



STATE OF WASHINGTON
DEPARTMENT OF COMMERCE

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November 19, 2020

Mr. Brad Hendrickson, Secretary of the Senate
Legislative Building 312
PO Box 40600
Olympia, WA 98504-0600

Mr. Bernard Dean, Chief Clerk of the House of Representatives
Legislative Building 338B
PO Box 40600
Olympia, WA 98504-0600

RE: 2020 Housing Trust Fund Affordable Housing Cost Data Report (Due Dec. 1, 2020)

Dear Mr. Hendrickson and Mr. Dean:

This letter is provided in place of a 2020 report and serves as an update to the [2019 Affordable Housing Cost Data Report](#) by the Department of Commerce (“Commerce”). The Affordable Housing Cost Data Report is due annually on Dec. 1, beginning in 2019.

The 2019-21 capital budget (Substitute House Bill 1102, Section 1029(4)) requires the following:

“(b) Beginning December 1, 2019, and continuing annually, the department must provide the legislature with a report of its final cost data for each project under this section. Such cost data must, at a minimum, include total development cost per unit for each project completed within the past year, descriptive statistics such as average and median per-unit costs, regional cost variation, and other costs that the department deems necessary to improve cost controls and enhance understanding of development costs. The department must coordinate with the housing finance commission to identify relevant development costs data and ensure that the measures are consistent across relevant agencies.”

Commerce and the Washington State Housing Finance Commission (Commission) administer the two major programs that provide state resources to develop and preserve affordable housing for low-income people in Washington. Commerce and the Commission collaborate on policies and coordinate investments in affordable housing across the state. Many projects receive both a Housing Trust Fund (HTF) monetary award and an allocation of tax credits from the Commission’s Low-Income Tax Credit (LIHTC) program. The [2019 Affordable Housing Cost Data Report](#) was a collaborative joint report detailing the information required by the proviso and

recommended by the Joint Legislative Audit and Review Committee (JLARC) in their 2019 report “[Analyzing Development Costs for Low-Income Housing](#).”

Commerce’s implementation process for the preparation of the annual reports includes:

- Coordinating with the Commission to ensure stakeholders are not asked for duplicative information
- Engaging stakeholders to determine how to define and implement the reporting requirements
- Publicizing the final requirement determinations to the Legislature, the public and affected stakeholders

More detail about the HTF implementation process is available in the inaugural [2019 Affordable Housing Cost Data Report](#) posted on Commerce’s website: <https://www.commerce.wa.gov/about-us/reports-publications/>. Detailed guidance for HTF recipients can be found [here](#).

The proviso cited above (SHB 1102, Section 1029(4)) requires projects receiving funds from the 2019-21 biennial budget to report their certified final cost data to Commerce. Capital projects take on average 12-24 months from the time they receive an award or direct appropriation to construction completion. The certified final development costs are to be submitted to Commerce within 90 days of a project’s construction completion and receipt of a certificate of occupancy.

As such, Commerce has not received final cost certifications from the projects funded under the 2019-21 biennial budget and does not have relevant data to report. Commerce expects to begin receiving the required cost certification and data beginning in 2021 after the 2019-21 funded projects complete their construction phase and are ready for occupancy. We plan to collect those certified costs, analyze data, and provide the Legislature with an Affordable Housing Cost Data Report in 2021.

Note that some projects that received LIHTC credits from the Commission and HTF funds in the past (before the 2019-21 budget passage) may have provided cost data to meet LIHTC requirements and may be included in the Commission’s 2020 report to the Legislature.

Please contact me by phone at (360) 725-4124 or email at corina.grigoras@commerce.wa.gov if you have any questions regarding this report or need additional information.

Sincerely,



Corina Grigoras
Managing Director
Housing Finance Unit
Community Services and Housing Division