



NATIONAL LOW INCOME HOUSING COALITION

NLIHC's Summary of Washington's Draft NHTF Allocation Plan Summary State Designated Entity: Department of Commerce (COM) \$3,243,721 HTF Allocation for 2016

Quality of Draft Allocation Plan

Washington did not provide a genuine draft NHTF Allocation Plan to the public. Rather, the public must wade through the mass of paper that is the amended 5-Year Consolidated Plan and the amended Annual Action Plan for 2016. Once someone finds a reference to the NHTF, there is not much information or guidance about the unique nature of this new program targeted to extremely low income renter households. Mostly very general, generic terms are used, melding the NHTF discussion with that pertaining to the HOME program. Washington does not help the public understand the six priority factors that must be considered when awarding NHTF money to entities applying for this new resource. Washington's "draft NHTF Allocation Plan" is one of the worst amidst a batch of mostly bad or inadequate draft NHTF Allocation Plans submitted by all of the states. HUD will in all likelihood reject Washington's NHTF Allocation Plan – they sent Vermont's back and it was fairly decent.

Affordability

The NHTF statute requires states to give priority in awarding NHTF dollars to projects based on "the extent to which rents are affordable, especially to extremely low income families".

Washington does not mention affordability.

On the one-page Part II, COM merely indicates what is in the regulations: rents are capped at 30% x 30% AMI or 30% of the federal poverty level.

NLIHC urges advocates to at a minimum convince COM to use 30% x 30% AMI (even though many households with only SSI income will still be cost-burdened) because at 30% of the federal poverty level far more households whose income is at 30% AMI will experience cost-burden (<https://hfront.org/2016/08/16/the-national-housing-trust-fund-making-sure-it-meets-the-greatest-needs>).

Utah for example will give extra points based on rental homes with rents at 30% x 20% AMI and 30% x 15% AMI.

Although on the one-page Part II COM says 100% must benefit ELI, on page 69 of the Annual Action Plan, it says "These additional [NHTF] units will *primarily* serve ELI."

Duration of Affordability

The NHTF statute requires states to give priority in awarding NHTF dollars to projects based on “the extent of the duration for which rents will remain affordable”.

Washington does not mention duration of affordability.

On the one-page Part II, COM merely indicates what is in the regulations: the minimum required NHTF affordability period is 30 years.

NLIHC: Some states give priority or award points to projects that will go beyond affordability. They range from Alabama and Arkansas that give extra points for going to 35 years, 40 years for Nebraska, 55 years for California, and permanently for Vermont.

Merit of Project

The NHTF statute requires states to give priority in awarding NHTF dollars to projects based on “the merit of the project”. The interim regulation gives examples of merit to be housing serving special needs populations, housing accessible to transit or employment opportunities, housing that has environmental features.

Washington does not give any clue that “merit” is to be considered.

On page 67 of the Annual Allocation Plan, COM does list six very general criteria and these are not even given relative weight. The six are soundness of concept, financial feasibility, long-term viability, organizational capacity, readiness to proceed, geographic distribution.

NLIHC: Of the six unweighted criteria COM lists, all but geographic distribution ought to be considered threshold criteria, although one subcomponent of soundness of concept – target population and availability of appropriate services if applicable – could be of merit. Geographic distribution could have merit because it is defined as “equitable distribution to **rural** and other underserved areas.”

Most states (if not all...although I’ve read them all, I still need to compile information) give priority or points for various meritorious considerations ranging from various categories of special needs populations, to green building techniques, to location near transit, to universal design, to Davis-Bacon wages.

Preference or Limits to Population Served

This topic is closely related to or even overlaps with merit. The rule allows preference or limits.

Washington does not mention preferences or limits to certain populations.

NLIHC: Many states give preferences to various special needs populations such as homeless people, homeless veterans, people with mental health problems, etc. Indiana will only use for permanent supportive housing. Massachusetts will use with a pilot program for service-enriched housing.

