

# WASHINGTON STATE HOUSING FINANCE COMMISSION

## WORK SESSION MINUTES

June 23, 2016

The June 23, 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, Pam Teitz and Wendy Lawrence.

Bob Cook gave a briefing on the Budget and work Program for 2016 – 2017.

Lisa DeBrock and Margret Graham gave a briefing on the Homeownership Rebranding project.

Lisa Vatske and Valeri Pate gave an overview of the proposal for a Critical Project Preservation Fund.

Kim Herman gave his Executive Director's report.

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

**WASHINGTON STATE  
HOUSING FINANCE COMMISSION  
MINUTES**

**June 23, 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, Pam Teitz and Wendy Lawrence.

**Approval of the  
Minutes**

The minutes of the May 23, 2016 meeting were approved as mailed.

**Commission  
Hearing: Vintage  
at Mill Creek,  
OID# 15-90A**

Ms. Miller opened a public hearing on OID 15-90, Vintage at Mill Creek, at 1:00 p.m.

Bob Peterson, Manager of the Multifamily Housing and Community Facilities Division, said that this is a proposed issuance of one or more series of tax-exempt revenue notes to finance a portion of the costs to acquire land and to construct and equip a 216-unit senior housing facility located at 4008 132nd St. SE, Mill Creek WA 98012 to be owned by Vintage at Mill Creek, LLC, a Washington limited liability company. Proceeds of the notes may be used to provide a portion or all of the costs of financing the notes. The total estimated aggregate amount of the notes is not expected to exceed \$35,000,000. The TEFRA Hearing will be held on July 8, 2016 at 10 a.m. Mr. Peterson introduced Ryan Patterson, Senior Vice President at Vintage Housing Development.

Mr. Patterson stated that Vintage at Mill Creek is a new construction of an independent senior living facility in Mill Creek and will include an

onsite business center, fitness trail, and community garden. The development will be 100% at 60% area median income (AMI) and will set aside 20% of the units for households with disabilities.

There were no additional comments from members of the public and the hearing was closed at 1:03 p.m.

**Public Hearing:  
Copper River  
Apartments, OID#  
16-108A**

Ms. Miller opened a public hearing on OID 16-108A, Copper River Apartments, at 1:03 p.m.

Mr. Peterson said that this is a proposed issuance of a tax-exempt revenue note to finance a portion of the costs to acquire land and construct and equip a 240-unit low-income multifamily housing facility located at 2911 Ft. George Wright Dr., Spokane WA 99224 to be owned by Copper River Apartments, LLC, a Washington limited liability company. Proceeds of the note may be used to provide a portion or all of the costs of financing the note. The total estimated aggregate note amount is not expected to exceed \$23,000,000. Mr. Peterson introduced Keith James, representing The Inland Group.

Mr. James stated that the units will be restricted to households earning less than 60% of the AMI, 20% of the units will be set aside for large households and 20% of the units will be set aside for persons with disabilities. The project will offer a fitness center, business center and a game room.

There were no additional comments from members of the public and the hearing was closed at 1:06 p.m.

**Public Hearing:  
Presbyterian  
Retirement  
Communities  
Northwest, OID#  
16-89A**

Ms. Miller opened a public hearing on OID 16-89A, Presbyterian Retirement Communities Northwest, at 1:06 p.m.

Mr. Peterson said that this is a proposed issuance of tax-exempt 501(c)(3) nonprofit revenue bonds to finance and refinance capital improvements at Park Shore, 1630 43rd Ave E., Seattle, WA, a continuing care retirement community; to finance and refinance capital improvements at Fred Lind Manor, 1802 17th

Ave E, Seattle, WA, an assisted living facility; to finance the acquisition of Gaffney House, 1605 17th Ave., Seattle, WA, a memory care facility; and to refinance tax-exempt bonds previously issued by the Commission for the acquisition, construction and equipping of a continuing care retirement facility known as Skyline at First Hill, 725 9th Ave., Seattle, WA. Proceeds of the bonds are also expected to fund debt service reserves and to pay costs of issuance of the bonds. The facilities are each owned or to be owned by Presbyterian Retirement Communities Northwest (“PRCN”) or Fred Lind Manor, each a Washington nonprofit corporation described under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), or by FH, LLC, a Washington limited liability company whose sole member is PRCN. The total estimated aggregate bonds amount is not expected to exceed \$144,000,000. Mr. Peterson introduced Torsten Hirche, President & CEO at Presbyterian Retirement Communities Northwest.

Mr. Hirche stated that following completion of the projects, the facilities will include a mix of independent living units, assisted living units, memory care units, and skilled nursing beds and be operated by the members of the Obligated Group.

