

WASHINGTON STATE HOUSING FINANCE COMMISSION

WORK SESSION MINUTES

April 28, 2016

The April 28, 2016 work session was called to order at 11:00 a.m. by Karen Miller. In attendance were Commissioners Diane Klontz, Randy Robinson, Ken Larsen, Gabe Spencer, Steve Moss and Regina Stark.

Rich Zwicker and Kelly Rider of the Housing Development Consortium (HDC) gave an overview of Affordable Housing Week 2016 and a review of municipal outreach efforts.

Margret Graham gave an overview of the recent events and proposed legislation on the Housing Credit in partnership with Senator Cantwell.

Kim Herman presented an overview of the Washington Access Fund program.

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 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 Diane Klontz, Randy Robinson, Ken Larsen, Gabe Spencer, Steve Moss and Regina Stark.

Approval of the Minutes

The minutes of the March 24, 2016 Commission meeting were approved as mailed.

Employee Recognition

Executive Director Kim Herman stated that there are several types of Employee Recognition Awards: Special Recognitions, Length of Service and the peer chosen Employee of the Quarter.

Ten Years of Service

Jo Nystrom

Fifteen Years of Service

Carol Johnson

Special Recognition Award - Lanakay Lipp, Marji Johnson and Melissa Donahue

Lanakay, Marji and Melissa have made a huge impact with the recent changes in our databases. They have spent hours figuring out what can be done to improve the systems, countless hours trying to find solutions to potential issues that arise during use of the databases; and, just go the extra mile to make our time in HomeBase and WBARS that much easier. If ever something comes up and

someone is lost trying to find something, one of these colleagues will jump right in, take time out of their day to come sit with you or listen over the phone to solve the problem or show you where to find something. They have spent many hours finding hidden icons, missing tabs and trying to make our days go smoother. Their willingness to spend the extra time to make both databases work more efficiently makes everyone's work at the Commission more productive and easy.

Special Recognition - Sojung Choi, Dan Schilling, Jason Hennigan, Whitney Goetter and Yasna Osses

These staff members have also worked admirably during the HomeBase project to make sure it is working properly, has the correct data in it and will save everyone time. They have collaborated with the Asset Management & Compliance division staff members to review the existing data that was transferred from the old multifamily and tax credit database to make sure it is correct; they have helped review our processes to make sure they are efficient and meet our needs; and, they have been researching records and files to find missing data and insert it into HomeBase to make sure it is complete.

For everyone involved in the HomeBase project, this was a long and arduous process that has gone on for almost two years. We owe many of the staff a huge thank you for their work. Now, as we near the completion of the project we can rest assured that our work has laid a firm foundation and now we can begin the process of adding new features to the HomeBase system.

Employee of the Quarter – Kam Stewart

This employee's commitment to her work at the Commission is extraordinary. Even with a heavy workload she is helpful and positive about her work. She assists Division users with the Purchase Order process, with payroll timesheets, and with travel reimbursements to ensure accuracy and timeliness.

She demonstrates patience with the need for corrections on forms submitted to her yet perseveres in communicating corrections that need to be made. She is a

problem solver and works hard to independently address issues related to payroll and the arcane Washington state payroll system.

She is extremely conscientious and detail oriented and ensures that Commission assets are safeguarded, making sure payments are accurate and proper. She has helped identify potential double or inaccurate payments to avoid audit problems. She is a valuable team member and we are honored to have her as part of our team.

For all these reasons let's congratulate Kam Stewart as the Employee of the First Quarter.

