

WASHINGTON STATE HOUSING FINANCE COMMISSION

WORK SESSION MINUTES

January 28, 2016

The January 28, 2016 work session was called to order at 11:00 a.m. by Karen Miller. In attendance were Commissioners Ken Larsen, Pam Tietz, Gabe Spencer, Diane Klontz, Regina Stark and Beth Baum.

Bob Cook and Judith Olsen gave a report on the results of the Commission's loan commitment to Impact Capital for Program Loans and the need for an extension of the agreement.

Lisa Vatske and David Clifton gave an overview of the proposed changes to the Multifamily Housing Bonds with 4% Tax Credits Policy.

Kim Herman presented the Executive Director's report.

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

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
MINUTES**

January 28, 2016

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 Ken Larsen, Pam Tietz, Gabe Spencer, Diane Klontz, Regina Stark and Beth Baum.

**Approval of the
Minutes**

The minutes of the December 17, 2015 Commission meeting were approved as mailed.

**Employee
Recognition**

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

Two Years

Chrystal White

Martina Norman-Maleski

Fifteen Years

Whitney Goetter

Michael Dill

Twenty Years

Sharonn Meeks

Employee of the Fourth Quarter - Robin Denning

“It's a great honor to write this recommendation for an extraordinary employee that has proven themselves to be invaluable to the Homeownership Division.

This person goes above and beyond reviewing, approving pre and post purchase loan files for program compliance. They have hit a new record in reviewing daily and quarterly files. This person is very professional, a team player, positive, an excellent communicator and implements new ideas to resolve challenging scenarios with positive solutions.

Provides outstanding quality customer service to all business partners and borrowers.

They have also played a huge role and impact with Outreach. They have gone above and beyond by taking calls from various language speaker and have challenged themselves to make sure every potential borrower has the opportunity to learn more about the Commission's programs. They work with our lender & real estate partners and connect borrowers to the appropriate language that they need so that they have the opportunity to learn more about homebuyer education and our down payment programs or available resources through our nonprofits.

Another big role that they have played is the challenging MCC IRS reporting. It consists of working with 70 of our lender partners to execute the report on a timely manner. They also partner with Jenni to make sure they clear out the pipeline and it is executed properly the first time!

She's a very patient and outstanding trainer and truly takes the time to train and help a team member. She is always available even on her personal time! She is a truly dedicated individual that is passionate about housing and cares for the quality of communities and people. For all these reason Robin Denning is our Employee of the Fourth Quarter.”

Employee of the Year 2015 - Matt Vickery

“In September of 2014, Matt was named HomeBase Administrator and attended a Salesforce training program. In the time since then, he has had to learn the business procedures of each Division, how they use the data in HomeBase and how they enter and extract data from the system. Matt has to interact with the three software contractors managing the conversion and also to be available to assist staff members learning the system.

Matt has been invaluable to the AMC Division this year. We would not have been able to complete our work without him. We are constantly relying on him to refine HomeBase processes, help identify what needs to be changed in the system, and either make those changes or facilitate the change with Eightcloud.

The Annual Report generation process exemplifies Matt’s invaluable assistance. He sat with us through many testing rounds as Eightcloud developed and refined the process in HomeBase. He offered up his office as the testing area, ran the trials, set up reports so that we could double-check the results, listened to us identify issues, and then documented where programming changes were needed and communicated them to Eightcloud. Then once the correct reports were generated in the system, he set up and ran the Conga merges necessary to send the report requests out.

The truly amazing thing is that despite the demands on his time, Matt willing provides this type of assistance to all divisions with a positive ‘can do’ attitude. Matt is polite, has good people skills, has an excellent knowledge of HomeBase and has a great relationship with our contractors as we complete the conversion.

Thank you Matt for all of your hard work and dedication and for making sure HomeBase works for everyone.”

Retirement – Gary Hunter

Mr. Herman recognized Gary Hunter, who is retiring and whose last day in the office is January 31, 2016. Mr. Hunter has been employed as the Commission’s Tax Credit Senior Development Analyst since April 21, 2003 but was formerly the Commission’s Capital Projects Senior Finance Associate when he was first hired on August 24, 2000, after leaving the Housing Division of the Department of Community Development.

**Public Hearing:
Sea Mar
Community
Center, OID#16-
02A**

A public hearing was opened at 1:09 p.m. for OID No. 16-02A, Sea Mar Community Center.

