

WASHINGTON STATE HOUSING FINANCE COMMISSION

WORK SESSION MINUTES

July 27, 2017

The July 27, 2017 work session was called to order at 11:00 a.m. by Karen Miller. In attendance were Commissioners Duane Davidson, Beth Baum, Steve Moss, Ken Larsen, Wendy Lawrence, Lowel Krueger, Randy Robinson, Alishia Topper and Diane Klontz.

Lisa Vatske and Michael Spotts from Enterprise Community Partners Inc. discussed Enterprise's current report regarding developing on public lands.

Lisa Vatske and Juliana Williams shared information regarding the Clean Energy Tax Incentive Study.

Margret Graham gave a briefing on the 2017-2019 WSHFC Communications Plan.

Kim Herman gave the Executive Director's report.

The work session was adjourned at 12:10 p.m.

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
MINUTES**

July 27, 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, Beth Baum, Steve Moss, Ken Larsen, Wendy Lawrence, Lowel Krueger, Randy Robinson, Alishia Topper and Diane Klontz.

**New Commissioner
Introductions**

Ms. Miller introduced newly appointed Commissioner Alishia Topper, the Deputy Tax Service Manager for the Clark County Treasurer's Office and City of Vancouver Councilmember and Commissioner Lowel Krueger, the Executive Director of the Yakima Housing Authority. Ms. Topper and Mr. Krueger replaced Commissioners Spencer and Tietz, whose terms had expired.

**Approval of the
Minutes**

The minutes of the June 29, 2017 special meeting were approved as mailed.

**Employee
Recognition**

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

Two Years

Val Pate

Ten Years

Alex Yim

Patricia Williams

Employee of the Second Quarter - Rahim Samatar

“He came to us from a far-away land,
Always ready with a helping hand.

He brought experience from the BIG city,
If you listen closely you’ll find he’s quite witty.

He took to his work, saw processes to streamline,
He’s improved quite much the processing timeline.
Now it’s become the new, standard baseline,
Can do even more—he’s really a lifeline.

He handles the single-family portfolio,
Juggles more tasks like a hot potato.

With ear tuned for the slightest yelp,
He comes running to aid, and offer his help.

So advanced is he in Microsoft Excel,
He offers advice and guidance with that, as well.

You see he shines bright, like a morning star,
Our employee of the quarter is Rahim Samatar!”

**Public Hearing:
Building 9 South,
OID # 16-96A**

The Chair opened a public hearing on OID 16-96, Building 9 South, at 1:04 p.m.

Bob Peterson, Manager of the Multifamily Housing and Community Facilities Division, said that this was a proposed issuance of one or more series of tax-exempt revenue notes to finance a portion of the costs for the rehabilitation of a 108-unit low income multifamily housing facility located at 7101 62nd Avenue NE, Seattle, WA 98115, to be owned by MHNW 13 Building 9 South LP, a Washington 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 note amount

is not expected to exceed \$27,000,000. Mr. Peterson introduced Alisa Luber, Senior Project Developer at Mercy Housing Northwest (“MHNW”).

Ms. Luber stated that Building 9 overall will include 148 apartment units with 40 units included in the Building 9 North project and 108 units included in the Building 9 South project. By splitting the Building 9 development into distinct housing projects, Building 9 can serve a broader range of incomes and family sizes. Building 9 South, financed with tax-exempt bonds and 4% LIHTCs along with Commerce funding and historic tax credit equity, will include studio, one and two bedroom units for smaller families, and will be affordable to households at 60% of area median income.

MHNW will provide a full suite of services to the residents of Building 9 in the 2,200 square feet resident service classroom and computer lab space and the 1,500 square feet community room. Based on the Mercy Family Program model, services and service coordination will be provided by a MHNW full-time staff person who will both engage directly with residents and coordinate with 3rd party providers.

The 20,000 square feet center portion of Building 9 will be redeveloped together with the residential projects into a 15,000 square feet early learning center and a community health clinic. Denise Louie Education Center, which has provided culturally appropriate early learning for young children from immigrant and low income families in Seattle for 35 years, will operate the child care center. Neighborcare Health will operate the community clinic, providing primary care, dental care and specialty referrals to its larger clinic on NE 45th Street.

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

**Public Hearing:
Tax Credit
Program
Allocation, Herman
Johnson RAD
Conversion, OID #
17-11**

Ms. Miller opened a public hearing on OID 17-11, Tax Credit Program Allocation, Herman Johnson RAD Conversion, at 1:17 p.m.

Mr. Peterson said this was a request to increase the 9% Low Income Housing Tax Credit (LIHTC) allocation by \$180,500, from \$1,446,854 to \$1,626,354, using 2017 LIHTC Allocation, for the Herman Johnson RAD Conversion, to be owned by Herman Johnson LLLP, a limited liability limited partnership. The project is located at 505 North F Street and 1109 Skyview Lane, Aberdeen, WA 98520. The total estimated project cost is not expected to exceed \$19,770,000. Mr. Peterson introduced Zak de Gorgue, Development Manager at JH Brawner & Company.

