

# WASHINGTON STATE HOUSING FINANCE COMMISSION

## WORK SESSION MINUTES

April 23, 2015

The April 23, 2015 work session was called to order at 11:00 a.m. by Karen Miller. In attendance were Commissioners Pam Tietz, M.A. Leonard, Randy Robinson, Mario Villanueva, Regina Stark and Gabe Spencer.

Lisa DeBrock and Simona Alvarez gave an update on the Multicultural Outreach Initiative for the Commission's Homeownership Programs.

Bob Cook and Lisa DeBrock gave a briefing on the Mortgage Purchase and Sale Agreement with ServiSolutions. The briefing included a background on the Commission's association with ServiSolutions and staff's final recommendation for the Agreement.

Kim Herman gave his Executive Director's report.

**The work session was adjourned at 12:00 p.m.**

**WASHINGTON STATE  
HOUSING FINANCE COMMISSION  
MINUTES**

**April 23, 2015**

The Commission meeting was called to order by Chair Karen Miller at 1:00 p.m. in the Board Room of the Washington State Housing Finance Commission at 1000 Second Avenue, Seattle, Washington. Those Commissioners present were Pam Tietz, M.A. Leonard, Randy Robinson, Mario Villanueva, Regina Stark, Dan McConnon, Beth Baum and Gabe Spencer.

**Approval of the  
Minutes**

The minutes of the March 26, 2015 Commission meeting were approved as mailed.

**Employee  
Recognition**

Executive Director Kim Herman stated that there are several types of Employee Recognition Awards: Length of Service and peer chosen Employee of the Quarter were to be given this month.

**Two Years**

Linda Chum  
Sojung Choi  
Robin Deming

**Five Years**

Jason Karpen

**Ten Years**

Angel Galgana

**Fifteen Years**

Amelia Quiba

### **Employee of the First Quarter - Chrystal White**

“Imagine starting a new job in a satellite office apart from everyone else at your organization. You are a one-person office, responsible for organizing your space, sending and receiving the mail and weekly packets to/from the main office, keeping all of your equipment running, and keeping track of all your supplies and IT needs. You spend some time with the employee transferring out and are sent to the Seattle office for a couple of days of training. After which you return to Spokane to work on your own. There is no one directly on hand to ask questions and talk over issues. Instead you must rely on IM, email and phone calls along with the occasional visit.

It takes a dedicated person, with strong organization skills, who can solve their own problems and excel in this environment. Chrystal is such a person. She dove right in, learning all the aspects of running her office, while familiarizing herself with the policies and procedures of both the Commission and the AMC Division, and at the same time performing her duties as a Senior Portfolio Analyst. Not only did Chrystal manage to complete her file reviews on time and meet her other goals, she did this with a positive attitude. She didn't miss a beat when she couldn't find needed information, or when her office equipment malfunctioned, instead she quietly requested the things she was missing and improvements to her systems and kept on working.

Chrystal is a team player. She is not afraid to offer her experience when our Division is dealing with a new question and trying to come to a consensus. She always asks when she is not sure how to handle a new situation and she directs questions to different members of the Division so she doesn't take up too much of any one person's time. To foster team comradery she encouraged our Division to add a White Elephant aspect to our Holiday breakfast this year, which contributed to a fun time for all.

So does this team player who enjoys working with others let sitting in an office with only the occasional visit from the Fed Ex delivery person get her down? No, she takes a walk in the labyrinth of sky bridges that connect the downtown mall and business district during her lunch break seeking human interaction, or she attends one of the local meetings of SLIHC, SNAP or other Spokane housing groups and reports any newsworthy information back to us.

Chrystal has proven herself to be a great addition to the AMC Division and the Commission. She is our eyes and ears in Eastern Washington, portraying a positive can do attitude to our constituents.”

Congratulation to Chrystal White – Employee of the First Quarter.”

**Public Hearing:  
Heron’s Key, OID  
#15-65A**

A public hearing was opened on OID No. 15-65A, Heron’s Key, at 1:04 p.m.

