

# **WASHINGTON STATE HOUSING FINANCE COMMISSION**

## **WORK SESSION MINUTES**

October 27, 2016

The October 27, 2016 work session was called to order at 11:00 a.m. by Karen Miller. In attendance were Commissioners Pam Tietz, Wendy Lawrence, Steve Moss, Diane Klontz, Regina Stark and Randy Robinson.

Bob Cook gave a report on providing liquidity for the Home Advantage program loans.

Lisa Vatske gave an update on the 2017 bond/tax credit policy changes.

Kim Herman gave his Executive Director's report.

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

**WASHINGTON STATE  
HOUSING FINANCE COMMISSION  
MINUTES**

**October 27, 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 Pam Tietz, Wendy Lawrence, Steve Moss, Diane Klontz, Regina Stark and Randy Robinson.

**Approval of the  
Minutes**

The minutes of the September 22, 2016 meeting were approved as mailed.

**Employee  
Recognition**

**Employee of the Quarter – Bob Woodard**

“Our Employee of the quarter is always quick to help in any situation. He thinks about what needs to be done and then acts on his thoughts to get the necessary work completed. He is a good listener, wishing to understand a problem before trying to implement a solution. He is cheerful in his response to inquiries and problems and has a great attitude about suggestions or thoughts on how to improve connections in the Technical field. When he was hired he personally went to Spokane and helped with all the computer issues that had been causing problems in the office for months and he stayed overnight to be sure that he had corrected everything he could before returning to Seattle. Employees can call him at any time and he is willing to provide assistance himself or ask another technician to help you with whatever problem you are having at the time. He is always on top of the problems and solutions for the IT department and he takes

great pride in keeping the office operating smoothly. If you haven't guessed, Bob Woodard is our Employee of the Third Quarter.”

**Public Hearing:  
Puget Park  
Apartments, OID#  
16-130A**

Ms. Miller opened a public hearing on OID 16-130A, Puget Park Apartments, at 1:03 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 256-unit multifamily housing facility, consisting of three parcels forming the Western border of the intersection of 130th Street SE and Meridian Avenue S., and four parcels on the SE corner of said intersection (approximately 13000 – 13019 Meridian Avenue S.), Everett, Washington 98208 to be owned by Puget Park 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 note amount is not expected to exceed \$55,000,000, a portion of which will be taxable. Mr. Peterson introduced David Ratliff, Development Manager at DevCo.

Mr. Ratliff stated that 100% of the units will be set-aside for households earning no more than 60% of the area median income, and will also include 20% set asides for both persons with disabilities and large households. The project offers a swimming pool, spa, fitness center, lounge, indoor basketball court, business center, outdoor play areas, and meeting rooms.

There were no comments from members of the public and the hearing was closed at 1:10 p.m.

**Public Hearing:  
The Reserve at  
Lacey, OID# 16-  
139A**

Ms. Miller opened a public hearing on OID 16-139A, The Reserve at Lacey, at 1:10 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 308-unit low income senior multifamily housing facility located at 6100 Pacific Avenue SE, Lacey, Washington 98503 to be owned by Reserve at Lacey 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 total estimated aggregate note amount is not expected to exceed \$45,900,000. Mr. Peterson introduced Craig Thomas, Senior Vice President at AVS Communities.

Mr. Thomas stated that this project is a single five-story residential building with 100% of the units at 60% AMI for seniors age 55 and older. The complex will include a social room, wellness office, beauty salon, game room, fitness center, theater, indoor pool/spa, and private dining area. The building will also have 8,962 square feet of commercial space.

Rick Walk, from the City of Lacey read a support letter from Andy Ryder, Mayor of Lacey:

“Please accept this letter of support for the Reserve at Lacey Partners LLLP's application before the Washington State Housing Finance Commission to use nonrecourse revenue bond financing. As you know, the nonrecourse revenue bond financing is for the purpose of developing a low-income senior multifamily housing project in the City of Lacey, also known as the Reserve at Lacey.

