

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
MINUTES**

December 1, 2017

The Commission meeting was called to order by Chair Karen Miller at 10:00 a.m. in the Board Room of the Washington State Housing Finance Commission at 1000 Second Avenue, Seattle, Washington. Those Commissioners present were Duane Davidson, Randy Robinson, Beth Baum, Ken Larsen, Lowel Krueger, Steve Moss, Department of Commerce designee Xandre Chateaubriand and Wendy Lawrence.

**Public Hearing:
Horizon House,
OID # 17-219A**

The Chair opened a public hearing on OID # 17-219A, Horizon House at 10:00 a.m.

Bob Peterson, Manager of the Multifamily Housing and Community Facilities Division, said that this was a proposed issuance of tax-exempt revenue bonds to finance and refinance Horizon House, a continuing care retirement community located at 900 University Street, Seattle, WA 98101, owned by Horizon House, a Washington nonprofit 501(c)(3) corporation. Proceeds of the bonds may be used to: (i) refund outstanding tax-exempt bonds, which financed and refinanced capital improvements to Horizon House; (ii) pay a portion of the costs of renovating, rehabilitating, improving and equipping Horizon House; (iii) pay swap termination fees; (iv) fund a debt service reserve; and (v) pay all or a portion of the costs of issuing the Bonds. The total estimated maximum par amount of the bonds is not expected to exceed \$75,000,000. Mr. Peterson introduced Mike Ostrem, Chief Financial Officer at Horizon House.

Mr. Ostrem stated that Horizon House has been a continuing care retirement community in Seattle's First Hill neighborhood since 1961. They have 378

independent living units, 80 assisted living units and 25 memory care units with 97% occupancy. He stated they serve a wide range of socioeconomic groups. In response to a question from Commissioner Moss, he stated that this is a private pay facility but Medicare and Medicaid can be used in some services but not for living and care cost. The renovations will include building upgrades, system replacements and equipment purchases.

There were no comments from members of the public and the hearing was closed at 10:07 a.m.

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

The Chair opened a public hearing on OID # 16-139A, Reserve at Lacey at 10:07 a.m.

Mr. Peterson said that this was a proposed issuance of one or more series of tax-exempt revenue bonds to finance a portion of the costs to acquire land and construct and equip a 240-unit low income senior multifamily housing facility located at 6110 Pacific Avenue SE, Lacey, WA 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 bonds. The total estimated aggregate bond amount is not expected to exceed \$37,000,000. Mr. Peterson introduced Craig Thomas representing AVS Communities.

Mr. Thomas stated that Reserve at Lacey is a single five-story residential building with 240 units for low-income seniors age 62 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. One hundred percent of the units will be set-aside for households at or below 60% of the area median income (AMI). In response to a question from Commissioner Moss, Mr. Thomas explained that FHA rules require that senior projects house people age 62 and older.

There were no comments from members of the public and the hearing was closed at 10:12 a.m.

Counsel Comment

Faith Pettis, the Commission's General Counsel, reiterated that due to the possible elimination of private activity bonds (PABs) at the end of the year that the Commission is being asked to expedite its usual bond approval process for the Commission's December meetings. Today the Commission will be holding hearings on a number of projects and will also be asked to consider resolutions for those projects. Unlike a typical bond issue, not all of the final approvals for the projects will be in place prior to the resolution, although each borrower will have a purchase and sale agreement for the property and will have a lender. The proceeds of the bonds and notes will be held in escrow until the lender has completed its due diligence and the borrower is prepared to purchase the property.

**Public Hearing:
Annie Wright
Schools, OID # 17-
208A**

The Chair opened a Commission hearing on OID # 17-208A, Annie Wright Schools at 10:15 a.m.

Mr. Peterson said that this was a proposed issuance of one or more series of tax-exempt revenue bonds to: (i) refinance existing taxable debt used to finance educational facilities; (ii) finance the construction of new high school classroom and gymnasium buildings, the renovation of other campus buildings and the expansion of parking facilities; and (iii) pay all or a portion of the costs of issuing the bonds. The facility is located at 827 North Tacoma Avenue, Tacoma, WA 98403 and owned by Annie Wright Schools, a Washington nonprofit 501(c)(3) corporation. The total estimated bond amount is not expected to exceed \$22,500,000. Mr. Peterson introduced Mary Sigmen, Director of Finance and Operations at Anne Wright Schools.

Ms. Sigmen stated that Annie Wright Schools serve students from age three through high school. Annie Wright Lower and Middle Schools offer co-ed programs in Preschool through Grade 8, while separate Upper Schools for boys

and girls offer day and boarding options in Grades 9 through 12. Annie Wright is proud to be an International Baccalaureate World School, delivering IB programs in every division.

In response to a question from Commissioner Moss Ms. Sigmen said there are about 545 students, approximately 250 being boys and 52% of all students being on financial aid.

