



Opening doors to a better life

2023 Bond/Credit Program Allocation List

In 2021, the Commission embarked on an entirely new set of policies and scoring criteria for the increasingly competitive bond/tax credit program and implemented them successfully for the 2022 round.

The 2023 round in which we again implemented these policies was intensely oversubscribed, with three times as many applications as could be financed with available bond cap. Much-needed shovel-ready housing projects across our state are continuing to go unfunded because of the lack of federal resources – a matter for continued advocacy.

But the competition also successfully showed that an evaluation framework that aligns with our values will produce aligned results, even in an ultra-competitive resource environment.

The Big Picture: Outcomes Achieved

- **BIPOC and community involvement:** The new point system continued to succeed in elevating developers who are Black, indigenous or people of color (BIPOC). In addition, almost every project includes a meaningful partnership with a community-based organization representing either a geographical or identity-based community.
- **Geographic reach:** we were able to allocate bonds and tax credits to four (of nine) applications to projects outside of King County, into Lakewood, Everett, Whidbey Island, Anacortes, Toppenish, Centralia, and Moses Lake.
- **Public investments leveraged:** Our allocations, when leveraged with other public funding, aligns it to most effectively create affordable housing. We coordinated with a \$9.86 million investment from the State Housing Trust Fund, and over \$51 million in local funding.
- **Cost efficiency:** Two-thirds of the projects were able to meet the Commission's standards for cost-efficiency. Developers demonstrated that they can meet multiple program priorities while maximizing this scarce resource.
- **Both for-profits and nonprofits are strong competitors:** Of the nine projects

receiving an allocation, four were for-profit developers and five were nonprofit. For-profits showed that they are willing and able to share resources and control with community-based organizations to remain competitive; community-based nonprofits were prioritized for their expertise and community ties.

Waiting List

As in past years, bond cap that is currently assigned to other uses in our state may be redistributed to housing in July if it goes unused. Also, projects on the current allocation list may be delayed, or even fall out. (An allocation of bond cap does not guarantee that a project can move forward, as many financing elements must come together at the same time.) Because of these factors, additional or different projects may receive an allocation later in 2023. The Commission uses targets outlined in our policy to determine who may be next in line to receive bond cap. Since we are still under the target in the “Balance of State” category, and still have room in our Public Leverage category, projects that meet both of those criteria are likely to be next in line for an allocation.

Looking In Depth

Summarizing our goals

- To prioritize projects by developers who are Black, indigenous or people of color (BIPOC).
- To incentivize projects that are “by and for communities,” especially those that demonstrate meaningful partnerships with community-based organizations.
- To ensure that resources reached projects in the “balance of state” outside King and Snohomish County.
- To balance new production of housing with the need to preserve existing affordable housing.
- To allow projects with other public funding (from state or local sources) to access the program but keeping a balance between these and non-publicly funded projects.

Overcoming Historic and Systemic Barriers for BIPOC Developers

In 2022, for the first time, the Commission awarded points for projects that could demonstrate greater ownership or role of those who are Black, Indigenous, or People of Color (BIPOC) people. For-profits could earn eight points if more than 50% of the ownership identifies as BIPOC, six points if BIPOC entity receives more than 40% of the developer fee and has a significant role in decision-making for the development. Nonprofits could earn three points if the executive director was BIPOC; five more points if more than 50% of the board of directors were BIPOC.

Because of known barriers to financing multifamily developments from tax credit investors and lenders, the Commission anticipated that projects entirely owned by BIPOC developers might be difficult to achieve in the first round.

2023 Results

Four projects on the allocation list are being developed between experienced developers and BIPOC organizations with a majority ownership stake: Low Income Housing Institute with Refugee Women’s Alliance for MLK Mixed Use, Together We Grow (TWG) with Imagine Housing for Ardea at Totem Lake; DevCo with Next Chapter for Kendrick Landing; and Vintage Housing and Veterans’ Village for Vintage at Everett. Some of these BIPOC organizations own and operate affordable housing now; others are trusted in their community, but new to the field of housing development. These BIPOC organizations are building their capacity to develop additional affordable housing on their own in the future.

By and For Community

The Commission’s most dramatic shift in policy was to incentivize projects that could demonstrate that they are “by and/or for” their community—specific low-income communities most impacted by housing disparities. These could include both identity-based communities and communities centered around a geographic place such as a neighborhood.

The policy specifically awards extra points to projects that significantly involve community-based organizations (CBOs) with a demonstrated ability to meaningfully represent one or more communities most impacted by housing disparities.

More points are awarded for greater ownership or involvement of the CBO – with the most points for projects that are owned long-term by a CBO. Fewer points can be earned if the CBO is a part owner or the development entity; has the first right to purchase the property after 15 years; benefits financially from the partnership; or is involved with the project in one of several other ways.

The Commission’s new policy also awards points for meaningfully engaging the community in the development of the project. The more engagement that results in community input that is incorporated into the project, the more points can be earned.

2023 Results:

The results clearly showed that this point incentive was effective. Of the nine projects on allocation list, community-based organizations are developers of six of them, two more have a meaningful partnership with a community-based organization. The remaining

applicant did not partner with a CBO but was able to effectively compete because of the depth of rehabilitation the developer able to bring – cost-effectively – to aging low-income housing buildings across the state.

Balancing New vs. Preservation, Geography, Public Funding

The Commission also seeks to balance three important public priorities. These are:

- Ensuring funding to preserve existing affordable housing, as well as building new housing.
- Ensuring that resources reach the “balance of state” outside of King and Snohomish County
- Ensuring that projects with public funding from state or local sources have access to the bonds and the housing credit, as it is critical for these projects’ success.

To create this balance, the Commission set targets for distributing our allocation across these three priorities.. Projects were then divided into eight lists as shown below.

2023 Results:

As shown below, we were very close to our intended targets. While slightly under our “balance of state” target, if we receive more bond cap, we intend to use that cap for projects in that category, and we will be closer still. The percentages shown below represent the percentage of \$251,392,754

	Target*	Applications/ available	Allocation List
Preservation	15-25%	155%	23%
Outside King/Snohomish	40%	186%	31%
Public Leverage	50-60%	234%	57%

* Note that projects may fall into several categories, thus the targets do not add up to 100%.

To align our funding decisions with our three targeted priorities, we divided the funding requests into eight lists or “buckets” based on the kind of production (new housing or preservation of existing housing), public leverage (yes or no), and area of state (King/Snohomish or balance of state):

			Applications Received	Applications Allocated
New Production	List 1	New/Public Leverage/King and Sno Co	8	5
	List 2	New/Public Leverage/Balance of State	3	1
	List 3	New/No Public Leverage/King and SnoCo	5	0
	List 4	New/No Public Leverage/Balance of State	2	1
Preservation	List 5	Preservation / Public Leverage/King and Sno Co	1	0
	List 6	Preservation / Public Leverage / Balance of State	0	0
	List 7	Preservation / No Public Leverage/ King and Sno Co	1	1
	List 8	Preservation / No Public Leverage /Balance of State	1	1

This year, as shown above, we were unable to allocate bond cap to projects in King and Snohomish Counties unless they had public leverage.