

WASHINGTON STATE HOUSING FINANCE COMMISSION

WORK SESSION MINUTES

October 22, 2015

The October 22, 2015 work session was called to order at 11:00 a.m. by Chair Karen Miller. In attendance were Commissioners Dan McConnon, Steve Moss, Pam Tietz, Gabe Spencer and Ken Larsen.

Ms. Lisa DeBrock and Mr. Bill Conner gave an update on the Housing Counseling and Foreclosure Prevention Programs.

Mr. Kim Herman gave his Executive Director's Report.

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

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
MINUTES**

October 22, 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 Dan McConnon, Steve Moss, Pam Tietz, Gabe Spencer and Ken Larsen.

**Approval of the
Minutes**

The minutes of the September 24, 2015 Commission meeting were approved as mailed.

**Employee
Recognition**

Dan McConnon – Commissioner Service

Mr. Kim Herman presented Mr. McConnon with a clock for his untiring efforts to improve housing and community facilities for the citizens of Washington and his service on the Washington Housing Finance Commission Board.

Two Years

Nicole Wivell

Ten Years

Melissa Donahue

Debra Stephenson

Fifteen Years

William Conner

Gary Hunter

Special Recognition - David Clifton & Lisa Vatske

“This special recognition award goes to David Clifton and Lisa Vatske for their tireless time and effort leading to an approval of a \$2,000,000 Program Investment Fund (PIF) loan to the Seattle College Foundation for the Pacific Tower project. The PIF loan closed on August 14th, 2015.”

Employee of the Third Quarter - Yana Prokhor

“On top of beautifully handling her often times enormous and stressful workload, this person is always happily willing to make helpful contributions to our department and take on new projects. She has been instrumental in the development and implementation of organizational processes which have greatly improved the communication about and the tracking of several tasks required for the successful completion of recording and uploading transactions to Navision. For example, she recently designed a spreadsheet and system to track whose turn it is to process the DPA upload, where it is in the approval process, and when it gets posted to Navision. This has greatly improved the speed and accuracy of communication and had streamlined the process.

Her patience and thoroughness makes her a trusted resource and a great teacher for fellow employees in the department. She has contributed to streamlining processes, such as creating the Refund Check Request form for internal check requests, and to improving customer service, such as developing consensus on timelines for refunds. She is very conscientious and always contributes to discussion points, provides excellent communication and clarification on activities of the Commission and the accounting. She very graciously made time in her schedule to be our department’s representative for the Combined Fund Drive and has shown great personal commitment and drive in the collection of donations.

She consistently demonstrates her problem solving abilities and is a great team player with a positive attitude and sense of humor.

If you haven’t guessed, Yana Prokhor is our Employee of the Third Quarter.”

**Public Hearing:
Mercy Othello
Plaza East, OID
#14-119A**

Ms. Miller opened a public hearing on OID 14-119, Mercy Othello Plaza East at 1:16 p.m.

Mr. Bob Peterson, Manager, Multifamily Housing and Community Facilities Division, said the hearing was for the proposed issuance of one or more series of tax-exempt revenue bonds (the "Bonds") to finance a portion of the costs to acquire, construct and equip a multifamily housing facility located at 6940 Martin Luther King Jr. Way S, in Seattle, Washington, 98118, to be owned by MHNW 9 Othello East LP, a Washington limited partnership. Proceeds of the Bonds will provide a portion of the financing for the acquisition of land and the new construction and equipping of a 68-unit multifamily housing facility in Seattle, WA, and to pay a portion of the costs of issuing the Bonds. The total estimated aggregate bond amount is not expected to exceed \$15,000,000. Mr. Peterson introduced Mr. Colin Morgan-Cross and Ms. Joanne LaTuchie representing Mercy Housing.