Renter/Homeowner

Like every state, Washington will not use any NHTF this year for homeowner activities. See ConPlan page 113 and Annual Action Plan page 67, 68, and 69.

NLIHC thinks this is good.

New Construction/Rehabilitation/Preservation

Washington will only use NHTF this first year for new construction. On page 113 COM explicitly says NHTF will not be used for rehabilitation. On page 67 of the Annual Action Plan

Plan to Use HTF for Operating Cost Assistance

Washington does not even mention that NHTF may be used for operating cost assistance, which could help to make ELI units affordable and not cause people with SSI-level incomes from being cost-burdened. (Although, given the small amount of NHTF available this year, using NHTF for operating assistance could severely limit the number of units created.)

Grant or Loan

Washington indicates that NHTF assistance will be in the form of grants and loans. See ConPlan page 119 and Annual Action Plan page 21.

NLIHC: Most states give a little more information about the nature of the type of loan they will make, such as zero-interest loan, or deferred payment loan, or even give range of interest on loan. NLIHC advises minimizing or eliminating debt burden in order to achieve affordability for ELI households; hence grants, or if with LIHTC well-structured zero-interest loans.

Geographic Distribution

On page 67 of the Allocation Plan, one of six, generic unweighted criteria is geographic distribution, defined as “equitable distribution to **rural** and other underserved areas.”

Page 78 of the Allocation Plan says NHTF will be distributed on a competitive basis statewide as part of the state’s HTF application process.

NLIHC: A couple of states give a few extra points for projects in rural areas.

Affirmatively Furthering Fair Housing

No mention.

NLIHC: Some states give priority or extra points to projects that will be located in higher opportunity areas, or areas that do not have racial or ethnic concentrations of poverty or that do not have concentrations of other affordable housing projects.

Eligible Recipients

Page 69 of the Annual Allocation Plan:

“Eligible applicants include local governments, local housing authorities; nonprofit community or neighborhood based organizations; CHDO's, federally recognized Indian tribes in Washington State; regional support networks established under RCW Chapter 71.24, and regional or statewide nonprofit housing assistance organizations.”

Maximum Per-Unit Subsidy

Washington is silent.

NLIHC: Most states will use the HOME maximum per-unit subsidy amounts. Advocates should determine whether the HOME maximums are too restrictive for NHTF purposes, given the need to invest as much as possible per assisted unit in order to serve ELI households without making them cost-burdened. In May HUD issued a NHTF FAQ on maximum per-unit subsidies that is very flexible, <https://www.hudexchange.info/faqs/2766/how-should-states-establish-maximum-per-unit-development-subsidy-amounts>.

Leveraging

On page 121 of the ConPlan, COM writes: “HOME-funded Rental Development projects typically leverage funds at a ratio of four to one using a variety of public and private resources, including the federal Low Income Housing Tax Credit program, the State’s Housing Trust Fund (HTF), and locally-funded housing programs. It is anticipated that NHTF will meet the same leverage ratios as HOME.”

Similarly, page 23 of the Annual Action Plan reads: “NHTF and HOME-funded Rental Development projects typically leverage funds at a ratio of 4:1 using a variety of public and private resources, including the federal Low Income Housing Tax Credit program, the State’s Housing Trust Fund (HTF), and locally-funded housing programs.”

Other

On page 105 of the ConPlan: “National Housing Trust Fund funds are distributed on a competitive basis in conjunction with the Washington State Housing Trust Fund (HTF) application process.”

On page 78 of the Annual Action Plan: “NHTF funds will be distributed on a competitive basis statewide as part of the state’s HTF application process.”

On page 131 of the ConPlan:

“NHTF will be used to support the production of approximately 32 new housing units.”

Since this is the 2015-2019 ConPlan can we assume 32 new units among 2017, 2018, and 2019? That would be about 10 or 11 units per year.