

# LIHTCs Finance Native American Housing in Washington

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The Makah Tribe has occupied land in the Pacific Northwest for hundreds of years. A majority of the tribe—about 1,500 people—now lives on the Makah Indian Reservation, which includes the town of Neah Bay, Wash., located on the northwestern-most point of the state. Because of the tribe's remote location and since the closest town with affordable housing is 70 miles away, the Makah Tribe needed affordable housing for years.

"Because we are so remote, we have a severe housing shortage on the reservation," said Wendy Lawrence, housing director at the Makah Tribe. "In order for families to leave and find affordable housing, they also have to leave their culture behind." This is something that Lawrence does not want to see happen.

That need was partially alleviated with the recent development of the Sail River Longhouse Apartments, the tribe's first permanent, supportive housing development. Sail River Longhouse Apartments is a 21-unit housing development reserved for tribal members earning at or below 30 percent of the area median income (AMI), with an emphasis in housing homeless tribe members and those struggling with forms of addiction. The development features 12 one-bedroom, four two-bedroom and five three-bedroom apartments. The Makah Tribe began construction of Sail River Longhouse Apartments in July 2013 and completed them in August 2014.

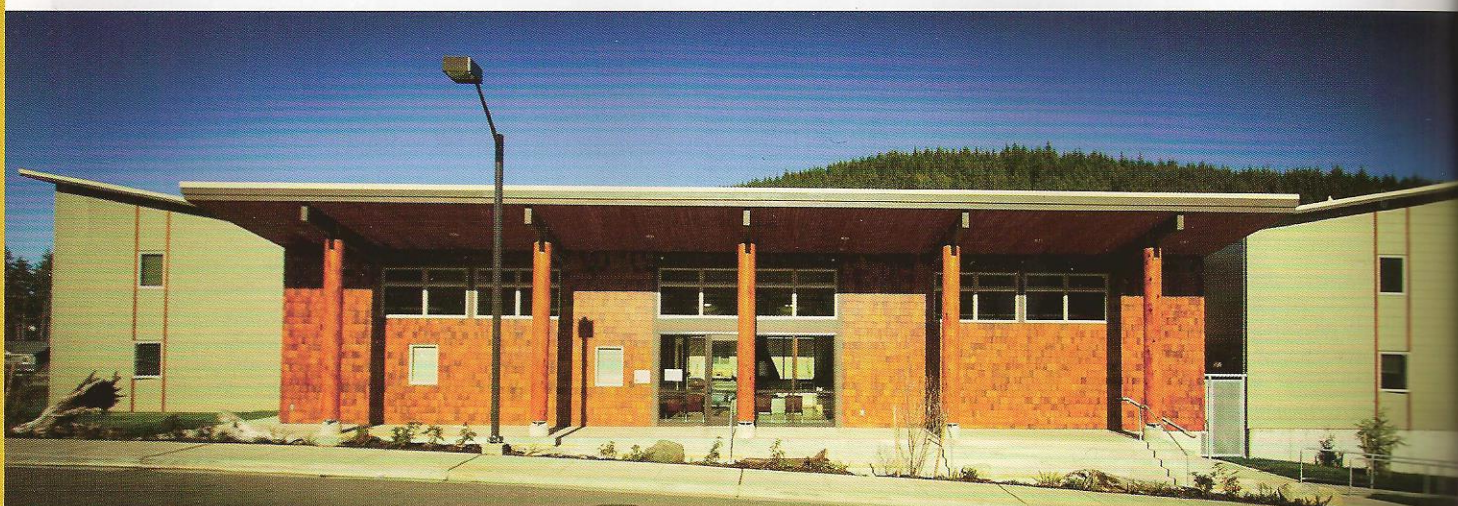
The development includes two buildings: the entrance and reception building, modeled after a traditional Makah longhouse, and a two-story, garden-style "U"-shaped building where all 21 units are housed. The courtyard within the apartment complex features a number of sitting areas scattered around a large water feature. The Sail River Longhouse Apartments are also located near a recently opened tribal wellness center, which is the first building in the future Makah health care campus, and a planned community garden. In addition to providing affordable housing, Sail River Longhouse Apartments feature on-site supportive services. Lawrence said that there will be staff at the development during business hours that will "coordinate with outside service providers to assist families to identify and overcome barriers and become self-sufficient."

Because of the tremendous need for housing in the area and the tribe's remote location, the development was leased up within days of completion. In fact, Lawrence said that there are already 30 families on the waiting list. The tribe's remote locations caused a few other challenges: Philippa Nye, principal at Ally Community Development, a full-service development consultant, said that it limited the pool of contractors willing to work on this development. With this in mind, Nye said that it was important to the Makah Tribe to make this development as durable as possible in order to limit the number of repairs needed later.

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*Photo: Courtesy of Makah Tribal Housing*

**The Sail River Longhouse Apartments is the Makah Tribe's first permanent, supportive housing development.**





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### Financing the Development

The development of the Sail River Longhouse Apartments was funded primarily through the Low-Income Housing Tax Credit (LIHTC) program. The Washington State Housing Finance Commission (WSHFC) provided a \$4.21 million LIHTC allocation. Kim Herman, executive director of WSHFC, said that providing Native American housing is very important to WSHFC, which has helped finance about 15 other Native American properties in the state. He added that it was important to get this deal financed and under construction because the tribe's remote location has led to the shortage of affordable housing in the area.

The development received a \$3.4 million LIHTC investment syndicated by Enterprise Community Investment Inc. through one of its multi-investor funds. Enterprise Community Loan Fund Inc. provided a \$350,000 predevelopment loan. M.A. Leonard, vice president and Pacific Northwest market leader at Enterprise Community Partners Inc. (Enterprise), the parent of Enterprise Community Investment and the Enterprise Community Loan Fund, said that this was a mission-based deal for Enterprise, which has been financing Native American housing developments since the late 1990s. Russ Kaney, director of the Native American initiative at Enterprise, added that Enterprise has invested between \$80 million and \$90 million in Native American housing across the country.

Nye also worked with the Makah Tribe on the LIHTC application and compliance process. "There is always an education process for a new client doing their first tax credit deal," said Nye. Leonard said that the tribe's lack of experience with tax credits is not unusual for

rural organizations. "Yet it's these very locations where residents face tremendous housing insecurity," Leonard said. "Through our resources and expertise, Enterprise can help organizations like the Makah Tribe build capacity to successfully navigate the tax credit program and build affordable housing communities connected to jobs, good schools, transit and health care."

Development financing also included a \$1.2 million loan from the Washington State Trust Fund, \$500,000 from the Federal Home Loan Bank of Seattle and \$263,000 from tribal resources. Finally, \$101,000 in operating subsidy was provided by the Makah Tribe and the Tribe's Indian Housing Block Grant, which is funded through the U.S. Department of Housing and Urban Development's Native American Housing Assistance and Self Determination Act.

### Larger Development Plan

The Sail River Longhouse Apartments is a piece of a larger development plan called Sail River Heights. This 51-acre parcel of land is a mixed-use, mixed-income development that will eventually include 72 owner-occupied, single-family homes; 16 market-rate rental townhomes; and a community center, in addition to Sail River Longhouse Apartments. At press time, 15 of the single-family homes were completed, with three more under various stages of construction and eight planned for construction in 2015. Lawrence said that the construction of the townhouses would begin in 2016, with the entire development completed by 2020. ❖

#### SAIL RIVER LONGHOUSE APARTMENTS FINANCING

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