Mr. Morgan-Cross stated that Mercy Othello Plaza is a mixed-use project that will include a total of 108 new apartments in two five story buildings over a shared concrete podium, with 45 parking stalls and approximately 7,500 square feet of commercial space on the ground floor. This application proposes 68 units in one of the two buildings, Mercy Othello Plaza East, to be financed with 4% Low Income Housing Tax Credits and tax-exempt bonds. The other building, Mercy Othello Plaza West, with 40 units, is proposed to be financed separately with 9% Low Income Housing Tax Credits.

The income set-aside for Mercy Othello Plaza East is set at 100% of total units at or below 60% AMI.

Originally, the cost drivers caused Mercy Othello East and West to exceed 2015 King County limits by approximately \$1,347,700 or 4.91%. Under the revised 2016 King County limits, the cost would have been approximately \$1,739,180 or 5.59% below the costs limit. In view of the fact that the previous total development cost (TDC) limits were outdated, Lisa Vatske, Director of

Multifamily Housing and Community Facilities Division, approved a TDC waiver request for the project.

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

**Public Hearing:
Promenade
Apartments, OID
#14-104A**

A public hearing was opened on OID 14-104A, Promenade Apartments, at 1:25 p.m.

Mr. Bob Peterson, Manager, Multifamily Housing and Community Facilities Division, said the hearing was for the proposed issuance of one or more tax-exempt revenue notes (the "Notes") to finance a portion of the costs to acquire and construct a multifamily housing facility located at 31021- 129th Avenue SE, Auburn, Washington, 98092 to be owned by Promenade Apartments, LLC, a Washington limited liability company. Proceeds of the Notes will be used to provide a portion of the financing to acquire, construct and equip a 294-unit multifamily housing facility constituting the residential component of a mixed use development, which will include multiple buildings with residential and retail tenants, located in Auburn, Washington, and to pay a portion of the costs of issuing the Notes. The total estimated aggregate note amount is not expected to exceed \$55,000,000. Mr. Peterson introduced Mr. Jack Hunden to present Promenade Apartments.

Mr. Hunden stated that 100% of the units at the Promenade Apartments will be affordable at no more than 60% of the median income in King County. Twenty percent of the units will be set aside for Persons with Disabilities and 20% of the units will be set aside for Large Households. The project offers a YMCA child development center, swimming pool, spa, fitness center, lounge, indoor basketball court, computer/business center, outdoor play areas and meeting rooms.

Ms. Pam Tietz asked Mr. Hunden where the storm water will be stored. Mr. Hunden stated that there will be large detention tanks draining into the natural area around the project. The amount of flow has to be the same as an old growth forest.

There was no further public comment and the hearing was closed at 1:43 p.m.

**Public Hearing:
Park 16
Apartments, OID
#12-98A**

A Commission hearing was opened on OID 12-98A, Park 16 at 1:43 p.m.

Mr. Bob Peterson, Manager, Multifamily Housing and Community Facilities Division, said the hearing was for the proposed issuance of tax-exempt revenue bonds (the "Bonds") to finance the construction of a multifamily housing facility located at 35703 16th Avenue South, Federal Way, Washington, 98003, to be owned by Park 16, LLC, a Washington limited liability company. Proceeds of the Bonds will be used to provide a portion of the financing for the acquisition of land and the new construction of 293 units of multifamily housing. The total estimated aggregate note amount is not expected to exceed \$4,000,000. Mr. Peterson introduced Mr. Jack Hunden to represent Park 16.

Mr. Hunden said this bond issue adds an additional \$4,000,000 in tax exempt debt to the Park 16 Apartments. The original Park 16 bond issue was completed in December 2013. This additional debt will help cover increased costs of construction.

The original bond issue was used for the acquisition of land and the new construction of 293 units of multifamily housing in Federal Way, WA. One hundred percent of the units are affordable at 60% AMI. Twenty percent of the units are set aside for large households and 20% for the disabled. The project offers such amenities as an indoor swimming pool, spa, fitness center, indoor basketball court, computer/business center, outdoor play areas, meeting rooms, and trail system.

