purpose of the Recovery Act funding for Weatherization is to reduce energy costs for low-income families, particularly for the elderly, people with disabilities, and children, by improving the energy efficiency of their homes while ensuring their health and safety. The grant under the Recovery Act was for 59.5 million to be expended after three years, and Commerce has committed to complete it in two. So far, production has been low, and community action agencies have had a difficult time navigating new wage and documentation requirements under the Recovery dollars. These wage requirements and other restrictions have decreased the spending potential of Recovery dollars.</p>
Solutions/ Recommendations/ Strategies	<ul style="list-style-type: none"> • Commerce should work with Labor and Industries to provide technical assistance to community action agencies in order to streamline the documentation process and get projects off the ground more quickly. • Commerce should take advantage of housing identified through the Affordable Housing Inventory commissioned by the Department and direct community action agencies to target multifamily buildings that have already proven to be income qualified. • If production catches up and meets expectations, Commerce should position itself to compete for additional federal grants to weatherize even more low-income housing.

Senior Housing	
Goal	Ensure that all seniors have access to age appropriate housing and services through each stage of the aging process.
Background/Problem Statement	<ul style="list-style-type: none"> • As people age, their financial assets generally decrease at the same time expenses for health care and other services increase. There are usually few, if any, viable options for them to make up the shortfall. Research shows that most people significantly underestimate the amount of money that will be required for them to meet their needs after retirement; especially as their health care needs rise and they have not made adequate provisions during their younger, more financially productive years, to cover the costs of aging. • The state’s growing senior population will put increasing demands on available housing stock, and it will be extremely difficult to build enough new units to meet demand in all areas. Therefore, it is important to examine all options, from helping seniors remain in their homes longer to building new facilities. • Studies consistently show that the majority of seniors prefer to stay in their homes as long as possible. These homes could be single family dwellings or independent living apartment units. The key is the provision of services. Current regulations and licensing requirements can erect barriers to the most efficient and cost-effective ways to achieve “aging in place”. Some programs designed to help seniors may be in conflict with other programs or with the realities presented in the environment, such as financing. • Programs designed to help seniors are under stress from the sheer volume of demand and underfunding. Some programs have income testing that doesn’t take into account the special circumstances of seniors who spend down their incomes with little or no possibility of gaining new sources of income to meet rising costs or who have greater needs for services than the general population. • Program criteria may be focused exclusively on a particular area or model and may not take into account external circumstances that create difficulties for implementation or adversely affect potential coordination with other programs, such as the effects of regulations on the ability of facilities to operate in the broader financial and social context. Service requirements and regulations may have unintended consequences.

<p>Solutions/ Recommendations/ Strategies</p>	<p>Ensure that senior housing interests are represented separately and apart from other types of affordable housing interests in all policy discussions, recognizing the unique characteristics of the population and the housing/service models.</p> <p>Programs serving seniors are housed in various state agencies which makes changes difficult. To help alleviate this situation and develop a comprehensive approach to the development and implementation of programs for seniors, we suggest the following:</p> <ul style="list-style-type: none"> ● Create an ombudsman position or rename and expand the duties of the Long Term Care Ombudsman to coordinate various programs with the authority to make recommendations for substantive change across agencies. ● Review current regulations across Commerce, Department of Veterans’ Affairs, and Department of Social and Health Services to identify barriers and opportunities for improvement. ● Convene a summit with agency heads and staff in key decision making positions to develop a strategy for coordinating and evaluating programs dealing with senior housing and services. ● Encourage more coordination between service and housing providers on an ongoing basis. Agencies should seriously seek input from all interested stakeholders before putting licensing and other regulations into place. ● Ensure that multiple options are included in any assessment of senior housing and services issues. (In-home solutions as well as the operation of facilities dedicated to seniors and which may include seniors with other populations). ● Recognize that all sectors: government, nonprofit and for-profit, must be involved in order to adequately deal with the increase in demand for housing and services that is coming as a large segment of the population ages. ● Identify the differences between providing housing and services in rural vs. urban areas. Adapt programs and regulations to account for these differences. ● Make a greater effort to educate the general population on the issues and costs of senior housing and services.
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Special Needs and Supportive Housing	
Goal	Increase the proportion of special needs housing units funded by the Housing Trust Fund by 10% over the next 5 years.
Background/Problem Statement	<p>Residents of special needs housing are some of the most vulnerable citizens in our state. AHAB defines special needs housing as permanent housing plus supporting services for people with physical, mental, and/or behavioral disabilities. A defining characteristic is the need for ongoing supportive services. This is different from housing for special groups who may need supporting services for a limited period like survivors of domestic violence, people homeless due to economic circumstances, or people exiting correctional facilities. It is also different from groups based on age or occupation, like senior housing or farm worker housing. There is overlap, however, when people belong to one of these groups and are also disabled.</p> <p>AHAB’s special needs housing focus is limited to single family and multifamily independent housing. Housing may be owned or leased. Some, but not all, supportive housing for special needs populations has onsite staffing 24 hours a day, 7 days a week. This plan does not consider licensed residential treatment facilities.</p> <p>The State Homeless Plan estimates there are at least 3,000 people with disabilities who experience chronic homelessness. Many of these people have been released into homelessness from state institutions including jails, prisons, residential treatment centers, and state psychiatric hospitals.</p> <p>The State Mental Health Housing Action Plan suggests there are approximately 5,000 eligible persons receiving state funded mental health services that need and do not have safe stable housing. Further research is needed to determine the respective numbers for people with Developmental Disabilities, HIV/AIDS, Chemical Dependency, and Traumatic Brain Injury. Disabled veterans are another sub-group of the special needs population that is growing rapidly. DVA projects approximately 7,000 individuals in Washington who have served in the military have permanent disabilities.</p> <p>Many special needs people experience stigma or discrimination within the private housing market. Market rate housing, even for modest units, is unaffordable to people with disabilities who are on Social Security Income (SSI) or who can work only part time. In most communities in Washington State, there are no market rental units affordable to people on SSI (which is the equivalent of 17% of Area Median Income).</p>

