

WASHINGTON STATE HOUSING FINANCE COMMISSION

WORK SESSION MINUTES

February 23, 2017

The February 23, 2017 work session was called to order at 11:00 a.m. by Karen Miller. In attendance were Commissioners Duane Davidson, Steve Moss, Beth Baum, Gabe Spencer, Diane Klontz and Pam Tietz.

Lisa Vatske led a policy discussion regarding 9% tax credits.

Kim Herman gave the Executive Director's report, including a report on the current bills of interest in the Legislature.

The work session was adjourned at 12:01 p.m.

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
MINUTES**

February 23, 2017

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 Duane Davidson, Steve Moss, Randy Robinson, Beth Baum, Gabe Spencer, Diane Klontz and Pam Tietz.

**Approval of the
Minutes**

The minutes of the January 26, 2017 special meeting were approved as mailed.

**Public Hearing:
Evergreen Villages,
OID # 16-75A**

Ms. Miller opened a public hearing on OID 16-75A, Evergreen Village at 1:01 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 the acquisition and rehabilitation of a 180-unit low income multifamily housing facility, located at 505 NW Division Street, Olympia, WA 98502, to be owned by Evergreen Village Apartments II 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 \$44,000,000. Mr. Peterson introduced Basil Rawlins and Jamila Fahs from Bayside Communities.

Ms. Rawlins stated that Evergreen Village is Bayside Communities' 19th affordable apartments in their portfolio.

Ms. Fahs stated that this is a re-syndication of a 180 unit garden style community on a 14-acre lot and set-aside for low-income households earning no more than

60 percent area median income (AMI). The amenities include an onsite community room, ADA walkways, updated flooring to vinyl from carpet, dishwashers and a playground. She also mentioned that construction will take approximately 12 months and the developer will assist with relocating current residents.

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

**Public Hearing:
Pioneer Human
Services, OID # 17-
114A**

Ms. Miller opened a public hearing on OID 17-114A, Pioneer Human Services at 1:08 p.m.

Mr. Peterson said this is a proposed issuance of one or more series of tax-exempt and taxable revenue bonds to finance the cost of rehabilitating and equipping existing facilities; the possible acquisition of an existing building, and to refinance existing tax-exempt and taxable obligations previously issued by the Commission for facilities located in: Auburn, Bellingham, Seattle, Spokane and Tacoma, each owned or to be owned by Pioneer Human Services, a Washington 501(c)(3) nonprofit corporation. The facilities and addresses are listed below. The facilities will include a mix of apartments, group homes, training facilities and offices. A portion of the proceeds of the bonds may be used to pay all or part of the costs of issuing the bonds. The bonds will be issued in an aggregate principal amount of not to exceed \$25,000,000, of which \$3,000,000 may be used for manufacturing equipment. Mr. Peterson introduced Stephanie Welty, CFO of Pioneer Human Services.

Pioneer Industries 7000 Highland Parkway SW Seattle, WA 98106	Jack J. Lobdell Apartments (f/k/a Valentia) 812 10 th Street NE Auburn, WA 98002
Hudson House 1712 Summit Avenue Seattle, WA 98122	Granberg Apartments 1737 Belmont Avenue Seattle, WA 98122
Snider Apartments 11018 and 11020 1 st Avenue SW Seattle, WA 98146	Operations Center 7440 West Marginal Way South Seattle, WA 98108
Bruksos House 1727 Belmont Avenue Seattle, WA 98122	Madison Inn 102 21 st Avenue East Seattle, WA 98112