Mr. Steve Moss asked if the Commission provided additional funding to other projects. The Commission's general counsel stated that the Commission has done this a handful of times in the past.

There was no further public comment and the hearing was closed at 1:54 p.m.

**Public Hearing: 13
West Apartments,
OID #15-99A**

A public hearing was opened on OID 15-99, 13 West Apartments at 1:55 p.m.

Mr. Bob Peterson, Manager, Multifamily Housing and Community Facilities Division, said the hearing was for the proposed issuance of one or more series of tax-exempt revenue obligations (the "Notes") to finance a portion of the costs to acquire and construct a multifamily housing facility located at West 13th Street and Columbia Street in Vancouver, Washington, 98660, to be owned by 13 West LLC, a Washington limited liability company. Proceeds of the Notes will be used to provide a portion of the financing for the acquisition of land and the new construction and equipping of a 92-unit multifamily housing facility in Vancouver, WA, and to pay a portion of the costs of issuing the Notes. The total estimated aggregate note amount is not expected to exceed \$13,000,000. Mr. Peterson introduced Mr. Skip Grodahl to represent 13 West.

Mr. Grodahl stated that 13 West Apartments will be one of two new family-oriented affordable housing complexes in the vicinity of downtown Vancouver and will fill a niche for people working downtown as well as at the nearby Port of Vancouver.

Mr. McConnon stated that Vancouver has the Nation's fastest-rising rents.

There was no further public comment and the hearing was closed at 2:02 p.m.

**Public Hearing:
Vintage at
Bellingham, OID
#15-107A**

A public hearing was opened on OID 15-107A, Vintage at Bellingham, at 2:02 p.m.

Mr. Bob Peterson, Manager, Multifamily and Community Facilities Division, said the hearing was for the proposed issuance of one of more series of tax-exempt revenue obligations (the "Notes") to finance a portion of the costs to acquire, rehabilitate and equip an independent living senior facility located at

4625 Cordata Parkway, Bellingham, Washington, 98226, to be owned by Vintage at Bellingham, LLC, a Washington limited liability company. Proceeds of the Notes will be used to provide a portion of the financing for the acquisition, rehabilitation and equipping of a 94-unit senior housing facility in Bellingham, WA, and to pay a portion of the costs of issuing the Notes. The total estimated aggregate note amount is not expected to exceed \$11,000,000. Mr. Peterson introduced Mr. Ryan Patterson from Vintage Housing Development.

Mr. Patterson stated that 100% of the units will be set-aside for residents at or below 60% AMI and 20% of the units for households with disabilities. The project amenities include an onsite business center, fitness trail, and community a garden.

Mr. Patterson stated that most of the renovation will be exterior including high quality vinyl siding with minor interior renovation but there will be no relocations needed.

There was no further public comment and the hearing was closed at 2:06 p.m.

**Public Hearing:
Vintage at
Arlington, OID
#15-122A**

A public hearing was opened on OID 15-122A, Vintage at Arlington, at 2:06 p.m.

Mr. Bob Peterson, Manager, Multifamily and Community Facilities Division, said the hearing was for the proposed issuance of one of more series of tax-exempt revenue obligations (the "Notes") to finance a portion of the costs to acquire, rehabilitate and equip a 100-unit independent living senior facility located at 625 South Stillaguamish Avenue, Arlington, Washington, 98223, to be owned by Vintage at Arlington, LLC, a Washington limited liability company. The total estimated aggregate note amount is not expected to exceed \$13,000,000. Mr. Peterson introduced Mr. Ryan Patterson from Vintage Housing Development.

Mr. Patterson stated that Vintage at Arlington will have similar exterior renovation as the previous project, Vintage at Bellingham.

There was no further public comment and the hearing was closed at 2:08 p.m.

