

WASHINGTON STATE HOUSING FINANCE COMMISSION

WORK SESSION MINUTES

October 26, 2017

The October 26, 2017 work session was called to order at 11:00 a.m. by Karen Miller. In attendance were Commissioners Duane Davidson, Steve Moss, Diane Klontz, and Wendy Lawrence.

Kim Herman gave briefing on the Public Hearing Policy changes.

Lisa Vatske gave a briefing on the proposed 4% Bond Policy changes.

Duane Davidson gave a Treasurer's Office report.

Diane Klontz gave the Commerce Department report.

Kim Herman gave the Executive Director's report.

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

WASHINGTON STATE HOUSING FINANCE COMMISSION MINUTES

October 26, 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, Alishia Topper, Randy Robinson, Steve Moss, Diane Klontz, and Wendy Lawrence.

Approval of the Minutes

The minutes of the September 28, 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

Shireen Noonan

Corinna Obar

Ten Years

Ashley Shtikel

Jacob Richardson

Employee of the Third Quarter - Julianna Williams

“In a short time, this employee has fanned a small flame into a bright blaze of success for the Commission, our affordable-housing partners, and the world of energy conservation.

As the leader of our Sustainable Energy Program, Juliana Williams has doubled the program's output in her first two years with the Commission. She has closed nine deals for the program—the same number we had closed when she started. And the program has been picking up speed. Three of those deals were closed in the last quarter, three more are pending, and several more are in the pipeline. These projects range from improving the energy efficiency of community facilities such as the Marge Williams Center on Bainbridge Island and the Whatcom Family YMCA, to major energy renovations for cultural icons like the Seattle Art Museum and Tacoma's Pantages Theater. They also include a new community of energy-efficient homes built by Community Frameworks in Spokane, and a biodigester to generate clean energy at a small woman-owned chicken farm in Carnation.

Juliana's accomplishments are particularly notable, though, in increasing energy efficiency for affordable housing. She forged a partnership with Emerald Cities Collaborative to support affordable-housing providers in creating and implementing energy retrofits. Plymouth Housing has now completed two of these projects, the first of which—the St. Charles Apartments—reduced water use by 43% and energy use by 20%. She also worked long and hard with Seattle City Light to establish an on-bill repayment plan so that agencies like Plymouth could repay their Sustainable Energy Trust loan right from their utility bill. Juliana has shown her dedication to upping her game by completing the grueling one-week training and exam to become a Certified Energy Manager by the Association of Energy Engineers.

She is also proving herself a leader among her peers. She was recently asked to serve on the executive committee of Built Green. She is continually reaching out to stakeholders, connecting people and organizations to make projects happen, and filling the Commission's pipeline.

She has also served as an important connector within the Commission, working with Asset Management on utility allowances, Homeownership on Energy Spark, and her peers in Multifamily to support a unified energy strategy. Her work is the reason the Commission's energy program won an award at the national NCSHA

conference under the special achievement category on October 16, over all our fellow housing agencies across the country.

Juliana is definitely an MVP!”

**Public Hearing:
Crossroads Senior
Living, OID # 17-
110A**

The Chair opened a Commission public hearing on OID 17-110A, Crossroads Senior Living at 1:07 p.m.

Lisa Vatske, Director 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 new construction of a 185-unit multifamily housing facility for seniors located at 1390 158th Place NE, Bellevue, WA 98008, to be owned by Crossroads Senior Living Associates (2017), LLC, a Washington limited liability company. Proceeds of the notes may also be used to pay a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed \$30,500,000. Ms. Vatske introduced Jay Wolford, Executive Director at Senior Housing Assistance Group (SHAG).

Mr. Wilford stated that this six story walk up, Crossroads Senior Living, is located at the Crossroads shopping center, and will be the first residence in the Crossroads shopping center. Units will be restricted to senior households age 55+. Twenty percent of the units will be set-aside for seniors at 50% of the area median income (AMI). Twenty percent of the units will be set-aside for persons with disabilities. Amenities include an onsite fitness center, onsite business learning center, and onsite media center. Three bus lines are nearby.

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

**Public Hearing:
Gateway by
Vintage
Apartments, OID #
17-156A**

The Chair opened a public hearing on OID 17-156A, Gateway by Vintage Apartments, at 1:18 p.m.

Ms. Vatske 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 acquisition and new

construction of a 216-unit low income multifamily housing facility located on Mountain Hwy E., between Field Road E. and 9th Avenue E., in Spanaway, WA 98387, to be owned by Gateway by Vintage, LP, a Washington limited partnership. Proceeds of the notes may also 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 \$32,000,000. Ms. Vatske introduced Ryan Patterson, representing Vintage Housing.

Mr. Patterson stated that there is a significant demand for low income housing in Spanaway. One hundred percent of the units will be set-aside for households at or below 60% of the AMI. Twenty percent of the units will be set-aside for large households. Amenities include an onsite community garden, onsite fitness center, onsite business /learning center, onsite media center, onsite playground, fitness trail, and covered and secured bicycle storage. There is a Pierce County transit bus stop nearby.

