

WASHINGTON STATE HOUSING FINANCE COMMISSION

WORK SESSION MINUTES

September 22, 2016

The September 22, 2016 work session was called to order at 11:00 a.m. by Karen Miller. In attendance were Commissioners Gabe Spencer, Diane Klontz, Pam Tietz, Regina Stark, Ken Larsen and Beth Baum.

Lisa Vatske presented an update on proposed changes to the 2017 bond 4% policies.

Denise Rodriguez, Deputy Director at Washington Homeownership Resource Center (WHRC) gave an update from the WHRC.

Paul Edwards gave the Executive Director's report.

Diane Klotz gave the Department of Commerce report.

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

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
MINUTES**

September 22, 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 Gabe Spencer, Diane Klontz, Pam Tietz, Randy Robinson, Regina Stark, Ken Larsen and Beth Baum.

**Approval of the
Minutes**

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

**Public Hearing:
Chinatown/I.D.
Workforce
Housing, OID# 16-
118A**

Ms. Miller opened a public hearing on OID 16-118A, Chinatown/I.D. Workforce Housing, 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 construct and equip a 245-unit low income multifamily housing facility located at 913 S. Jackson, Seattle, WA 98104 to be owned by Polaris ID Apartments, 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 estimated aggregate note amount is not expected to exceed \$40,000,000. Mr. Peterson introduced Daren Davidson, President of The Inland Group.

Mr. Davidson stated that the Chinatown/I.D. Workforce Housing units will be restricted to households earning less than 60% of the area median income (AMI) for King County. Ten percent of the units will be set for persons with disabilities. The project will offer an onsite business/learning center, rooftop solar energy, an

exercise room, a lounge, 80 parking spots and 7,500 square feet of commercial space on the ground floor.

There were no additional comments from members of the public and the hearing was closed at 1:08 p.m.

**Public Hearing:
Basalt Ridge
Apartments, OID#
16-138A**

Ms. Miller opened a public hearing on OID 16-138A, Basalt Ridge Apartments, at 1:08 p.m.

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 land and construct and equip a 240-unit low income multifamily housing facility located on two adjacent parcels totaling 13 acres with a southern border on the extension of West 6th Avenue, at approximately 13600 West 6th Avenue, Airway Heights, WA 99001 to be owned by Basalt Ridge 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 estimated aggregate notes amount is not expected to exceed \$26,000,000, a portion of which may be taxable. Mr. Peterson introduced Helen Stevenson representing the Commonwealth Agency.

Ms. Stevenson stated that the units will be restricted to households earning less than 60% of the AMI and additional set-asides include 10% of the units for persons with disabilities and 10% for large households. The project amenities will include an onsite community garden, onsite playground or fitness trail, and a business/learning center.

There were no additional comments from members of the public and the hearing was closed at 1:12 p.m.

**Public Hearing:
Proposed 9%
Housing Tax Credit
Program Policy
Changes for the
2017 Allocation
Round**

Ms. Miller opened a public hearing on the proposed 9% Housing Tax Credit Program policy changes for the 2017 allocation round at 1:12 p.m.

Lisa Vatske, Director of the Multifamily and Community Facilities Division, gave a detailed PowerPoint presentation of the proposed changes and highlighted the following major changes and additional considerations.

Total Development Cost (TDC) Limits

Based upon third-party data from Engineering News Record (ENR), she proposed a three-percent increase in TDC Limits in the Seattle/King, Pierce/Snohomish, Metro and Balance of State TDC Limit Areas.

Offsite infrastructure improvements can include, but are not limited to, improvements required by the City to be dedicated for use by the public and can include roads, curbs, gutter, sidewalks, storm water drainage, domestic water inflow and utilities, including utility steel casings, wiring and installation fees.

Geographic Dispersion Policy

Cap any one county's allocation to 35% in the current year. Any remaining credit will be allocated within the pool if projects remain.

Additional Low-Income Housing Commitment

Allow a High/Low County to move from one designation to the other with Multifamily and Community Facilities Division Director approval, with specific criteria.

Update the High/Low Income Counties based upon Commission's income limit schedules (non-HERA) at 50% set-aside for 4 people. The average income limit for 2016 is \$31,951. Counties above that amount are "High Income" and counties below are "Low Income."

Consider additional underwriting criteria for units designated at 30% and below, including needing to show the commitment/availability of project based rental assistance for the units targeted at 30% and below and updated options in chart.

Housing for the Homeless

Reduce the 75% requirement to 50% to encourage more projects to commit to homeless housing in the Non-Metro pool only.

❖ **Additional Proposed Language specific to Non-Metro:**

For projects in the non-metro pool providing a minimum of 50% of the total housing units in the project as Supportive Housing for the Homeless will be awarded 35 points. To qualify for these points, Sponsors must have a successful track record of serving this population and of operating this type of service-intensive housing. Applicants choosing these points are highly encouraged to contact the Commission prior to the application date to determine whether or not the project meets the intent of this criterion.

