

WASHINGTON STATE HOUSING FINANCE COMMISSION

WORK SESSION MINUTES

December 17, 2015

The December 17, 2015 work session was called to order at 11:00 a.m. by Chair Karen Miller in the Board Room of the Washington State Housing Finance Commission at 1000 Second Avenue, Seattle, Washington. In attendance were Commissioners Steve Moss, Randy Robinson and Diane Klontz.

Kim Herman and Rich Zwicker gave an overview of the proposed 2016-2017 Housing Finance Plan and the timeline for the 2016 public hearing(s) and adoption by the Commission.

Lisa Vatske and David Clifton gave a review and discussed the proposed changes to the Bond/Tax Credit Policy.

Michone Preston, Maureen Fife, Calvin Hewitt and Daryl Daus from Habitat for Humanity of Washington presented the Commission with an award to honor the great partnership between the Commission and Habitat, two visionary agencies. They also provided an update on two affiliates that received Commission financing and shared the 'affiliate readiness report'.

Kim Herman gave an update on the Program Investment Fund (PIF).

Kim Herman gave his Executive Director's Report.

The work session was adjourned at 12:04 p.m.

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
MINUTES**

December 17, 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 Steve Moss, Randy Robinson, Diane Klontz, Ken Larsen, Beth Baum and Treasurer Designee Andrew Smith.

**Approval of the
Minutes**

The minutes of the November 19, 2015 Commission meeting were approved as mailed.

**Public Hearing:
HopeSource II
Rural Preservation,
OID #14-107A-E**

A public hearing was opened at 1:00 p.m. for OID No. 14-107A-E, HopeSource II Rural Preservation.

Bob Peterson, Multifamily Housing and Community Facilities Division Manager, stated that this public hearing concerns the proposed issuance of tax-exempt revenue bonds to provide a portion of the costs of acquiring and rehabilitating four senior housing facilities: Berg Rose Apartments located at 263 Mine Street, Leavenworth, WA 98826 (30 units); Cashmere Park Apartments located at 302 Fisher Street, Cashmere, WA 98815 (24 units); Cascade Manor Apartments located at 101 South Pearl Street, Ellensburg, WA 98926 (20 units); Huntington Court Apartments located at 306 E Manitoba Avenue, Ellensburg, WA 98926 (24 units); and the acquisition and rehabilitation of two multifamily housing facilities: Selah Park located at 502 South 5th Street, Selah, WA 98942 (24 units) and Park Village located at 554 South 5th Street, Selah, WA 98942 (24 units). All six facilities are to be owned by HopeSource II Rural Preservation Associates LLLP, a Washington limited liability limited partnership. Proceeds of the bonds may also be used to pay a portion of the costs of issuing the bonds. The

total estimated aggregate bond amount is not expected to exceed \$8,000,000.
Mr. Peterson introduced Matt Chantry representing Shelter Resource Inc.

Mr. Chantry stated that HopeSource II Rural Preservation project is the acquisition and rehabilitation of six USDA Rural Development projects totaling 146 units (123 of the units receive USDA rental assistance) located in rural communities throughout Eastern Washington. He also stated that Shelter Resources Inc. will be co-developing this project with HopeSource.

The rehabilitation will be approximately \$25,000 per unit which includes some roofing, exterior and interior painting, windows, improved accessibility on site and energy efficiency fixtures. Displacement will be minimal and only as needed.

There were no additional comments from members of the public and the hearing was closed at 1:09 p.m.

**Public Hearing:
Beaver Cove
Apartment Homes,
OID#15-135A**

A public hearing was opened at 1:10 p.m. for OID No. 15-135A, Beaver Cove Apartment House.

