

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
MINUTES**

March 24, 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 Steve Moss, Gabe Spencer, Randy Robinson, Beth Baum, Pam Tietz, Diane Klontz and Wendy Lawrence.

Approval of the Minutes

The minutes of the February 25, 2016 Commission meeting were approved as mailed.

**Public Hearing:
Allocation of Low
Income Housing
Tax Credits from
the 2016 Funding
Round.**

The Chair opened a public hearing on the recommended allocation of Low Income Housing Tax Credits at 1:02 p.m.

Bob Peterson, Manager of the Multifamily Housing and Community Facilities Division, said that there will be six projects to consider today.

YNHA Tax Credit 6 (OID 16-01)

Mr. Peterson introduced Craig Dougall, Executive Director at the Yakima National Housing Authority.

Mr. Dougall stated that the YNHA Tax Credit 6 project from the Yakama Nation Housing Authority involves the rehabilitation of 88 existing low-income homes within the Nation's Apas Goudy subdivision on the Yakama Indian Reservation and adjacent to the Yakama Nation Housing Authority. These units were originally built in the 1960s and 1970s and are in dire need of substantial repair.

The homes are located on Larena Land and S. Camas Ave. Wapato, Washington 98951 and will have a variety of one, two, three and four-bedroom units. The set-a-sides for these units are 40% at 30% area median income (AMI), 30% at 40% AMI and 30% at 60% AMI.

Mr. Spencer asked if current tenants will have to be displaced. Mr. Douglas stated that for this particular rehabilitation they will all have to relocate due to the conversion from gas to electric which will take about 18-20 months.

Valley Homeless Families (OID 16-03)

For the next project Mr. Peterson introduced John Fisher, Housing Development Manager at Catholic Charities Spokane.

Mr. Fisher stated that Valley Homeless Families is located on the corner of Sprague Avenue and Conklin Street in Spokane Valley, near services and transportation. The project will provide permanent supportive housing for extremely low income homeless families with children. There are approximately 458 documented homeless students in the Spokane Valley School district. This location is in the Central Valley School District, which has an established program, the Homeless Education and Resource Team (HEART) program that works with homeless students and their families.

The set-a-sides for the units are 10% at 30% AMI, 60% at 40% AMI and 30% at 50% AMI, and will include 40 Section 8 vouchers. This project will have a total of 51 units: 27 two-bedroom and 24 three-bedroom.

Fr. Bach Haven III (OID 16-04)

Mr. Fisher stated that Fr. Bach Haven III, located at 24 W. 2nd Avenue Spokane, WA 99201, will provide 50 units of permanent supportive housing for extremely low income homeless men and women who are struggling with multiple special needs including mental illness, chemical dependency and developmental disabilities. Social Services Coordinators will be provided by Catholic Charities of Spokane.

Building 9 North (OID 16-08)

For the next project Mr. Peterson introduced Alisa Lubber, Senior Project Developer at Mercy Housing Northwest.

Ms. Lubber stated that this project is an adaptive reuse of historic Building 9 on the site of the former Sand Point Naval Air Station. The now vacant and dilapidated structure will be converted into affordable, workforce housing with a strong focus on families. Building 9 is located at 7101 62nd Ave NE Seattle, WA 98115. The set-aside for this project is 50% of units at 30% AMI and 25% of units at 40% AMI. The project will have a total of 35 units: - 5 one-bedroom units, 26 two-bedroom units and 9 three-bedroom units.

Currently the building is infested with mold and contains lead based paint which will be fully abated. When complete the residents at Building 9 will have access to a rich array of services, including services to support education and employment. On-site amenities will include a computer lab, laundry facilities on each floor, an exercise studio, bike storage and maintenance area, and children's indoor play areas in the basement. In addition, a portion of the building will be devoted to a full-service community health center.

Reliable Homes (OID 16-09)

For the next project Mr. Peterson introduced Brett Mitchell, Executive Director, Reliable Enterprises Homes.

Mr. Mitchell stated that Reliable Homes will be located at 2207 Harrison Avenue Centralia, WA 98531, a major Centralia arterial, immediately adjacent to other multi-family housing, retail shopping and parks. The project will be built on a portion of a 3.32 acre site purchased by Reliable Enterprises, which will facilitate the future development of an additional 30 units immediately north of this site as demand dictates. This site is unique because there are very few properties of this size that are so close to services in the community. 75% of the units are set-aside as Supportive Housing for the Homeless with the services to be provided on-site.

Additionally, Mr. Mitchell said they have applied for Section 8 vouchers, but have not been awarded any yet.

Athene (OID 16-13)

For the last project of the day Mr. Peterson introduced Sibyl Glasby, Executive Director of Housing Development at Imagine Housing.