Bob Peterson, Multifamily Housing and Community Facilities Division Manager, stated that this public hearing concerns the proposed issuance of one or more series of tax–exempt revenue bonds to finance the costs of the expansion and rehabilitation of an existing facility to house administrative offices, a museum and community facilities located at 9635 Des Moines Memorial Drive, Seattle, WA, 98108, owned by Sea-Mar Community Health Center, a Washington nonprofit organization. Proceeds of the bonds may be used to pay a portion of the costs of issuance. The total estimated aggregate bond amount is not expected to exceed \$7,000,000. Mr. Peterson introduced Doug Dale representing Sea Mar Community Center.

Mr. Dale stated that the museum will feature art from the local area and from the Latino community, it will have a boxing program for teenage boys and administrative space for related health care activities.

There were no additional comments from members of the public and the hearing was closed at 1:18 p.m.

**Public Hearing:
Lynnwood City
Center Senior
Living, OID#13-
122A**

A public hearing was opened at 1:18 p.m. for OID No. 13-122A, Lynnwood City Center Senior Living.

Mr. Peterson said this hearing was for the proposed issuance of a tax-exempt revenue note to finance a portion of the acquisition of land and new construction and equipping of a 308-unit senior housing facility located at 19501-40th Avenue West, Lynnwood, WA, to be owned by Lynnwood City Center Senior Living Associates (2016), LLC, a Washington limited liability company. Proceeds of the note may be used to pay a portion of the costs of issuance. The total estimated aggregate note amount is not expected to exceed \$40,000,000. Mr. Peterson introduced Jay Wolford, representing Senior Housing Assistance Group (SHAG) for Lynnwood City Center Senior.

Mr. Wolford stated that Lynnwood City Center Senior Living is a 308 unit new construction with 184 one bedroom units and 124 two bedroom units (11 of the two bedroom units will have 2 bathrooms). This mixed income affordable senior living community exclusively for elderly individuals and households will have set aside of at least 20% of the rental apartments units in the project for elderly individuals and households whose incomes do not exceed 50% area median income (AMI), and at least an additional 30% of the rental apartments units in this project for elderly individuals and households whose incomes do not exceed 80% AMI for Snohomish County. The project will offer semi-private landscaped courtyards and a rooftop deck.

There were no additional comments from members of the public and the hearing was closed at 1:23 p.m.

**Public Hearing:
2016-2017 Housing
Finance Plan**

A public hearing was opened at 1:23 p.m. for Washington State Housing Finance Commission 2016-2017 Housing Finance Plan (“HFP”).

Rich Zwicker, Senior Policy Analyst, gave a presentation on the timeline for the HFP process and stated that the HFP provided with this agenda incorporates changes received through Tuesday, January 19, 2016. The deadline for comments is Tuesday, January 26, 2016.

This version is only slightly modified from the version previously supplied at the last Commission meeting, as well as the version currently on the website. It incorporates the few comments we have received and consists mainly of formatting changes.

Staff have made slight modifications regarding the Sustainable Energy Trust Program (SET) and the population totals and credit estimates; they updated the carryforward amounts and they provided links to the IRS code, RCWs and WACs.

There were no additional comments from members of the public and the hearing was closed at 1:33 p.m.

**Public Hearing:
Proposed Changes
to the Multifamily
Housing Bonds
with 4% Tax
Credits Policy**

A public hearing was opened at 1:33 p.m. for proposed changes to the Multifamily Housing Bonds with 4% Tax Credits Policy.

Lisa Vatske, Director of the Multifamily Housing and Community Facilities Division, stated that the list below is the proposed changes which may simply reflect policy alignment with the competitive tax credit, a change in scoring, or language that clarifies or more clearly defines current or proposed practices.

Section 2 Program Limits

This section is being updated to include the new cost limits that were recently approved with the 9% tax credit policy changes.

Section 3.15 Use of Tax-Exempt Proceeds for Land

There is no substantial change in the meaning or definition. This section is being modified to utilize updated language from the code.

Section 3.16 Rehabilitation Requirements

There is no substantial change in the policy or underlying concept. This section is a clean-up and clarity of language between the Bond and Tax Credit Requirements.

Section 3.25 Resyndication *(new Section added)*

Added a new section named Resyndication to highlight this activity. Moved it from Section 9, where it was mixed in with a regulatory agreement section.

Added the requirement for a preapplication meeting, for these types of transactions.