Steward House 1733 Belmont Avenue Seattle, WA 98122	Bishop Lewis 703 8 th Avenue Seattle, WA 98104
Spruce Street Inn 1102 East Spruce Street Seattle, WA 98122	Rap House & Office for Rap/Lincoln 3704 S. Yakima Street Tacoma, WA 98418
Lincoln Building 3706 S. Yakima Street Tacoma, WA 98418	St. Helens Apartments 303 S. 9 th Street Tacoma, WA 98402
Exley Apartments 309 S. 9 th Street Tacoma, WA 98402	Rialto Apartments 311 S. 9 th Street Tacoma, WA 98402
J Street 922 South J Street Tacoma, WA 98405	J Street 1009 S. 10 th Street Tacoma, WA 98403
Carlyle Care Center 206 S. Post Street Spokane, WA 99201	Pathway House 222 S. Howard Street Spokane, WA 99201
Pioneer Center East 3400 West Garland Avenue Spokane, WA 99205	City Gate Apartments 607 East Holly Street Bellingham, WA 98225

Ms. Welty stated that Pioneer Human Services serves people released from prison or jail in Washington State, and those in recovery from addiction, who are in need of treatment, housing and job skills training. Its mission as a social enterprise is to provide individuals with criminal histories the opportunity to lead healthy, productive lives. Pioneer owns and operates more than 800 housing units in King, Pierce, Skagit, Spokane and Whatcom counties, offering an array of transitional and permanent housing rental programs for people with criminal histories or participating in recovery programs. They stated that clients are referred from work release programs, social service agencies and also come to them through public applications.

There were no comments from members of the public and the hearing was closed at 1:16 p.m.

**Public Hearing:
Avaire Apartments,
OID # 16-51A**

Ms. Miller opened a public hearing on OID 16-51A, Avaire Apartments at 1:16 p.m.

Mr. Peterson said this is a proposed issuance of one or more series of tax-exempt certificates to finance the acquisition and rehabilitation of an existing 96-unit multifamily housing facility, located at 824 West Casino Road, Everett, WA

98204, to be owned by Casino-Westmont Affordable Housing Partners, LLLP, a Washington limited liability limited partnership. Proceeds of the certificates may be used to provide a portion or all of the costs of issuing the certificates. The total estimated aggregate certificate amount is not expected to exceed \$12,000,000. Mr. Peterson introduced Corey Baldwin and Matt Chantry from Shelter Resource Inc.

Mr. Baldwin stated that Shelter Resources, Inc. develops a full range of affordable housing, engaging in both new construction and substantial rehabilitation efforts throughout the Pacific Northwest. He also mentioned that this acquisition and rehabilitation of Avaire Apartments will include adding washers and dryers in each unit, new windows and siding, installing a playground, increasing the number of parking stalls and converting the existing parking garage into a community center.

Mr. Chantry stated the City of Everett had a prohibition on adding new affordable housing in the area. In response to a question from a Commissioner regarding Everett's policy, Mr. Chantry described how Shelter Resources received approval from the City and the United States Department of Housing and Urban Development (HUD) to be able to convert these units into affordable units.

There were no comments from members of the public and the hearing was closed at 1:29 p.m.

**Public Hearing:
Tukwila Village
Phase I Senior
Living, OID # 17-
111A**

Ms. Miller opened a public hearing on OID 17-111A, Tukwila Village Phase I Senior Living at 1:29 p.m.

Mr. Peterson said this is a proposed issuance of one or more series of tax-exempt revenue bonds to finance the construction of a 193-unit multifamily senior housing facility to be occupied by residents earning less than 60% of area median income, located at 14400 Tukwila International Blvd and 4450 South 144th Street, Tukwila, WA 98168, to be owned by Tukwila Village Associates (1) Limited Partnership, a Washington limited partnership. Proceeds of the bonds may be used to provide a portion or all of the costs of issuing the bonds. The total

estimated aggregate bond amount is not expected to exceed \$48,000,000, a portion of which may be taxable. Mr. Peterson introduced Bryan Park and Jay Woolford from Senior Housing Assistance Group (SHAG).

Mr. Park stated that there is strong support for this project from the City of Tukwila. The first phase of this project will include the new construction of the E, D and C buildings. These building will have residential units, office space for nonprofits, SHAG headquarters offices, a City of Tukwila police resource center and a nonprofit coffee shop. The second phase will be devoted to buildings A and B which will have residential units and more retail spaces.