Proclamation

Rich Zwicker read the Affordable Housing Week 2016 Proclamation which stated:

WHEREAS, all people should have access to safe, healthy, and affordable homes; and

WHEREAS, national studies have found that each \$100 increase in median rent results in a 15% increase in homelessness in metro areas and a 39% increase in homelessness in nearby suburbs and rural areas; and

WHEREAS, the benefits of affordable housing go beyond the residents themselves to their neighbors, businesses, employers, and their community as a whole; and

WHEREAS, united in an effort to raise public awareness, communities throughout the Puget Sound Region are participating in local Affordable Housing Week efforts to inform the public of the critical need to preserve and/or increase affordable housing in our communities; and

WHEREAS, the Washington State Housing Finance Commission endorses the goals, objectives, and purposes of Affordable Housing Week, and in doing so, joins its many partners and communities throughout the State of Washington to ensure that our residents thrive with opportunity and that all people live with dignity in safe, healthy, and affordable homes;

NOW, THEREFORE, the Washington State Housing Finance Commission does hereby proclaim the week of May 16 through 22, 2016, as **Affordable Housing Week 2016**

Mr. Moss moved to approve the proclamation. Mr. Larsen seconded the motion. The proclamation was unanimously approved. Karen Miller signed the proclamation and presented it to Kelly Rider, Government Relations & Policy Director at the Housing Development Consortium.

**Public Hearing:
Fairview
Apartments, OID#
16-73A**

A public hearing was opened at 1:12 p.m. for OID No. 16-73A, Fairview Apartments.

Bob Peterson, Manager of the Multifamily Housing and Community Facilities Division, said that this is a proposed issuance of a tax-exempt revenue bond to finance a facility located at 14624 179th Avenue SE, Monroe, Washington, 98272 to be owned by Housing Hope, a Washington nonprofit 501(c) (3) corporation. Proceeds of the bond are expected to provide a portion of the financing to purchase an existing 31-unit multifamily housing facility and office, and to pay all or a portion of the costs of issuing the bond. The total estimated bond amount is not expected to exceed \$1,400,000. Mr. Peterson introduced Fred Safstrom, Executive Director at Housing Hope.

Mr. Safstrom stated that this 31 unit acquisition will have set-asides of 20% at 50% area median income (AMI). All the units have two bedrooms, there will also be a voluntary services package serviced by Housing Hope.

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

**Public Hearing:
Bayview
Retirement
Community, OID#
16-76A**

A public hearing was opened at 1:20 p.m. for OID No. 16-76A, Bayview Retirement Community.

Mr. Peterson said this is a proposed issuance of one or more series of tax-exempt revenue bonds to refinance existing debt, and to finance site improvements

including an expanded dining facility, health and fitness center, rehabilitation of the main structure to allow the addition of 10 independent living units, and 10 memory care units, and construction of a new building to house 43 assisted living units. The existing continuing care retirement facility which currently provides 120 independent living units, 44 assisted living units and 50 skilled nursing beds is located at 11 W. Aloha Street, Seattle, Washington, 98119 and is owned by Bayview Manor, a Washington nonprofit 501(c)(3) corporation. Proceeds of the bonds are expected pay all or a portion of the costs of issuing the bonds. The total estimated aggregate bond amount is not expected to exceed \$59,120,000. Mr. Peterson introduced Joyce Ducet CFO at Bayview Manor.

Ms. Ducet stated that this project will include renovations of and additions to the facility. Bayview Retirement Community will be composed of a mix of independent living units, assisted living units, memory support assisted living units and skilled nursing beds.

The independent living units will cost an average of \$2500 a month and assisted living units will cost a range of \$3500 - \$6000 a month depending on the type of care needed.

There were no additional comments from members of the public and the hearing was closed at 1:24 p.m.

**Public Hearing:
Vintage at Holly
Village, OID# 16-
79A**

A public hearing was opened at 1:25 p.m. for OID No. 16-79A, Vintage at Holly Village.

Mr. Peterson said this is a proposed issuance of one or more series of tax-exempt revenue notes to finance a portion of the costs to acquire, rehabilitate and equip a 149-unit independent living senior facility located at 9615 Holly Drive, Everett, Washington, 98204 to be owned by Vintage at Holly Village, LP a Washington limited partnership. Proceeds of the notes are expected to provide financing and to pay all or a portion of the costs of issuing the notes. The total estimated aggregate note amount is not expected to exceed \$25,500,000. Mr. Peterson introduced Ryan Patterson representing Vintage Housing.