David Clifton, Assistant Director of the Multifamily Housing and Community Facilities Division, stated that the public hearing is for the proposed issuance of nonprofit revenue bonds to finance the construction of a continuing care retirement facility located at 4340 Borgen Boulevard in Gig Harbor, WA. The project will be owned by Heron’s Key, a Washington 501(c)(3) nonprofit organization. The estimated bond amount is not expected to exceed \$155,000,000. Mr. Clifton introduced Lisa Hardy, CEO of Emerald Communities.

Ms. Hardy stated that Heron’s Key community is expected to include 194 independent living units, 36 assisted living units, and 45 skilled nursing beds.

Heron’s Key will provide a retirement community that offers true Life Care, which is considered the highest standard among retirement living options. It’s an innovative and independent lifestyle that is different from other senior housing and care options. At Heron’s Key, residents pay a one-time 75% refundable entrance fee and a monthly service fee. The monthly service fee pays for the use of the amenities and enjoyment of the services the community offers. The entrance fee gives residence a lifetime use of their home and guarantees

unlimited access to the community's continuum of on-site health care, including assisted living, skilled nursing and memory support.

Liz Tidyman, a private Washington State resident, made a public comment regarding Continuing Care Retirement Communities (CCRC) and their financing. Her written comments are attached as appendix A.

Ron Williams, the Administrator of the City of Gig Harbor, testified that the City is giving its full endorsement for this project and has been very impressed with the facility.

There was no further public comment and the hearing was closed at 1:19 p.m.

**Public Hearing:  
Columbia Basin  
College Health  
Science Center II,  
OID #14-111A**

A public hearing was opened on OID No. 14-111A, Columbia Basin College Health Science Center II, at 1:19 p.m.

Mr. Clifton stated that the public hearing is for the proposed issuance of nonprofit revenue bonds to finance the construction of a new educational center for health sciences at 940 Northgate Drive in Richland, WA. The project will be owned by the Columbia Basin College Foundation (CBCF), a Washington 501(c)(3) nonprofit organization. The estimated bond amount is not expected to exceed \$8,000,000. Mr. Clifton introduced Tom Harper, CEO of CBCF and Brett Reilly, Director of Business Office Services, Grants & Contracts Management at CBCF.

Mr. Reilly stated that CBCF has partnered with Kadlec Regional Medical Center for this project. Columbia Basin College Health Science Center II will be a great addition to the Richland Health Science Center I.

Mr. Hardy stated that this expansion is important because 60% of their students remain in the area. Columbia Basin College offers bachelor's degrees in nursing, ultrasound, firefighting, paramedics and countless other programs. In conjunction, Columbia Basin College will also be expanding their internship and work-studies programs.

There was no further public comment and the hearing was closed at 1:25 p.m.

**Public Hearing:  
CityCenter  
Apartments, OID  
#15-61A**

A public hearing was opened on OID No. 15-61A, CityCenter Apartments, at 1:25 p.m.

Bob Peterson, Manager of the Multifamily Housing and Community Facilities Division, said that the hearing was for the proposed issuance of a multifamily revenue note to provide a portion of the financing for the acquisition and new construction and equipping of a 349–unit multifamily housing facility at 3800 196th Street Southwest in Lynnwood, WA. The project will be owned by CityCenter Apartments Lynnwood Partners LLLP, a Washington limited liability limited partnership. The estimated note amount is not expected to exceed \$45,000,000. Mr. Peterson introduced Chris Santoro, the President of the developer, AVS Communities.

Mr. Santos stated that CityCenter Apartments is a 330,000 square foot non-age restricted apartment across from the convention center in Lynnwood. Project amenities include an indoor pool, social areas, two levels of underground parking and a business center. Apartment units include washer and dryers, ceiling fans and decks.

There was no further public comment and the hearing was closed at 1:28 p.m.

**Public Hearing:  
Projects  
Recommended for  
Allocation of  
LIHTC**

The Chair opened a public hearing on the recommended allocation of Low Income Housing Tax Credits at 1:28 p.m.

Lisa Vatske, Director of the Multifamily Housing and Community Facilities Division, stated that there will be seven projects in this public hearing today.

**7<sup>th</sup> and Cherry Supportive Housing**

Mr. Peterson stated that the first project will be 7<sup>th</sup> and Cherry Supportive Housing and introduced Betsy Hunter from Plymouth Housing.