There were no comments from members of the public and the hearing was closed at 1:21 p.m.

**Public Hearing:
Homestead North
& South, OID # 17-
159A-B**

The Chair opened a public hearing on OID 17-159A-B, Homestead North & South, at 1:21 p.m.

Ms. Vatske 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 acquisition and rehabilitation of two multifamily housing facilities in King County, Washington (Homestead North located at 20615-21 108th Avenue SE, Kent, WA 98031 and Homestead South located at 1501 31st Street SE, Auburn, WA 98002). Both facilities will be owned by Homestead Apartments, LP, a Washington limited partnership. Proceeds of the notes are expected to be used to provide a portion of the financing to acquire and rehabilitate the 26-unit Homestead North and the 40-unit Homestead South. 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 \$15,000,000. Ms. Vatske introduced Ryan Fuson, representing Redwood Housing.

Mr. Fuson stated that the original construction of these buildings was in the late 1970s and they have not received much rehabilitation since, so are in significant need of a major renovations. This rehabilitation will include solar photovoltaics panels, updated interiors and energy efficient appliances. One hundred percent of units will serve residents at or below 60% of the AMI. Fifty-three of the units are covered by a Section 8 contract. Amenities will include onsite community garden and onsite business learning center. A portion of the units will be set-aside for large households.

In response to a question from Commissioner Klontz, Mr. Fuson stated that there will be temporary relocations of four units at a time for about 4 weeks with help from Housing Opportunities Unlimited (HOU).

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

**Public Hearing:
MSC Pierce
Portfolio, OID # 17-
107A-C**

The Chair opened a public hearing on OID 17-107A-C, MSC Pierce Portfolio, at 1:29 p.m.

Ms. Vatske said that this was a proposed issuance of one or more series of tax-exempt revenue bonds to finance a portion of the costs for the acquisition and rehabilitation of two low income multifamily housing facilities in Pierce County, Washington (Colvos Terrace located at 2601 Hollycroft Street, Gig Harbor, WA 98335 and Fawcett Avenue Apartments located at 435 Fawcett Avenue, Tacoma, WA 98402). Both facilities will be owned by MSC Colvos Terrace, LLC, a Washington limited liability company. Proceeds of the bonds are expected to be used to provide a portion of the financing to acquire and rehabilitate the 27-unit Colvos Terrace and the 60-unit Fawcett Avenue Apartments. Proceeds of the bonds may also be used to pay a portion or all of the costs of issuing the bonds. The total estimated aggregate bond amount is not expected to exceed \$6,000,000.

Ms. Vatske introduced Corey Baldwin & Matt Chantry, representing Shelter Resources.

Mr. Chantry noted that a supportive letter came from Gig Harbor Fire & Medic One supporting the Commission in any efforts to improve the Fire & Life Safety System, and recommending that the rehabilitation include the addition of fire sprinklers and an integrated smoke and fire alarm system throughout the entire facility. Mr. Chantry mentioned that it would be cost prohibitive to include a sprinkler system, but that the alarm system would be integrated with the local fire alarm department system as part of the rehabilitation.

Mr. Cattery mentioned that these 87 units will serve residents earning below 50% and 60% of the AMI in the county they are located.

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

Action Item: Public Hearing Policy Changes

Kim Herman stated that the Internal Revenue Service (IRS) has proposed regulations with respect to the public approval requirements for tax-exempt private activity bonds under Section 147(f) of the Internal Revenue Code, commonly known as TEFRA requirements. The proposed regulations will affect conduit issuers and borrowers, such as 501(c) (3) organizations and developers of low-income multifamily housing and other exempt facilities.

Issuers can elect to apply the proposed changes immediately. The proposed regulation provides the opportunity to streamline the Commission's public hearing notice process. A 14-day period between publicizing the notice and holding the hearing is still required; however, the permitted methods of providing reasonable public notice are expanded to include websites, in addition to newspapers, radio or television, or other methods consistent with applicable state law.

Currently, the responsible Commission division coordinates publication of the Public Hearing Notice at least 14 days prior to the public hearing in the

newspaper adjudicated to print legal notices in the area where the project is located. Public hearings which must be noticed statewide, such as single family bond issues, must be published in the: Seattle Times, Bremerton Sun, Daily Olympian, Everett Herald, Spokesman Review, Bellingham Herald, Tri-Cities Herald, Tacoma News Tribune, and The Vancouver Columbian.

With the Commission's approval of this policy change, the Commission will place a one-time public notice in each of the above listed newspapers informing them that we will no longer publish in the newspaper, but will only provide public hearing notices on the Commission's website.

The Commission will continue to mail a copy of Public Hearing Notices to all persons listed on our Public Notice mailing list for public hearing notification maintained by the responsible division, as required by state law.