There were no comments from members of the public and the hearing was closed at 10:22 a.m.

**Public Hearing:
Metamorphosis
Project, OID # 17-
206A**

The Chair opened a Commission hearing on OID # 17-206A, Metamorphosis at 10:22 a.m.

Mr. Peterson said that this was a proposed issuance of one or more series of tax-exempt revenue bonds to: (i) refinance an existing debt; (ii) finance the construction and equipping of a two-story addition with educational, administrative, service and community spaces; and (iii) pay all or a portion of the costs of issuing the bonds. The facility is located at 4008 Martin Luther King Jr. Way S., Seattle, WA 98108 and owned by Refugee Women's Alliance (ReWA), a Washington nonprofit 501(c)(3) corporation. The total estimated bond amount is not expected to exceed \$3,500,000. Mr. Peterson introduced Mahnaz Eshetu, Executive Director at ReWA and John Beckwith, representing ReWA.

Ms. Eshetu stated that ReWA is an award winning, nationally recognized nonprofit that has empowered families and strengthened communities since 1985. From a small alliance of concerned refugee women, ReWA has grown to become one of the largest refugee and immigrant service providers in the Puget Sound region. Since its inception, ReWA has helped thousands of refugee and immigrants achieve self-sufficiency and become happy and successful members of our communities.

Mr. Beckwith stated that the existing 9,000 square foot building providing 6,300 square feet of new interior space and approximately 7,300 square feet of a

combination of both interior and developed, structured exterior space will allow an expansion of current services and host a preschool, including class rooms that can hold up to 40 students.

In addition, ReWA has partnered with Low Income Housing Institute to provide childcare service.

There were no comments from members of the public and the hearing was closed at 10:30 a.m.

**Public Hearing:
Cloverbrook, OID
17-207A**

The Chair opened a Commission hearing on OID # 17-207A, Cloverbrook at 10:30 a.m.

Mr. Peterson 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 of land and construction and equipping of a 264-unit low income multifamily housing facility located at 4901 123rd Street SW and 12515 47th Avenue SW, Lakewood, WA 98499, to be owned by VBT Cloverbrook LP, a Washington limited partnership. Proceeds of the notes may also be used to pay all or a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed \$45,000,000. Mr. Peterson introduced Zack Baker and Paul Fortino, representing VBT Cloverbrook LP.

Mr. Baker stated that ten percent of the units will be set aside for persons with disabilities. The amenities include onsite fitness center, onsite business learning center, onsite media center, onsite playground or fitness trail, and covered and secured bicycle storage. The target will be 100% of households at or below 60% of the area median income.

There were no comments from members of the public and the hearing was closed at 10:35 a.m.

**Public Hearing:
Palouse Trace
Apartments, OID #
17-154A**

The Chair opened a Commission hearing on OID # 17-157A, Palouse Trace Apartments, at 10:35 a.m.

Mr. Peterson 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 a 51-unit low income multifamily housing facility located at 375 NE Terre View, Building A, Pullman, WA 99163, to be owned by VBT Palouse Trace LP, a Washington limited partnership. Proceeds of the bonds may also be used to pay all or a portion of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$4,500,000. Mr. Peterson introduced Taylor Hunt and Paul Fortino representing MacDonald Ladd Development.

Mr. Hunt stated that these 51 units will provide housing to large household families and people with disabilities at both 30% and 60% AMI. The renovations include upgrading the parking lot, siding, playground, updating building ADA regulations and energy efficient appliances.

In response to a question from Commissioner Moss, Mr. Hunt stated that this facility is not intended to be student housing. Melissa Donahue, the Commission's Compliance Manager, confirmed that student housing is difficult to provide under the various program regulations.

There were no comments from members of the public and the hearing was closed at 10:44 a.m.

**Public Hearing:
Manor Way
Apartments, OID #
17-193A**

The Chair opened a Commission hearing on OID # 17-193A, Manor Way Apartments at 10:44 a.m.

Mr. Peterson said that this was a proposed 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 the construction and equipping of a 205-unit low income multifamily housing facility located at 2407 Manor Way, 2331 Manor Way, and 13215 Highway 99, Everett, WA 98204, to be owned by Manor Way Apartments, LLC, a Washington limited liability company. Proceeds of the notes

may also be used to pay all or a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed \$55,000,000. Mr. Peterson introduced Jack Hunden representing DevCo.

Mr. Hunden stated that one hundred percent of the units are affordable and will be leased to households earning no more than 60% AMI. Twenty percent of units will set aside for disabled persons, as well as twenty percent set-aside for large households. The project will provide amenities including onsite community garden, onsite fitness center, onsite business learning center, onsite playground or fitness trail and covered secured bicycle storage.

There were no comments from members of the public and the hearing was closed at 10:48 a.m.