There were no additional comments from members of the public and the hearing was closed at 1:14 p.m.

**Public Hearing:  
Gonzaga  
Preparatory  
School, OID# 16-  
107A**

Ms. Miller opened a public hearing on OID 16-107A, Gonzaga Preparatory School, at 1:15 p.m.

Mr. Peterson said that this is a proposed issuance of a tax-exempt 501(c)(3) revenue bond to finance and refinance existing facilities located at 1224 E. Euclid, Spokane, WA 99207 to be owned by The Gonzaga Preparatory School, Inc., a Washington nonprofit 501(c)(3) corporation. Proceeds of the bond are expected to refund all or a portion of an existing taxable loan which refinanced the renovation of existing school facilities, to finance a swap termination payment, and to pay all or a portion of the costs of issuing the bond. The total estimated bond amount is not expected to exceed \$8,000,000. Mr. Peterson

introduced Marlis Petersen Spawn, Finance Director at Gonzaga Preparatory School.

Ms. Spawn stated that Gonzaga Preparatory School educates around 900 students from grades 9-12. She stated that 70% of their students are Catholic and 25% of the students qualify for the free lunch program.

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

**Public Hearing:  
Wright Park  
House, OID# 16-  
88A**

Ms. Miller opened a public hearing on OID 16-88A, Wright Park House, at 1:17 p.m.

Lisa Vatske, Director of the Multifamily and Community Facilities Division, said that this is a proposed issuance of tax-exempt revenue notes to finance a portion of the costs to acquire and rehabilitate an existing 54-unit multifamily housing facility located at 401 G Street, Tacoma, WA 98405 to be owned by Wright Park House, LP, a Washington limited partnership. Proceeds of the notes may be used to pay all or a portion of the costs of issuing the notes. The total estimated aggregate amount of the notes is not expected to exceed \$10,200,000. The TEFRA hearing was held on June 1, 2016. Ms. Vatske introduced Ryan Fuson representing Redwood Partners.

Mr. Fuson stated that this complex will include a community room with a kitchen, an onsite laundry facility, and an onsite management and leasing office. He also stated that all of the units will be at or below 60% AMI.

There were no additional comments from members of the public and the hearing was closed at 1:22 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 1:22 p.m.

Ms. Vatske stated that there will be three projects discussed at the public hearing today. Ms. Vatske gave an overview of this year's project round.

### **University District Apartments**

Susan Boyd, Director of Real Estate Development at Bellwether Housing stated that this project is a 7-story single structure 133-unit mixed use-building that takes full advantage of the allowable zoning for the site. The building includes residential space, commercial space and a parking level. Due to the scale of the project, Bellwether has split the residential portion into 2 condominium structures-this project which utilizes the 9% LIHTC program (53 units) and the other portion of the residential space which will utilize tax exempt bonds and the 4% LIHTC (80 units).

This 9% LIHTC portion of the project has set aside 75% of the units as Supportive Housing for the Homeless (40 units). Bellwether has partnered with Compass Housing Alliance to provide on-site support services to the 40 homeless individuals and families who will be identified as requiring ongoing supportive services to maintain their housing. She also stated that 50% of units will be at 30% AMI and the additional 50% of the units will be at 50% AMI.

### **1 South Madelia**

Tim Williams, Senior Housing Developer at Community Frameworks stated that this project will provide a 36-unit mix of housing serving large households, disabled people, and low income workers. This project is located 1.5 miles east of downtown Spokane in a neighborhood which has been targeted by the City of Spokane for redevelopment and renewal under a new Targeted Investment Project pilot program. He also mentioned that 40% of the units will be at 30% AMI, 30% of the units at 40% AMI and 30% of the units at 60% AMI.

### **Galena Apartments Airway Heights**

Helen Stevenson, representing Commonwealth Agency Inc., stated that Galena Apartments consists of 75 units of affordable, rental housing targeted to 30% and 50% of area median income households in the City of Airway Heights. Galena

Apartments will meet or exceed Evergreen Standards in the proposed 3- story, walk-up style, wood frame design and construction.

She stated that 40% of the units will be at 30% AMI, 60% of the units at 50% AMI and 20% of the units will be set aside for persons with disabilities and an additional 20% of the units will be set aside for large households.

There were no additional comments from members of the public and the hearing was closed at 1:41 p.m.

