



30 Years of opening doors to a *better life.*

WASHINGTON STATE HOUSING FINANCE COMMISSION





**LIVES TOUCHED** Clockwise from top: Jason Salvo bought land near Duvall for Local Roots Farm; Christa bought her first home in Seattle with Commission assistance for teachers; a farmworker's child has a safe place to live; Max and Teresa bought and remodeled a home in Beacon Hill; a child plays at Village at Overlake Station in Redmond; the North Spokane YMCA built a beautiful new facility; and nonprofit Christian Health Care in Lynden built a new facility to care for residents like Lydia.

**FRONT COVER** Children play at Riverside Village in Duvall, where in 2013 residents formed a co-op and purchased the land beneath their homes with Commission help.





# Three decades of work. *Thousands of lives touched.*

For thirty years, we have opened doors to homeownership. To affordable apartments. And to essential buildings in which people learn, create, and help one another.

In partnership with the private sector and nonprofit organizations alike, we have opened doors to stability. To community. To dignity. To dreams. We have financed renewal, economic resilience, and hope.

We are honored to mark our third decade of opening doors for the people of Washington. And we are proud to share this look back at the difference our work has made.





*What we do and how we do it*

# Private Markets—Public Good

**How bonds, tax credits, and investors enable us to create housing and jobs.**

Our nationally recognized programs fund housing and facilities, create and sustain jobs, and infuse millions into the state economy. Wherever the community, whatever the size, housing and quality of life are crucial. We help communities across Washington create affordable housing, build facilities for a wide range of uses, lend a hand to those who earn their living from the land, and more. At the heart of our work are two basic functions: issuing bonds and allocating tax credits.

## **BOND FINANCING**

Using the bond authority allocated to each state by the federal government, we issue tax-exempt bonds, which are sold to private investors

seeking a low-risk, long-term investment. Lenders then use proceeds from the bond sales to provide lower-interest loans.

For most of our 30-year history, bond financing enabled us to provide affordable mortgages and downpayment assistance for thousands of first-time homebuyers. Bonds also fund multifamily housing, such as apartment buildings.

Bond proceeds allow partnering banks to loan money to for-profit or nonprofit housing developers at a lower interest rate.

We use the same model to fund nonprofit facilities, such as community centers, museums and summer camps, energy projects, and low-cost loans to beginning farmers and ranchers.

FACING Residents of Salishan, a Tacoma housing development financed in part by the Commission.

*The Commission has had bipartisan support from Washington's governors since its inception. Every succeeding governor has supported the work of the Commission because of what it accomplishes.*

— MIKE LOWRY (WASHINGTON STATE GOVERNOR, 1993-1997)

### HOUSING TAX CREDITS

We also distribute Washington State's share of Federal Low Income Housing Tax Credits. The Internal Revenue Service allocates credits to all 50 states according to population. Housing finance agencies—like the Commission—then allocate the credits to housing developers for specific projects. The process is highly competitive; the Commission has developed a sophisticated set of criteria to decide which projects receive tax credits each year. The developers then sell them to private investors and use the proceeds to fund their housing projects. Many projects use a combination of bond and tax-credit financing.

### A SELF-SUSTAINING ENTERPRISE

Commission operating costs are funded through fees we earn on our programs; no taxpayer dollars are used for our operations except when we are occasionally directed to administer a state program or contract with another state agency. In short, nearly all of our programs rely heavily on private equity investment, making them textbook "public-private partnerships." More important, working with the private market enables us to create more housing for more people at a faster rate than if we relied solely on government funding.

### INVESTING OUR RESERVES

Some years, we do better than break even. Since 1990, we have invested budget surpluses in our Program Investment Fund. This flexible

funding has allowed us to invest in innovative ways to serve people of more diverse incomes and backgrounds. These include Habitat for Humanity loans, our energy programs, and homebuyer downpayment assistance programs, such as HomeChoice for those with disabilities, and House Key Teacher for educators.

### CREATING JOBS

Our financing creates far more than beautiful buildings and affordable places to live. It also puts people to work. At last count, our projects created at least 237,622 jobs across the state—and contributed more than \$42.5 billion in wages and material purchases to the state's economy.



*Under one roof*

# Creating the Commission

**How government, business, and housing advocates came together to create Washington's housing finance agency.**

When Governor John Spellman signed the bill creating the Washington State Housing Finance Commission in May 1983, he ended a game of legislative tug-of-war that had been played for decades. Since the 1960s, advocates for community development and affordable housing had sought creation of a housing finance agency based on successful models in other states. But whenever a bill creating such an agency bubbled up from the legislative soup, it was rejected by bankers and others wary of the state getting into the housing business. Eventually, Washington was one of the only states in the nation without some version of a housing finance agency.

## **CHANGING TIMES, CHANGING MINDS**

But by the early 1980s, the times, and public sentiment, had shifted. The state was in the grip of a relentless recession, complete with high unemployment and interest rates on mortgages exceeding 20 percent. Banks weren't lending, builders weren't building, and only the rich, the lucky, or the extraordinarily thrifty were buying homes. Now housing advocates and most businesspeople could agree: A housing finance commission could be a welcome, even necessary jump-start. What had once been viewed as a social program was now seen as stimulus.

*Read more about the Commission's origins in "A Catalyst for Community: The Washington State Housing Finance Commission's First 20 Years" at [www.wshfc.org](http://www.wshfc.org).*

**JULY 1983** The first Commissioners meet in the Governor's conference room. From left: Gov. Spellman, Rev. Marilyn Littlejohn, Karen (Rahm) Lane, Nanci Primley-Stenshoel, Kim Herman (who became the Commission's first and, to date, only executive director), Jim Kirschbaum (chair), Anne Rose, Carol Little, Charles Richmond.



