

2012 Affordable Housing Update

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

2013 Housing Agenda

Support the Housing Trust Fund

The Housing Trust Fund is a public-private partnership that serves our state's most vulnerable households. A \$150 million investment will support seniors, low-income families, and other high-risk groups.

Support Self-Sufficiency Revenue Policies

Many households who were once at risk of homelessness got back on their feet thanks to state-funded services. We support revenue policies that will help short-term services like Washington Families Fund, food banks, and TANF.

End Child Homelessness

We will support state and local efforts to end unsheltered family homelessness. Washington is on the right track; we have reduced unsheltered family homelessness by 65 percent since 2006.

Undertake a Housing Needs Study

A comprehensive, statewide-needs study will inform Washington about trends and future needs related to affordable housing. We will commission, seek funding, and oversee a statewide study to produce concise, useful, and replicable information on our state's affordable housing needs.

Preserve Housing and Essential Needs

This program prevents homelessness for single adults with temporary disabilities by providing rental assistance. Cuts to this program would stress other homeless services currently targeted to families and other high-risk groups.

About the Affordable Housing Advisory Board

We recommend solutions that promote affordable housing and identify regulatory barriers to affordability by advising the Department of Commerce (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

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

Jody Becker-Green, Ex-Officio, DSHS

Dan McConnon, Ex-Officio, Commerce



Progress Toward Meeting Our Five-Year Goals

Washington made progress toward achieving each of the Affordable Housing Advisory Board's three major housing goals in 2012.

Goal 1: Preserve Existing Affordable Housing

1. Fund building rehabilitation that will preserve existing affordable housing stock.

- ✓ Commerce requested capital funds from the Governor for weatherization and rehabilitation; \$6 million of those funds will be focused on Housing Trust Fund units.
- ✓ In the 2012-13 Biennium, the Housing Trust Fund made \$2 million available from its operating funds for emergent capital needs of projects within its portfolio (which is not sustainable over the long-term).
- ✓ The Housing Finance Commission issued \$9 million in tax-exempt bonds and \$5.5 million in Housing Tax Credits for the preservation of affordable housing properties in 2012.

2. Propose incentives for private owners to preserve unsubsidized affordable housing.

- ✓ Commerce is negotiating a plan to fund a statewide online data system that will match landlords with renters, and provide data on vacancies and need.
- ✓ The Housing Finance Commission provided financing for the acquisition and rehabilitation of unsubsidized affordable housing through the Private Activity Bond program.
- ✓ Financial institutions, homeowner advocates, and government agencies cooperated to update the three-year-old Foreclosure Fairness Program. That program funds mortgage counseling and foreclosure mediation intended to mitigate the impact of mortgage delinquency and foreclosure.

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

- ✓ Commerce worked to ensure the stability of asset management fees for the existing Housing Trust Fund Portfolio through HB 1699, which nearly passed last year.
- ✓ Commerce, the Housing Finance Commission, and other funders have continued to support and expand the use of a shared online compliance and reporting database that provides in-depth information about the performance of publicly funded affordable housing stock.

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 has been necessary because the Legislature has 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.

- ✓ Commerce requested \$150 million from the Governor in light of Capital Budget constraints.
- ✓ During the 2012 legislative session, the total funding for affordable housing and weatherization totaled \$93 million (\$68 million for Housing Trust Fund and \$25 million for weatherization). While it was below the goal, it was a significant investment in affordable housing and construction-related jobs during the recession. Since 1987, the Trust Fund has helped build or maintain nearly 40,000 units statewide.
- ✓ The Housing Finance Commission Tax Credit Program helps leverage projects that include Housing Trust Fund loans.

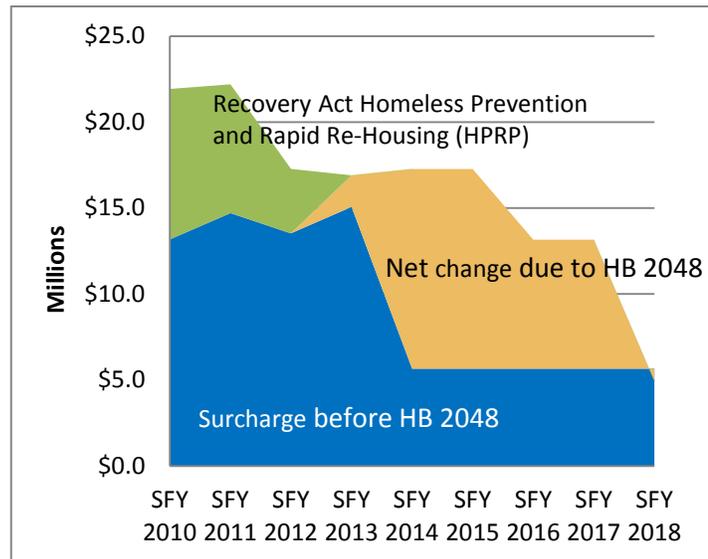
3. Increase the tools available to finance affordable housing development and implement cost efficiency measures in major funding programs.

- ✓ The Housing Trust Fund has begun to implement nine recommendations to emphasize cost-effectiveness in response to HB 2640 (2012).
- ✓ Commerce funded a Washington State University study in 2012 to learn more about housing trust funds in other states.
- ✓ Due to existing obligations and the decline in document recording fees in recent years, the Housing Trust Fund has been unable to make new awards for operating and maintenance from the Affordable Housing for All account since 2009. For the 2012-13 Biennium, Commerce made \$2 million available from Housing Trust Fund operating funds for this purpose, but this is not sustainable over the long-term.
- ✓ 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 Puget Sound Regional Council's Growing Transit Communities Partnership won a federal Partnership for Sustainable Communities Grant. One goal of that effort is to provide access to housing at all income levels near high capacity transit and light rail corridors.

Goal 3: Decrease Homelessness

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

- ✓ In January 2013, Commerce instituted performance-based incentives to permanently house people who exit public systems of care. Payment points encourage counties to find and transition individuals into stable housing. Public systems include correctional institutions, psychiatric care, and those transitioning from foster care.



The passage of HB 2048 (2012) slowed the decline of homeless funding in Washington.

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

- ✓ Housing and Essential Needs service providers now have access to DSHS data systems so that housing contractors can confirm program eligibility without sending clients back to a DSHS office.
- ✓ Commerce partnered with DSHS and Building Changes (a nonprofit committed to ending homelessness in Washington) to win a Bill & Melinda Gates Foundation grant to identify and implement changes in our state that will help reduce family homelessness.

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

- ✓ In 2012 the Legislature passed HB 2048, which temporarily increases document recording fees, and extends a 2014 sunset to 2018 (see diagram on this page).
- ✓ In November 2012, Commerce changed federal Emergency Solutions Grants so that short-term, shallow-rent subsidies are allowable for up to 18 months.
- ✓ 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).