Section 4 Bond Cap and Tax Credit Allocation Criteria

In this section we have modified the scoring criteria and its descriptions. The main focus of our changes reflect decreasing points in certain sections and adding points and categories in other sections. The threshold scoring remains the same, and the modifications are aimed at targeting specific policy considerations and priorities such as seniors, rehabilitation and nonprofit donations. The specifics include:

1. Decrease in the amount of points for low-income set-asides (4.1)
2. Decrease in the amount of points for the Additional Use Period (4.2)
3. Adding and modifying the points for seniors under the Priority Populations (4.3)
4. Adding a category and decreasing the points in the Project-Based Rental Assistance category (4.4)
5. Increasing the points for Rehabilitation (4.8)
6. Adding High/Very High Opportunity Area as defined in the 9% program- 1 point (4.14)-*Updated based on stakeholder comments*
7. No change in points but adding language and clarifying the Non-profit definition and role of Non-profits with For Profit Developers (4.15)
8. Increasing the options for the Donations in support of Local Housing Needs (4.16)

Section 6.5 Bond Regulatory and Tax Credit Extended Use Agreements

(Updated) Removed the additional language included to address re-syndications and moved it to its own section 3.25 and changes to the existing regulatory and/or extended use agreements which were primarily the clarification of language pertaining to the two different agreements and using the naming conventions consistently throughout the document.

Section 9.1.7 Annual Commission Fee for Tax-Exempt Bond Issuance

Clarification of language and fee waivers when bonds are being used for construction financing.

There were no additional comments from members of the public and the hearing was closed at 1:38 p.m.

**Action Item:
Proposed Changes
to the Multifamily
Housing Bonds
with 4% Tax
Credits Policy**

Ms. Vatske said this is a request for approval of the proposed changes to the Multifamily Housing Bonds with 4% Tax Credits Policy.

Commissioner Baum stated that she would like to make sure that changes made don't deemphasize the core values of the program's mission. In the future she would like staff to consider the overall holistic impact of point structure changes.

Ms. Stark moved to approve the proposed Tax Credit Policy changes. Ms. Teitz seconded the motion. The proposed changes were unanimously approved.

**Action Item:
Resolution No. 16-
47, Madison Way
Apartments, OID#
15-115A**

This item was pulled from the agenda.

**Action Item:
Resolution No. 16-
48, The Estates at
Hillside Gardens,
OID# 15-64A**

Ms. Vatske said this is a resolution approving the issuance by the Commission of a tax-exempt revenue obligation note in an amount not to exceed \$16,500,000 to provide a portion of the financing for acquisition and construction and equipping of a 127-unit senior housing facility located at 1919 Howard Road, Auburn, WA 98002, to be owned by Hillside Gardens Partners, LP, a Washington limited partnership. The public hearing was held on November 19, 2015.

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

**Action Item:
Resolution No. 16-
49, Beaver Cove
Apartment Homes,
OID# 15-135A**

Ms. Vatske said this is a resolution approving the issuance by the Commission of tax-exempt nonrecourse revenue notes, in an aggregate principal amount of not to exceed \$18,160,000 to finance the acquisition, rehabilitation and equipping of a 118-unit multifamily housing facility located at 19800 50th Avenue West Lynnwood, WA, to be owned by Lynnwood Beaver Cove LLC, a Washington limited liability company. A portion of the notes may be used to pay the costs of issuance. The public hearing was held on December 17, 2015.

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

**Action Item:
extend an
agreement to
provide up to \$2
million to Impact
Capital**

Bob Cook, Senior Director of the Finance Division requested approval to extend an agreement to provide up to \$2 million to Impact Capital for making and meeting loan commitments in excess of their currently available resources. The proposed extension is for a maximum six-year term of draws on the loan with an additional two years for amortization following the origination period of loans made under the agreement. The proposal also includes a provision where management of either organization may choose to end the agreement after three years of draws with an additional two year period for amortization of the loans under the agreement. Due to Kim Herman being on the Board of Impact Capital, Paul Edwards, Deputy Director will represent the Commission in this matter.

Ms. Tietz moved to approve an extension and revision of the existing line of credit, in accordance in all material respects with the draft term sheet as shown in packet item 12, by executing a new agreement with Impact Capital for qualifying loans above their current available lending capital. The Deputy Director is authorized to negotiate and execute the final agreement. Mr. Spencer seconded the motion. The request was unanimously approved.

**Commissioners'
Reports**

Diane Klontz stated that the Department of Commerce is in the process of negotiating the final contract for 36 Housing Trust Fund Awards which totaled \$47.5 million from the Trust Fund and \$2.6 million of federal HOME funds.

Housing assistance unit and the Trust Fund are working together to align some of their policies, some of them conflict with each other.

Additionally, Commerce is anticipating \$3 million from the National Trust Fund to be allocated in March/April 2016. Commerce plans to add that money to the funding for this round of applications.

Mr. Herman stated that former Commissioner M.A. Leonard has been appointed as the new chair of the Affordable Housing Advisory Board (AHAB).

Ms. Miller mentioned she attended a retirement event for Jill Wakefield, Chancellor at Seattle Colleges.

Consent Agenda

The Consent Agenda was approved as mailed.

Adjournment

The meeting was adjourned at 1:52 p.m.

Signature
