



Department of Commerce

Washington State 2016 Housing Trust Fund Allocation Plan

SUMMARY OF PUBLIC COMMENTS RECEIVED VIA PHONE OR IN PERSON DURING THE PUBLIC HEARING HELD ON SEPTEMBER 22, 2016

Ginger Segel (Community Frameworks)

- Consider operating assistance as an allowable use of funds.
- Undergo a process to utilize the operating assistance in future years even if not done in the first year of implementation.
- Convene a small work group to develop a draft allocation plan that addresses operating subsidies and affordability goals, and present a draft plan to the broader low-income housing community for input.
- Consider incentivizing sponsors to include some units affordable to households below 30% AMI.
- Address the cost burden of modeling rents at 30% of 30% AMI.
- Provide recoverable grants where possible and as low or zero percent interest deferred loans for LIHTC projects.
- Consider high per unit investment with NHTF money and use of the operating subsidy as with the higher investment a high operating subsidy will be available.
- Ensure the merit of the project, preference for high need populations and geographic distribution are taken into account when appropriate.
- Consider rehabilitation as an allowable use of funds.

Dawn Mason (Former US Representative)

- The National Housing Trust Fund will positively impact people who are homeless and at risk of homelessness when supported by the State of Washington.

Daniel Seydel (Platinum Group, LLC)

- Hopes to see more inclusive language in the application, such as business and other opportunities for people of color and other minorities.

Korbie Jorgensen Haley (Office of Farmworker Housing)

- Utilize the available 30% of funds awarded for operating subsidy.
- Pull out the relevant amended NHTF sections from the Consolidated and Action Plans for easy of reference for public comments.

Michone Preston (Habitat for Humanity)

- Habitat for Humanity builds homes for 30% to 80% Area Median Income in urban areas; has a viable solution to reduce or eliminate homelessness.
- Encouraged homeownership as an eligible NHTF use.

Melissa Taylor (Lower Columbia CAP)

- Had questions about application process.



Department of Commerce

Washington State 2016 Housing Trust Fund Allocation Plan

**PUBLIC COMMENTS RECEIVED DURING THE OPEN PUBLIC COMMENTS PERIOD:
AUGUST 15 – SEPTEMBER 14, 2016**

(ATTACHED)

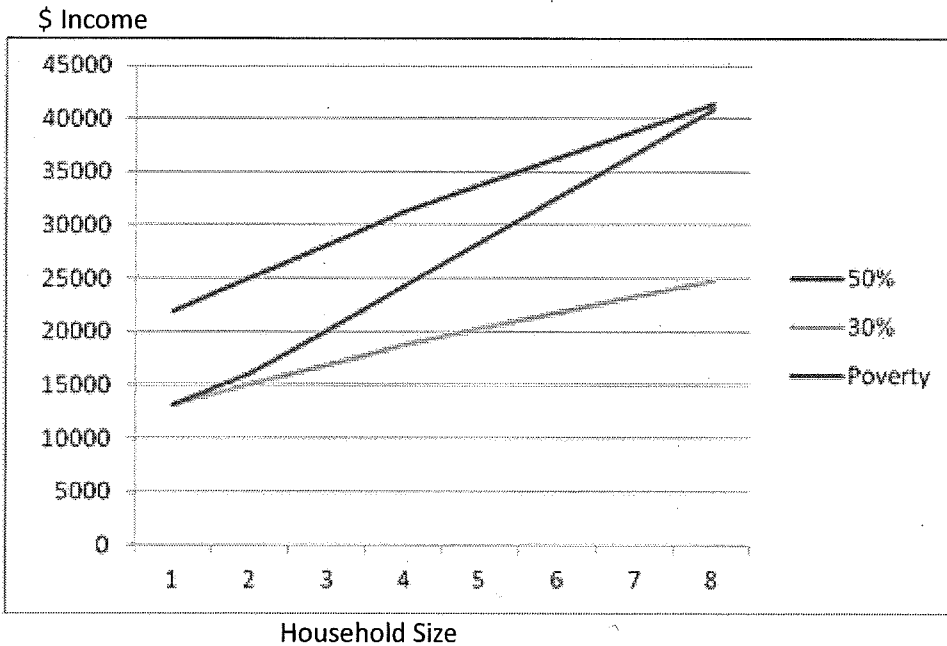
Peppin, Nathan (COM)

From: Trautman, Paul <ptrautman@spokanecity.org>
Sent: Monday, August 22, 2016 5:16 PM
To: Peppin, Nathan (COM)
Subject: NHTF Comment

Nathan – I'm commenting on the NHTF Substantial Amendment changes summary. That summary states HUD's allowance for NHTF funding to projects benefitting 30% AMI or those below federal poverty level, *whichever is greater*.

