

2015 Affordable Housing Update

A review of affordable housing accomplishments and recommendations to improve access to housing at all income levels in Washington State per [RCW 43.185B.040](#).¹

Affordable Housing Advisory Board Policy Priorities

Support Housing Trust Fund Supplemental Appropriation

The Affordable Housing Advisory Board (AHAB) unanimously supported a \$10 million supplemental appropriation to the Housing Trust Fund for the 2016 funding round. Housing affordability and homelessness have become critical issues in our state, and the Housing Trust Fund is a powerful tool that leverages local and private investment to address the issue and create housing that will remain affordable for the long term. Applications from communities for the 2016 round of funding exceeded available appropriations, signaling an ongoing gap between need and resources for affordable housing in our state.

Support Ending Source of Income Discrimination

AHAB also unanimously supported two bills related to the preservation of housing options for participants in government assistance programs (source of income discrimination), [SB 5378](#)² and [HB 1565](#).³ Ending source of income discrimination would bring the state in alignment with some Washington municipalities, and 12 other states that already prohibit excluding tenants because of income sources such as Housing Choice (Section 8), Social Security, or Veterans Affairs Supportive Housing. Those bills did not pass in 2016.

Support Property Tax Exemptions for Affordable Housing

A majority of board members (11-2-1) also voted to support authorizing local governments to adopt a property tax exemption program for the preservation of affordable housing, [SB 6239](#)⁴ and [HB 2544](#).⁵ Those bills proposed a local option for a 15-year tax exemption for property owners who set aside 25 percent of their units for low-income tenants. Neither version passed the Legislature.

Housing Affordability and Livability Agenda (HALA)

A Cross-sector Workgroup Published over 60 Affordable Housing Recommendations

Seattle Mayor Murray tasked a group, including builders, developers, labor, tenant advocates and employers, to make recommendations to improve access to affordable housing in Seattle. Many of the recommendations in the [final HALA report](#)⁶ could also be adopted in other cities and counties in Washington. The city of Seattle also plans to engage the Legislature on select policy changes that would improve opportunities for affordable housing in Seattle and around Washington. AHAB monitored the HALA process closely and will consider the report's statewide recommendations when developing the 2017 policy agenda.

¹ <http://app.leg.wa.gov/rcw/default.aspx?cite=43.185B.040>

² <http://app.leg.wa.gov/billinfo/summary.aspx?bill=5378&year=2015>

³ <http://app.leg.wa.gov/billinfo/summary.aspx?bill=1565&year=2015>

⁴ <http://app.leg.wa.gov/billinfo/summary.aspx?bill=6239&year=2015>

⁵ <http://app.leg.wa.gov/billinfo/summary.aspx?bill=2544&year=2015>

⁶ http://murray.seattle.gov/wp-content/uploads/2015/07/HALA_Report_2015.pdf

2015 Housing Needs Assessment

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

The [*2015 Washington State Housing Needs Assessment*](#)⁷ combines and analyzes federal, state, and housing authority data on affordable housing to create a baseline for measurement of the effectiveness of state and local housing programs, policies, and funding. In December 2015, AHAB began the process to publish an updated report in 2017.

⁷ <http://www.commerce.wa.gov/commerce-wash-housing-needs-assessment-executive-summary-2015/>

Progress Toward Meeting our Goals

Goal 1: Preserve Existing Affordable Housing

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

- ✓ In State Fiscal Year 2015 (July 2014-June 2015), the Housing Finance Commission issued \$400.5 million in multifamily tax-exempt bonds and \$205.5 million in multifamily housing tax credits, a portion of which allowed for the preservation of affordable housing properties.
- ✓ In 2015, the Department of Commerce (Commerce) awarded \$47.5 million through the Housing Trust Fund that will produce almost 1,400 units of affordable housing serving low income and special needs populations.
- ✓ An additional \$15 million for weatherization of existing housing stock was funded through the state capital budget for the 2015-17 Biennium, and will be administered by Commerce.

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

- ✓ In 2015, Commerce and the Housing Finance Commission received the [Washington State Affordable Housing Portfolio Study](#),⁸ which inventoried the physical condition of the Housing Trust Fund and Low Income Housing Tax Credit portfolios in Washington. The study was funded by Commerce and the Housing Finance Commission, and was researched and written by the Housing Development Center of Portland. The Housing Finance Commission created a working group to develop best practices for preserving and upgrading existing affordable housing in its portfolio.
- ✓ Using the 2015 *Housing Needs Assessment*, the Housing Finance Commission worked with municipal jurisdictions statewide to increase awareness of the need for affordable housing.
- ✓ In January 2015, AHAB published the [Washington State Affordable Housing Needs Assessment](#),⁹ which includes maps and analysis of public housing resources. Detailed information, including county and large-city profiles, is [here](#).¹⁰

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

- ✓ The Legislature maintained the current property tax exemption for affordable housing properties owned by public and private nonprofit organizations.

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

- ✓ During the 2015-17 Biennium, funding for the Housing Trust Fund totaled \$88.5 million. Although that was far below the goal of \$300 million set by AHAB before the recession, it was an increase from the previous biennium.
- ✓ AHAB recommended a supplemental capital budget appropriation of \$10 million for the Housing Trust Fund's 2016 funding round – the Legislature appropriated \$8 million.