Mr. Gorgue stated given the extremely competitive nature of the 2017 allocation round and the likely conflicts regarding non-metro competition in the 2018 round, the Housing Authority of Grays Harbor County (HAGH) has reassessed its plan to phase its repositioning project. Not only would eliminating the phasing reduce reliance on back to back 9% allocations, but it would expedite the rehabilitation and save transaction costs. As you can imagine, the shift from a 9% allocation to a 4% allocation creates a financing gap that is substantial and hard to overcome. As such, HAGH is requesting that the WSHFC consider an additional credit request for the Herman Johnson LLLP transaction to ease the financing gap associated with combining the two transactions.

As such, HAGH is requesting an additional allocation of 2017 tax credits of \$180,500 which increases its allocation from \$1,446,854 to \$1,626,354.

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

**Action Item:
Resolution No. 17-186, Authorizing the use of all or a portion of the Commission's debt authority to support its bond programs as required in the Washington Works Housing Act of 2010.**

Mr. Herman said this a resolution authorizing the use of all or a portion of the Commission's debt authority to support its bond programs as required in the Washington Works Housing Act of 2010.

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

**Action Item:
Resolution No. 17-185, Tax Credit Program Allocation, Herman Johnson RAD Conversion**

Lisa Vatske, Director of the Multifamily Housing and Community Facilities Division, said this resolution is for the approval of an increase in 9% Low Income Housing Tax Credit (LIHTC) by \$180,500, from \$1,446,854 to \$1,626,354 using 2017 LIHTC Allocation, for the Herman Johnson RAD Conversion, to be owned by Herman Johnson LLLP, a limited liability limited partnership. The project is located at 505 North F Street and 1109 Skyview Lane, Aberdeen, WA 98520. The total estimated project cost is not expected to exceed \$19,770,000.

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

**Action Item:
Resolution No. 17-148, The Walk, OID # 13-101A**

Ms. Vatske said that this is a resolution approving the issuance of a QECB to finance the construction of 38 units of a 52-unit housing development located at 201 Madrona Way NE, Bainbridge Island, WA 98110 to be owned by Paditu, LLC, a Washington limited liability company. This project is part of Kitsap County's Green Community Initiative. The total estimated bond amount is not expected to exceed \$4,100,000.

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

**Action Item:
Resolution No. 17-
178, Food Lifeline,
OID # 17-136A**

Ms. Vatske said that this is a resolution approving the issuance of one or more series of tax-exempt revenue bonds to finance the acquisition of land and two buildings, totaling approximately 204,000 sq. ft., with 174 parking spaces, located at 815 S. 96th Street and 915 S. 96th Street, Seattle, WA 98108. The buildings will be owned by Food Lifeline, a Washington 501(c)(3) nonprofit organization. Proceeds of the bonds may be used to pay a portion or all the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$18,500,000. The public hearing was held April 27, 2017.

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

**Action Item:
Resolution No. 17-
179, Welcome
Center, OID # 17-
140A**

Ms. Vatske said that this is a resolution approving the issuance of tax-exempt revenue bonds to finance the construction and equipping of a 7,856 square foot community facility with a gathering hall, reception areas, library, craft and activity rooms, commercial-grade kitchen, administrative office space, bathrooms and showers, and an outdoor covered patio located at 12306 Vickery Avenue E., Tacoma, WA 98446, to be owned by L'Arche Tahoma Hope Community, a Washington 501(c)(3) nonprofit organization. Proceeds of the bonds may be used to provide a portion or all of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$1,500,000. The public hearing was held June 29, 2017.

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

**Action Item:
Resolution No. 17-
183, St. Andrew's
Place Assisted
Living, OID # 17-
143A**

Ms. Vatske said that this is a resolution approving the issuance of tax-exempt revenue bonds to refinance existing debt of a 40-unit assisted living community for seniors 55 and older located at 520 E. Park Avenue, Port Angeles, WA 98362, to be owned by St. Andrew's Retirement Community, a Washington 501(c)(3) nonprofit organization. Proceeds of the bonds may be used to provide a portion or all of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$1,650,000. The public hearing was held June 29, 2017.

Ms. Lawrence moved to approve the resolution. Mr. Moss seconded the motion. Mr. Robinson abstained from voting because of a conflict of interest. The resolution was unanimously approved, with one abstention.

**Action Item:
Resolution No. 17-
176, Franke Tobey
Jones, OID # 17-
142A**

This item was pulled from the agenda.