Mr. Peterson said this hearing was for the proposed issuance of tax-exempt revenue bonds to finance a portion of the costs for the acquisition, construction, and equipping of a 118-unit multifamily housing facility located at 19800 50th Avenue West in Lynnwood, WA 98036, in unincorporated Snohomish County, to be owned by Lynnwood Beaver Cove LLC, a Washington limited liability company. Proceeds of the bonds may be used to pay a portion of the costs of issuing the bonds. The total estimated aggregate bond amount is not expected to exceed \$18,160,000. Mr. Peterson introduced Adam Diskin, representing Beaver Cove Apartment Homes.

Mr. Diskin stated that Beaver Cove Apartment Homes will include onsite washers and dryers, a swimming pool, a playground and an internet café/business center. Some rehabilitation includes water line replacement work, preventive draining measurements, new cement board siding, new roofing, hard surface floor and countertops.

Commissioner Moss asked whether the current market rate tenants will be displaced. Mr. Diskin stated they will conduct a resident census but typically 60 percent of the current residents will qualify at 60% AMI and the remaining typically move out but they will have referral assistance available.

There were no additional comments from members of the public and the hearing was closed at 1:17 p.m.

**Public Hearing:
The Northwest
Railway Museum,
OID#15-134A**

A public hearing was opened at 1:17 p.m. for OID No. 15-134A, The Northwest Railway Museum.

David Clifton, Assistant Director of the Multifamily and Community Facilities Division, said this hearing was for the proposed issuance of tax-exempt revenue bonds to finance a portion of the costs for the construction of a railway museum that will contain an education facility with a library, archives, classroom, and rooms for programs and to refinance existing debt for existing museum buildings located at 9300, 9312 and 9320 Stone Quarry Road, Snoqualmie, WA, 98065, in King County, Washington, to be owned by The Northwest Railway Museum, a Washington nonprofit 501(c)(3) corporation. Proceeds of the bonds may also be used to pay a portion of the costs of issuance and to improve existing facilities at the museum, including but not limited to, purchase and installation of an overhead crane, construction of additional gallery space, building entry improvements, restrooms, locker room, office space, staff/visitor parking lot, and purchase and installation of energy efficient heating and lighting systems. The total estimated bond amount is not expected to exceed \$4,000,000. Mr. Clifton introduced Richard Anderson, Executive Director at the Northwest Railway Museum and Dennis Snook, President of the Board of Trustees for the Northwest Railway Museum.

Mr. Anderson stated that the Northwest Railway Museum was founded in 1957. It is currently the largest and most comprehensive railroad museum in Washington State, serving more than 128,000 people in the past year. He also mentioned their mission is to develop and operate an outstanding railroad museum where the public can experience the excitement of a working railroad

and see and understand the role of railroads in the development and settlement of Washington State and adjacent areas.

Mr. Snook expressed support for the project by the City of Snoqualmie and the Board of Trustees for the Northwest Railway Museum.

There were no additional comments from members of the public and the hearing was closed at 1:26 p.m.

**Public Hearing:
Cannon House,
OID#15-136A**

A public hearing was opened at 1:26 p.m. for OID No. 15-136A, Cannon House.

Mr. Clifton said this hearing was for the proposed issuance of a tax-exempt revenue bond to refinance existing debt of a 120-bed assisted living facility located at 113-23rd Avenue S. Seattle, WA 98144 owned by Sea-Mar Community Health Center, a Washington nonprofit 501(c)(3) organization. A portion of the proceeds of the bond may be used to pay the costs of issuance. The total estimated bond amount is not expected to exceed \$5,100,000. Mr. Clifton introduced Douglas Dale, CFO of SeaMar Community Health Center. A portion of the units will be set aside for persons or households with low incomes in accordance with federal requirements.

Mr. Dale stated that Sea Mar Community Health Centers, founded in 1978, is a community-based organization committed to providing quality, comprehensive health and human services in Washington. Sea Mar's network of services includes more than 50 medical, dental, and behavioral health clinics and centers, and provides a wide variety of nutritional, social, and educational services.

Commissioner Baum asked what the set-a-side for the facility is. Mr. Dale stated that 86 of the units are for low income households but the applicable AMI has not been established yet.