Mr. Patterson stated that Vintage at Holly will include one and two bedroom units and will set aside 20% of the units for households with disabilities. The set aside will continue to be 40% of the total units at or below 60% AMI.

The rehabilitation and amenities will include interior and exterior upgrades, a common area, a beauty parlor, business center, library, an exercise facility, cabinets, floors and appliances.

There were no additional comments from members of the public and the hearing was closed at 1:28 p.m.

**Public Hearing:
SHAG Affordable
Senior Living
Communities,
OID# 16-87A-F**

A public hearing was opened at 1:28 p.m. for Senior Housing Assistance Group (SHAG) Affordable Senior Living Communities

Mr. Peterson said this is a proposed issuance of one or more series of tax-exempt revenue bonds to finance a portion of the costs of the acquisition and rehabilitation of six senior living communities to be owned by SHAG Affordable Senior Living Associates (1) Limited Partnership, a Washington limited partnership. The projects to be financed and the approximate bond amounts are: Conservatory Place I and II Apartments, a 39-unit and 49-unit facility respectively located at 203 and 319 South G Street, Tacoma, WA, 98405 with estimated bond amounts of \$2,000,000 and \$1,900,000 respectively; Willamette Court Apartments, a 98-unit facility located at 31580 23rd Avenue S., Federal Way, WA 98003, estimated bond amount of \$7,600,000; Gowe Court Apartments, a 50-unit facility located at 627 West Titus Street, Kent, WA 98032, estimated bond amount of \$3,900,000; Titus Court Apartments, a 99-unit facility located at 233 5th Avenue South, Kent, WA 98032, estimated bond amount of \$7,500,000; and Cedar River Court Apartments, a 98-unit facility located at 130 and 131 Main Avenue South, Renton, WA 98057, estimated bond amount of \$7,300,000. The aggregate amount of the bonds is not expected to exceed \$31,000,000 with a portion of the proceeds of the bonds may be used to pay a portion of the costs to issue the bonds. Mr. Peterson introduced Bryan Park,

President of Pacific Northern Construction and Jay Woolford, Executive Director at SHAG.

Mr. Park stated this is a scattered sites consisting of six multifamily buildings and one single family dwelling. The set asides are 20% at 50% AMI. Rents in Pierce County will range from \$475 to \$543 a month and King county rents will range from \$593 to \$678 a month.

Project amenities include an internet café, a fitness center, outdoor recreational space, power assisted doors, upgraded furniture, fixtures, a membership based transit van and car for sharing and stucco replacement.

Mr. Woolford stated that these are some of their oldest buildings and most vulnerable residents and residents are excited about the upcoming changes.

There were no additional comments from members of the public and the hearing was closed at 1:45 p.m.

**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 1:45 p.m.

Lisa Vatske, Director of the Multifamily Housing and Community Facilities Division, said that there will be seven projects to consider today.

Meriwether Place

Mr. Peterson introduced Kris Hanson, Executive Director at Columbia Non Profit and Roy Johnson, Executive Director, for Vancouver Housing Authority, serving as the consultant to Columbia Non Profit.

Ms. Hanson stated that Meriwether Place is providing 30 units of supportive housing for people experiencing homelessness. Services range from housekeeping, medical care, mental health services, chemical dependency services as well as employment and education assistance.

Mr. Johnson stated that 50% of the units will be at 30% AMI and the remaining 50% of the units will be at 50% AMI. There will be 15 project based vouchers, households with vouchers will pay 30% of their income.

The Meadows

For the next project Mr. Peterson introduced Debbie Dover, Executive Director at Second Step Housing and Roy Johnson, Executive Director, for Vancouver Housing Authority, the consultant to Second Step Housing.