Remove references to the Ten-Year Plan to End Homelessness because that plan has expired. Language will be proposed to require compliance with the HUD Continuum of Care or any State or County plan that may be adopted in the future.

Farmworker Housing

Propose eliminating the requirement that all Farmworker units must be rent and income restricted at or below 50% AMI.

Propose Non-Metro projects can receive up to 15 points for projects that have 50% or more units dedicated to farmworker housing, with a maximum of two Farmworker Projects' per year.

Local Funding Commitment

Expanding definition of "Eligible Types of Financing" to include fee waivers.

Federal Leverage

Add two points for projects where Federal Funds equal between 10% and 14% of the Total Project Costs.

Project-Based Rental Assistance

Eliminate “number of units” requirement and replace with “percentage of units in project” with a unit minimum.

Percentage of Low Income Units with PBRA	Points
10-25%	2 points
26-49%	3 points
50% or more	4 points

Properties At-Risk of Loss of Market Conversion

Add an additional scenario targeted at public housing stock owned by Housing Authorities in Non-Metro counties only, that need extensive rehabilitation and have unique economic factors in the community establishing the need for preservation that face a potential loss of this existing housing stock. Also add “loss of units” to this section.

Municipal Participation Point

Projects in all Geographic pools are eligible for one point if they can demonstrate meaningful municipal participation in its project. For this purpose, “municipal” is defined as a City or Town in the state of Washington and does not include counties or housing authorities. “Meaningful participation” is defined as a direct contribution to a project made by a City or Town, such as cash, land donation, tax exemption or fee waivers, none of which can be recovered or offset by the city or the project at a later date, and is equal to or greater than one half of one percent of the project’s total development cost.

Ms. Tietz expressed her concerns with the updated farmworker housing policy section. She stated that there isn’t enough data and research regarding this. She stated that if we are going to make this a high need it should be raised up to 75% of units instead of the proposed 50%. She also stated she looks forward to the research for next year’s policy changes.

Ms. Tietz also stated that she was looking forward to the following changes that were made to 2017 9% policy changes. Some of the changes include the updating

of the high/low counties, adding additional underwriting criteria for units designated at 30%, reducing the 75% requirement to 50% to encourage more projects to commit to homeless housing in the Non-Metro pool only and adding two points for projects where Federal Funds equal between 10% and 14% of the Total Project Cost.

Marty Miller, Executive Director, The Office of Rural and Farmworker Housing (ORFH) stated that according to the employment security data the average farmworker makes about \$22,000 a year and there are about 150,000 workers average any given year, 75% of them are year-round residences, with approximately 4.5 per household which equals above 500,000 people. So far there has been a total of 1600 units for farmworkers created so there is a need for these types of developments. The new farmworker policy changes will not only serve farmworkers but will serve homeless and the extreme low income. Mr. Miller stated he was also in favor of giving up to 15 points to projects that have 75% or more units dedicated to farmworker housing instead of 50% to show commitment to the issue. Additionally, he wanted to thank the Commission for their constructive and transparent approach to policy changes.

Paul Fortino, representing the Cascade Affordable Housing Council, stated his support for the increase in farmworker housing credits and the fact that the new policies are set so no one developer can highjack a credit round. Mr. Fortino stated that Washington State is expecting 10 times the need for apple farmers this coming season, so the need is there.

Bryan Ketcham, Director Catholic Charities Housing Services (CCHS), stated that they provide 740 affordable housing units in 7 counties in central Washington, about 600 of which are farmworker units. He explained that CCHS went over their waiting list to evaluate what the need was looking like. Their waiting list is currently at 2,950 households, 2,753 which are waiting for farmworker housing with 4.12 being the household averages in the area which equals 11,342 people that need to be served. Mr. Ketcham stated that there are some areas like the city of George where the waiting list exceeds the city population. He also wanted to address the concern for other populations by

mentioning that 99.5% of these individuals are minorities and living in overcrowded housing situations. Mr. Ketcham also stated he was in favor of giving up to 15 points to projects that have 75% or more units dedicated to farmworker housing instead of 50%.

There were no additional comments from members of the public and the hearing was closed at 1:40 p.m.

**Action Item:
Approval 9%
Housing Tax Credit
Program Policy
Changes for the
2017 Allocation
Round**

Ms. Vatske requested approval of the proposed changes to the 9% Tax Credit Policies for the 2017 allocation round.

Ms. Baum moved approval of the proposed changes to the 9% Tax Credit Policies for the 2017 allocation round with the amendment that the Non-Metro projects can receive up to 15 points for projects that have 75% or more units dedicated to farmworker housing, with a maximum of two Farmworker Projects per year. Ms. Stark seconded the motion. Ms. Klontz, Mr. Robinson, Ms. Stark, Mr. Larsen and Ms. Baum voted in favor of approving the updated policies and Mr. Spencer and Ms. Tietz voted against. The motion passed by a majority vote.