### **A NEW KIND OF STATE ENTITY**

For Governor Spellman, signing the bill was, in a way, redundant; the measure already bore his signature figuratively, if not literally. He had come to the governor's mansion with housing high on his priority list. And it was Spellman and his staff who had finally won the support of the Washington Mortgage Bankers Association and other opponents, working closely with them to craft a bill with broad support. Spellman's coalition took the best elements of housing finance agencies across the country and fashioned them into something that was uniquely Washington's: a commission that was leaner, more nimble, and the very definition of a "public-private partnership"; a self-sustaining organization that leveraged the private market for the public good, operating with the mind of a business and the heart of a social service agency.

### **A FIGHT TO THE FINISH**

There was drama and intrigue on the path to the bill's passage. Opponents staged a mini-filibuster, warning that the Commission's creation would lead to Soviet-style housing and urban ruin. Members of the house and senate tussled over which version of the bill would go up for vote, and who would sponsor it. And then there was the small matter of the Commission's constitutionality, which was eventually upheld in a landmark court decision that opened the doors for other public-private partnerships in Washington, including those that financed Seattle's sports stadiums.

In the end, the bill creating the Commission passed by wide margins. Governor Spellman happily signed it into law, the first commissioners were appointed, and the recession-battered

people of Washington got something that didn't exist before—a market-driven means of creating affordable housing and building community that wasn't dependent on tax dollars.

### **OPENING DOORS**

The Commission's work would eventually exceed even Spellman's expectations by creating housing for hundreds of thousands of people, financing millions in community-based capital projects, and pumping billions into the state economy. The Commission stands today, as it did 30 years ago, as an example of the good that can be done when people of differing agendas find common ground and work together.

FORMER SNOHOMISH COUNTY COUNCIL MEMBER KAREN MILLER HAS BEEN A MEMBER OF THE COMMISSION FOR 16 YEARS—LONGER THAN ANY OTHER COMMISSIONER.



*Q&A with Commission Chair*

## Karen Miller

**You've served on the Commission since 1997 and have chaired it since 1999. What keeps you engaged and motivated after all this time?**

The same thing that motivated me in the beginning: providing affordable housing for renters and homebuyers. I'm also still excited by the Commission's ability to adapt. Our mission stays the same, but the way we fulfill it changes with the times.

**How has the Commission changed during your tenure?**

In many ways—some small and operational, some large and programmatic. One thing that doesn't get a lot of attention is the change in

commissioners over the years and the fresh perspective and expertise each new commissioner brings. Every commissioner has his or her own gifts and insights. Those have a real bearing on how we do our work.

**When you look back over the last decade, what are you most proud of?**

The fact that we could keep going during the economic crisis, when things looked really bleak and our traditional financing sources were drying up. One specific program I'm proud of is the mortgage counseling program. Our state had thousands of homeowners in trouble who were frustrated in their attempts to work things out with their lenders. We called attention to the problem, then helped create a solution.

The counseling program that resulted has made a huge difference for homeowners, and for our state's economy, by keeping people out of foreclosure.

**What do you think the Commission did right in responding to the housing meltdown of 2008? What might it have done differently?**

I don't know that we could have done anything differently. There was no playbook for that, and I think Commission staff were incredibly creative and resourceful in seeing opportunities in the two recovery measures passed by Congress and building programs around the resulting stimulus money. There are a lot of people living in homes now who wouldn't be if it hadn't been for Congress, the Commission, and its partners.



“*The housing we’ve financed is also a testament to developers, lenders, nonprofits, housing authorities, builders, and dozens of others... We don’t work alone.* — KAREN MILLER, COMMISSION CHAIR”

### Is there one moment from the last decade that, for you, captures the spirit of the Commission’s work?

We were dedicating an apartment building for formerly homeless women in downtown Seattle. One of the residents spoke. She said, “For the first time in many years, I have a door that I can close.” That, to me, says so much. There is more value in having a place of one’s own than we sometimes realize.

We also recently heard from members of a manufactured home community in Duvall who’d benefited from a Commission program enabling them to buy the land under their homes when the owner retired. These were seniors, many in their 80s. They told very touching stories about what it meant to not be put out of the homes they’d lived in for years.

### How is Washington a better place to live after 30 years of the Commission’s work?

Drive around the state and your eyes will tell you. Formerly homeless vets in Lake City; seniors living on the light rail line in the Rainier Valley; farmworkers in Ephrata; hundreds of people with limited incomes in Spokane. All of these people, and thousands more, have a place to live because the Commission exists. And we don’t work alone, of course. That housing is also a testament to the developers, lenders, nonprofits, housing authorities, builders, and dozens of others who work every day creating affordable housing. Just the economic impact of their work is enormous.

### What work remains for the Commission?

Our work is never done as long as someone can’t find a home to rent or buy. One priority will be making sure Congress understands the importance of tax credits and mortgage revenue bonds. In 2012, the tax credit program was threatened during the discussion of tax reform. Fortunately, Senator Cantwell, along with Senator Snowe from Maine, kept the program intact. We have to keep educating lawmakers so they don’t make changes that will be more harmful than helpful.

### Will you still be chair when we produce the Commission’s 40th anniversary book?

That will depend on God and the governor, not necessarily in that order.

