

2013 Affordable Housing Update

A review of affordable housing accomplishments and recommendations to improve access to housing at all income levels in Washington State

Affordable Housing Advisory Board Policy Priorities

Preserve Funding for Homeless Housing

A \$40 document recording fee, collected upon the recording of real estate documents, funds nearly all publicly funded homeless services in most counties. These funds have reduced unsheltered family homelessness by 65 percent since 2006. The sunset of that fee will cause a 20 percent decrease in funding in 2015 and a 62 percent decrease in homeless funding in 2017.

Fund the Housing Trust Fund

The Housing Trust Fund is a public-private partnership that serves our state's most vulnerable households including low-income seniors, farmworkers, families with children, people with developmental disabilities, and other high-risk groups. Our state's Housing Trust Fund leverages five non-state dollars for every dollar invested and has helped build more than 38,000 units of housing since it began in 1987.

Require Cities to Accommodate Target Population Growth

Amending the Growth Management Act to require cities to accommodate target population growth would assist cities and counties with planning for more affordable housing.

Charge Impact Fees on a Per-Square-Foot Basis for Multifamily Housing Development

Unlike commercial property, impact fees for residential projects are usually charged on a per-unit basis that incentivizes the construction of larger, more costly units. This change will encourage the development of smaller, more affordable units and will align residential and commercial development impact fees.

Require Latecomer Agreements for all Infrastructure

Local latecomer agreements allow builders and developers to recoup costs when they pay for early infrastructure that benefits other, later developments. Some utility districts already require latecomer agreements for a 20-year period. Latecomer agreements should apply to all infrastructure investments, including roads and utility districts. This change would provide more certainty for the development community and much-needed consistency among jurisdictions.

Require Local Governments to Perform Planned-Action Environmental Impact Statements (EIS) Inside Urban Growth Areas

A major concern with the State Environmental Policy Act (SEPA) is that it increases costs and delays permits, often without any corresponding environmental benefit. Ultimately, this hurts housing affordability. Requiring SEPA as part of the planning process would help builders and developers provide more affordable housing inside urban areas by eliminating unnecessary processes and costs.

Progress Toward Meeting Our Five-Year Goals

Goal 1: Preserve Existing Affordable Housing

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

- ✓ The Washington State Department of Commerce (Commerce) awarded \$11.8 million through the Housing Trust Fund for acquisition and rehabilitation and \$10 million for weatherization.
- ✓ The Housing Finance Commission issued \$6.1 million in tax-exempt bonds and Housing Credits for the preservation of 828 affordable housing properties in 2013.
- ✓ Commerce launched a statewide online data system, HousingSearchNW.org, which matches landlords with renters and provides data on vacancies.

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

- ✓ The Legislature ensured the stability of asset management for the existing Housing Trust Fund Portfolio through passage of HB 1699 last year.
- ✓ The Housing Finance Commission monitored the performance of 922 affordable housing projects with 74,831 living units during 2013.
- ✓ Commerce and the Housing Finance Commission issued a joint request for qualifications and quotations to study the financial performance and capital needs of multifamily Trust Fund and federal Housing Credit projects. The study will examine a sample of existing projects to learn how they are doing financially, and estimate funds needed for capital improvements that will sustain these projects in the future.

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

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

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

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

- ✓ During the 2013 legislative session, funding for affordable housing and weatherization totaled \$66 million (\$56 million for Housing Trust Fund and \$10 million for weatherization). Although short of the goal, it was a significant investment in affordable housing and construction-related jobs during the recession.
- ✓ The Affordable Housing Advisory Board has worked with advocates and elected officials to ensure that the Housing Trust Fund remains in the capital budget despite sharp overall revenue declines.

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

- ✓ This year the Affordable Housing Advisory Board launched the most comprehensive research effort on affordable housing our state has ever had. This Affordable Housing Needs Study will include an analysis of public and private units, and a forecast of future needs. The first report will be delivered in 2014.
- ✓ The Housing Trust Fund continued implementation of nine recommendations to emphasize cost-effectiveness in response to HB 2640 (2012).
- ✓ The Housing Finance Commission implemented cost-containment limits after discussions with Housing Credit users in 2011. Those policies were implemented in 2012. The new cost-containment policies provide limits for proposed projects that request an allocation of credit based on the number of bedrooms in each unit and the location of the proposed project.
- ✓ The Housing Finance Commission implemented a cost-containment policy in the 2013 round of the Housing Credit Program with guidelines based on the geographic location of a project and the number and size of bedrooms. Certain costs, such as the purchase of land, are not included in cost containment limits. In 2014, the Commission anticipates providing additional competitive “points” to encourage more savings, in addition to the cost-containment guidelines.
- ✓ The Puget Sound Regional Council’s Growing Transit Communities Partnership won a federal Partnership for a Sustainable Communities Grant. One goal of that effort is to provide access to housing at all income levels near transit and light rail corridors.

Goal 3: Decrease Homelessness

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

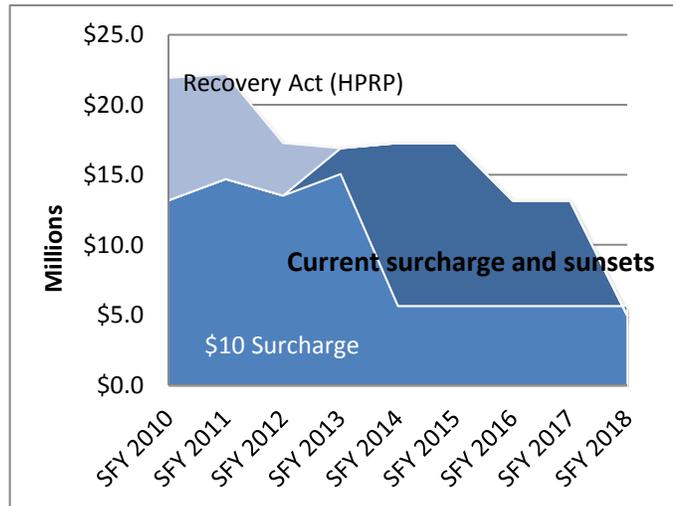
- ✓ In January 2011, Commerce instituted performance-based incentives to permanently house people who exit correctional institutions, psychiatric care, and those transitioning from foster care. New payment points starting in January 2013 encourage counties to find and transition individuals into stable housing.

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

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

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

- ✓ Commerce is pursuing agency request legislation to extend the \$40 document recording fee, which is collected upon the recording of real estate documents and funds nearly all homeless services in most counties. That fee is currently slated to sunset and will cause a 20 percent decrease for homeless funding in 2015 and a 62.5 percent decrease in homeless funding in 2017.
- ✓ Washington State, through Commerce, was one of 13 states to win \$5.6 million from HUD to support 275 units of permanent housing for low-income households with disabilities (as part of Section 811 Project Rental Assistance Demonstration funds).
- ✓ In 2013, the Housing Finance Commission allocated \$7.4 million in tax exempt bonds and Housing Credits for projects that provided 394 low-income housing units, 229 of which are dedicated to house formerly homeless residents.



Eliminating the document recording fee sunset will ensure that funding for homeless housing can continue at current levels.

About the Affordable Housing Advisory Board

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

2012-13 Leadership

Faith Pettis, Chair, Pacifica Law Group

Kevin Grossman, Vice Chair, Grossman Services Inc.

Paul Purcell, Policy Advisory Team Chair, Beacon Development Group

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