**Public Hearing:
Meadowbrook
Apartments, OID
#15-108A**

A public hearing was opened on OID 15-108A, Meadowbrook Apartments, at 2:08 p.m.

Mr. Bob Peterson, Manager, Multifamily and Community Facilities Division, said the hearing was for the proposed issuance of one of more series of tax-exempt revenue obligations (the "Notes") to finance a portion of the costs to acquire, rehabilitate and equip a multifamily housing facility located at 355 Meadowbrook Court, Bellingham, Washington, 98226, to be owned by Meadowbrook by Vintage, LLC, a Washington limited liability company. Proceeds of the Notes will be used to provide a portion of the financing for the acquisition, rehabilitation, and equipping of a 102-unit multifamily housing facility in Bellingham, WA, and to pay a portion of the costs of issuing the Notes. The total estimated aggregate note amount is not expected to exceed \$13,800,000. Mr. Peterson introduced Mr. Ryan Patterson from Vintage Housing Development.

Mr. Patterson stated that in addition to the low-income set-aside, there will be a 10% set-aside of units for large households and that the project includes an onsite business center, bicycle storage, and a playground.

The majority of the renovations will be exterior with minor interior changes.

There was no further public comment and the hearing was closed at 2:11 p.m.

**Public Hearing:
Timbers
Apartments, OID
#15-123A**

A public hearing was opened on OID 15-123A, Timbers Apartments, at 2:11 p.m.

Mr. Bob Peterson, Manager, Multifamily and Community Facilities Division, said the hearing was for the proposed issuance of one of more series of tax-exempt revenue obligations (the "Notes") to finance a portion of the costs to acquire, rehabilitate and equip a multifamily housing facility located at 8510

212th Street NE, Arlington, Washington, 98223, to be owned by Timbers by Vintage, LLC, a Washington limited liability company. Proceeds of the Notes will be used to provide a portion of the financing for the acquisition, rehabilitation and equipping of a 134-unit multifamily housing facility in Arlington, WA, and to pay a portion of the costs of issuing the Notes. The total estimated aggregate note amount is not expected to exceed \$17,000,000. Mr. Peterson introduced Mr. Ryan Patterson from Vintage Housing Development.

Mr. Patterson stated that besides the exterior renovations, the property has moisture building up which needed attention.

Commissioner Miller asked how old all these properties were. Mr. Patterson stated that they all are over 15 years old.

Mr. Herman noted that these four properties being refinanced and rehabilitated by Vintage Housing Development are preservation projects and align with the Commission's goals for preservation of its portfolio as discussed at the Planning Session earlier this year.

There was no further public comment and the hearing was closed at 2:14 p.m.

**Action Item:
Resolution No. 15-
126, Isabella Court
Senior Housing**

Ms. Lisa Vatske, Director of the Multifamily and Community Facilities Division, said this a resolution approving the issuance of obligations in an amount not to exceed \$7,000,000 for the acquisition of land and the construction and equipping of a 49-unit senior housing facility located at 3112 NE 62nd Avenue, Vancouver, WA to be owned and operated by REACH Isabella Court LLC, a Washington limited liability company. The public hearing was held on September 3, 2015.

Mr. Moss moved to approve the recommendations. Ms. Tietz seconded the motion. The resolution was unanimously approved.

**Action Item:
Resolution No. 15-
119, Skyline at
First Hill**

Ms. Vatske said this is a resolution approving the issuance of tax-exempt bonds in an amount not to exceed \$10,000,000 to refund bonds previously issued by the Commission to provide a part of the financing for the development, acquisition, construction and equipping of a 309-unit continuing care retirement facility known as Skyline at First Hill located at 725 9th Ave, Seattle, WA owned by FH, LLC, a Washington limited liability company. The public hearing was held on September 3, 2015.