Ms. Dover stated that The Meadows will be a 30-unit multifamily apartment project located near the major transit corridor of Fourth Plain Boulevard in Vancouver, Washington. It will provide permanent affordable housing for homeless and chronically homeless individuals and families who have come from a variety of systems of care. Fifteen of the 30 units will have project-based rental vouchers.

Mr. Johnson stated that 50% of the units will be at 30% AMI and the remaining 50% of the units will be at 50% AMI.

Colville Homes IV

For the next project Mr. Peterson introduced Brook Kristovich, Executive Director at the Colville Indian Housing Authority.

Mr. Kristovich stated that Colville Homes IV consists of the new construction of four triplex buildings, containing 12 units, in Okanogan County and the substantial rehabilitation of 35 existing single family homes in Ferry County. All of the land for the project is located on trust land within the boundaries of the Colville Indian Reservation.

All units will have rental assistance and Native American Housing Assistance and Self-Determination Act (NAHASDA) funds from United States Department of Housing and Urban Development (HUD).

Prosser Senior Housing

For the next project Mr. Peterson introduced Bryan Ketcham, Director at Catholic Charities Housing Service.

Mr. Ketcham stated that Prosser Senior Housing will be located just off the main road into Prosser from I-82 in a residential neighborhood close to public transportation stops, several grocery stores, a pharmacy, medical center, public parks and a library. The project will serve seniors 55 years of age and over. This blended community will include farmworker homes, single family homes and seniors in one community. The building will include an elevator, community kitchen, dining and community areas and a common area patio for gathering.

Mr. Ketcham stated that 50% of the 60 units will be at 30% AMI and the remaining 50% of the units will be at 50% AMI. There is no rental assistance for this project.

Mt. Angeles View Phase I

For the next project Mr. Peterson introduced Annie O'Rourke, Director of Acquisition and Development at Peninsula Housing Authority and Kay Kassinger, Executive Director at Peninsula Housing Authority.

Ms. O'Rourke stated that Mt. Angeles View Phase I is the first phase in the redevelopment of the Mt. Angeles View Public Housing Complex in the City of Port Angeles. In this first phase, 18 buildings containing 33 units, which were built in 1942 will be demolished and 7 new structures with a total of 63 units will be built. The master plan for the redevelopment will accommodate higher density and new healthy buildings with onsite opportunities for tenants including a Community Learning Center and Resident Initiative Center.

Ms. O'Rourke stated that 40% of the units will be at 30% AMI, 30% of the units will be at 40% AMI and the remaining 30% of the units at 60% AMI with 20% of the total units set aside for persons with disabilities.

Sunset Court Apartments

For the next project Mr. Peterson introduced Mark Gropper, Director of Renton Housing Authority and Philippa Nye, at Ally Community Development LLC, the consultant to the Renton Housing Authority.

Mr. Gropper stated that Sunset Court Apartments is a 50-unit new construction project in the Sunset neighborhood of Renton. It is one of several projects included in the Sunset Area Transformation Plan, which will transform the Sunset Area neighborhood into a more vibrant, diverse, and equitable mixed use regional center.

Mr. Gropper stated that 50% of the units will be at 30% AMI and the remaining 50% of the units will be at 50% AMI with 20% of units set aside for persons with disabilities and 20% of units set aside for the homeless.

Eleanor Apartments

For the last project Mr. Peterson introduced Bill Rumpf, President Mercy Housing Northwest and JoAnne LaTuchie Vice President of Real Estate Development at Mercy Housing Northwest.

Ms. LaTuchie stated that Eleanor Apartments is a four story building with 80 one-bedroom apartments with abundant community spaces on the ground floor. Additional amenities include a Pea Patch. The project is near a transit center and will be pet friendly.

The project will serve extremely low and very low income seniors. Mercy Housing Northwest will contract with PeaceHealth to provide resident services on site and will target some units to frail seniors and those with disabilities. Fifty percent of the units will be at 30% AMI and the remaining 50% of the units will be at 50% AMI with 20% of the units set aside for persons with disabilities.