	<p>Since the inception of the Housing Trust Fund in 1987, the state has funded the development of 3,114 units of housing for people with special needs. This number of units currently houses 1,160 people with mental illnesses, 548 with chemical dependencies, and 1,134 with developmental disabilities. As the above data suggests, there is still a large need for more affordable supportive housing in Washington. Challenges specific to special needs housing include:</p> <ul style="list-style-type: none"> • Policies of some state service funders, like the Division of Developmental Disabilities, limit the size of housing projects developed for people with special needs to properties with less than 5 beds/units, which creates significant challenges for housing partners to develop and operate cost effectively. • Ongoing operating subsidy and supporting service funding commitments are not coordinated with capital funding requests. Subsidies are not currently attached to projects, but rather tenants. If a tenant moves in that needs a subsidy or service funding but is on a waiting list, no assistance is available. • The partnerships between developers of special needs and service providers has not been sufficiently coordinated to successfully address the design, development and provision of services necessary for long term success. • Project siting is difficult and there is increased potential for “NIMBYism” In many neighborhoods.
<p>Solutions/ Recommendations/ Strategies</p>	<ul style="list-style-type: none"> • Collect, and report annually, the housing status of all people with disabilities that receive services from state government. Adopt common definitions for cross Department comparability. • Commerce should require a commitment of services funding to match the annual unit targets established by DSHS, DVA, DOC, RSNs for the development of special needs housing, by major disability group. • Establish additional special needs criteria and targets for HTF applicants annually, create an ongoing process to monitor successful operations of special needs projects/units placed in service. • Develop the capacity of both housing and services organizations to effectively operate special needs housing through a combination of training and technical assistance; provide an ongoing source of tools and best practices for organizations that develop and operate special needs housing. • Create new project designs with the developmental disabilities community to balance the desire to limit clustering of units with the desire to develop and operate cost effectively. • Refine tax credit guidelines to establish standards and promote inclusion of units for special needs populations within larger projects.

	<ul style="list-style-type: none">• Advocate with HUD/Congress to expand the allocation of project based Section 8 funding for disabled populations; advocate with the Governor/Legislature to increase the availability of project based operating and maintenance funds for special needs housing.• Advocate with VA at the state and federal levels to expand permanent supportive housing resources (capital, operating, and services) for veterans with disabilities.• Promote public policies and financing that result in sufficiently funded service packages linked to housing for people with permanent disabilities.• Involve disabled people in the design and management of special needs housing.• Promote public policy and local zoning codes that encourage the development of special needs housing around transit oriented development; eliminate exclusionary zoning that restricts siting of special needs housing.• Promote the use of universal design principles for special needs housing units.
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Workforce Housing	
Goal	Provide housing options for low and moderate income workers within a reasonable distance to their jobs.
Background/Problem Statement	<p>Many workers cannot afford to live near their work, forcing them to commute longer distances and costing them both financially and in time away from their family. Longer commutes usually mean more cars on the road, impacting increasingly limited transportation capacity. Workers become disconnected from their community if they can't live near where they work.</p> <p>Many employers have problems attracting or retaining good workers because there is no housing affordable to their workers near their place of employment. This causes higher turnover, attendance problems and higher operating costs from lost productivity.</p> <p>The issues are pronounced for working families since the majority of funding for affordable housing is designed to alleviate issues of people earning less than 60% of median income. For working families between 60 and 120% of median, there are few if any resources available.</p> <p>Workforce housing problems are different in rural and urban areas. Many rural communities lack decent, affordable housing. Low paid agricultural workers, for example, may not be able to find decent, affordable rental housing and may never have a chance to own a home. In urban areas, the high cost of available housing may force store clerks and other hourly workers to commute by car from the suburbs or take long rides on public transportation, substantially impacting their quality of life and increasing their costs.</p> <p>Solving workforce housing problems will benefit both the employer and the worker and contribute to the economic and social well-being of the overall community. Affordable housing that is near their place of work allows workers to spend more time with their family, lowers their stress and living costs and allows them to participate more in community activities. Improving workforce housing will help Employers attract employees, improve productivity and enhance the workers and their community quality of life.</p>