**Action Item:  
Resolution No. 16-104, a Resolution for the 2016 Allocation of Credit for the Housing Tax Credit Program**

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

- University District Apartments
- 1 South Madelia
- Galena Apartments Airway Heights

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

**Action Item:  
Resolution No. 16-99 LARC @ Kent Station, OID# 15-143A**

Ms. Vatske said this is a resolution approving the issuance of a tax-exempt revenue note to finance a portion of the acquisition of land and new construction and equipping of a 131-unit senior affordable housing facility located at the parcels of land adjacent to the northern endpoints of 3rd Ave N, 2nd Ave N and 1st Ave N, bounded on the north and west by State Route 167 and on the east by the Burlington Northern railroad tracks, Kent, WA, 98032, to be owned by LARC @ Kent Station, LLC, a Washington limited liability company. Proceeds of the note may be used to pay a portion of the costs of issuance of the note. The total estimated aggregate amount of the note is not expected to exceed \$14,250,000. The public hearing was held on February 25, 2016.

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

**Action Item:  
Resolution No. 16-  
100 Vintage at  
Holly Village, OID#  
16-79A**

Ms. Vatske said this is a resolution approving the 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, WA, 98204 to be owned by Vintage at Holly Village, LP a Washington limited partnership. Proceeds of the notes may be used to provide financing and to pay a portion of the costs of issuance. The total estimated aggregate amount of the notes is not expected to exceed \$23,500,000. The public hearing was held on April 28, 2016.

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

**Action Item:  
Resolution No. 16-  
103 Wright Park  
House, OID# 16-  
88A**

Ms. Vatske said this is a resolution approving the issuance of one or more series of tax-exempt revenue notes to finance a portion of the costs to acquire and rehabilitate an existing 54-unit multifamily housing facility located at 401 South G Street, Tacoma, WA, 98405 to be owned by Wright Park House, LP, a Washington limited partnership. Proceeds of the notes may be used to pay all or a portion of the costs of issuing the notes. The total estimated aggregate amount of the notes is not expected to exceed \$10,200,000. The TEFRA hearing was held on June 1, 2016.

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

**Action Item:  
Resolution No. 16-  
101 Bayview  
Retirement  
Community, OID#  
16-76A**

Ms. Vatske said this is a resolution approving the issuance of one or more series of tax-exempt revenue bonds to refinance existing tax-exempt obligations and to rehabilitate, expand and equip an existing continuing care retirement facility located at 11 W. Aloha Street, Seattle, WA 98119 to be owned by Bayview Manor Homes, a Washington nonprofit 501(c)(3) corporation. Proceeds of the bonds may be used to pay a portion of the costs of issuance. The total estimated aggregate amount of the bonds is not expected to exceed \$65,000,000. The public hearing was held on April 28, 2016.

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

**Action Item:  
Resolution No. 16-  
102 YMCA of  
Pierce and Kitsap  
Counties, OID# 16-  
95A**

Ms. Vatske said this is a resolution approving the issuance of one or more tax-exempt revenue bonds to refinance an existing facility located at 10550 Harbor Hill Drive, Gig Harbor, WA 98332 owned by YMCA of Pierce & Kitsap Counties, a Washington nonprofit 501(c)(3) corporation and organization. Proceeds of the bonds may be used to pay a portion of the costs of issuance. The total estimated aggregate amount of the bonds is not expected to exceed \$8,665,000. The public hearing was held on March 24, 2016.

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

**Action Item:  
Extension of  
Authority to  
Provide Loan  
Purchase Liquidity  
to the Master  
Servicer**

Bob Cook, Senior Director in the Finance Division, requested approval of the use of the following sources of funding to supplement the Master Servicer's capacity to purchase Commission Homeownership program mortgage loans through June 30, 2017:

- 1) Commission Funds in the Single-Family Program Bonds (the 1995 Open Indenture) and the Homeownership Program Bonds (New Issue Bond Program Indenture);
- 2) Excess Program Investment Funds that are undesignated or allocated but not deployed; and
- 3) Short-term borrowing from the Federal Home Loan Bank of Des Moines collateralized by a pledge of the Commission's reserve investments, as necessary, under the Commission's approved, non-member borrower status.

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

**Action Item:  
Establish Critical  
Preservation Fund**

Val Pate, Director of the Asset Management Division, said the Critical Project Preservation Investment will be used to encourage and enable the preservation of projects that serve a critical affordable housing need. This investment recognizes

opportunities for the Commission to ensure that this portfolio is preserved and the affordable housing units continue to provide the communities and low income households with affordable and safe housing. It is anticipated that investments from this fund may be combined with a bond/4% housing credit transaction and the investment of private capital to allow the purchase and rehabilitation of the projects by a cooperating purchaser with the purpose of maintaining and extending the long-term affordability of the project. This fund may also allow for immediate response to critical capital needs, prior to structuring a permanent financing structure.