The Reserve at Lacey is a 308-unit senior housing project to be developed on the former site of an Albertsons property, and located less than a half-mile from the Virgil S. Clarkson Senior Center. This site has been vacant since 2012 and is primed for redevelopment. Additionally, this project also meets the Council's goal of providing a mixture of affordable housing opportunities, especially for seniors.

The City is in support of this proposal and encourages the Washington State Housing Finance Commission to approve the issuance of tax-exempt revenue obligations to finance a portion of the costs of this worthy project.

Sincerely,  
Andy Ryder, Mayor of Lacey”

There were no comments from members of the public and the hearing was closed at 1:19 p.m.

**Public Hearing:  
Royal Hills  
Apartments, OID#  
16-120A**

Ms. Miller opened a public hearing on OID 16-120A, Royal Hills Apartments, at 1:19 p.m.

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 to acquire and rehabilitate a 284-unit low-income multifamily housing facility located at 3000 Royal Hills Drive SE, Renton, Washington 98058 to be owned by Renton Preservation LP, a Washington limited partnership. Proceeds of the bonds may be used to pay a portion or all of the costs of financing the bonds. The total estimated aggregate bond amount is not expected to exceed \$67,000,000. Mr. Peterson introduced Allison Levy and Wesley McLean from Preservation Partners Development.

Ms. Levy stated that this project is a 284-unit Section 8/ low-income acquisition, and rehabilitation project in Renton. The project will include low-income households earning 60% of the area median or less, including both seniors and families.

Mr. McLean stated that the last time this project was remodeled was in 2001 but it was very minimal and this renovation will be much more extensive. In response to a question from a Commissioner, Ms. Levy stated that the developer has a relocation plan for residents during the renovation.

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

**Public Hearing:  
Parkside  
Apartments, OID#  
16-122A**

Ms. Miller opened a public hearing on OID 16-122A, Parkside Apartments, at 1:24 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 rehabilitate a 202-unit low-income multifamily housing facility located at 900 West Casino Road, Everett, Washington 98204-1628 to be owned by Parkside Preservation Limited Partnership, a Washington limited partnership. Proceeds of the notes may be used to pay a portion or all of the costs of financing the notes. The total estimated aggregate note amount is not expected to exceed \$43,000,000. Mr. Peterson introduced Allison Levy and Wesley McLean from Preservation Partners Development.

Ms. Levy stated that this is an acquisition and rehabilitation of a Section 8 low-income tax credit development located in Everett, Washington. The project is restricted to households earning 60 % of the AMI. The project offers on-site management, a business center, a central laundry facility, assigned covered parking, outdoor playgrounds, a basketball court, daycare center, and a clubhouse.

Mr. McLean stated that interior renovations include counters, cabinets, low flow toilets, energy efficient appliances and LED lighting.

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

**Public Hearing:  
Trailside Village  
Apartments, OID#  
16-121A**

Ms. Miller opened a public hearing on OID 16-121A, Trailside Village Apartments, at 1:28 p.m.

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 to acquire and rehabilitate a 250-unit low-income multifamily housing facility located at 1300 100th Place SE, Everett, Washington 98208-4102 to be owned by Trailside Preservation LP, a Washington limited partnership. Proceeds of the bonds may be used to pay a portion or all of the costs of financing the bonds. The total estimated aggregate bond amount is not expected to exceed \$35,000,000. Mr. Peterson introduced Allison Levy and Wesley McLean from Preservation Partners Development.

Mr. McLean stated that this project is a Section 8/ low-income acquisition, and rehabilitation project in Everett. The project serves households with income at or below 60% of the area median and has similar renovations and amenities as Parkside and Royal Hills Apartments.

There were no comments from members of the public and the hearing was closed at 1:32 p.m.

**Public Hearing:  
Mt. Baker  
Apartments, OID#  
16-133A**

Ms. Miller opened a public hearing on OID 16-133A, Mt. Baker Apartments, at 1:33 p.m.

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 to acquire and rehabilitate an 84-unit low-income multifamily housing facility located at 308 W. Champion, Bellingham, Washington 98225 to be owned by Baker Apartments LLC, a Washington limited liability company. Proceeds of the bonds may be used to pay a portion or all of the costs of financing the bonds. The total estimated aggregate bond amount is not expected to exceed \$8,500,000. Mr. Peterson introduced Patrick Tippy and Michelle Umadhay, Housing Developers at Catholic Community Services of Western Washington.