There were no additional comments from members of the public and the hearing was closed at 2:37 p.m.

**Action Item:
Resolution No. 16-83, a Resolution for the 2016 Allocation of Credit for the Housing Tax Credit Program**

Ms. Vatske presented a resolution to authorize the Executive Director to make reservations and/or allocations of 2016 Housing Tax Credits to the following projects as set forth in the resolution:

- Meriwether Place
- Sunset Court Apartments
- The Meadows
- Eleanor Apartments
- Colville Homes IV
- Prosser Senior Housing
- Mt. Angeles View Phase I

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

**Action Item:
Resolution No. 16-82, SAM Venturi Building**

Ms. Vatske presented a resolution to approve the issuance of Qualified Energy Conservation Bonds in an amount not to exceed \$3,000,000 to finance replacement and repair of environmental and building systems to improve energy efficiency and water conservation of the Seattle Art Museum's Venturi building located at 1300 First Avenue, Seattle, Washington 98101. A portion of the bond proceeds may be used to pay the costs of issuing the bonds. The public hearing was held on February 25, 2016.

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

**Action Item:
Resolution No. 16-47, Madison Way Apartments**

Ms. Vatske presented a resolution to approve the issuance of tax-exempt revenue note in an amount not exceeding \$28,500,000 to finance a portion of the costs for the acquisition and construction of a 180-unit multifamily housing facility located at 14709 Madison Way, Lynnwood, Washington, to be owned by Madison Way Apartments, 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 November 19th, 2015.

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

**Action Item:
Revolving PIF
funds in
Downpayment
Assistance
programs**

Lisa DeBrock, Director of Homeownership Division and Dietrich Schmitz, Down Payment Assistance Program Administrator presented a request to authorize the Executive Director to reallocate excess PIF funds in revolving Downpayment Assistance (DPA) programs.

Ms. DeBrock stated that the Home Advantage 4% Downpayment Assistance program is the primary second-mortgage downpayment program currently in use. The funds for this program are provided by a portion of the premium on the mortgage-backed securities (MBS) sold.

A number of specialty DPA programs continue to be used from time to time, while another set of DPA programs are no longer actively used in making loans. Several of these programs were set up to have the principal and interest revolve in order to make more loans. Several have accumulated excess funds as payments and payoffs have been received.

The House Key Opportunity program, financed by tax-exempt bonds, offers a 4% deferred DPA program similar to Home Advantage. However, funding for this program comes from PIF since the MBSs are not sold and no premium is available to provide the DPA.

Previously, the Commission has twice sought and received approval to recapture excess funds and, with the Executive Director's approval, reallocate them over time in other DPA programs:

\$6 million authorized November 17, 2011

\$1 million authorized November 20, 2014

Mr. Schmitz gave some details regarding the revolving funds. Mr. Schmitz stated that the House Key Plus program was previously the Commission's main downpayment assistance program. These loans are amortized over 10 years and so the borrower makes monthly payments. This program was inactivated when

Home Advantage was introduced as the new terms were more favorable. The Commission still accumulates excess funds with this program. For Home Advantage Rebound, the Commission received funds from the Attorney General under the National Mortgage Settlement. Once these funds were depleted, Home Advantage also replaced this program. House Key Plus Schools is also an inactive program and accumulating interest.

The staff is now seeking additional delegation of authority to the Executive Director to authorize the recapture of the funds from excesses accumulated in revolving DPA in addition to the allocation to other DPA funds as necessary. We will continue to provide quarterly reporting to the Commission of all PIF programs which will reflect balances revised as a result of these transfers.

Ms. Stark moved to approve the resolution authorizing the Executive Director to reallocate excess Program Investment Funds in revolving Downpayment Assistance programs to other existing revolving Downpayment Assistance programs. Mr. Larsen seconded the motion. The resolution was unanimously approved.