<p>Solutions/ Recommendations/ Strategies</p>	<p>Addressing workforce housing problems will require different solutions in different communities, responding to the market impediments unique to each community. However, developing strategies to support housing for working families that is located a reasonable distance from employment centers can solve workforce housing problems. Such strategies may include:</p> <ul style="list-style-type: none"> • Funding to support creating community land trusts, lowering home ownership costs • Supporting affordable housing development organizations to address workforce housing problems (for example, through technical assistance and demonstration projects) • Encouraging Comprehensive Plan policies, zoning and regulatory ordinances that support and promote the development of workforce housing (such as incentive-based inclusionary zoning) • Creating local funding sources to finance workforce housing (such as enabling legislation for broader use of property tax breaks and coordinating jurisdictional capital plans to address infrastructure needs related to workforce housing development) • Creating incentives for developers to build mixed-income housing (such as property tax abatement for workforce housing even located in smaller cities and unincorporated areas) • Making regulatory changes to decrease permitting times, alleviate mitigation costs and streamline government process related construction costs for workforce housing • Increase support of down-payment assistance (DPA) programs through a B&O tax credit for employers that invest in the DPA programs of the Washington State Housing Finance Commission. • Education employers about the benefits of assisting employees to live closer to work • Coordinating increased density with transportation plans and transportation stations • Providing incentives for employers creating new jobs to assist in the creation of appropriate workforce housing (such as a temporary B&O tax reduction) • Provide incentives for employers to locate new jobs near available affordable housing for their employees (such as temporary B&O tax reductions)
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APPENDIX : 2010 AFFORDABLE HOUSING ADVISORY BOARD ANNUAL PROGRESS REPORT

Commerce and AHAB are 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 the final summary of the progress made on recommendations from the 2005-2010 plan. The next progress report will measure progress of the goals stated in this, the 2010-2015 plan.

AHAB-2010 Strategy Update (Report Card)

Strategy 1:

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

Strategic Direction:	Accomplishments (2005-2009):
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). In the 2009 Legislative Session, the Housing Trust Fund was decreased to \$100 million.
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 \$5 billion to \$6 billion in 2009.
e. Increase coordination of decision-making by state and local funders to ensure leveraging is maximized.	Commerce 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.	No specific actions to report at this time.
g. Support efforts to promote sustainable building practices.	The HTF was charged with creating a sustainable building program (The Evergreen Standard) for use in affordable housing projects and all HTF projects have had to comply with the standard starting July 1, 2008.
h. Support Commerce's efforts to secure and leverage funds (public/private) for weatherization/rehab/lead paint mitigation efforts.	Commerce directed over \$81 million to 26 community based contractors for low income weatherization, repair, rehabilitation, and lead paint mitigation between 2005 and 2009. The \$23 million appropriated in capital funding for Energy Matchmakers from 2005-2009 was fully matched, principally by public and private utilities. Of a \$3 million LBP mitigation grant, an additional 70% was leveraged.
i. Support Commerce provision and administration of funding to a network of community based contractors to preserve and improve energy efficiency for low-income households.	No specific actions to report at this time.
j. Support streamlining Commerce's housing rehab programs, policies, procedures w/ input from stakeholders.	Environmental review process simplified for rehab projects. Contracts were consolidated to only one contract open at a time. Commerce began exploring ways to make program simpler and less cumbersome by all administering parties for implementation starting July 2009.

k. Support Commerce participation in regional/national committees to educate Congress on the value of funding low-income housing weatherization.	Commerce'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.	Commerce developed 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.