Ms. Hunter stated that 7<sup>th</sup> and Cherry Supportive Housing will be a newly constructed 77 unit apartment for chronically homeless and two units for resident managers. The building will be seven stories with all residential units on floors two through seven. The first floor will be used for common areas to include office for case managers, meeting rooms, TV room, laundry room, and computer resource center.

### **Compass at Ronald Commons**

For the next project Mr. Peterson introduced Leslie Shapiro, Division Manager of affordable housing at Compass Housing Alliance and Brian Lloyd, Development Manager at Beacon Communities.

Mr. Lloyd stated that Compass at Ronald Commons will be a mixed use facility located in the Richland Highlands neighborhood in the City of Shoreline. This is a collaboration between the Ronald United Methodist Church, Hopelink and Compass Housing Alliance. The project will include 12,100 square feet of commercial space. Hopelink will relocate its Shoreline Service Center which includes array of Hopelink services including a food bank, to this space.

Ms. Shapiro stated that Compass at Ronald Commons will have a mix of 59 units from studios to three-bedroom units. She also stated that 50% of the units will be at 30% AMI and the remaining 50% of the units at 50% AMI. Additionally, 20% of the units will be set-aside for homeless and another 20% will be for persons with disabilities.

### **Totten Housing Development**

For the next project Mr. Peterson introduced Robin Thorne, Development Consultant from VitalSpirit LLC.

Ms. Thorne stated that Totten Housing Development will be a new construction of 12 single family homes located on the Port Madison Indian Reservation in

Kitsap County. There will be 7 three-bedroom single family homes; 3 four-bedroom single family homes; and 2 five-bedroom single family homes. All of the homes are located on one large continuous lot next to the Tribe's 34,000 square feet facility under construction for an Early Learning center, fitness center and youth center.

She also stated that 50% of the units will be at 30% AMI, 25% of the units at 40% AMI and 25% of the units will be at 60% AMI.

### **Bay Terrace Phase II**

Mr. Peterson introduced Kathy McCormick, Director of Real Estate Development at the Tacoma Housing Authority.

Ms. McCormick stated that Bay Terrace Phase II is the second phase of the Tacoma Housing Authority (THA) reinvestment in the city's Hilltop neighborhood. This 74 unit project (144 including phase I), replaces 104 units of deteriorated, substandard housing that was previously located on this site. THA has committed to providing project-based Section 8 vouchers for all units in the project designated to households at or below 40% AMI.

### **Twin Lakes Landing**

For the next project Mr. Peterson introduced Fred Safstrom, Deputy Director of Housing Hope.

Mr. Safstrom stated that Twin Lakes Landing is a 50-unit modular apartment complex in the Smoky Point area of Marysville. There will be a mix of studios to two-bedroom units. He also stated that 50% of the units will be at 30% AMI the remaining 50% of the units at 50% AMI.

It will provide permanent housing for homeless families with children, addressing a high priority need identified by Snohomish County. This project

utilized funds from the Commission's LAP program in order to acquire the site. This complex is located between two lakes and close to a transit center.

### **Sun Tower**

For the second to last project Mr. Peterson introduced Paul Purcell, President of Beacon Development Group and Brian Lloyd.

Mr. Lloyd stated that Sun Tower is a 141-unit senior apartment complex in Yakima, consisting of 29 assisted living units and 112 independent living units. This is a preservation project because the project has a HUD restrictive use agreement set to expire in 2017. Services include meals, laundry and housekeeping. Some units will receive all amenities and for other units these amenities are optional.

There are no Section 8 vouchers attached to this project at this point.

### **Olympic Commons**

For the last project Mr. Peterson introduced Steve Buxbaum, Mayor of Olympia, and Sharon Lee, Executive Director of the Low Income Housing Institute.

Mayor Buxbaum stated his support for the Olympic Commons project in his city.

Ms. Lee stated that this project is located in downtown Olympia, the project will serve homeless and special needs households, targeting homeless young adults, homeless military veterans and disabled individuals.

Paul Purcell wanted to state that he also had a Commission funded project in that moved from the original location, with Commission approval.