Mr. Woolford stated that the property will include an onsite fitness center, business center, and media room and the neighborhood center will be part of the development as well.

There were no comments from members of the public and the hearing was closed at 1:42 p.m.

**Public Hearing:
Tax Credit
Program
Allocation, Mt.
Angeles View Phase
I, OID # 16-18**

The Chair opened a public hearing on the recommended allocation of Low Income Housing Tax Credits (LIHTC) for Mount Angeles View Phase I at 1:42 p.m.

Lisa Vatske, Director of the Multifamily Housing and Community Facilities Division, said that the this is a request to increase credit by \$150,000 for Mount Angeles View Phase I from \$1,262,776 to \$1,412,776 using 2017 LIHTC and to waive the per unit limit amount. Ms. Vatske introduced Annie O'Rourke from Peninsula Housing Authority.

Ms. O'Rourke and Ms. Vatske mentioned this project has experienced a cost increase since the time the original total development cost (TDC) waiver was preapproved in December 2015 for the 2016 9% Allocation round. This waiver request was submitted to the Commission in the 9% application in January 2016. At that time, the project's TDC put them \$375,496 above their pre-approved 2016

TDC Waiver limit. Below is a brief explanation of the cost increase between the December 2015 pre-approval and the January 2016 tax credit application.

Labor Coming From Out of Area:

After a more in-depth review of the construction budget and a third party estimate was completed, the Sponsor determined that the construction budget should be prepared for an increase in development costs to pay for more than anticipated numbers of individuals that will by law need to be compensated for room and board and travel expenses to the Peninsula for 16 months of construction. They handled this by adding \$380,000 to the developer fee line item in the LIHTC budget and a \$380,000 deferred developer fee as a source. They are within the developer fee limit.

This explains the additional \$375,496 amount that this project is above the pre-approved TDC Waiver.

Ms. Baum asked for an explanation of the original development cost waiver. Staff responded by saying this project is unique in that it is an existing development that will be razed in phases and redeveloped over time. This first phase will be more expensive than the subsequent phases since a significant portion of the infrastructure expense is included in this first phase but can be specifically attributed to the latter phases of the development.

The complexities of developing on the Olympic Peninsula are varied but most significant is the cost of materials and services. Detailed below are several cost drivers that add additional cost to the Mt. Angeles View Phase 1 project above what is included in the 2016 Balance of State Total Development Cost Limit.

Infrastructure for Future Phases

Freight Costs

Seismic Requirements

Prevailing Wages--Residential

Prevailing Wages--Commercial

Sole Source Asphalt

Evergreen Standards

There were no comments from members of the public and the hearing was closed at 1:50 p.m.

**Action Item:
Resolution No. 17-
117, Tax Credit
Program
Allocation, Mt.
Angeles View Phase
I, OID # 16-18**

Ms. Vatske requested approval of the increase credit by \$150,000 for Mount Angeles View Phase I from \$1,262,776 to \$1,412,776 using 2017 LIHTC and to waive the per unit limit amount.

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

**Action Item:
Resolution No. 17-
118, Homes First,
OID # 16-155A**

This item was pulled from the agenda.

**Action Item:
Resolution No. 17-
123, Boulevard
Place, OID # 11-
44A**

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, construct and equip a 291-unit multifamily housing facility, located at 18221 Bothell Way NE, Bothell, WA 98011 to be owned by Boulevard Place Senior Living Associates, LLC, a Washington limited liability company. Proceeds of the notes may be used to provide a portion or all of the costs of issuing the notes. The total estimated aggregate note amount is not expected to exceed \$50,500,000. The public hearing was held February 1, 2017.

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

**Action Item:
Resolution No. 17-
122, Sea Mar
Vancouver Family
Housing,
OID # 16-137A**

This item was pulled from the agenda.