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

- ✓ Commerce continued implementation of nine recommendations to emphasize cost-effectiveness in response to [HB 2640](#)¹¹ (2012), including implementation of cost-containment limits.
- ✓ In 2015, rising construction costs, especially in urban areas, had an impact on developers. In response, the Housing Finance Commission continued to refine its cost-containment

⁸ <http://classic.commerce.wa.gov/Documents/WSAHP%20Study%20March%202015.pdf>

⁹ <http://www.commerce.wa.gov/commerce-wash-housing-needs-assessment-executive-summary-2015/>

¹⁰ <http://classic.commerce.wa.gov/commissions/AffordableHousingAdvisoryBoard/Affordable-Housing-Needs-Study/Pages/default.aspx>

¹¹ <http://apps.leg.wa.gov/billinfo/summary.aspx?bill=2640&year=2011>

policy in the most recent round of the Housing Credit Program, and continues to provide additional competitive points to encourage more savings.

Goal 3: Decrease Homelessness

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

- ✓ In SYF 2015, the Housing Finance Commission issued multifamily tax-exempt bonds and multifamily housing credits resulting in the creation or preservation of 192 units dedicated to formerly homeless residents. Many of these were accompanied by intensive supportive services to help these individuals transition back to independent living in the community.
- ✓ The [Office of Homeless Youth Prevention and Protection](#)¹² was established at Commerce. That office is now staffed and operational. The office is guided by a 12-member Governor-appointed advisory committee. In an effort to improve access to homeless youth data, Commerce requested [HB 2834](#),¹³ which would have increased access to data about homeless youth. That bill did not pass in 2016; Commerce will work on those changes again in 2017.

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

- ✓ The Vulnerable Families Partnership initiated a “100 Day Challenge to End Family Homelessness” to provide technical assistance to Thurston, Mason and Cowlitz counties. The Challenge will provide short-term technical assistance to those counties to make rapid changes intended to reduce unsheltered homelessness. The Vulnerable Families Partnership includes DSHS, Building Changes, the Governor’s Office and Commerce, and was funded by a grant from the Bill & Melinda Gates Foundation.
- ✓ Commerce and the Vulnerable Families Partnership contracted DSHS Research and Data Analysis to publish an evaluation of the [Ending Family Homelessness pilot program](#)¹⁴ and [Predicting Homelessness among Low-Income Families on TANF](#).¹⁵ Both studies are informing program changes at Commerce.

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

- ✓ Commerce increased local flexibility to allow more robust shelter diversion and permanent supportive housing in its 2016 Consolidated Homeless Grant program guidelines.
- ✓ Commerce has added requirements to the Consolidated Homeless Grant program in order to prioritize service to unsheltered individuals and families.
- ✓ The 2016 legislative session resulted in a number of new programs and services intended to support homeless youth, including funds for 23 additional HOPE beds, 20 Young Adult Shelter beds, increased funding for Street Youth Services, and funding for truancy reform.

¹² <http://www.commerce.wa.gov/serving-communities/homelessness/office-of-youth-homelessness/>

¹³ <http://apps.leg.wa.gov/billinfo/summary.aspx?bill=2834&year=2015>

¹⁴ <https://www.dshs.wa.gov/sesa/rda/research-reports/impact-housing-assistance-outcomes-homeless-families>

¹⁵ <https://www.dshs.wa.gov/sesa/rda/research-reports/predicting-homelessness-among-low-income-families-tanf>

About the Affordable Housing Advisory Board

The Affordable Housing Advisory Board recommends solutions that promote access to affordable housing and identify regulatory barriers to affordability by advising Commerce on housing-related issues ([RCW 43.185B.030](http://www.rcw.gov/rcw/default.aspx?cite=43.185B.030)).¹⁶ The Governor appoints members who represent a variety of housing interests. The [Washington State Housing Finance Commission](http://www.wshfc.org/index.htm),¹⁷ [Department of Social and Health Services](http://www.dshs.wa.gov/),¹⁸ and [Commerce](http://www.commerce.wa.gov/)¹⁹ are represented by ex-officio members.

2015-16 Membership

Faith Pettis, 2015 Chair, Pacifica Law Group

M.A Leonard, 2016 Chair, Enterprise Community Partners Inc.

Kevin Grossman, 2015 Vice Chair, Grossman Services Inc.

Chris Pegg, Policy Advisory Team Chair, Longview Housing Authority

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

Mike Adolfae, member at large

Vijya Patel, Madison Avenue Realty

Connie Devaney, Kawabe Memorial House

Bryan Friend, Union Bank

Andree Harland, Pacific County

Joel Ing, Shelter Resources Inc.

Joseph Ingram, Homeless Outreach

Tory Laughlin Taylor, Bellwether Housing

Paula Lonergan, Tacoma Rescue Mission

The Honorable Obie O'Brien, Kittitas County Council

Michael O'Rourke, Washington Federal

The Honorable Teresa Overhauser, Cheney City Council

Chris Pegg, Longview Housing Authority

Shaw Seaman, DSHS Division of Developmental Disabilities

Shannon Affholter, Master Builders of King and Snohomish Counties

Peter Orser, Runstad Center for Real Estate Studies, University of Washington

The Honorable Lauren Walker, Tacoma City Council

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

Diane Klontz, Ex-Officio, Washington State Department of Commerce

David Stillman, Ex-Officio, Washington State Department of Social and Health Services

For more information:

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Affordable Housing Advisory Board

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Department of Commerce

¹⁶ <http://apps.leg.wa.gov/rcw/default.aspx?cite=43.185B.030>

¹⁷ <http://www.wshfc.org/index.htm>

¹⁸ <http://www.dshs.wa.gov/>

¹⁹ <http://www.commerce.wa.gov/>