**Action Item:
Resolution No. 17-
152, K West
Apartments, OID #
17-106A**

Ms. Vatske said that 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 192-unit low income multifamily housing facility located at 5500 NE Fourth Plain Boulevard, Vancouver, WA 98663 to be owned by K West Apartments Limited Partnership, an Oregon limited partnership. Proceeds of the notes may be used to pay a portion or all the costs of issuing the notes. The total estimated note amount is not expected to exceed \$26,000,000 (a portion of which may be taxable). The public hearing was held April 27, 2017.

Ms. Topper moved to approve the resolution. Mr. Krueger seconded the motion. The resolution was unanimously approved.

**Action Item:
Resolution No. 17-
175, Santos
Place/Sandpoint
Family Housing
Resyndication, OID
17-104A**

Ms. Vatske said that this is a resolution approving the issuance of one or more series of tax-exempt revenue bonds to finance a portion of the costs for the acquisition, rehabilitation and addition to a 69-unit low income multifamily housing facility located at 6801, 6831 and 6940 62nd Avenue NE, Seattle, WA 98115, to be owned by SPH Two LLLP, a Washington limited liability 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 bond amount is not expected to exceed \$8,000,000. The public hearing was held June 15, 2017.

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

**Action Item:
Resolution No. 17-
177, LARC at
Burien, OID # 16-
156A**

Ms. Vatske said that this is a resolution approving the issuance of one or more series of tax-exempt notes to finance a portion of the costs for the acquisition, construction and equipping of a 160-unit senior multifamily housing facility located at 11672 Des Moines Memorial Drive, Burien, WA 98168, to be owned by LARC @ Burien, LLC, a Washington limited liability company. Proceeds of the notes may be used to pay a portion or all of the costs of issuing the notes. The total estimated note amount is not expected to exceed \$26,000,000. The public hearing was held June 29, 2017.

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

**Action Item:
Resolution No. 17-
180, YWCA
Snohomish
Portfolio, OID # 17-
108A-C**

This item was pulled from the agenda.

**Action Item:
Resolution No. 17-
181, Waterview
Crossing
Apartments, OID #
15-100A**

Ms. Vatske said that this is a resolution approving the issuance of one or more series of tax-exempt and taxable revenue notes to finance a portion of the costs for the acquisition of land and new construction and equipping of a 326-unit multifamily housing facility located at 22000 Pacific Highway South, Des Moines, WA 98198, to be owned by Waterview Crossing, 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 note amount is not expected to exceed \$85,000,000 (a portion of which may be taxable). The public hearing was held June 29, 2017.

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

**Action Item:
Resolution No. 17-
182, McKinley
Terrace Properties
Redevelopment,
OID # 17-103A-D**

Ms. Vatske said that this is a resolution approving the issuance of one or more series of tax-exempt and taxable revenue notes to provide a portion of the costs of acquiring and rehabilitating: (1) two multifamily housing facilities (McKinley Terrace Apartments located at 809 E. Wright Avenue, Tacoma, WA 98404; and

Meadow Park Garden Court located at 5602 Hannah Pierce Road W., University Place, WA 98467); (2) one senior multifamily facility (Chehalis Manor located at 300 South Market Boulevard, Chehalis, WA 98532); and (3) one senior multifamily facility (Kennewick Garden Court located at 955 West 5th Avenue, Kennewick, WA 99336). All facilities are expected to be owned by McKinley Terrace LLC, a Washington limited liability company. Proceeds of the notes are expected to be used to provide a portion of the financing for the acquisition and rehabilitation of the 107-unit McKinley Terrace Apartments, the 66-unit Meadow Park Garden Court, the 33-unit Chehalis Manor and the 27-unit Kennewick Garden Court. Proceeds of the notes may also 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 \$33,000,000 (a portion of which may be taxable). The public hearing for McKinley Terrace Apartments, Meadow Park Garden Court and Kennewick Garden Court was held June 29, 2017. The public hearing for Chehalis Manor was held July 7, 2017. A substitute resolution with an additional public hearing date was presented.

Mr. Davidson moved to approve the substitute resolution. Ms. Topper seconded the motion. The substitute resolution was unanimously approved.

**Action Item:
Resolution No. 17-
184, Vintage at
Bremerton, OID #
17-139A**

Ms. Vatske said that this is a resolution approving the issuance of one or more series of tax-exempt revenue notes to finance a portion of the costs for the acquisition and rehabilitation of a 143-unit low income multifamily housing facility for seniors located at 1717 Sheridan Road, Bremerton, WA 98310, to be owned by Vintage at Bremerton 2, LP, 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 note amount is not expected to exceed \$19,000,000. The public hearing was held June 29, 2017.

Mr. Davidson moved to approve the resolution. Mr. Krueger seconded the motion. The resolution was unanimously approved.