Mr. Tippy said this project serves a mixture of low-income workforce residents, and residents on various forms of fixed income including seniors, persons with disabilities and veterans. The set aside for this project is 70% of the units at 60% AMI and 30% at 50% AMI.

There were no comments from members of the public and the hearing was closed at 1:39 p.m.

**Public Hearing:  
Proposed Bond/Tax  
Credit Program  
Policy Changes for  
the 2017 Allocation  
Round**

Ms. Miller opened a public hearing on the proposed Bond/Tax Credit policy changes for the 2017 allocation round at 1:40 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.

**Modifies Current Introduction to Section 2.**

- Language modifications, no major policy revisions.
- Added overview and frame work of private activity bond authority.

**Modifies Current 2.2—Maximum Allocation of Bond Cap**

- Limiting amount to 50% of the Bond Cap to any one developer in a given round and for the year.

**Creates New 2.3—Maximizing the Use of Recycled Bond Cap**

- Explaining the use of recycled bond cap allowed under the Recovery Act of 2008 and maximizing its use at no detriment to borrowers, and to be discussed at scoping meeting.

**Modifies Current 2.4.5—Urban Project TDC Limit Increase**

- Adding DDA to the list, consistent with 9% proposal.

**Modifies Current 2.4.6—TDC per Unit Limit Schedule**

- Limits updated to be consistent with 9% proposal.
- Adding infrastructure to be consistent with 9% proposal.

**Modifies Current 2.4.7—Waiver of the Total Development Cost Limit – New Construction**

- Costs that result in energy or water cost savings beyond local building code or Evergreen Sustainable Development Standard (“ESDS”) may be considered.

**Creates New 2.4.7.1—Rehabilitation and Re-syndication Projects**

- Added specific waiver language. Please note: The Commission is not likely to grant a TDC waiver when the acquisition price is the primary reason for the waiver request.

**Modifies Current 3.9—Consistency with Local Consolidated Plan**

- Added language to address circumstance in which a local jurisdiction does not cooperate.

**Modifies Current 3.12—Financial Feasibility and Viability Analysis**

- Added language to clarify and stress the importance of credit pricing to the analysis.

**Modifies Current 3.18—Property Management Capacity**

- Added language to clarify requirements and Commission options.

**Modifies Current 3.24—Re-Syndication**

- Modified language addressing changes to existing Regulatory Agreement(s).

**Modifies Current 4—Bond Cap and Tax Credit Allocation Criteria**

- Portfolio and scattered site scoring clarification, weighted average of all sites.

**Modifies Current 4.3—Housing Commitments for Priority Populations**

- 100% of housing units set aside for Seniors- changing points from 3 to 5.

**Modifies Current 4.4—Project Based Rental Assistance**

- Adding new sub-category of 15% or below.
- Lowering score range from 2 to 10.

**Creates New: 4.5—811 Project Rental Assistance Program**

- 1 point for participants in addition to above.

**Creates New 4.8 ---Cost Efficient Development**

- Points will be awarded to applicants for projects that will have development cost efficiencies of at least 5% up to 25% of the applicable total development cost limits. Projects electing these points must have at least 3 amenities.

**Modifies Current 4.9—Limiting of Developer Fees**

- Points awarded for Developer Fee will be recalibrated to allow a maximum of 5 points (down from the current maximum of 10 points).

**Creates New 4.11—Re-syndication Project**

- 5 points for such projects.

**Modifies Current 4.12—At Risk Property**

- No score change, minor clarification to definition.

**Modifies Current 4.13.4—Brownfields**

- Reduces points from 10 to 6.

**Modifies Current 4.14—Location Efficient Projects**

- Conformance to ESDS definitions.

**Modifies Current 4.15—Area Targeted by a Local Jurisdiction**

- Points lowered from 3 to 2.

**Modifies Current 4.16—Transit Oriented Development**

- New category 3 points.

**Modifies Current 4.19—Nonprofit Sponsor**

- Raised from 2 points to 3 points.