# Keeping Housing Affordable

Over three decades, we have worked with partners statewide to help finance homes of every definition. We have provided tens of thousands of mortgages for first-time homebuyers and financing for nearly 100,000 apartments. Our work has helped contribute more than \$42.5 billion to the state economy. More important, it has provided opportunity, inclusion, and hope.



**DOORS OPENED** Clockwise from top: Elaine rents a new home in Tacoma; Ann rebounded from job loss to become a homeowner in Auburn; Julia lives in farmworker housing built in rural Roosevelt, Washington; and Damien and his dog Kelsey now have a secure home in Lynnwood.

**ABOVE** Residents of apartments at Spokane's Riverwalk Point.

*What does my home mean to me? Security.  
The sense of security you get when you have  
everything you need.*

— ANN GUGLIELMINO OF AUBURN, FIRST-TIME HOMEOWNER



Where our heart is

# Homeownership Programs

Thirty years and two major recessions later, our first program continues to strengthen communities and increase access to the American Dream.

*The Commission has helped us serve homebuyers in ways that we wouldn't have been able to do without them.*

— RICH BENNION, EXECUTIVE VICE PRESIDENT AND RESIDENTIAL LENDING DIRECTOR, HOMESTREET BANK

The Commission's first program was based on a simple idea: When qualified people are able to buy homes, communities are stronger—socially and economically.

We issued our first homeownership bonds shortly after our creation in 1983, through what would become our House Key program. With the help of our lending partners, House Key provided mortgages at below-market rates to first-time homebuyers with low to moderate incomes. It was welcome from the start. By 1988, more than 10,000 people had bought homes through the program.

**THIS PAGE** Debbie (left) journeyed from homelessness to homeownership; Melinh and Brian became homeowners thanks to a Commission loan—and to the Sustainable Energy Program that had transformed the house itself (page 18).

**FACING** Loan and his wife, Phuoc, took a Homebuyer Education class and purchased their first house with a Commission loan and our HomeChoice downpayment assistance program for buyers with disabilities.

## DOWNPAYMENT ASSISTANCE

House Key soon spun off additional programs aimed at helping specific groups. In 1995, by investing funds from our reserves, we created House Key Plus, which helped buyers cover their downpayments and closing costs through a lower-cost second mortgage. Two years later, we launched HomeChoice, an award-winning program that provides downpayment assistance to buyers with a disability. Other House Key Plus programs were created for veterans, teachers, and residents in rural areas.





HOMEBUYERS

46,647

HOW MANY WASHINGTON COUNTIES HAVE WE SERVED IN 30 YEARS? **ALL OF THEM.**

### POST-RECESSION: A NEW WORLD

Between 2007 and 2012, skittish investors and historically low interest rates—both a result of the Great Recession—slowed activity in our House Key program dramatically. In response, we ended our bond-backed loan program in 2013 and launched Home Advantage, a lending program that is not tied to the bond market. Through Home Advantage, we offer competitively priced 30-year mortgages funded by proceeds from loans we buy and sell on the open market.

\$4.5

**BILLION+ IN HOME  
LOANS FINANCED**  
SINCE 1983

Unlike House Key, Home Advantage loans are available to any Washington resident who meets the income requirements—not just first-time homebuyers. (Still, about 95 percent of our borrowers are first-time buyers.) We are usually able to offer significant downpayment assistance to Home Advantage borrowers as well. Home Advantage met with great borrower demand in its first year.

Over the past 30 years, we've changed our programs and created new ones in response to the economy, the housing market, and the needs of homebuyers. We've financed loans to homebuyers from all walks of life, in every county of the state. Today, as ever, we're proud to be helping more Washington residents find their own place to call home.



### *Homeownership 101*

For someone who has never owned a home, the basics—mortgages, interest, equity, and upkeep—can be daunting. That's why we created our Homebuyer

Education classes in 1991—and why we make them mandatory for everyone buying a home through our programs. Hundreds of times a year, all over the state, our partners offer five-hour homeownership seminars to thousands of prospective homebuyers.

The classes cover budgeting, the lending process, the finer points of shopping for a home, and more—giving buyers the knowledge they need to make smart choices.



*Safe, decent, and affordable*

# Multifamily Housing



**TOP OF PAGE** Bill and Dale live in Walla Walla’s historic Washington School, which was converted to senior housing in 1998.

**ABOVE** In 2013, the Downtowner near Seattle’s Pioneer Square was transformed into the Addison on Fourth—all 240 units fully renovated and still affordable.

**In cities, small towns and suburbs, our multifamily programs have helped developers build housing that fits the budgets of tens of thousands of Washingtonians.**

Apartments for working families in Lynnwood. A building for men coming off the streets of Spokane. Section 8 apartments in Grand Coulee. Our projects provide affordable living for the significant numbers of people in our communities whose incomes don’t match prevailing rents: Our parents. Our kids. Our neighbors. Us.

## **FOR-PROFIT AND NONPROFIT DEVELOPERS**

Collaborating with developers and other partners, we finance multifamily housing by issuing bonds and allocating Low-Income Housing Tax Credits, sometimes in combination. Launched in 1984, our multifamily programs grew with the state’s economy, helping to finance more than 22,000 units in our first two decades—and 62,000 in our third.

In addition to new construction, we finance the rehabilitation of older housing and conversion of other kinds of buildings into housing.