Mr. McConnon asked Ms. Lee if the new location was on city property, she stated that it was.

There was no further public comment and the hearing was closed at 2:23 p.m.

**Action Item: Tax  
Credit Program  
Policy Waiver –  
Olympia Commons**

Ms. Vatske stated that LIHI is requesting an exception to normal Housing Finance Commission policies to allow a transfer of the site for the Olympia Commons project planned for downtown Olympia. Commission staff believe that this is not a material change to LIHI's original application. For reasons that staff believe are compelling for our community and for the people to be served by LIHI's project, the City of Olympia has chosen to partner with LIHI by providing an alternative location that is four blocks from the current site. The new site will allow for a duplication of the design concept that is included in LIHI's original application to the Commission and does not result in any material change in terms of readiness or project benefit - only the physical address will change.

The City strongly believes, that in partnership with LIHI, it can create a successful and beneficial project on City owned property immediately adjacent to the downtown transit center and key services. This collaboration will place the project on a site that will improve benefits to residents and add a well-designed housing complex to a main corridor in Olympia.

To demonstrate its commitment, the City has offered the site to LIHI at a nominal cost and has been working with them to ensure that all the conditions of their application to the Commission are fully met without any change in timing or benefit. In addition to the alternative site being more favorable in terms of access to transit and other key services, the City owns surrounding property that will help ease mobilization and should speed and simplify construction. Olympia is a community with a long track record of accepting and supporting affordable housing for its many needy citizens. LIHI is a well-known nonprofit that knows how to get things done on behalf of lower income residents.

By approving the transfer of the site, the Commission would be approving a stronger project than was originally proposed.

Staff believes this partnership between the City of Olympia and LIHI is another win-win for sheltering the most vulnerable.

Ms. Tietz moved to approve the request. Mr. Villanueva seconded the motion. The request was approved with one abstention by Dan McConnon due to potential conflicts of interest by his employer.

**Action Item:  
Resolution No. 15-73, for the Allocation of Credit for the 2015 Housing**

Ms. Vatske said this was a resolution authorizing the Executive Director to make reservations and/or allocations of 2015 Housing Tax Credits to the following project:

- 7th & Cherry Supportive Housing
- Compass at Ronald Commons
- Totten Housing Development
- Twin Lakes Landing
- Bay Terrace Phase II
- Sun Tower
- Olympia Commons

Ms. Tietz moved to approve the request. Ms. Baum seconded the motion. The request was approved with two abstention by M.A. Leonard and Randy Robinson due to potential conflicts of interest by their employers.

**Action Item:  
Resolution No. 15-70, Dawson Place Child Advocacy Center**

Ms. Vatske said that this is a resolution approving the issuance of a bond by the Commission in the principal amount not to exceed \$1,196,589 to refinance existing debt originally used for the acquisition of and capital improvements to the Dawson Place Child Advocacy Center in Everett, WA, and to pay a portion of the costs associated with issuing the bonds. The project will be owned by Child Advocacy Center of Snohomish County at Dawson Place dba Dawson Place, a Washington 501(c)(3) nonprofit organization. The public hearing for this project was held on March 26, 2015.

Ms. Stark moved to approve the request. Ms. Leonard seconded the motion. The request was unanimously approved.

**Action Item:  
Resolution No. 15-  
72, Pacific Science  
Center**

Ms. Vatske said that this is a resolution approving the issuance of a bond by the Commission in the principal amount not to exceed \$2,397,000 to refinance existing debt that paid the cost of the rehabilitation of the Borrower's existing facilities in Seattle, WA; to finance the acquisition and installation of a customer relationship management (CRM) and ticketing system; and to pay costs of issuing the bond. The project is owned by Pacific Science Center Foundation, a Washington 501(c)(3) nonprofit organization. The public hearing for this project was held on February 26, 2015.

Ms. Stark moved to approve the request. Mr. McConnon seconded the motion. The request was unanimously approved.

