WSHFC 9% Tax Credit Stakeholder Meeting
March 1, 2023
Meeting Notes

<u>Meeting Overview</u>: 9% Tax Credit Program Short-Term Policy Reset
Goals for WSHFC Program:

1. A more intentional, inclusive process
2. Establish values for the program
3. Reset thresholds and scoring criteria
4. Streamline points

Engagement that is taking place

- Survey of stakeholders
- Focus meetings on survey results
- Revised policies for feedback

The last major reset was in 2012. Now all of the points are being met across the board, so rethinking what thresholds and how to streamline the point criteria system.

<u>Reframing and Survey Results</u>

- 20 people responded from Metro Pool, mostly developers. Not much equity in the responses, and most (18) identified as White, and most respondents were from the Metro pool.
- WSHFC is in process of adopting a race and equity plan (Racial Equity Impact Assessment) in the agency that will inform program policies moving forward
- This survey was to get feedback from individuals utilizing the program

<u>WSHFC Values to be Reflected in Program</u>

1. Racial Equity:
    - WSHFC will be doing Racial Equity Impact Assessment across programs, which is planned to happen within 3 years.
    - Respondents were asked if there was a community engagement process (50% yes). But respondents were supportive of incentivizing it.
    - Ranking of considerations in the allocation process 1) inclusive community engagement process 2) culturally competent design and support services 3) reflective sponsor of the community being served
        - Tenant-focused community engagement as opposed to siting and permitting - who are you serving, what would they like for services, what do they need?
        - Comment on a need for emphasis on ‘population outreach’ as opposed to broader community outreach for the creation of the project/”*Intentionally engaging with individuals who would be potential tenants is different than saying the 'broader' community' engagement.. not everyone in the broader community wants PSH in their neighborhoods.”*
        - If points are associated with this process there needs to be a definition of what the expectations are (are they meetings, surveys, feedback, involvement, etc.)

2. Alignment of Resources:
    - Predictable pathway for funding
    - Housing Trust Fund - how do we align with the housing trust fund? As WSHFC has allowed for local prioritization, it's about 50/50 in aligning with the Housing Trust Fund but is working well for local priorities.
    - Including local priorities
    - There is agreement that the County-by-County allocation is working.
    - Should WSHFC be the last to come in, or should the HTF and WSHFC overlap as they do now?
        - Because HTF doesn't align, it causes a disconnection between HTF and WSHFC funding for projects. It is not efficient and causes nonprofits to lose money on projects due to extended wait times. Local priorities are leading the pipeline for WSHFC and City/County, but how do we include Housing Trust Fund in this process?
        - Points are becoming less important, so shift thinking to how we utilize points to incorporate values (racial equity and inclusiveness) into the WSHFC process and what housing is being developed.

3. Meeting Affordable Housing Needs Everywhere
    - Geographic Pools (changes - include Thurston, Yakima? Ultimately, no), Flexibility, Inclusiveness of priorities, and distribution
    - Survey respondents felt that CHAS data is working for geographic pool formulation, which keeps the Metro Pool the same.

4. Ensuring Residents have Quality Homes and Long-Term Affordability
    - Anti-displacement for vulnerable people
    - Responsive to high-risk of covenants expiring, market forces
    - Improve the resident's quality of life.
    - WSHFC was hoping the 4% program would cover acquisition and rehab - should 9% LIHTC be used for rehab and acquisition projects? Metro Pool might be able to work this out locally.
    - What would incentivized rehabs look like: expiring affordability, in-depth rehabilitation? Do we need a set aside for rehabilitation?

5. Cost-Efficiency - Using Limited Resources Efficiency
    - Unit count is balanced with other values and incentivizes innovation and competition within pools.
    - WSHFC is wondering if it needs to adjust TDC because the feeling is that local priorities will figure it out, although comments suggest getting rid of the points as a threshold and having conversations about costs and what's driving them. Comments saying they don't want quality to go down, no control over costs of rising materials, also labor costs are different.

6. Priority Populations
    - Metro Pool is moving away from PSH due to the costs of operating and maintenance, trying to remain flexible.
    - How do we prioritize the local priorities and needs by county? Is there a formula we can use that local priorities can get points for? In Metro Pool, seniors came as the #1 priority population, followed by homeless individuals, and individuals who have a disability.
    - Should we have a set aside for target populations? The survey says that the current priority population prioritization is not effective.
    - How do we define gaps and create targets based on those gaps?
    - The term local prioritization needs a definition of who is included as a community.
    - Should WSHFC make additional low-income set-aside points a threshold?

7. Health and Sustainable Housing
    - Reducing unequal health outcomes for communities of color; focus on tenants - comfortable temperature range, smoke-free, and reduce carbon emissions
    - Survey respondents said WSHFC should not incentivize going above and beyond ESDS requirements.
    - Inflation Reduction Act Awareness focuses on climate change
    - Should there be a boost in TDC limits to take in consideration healthy housing and energy efficiency? (Survey respondents say yes).
    - Incentive ranking: 1) Location and resiliency 2) Air Quality (heating and cooling) 3) Heat pumps 4) Solar 5) Bicycle Facilities 6) Electric Vehicles

Tenant Supports

Should WSHFC incentivize tenant support, tenant protection, and eviction prevention? Should WSHFC add points about rent increases or notice of rent increases?

For non-metro pool, WSHFC will move towards targeting tenant homeownership programs to the tenants and not the projects. Moving tenants from rental to homeownership in the Bond portfolio.

Survey respondents felt nonprofit points should not be moved to a threshold, and developer fee points should be moved to a threshold. On the Bond side, there is no incentive - points have been taken out. Just following federal requirements.

Next Steps

Revised Policies in Summer 2023