

WASHINGTON STATE HOUSING FINANCE COMMISSION

WORK SESSION MINUTES

December 14, 2017

The December 14, 2017 work session was called to order at 11:00 a.m. by Karen Miller. In attendance were Commissioners Diane Klontz, Duane Davidson, Randy Robinson, Beth Baum, Ken Larsen, Lowel Krueger, Steve Moss, Alishia Topper and Wendy Lawrence.

Lisa Vatske and Juliana Williams gave a briefing on Energy Legislative Study.

Lisa Vatske led a discussion regarding bond volume cap.

Kim Herman gave an update on the tax reform situation.

Kim Herman gave the Executive Director's report.

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

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
MINUTES**

December 14, 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 Diane Klontz, Duane Davidson, Beth Baum, Ken Larsen, Lowel Krueger, Steve Moss, Alishia Topper and Wendy Lawrence.

**Approval of the
Minutes**

November 16, 2017 Special Meeting and December 1, 2017 Emergency Meeting were approved as mailed.

**Public Hearing:
Villa Academy,
OID # 06-134A**

The Chair opened a public hearing on OID # 06-134A, Villa Academy at 1:01 p.m.

Lisa Vatske, Director of the Multifamily Housing and Community Facilities Division, said this is a proposed issuance of a tax-exempt revenue bond for the reissuance of a bond previously issued to provide a portion of the financing for a facility, located at 5001 NE 50th Street, Seattle, WA 98105, to be owned by Villa Academy, a Washington nonprofit 501(c)(3) corporation. Proceeds of the previously issued bond were used to: (i) refund an existing bond used to acquire the school facility; (ii) finance capital improvements to the school including but not limited to grounds/playfields, school building restoration/improvements, and parking/traffic enhancements; and/or (iii) acquire two additional acres on the West side of the school. The total estimated bond amount is does not exceed \$6,925,000.

There were no comments from members of the public and the hearing was closed at 1:03 p.m.

**Action Item:
Reinvest earnings
from the Home
Advantage
program**

Lisa DeBrock, Director of the Homeownership Division, stated that with the success of the Home Advantage program, the Commission is starting to see repayments of our second mortgages. Over the past 12 months, the Commission received an average of \$1.1 million dollars per month in Home Advantage seconds and \$1.5 million per month if you include all downpayment assistance (DPA) programs. The Commission also has approximately \$139 million in outstanding second mortgages.

Ms. DeBrock requested that those returns be reinvested to work to better serve our homebuyers by reducing the first mortgage rates the Commission offers. Ms. DeBrock stated she believes this will further assist low and moderate-income homebuyers in this competitive market.

In order to lower the rate, the Commission wants to reinvest 1% of earnings from premium pricing in the Home Advantage program. A borrower's downpayment assistance loan will still be repaid when the second loans are paid off at the time of sale or refinance. The Commission would like to start with lowering the rates on its conventional program and considering the option for government loans. By reinvesting 1% of earnings, the Commission will be saving its borrowers a minimum of .25% on their rate and some cases, higher. For our homebuyers who are quickly being outpriced, every penny counts and this will make a big difference.

Ms. DeBrock requested an amendment to the request to include all loans and not just conventional loans so staff does not have to come back to the Commission later for approval and can implement the program as needed.

Bob Cook, Senior Director of the Finance Division, gave a short presentation on the funding structure of DPA loans while lowering the mortgage rate.

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

**Action Item:
Approval of
recommended
contractor for
Single Family
Quantitative
Services**

Ms., DeBrock stated that the Commission's current contract with cfX, which currently provides quantitative services, expires at the end of December. The Commission sent out a Request for Proposal in November 2017, published it on the Commission and state websites, and sent it to various parties. Quantitative analysts provide services related to the issuance of Commission bonds, they run the cash flows. On an ongoing basis, analysts are responsible for assuring that bonds are in compliance with IRS rules.

Proposals were received from cfX, Inc., Caine Mitter & Associates, Inc., and CSG Advisors. Telephone interviews were held on December 8, 2017. All proposals were reviewed and interviews were attended by Kim Herman, Bob Cook, Debra Stephenson, and Lisa DeBrock. We appreciated all the time and energy the applicants put into the process especially in light of all that is going on with tax reform.

At this time, there is no compelling reason to make a change in our quantitative services. cfX does an excellent job and their staff is a pleasure to work with. Ms. DeBrock and the interview committee recommended that the Commission enter into negotiations with cfX, Inc.

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

**Action Item:
Approval of the
2018 Commission
Meeting Calendar**

Mr. Krueger moved to approve the 2018 Commission Meeting Calendar. Mr. Larsen seconded the motion. The request to approve the 2018 Commission meeting calendar was unanimously approved.

**Action Item:
Approval of the
Commission's 2018
Legislative Agenda**

After a brief explanation of the Legislative Agenda for 2018 by the Executive Director. Ms. Topper moved to approve the 2018 Legislative Agenda. Ms. Lawrence seconded the motion. The request was unanimously approved.

**Action Item:
Resolution No. 17-
224, Carryforward
of Private Activity
Bond Cap**

Ms. Vatske stated that this resolution authorizes and delegates to the Executive Director the authority to carry forward private activity bond volume cap and to determine the allocation of the volume cap between the multifamily and single-family bond programs.