**Action Item:
Request approval
of the 2017-2019
WSHFC
Communications
Plan**

Ms. Graham stated that the proposed Communication Plan was discussed in detail during the morning Commission work sessions.

Mr. Krueger moved to approve the Communications Plan. Mr. Moss seconded the motion. The Communication Plan was unanimously approved.

**Action Item:
Request approval
to change the
December 2017
Commission
meeting from
December 21 to
December 14**

Ms. Vatske requested approval to change the December 2017 Commission meeting from December 21 to December 14.

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

**Action Item:
Election of Officers
due to the
expiration of Pam
Tietz's and Gabe
Spencer's second
term**

Ms. Miller announced that with Ms. Tietz and Mr. Spencer leaving the Commission, the offices of Vice-Chair and Secretary are open. She opened the floor to nominations. Mr. Robinson nominated Beth Baum as Vice Chair and Steve Moss as Secretary. Mr. Davidson seconded the nomination. There were no other nominations. Ms. Miller called for the vote on the nomination of Ms. Baum for the office of Vice-Chair and Mr. Moss for the Secretary. Both were unanimously elected.

**Informational
Report on
Department of
Commerce
Activities**

Ms. Klontz stated that the legislature closed out the third special session on June 23, 2017.

She also mentioned the new and expanded programs in Community Services and Housing in the 2017-19 Operating Budget. –.

She stated that through passage of E2SSB 5254, the document recording fee surcharge, which funds homelessness programs, was extended through 2023 (four additional years).

The legislature adjourned last week without passing a new Capital Budget. This is unprecedented for our state. It will have far-reaching impacts on the lives of

Washington residents, on our communities and businesses, and on the Department of Commerce. The Capital Budget includes funding for many programs that strengthen communities, such as water infrastructure, energy resiliency, community facilities, weatherization, early learning schoolrooms, mental health beds, and of course, much needed affordable housing. Here are the impacts to the Housing Trust Fund (HTF):

- All of our Housing Trust Fund, HOME, and National Housing Trust Fund projects in construction or contract negotiation will NOT be affected.
- There will be an interim Capital Budget that effectively re-appropriated all of the prior biennia funding.
- Commerce also has an Operating Budget, which funds its unit staff. So contractors can continue to work with the Commerce team on its 2015-2016 awards and direct appropriation contracts.
- Contractors that are in active construction and/or are drawing funds from HTF or HOME, can continue to draw funds.
- The same goes for Operations & Maintenance contracts—Commerce's 71 contractors can continue to request O&M draws.
- The Landlord Mitigation Program is not impacted either. Funds have been re-appropriated in the interim Capital Budget.
- For those who were planning to submit a Stage 2 application this year, unfortunately, with no Capital Budget, Commerce is not be able to issue a Stage 2 solicitation. Commerce is aware that this presents a tremendous problem for all of its pipeline projects and funding partners, LIHTC included. Commerce continues to look at all of its options. If developers are already working on their Combined Funder Application, they should continue to do so.

Commerce is hopeful that it will have a new Capital Budget soon.

Commerce will plan to publish a solicitation for federal funds, once it receives final approval from HUD. At the moment Commerce expects to have approximately \$3 M from HOME and \$4 M from the National Housing Trust Fund available for capital projects. It closed the public comment period last week and is now in the process of submitting its final action and allocation plans for HUD's approval. There isn't an exact timeline yet, but Commerce will be working through this as fast as possible, once the funds are made available.

Office of Homeless Youth (OHY) received \$3.5 million in additional funding for 2017-19. Half of the funding (\$1.75 mil) must be used to expand shelter capacity for youth under age 18. The remaining funding is for OHY to contract with public agencies to:

- test innovative models to prevent youth from exiting public systems into homelessness
- support an integrated services model
- improve program performance
- provide technical assistance to service providers

The most recent Advisory Committee meeting was held July 26 in Seattle from 12:00-2:30pm, followed by the Mockingbird Youth Leadership Summit. The next meeting will be on November 14 in Spokane.

OHY has submitted the Host Homes Report to the legislature. The report can be accessed from its website: <http://www.commerce.wa.gov/wp-content/uploads/2017/07/Commerce-Host-Homes-Report-2017.pdf>

The Affordable Housing Advisory Board (AHAB) met on July 20 at the Department of Commerce in Olympia. The board heard updates regarding the 2017 legislative session and began 2018 planning. Plans include convening committees immediately to carry the Needs Assessment update forward and start development of a strategic plan based on the HART recommendations. The next

meeting will at the Housing Washington Conference (October 2 in Spokane). The meeting will be immediately followed by an open house for all partners, stakeholders and community members to come and hear from board members about the HART process, recommendations and 2018 policy priorities.

Consent Agenda

The Consent Agenda was approved as mailed.

Adjournment

The meeting was adjourned at 2:02 p.m.

Signature