Strategy 2:

Increase Local Government Financial Support for Affordable Housing

Strategic Direction:	Accomplishments (2005-2009):
Support and assist local gov'ts and communities to effectively use resources from 2060 money.	Commerce 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 governments 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. Housing advocates in Spokane have investigated the creation of a similar levy.

Strategy 3:

Make more Public Investment in Infrastructure

Strategic Direction:	Accomplishments (2005-2009):
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, hookup 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. No legislation has passed yet.
Support deferral of impact fee collection or waiver for low-income housing: <ul style="list-style-type: none"> i. Encourage local governments 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.	Commerce is implementing the Local Increment Financing Tool (LIFT) pilot program. There was also legislation introduced in 2008 to create a similar program for housing, but no legislation has passed yet.

Strategy 4:

Pursue Regulatory Strategies and Incentive that Support Affordable Housing

Strategic Direction:	Accomplishments (2005-2009):
Promote local inclusionary zoning requirements for affordable housing or voluntary programs with density bonuses and other incentives for developers.	Commerce is currently implementing a Transfer of Development Rights pilot program and will be making recommendations based on lessons learned from the pilot.
Require minimum densities w/in urban growth areas (UGAs): <ul style="list-style-type: none"> iv. Require minimum densities targets in UGAs for each jurisdiction. v. Require review of development regulations 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. 	Commerce 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.
Support provisions that allow accessory dwelling units subject to local regulations.	No specific actions to report at this time.
Substantially simplify local building codes through the state building code, without compromising public safety.	No specific actions to report at this time.
Encourage better environmental review of plans and regulations to streamline permitting. Support funding for Commerce’s Planning & Environmental Review Fund (PERF).	No specific actions to report at this time.
Encourage priority permit processing for low-income housing developments.	No specific actions to report at this time.
Allow smaller rural communities outside of urban growth areas to do more with density - create small nodes of development surrounded by rural land.	No specific actions to report at this time.
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.	No specific actions to report at this time.
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.	No specific actions to report at this time.
Examine other ownership models such as “mutual housing” and cooperatives.	No specific actions to report at this time.

Strategy 5:
Help Developers Address Rising Insurance Costs

Strategic Direction:	Accomplishments (2005-2009):
Support stable insurance costs for affordable housing providers with rent restricted properties.	AHAB has made several recommendations regarding insurance issues to Commerce, 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 (2005-2009):
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 Commerce, DSHS, DOC, Veterans, ESD, DOH and OFM has overseen the creation of the state's first comprehensive plan to reduce homelessness by half by 2015 and has regularly updated this plan with specific actions taken and a listing of projects on the drawing board. This collaboration has resulted in a data sharing agreement between Commerce and DSHS that will greatly increase our understanding of the problem of homelessness and the way in which people are accessing available services.
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 \$6 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.	Commerce and its partners in King and Snohomish County are migrating off the existing Commerce 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 Commerce procured HMIS.
Strongly advocate at the federal level to maintain and expand more mainstream resources for homeless individuals and families.	Commerce 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 (2005-2009):
<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 Commerce 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>Commerce and the DSHS Mental Health division conducted an intensive Supportive Housing Institute with several collaborative local partnerships to increase the capacity to implement supportive housing projects.</p> <p>Commerce 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>Commerce 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. Commerce 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 	<p>The Governor created the Interagency Council on Homelessness and designated Commerce's Housing Division Assistant Director as council chair. The ICH includes representatives from the Department of Commerce, DSHS, DOC, DOH, VA, OSPI, and ESD.</p> <p>The ICH has assisted Commerce in the 10 year plan creation</p>

<p>homeless people and people with special needs.</p> <ul style="list-style-type: none"> 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 Veterans 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>and annual updates and ICH agencies have specific tasks. DSHS and Commerce 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.</p> <p>Commerce, DSHS and DOC have participated in the Supportive Housing Institute.</p>
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Strategy 8:
Promote Quality Manufactured Housing & Fair Regulation

Strategic Direction:	Accomplishments (2005-2009):
Support Commerce 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.	Commerce 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.	No specific actions to report at this time.
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.	Commerce 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.	No specific actions to report at this time.
Support expansion of the Office of Manufactured Housing to include other services to provide homeowner opportunities for seniors and first-time homebuyers.	No specific actions to report at this time.

Strategy 9:
Increase Investment in Farmworker Housing

Strategic Direction:	Accomplishments (2005-2009):
<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 Commerce. 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 out stationed 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, Commerce 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, Commerce 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, Commerce 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>Ongoing 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>