**Action Item:
Resolution No. 17-
119, Thai Binh
Apartments, OID #
16-118A**

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 249-unit low income multifamily housing facility located at 913 S. Jackson Street, 417 9th Avenue S., 923 S. Jackson Street, & 423 10th Avenue S., 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 issuing the notes. The total estimated aggregate notes amount is not expected to exceed \$40,000,000. The public hearing was held January 26, 2017.

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

**Action Item:
Resolution No. 17-
115, Chehalis
Avenue
Apartments, OID #
16-148A**

Ms. Vatske said this is a resolution approving the issuance of one or more series of taxable and tax-exempt revenue notes to finance a portion of the costs to acquire and rehabilitate a 60-unit multifamily housing facility, located at 366 SW 3rd Street, Chehalis, WA 98532 to be owned by Chehalis Preservation Limited Partnership, a Washington limited partnership. Proceeds of the notes may be used to provide a portion or all of the costs of issuing the notes. The total estimated aggregate note amount is not expected to exceed \$8,500,000, a portion of which may be taxable. The public hearing was held January 26, 2017.

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

**Action Item:
Resolution No. 17-
121, Parkside
Apartments, OID #
16-122A**

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 rehabilitate a 202-unit low-income multifamily housing facility located at 900 West Casino Road, Everett, WA 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 issuing the notes. The total estimated aggregate note amount is not expected to exceed \$43,000,000. The public hearing was held October 27, 2016.

**Informational
Report on
Department of
Commerce
Activities**

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

Ms. Klontz stated that the Housing Trust Fund (HTF) received 135 Stage 1 applications for a total of \$235 million to create 6,780 units of affordable housing statewide. Stage 1 applications are used to identify a pool of projects that appear viable, ready and eligible for funding for the next funding cycle(s). Stage 1 applications are not scored, nor will funding decisions be made based on these applications. Funding awards will be subject to review and approval of a completed Stage 2 application, which is anticipated to be released in June or July of 2017, or as soon as the Housing Trust Fund receives its 2017-2019 appropriation.

The HTF asset management team is coordinating with the Commission and other public funders in the state for the upcoming field monitoring season. Commerce staff is currently scheduled to visit 204 project sites in 2017. Commerce appreciates the continued collaboration with Val Pate, Melissa Donahue and the Commission monitoring team.

The Housing Assistance Unit is working with the Department of Veteran's Affairs to create a "by name" list of homeless veterans throughout the state in order to better target efforts to end veteran homelessness.

Tedd Kelleher and Ms. Klontz presented on statewide homelessness at the Results Washington Goal Council 4 meeting this week.

The Office of Homeless Youth (OHY) continues to watch the progress of its agency request legislation which would allow minors to consent to have their data entered into the Homeless Management Information System (HMIS). Regarding the House Bill 1630, Rep. Vandana Slatter has been referred to House Rules and has passed both last week's policy committee cutoff and this week's fiscal committee cutoff.

OHY is preparing to launch an interagency work group to prevent and end youth homelessness. The Governor issued an agency directive at the end of January to require about 17 state agencies to participate. OHY is leading the work group and with the support of private funding and has just hired a staff person to lead the work.

Affordable Housing Advisory Board (AHAB) Chair M.A. Leonard appointed Peter Orser to chair a new group called the Housing Affordability Response Team (HART). HART has six meetings scheduled at this time.

Legislation:

The Washington State Legislature has passed its first cutoffs. More than 2,300 total bills have been introduced of which more than 1,300 passed first cutoff.

The Community Services and Housing Division at Commerce is tracking nearly 150 bills so far this session. About 30 of those appear to be dead at this point.

The Department of Commerce has received more than 100 fiscal note requests, more than 40 of which are Community Services and Housing notes.

Consent Agenda

The Consent Agenda was approved as mailed.

Adjournment

The meeting was adjourned at 2:14 p.m.

Signature