**Public Hearing:
Panorama
Apartments, OID #
17-145A**

The Chair opened a Commission hearing on OID # 17-145A, Panorama Apartments at 10:49 a.m.

Mr. Peterson said that this was a proposed 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 the construction and equipping of a 191-unit low income multifamily housing facility located at the NW corner of Highway 18 and SE 99th Street, Snoqualmie, WA 98065, to be owned by Panorama Apartments, LLC, a Washington limited liability company. Proceeds of the notes may also be used to pay all or a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed \$55,000,000. Mr. Peterson introduced Jack Hunden representing DevCo.

Mr. Hunden stated that one hundred percent of the units are affordable and will be leased to households earning no more than 60% of the King County area median income. Twenty percent of units will be set-aside for disabled persons, as well as 20% set aside for large households. The project will provide amenities including onsite community garden, onsite fitness center, onsite business learning center, onsite playground or fitness trail and covered secured bicycle storage.

In response to Mr. Herman's question Mr. Hunden mentioned 3, 4 and 5 bedroom units historically have the lowest turnover and have been the fastest units to lease, showing the need for more large units.

There were no comments from members of the public and the hearing was closed at 10:59 a.m.

**Public Hearing:
Vintage at Seatac
Apartments, OID #
17-198A**

The Chair opened a Commission hearing on OID # 17-198A, Vintage at SeaTac Apartments at 10:59 a.m.

Mr. Peterson 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 the construction and equipping of a 170-unit low income multifamily housing facility located at 21212 International Blvd., SeaTac, WA 98198, to be owned by Vintage at SeaTac, LP, a Washington limited partnership. Proceeds of the notes may also be used to pay all or a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed \$30,000,000. Mr. Peterson introduced Ryan Patterson of Vintage Housing Development Inc.

Mr. Patterson stated that this project will target seniors ages 55 years and older with incomes at or below 60 percent of area median income. Twenty percent of the units will be set for persons with disabilities. The amenities include onsite community garden, onsite fitness center, onsite business learning center, onsite media room.

There were no comments from members of the public and the hearing was closed at 11:03 a.m.

**Public Hearing:
Vintage at
Vancouver, OID #
17-199A**

The Chair opened a Commission hearing on OID # 17-199A, Vintage at Vancouver at 11:03 a.m.

Mr. Peterson 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 a 154-unit low income multifamily housing facility located at

9001 NE 54th Street, Vancouver, WA 98662, to be owned by Vintage at Vancouver 2, LP, a Washington limited partnership. Proceeds of the notes may also be used to pay all or a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed \$18,000,000. Mr. Peterson introduced Ryan Patterson of Vintage Housing Development Inc.

Mr. Patterson stated that this is an existing 154-unit affordable senior development which will have thirty percent of units available to residents at or below 50% of AMI, and 70% of units will be available to residents at or below 60% of AMI. Twenty percent of the units will be set for persons with disabilities. In response to a question, Mr. Patterson clarified that the set-asides from the prior financing will continue to be honored.

There were no comments from members of the public and the hearing was closed at 11:05 a.m.

**Public Hearing:
Winter Heights,
OID # 17-200A**

The Chair opened a Commission hearing on OID # 17-200A, Winter Heights at 11:05 a.m.

Mr. Peterson said that this was a proposed issuance of one or more series of tax-exempt and taxable revenue notes to finance a portion of the costs for the acquisition and the construction and equipping of a 120-unit low income multifamily housing facility located at 2702 N. Pines Road, Spokane Valley, WA 99206, to be owned by Winter Heights LLC, a Washington limited liability company. Proceeds of the notes may also be used to pay all or a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed \$13,000,000. Mr. Peterson introduced Helen Stevenson, representing Common Wealth Agency in Idaho.

Ms. Stevenson stated that Winter Heights will be the developer's twelfth project with the Commission. She mentioned that these garden style apartments will consist of five residential buildings and one common building that will house the amenities, such as a business center.

There were no comments from members of the public and the hearing was closed at 11:08 a.m.

**Action Item:
Resolution No. 17-
209, Annie Wright
Schools, OID # 17-
208A**

Lisa Vatske, Director of the Multifamily Housing and Community Facilities Division, said this is a resolution approving the issuance of one or more series of tax-exempt revenue bonds to: (i) refinance an existing taxable debt used to finance educational facilities; (ii) finance the construction of new high school classroom and gymnasium buildings, the renovation of other campus buildings and the expansion of parking facilities; and (iii) pay all or a portion of the costs of issuing the bonds. The facility is located at 827 North Tacoma Avenue, Tacoma, WA 98403 and owned by Annie Wright Schools, a Washington nonprofit 501(c)(3) corporation. The total estimated bond amount is not expected to exceed \$22,500,000. The public hearing was held November 27, 2017.