*“The number of people who are homeless and living on the street or in shelters would be significantly more without the support of the Commission.”*

— BILL HOBSON, EXECUTIVE DIRECTOR, DOWNTOWN EMERGENCY SERVICES CENTER

*In the face of a very regulated environment, the Commission has increased its flexibility—and worked very hard at financing the kind of housing the state wants and needs.* — PAUL PURCELL, PRESIDENT OF BEACON DEVELOPMENT GROUP

### HOUSING THE HOMELESS

One of the Commission's most important challenges is to create housing for the most vulnerable in our communities—especially those who have no homes. A range of housing options is critical to meet the range of needs, but this requires many partners and funding sources. The Commission plays a key role in bringing all the elements together. Through these collaborative efforts, we've helped to create 140 projects with 2,318 units of service-enriched housing for people transitioning out of homelessness, from Seattle to Spokane, Bellingham to Vancouver.



### CLOSING THE GAP

During the Great Recession, our multifamily programs slowed along with the economy. With our partners, we found alternate ways to keep the buildings going up (and keep jobs in our communities).

Today, the Commission must balance limited resources between creating new affordable housing and maintaining the existing stock. While rents still hover beyond the reach of many Washingtonians, we're closing the gap with innovation and collaboration.

LEFT Nafisa and her family live in the Greenbridge community in West Seattle, redeveloped with the help of Commission financing.

### *Keeping Doors Open Through Asset Management and Preservation*

Preserving Washington's existing affordable housing is as necessary as constructing new buildings—particularly when the economy falters.

Throughout our history, our Asset Management and Compliance team has worked with hundreds of owners and property managers to help them maintain their financing by complying with the web of regulations governing projects financed through tax credits and bonds. Our commitment lasts for the term of the bonds and/or tax credits—anywhere from 10 to 40 years. We've worked hard to make compliance less onerous—from offering extensive training to creating a web-based reporting system used by seven public funders.

# 250

**PROPERTIES  
INSPECTED  
EACH YEAR**





*A place to age with grace*

# Senior Housing

Washington’s population, like the nation’s, is aging. By 2030, 20 percent of state residents will be 65 or older. Those seniors—many of whom will be on fixed incomes—will require a broad spectrum of affordable housing options, from “aging in place” in their own homes to assisted-living and nursing-care facilities.

With our partners around the state, we have financed more than 27,000 housing units for seniors, including housing connected with support services that will enable more seniors to age in their homes. Our state still has work to do. But with strong policies and partnerships in place, Washington is well positioned to ensure that all seniors here have housing that affords them safety, dignity, and respect.



# 27,000

**HOUSING UNITS  
FINANCED FOR SENIORS**

**ABOVE** Residents of Golden Tides II, an affordable community for seniors in Silverdale.

**BELOW** Residents at the Hearthstone continuing care retirement community in Seattle’s Green Lake area.







*Sowing the seeds of shelter*

# Farmworker Housing

**Safe and decent housing for the people who work the fields.**

Washington's multi-billion-dollar agricultural industry is built in large part on the labor of those who plant, tend, and harvest crops. Since the mid-1970s, when the Department of Health declared much of Washington's farmworker housing inadequate, our state has worked to provide agricultural workers with safe, decent, and affordable housing. Governor Gary Locke made farmworker housing a priority in 1998.

Working with such partners as the Office of Rural and Farmworker Housing, the Diocese of Yakima Housing Services, the Washington Growers League, Catholic Community Services in western Washington and others, we've helped finance 50 projects and 1,652 units of farmworker housing serving thousands of workers and their families.



**TOP OF PAGE** Dan and his family live in apartments built for farmworkers in Grandview.

**RIGHT** The Olevera family live at the new St. Martha Plaza in George.

# Beyond Housing

Housing may be our middle name, but it's not the extent of our expertise. We also help finance facilities for nonprofit organizations. We help new farmers and ranchers buy land and equipment. And we're helping to create a greener future through sustainable energy.

State legislators entrusted us with these programs in addition to our housing programs because, for 30 years, we've consistently demonstrated two things: Excellence in financing, and a passion for building community.



**BUILDING COMMUNITY** Clockwise from top: The Little Red School House (now ChildThrive) in Lynnwood; students at Northwest Washington Pipe Trades Training Center in Burlington; a senior health facility; and North Spokane YMCA.

**ABOVE** The Perry Technical Institute in Yakima (left); and the Sports Barn at Camp Korey (right).



All the components of a community

# Nonprofit Facilities

Our nonprofit facilities program has helped finance everything from YMCAs to a museum's robotic whale.

Strong communities require more than housing. Schools, community centers, museums, and service organizations are all essential to the mosaic of a thriving place.

In 1990, legislators granted us authority to issue tax-exempt bonds for the financing of facilities owned by 501(c)(3) nonprofit organizations. Since then, we've helped build schools in Spokane, Sammamish, and Pasco; YMCAs in Vancouver, Olympia, and Mukilteo; an animal shelter; art museums in Seattle and Tacoma; and much more. Working closely with our lending partners, we've helped organizations with varied missions construct the facilities they need to serve and strengthen communities around the state.



PHOTOS COURTESY OF TACOMA ART MUSEUM/CAMP KOREY

**LEFT** Chihuly glass at the Tacoma Art Museum, which the Commission helped to finance in 2002.

**RIGHT** Camp Korey, built near Carnation with Commission help, offers year-round programs for children with serious medical conditions and their families.

*“We’re not just building housing.  
We’re building neighborhoods.”*

— DAVID CLIFTON, MULTIFAMILY HOUSING  
AND COMMUNITY FACILITIES DIVISION

149

NONPROFIT FACILITIES  
FUNDED IN 17 COUNTIES





*Growing green*

# Sustainable Energy

## Supporting energy conservation and a post-petroleum economy.

Why does the Housing Finance Commission do energy? First, it's good for the community. Energy-efficient buildings are more sustainable and cost significantly less to operate over time. Lower energy costs help homeowners, too. In fact, owners of energy-efficient homes are 32 percent less likely to default on their mortgages. And because, in 2009, the state legislature designated the Commission the financing authority for energy initiatives.