There were no additional comments from members of the public and the hearing was closed at 1:30 p.m.

**Action Item:
Resolution No. 15-
141, Gateway
Apartments**

Lisa Vatske, Director of the Multifamily Housing and Community Facilities Division, said this is a resolution approving the issuance of a tax-exempt revenue note in an amount not to exceed \$34,000,000 to finance a portion of the costs for the acquisition, construction and equipping of Gateway Apartments, a 177-unit multifamily housing facility located at 13000 21st Drive SE, Everett, WA 98208 in unincorporated Snohomish County to be owned by Gateway, LLC, a Washington limited liability company. Public hearing for this project was held on November 19, 2015.

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

**Action Item:
Resolution No. 15-
142, Celebration
Senior Living West**

Ms. Vatske said this is a resolution approving the issuance of a tax-exempt revenue note in an amount not to exceed \$21,100,000 to finance a portion of the costs for the acquisition, construction and equipping of Celebration Senior Living West, a 189-unit senior housing facility located at 1316 S 328th St in Federal Way, WA 98033, to be owned by Celebration Senior Living West Associates Limited Partnership, a Washington limited partnership. Public hearing for this project was held on November 19, 2015.

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

**Action Item:
Resolution No. 15-
137,
Reauthorization of
Funding for the
Beginning
Farmer/Rancher
Program**

Ms. Vatske said that Resolution No. 15-137 authorizes staff to issue up to \$2 million in bonds to fund the Beginning Farmer/Rancher Program in the next year.

Ms. Klontz moved for approval of Resolution No. 15-137. Mr. Moss seconded the motion. Resolution No. 15-137 was unanimously approved.

**Action Item:
Resolution No. 15-
138, Carryforward
of Private Activity
Bond Cap**

Mr. Herman stated that this resolution authorizes and delegates to the Executive Director the authority to carry forward private activity bond volume cap and to determine the allocation of the volume cap between the multifamily and single-family bond programs.

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

**Action Item:
Request approval
on 2016
Commission
Meeting Calendar**

Mr. Moss moved to approve the 2016 Commission Meeting Calendar. Ms. Baum seconded the motion. The request to approve the 2016 Commission meeting calendar was unanimously approved.

**Action Item:
Request approval
of the
Commission's 2016
Legislative Agenda**

After a brief explanation of the Legislative Agenda for 2016 by the Executive Director and an addition to the agenda supporting King County Bonding Authority for Affordable Housing, Mr. Moss moved to approve the 2016 Legislative Agenda. Mr. Robinson seconded the motion. The request was unanimously approved.

**Commissioners'
Reports**

Diane Klontz with the Department of Commerce stated that Commerce has released a list of applications that have made it through the second round of the Housing Trust Fund process. She also stated that the Governor has released the State budget and there is \$11.5 million that focuses on affordable housing, including preservation and repair of private market rentals and behavioral health bed funding.

Ms. Klontz stated that Kim Justice, Director of the Office of Homeless Youth Prevention and Protection Programs has started working in her new position.

Ms. Klontz stated that Brian Bonlender, Director of the Washington State Department of Commerce, announced new structural changes within the Washington Department of Commerce. She highlighted that Michael Furze will

become the new Assistant Director of the Energy Division. Michael is currently the Managing Director (MD) of the Housing Improvements and Preservation unit (HIP). The Community Capital Facilities unit now residing in Community Services and Housing Division will be moved to the Local Government Division (LGD). This move provides an alignment of function in the type of work LGD already does. Bill Cole will remain serving as Managing Director of the Community Capital Facilities (CCF) unit now in LGD. She noted that they are lucky to have Bill's continued successful leadership of this unit to help make this transition a smooth one, and to ensure his team's continued high performance.

Andrew Smith stated that the Treasurer's Office will have a bond sale in January or February of 2016.

Consent Agenda

The Consent Agenda was approved as mailed.

Adjournment

The meeting was adjourned at 1:54 p.m.

Signature
