



WASHINGTON STATE
**HOUSING FINANCE
COMMISSION**

Opening doors to a better life

April 11, 2013

The Honorable Dave Camp
Chair, Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable Sander Levin
Ranking Member, Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Camp and Ranking Member Levin,

Thank you for the opportunity to share our thoughts as the committee and the House work through issues related to tax reform.

I'm writing to call your attention to the fact that tax-exempt bonds and the Low Income Housing Tax Credit, which are authorized in the federal tax law, have provided an outstanding return on investment to the nation.

These programs are essential to our nation's access to the private-sector investment necessary to finance affordable housing and community facilities, which not only improve the lives of families and enhance our communities, but also create jobs.

The Low Income Housing Tax Credit (housing credit) program is the most successful affordable housing program in our nation's history, producing and preserving over 100,000 affordable rental homes (and supporting 95,000 jobs) annually through public-private partnerships.

Housing finance agencies like ours also issue tax-exempt bonds to finance the development of not only affordable housing, but also nonprofit facilities, clean energy and energy-efficiency, and even start-up assistance for farmers and ranchers. These bonds raise millions of dollars in capital by harnessing the private market for the public good.

The Benefits of Tax Exempt Bonds And Housing Tax Credits

In Washington state alone since 1983, more than **275,700 men, women and children** have benefitted from affordable homes, community facilities, and much more, thanks to tax-exempt bonds and Low Income Housing Tax Credits.

These programs have also contributed more than **\$42.5 billion** in wages and material purchases and **237,622 jobs** to the economy of Washington state.

Tax-exempt bonds and housing tax credits harness private-sector investment for the public good, creating affordable housing and other vital community benefits while putting people to work.

In the past 30 years, the Commission has used these programs to:

Support Homeownership

- 44,749 households bought their first homes with below-market-rate mortgages.
- 158,141 potential homebuyers took free Homebuyer Education classes. We have trained 5,874 loan originators, real estate professionals and nonprofit partners to teach the free seminars.

Create Affordable Rental Housing

- More than 93,000 units of rental housing statewide have been created—including 25,590 units and nursing-home beds for seniors.

Keep Housing Affordable, Safe and Comfortable

- State housing finance agencies don't just create housing using tax credits and bonds; we monitor it for the duration of the financing period—usually between 20-40 years.
- We monitor more than 71,000 units of housing across Washington state, providing training and technical assistance to property managers and owners.

Build and Expand Community Facilities

- Community and job training centers, schools, daycare centers, human services, animal shelters, and more have been able to build, expand or remodel their facilities using tax-exempt bonds.
- These bonds can also help nonprofits refinance their debt, saving thousands of dollars each year.

Support New Farmers and Ranchers

- In Washington and many states, bonds overseen by housing agencies also support beginning farmers and ranchers, allowing them to make their dreams take root by purchasing agricultural land and equipment with lower-interest loans.

Clean Energy

- The Commission oversees the state's Sustainable Energy Trust, which encourages lenders to support projects that include renewable energy and energy-efficiency. Recently, we financed both a wind-energy project and energy retrofitting to a nonprofit-owned office building.

Attached are a few examples of how housing tax credits and bonds have benefitted communities throughout Washington state. I hope you will hear from other housing agencies like ours from across the country who can point to an excellent return on the public investment. I urge you to take these benefits into account during your deliberations and action on tax reform.

Once again, thank you for giving us this opportunity to comment. We appreciate the enormity of the task you are undertaking in tax reform, and are grateful for your service in Congress.

Sincerely,

Kim Herman

Kim Herman, Executive Director
Washington State Housing Finance Commission

cc: Washington state Congressional delegation

Benefits of Housing Tax Credits and Tax-Exempt Bonds: Examples from Washington State



Opening doors to a better life

Residents Buy their Community

Thanks to bond financing, the residents of a 25-home manufactured housing community bought the land under their homes. The new Duvall Riverside Village is now a cooperative belonging to its members in perpetuity—while affordable housing is preserved in a prime location.



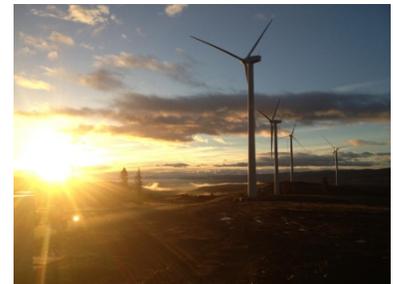
Downtown Seattle Housing—Two Worlds, One Neighborhood

In 2008, the Mirabella Continuing Care Retirement Community opened in downtown Seattle with a mix of apartments and assisted living units, special-care units, and skilled-nursing beds. As a nonprofit, the Mirabella was financed by the Commission through a \$260 million bond.

Just a few blocks away, the Commission also helped finance a new apartment building for formerly homeless people in recovery. The Mirabella's residents took an interest in the project—and when the apartments opened in February 2013, they donated \$3,000 to purchase bedding for all 81 units.

Clean Energy for Rural Homes

More than 1,000 homes in Washington's rural Kittitas County are now wind-powered, thanks to five wind turbines developed with the help of federal Qualified Energy Conservation Bonds through the Commission. This was the first use of these bonds for private activity in Washington and the first of its kind for a wind project in the United States.



Jobs and New Housing

Between 2008 and 2011, the Commission used bonds and tax credits to help finance almost 400 units of new rental housing in the Issaquah Highlands east of Seattle—construction that added desperately needed jobs during the worst of the recession. Almost 500 jobs were created—along with an estimated \$31 million in local income and \$3.3 million in taxes and revenue for local government.

New YMCA in Spokane

In the depths of the recession, the construction of the North Spokane YMCA was one of the few bright spots in the local market. The 54,000-square-foot facility, which the Commission helped finance with tax-exempt bonds, opened in September 2009.

"We were one of the few places hiring," says CEO Rig Riggins. The Y soon employed 177 people, generating an average monthly payroll of more than \$141,000 for the local economy—not to mention boosting sales for surrounding businesses, and providing a vital resource for the community.