*“We greatly appreciate the Commission’s willingness to explore ideas and engage proactively with the business community.”*

— AARON FAIRCHILD, CEO OF GREEN CANOPY HOMES

We’ve issued bonds to finance energy-efficient construction, energy retrofits, and renewable energy projects (like wind farms). We also established the Sustainable Energy Trust, an innovative revolving loan fund that reduces interest rates on conventional loans to developers.

In addition, by convincing cities and counties statewide to pool \$40 million in Qualified Energy Conservation Bond (QECCB) authority, the Commission made these bonds accessible even to private developers and rural areas that had little or no allocation of their own.

**TOP OF PAGE** Green Canopy Homes used the Sustainable Energy Trust to buy and renovate the “Triplets,” three rundown homes in West Seattle. Each home doubled in size while cutting its energy use in half.

**BELOW** In 2013, the Commission financed wind turbines that now power 1,000 homes in Kittitas County.



PHOTO COURTESY OF WICKINSTRY CO.





*Growing agriculture in Washington State*

# Beginning Farmers and Ranchers



## Growing the next generation of farmers and ranchers

Agriculture pours a veritable cornucopia of benefits on the people of Washington. It helps provide food security, pumps billions into the economy, and employs tens of thousands. But farming has never been easy, and as the state's farmers grow older, barriers to the next generation are many.

In 2008, with the help of partners like Northwest Farm Credit Services, Cascade Harvest, and former state legislator Ken Jacobson, we launched the Beginning Farmer/Rancher Program. The program provides lower-interest loans for new farmers and ranchers purchasing land, buildings, equipment, or animals for the first time. We've financed more than \$5 million in 13 counties,

from Lewis to Spokane, and from Whatcom to Walla Walla. We are proud to help the next generation of farmers plant seeds that will bear fruit for all of us.

“*It seems like a very small thing to take just 2 percent off an interest rate, but thanks to that beginning loan, we now have three businesses in town and employ 15 people.*”

— KIMI GALASSO OF BLUE VALLEY MEATS, WALLA WALLA



TOP LEFT A vineyard purchased through the program. TOP RIGHT Sage now farms hay and wheat on 120 acres near Ellensburg. ABOVE Kim and her partner bought their own 10-acre farm in Deming to support their growing business, Moon Valley Organics.



1983-2013

## Looking Across Three Decades

LEFT Board members of the Korean Women's Association, which built Senior City in Federal Way with Commission financing.

RIGHT A development for farmworkers includes a playground.

We're a little different from the organization that began in 1983 with tiny offices, no computers, and a shoestring staff. Over 30 years, we've evolved along with the needs of Washington residents. The following timeline illustrates how we've grown and changed. These are the milestones that have made us who we are, and that represent some of our most significant achievements in service to the people of Washington State.

“*The Commission builds positive working relationships. That's the attitude of the leadership from Kim Herman all the way down to the receptionists: A willingness to help. People go above and beyond the call of duty.*”

— JOE DIEHL, DIRECTOR, AHMA/CARH

# 1<sup>ST</sup>

HOMEOWNERSHIP  
BOND ISSUED



## LAUNCH OF PIF

PROGRAM INVESTMENT FUND

1983

Governor John Spellman introduces legislation creating the Commission; Legislature passes it by wide margins.

Commission issues first Homeownership bonds, launching a program that has funded \$4.5 billion in mortgages for more than 46,000 buyers statewide as of June 2013.

1984

Commission approves first multifamily bond program.

**\$6.6 billion**

THE AMOUNT FINANCED STATEWIDE BY THE COMMISSION  
IN MULTIFAMILY HOUSING AS OF JUNE 2013.

1986

First bonds to finance a multifamily building developed by a nonprofit.

Mortgage Credit Certificate program begins, enabling qualified homebuyers to claim a tax credit for some portion of their mortgage interest.

1987

Commission is one of six agencies in the U.S. to inaugurate the Low Income Housing Tax Credit Program. By June 2013, the program will have awarded more than \$3.6 billion in housing credits to developers of affordable multifamily housing.

1988

HOMEOWNERSHIP  
PROGRAM'S

**10,000<sup>TH</sup>  
HOMEBUYER**

1990

Launch of Program Investment Fund (PIF), which uses surplus Commission revenues to fund programs for special-needs and low-income populations.

Legislature authorizes Commission to finance facilities owned by 501(c)(3) corporations and nursing homes.

First nonprofit facility financed: An exhibit of robotic whales at Pacific Science Center.



PACIFIC SCIENCE CENTER



PHOTO COURTESY OF CRISTIE STAPP

HOMEOWNERSHIP 101

RURAL HOME OWNERSHIP PROGRAM ESTABLISHED

HOMEOWNERSHIP PROGRAM'S 30,000<sup>TH</sup> HOMEBUYER

1991 1992 1993 1996 1999 2001

Launch of free homebuyer education seminars. More than 166,000 prospective homebuyers have attended these "Homeownership 101" classes as of June 2013.

Downpayment assistance program launched using PIF and Housing Trust Fund monies; formalized as House Key Plus in 1995.

Commission organizes first Housing Washington statewide housing conference in Olympia.

Seven nonprofit facilities funded at \$6.8 million in program's biggest year to date.

Commission develops the Community Reinvestment Act rural single-family bond program in cooperation with statewide banks.