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

**Action Item:
Resolution No. 17-
223,
Reauthorization of
Funding for the
Beginning
Farmer/Rancher
Program**

Ms. Vatske said that resolution 17-223 authorizes staff to issue up to \$2 million in bonds to fund the Beginning Farmer/Rancher Program in the next year.

Mr. Davidson moved for approval of resolution 17-223. Mr. Krueger seconded the motion. Resolution 17-223 was unanimously approved.

**Action Item:
Resolution No. 17-
222, Briggs
Community
YMCA, OID # 17-
191A**

Ms. Vatske said this is a resolution approving the issuance of one or more series of tax-exempt nonprofit revenue bonds to: (i) pay and redeem principal of, interest on, and premium related to an existing tax-exempt bond which refinanced the Briggs Community YMCA; (ii) finance the renovation and equipping of and capital improvements to: (a) Briggs Community YMCA, located at 1530 Yelm Highway SE, Olympia, WA 98501 and (b) Plum Street YMCA located at 505 Plum Street SE, Olympia, WA 98501; and (iii) pay all or a portion of the costs of issuing the Bonds. The facilities are owned by South Sound Young Men's Christian Association, a Washington nonprofit 501(c)(3) corporation. The total estimated aggregate bond amount is not expected to exceed \$3,500,000. The public hearing was held November 16, 2017.

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

**Action Item:
Resolution No. 17-
210,
Metamorphosis
Project, OID 17-
206A**

Ms. Vatske said this is a resolution approving the 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 and exterior improvements 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. The public hearing was held November 27, 2017.

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

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

Ms. Vatske said this is a resolution amending Resolution No. 17-148, approved on July 29, 2017. The resolution approves the substitution of a new Exhibit A, which sets forth the terms of a revised purchase offer from Kitsap Bank relating to the QECCB that was originally approved by Resolution 17-148. Proceeds of the QECCB will finance the eligible costs of 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 revised offer letter reflects changes to the underlying security and interest rate terms negotiated between the Borrower and the Bank. The total estimated bond amount does not change and is not expected to exceed \$4,100,000.

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

**Action Item:
Resolution No. 17-
221, Reserve at
Lacey, OID # 16-
139A**

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 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 issuing the notes. The total estimated aggregate note amount is not expected to exceed \$37,000,000. The public hearing was held December 1, 2017.

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

**Information Report
on Department of
Commerce
Activities**

Ms. Klontz stated that the Affordable Housing Advisory Board (AHAB) met on Tuesday, December 5, 2017 and listened to presentations from national experts on the current tax credit situation. The AHAB legislative agenda will be considered by the AHAB on December 20, 2017.

Our Behavioral Health Housing Administrator has been working with Department of Social & Health Services (DSHS) and has signed a contract this week to provide long-term rental support to people with long-term behavioral health needs. That contract, funded by an operating proviso, will convert temporary rental assistance through programs like HARPS (Housing and Recovery through Peer Services) and other behavioral health efforts that currently fund short term housing assistance. Cary Retlin is overseeing that and other efforts to improve long-term supportive housing options for people who have been involved with local or state psychiatric or drug treatment services as our Behavioral Health Housing Administrator.

The Housing Trust Fund (HTF) team is currently reviewing Stage 2 applications. There were 76 applications for a total of approximately \$130 million. This is the highest number of State 2 applications in recent history. The HTF is also looking into options to fund “ready to go” projects in the absence of a Capital Budget, including looking into federal funding options.

The Office of Homeless Youth (OHY) recently completed a competitive funding process for all of its core programs: Street Youth Services, HOPE centers, Secure and Semi Secure Crisis Residential Centers, Independent Youth Housing Program, Young Adult Housing Program, and Young Adult Shelter. Also included was a new funding opportunity titled “Integrated Services”, to provide onsite family reconciliation or behavioral health services. The OHY received \$28 million in funding requests and awarded \$17.5 million in services for grant agreements that will be effective January 1, 2018 through June 30, 2019.

The OHY and Raikes Foundation have partnered to provide \$700,000 in funding for Innovation Grants to Prevent Youth from Exiting Public Systems into

Homelessness. Innovation grants support approaches that identify youth who are at risk of homelessness upon release from child welfare, juvenile justice, or the behavioral health system, and ensure stable housing, measured at 6 and 12 months after exit. A competitive selection process has been conducted and grant awards will be announced very soon. Projects will be funded from Jan 1, 2018 through June 30, 2019. The Research and Data Analysis team at DSHS will be conducting an evaluation of projects to inform future policy and funding recommendations.

The OHY is providing funding for two efforts that build capacity and strengthen coordination in local communities:

The University of Washington Doorway Project: The OHY is providing a \$200,000 grant to YouthCare to partner with the University of Washington to launch the Doorway Project, an effort to establish a neighborhood hub and navigation center specifically for homeless young people in the University District of Seattle.

The OHY is leading a competitive selection process to award \$1 million in anticipated funding through the Capital Budget for the acquisition and redevelopment of Seattle Central College properties to provide services and housing to homeless youth/young adults. The College properties are located at the corner of Broadway and Pine, in the heart of the Capitol Hill neighborhood of Seattle. The proposals are due January 8, 2018.

**Commissioners’
Reports**

Alishia Topper stated she was re-elected to the Vancouver City Council and thanked everyone for the support.

Consent Agenda

The Consent Agenda was approved as mailed.

Adjournment

The meeting was adjourned at 1:52 p.m.

Signature