I'm unsure if this Substantial Amendment establishes policy. If so, I encourage Commerce to reject the *whichever is greater* language by providing a substantial portion of NHTF funds for $\leq 30\%$ AMI households and applying 30% of 30% rent. I suspect that many Washington jurisdictions are like Spokane County where the federal poverty level income is greater than 30% AMI income (see chart below of Spokane 2016 incomes).

Households at 30% AMI have the highest renter housing cost burden and the fewest affordable housing options. The *whichever is greater* language allows households at the relatively higher poverty level to outcompete those at 30% AMI. For example, Commerce Housing Needs Assessment shows that Spokane has 14 affordable rental units for every 100 30% AMI households. Including poverty level households would substantially increase the number of households income-eligible and able to pay for the very few 30% AMI rental units. 30% AMI households would drown in that competition. Also, a 30% AMI households would be rent burdened if they occupied a unit that charged 30% of federal poverty level rent. I prefer that Commerce use these few NHTF dollars to target benefit to 30% AMI households.



Thanks Nathan
Paul





Tacoma/Pierce County

Habitat
for Humanity®

*building
houses,
building
hope*

September 9, 2016

WA Department of Commerce

To whom it may concern:

Tacoma Pierce County Habitat for Humanity has been instrumental in stabilizing lives to prevent homelessness through affordable homeownership. As one of 30 affiliates in Washington, we partner with very low-income Washingtonians and provide them a permanent solution to their housing crisis – affordable homeownership.

Along with my fellow Habitat affiliates, we are covering all the bases in Washington, building in nearly every County. Habitat serves families at 30 – 80% AMI, but the majority of the participants are between 30-50%. Habitat is the only agency that creates homeownership for our low income neighbors.

The Federal Housing Trust Fund guidelines of serving 30-50% AMI families fit perfectly with the Habitat model. However, Habitat has much higher demand from our low income neighbors than the Federal Housing Trust Fund represents in the guidelines. We contend that homeownership is a viable way, through Habitat, to reduce and eliminate homelessness.

The track record of 30 Habitat affiliates building and rebuilding homes, and lives, over the past 30 years is proof of our permanent success in the continuum. We have eliminated nearly 2000 families from homelessness and poverty by providing homeownership. The low default rate, the low resale rate and the high success rate is further proof that low income families can become homeowners through Habitat.

An increase in the number of homeownership units, whether new, or rehab to conserve affordable housing stock, would increase our pace of permanently eliminating homelessness among our low income Washington families.

Habitat for Humanity is the entity that can perform on the National Housing Trust Fund, and provide the greatest impact for our state. Please consider self-help homeownership for very low income in your eligibility of these dollars.

In partnership,

Maureen S. Fife
Chief Executive Officer

Public Comment on the Washington State National Housing Trust Fund Allocation Plan

Washington State Department of Commerce

September 12, 2016

Ginger Segel, Community Frameworks

General Comments:

- We recommend that the Department of Commerce convene a small workgroup to develop a draft allocation plan that addresses operating subsidies and affordability goals for units subsidized with NHTF funding. The workgroup should include four – six developers and/or providers of housing for extremely low income households that represent Eastern and Western Washington. Once the draft allocation plan is complete it should be presented to the broader community for input through the PAT, WLIHA, and other venues. We understand that the operating issues are complex and approaches may vary for different communities based on area incomes and access to other capital and operating funding sources. It is important that the workgroup participants are well versed in both the financing and program challenges of housing families with incomes below 30% of AMI.
- This is potentially a great new resource, which hopefully will grow significantly in the coming years. We should develop an allocation plan that best fits with our state's other housing programs and unmet housing needs.

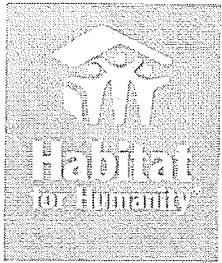
Specific Concerns:

- **Affordability.** Washington should consider following the example set by other states to incentivize sponsors to include some units affordable to households below 30% AMI. At minimum the state should respond to the inherent problem of setting rents at 30% of 30% of AMI, leading to all of the residents being cost burdened by definition, in the plan. In the absence of sufficient financing tools to guarantee very low rents in the long term, the state should encourage sponsors to consider the incomes of residents and explain the options for making the units more affordable, even if only in the short term.
- **Grant or Loan Terms.** The state should provide NHTF awards as recoverable grants, where possible, and as low or zero interest deferred loans for LIHTC projects. This is consistent with the state's past practice for serving 30% households with their other sources of funds. We advocate that these terms be explicit in the allocation plan.
- **Leveraging and Per Unit Subsidy.** The current pressure on the state HTF is for high leverage and low per unit state investment. It is very important that the state consider high per unit investment with NHTF money. There are two reasons for this approach. First, the intent of the NHTF is to have deep enough subsidies to reach to extremely low incomes. Second, 1/3 of the money can be used for operating subsidy – which will be a very important tool for housing the very poor with this program. If the per unit capital amount is low, the per unit operating amount will be correspondingly low.

- Operating Assistance. The state's plan is silent on operating assistance, yet this is potentially a very important component of this new funding source. The operating issues are complicated and for this component, more than any other, we recommend getting input from sponsors and developers on how best to set up the program. We agree that it is most expedient to spend this year's allocation on capital, but urge the staff to undergo a good process to create a program or guidelines for using 1/3 of the money for operations in future years.

Other Comments:

The process for creating the new scoring criteria for the state HTF will likely satisfy many of the other NHTF requirements. For example, I hope that merit of the project will be clear from that criteria, as well as preference for high need populations and geographic distribution. Commerce staff should take into account these HUD requirements for the NHTF when appropriate.



Through shelter,
we empower.

September 13, 2016

Comments regarding the National Housing Trust Fund

Habitat for Humanity-Spokane has been instrumental in stabilizing lives to prevent homelessness through affordable homeownership. As one of 30 affiliates in Washington, we partner with very low-income Washingtonians and provide them a permanent solution to their housing crisis – affordable homeownership.

Along with my fellow Habitat affiliates, we are covering all the bases in Washington, building in nearly every County. Habitat serves families at 30 – 80% AMI, but the majority of the participants are between 30-50%. Habitat is the only agency that creates homeownership for our low income neighbors.

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Habitat for Humanity is the entity that can perform on the National Housing Trust Fund, and provide the greatest impact for our state. Please consider self-help homeownership for very low income in your eligibility of these dollars.

Sincerely,



Michelle Girardot
Chief Executive Officer

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Spokane, WA 99202
(509) 534-2532
Fax (509) 534-3832
habitat-spokane.org



WASHINGTON LOW INCOME
Housing Alliance

National Housing Trust Fund Program
P.O. Box 42525
Olympia, WA 98504-2525

Thank you for the opportunity to comment on the National Housing Trust Fund 2016 Allocation Plan.

The Washington Low Income Housing Alliance and many of our members were part of the creation of the NHTF and have advocated for it to be capitalized for a number of years. While this first allocation is small, it was hard won, and we hope will set the stage for greater investment in the future. Because of this, getting the first allocation plan right is important.

The National Low Income Housing Coalition has developed a model draft allocation plan, is providing assistance to advocates around the country, and has reviewed many draft plans. NLIHC has significant expertise in what makes an effective plan that will be accepted by HUD. Their assessment of our draft plan is that it does not contain all the required elements, and will likely be rejected by HUD.

There are several specific areas that we would like to see improved:

1. Up to a third of the funds can be used for this purpose, but there is no mention of using any funds for operating subsidy. This should be included in the plan.
2. The regulations require the plan to identify the criteria the state will use in giving priority to proposals that meet six specific priority factors. Those factors are not adequately addressed in the proposed plan. We recommend prioritizing three: the extent to which the units will be affordable, particularly to ELI households; the duration of affordability; and the merit of the project to meeting our state's priority housing needs.

We recommend that the Department of Commerce convene a small workgroup to develop a draft allocation plan that addresses operating subsidies and affordability goals for units subsidized with NHTF funding. The workgroup should include four to six developers and/or providers of housing for extremely low-income households that represent Eastern and Western Washington. Once the draft allocation plan is complete it should be presented to the broader community for input through the PAT, the Housing Alliance, and other venues. We understand that the operating issues are complex and approaches may vary for different communities based on area incomes and access to other capital and operating funding sources. It is important that the workgroup participants are well versed in both the financing and program challenges of housing families with incomes below 30% of AMI.

Thank you for considering these comments. We look forward to next steps.

