



Washington

Low Income Housing Preservation in 2010

Low Income Housing Tax Credits (9% Tax Credits)

The 2010 QAP provides non-numerical priority for projects intended to "preserve federally assisted projects as low-income housing units" and "rehabilitate buildings for residential use." At-risk properties that meet the following criteria are awarded 10 points: (1) the project has one or more Federally Assisted Building(s); (2) at least 50% of the total housing units in the project are low income; (3) the applicant agrees to maintain the low-income housing units included in the project for a minimum of 30 years (i.e., make an additional low-income housing use period Commitment of at least 12 years); (4) the Federal agency regulating the low-income use certifies that the owner may be released from all low-income use restrictions within five years of the date of the Application; and (5) the market study clearly demonstrates that (a) market rate rents are significantly greater than current rents being charged and (b) those market rate rents are achievable, creating the likelihood that existing residents will be displaced as a result of increasing rents.

Points are also awarded to rehabilitation proposals. Five points are awarded if a rehabilitation proposal rehabilitates at least 80% or more of the total existing housing units that exist in the project prior to rehabilitation or the conversion of one or more buildings from non-residential use and 50% or more of the total residential units in the project are included in the converted building(s). Rehabilitation proposals that are part of a community revitalization plan receive an additional 2 points.

Projects located in Difficult to Develop Areas, Qualified Census Tracts, and rural areas are eligible for the 30% basis boost.

Allocations (2003-2009)

Properties Preserved: 52

Apartments Preserved: 2,271

Private Activity Bonds with 4% Tax Credits

Allocations (2003-2009)

Properties Preserved: 43

Apartments Preserved: 4,921

Additional Info: Washington did not allocate any 4% tax credits towards preservation projects in 2009.

Housing Trust Funds

Established in 1987, The Washington State Housing Trust Fund helps communities meet the housing needs of low-income and special needs populations. The HTF provides funds to: support the construction, acquisition or rehabilitation of 4,500+ units every two years; create rental and homeownership opportunities in every region of the state for people with incomes below 80 percent of the average median income; support special needs housing for clients of Department of Social and Health Services and the Department of Health programs and services.

Housing advocates in Washington State won a major victory on April 13, 2010 when the Legislature passed a budget and revenue package that not only protected Washington's Housing Trust Fund but allocated an additional \$34 million to meet the needs of Washington families and individuals in need of affordable housing.

The Housing Opportunity Fund (HOF) was created by King County in 1990 to enable local housing providers to better compete for an leverage federal, state, private and other local funds to meet the urgent housing needs of the county's vulnerable. Of four priorities adopted by the HOF, one is the preservation of housing threatened by conservation or expiring low-income use restrictions.

Trust Funds (continued)

Seattle

Since its creation in 1981 the Seattle Housing Levy Program has distributed revenues from multi-year property tax levies to affordable housing initiatives. The levy has been reapproved consistently since then; most recently voters supported a 7 year, \$86 million levy in 2002. Funding from the tax supports five different programs run by the city Office of Housing including a rental preservation & production program scheduled to receive more than \$8 million a year through 2009. One of four priority areas for the preservation & production program is the "preservation of subsidized rental housing projects with expiring affordability restrictions." The Seattle Office of Housing may distribute below-market interest rate bridge loans, long-term loans, or supplemental funding to be used for acquisition, rehabilitation, or preservation. Leveraging funds with other resources such as tax credits, state trust fund moneys, grants, or other loans is strongly encouraged. On November 3, 2009, Seattle voters overwhelmingly approved the renewal of the Seattle Housing Levy.

PLEASE NOTE: Some of the information on housing trust funds included in this report was generously provided by the Center for Community Change (Housing Trust Fund Project).

Other Preservation Incentives

Washington has a two-part preservation plan. First, the WSHFC Preservation Team was one of the first state housing finance agencies to design a process for marketing and selling tax credit properties to qualified buyers who will keep them affordable at the end of the 15-year compliance period. Second, the HFC has streamlined their monitoring procedures for owners and managers of tax credit properties who stay in the program after the 15 year minimum, waiving certain requirements and focusing only on preserving affordability. The HFC is also partnering with other public agencies to monitor jointly funded properties, which lessens the burden on the owners and allows the HFC to combine resources when working out preservation issues that arise.

WSHFC was an early supporter of Impact Capital, formerly Washington State LISC, contributing \$5 million in its own earned income to the loan fund. Impact Capital offers an array of products which fund non-profits affordable developers' predevelopment, acquisition, and construction costs. Impact Capital currently offers preservation services including portfolio evaluation, technical assistance, and asset management peer network. In 2006 \$11.3 million was loaned to developers which will result in the production and preservation of over 1,600 units.