**Action Item:
Resolution No. 16-
84, Sea Mar
Community
Center, OID# 16-
02A**

Ms. Vatske said this is a resolution approving the 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 estimated aggregate bond amount is not expected to exceed \$7,000,000. The public hearing was held January 28, 2016.

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

**Action Item:
Resolution No. 16-
141, Children’s
Institute for
Learning
Differences, OID#
16-119A**

Ms. Vatske said this is a resolution approving the issuance of one or more series of tax-exempt revenue bonds to finance and refinance school and administrative facilities located at 2640 Benson Road S., Renton, WA 98055 owned by Children’s Institute for Learning Differences (CHILD), a Washington nonprofit 501(c)(3) corporation. Proceeds of the bonds are expected to be used to (i) refinance a taxable loan, proceeds of which financed the acquisition and renovation of an 18,469 square foot building used as a therapeutic day school; (ii) finance the construction and equipping of a 2,334 square foot administration building for the school; and (iii) pay all or a portion of the costs of issuing the bonds. The estimate aggregate bond amount is not expected to exceed \$4,600,000. The public hearing was held on July 28, 2016.

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

**Action Item:
Resolution No. 16-
142, Seattle
Academy of Arts &
Sciences, OID# 16-
109A**

Ms. Vatske said this is a resolution approving the issuance of one or more series of tax-exempt revenue bonds to finance the expansion of school facilities located at 1213 -1215 East Union Street, Seattle, WA 98122 owned by Seattle Academy of Art and Sciences, a Washington nonprofit 501(c)(3) corporation. Proceeds of the bonds are expected to be used to provide a portion of the financing to (i) demolish two existing structures located at 1213 E. Union St. and 1215 E. Union St. and the adjoining parking lot, (ii) construct on those parcels a 70,000 gross square foot addition to existing facilities, to include (a) a 5-story building to house educational and administrative facilities, (b) an attached 1-story gymnasium space with rooftop playfield, and (c) 40 below-grade parking spaces, and (iii) pay all or a portion of the costs of issuing the bonds. The estimated aggregate bond amount is not expected to exceed \$28,500,000. The public hearing was held on July 28, 2016.

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

**Action Item:
Resolution No. 16-147, Wesley Homes Des Moines, OID# 16-116A**

This item was pulled from the agenda.

**Action Item:
Resolution No. 16-129, Copper River Apartments, OID# 16-108A**

Ms. Vatske said this is a resolution approving 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 notes. The estimated aggregate note amount is not expected to exceed \$23,000,000. The public hearing was held June 23, 2016.

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

**Action Item:
Resolution No. 16-143, Copper Wood Apartments, OID# 16-**

Ms. Vatske said this is a resolution approving the issuance of a tax-exempt revenue note to finance a portion of the cost of a multifamily housing facility located at 10244 E. Martin Way, Olympia, WA 98516 to be owned by Copper Wood Apartments, LLC, a Washington limited liability company. Proceeds of the note may be used to provide a portion of the financing to acquire land and construct and equip a 228-unit low-income multifamily housing facility and to pay a portion of the costs of issuing the note. The estimated aggregate note amount is not expected to exceed \$24,220,000. The public hearing was held on July 28, 2016.

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

**Action Item:
Resolution No. 16-144, Linden Flats at Bitter Lake, OID# 16-80A**

This item was pulled from the agenda.

**Action Item:
Resolution No. 16-
123, The Reserve at
Auburn, OID# 16-
81A**

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 land and construct and equip a 297-unit multifamily housing facility located on the Northwest corner of the intersection of 10th Street NW and A Street NE, Auburn, WA 98002. This is part of a 19.17-acre parcel bounded by 10th and 14th Streets NW and A Street NE and B Street NW in Auburn, to be owned by Reserve at Auburn Partners LLLP, a Washington limited liability limited partnership. Proceeds of the notes may be used to provide a portion or all of the costs of financing the notes. The estimated aggregate amount of the notes is not expected to exceed \$47,000,000. The public hearing was held on June 23, 2016.

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

**Action Item:
Resolution No. 16-
124, The Villas at
Auburn, OID# 16-
80A**

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 land and construct and equip a 295-unit multifamily housing facility located on the Southwest corner of the intersection of 14th Street NW and A Street NE, Auburn, WA 98002. This is part of a 19.17-acre parcel bounded by 10th and 14th Streets NW and A Street NE and B Street NW in Auburn, to be owned by Villas at Auburn Partners LLLP, a Washington limited liability limited partnership. Proceeds of the notes may be used to provide a portion or all of the costs of financing the notes. The estimated aggregate amount of the notes is not expected to exceed \$48,500,000. The public hearing was held on June 23, 2016.

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

**Action Item:
Resolution No. 16-
145, Kitts Corner,
OID# 13-60A**

This item was pulled from the agenda.

**Commissioners’
Reports**

Mr. Larsen attended the Eleanor Apartments ground breaking in Bellingham. He stated that about 50 residents of Bellingham attended and three city council members.

Consent Agenda

The Consent Agenda was approved as mailed.

Adjournment

The meeting was adjourned at 1:59 p.m.

Signature