Ms. Glasby stated that Athene is a planned 91 unit, new construction project adjacent to Francis Village in the Totem Lake neighborhood of Kirkland. The building will have five levels of wood construction over one level of structured parking and a large community space and service space.

Ms. Glasby also mentioned that Athene will be built with sustainable materials to achieve Washington State Evergreen standards for energy efficiency and long-term durability. There will be easy access to Eastside employers, shopping and services, frequent metro access to downtown Kirkland, Bellevue, Issaquah, Redmond and Seattle with affordable rents for seniors aged 62+ earning up to 60% of Area Median Income.

There were no additional comments from members of the public and the hearing was closed at 1:49 p.m.

**Public Hearing:
Archbishop
Murphy High
School, OID# 16-
69A**

A public hearing was opened at 1:50 p.m. for OID No. 16-69A, Archbishop Murphy High School.

David Clifton, Assistant Director of the Multifamily Housing and Community Facilities Division, said that this is a proposed issuance of one or more series of tax-exempt revenue bonds to refinance an existing facility located at 12911 39th Avenue SE, Everett, WA, 98208 and owned by The Northsound Association for Catholic Education d/b/a Archbishop Thomas J. Murphy High School, a Washington nonprofit corporation. Proceeds of the Bonds are expected to refund all or a portion of an existing tax-exempt obligation of the Commission which refinanced existing school buildings, and to pay all or a portion of the costs of

issuing the Bonds. The total estimated aggregate bond amount is not expected to exceed \$6,200,000. Mr. Clifton introduced Matthew Schambari, President of Archbishop Murphy High School and Mary Knox, Controller at Archbishop Murphy High School.

Mr. Schambari stated that Archbishop Murphy High School is located 12911 39th Avenue SE Everett, WA 98208. Students come to Archbishop Murphy High School from all over the Puget Sound area: the Eastside, the Seattle area, the Islands, and Skagit Valley.

Ms. Knox stated that the proceeds of the Bonds are expected to refund all or a portion of an existing tax-exempt obligation of the Commission which refinanced existing school buildings, and to pay all or a portion of the costs of issuing the Bonds.

There were no additional comments from members of the public and the hearing was closed at 1:54 p.m.

**Action Item:
Resolution No. 16-72, a Resolution for the 2016 Allocation of Credit for the Housing Tax Credit Program**

Ms. Vatske said this was a resolution (#16-72) authorizing the Executive Director to make reservations and/or allocations of 2016 Housing Tax Credits to the following projects:

- Father Bach Haven III
- Building 9
- Reliable Homes
- Athene

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

**Action Item:
Resolution No. 16-78, a Resolution for the 2016 Allocation of Credit for the Housing Tax Credit Program**

Ms. Vatske said this was a resolution (#16-78) authorizing the Executive Director to make reservations and/or allocations of 2016 Housing Tax Credits to the following projects:

- YNHA Tax Credit VI
- Valley Homeless Families

Ms. Lawrence moved to approve the resolution. Mr. Robinson seconded the motion. Ms. Tietz abstained from voting because of Spokane Housing Authority's involvement with the projects. The resolution was unanimously approved.

**Action Item:
Resolution No. 16-
71, Columbia
Gardens at Rainier
Court, OID# 10-
76A**

Ms. Vatske said this is a resolution approving the issuance of a tax-exempt revenue note in an amount not to exceed \$7,200,000 to refinance the acquisition, construction, and equipping of a 70-unit multifamily housing facility for seniors located at 3610 – 33rd Avenue South, Seattle, WA, 98144, owned by Rainier Court Associates 2003-III, LLC, a Washington limited liability company. A portion of the proceeds from the note may be used to pay a portion of the costs of issuing the note. The public hearing was held on March 23, 2016.

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

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

This item was pulled from the agenda.

**Action Item: PIF
Request for \$1
million for the
preservation of
mobile home parks**

David Clifton, Assistant Director of the Multifamily Housing and Community Facilities Division, presented a PIF request to allocate an additional \$1,000,000 to partner with ROC USA® Capital to invest in the preservation of resident-owned manufactured home communities. The loans will carry an interest rate of two percent simple interest per annum and payments will be received on a pari passu basis.

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

**Executive
Director's Report**

Mr. Herman reported that staff of the Asset Management and Compliance Division has decided to move out of their downtown Spokane office location.

We are not discontinuing our Spokane presence, however. Chrystal White, Senior Portfolio Analyst will still be based in Spokane going forward, either at an alternative office site or as a telecommuter. Over the years, Chrystal has increasingly been meeting with our clients in their offices or at their projects and other Commission staff travelling to Spokane have done the same.

Mr. Herman stated that the Homeownership Division planned and presented at two joint webinar trainings for our lenders in conjunction with Fannie Mae to discuss the HFA Preferred product which provides additional underwriting flexibility to borrowers who receive conventional financing through Housing Finance Agencies. Approximately 100 lenders logged into each respective presentation.