Mr. Moss asked Ms. Vatske if this is a property that residents “buy-in” based on their assets. Ms. Vatske replied yes, that it was structured as a continuing care facility, and it has that structure. Mr. Moss also asked if the population served, that they do not take in any Medicaid populations. Ms. Vatske then asked Mr. Torsten Hirche, President/CEO, Presbyterian Retirement Communities Northwest (PRCN), the parent organization of Skyline, to reply.

Mr. Moss asked Mr. Hirche to describe the financial nature of their residents. Mr. Hirche replied that they have to meet certain age (62 years and older) and income criteria, and financial requirements. He added that they offer a type “A” live-care contract, which has substantial benefits for long-term care, especially for higher levels of care such as assisted living memory care and skilled nursing for contract residents are subsidized highly by residents’ entrance & monthly fees. He stated further that there is a contractual benefit to living at Skyline and also part of the contract, that if a resident runs out of funds, the resident could continue to live at Skyline to the best of Skyline’s financial ability and to continue to house & provide services to their residents.

Mr. Moss asked Mr. Hirche is this was a refinancing situation. Mr. Hirsche replied that this was a refinancing of the 2012 bonds that were issued, for the original bond amount plus capital expenditures, past and future reimbursements, along with development fees to one of their developers.

Ms. Tietz moved to approve the recommendations. Mr. Ken Larsen seconded the motion. The resolution was approved, with one abstention. Mr. Moss stated he was abstaining because the incomes served were too high.

**Action Item:
Resolution No. 15-
80, Adriana Senior
Apartments**

Ms. Vatske said this is a resolution approving the proposed issuance of a tax-exempt note in an amount not to exceed \$16,000,000 to finance a portion of the costs for the acquisition of land and new construction and equipping of a 119-unit senior housing facility at 22525 7th Avenue South, Des Moines, WA by The Adriana Senior Apartments, LLLP, a Washington limited liability limited partnership. The public hearing was held on March 26, 2015.

Mr. McConnon moved to approve the recommendations. Mr. Moss seconded the motion. The resolution was unanimously approved.

**Action Item: PIF
to create the City of
Bellingham DPA
program**

Ms. Lisa DeBrock stated that the proposed City of Bellingham downpayment assistance program is used in conjunction with our Home Advantage or House Key first mortgage programs. It is a partnership between the Commission and the City of Bellingham. The City first approached the Commission to ask for help in administering their down payment assistance programs. Staff discussed ways to deepen their assistance to better serve households at or below 80% of AMI and also help them with administrative burden of running their program. The Commission currently offers multiple partnership downpayment assistance programs and believes it can successfully replicate this program in the City of Bellingham.

There are two pieces to this program:

On the first piece, the maximum loan amount will be \$40,000 at 4% interest, deferred for 30 years similar to the Pierce County and Tacoma down payment assistance programs. The second mortgage is payable when the borrower sells, refinances, or in 30 years. It is for borrowers who make 80% or less of the City of Bellingham's Median Income and the property needs to be within the city limits. This pilot program will assist approximately 6 low to moderate income families achieve homeownership.

The City has obligated \$150,000 of levy funds that will be leveraged with up to \$90,000 of Program Investment Funds (transferred from existing programs) from the Commission.

For the second part of this program, the City has committed an additional \$150,000 of levy funds for resale restricted properties at 0% and a loan amount not to exceed \$35,000. These funds typically assist land trust properties within the city. The Commission will not be matching this piece and will simply be administering the downpayment assistance on behalf of the City. This loan can also go into 3rd position behind a Commission funded second mortgage as applicable. The City will also be considering the approval of these programs on October 26th.

Ms. DeBrock introduced Mr. David Stalheim, the Block Grant Program Manager with the City of Bellingham, and Ms. Karen Carlson-Bunce, Second Mortgage Administrator in the Homeownership Division, to talk further about our partnership and trends.

Ms. Carlson-Bunce stated that since 2004, when the Commission introduced its first partnership Downpayment Assistance program, House Key Plus Seattle. It has assisted over 736 families with over \$26 million in downpayment assistance in partnership with various jurisdictions.