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

**Action Item: Fiscal  
Year 2017  
Operating Budget**

Mr. Cook requested approval of the corrected General Operating Budget for the Commission's July 1, 2016 – June 30, 2017 fiscal year. Mr. Cook stated that the draft budget was reviewed at the Commission planning session in May. Mr. Cook stated that the Commission expects twenty-six financings by the Multifamily Housing and Community Facilities Division totaling \$402.5 million. One of the financings represents a Sustainable Energy Program loan (\$4.5 million) while four represent Beginning Farmer Loan Program loans at an average of \$500,000 each. Estimated fees directly related to the Multifamily Housing and Community Facilities Division represents \$5.2 million of the budgeted revenue for FYE 2017. This includes issuance fees of 25 basis points (bps) of the bond amount earned at closing, the annual fees currently ranging from 10 to 25 bps of the outstanding bond amount and tax credit application and reservation fees. Expenses (excluding pass through grants) for FYE 2017 are budgeted 2.5% greater than the prior year's budget. The increase is primarily due to the provision of up to 5% wage increases for staff and the addition of 1.0 permanent full time equivalent personnel, offset by a decrease in the expected costs related to the database development and implementation and the content management project. The increase in expense coupled with an 8% decrease in revenue results in a budgeted \$4.8 million net income, a decrease of 27% from 2016 budgeted net income.

Mr. Larsen moved to approve the 2016-2017 budget. Mr. Moss seconded the motion. The annual budget was approved.

**Action Item: Fiscal  
Year 2016 Excess  
Reserves Transfer**

Mr. Cook requested approval to transfer excess earnings in the general operating fund as of June 30, 2016, to the Program Investment Fund.

Mr. Cook requested the Commissioners to consider and act on a request to transfer reserves in excess of \$20 million in the General Operating Fund as of June 30, 2016 to the Program Investment Fund (PIF); and, provided sufficient funds are available, to be invested in priority order to the following PIF programs: Manufactured Housing Preservation Fund -\$2 million; Habitat for Humanity Mortgage Purchases-\$3 million; WCRA-Capital Plus-\$1 million; Land Acquisition Program-\$1 million; the Critical Project Preservation Fund-\$5 million; and, the balance undesignated stay in PIF undesignated.

Ms. Tietz moved to approve the transfer of excess revenue into the Program Investment Fund. Mr. Robinson seconded the motion. The motion was approved unanimously.

**Informational  
Report on  
Department of  
Commerce  
Activities**

Ms. Klontz stated that HUD allocated \$3.2 million to the Washington State Department of Commerce, as part of the first ever round of allocations to states from the National Housing Trust Fund.

She mentioned that Commerce released updated guidelines to grantees to reflect HUD's new guidance on nondiscrimination for people who have criminal records who are seeking housing with federally funded vouchers.

The Office of Homeless Youth is soliciting applications for several programs, including:

- Additional secure and non-secure Crisis Residential Center beds.
- Additional HOPE beds
- Increased Street Youth Services funding
- New Young Adult Housing Program funding
- New Young Adult Shelter beds

Applications are due July 14, 2016.

A RFP went out for new homeless student stability legislation establishing a competitive grant program through OSPI to evaluate and award grants to school districts to pilot increased identification of homeless students and increase capacity to provide support. Applications for this grant are due July 7.

The Washington Statewide Reentry Council established at Commerce will help to promote successful reentry and housing stability of offenders after incarceration. The first meeting will be held in July.

The 100 Days Challenge in Cowlitz, Mason, Thurston County to end family homelessness ended June 4. There were 81 unsheltered families in all 3 counties. 60 are now housed.

## **Commissioners' Reports**

Gabe Spencer attended the Tax Credit Conference in Seattle on June 13-16 and said it was well attended.

Karen Miller attended the Housing Consortium of Everett and Snohomish County Affordable Housing Conference and sat in on two panels.

Pam Teitz mentioned that the City of Spokane has been selected by the Reinvestment Fund and the Robert Wood Johnson Foundation to take part in the new Invest Health initiative. Invest Health is aimed at transforming how leaders from mid-size American cities work together to help low-income communities thrive, with specific attention to community features that drive health such as access to safe and affordable housing, places to play and exercise, and quality jobs. Ms. Tietz will be part of the five-member team initiative.

Steve Moss attended the St. Michael Haven ribbon cutting on May 31, 2016 in Walla Walla. He mentioned that it was well attended by Federal and State officials and four of the six building are over 100 years old, which makes them some of the oldest buildings in the state.

**Consent Agenda**

The Consent Agenda was approved as mailed.

**Adjournment**

The meeting was adjourned at 2:25 p.m.

**Signature**

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