**Action Item:  
Requesting  
approval of the  
Mortgage Purchase  
and Sale  
Agreement with  
ServiSolutions**

Bob Cook, Director of Finance and IT Services, and Lisa DeBrock, Director of the Homeownership Division, stated that this a request to authorize the Executive Director to negotiate, finalize and execute a Mortgage Purchase and Sale Agreement with ServiSolutions upon the terms as generally described in the work session earlier in the day and to authorize staff to invest Commission Funds in the various single family and homeownership bond indentures for this purpose, as needed.

Mr. Villanueva moved to approve the request. Ms. Leonard seconded the motion. The request was unanimously approved.

**Action Item:  
Resolution 15-68  
for the allocation of  
single family Bond  
Cap to support the  
MCC Program**

Lisa DeBrock, Director of the Homeownership Division, said this is Resolution 15-68 for the Mortgage Credit Certificate Program (MCC), which authorizes the executive director to implement the MCC program.

Ms. DeBrock stated the MCC program has been performing strongly for a few years now and the State still has excess volume cap and that is why she is asking for approval to continue offering this program.

Ms. DeBrock stated that the feasibility of the MCC Program and the degree to which it can provide housing assistance is totally dependent upon the extent to

which homebuyers have federal tax liability which can be offset by the MCC tax credit. Typically, higher income homebuyers with few deductions or credits are generally best able to use the MCC tax credit as a form of housing assistance. A qualified homebuyer can then reduce their federal tax liability equal to a portion of the annual interest paid on their mortgage in the form of a special tax credit.

Ms. DeBrock stated that MCCs may be issued to provide federal tax credits at rates varying from 10 to 50 percent of the mortgage interest paid or incurred per year. IRS guidelines require a \$2,000 cap if the credit rate exceeds 20%.

Ms. DeBrock mentioned that a qualified homebuyer using the MCC is able to claim up to 20% of annual mortgage interest paid as a federal income tax credit. The remaining mortgage interest (80%) continues to qualify as an itemized deduction.

Ms. DeBrock handed out a document exemplifying how this works.

“On a \$200,000 mortgage with a 6% interest rate the homebuyer will pay \$12,000 in interest the first year. Twenty percent of this amount, or \$2,400, can be used to directly reduce the homebuyer’s federal income tax liability.”

Ms. DeBrock stated that the MCC Program provides a dollar-for-dollar reduction of federal income taxes. Unused credit can be carried forward up to three years and the homebuyer can retain the federal tax credit for the life of the loan so long as the homebuyer continues to occupy the property as their principal residence. The amount of the credit decreases over the life of the loan as the interest is paid down. The Commission may reissue the MCC when the holder of the certificate refinances the original mortgage loan so long as certain guidelines are met.

Additionally she stated that the MCC can also be used in combination with the Home Advantage program. The borrower can now have the best of both worlds. The borrower can use the Commission’s Home Advantage first mortgage,

receive downpayment and closing cost assistance as well as receive an MCC credit. In the past, MCCs could not be combined with the House Key program.

Ms. DeBrock stated that the Homeownership Division is proposing to use \$240 million of volume cap which equates to a \$300 million worth of loans.

Christian Hayes, Senior Program Compliance Administrator presented the production numbers and potential for the program.

Ms. DeBrock requested the approval of resolution 15-68, which authorizes the executive director to implement the MCC program.

Ms. Stark moved to approve the resolution. Mr. Villanueva seconded the motion. The resolution was unanimously approved.

**Action Item:  
Manufactured  
Home Community  
Investment Fund  
PIF Request**

David Clifton, Assistant Director of the Multifamily Housing and Community Facilities Division, presented a PIF request for \$2,500,000 to partner with ROC USA® Capital to invest in the preservation of resident-owned manufactured home communities.

Ms. Leonard moved to approve the request. Ms. Tietz seconded the motion. The request was unanimously approved.

**Action Item:  
Pacific Tower  
project PIF  
Request for**

The PIF Request was pulled from the agenda.

**Informational  
Report on  
Department of  
Commerce  
Activities**

Dan McConnon announced that the Homeless Youth Act bill passed and that there will be a Special Session convened on April 29, 2015.

**Consent Agenda**

The Consent Agenda was approved as mailed.

**Adjournment**

The meeting was adjourned at 2:50 p.m.

**Signature**

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