Cristela and Javier (with family) purchased their first home using the House Key program.

HOMEOWNERSHIP PROGRAM'S 20,000<sup>TH</sup> HOMEBUYER







ARTIST TRUST



OLYMPIC SCULPTURE PARK

2003

Financing for first artist housing project.

WSHFC satellite office opens in Spokane.

Launch of Capital Plus! with \$3 million in PIF funds. This revolving loan fund—now grown to \$7.5 million—helps small, emerging nonprofits purchase real estate and equipment.

Commission endorses sustainable building practices for multifamily housing.

2004

\$1.6 million in PIF funding invested in Seattle’s only minority-owned senior-living facility.

\$3.9 million in bonds issued to preserve affordable housing in Chelan, Skamania, Spokane, Grant, Yakima, and Adams counties.

\$300,000 in PIF funding invested to support development of farmworker housing.

2005

Commission helps Seattle’s DESC open two critical homeless projects: The renovated Morrison, with shelter, services, and studios; and the controversial 1811 Eastlake with supportive housing for chronic alcoholics.

Commission issues almost \$10 million in tax credits for housing on Nooksack tribal land in Whatcom County. As of 2013, the Commission has helped to create 608 units of housing for tribal members statewide.

2006

\$250,000 in PIF funds invested for House Key Schools, a program for teachers and other school employees.

Commission approves investment of PIF funds in Habitat for Humanity bonds, bringing Commission’s total investment in Habitat for Humanity to \$1.47 million.



2007

Seattle’s Olympic Sculpture Park opens, financed in part through Commission’s nonprofit facilities program.

Launch of Land Acquisition Program, a revolving loan program for organizations developing affordable housing.

AND THEN CAME THE CRASH.

Home prices in the U.S. begin a precipitous decline, leading to a national credit crisis and, eventually, the Great Recession.

105 THOUSAND MULTIFAMILY UNITS FINANCED STATEWIDE

## How the housing meltdown and credit crunch opened doors to innovation.

The 2008 meltdown in the housing and credit markets, and the coinciding economic downturn, defined and reshaped our work like nothing since our founding. It's even fair to divide our history into two eras: pre-recession and post-recession.

Fiscally, the Commission remained sound throughout the crisis. Cash reserves and ongoing fees from bond issues—along with a measure of prudent cost-cutting—provided sufficient funds to weather the storm; “self-sustaining” was suddenly more important than ever. But many of our programs, because of their dependence on private equity markets, slowed to a crawl. Without investors to buy bonds and tax credits, the engines that drove much of our work soon idled. Demand for affordable housing, however,

did not. Here are some of the ways we carried out our mission amid a rapidly changing economic landscape.

### **PROVIDING AN ALTERNATIVE FOR HOMEBUYERS**

Despite the meltdown, record numbers of people continued to enroll in our Homebuyer Education classes. Lenders still asked about our Homeownership programs. And in many parts of the state, home prices still outstripped income. With investors fleeing the bond market, and with several of our loan buyers, underwriters, and servicers confronting failure or near collapse, we looked beyond our usual private-equity-based programs to find new ways to serve homebuyers statewide.

Case-Schiller home price index reports the largest drop in its history.

Commission prevented from issuing single-family bonds to support home loans.

### *The Economic Crisis of 2008*

# Rebounding from the Great Recession

After piloting programs based on models in Idaho and elsewhere, we launched Home Advantage, a loan program not financed by bonds. To help existing homeowners who are struggling to pay their mortgages, we also helped launch the Washington Homeownership Information Hotline and have overseen foreclosure counseling across the state, which has helped keep Washington's foreclosure rate lower.

### FINDING FUNDING FOR AFFORDABLE APARTMENTS

During the recession, an estimated 60 percent of the equity in the tax credit market disappeared virtually overnight. Hundreds of affordable housing projects nationwide were left without a critical source of funding.

Equity in the tax-credit market disappears, leaving housing projects in limbo.

In response, we worked with Washington's congressional delegation and the state's affordable housing community to make sure funding for "stranded" tax-credit projects was included in the American Recovery and Reinvestment Act (ARRA), the stimulus bill of 2009. Instead of allocating tax credits, we administered more than \$140 million in ARRA funds, which replaced private capital and enabled construction of about 30 essential projects in Washington State. We also administered Washington Works, a \$25 million, one-time state program intended to stimulate development of multifamily workforce housing. When the tax credit market eventually improved, Washington was able to avoid a backlog of unfunded projects thanks to the interim measures conceived by the affordable housing community.

Feds provide bail-out to AIG. Federal government takes control of Fannie Mae and Freddie Mac.

### REACHING OUT TO NEW MARKETS

Though Congress increased Washington's bond cap as part of the Housing and Economic Recovery Act of 2008, wary investors and banks nonetheless brought bond sales and access to credit to a standstill. In response, we worked to use the state's bond authority in new and expanded ways. We financed land, buildings and equipment for new farmers through our Beginning Farmer/Rancher Program. And we created several energy-efficiency retrofit programs for businesses through our Sustainable Energy Program.

## HOUSING & RECOVERY ACT

PASSES

Congress passes the Housing and Economic Recovery Act of 2008. Single-family and multifamily bonds and tax-credit programs updated and streamlined.

2008

*When times are tough, you can sit back and lament, or you can stretch. We chose to stretch.*

— COMMISSION CHAIR KAREN MILLER

Commission creates Web-Based Annual Reporting System (WBARS), shared by seven public funders. WBARS simplifies reporting for 1,600 property managers and owners, while giving funders a powerful oversight tool.