Additionally, the proposed changes specify that (a) an increase of no more than 10% in the principal amount of bonds issued for the project or (b) a change in the initial owner or user of the project if the parties are related on the issue date are considered insubstantial deviations and will not invalidate a public approval.

The proposed regulations are subject to a 90-day comment period and there may be further changes to the TEFRA requirements upon issuance of final regulations. However, given the opportunity to streamline Commission processes immediately, staff is bringing this recommendation forward prior to the adoption of final regulations.

Commissioner Davidson asked the Commission to consider public hearing email notifications.

Mr. Davidson stated that per staff recommendation he moved for approval of a policy amendment to the Commission's existing Public Hearings and Meeting Notices policy which would streamline the Commission public hearing notice process to provide properly noticed public hearings on the Commission's website only following a one-time public notice in the Commission's current statewide

newspaper list describing the change in procedure. Mr. Moss second the amendment.

**Action Item: PRI
request additional
\$220,000 for the
Tacoma DPA**

Corinna Obar, Manager of the Homeownership, stated that this is a Program-Related Investment (PRI) application request. The City of Tacoma downpayment assistance program is a program used in conjunction with our Home Advantage or House Key first mortgage programs. It is a partnership between the Commission and the Tacoma Community Redevelopment Authority (the “TCRA”). Initiated in 2014, the program helps deepen assistance to better serve households at or below 80% of AMI and helps the City with administrative burden of running their program. Since inception, the program has helped 53 families get into homes, housing a total of 131 people in the City.

This down payment assistance program is a 50/50 partnership with the Commission and the TCRA, each contributing \$10,000 to the transaction for up to \$20,000 in assistance. Originally invested with \$500,000 in PRI funds, those funds have been fully utilized. Funds are used to buy any home in the targeted area of the City of Tacoma, assuming the borrowers make under 80% AMI, are first-time home buyers and meet other criteria. Staff is requesting an additional \$220,000 in PRI Funds to match the additional funds the TCRA has allocated. Presently the use of Commission programs in Pierce County and Tacoma are higher than any other area in the state, as many who can’t afford housing in King County, look south.

Dietrich Schmitz Down Payment Assistance Program Administrator, introduced Daniel Murillo, Housing Division Manager and Carol Hassard, Contract & Program Auditor with TCRA.

Mr. Murillo that this is a great housing opportunity for Pierce County and the City of Tacoma and which will help TCRA funds go further.

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

**Action Item: PRI
request additional
\$210,000 for the
Bellingham DPA**

Ms. Obar stated that this is a Program-Related Investment (PRI) Application request. The City of Bellingham downpayment assistance program is a program used in conjunction with our Home Advantage or House Key first mortgage programs. It is a partnership between the Commission and the City of Bellingham. Initiated in early 2016, the program helps deepen assistance to better serve households at or below 80% of AMI and helps the City with administrative burden of running their program. Since inception, the program has helped 17 families get into homes, housing a total of 38 people in the City.

Mr. Schmitz stated that there are two pieces to this program. The first part is in partnership with the City and Kulshan Community Land Trust and the borrowers can utilize exclusively City funds to purchase a home in the Community Land Trust with \$35,000 in down payment assistance. There are no Commission dollars which fund that program as they come exclusively from the City, but we do administer the program and work with lenders who wish to utilize it.

The second part is for up to \$40,000 in down payment assistance. This part was begun as a pilot program and has utilized all \$90,000 of Commissions PRI funds invested in it. Funds can be used to buy any home in the City of Bellingham, assuming the borrowers make under 80% AMI, are first-time home buyers and meet other criteria. It is for this program that we are requesting an additional \$210,000 in PRI Funds. Combined with funds from the City, this will help 14 additional families to purchase homes in the City, in addition to those helped through the program in partnership with the Land Trust.

Mr. Schmitz introduced Samya Lutz, Housing and Services Program Manager of the City of Bellingham.

Mrs. Lutz stated that they have had their own down payment program with Kulshan Community Land Trust since 2002 but the WSHFC partnership has really helped expand and streamline the down payment assistance program. For every dollar the City has put in the Commission has matched it with 60 cents and the City would like to continue this partnership into the future.

In response to a question from Commissioner Davidson, Ms. Lutz stated that HUD and the Commission will be doing audits and reviewing files on this program.

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

Commissioners' Reports

Commissioner Miller, Lawrence, Krueger and Klontz attended Housing Washington in Spokane.

Commissioner Miller, Krueger and Topper attended the NCSHA Annual Conference in Denver. Ms. Topper stated that she was very pleased with the in-depth perspective from professionals in the area.

Ms. Miller said she attended the Seattle Housing Authority's Hoa Mai Garden's at Yesler Terrace ribbon cutting event and the Plymouth Housing First Hill grand opening.

Consent Agenda

The Consent Agenda was approved as mailed.

Adjournment

The meeting was adjourned at 2:09 p.m.

Signature