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

**Action Item:
Resolution No. 17-
220, Horizon
House, OID # 17-
219A**

Ms. Vatske said this is a resolution approving the issuance of tax-exempt revenue bonds to finance and refinance Horizon House, a continuing care retirement community located at 900 University Street, Seattle, WA 98101, owned by Horizon House, a Washington nonprofit 501(c)(3) corporation. Proceeds of the bonds may be used to: (i) refund outstanding tax-exempt bonds, which financed and refinanced capital improvements to Horizon House; (ii) pay a portion of the costs of renovating, rehabilitating, improving and equipping Horizon House; (iii) pay swap termination fees; (iv) fund a debt service reserve; and (v) pay all or a portion of the costs of issuing the bonds. The total estimated maximum par amount of the bonds is not expected to exceed \$75,000,000. The public hearing was held December 1, 2017.

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

**Action Item:
Resolution No. 17-
211, Cloverbrook,
OID # 17-207A**

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 for the acquisition of land, new construction and equipping of a 264-unit low income multifamily housing facility located at 4901 123rd Street SW and 12515 47th Avenue SW, Lakewood, WA 98499, to be owned by VBT Cloverbrook LP, a Washington limited partnership. Proceeds of the notes may also be used to pay all or a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed \$45,000,000. The public hearing was held November 27, 2017.

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

**Action Item:
Resolution No. 17-
212, Manor Way
Apartments, OID #
17-193A**

Ms. Vatske said 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 the construction and equipping of a 205-unit low income multifamily housing facility located at 2407 Manor Way, 2331 Manor Way, and 13215 Highway 99, Everett, WA 98204, to be owned by Manor Way Apartments, LLC, a Washington limited liability company. Proceeds of the notes may also be used to pay all or a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed \$55,000,000. The public hearing was held November 27, 2017.

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

**Action Item:
Resolution No. 17-
214, Panorama
Apartments, OID #
17-145A**

Ms. Vatske said 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 and the construction and equipping of a 191-unit low income multifamily housing facility located at the NW corner of Highway 18 and SE 99th Street, Snoqualmie, WA 98065, to be owned by Panorama Apartments, LLC, a Washington limited liability company. Proceeds of the notes may also be used to pay all or a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed \$55,000,000. The public hearing was held November 27, 2017.

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

**Action Item:
Resolution No. 17-216, Vintage at Vancouver, OID # 17-199A**

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 for the acquisition and rehabilitation of a 154-unit low income multifamily housing facility located at 9001 NE 54th Street, Vancouver, WA 98662, to be owned by Vintage at Vancouver 2, LP, a Washington limited partnership. Proceeds of the notes may also be used to pay all or a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed \$18,000,000. The public hearing was held November 27, 2017.

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

**Action Item:
Resolution No. 17-217, Watermark, OID # 17-147A**

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 for the acquisition of land and new construction of a 221-unit low income multifamily housing facility located at 31815 Military Road South, Auburn, WA 98001, to be owned by Watermark 320 LLC, a Washington limited liability company. Proceeds of the notes may also be used to pay all or a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed \$49,500,000 (a portion of which may be taxable). The public hearing was held November 16, 2017.

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

**Action Item:
Resolution No. 17-218, Winter Heights, OID # 17-200A**

Ms. Vatske said 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 and the construction and equipping of a 120-unit low income multifamily housing facility located at 2702 N. Pines Road, Spokane Valley, WA 99206, to be owned by Winter Heights LLC, a Washington limited liability company. Proceeds of the notes may also be used to pay all or a portion of the

costs of issuing the notes. The total estimated note amount is not expected to exceed \$13,000,000. The public hearing was held November 27, 2017.

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

Executive Director's Report

Mr. Herman stated that the Multifamily Housing and Community Facilities Division's 9% Program received 37 pre-approval requests from 25 projects, an interesting indication of the upcoming applicant pool even with all of the uncertainty and discussion around the capital budget and Housing Trust Fund funding:

- 11 of the pre-approvals are for leverage which we highly encouraged given this is a new policy and we wanted to see what people were proposing.
- 9 of the pre-approvals are for TDC waivers, of which 5 are from King County, 3 are from Metro and 1 is from Non-metro.
- 7 are for basis boost.

Some people are clearly trying to be creative and have asked for some unusual requests, including increasing per unit amounts and credit per applicant. Staff is currently in the process of reviewing and evaluating these requests.

The Commission continues to field questions from applicants and legislators regarding the impact of no capital budget on the tax credit round. The Multifamily Housing and Community Facilities Division recently sent an email to all the stakeholders regarding the changing tax credit pricing environment and upcoming application round. Ms. Vatske will be attending and participating in upcoming PAT and AHAB meetings where all of these uncertainties will continue to be discussed.

Adjournment

The meeting was adjourned at 11:40 a.m.

Signature