These programs typically assist families at 80% and below area median income. These families are lower-income working families that needed a little extra assistance to help make homeownership possible.

House Key Plus Seattle has led to partnerships with several other jurisdictions such as King County, the eastside member cities of ARCH, Federal Way, Bremerton, Tacoma, Pierce County, the Department of Commerce and now the City of Bellingham.

The Commission has leveraged and administered HOME, CDBG, ADDI, NSP, City of Seattle levy funds, and the Attorney General's Settlement funds for our partners.

The benefits to the Commission's partners are helping to ease their servicing issues and related costs, which in turn lowers overall administration costs. Leveraging Commission funds also offers them more buying power and provides funds to assist more families. This helps partner jurisdiction alleviate some risk, as they are no longer in the riskier 3rd position. Since these are deferred second mortgages, tied to the Commission's first mortgages, we can monitor the borrower's payment performance. When these jurisdictions offer their own deferred stand-alone 2nd mortgages, they often do not know how the 1st mortgage is performing.

These type of "niche" products bring people to the Commission's homeownership programs. It has also increased lenders wanting to participate and offer Commission programs. Clients are also required to attend one-on-one counseling in addition to the Commission's 5 hour homebuyer education seminars, which makes these potential homeowners better ready to handle homeownership.

The Commission's partnership downpayment assistance programs have resulted in over \$112 million in additional first mortgage loans for our homeownership division over the last 11 years.

The downpayment Assistance program will be two "prong." While we will be offering the Bellingham Downpayment Assistance program to individuals meeting the requirements in the open market, we will also be administering an additional \$150,000 from the City of Bellingham for individuals purchasing "resale – restricted" properties in the City of Bellingham. These individuals will most likely be working with Kulshan Community Land Trust. While there is not a plan to match the City's funds for the "resale- restricted" properties, the loan can be layered with another of the Commission's downpayment assistance program, as needed, such as HomeChoice or the Home Advantage Downpayment Assistance Program. The Commission has assisted almost 50 families to purchase with Kulshan Community Land Trust, so this will continue this partnership.

The Commission has assisted 100 families to purchase in the City of Bellingham in the last 15 months. The average purchase price has been \$238,157, for an average household size of 2.25 with an average income of \$61,910. It has also issued 87 MCC's for individuals purchasing in the City of Bellingham. Staff feels this is close to reflecting the current market in the City of Bellingham and looks forward to assisting individuals with a little lower household income that are most likely being priced out of the market, especially when the average sales price of homes in Bellingham is \$295,000.

Mr. Moss moved to approve the request for \$90,000 of Program Investment Fund for the City of Bellingham DPA Program. Ms. Tietz seconded the motion. The motion was unanimously approved.

Commissioners' Reports

Mr. McConnon reported that the Supreme Court recently ruled that the holder of a note is the beneficiary, which will impact the Foreclosure Fairness Program.

He stated that the second stage of Housing Trust Fund has ended and there were 49 applications (17 were homeownership applications). The selected winners will be awarded in December.

Mr. McConnon officially handed over his Commission position to Ms. Diane Klontz.

Ms. Klontz stated that the Office of Youth Homelessness has hired an Executive Director, Kim Justice. She will report to work on November 1, 2015. They are still establishing the advisory committee, which will report the Governor.

Mr. McConnon wanted to thank the Commission and staff and legal counsel on the opportunity to work on a lot of projects with the community and stated that it was a pleasure to serve as a Commissioner.

All the Commissioners thanked the staff and all the individuals who helped plan and organize the Housing Washington Conference this year.

Ms. Miller wanted to recognize Ms. Faith Pettis on her Friend of Housing Award which was presented at Housing Washington.

Consent Agenda

The Consent Agenda was approved as mailed.

Adjournment

The meeting was adjourned at 2:53 p.m.

Signature