King County's Housing Finance Program administers funds for a program that focuses on preserving existing units of affordable housing that are already owned and in need of repair and/or rehabilitation. There are 2 programs available: 1) a minor repair/rehabilitation service for small rental complexes or for repair of fewer than 12 units; 2) a major repair/rehabilitation program for rental complexes with 12 or more units with repair on 12 or more units, or for non-profit owner, publicly subsidized housing projects of any size.

MacArthur Awardee: Despite Washington's commitment to preservation and its long-standing dedication to providing affordable housing, some 250,000 households in the state have housing affordability problems with more than 25,000 low-income households in Seattle paying 50 percent or more of their incomes toward rent. The state and city will help nonprofit owners and affordable housing funders implement best practices in asset management to ensure the long-term stewardship of affordable rental homes. Washington and Seattle are receiving a \$1 million MacArthur grant.

Seattle:

In November 2009's election, 2 out of every 3 Seattle voters approved renewing an affordable housing levy that is expected to raise \$145 million to preserve and build affordable housing over a 7 year period. In doing so, voters agreed to pay \$65 more a year, on average, in taxes in order to invest in affordable housing. The levy is expected to result in the preservation or production of nearly 1,700 affordable rental homes for Seattle's most vulnerable populations, including seniors and working families earning minimum wage. Among the objectives of the program are to preserve affordable housing with expiring federal housing subsidies and to focus resources on providing housing opportunities near transit.

Green Multifamily Preservation Initiatives

Green Incentives in State Tax Credit Allocation Plan

Projects applying for funding must meet the Evergreen Sustainable Development Standards. These standards are modeled and adapted from the Enterprise Green Communities Criteria. The standards aim to improve the overall health of the public, energy conservation, savings in operation costs, and the use of sustainable building materials in affordable housing production. The benefits of including these practices will result in, "improved energy performance and thermal comfort, a healthier indoor environment, increased durability of building components and simplified, more cost-effective maintenance requirements." Criteria include: water conservation, energy efficiency, low/no VOC paints and primers and many other criteria. There are separate point requirements for rehabilitation and new construction proposals.

Other Green Incentives Relevant to Preservation

The Department of Commerce, Community Services and Housing Division administers Washington's Weatherization Assistance Program. Washington encourages using WAP funds to weatherize multifamily developments. The Department of Community, Trade and Economic Development (CTED) has revised its weatherization policies to be more inclusive of non-profit owned and HUD-funded multifamily housing, and the governor has signed legislation prioritizing the use of federal Weatherization funds in properties financed through the state's housing trust fund. In addition to reduced utility payments, CTED defines benefits to the tenant to include "preserved low-income housing, added comfort, and improved indoor air quality." For complete information on WA's weatherization program see: <http://www.waptac.org/grantee-contacts.aspx>.

Other incentives include a sales/use tax exemption for renewable energy systems, grants for green rehabilitation, and renewable energy production incentives.

Seattle Built Green Grant: The King County/Seattle Built Green® incentive provides funding for single-family, townhome, and multi-family residential and community development projects to help offset the cost of certifying and designing innovative green projects throughout Seattle and King County.

For additional information on green initiatives, visit www.aceee.org for more on policies related to energy efficiency or www.dsireusa.org for programs that may be available to developers to incentivize renewable energy or energy efficiency.

Sustainable Communities & Transit-Oriented Development Incentives

Washington's 2010 QAP gives preference to projects that are located in qualified census tracts and the development of which will contribute to a concerted community revitalization plan (among other things). One of 3 "Priority Categories" is "Targeted Areas" which includes projects proposed in DDAs, QCTs, part of a comprehensive plan or part of a community revitalization plan. Projects that meet the requirements for both Leveraging and Targeted Areas will be considered for bond cap second. Projects that qualify for either Leveraging or Targeted Areas will be considered third. Washington's 2010 QAP, Community Amenities, defined as projects located within ½ mile walkable distance of amenities, are awarded 2 points.

In Washington's required green standards, Evergreen Sustainable Development Criteria, up to 10 points are awarded (and are optional) for sites that are a 1/4 of a mile radius of 2 or more public transit lines, or 1/2 mile from fixed rail or ferry station. 5 points will be awarded to projects that are within a 1/4 of a mile radius of public transit services. In Washington's 2010 QAP, projects located within ½ mile walking distance of public transit service earn 2 points and projects located within ½ mile walking distance of two or more public transit lines or a fixed rail station or ferry terminal earn 4 points.