

PERFORMANCE AUDIT

Work in progress: Audit description

Housing Finance Commission:

Oversight of tenant ownership options

The Washington State Housing Finance Commission administers several programs that help finance affordable housing for Washingtonians. One such program is the federal Low-Income Housing Tax Credit program, which is overseen by the Internal Revenue Service. This tax incentive program allocates federal tax credits to finance affordable housing projects, which are often managed by nonprofit or government agencies. The Commission administers a competitive process to award tax credits to qualified projects. Developers then sell the credits to investors to raise the money needed to build the project.

Among the required scoring criteria administrators must apply is whether a project will include an eventual tenant ownership option. Project options can vary, for example by the period of tenancy required to be eligible for ownership, how the project owner calculates the purchase price, and whether the owner will credit rent payments toward the purchase price. In Washington, few project owners propose affordable housing projects that include a tenant ownership option; tribal housing authorities account for most projects that do incorporate an ownership option.

Legislators have expressed concern that no projects with a tenant ownership option have transferred homes to tenants upon eligibility. They have also raised questions about the Commission's compliance with applicable laws and regulations, and whether the Commission is providing sufficient oversight of housing projects that offer tenant ownership options.

Preliminary scope and objectives

This audit will examine the Housing Finance Commission's policies and practices, review project information, and assess benefits to tenants. It will also evaluate the Commission's compliance with relevant laws and regulations. Finally, it will consider ways to improve the agency's oversight of these projects to help achieve positive tenant outcomes. The audit seeks to answer the following questions:

1. Has the Housing Finance Commission followed applicable federal and state laws related to financing and overseeing housing projects that offer tenant ownership options?
2. What benefits have tenants in projects with a tenant ownership option received related to affordable housing and home ownership?
3. How could the Housing Finance Commission improve tenant outcomes for projects with tenant ownership options?



Office of the
Washington
State Auditor
Pat McCarthy

**Director of
Performance and
IT Audit:
Scott Frank**

(564) 999-0809

Scott.Frank@sao.wa.gov

**Principal
Performance Auditor:
Kayvon Zadeh**

(564) 999-0839

Kayvon.Zadeh@sao.wa.gov

**Lead Performance
Auditor:
Brenton Clark**

(564) 999-0849

Brenton.Clark@sao.wa.gov

Office of the
Washington State
Auditor

P.O. Box 40021

Olympia, WA

98504-0021

www.sao.wa.gov

[@WASStateAuditor](https://twitter.com/WASStateAuditor)

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