Commission co-sponsors the Washington Homeownership Information Hotline (1-877-894-HOME), a free telephone counseling service for residents facing foreclosure, loan modification scams, and other housing issues.

House Key Tacoma and House Key Bremerton downpayment assistance programs launched with PIF funds.

Commission reintroduces Mortgage Credit Certificate program to continue serving homebuyers despite the difficulty in issuing bonds.

2008

Commission oversees state Rapid Response program: \$10 million for nonprofits to respond to specific housing challenges.

2009



**SUSTAINABLE  
ENERGY**  
PROGRAM LAUNCHED





Commission celebrates 30 years!

Launch of Single Family Express program, which enables the sale of up to \$35 million in single-family loans directly to Fannie Mae without the issuance of bonds.

House Key Veterans downpayment assistance program launched with PIF funds.

Commission oversees foreclosure counseling across the state, helping thousands of struggling homeowners.

## HOME ADVANTAGE PROGRAM LAUNCHED

2010

Congress passes American Recovery and Reinvestment Act of 2009. This legislation will eventually provide \$144 million for tax credit projects in Washington State that have stalled because of the recession.

2011

Foreclosure Fairness Act signed by Gov. Gregoire.

Commission's Capital Projects and Tax Credit divisions are combined as the Multifamily Housing and Community Facilities division.

## 1,000<sup>TH</sup> HOME CHOICE LOAN

DOWNPAYMENT ASSISTANCE FOR PEOPLE WITH DISABILITIES

2012

Launch of Home Advantage, which allows the Commission to sell daily-priced mortgages on the open market that are not tied to mortgage revenue bonds.

Commission invests \$3 million in PIF funding in the Sustainable Energy Trust to finance energy efficiency and renewable energy projects for organizations and single-family homes.

2013

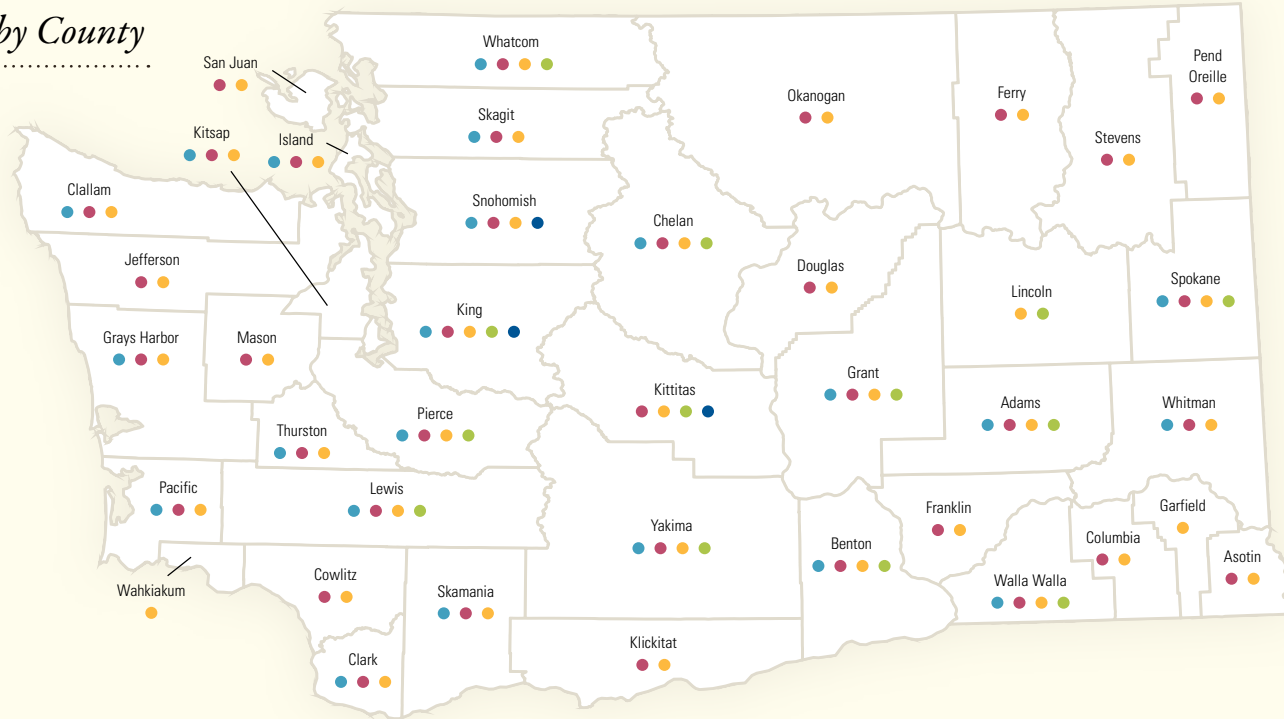
20th annual Housing Washington conference in Spokane.



20th annual Friend of Housing awards for exemplary achievements in affordable housing.

## 30 Years of Impact by County

Cumulative totals through 6/30/13



### NONPROFIT HOUSING AND FACILITIES

TOTAL HOUSING UNITS:

**14,063**

**149** – Nonprofit-owned facilities financed with bonds

**14,063** – Nonprofit-owned housing units financed with bonds

### MULTIFAMILY HOUSING

TOTAL HOUSING UNITS:

**84,513**

**68,653** – Units financed with housing credits and/or tax-exempt bonds

**15,860** – Units financed with bonds only

### SINGLE-FAMILY MORTGAGE

TOTAL LOANS:

**57,547<sup>1</sup>**

**46,647** – First mortgage loans

**10,900** – Downpayment assistance loans

### BEGINNING FARMER/RANCHER PROGRAM

TOTAL LOANS:

**23**

**1,173** – Number of acres financed

**\$5,012,903** – Dollar amount of Beginning Farmer/Rancher bonds issued

### SUSTAINABLE ENERGY PROGRAM

TOTAL PROJECTS:

**6**

**6** – Energy-related projects financed (six currently pending)

<sup>1</sup>Households that receive first mortgage loans may also receive downpayment assistance loans.