**Action Item: PIF
Request for
Washington Access
Fund**

Mr. Herman presented a request to approve an investment of \$250,000 of PIF funds with the Washington Access Fund for home modification loans for persons with disabilities.

Mr. Herman mentioned in the work session earlier that the Washington Access Fund provides low-interest loans and matched savings accounts for 1) assistive technology for any purpose; 2) business equipment for employment or self-employment; and 3) home modification loans; all for persons with disabilities. The loans and savings accounts may be used for: hearing aids, vehicle modifications, home modifications, and computers with specialized hardware adaptations, alternative augmentative communications devices, wheelchairs, and much more.

Eligible persons are Washington residents of all ages with disabilities of all types including seniors with age-related functional limitations. Family members are also eligible. There are no upper or lower income limits for eligible borrowers. Applicants need to show that they can repay the loans and the Access Fund considers all sources of income, including disability payments, for repayment. The Access Fund is particularly interested in helping individuals with low incomes. Lack of credit history is not a disqualifier. The Fund will evaluate each person's situation on a case-by-case basis.

The Washington Access Fund loans have an interest rate of 5% and loan terms range from 1 to 5 years. The maximum loan size is \$25,000 for assistive technology; \$10,000 for start-up businesses and \$25,000 for existing businesses or home modifications.

The Washington Access Fund will administer the loan program using the invested funds from the Commission.

As of the end of Fiscal Year 2015, the Access Fund has made 744 loans. They average about 100 loans per year. As of February 29, 2016, there were 240 loans outstanding worth \$795,088.91. Their historical default rate based on dollar amount charged-off as a percentage of dollars loaned is 2.1%. In terms of the number of defaulted loans, their default rate is 6%. Their current average loan size is \$4,000.

The Commission will receive interest payments semi-annually on June 30th and December 31st of each year. Interest payments will not revolve, they will go to the PIF undesignated account.

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

**Informational
Report on
Department of
Commerce
Activities.**

Ms. Klontz stated the Department of Commerce had several important bills pass.

Housing specific bills include:

- **2876 – Foreclosure Deeds of Trust** – Changes the fee that funds the Foreclosure Fairness Act from the Deed of Trust to the Notice of Trustee’s Sale and program fee distributions.
- **6413 – Landlord Tenant Provisions** – Addresses tenant screening, evictions, and deposit or security refunds under the residential landlord-tenant act.

She mentioned Commerce will be amending existing CHG awards in the coming weeks to add more than \$6 million in additional new funding appropriated during the last session.

Commerce and the Governor's Office are working with cities, counties and other stakeholders to craft a comprehensive plan for renewing the recording fee and improving the associated state and local homeless planning efforts.

She also mentioned the Supplemental Capital Budget added 11 new earmark projects to the Housing Trust Fund, for a total of \$12,850,000. However, the additional appropriation amount is \$8,000,000. This results in a reduction in the competitive funding pool:

- Regular Housing Trust Fund reduced by \$4,250,000
- Ultra-Efficient Demonstration Program reduced by \$600,000

She also stated that Commerce received 97 Housing Trust Fund (HTF) Applications in Round 1 in March for a total request of \$165 million. Commerce will only have \$20 million to award.

She mentioned that Commerce is concerned about the Legislature transferring \$10 million from the Housing Trust Account to the General Fund State (\$3 million) and Home Security Account (\$7 million). This is a departure from the intent of the Housing Trust Account and the creation of the HTF program. The Housing Trust Account is being funded primarily by repayments from the

Housing Trust Fund loans. These payments are necessary to the operation of the HTF program, as well as some preservation portfolio uses.

Additionally she mentioned the HTF will be celebrating 30 years from its inception this year, the state authorizing legislation was passed in 1986.

Commissioners' Reports

Karen Miller said she attended a Housing Development Consortium Luncheon March 29th, 2016.

Consent Agenda

The Consent Agenda was approved as mailed.

Adjournment

The meeting was adjourned at 2:56 p.m.

Signature