Sincerely,



Rachael Myers
Executive Director



Northwest Justice Project

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Tel. (206) 464-1519
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César E. Torres
Executive Director

September 13, 2016

Via email and first-class mail

Nathan Peppin
Department of Commerce
National Housing Trust Fund Program
PO Box 42525, Olympia, WA 98504-2525
Email: Nathan.Peppin@commerce.wa.gov

Dear Mr. Peppin:

Thank you for the opportunity to provide comments on Commerce's draft updates to prepare for the National Housing Trust Fund funding that is coming available. Northwest Justice Project is a statewide law firm that provides free civil legal aid for low-income people. As part of our work, we prioritize access to housing, fair housing, and racial equity in the provision of government services in our effort to fight poverty and its effects.

Please accept these comments in response to your open comment period on the draft Consolidated Plan, draft NHTF Allocation Plan, and 2016 Action Plan, specifically for those amendments meant to address the NHTF. These comments are specifically focused to ask Commerce modify the criteria for the NHTF selection in a manner that will affirmatively further fair housing.

a. Commerce has an obligation to affirmatively further fair housing

The NHTF, like all federal programs, has an obligation to comply with the duty to affirmatively further fair housing. Affirmatively furthering fair housing goes beyond just avoiding discrimination; it requires agencies and recipients of NHTF funding to promote integration and opportunities for fair housing. The new NHTF funding gives Commerce an opportunity to do this.

b. The proposal should deprioritize development in high-poverty, low-opportunity areas

In 2010, the Puget Sound Regional Council and Northwest Justice Project worked with the Kirwan Center to map areas of opportunity in the urbanized Puget Sound region.¹ The purpose of the mapping was to locate communities of opportunity in King County—areas with low poverty, job opportunity, and high-performing schools. Communities of opportunity provide low-income people the ability to obtain work and access to high-performing schools more easily for their children. By co-locating affordable housing in these areas, Commerce can better implement its obligation to affirmatively further fair housing. The draft plan, in its current form, provides no avenue for prioritizing projects that promote access to high-opportunity areas. Commerce should draft selection criteria that prioritize locating affordable NHTF housing in these communities.

c. The proposal needs more detail to affirmatively further fair housing

Sections of the proposal lack detail that would allow Commerce to award NHTF funding in a manner that affirmatively furthered fair housing. For example, section AP-55 of the 2016 Action Plan covers geographic distribution of units. This section could encourage geographic diversity to emphasize placement in communities of opportunity. The draft section contains little detail, however. In general, it was difficult to discern any specifics in the draft language that would have the effect of affirmatively furthering fair housing. Commerce should redraft this proposal to include specific language to emphasize the priorities raised in these comments.

d. Tenant selection criteria can affirmatively further fair housing

The proposal is silent on awarding units to developers who promise to use equitable tenant selection criteria. The 2016 Action Plan's section on barriers to affordable housing is also silent in this regard. Tenant selection policies that, for example, bar persons with histories of unlawful detainers (evictions) have a disparate impact on minorities, who are more likely to be evicted than similarly situated non-minorities. Other policies that discourage tenancies for people with poor credit, criminal histories, or other past issues have similar disparate impacts on racial minorities. To ensure that the NHTF-funded affordable housing furthers fair housing, Commerce must prioritize funding for developments that won't utilize tenant selection criteria that have discriminatory impacts on minorities, families with children, people with disabilities, or other classes of people protected by the Fair Housing Act.

¹ At <http://www.psrc.org/growth/tod/growing-transit-communities-strategy/equity/opportunity-mapping/>

e. Term of affordability

The proposal does not speak in detail to prioritizing projects that promise to keep their units affordability for the longest period of time. Traditional public housing—a source of stable and permanently affordable housing—is on the wane due to massive deficits in its funding for capital improvements. HUD's new Rental Assistance Demonstration is converting public housing in our state from permanently affordable housing to housing that is affordable for a limited period of time. To meet the need for long-term affordability, Commerce should prioritize funding for those projects that have long-term affordability. One way to do this may be to prioritize funding for projects that combine funding from NHTF with other programs, such as project-based Section 8 or the LIHTC program. While the proposal speaks of leveraging funding from other sources like LIHTC, the prioritization of long-term affordability is not clear.

f. Quality data reporting

Our state's LIHTC program is a main driver of affordable housing in Washington. Yet, we have inadequate data to inform policymakers about whether the LIHTC program improves housing opportunities for underserved populations. Commerce should correct this problem in the NHTF and require robust reporting of demographic data for tenants in NHTF housing.

Thank you again for the opportunity to comment on Commerce's draft plans for the NHTF funding cycle. We hope these comments are useful and we would be happy to assist with creating further draft language to help Commerce meet its goal of affirmatively furthering fair housing.

Sincerely,


Scott Crain
Attorney