# 2013 Commissioners

## **Karen Miller**

Commission Chair

## **James L. McIntire**

Washington State Treasurer

*Ex Officio*

## **Brian Bonlender**

Director, Department of Commerce

*Ex Officio*

## **Dan McConnon**

Department of Commerce

*Commissioner Designee*

## **Ellen Evans**

State Treasurer's Office

*Commissioner Designee*

## **Beth Baum**

Weyerhaeuser Co.

*At-Large*

## **Lloyd Weatherford**

Residential Carpenters Local 816

*Labor Interests Representative*

## **M. A. Leonard**

Enterprise Community Partners

*At-Large*

## **Steven Moss**

Blue Mountain Action Council

*Representative of Low-Income Persons*

## **Randy Robinson**

KeyBank Community Development Lending

*Housing Consumer Interests Representative*

## **Gabe Spencer**

Skamania County Assessor

*Publicly Elected Official*

## **Pam Tietz**

Peninsula Housing Authority

*At-Large*

## **Mario Villanueva**

USDA Rural Development

*At-Large*

KIM HERMAN HAS SERVED AS EXECUTIVE DIRECTOR OF THE COMMISSION SINCE ITS FOUNDING.



*Q&A with Our Executive Director*

## Kim Herman

**You've been executive director of the Commission since it was created in 1983. How has the state's approach to affordable housing changed in three decades?**

The landscape is entirely different now. In the early '80s, we had the housing authorities, which were established as part of the New Deal. And several hundred federally financed affordable housing projects in the state. But at the time, a lot of elements were coming together to put housing on the state agenda in a way that it had never been. We had a huge need for affordable housing in rural communities, particularly among farmworkers. In the cities, homelessness was increasing because of cuts in federal spending for mental health treatment. And of course the

state was struggling with a horrible recession, so few people could afford a home. It was the Washington Coalition for Rural Housing that brought housing advocates statewide together to ask, with one voice, for a more vigorous response to all these increasing needs for housing. That early work led to the creation of the Washington Low-Income Housing Congress, whose advocacy eventually led to the first funding for homeless programs in 1982, the creation of the Commission in 1983, and the creation of the Washington State Housing Trust Fund in 1986. Thirty years and tens of thousands of housing units later, here we are, with a mature affordable housing system and programs that are models for the rest of the country.

**How has the Commission contributed to that evolution?**

The fast answer is that there are more than 300,000 Washingtonians who have an affordable place to live tonight because Governor John Spellman and the state legislature created the Commission. But I think an equally important contribution is that we've demonstrated how the tools of private enterprise—bonds, banking, tax credits, the investment markets, real estate development—can be put to work for the public good. The people who created the Commission didn't want it to behave like a "state agency." We've been self-sustaining, and dependent on partnerships with private enterprise, from the start. We're entrepreneurial by design.



*“We’ve demonstrated how the tools of private enterprise—bonds, banking, tax credits, the investment markets, real estate development—can be put to work for the public good.”* — KIM HERMAN, EXECUTIVE DIRECTOR

Like a business, we have to respond to market conditions, or we’ll cease to exist. As a result, we’ve learned to leverage our bond authority and our tax-credit authority in ways that are more nimble and innovative, and that benefit, as a result, far more people.

**What do you consider the most urgent challenge in housing today? If you could urge legislators, Commission partners, and others toward any specific action, what would that be?**

I’d ask them to establish permanent funding for the Housing Trust Fund. It’s the most important source of funding for affordable housing in the state. After a peak of \$200 million in 2007, funding dropped precipitously. This is a huge

hole in our state’s ability to provide for our most vulnerable residents. There’s no question that legislators have had their work cut out for them since the economic meltdown of 2008; I sympathize with them. But you can’t solve the state’s revenue problems on the backs of people who need an affordable place to live.

**Anything you’d like to say specifically about the 30th anniversary?**

Just... thank you. To every Commissioner, to everyone who has worked on our staff, to the governors and legislators who have supported us, and—especially—to our many partners. We’ve been blessed with a three-decade run of wonderful people who make the Commission what it is. I’m grateful for all the smart, talented

people who’ve come to us with ideas and vision for better meeting the needs of state residents. From the beginning, the Commission has been a collaboration.

*So to everyone who has come with us on the journey, I just want to say thanks.*



*Opening doors to a better life*

The Washington State Housing Finance Commission is a publicly accountable, self-supporting team dedicated to increasing housing access and affordability and to expanding the availability of quality community services for the people of Washington. We work to increase housing people can afford statewide, and we issue below-market-rate, tax-exempt bonds, and federal housing credits to fund housing and nonprofit facilities across Washington.

The bonds of the Washington State Housing Finance Commission are not obligations of the state of Washington and are not repaid with tax dollars. The Commission is financially self-sufficient. All operating expenses are paid from program revenues. No taxpayer dollars were used to produce this document.

For more information about the Commission and its work, visit [www.wshfc.org](http://www.wshfc.org) or call (206) 464-7139 or 1 (800) 767-HOME (4663) toll-free in Washington State.