**Modifies Current 4.20—Donation in Support of Local Nonprofit Programs**

- Points lowered from 5 to 4 for (10 bps / \$10,000).
- Points lowered from 10 to 8 for (20 bps / \$20,000).

**Modifies 4.21---Development Amenities**

- Adds additional amenities to the list; fitness center and media center

**Creates New 4.22--Utility Allowance Option**

- 2 points for projects not regulated by HUD or RD

**Creates New 4.23—Solar Options**

- 3 points for various installed solar options.

**Creates New 4.24—Project Innovation**

- 5 points for project innovation, independent panel, pre-approved limited award.

**Modifies Current 9.1.2—Reservation Fee and 9.1.3—Cost of Issuance Deposit**

- Modifies the Bond Cap Reservation Fee to be of ½ of 1% (0.5%) of the requested bond amount, not to exceed \$75,000.

Ms. Tietz asked if the Solar Option had the same requirements as the City of Seattle. Ms. Vatske stated that it is similar but not the same.

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

**Action Item:  
Request approval  
of the proposed  
changes to the  
Bond/Tax Credit  
Program Policies  
for the 2017**

Ms. Vatske requested approval of the proposed changes to the Bond/Tax Credit policy 2017 allocation round.

Ms. Tietz moved approval of the proposed changes to the Bond/Tax Credit policy for the 2017 allocation round. Mr. Moss seconded the motion. The proposed changes were unanimously approved.

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

Ms. Vatske said this is a resolution approving the issuance of one or more series of tax-exempt revenue bonds to finance the demolition of existing facilities and construct, equip and expand new portions of a continuing care retirement community located at 815 S. 216th Street, Des Moines, Washington 98198 owned by Wesley Homes Des Moines LLC, a Washington limited liability

company. Proceeds of the bonds may be used to replace and redevelop 31 cottage-style independent living units and construct a new 24-unit independent living building, to fund a debt service reserve fund for the bonds, 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 \$25,000,000. The public hearing was held on July 28, 2016.

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

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

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 13280 Linden Avenue North, Seattle, Washington 98133 to be owned by Linden Flats LLLP, a Washington limited liability limited partnership. Proceeds of the note may be used to provide a portion of the financing to acquire land and construct and equip a 170-unit low-income multifamily housing facility and to pay a portion of the costs of issuing the note. The total estimated aggregate note amount is not expected to exceed \$34,000,000. The public hearing was held on July 28, 2016.

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

**Action Item:  
Resolution No. 16-134, Copper Valley Apartments, OID# 16-74A**

This item was pulled from the agenda.

**Informational  
Report on  
Department of  
Commerce  
Activities**

Ms. Klontz stated HUD approved the Department of Commerce's National Housing Trust Fund allocation plan for 2016. The Department is awaiting the award contract. They will have \$2.9M available for projects. This year they plan to fund 1-2 projects -- new construction multifamily housing to serve extremely low-income (30% AMI). The Department will continue the discussion with stakeholders on how to allocate the funds in 2017 and beyond, and is hoping that the award will increase in future years to allow for more creativity on how to

fund projects. The Department is developing a new webpage for the National Housing Trust Fund awards, to be posted soon.

Details and an application form for the new Landlord Mitigation program will be on the Department's website soon. The program will provide \$125,000 for financial assistance to private market unit landlords to mitigate damages caused by tenants who use HUD's Housing Choice Vouchers to pay for their rent. A landlord may apply for financial assistance to obtain reimbursement for qualifying damages, including excessive wear and tear. The landlord must have obtained a judgement against the tenant in the county where the property is located and the amount must be between \$500 and \$5,000.

Commerce is working with ICH/SACH/AHAB to draft Affordable Housing and Homelessness Visions/Guiding principles. A draft will be available in mid-November for wider stakeholder feedback, with goal of finalizing by December 2016.

**Commissioners' Reports**

Ms. Miller stated that she and some Commission staff attended the Annual NCSHA conference in Miami on September 27, 2016.

**Consent Agenda**

The Consent Agenda was approved as mailed.

**Adjournment**

The meeting was adjourned at 2:05 p.m.

**Signature**

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