Bill Conner is applying for additional HUD Super NOFA funds for pre-purchase, homebuyer education and default counseling for fiscal year 2016-2017. Applications are due April 4th.

As of March 21, between Home Advantage and House Key Opportunity, the Homeownership Division received over \$102 million in reservations for 466 loans. We are on track to have a record breaking month!

Mr. Herman also reported that On March 16, the Commission partnered for the 7th time with ROC Capital USA to help manufactured housing owners buy their community that was being threatened with sale. The Hillside Homeowners Cooperative in Centralia, WA acquired their manufactured housing community of 45 owner occupied homes from the seller for \$1.65 million. They have become a ROC (resident-owned community). The community, of which 95% identify as Latino, is completely occupied by homeowners.

Over 20% of the residents have lived in their homes for ten years or more and another 20% exceed 5 years of home ownership. Over 50% of the current population is below 30% median income. The cost to preserve the park ended up at \$36,667 per site. The association raised their site rental rates slightly to take on the debt. The debt includes replacement reserves and the cost of a rental

home, small storage building and a 2,300 sq. ft. general purpose building/shop in the community. This property also includes 4.17 acres of timberland which could provide a small amount of ancillary income in the future.

Mr. Herman mentioned that the LAP (Land Acquisition Program) is very busy right now with these recent transactions:

Approved (closing by 3/31/2016)

LIHI 8620 Nesbit Avenue North \$1,089,000

THA Hilltop Key Bank Acquisition \$712,500

Pending (Closing set for 4/30/2016)

Valley Cities Beacon Hill Acquisition \$3,000,000

Catholic Charities Spokane Campus \$600,000

Total \$5,401,500

The Commission anticipates a Sustainable Energy Trust loan in the next week to Plymouth Housing Group for just over \$90,000 for energy and water retrofit improvements at the St. Charles Hotel in downtown Seattle. The improvements are expected to reduce utility costs by about 16 percent. The loan term is structured so that the monthly loan payments will be smaller than expected utility savings, resulting in immediate financial savings for Plymouth. This will be the first project to implement our on-bill repayment agreement with Seattle City Light, where borrowers make loan payments on their utility bill, and Seattle City Light sends the payments to the Commission. On-bill repayment lowers servicing costs and allows borrowers to make loan payments through their operating budgets. Commission staff is pursuing similar on-bill repayment arrangements with Puget Sound Energy and Avista.

Mr. Herman also mentioned that Commissioners and many staff went to a Seattle event where Senator Cantwell launched her National Campaign to Increase the Housing Credit authority by 50%.

**Informational
Report on
Department of
Commerce
Activities**

Ms. Klontz stated the Department of Commerce is working on negotiating and closing contracts for the 2015 Housing Trust Fund (HTF) awards. Two of the 2015 awarded projects did not receive tax credits, so they are not likely to move forward. Commerce encourages these applicants to apply again for HTF and tax credits in 2016 and 2017, respectively.

The 2016 HTF Stage 1 applications were due on March 1, 2016. In its Notice of Funding Availability (NOFA) Commerce announced \$24.4 million available for HTF awards and \$2.5 million for Ultra-High Efficiency awards. The House Capital Budget proposed projects for \$4.3 million from the HTF appropriation, which would reduce the available competitive funds in 2016 to \$20 million. Commerce received 97 applications for a total request of \$165 million for HTF funds, and an additional \$9.4 million for Ultra-High Efficiency funds. Total development cost for all 97 projects is \$1.1 billion (this includes all other fund sources). HTF staff is currently reviewing and evaluating the Stage 1 applications, prioritizing them based on the Capital Budget proviso and the RCW requirements. A Stage 2 NOFA is anticipated to be announced in July 2016.

She stated that Commerce is preparing to distribute potential additional funding in the state budget for the Consolidated Homeless Grant. A new Homeless Management Information Systems is on track for an April 1st launch.

She also mentioned that Cowlitz, Thurston, and Mason counties were selected to participate in technical assistance that will identify systems changes to help shelter homeless families more rapidly. This project is also improving relationships and communication among local and state organizations. Additionally, seven more families had been sheltered as of day 22.

**Commissioners'
Reports**

Mr. Spencer reported that the Audit Committee discussed the new pronouncement by the Government Accounting Standards Board and GASB 68.

Karen Miller, Kim Herman, Pam Tietz, Steve Moss, Gabe Spencer, Ken Larsen and six Commission staff attended Leg Con February 29 – March 2 in DC.

Consent Agenda

The Consent Agenda was approved as mailed.

Adjournment

The meeting was adjourned at 2:42 p.m.

Signature
