

WASHINGTON STATE HOUSING FINANCE COMMISSION

WORK SESSION MINUTES

March 22, 2018

The March 22, 2018 work session was called to order at 11:00 a.m. by Karen Miller. In attendance were Commissioners Ken Larsen, Beth Baum, Alishia Topper, Randy Robinson, Steve Moss, Duane Davidson and Diane Klontz.

Bob Cook and Debra Stephenson gave a briefing on the purchase and short-term holding of single-family loan participations from Idaho Housing and Finance Association until the related loans are pooled into mortgage-backed securities using unencumbered Commission funds, and the need for additional liquidity funding for such purchases.

Lisa Vatske gave an update on the Multifamily Housing and Community Facilities Program updates.

Diane Klontz gave the Commerce Department report.

Kim Herman gave the Executive Director's report

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

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
MINUTES**

March 22, 2018

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 Ken Larsen, Beth Baum, Alishia Topper, Randy Robinson, Steve Moss and Diane Klontz.

**Approval of the
Minutes**

The minutes of the February 22, 2018 special meeting were approved as mailed.

**Public Hearing:
2018-2019 Housing
Finance Plan**

The Chair opened a Commission public hearing on the 2018- 2019 Housing Finance Plan at 1:01 p.m.

Rich Zwicker, Senior Policy Advisor, stated that the statute requires that the Commission adopt a Housing Finance Plan that contains 9 specific objectives and four additional objectives added by the Legislature.

These policy issues include:

- (1) The use of funds for single-family and multifamily housing;
- (2) The use of funds for new construction, rehabilitation, including refinancing of existing debt, and home purchases;
- (3) The housing needs of low-income and moderate-income persons and families, and of elderly or mentally or physically handicapped persons;
- (4) The use of funds in coordination with federal, state, and local housing programs for low-income persons;
- (5) The use of funds in urban, rural, suburban, and special areas of the state;

- (6) The use of financing assistance to stabilize and upgrade declining urban neighborhoods;
- (7) The use of financing assistance for economically depressed areas, areas of minority concentration, reservations, and in mortgage-deficient areas;
- (8) The geographical distribution of bond proceeds so that the benefits of the housing programs provided under this chapter will be available to address demand on a fair basis throughout the state;
- (9) The use of financing assistance for implementation of cost-effective energy efficiency measures in dwellings;
- (10) The use of funds to increase the supply of affordable and decent housing throughout the state;
- (11) The use of funds to promote the provision of affordable housing for the longest period of time possible;
- (12) The use of funds to promote increased housing density; and
- (13) To give priority for the allocation of multifamily bond cap to eligible applications submitted by non-profit organizations.

The 2018-2019 Housing Finance Plan contains:

- Introduction;
- Overview of the Housing Finance Commission;
- Potential Resources Available to the Commission;
- Proposed Uses of Available Resources; and
- Appendices

The edits/comments regarding the draft Housing Finance Plan:

- Evaluate impact of *Consolidated Appropriations Act, 2018*;
- Clarification of references to SB 5558;
- Remove “Schools DPA”;
- Clarify lack of funding for Rapid Response;
- Update 2018 Bond Cap numbers (as appropriate) per Commerce;
- *Consider Resurrection of Mortgage Credit Certificates (MCC) Program*
; and

- Other changes proposed during today public hearing until next month's public hearing on April 26, 2018.

Debra Whitefoot, Yakama Nation Housing Authority (YNHA) Housing Coordinator, made a public comment praising the Commission's efforts in its approach to funding. She highlighted the Commission's efforts in infrastructure, economic development and their staffs hard work and dedication.

In response to a question by Commissioner Davidson, Mr. Herman stated that MCC's will continue when resources allow it in the future MCCs would come back and the Commission would issue them.

This public hearing will continue until to April 26, 2018.

**Public Hearing:
Judson Park, OID
06-131A**

The Chair opened a public hearing on OID # 06-131A, Judson Park at 1:10 p.m.

Bob Peterson, Manager of the Multifamily Housing and Community Facilities Division, said this is a proposed issuance of tax-exempt revenue bonds to finance and refinance a continuing care retirement community, located at 23600 Marine View Drive South, Des Moines, WA 98198, to be owned by HumanGood Washington formerly known as Baptist American Homes of Washington, a Washington 501(c)(3) nonprofit organization. Proceeds of the bonds will be used to: (i) refund all outstanding tax-exempt bonds issued in 2012, proceeds of which were used to refund outstanding tax-exempt bonds issued in 2007 for the project; (ii) fund a debt service reserve; and (iii) pay all or a portion of the costs of issuing the bonds. The total estimated par amount of the bonds is not expected to exceed \$20,000,000. Mr. Peterson introduced Greg Bearce representing HumanGood.

Mr. Bearce stated that there are four levels of care at Judson Park residential living, assisted living, skilled nursing community and memory care support. He also mentioned that the 96% of Judson Park are sold and occupied, 96% of the assisted living are occupied, 95% of the memory care units are occupied, and 87% of the skilled nursing units. He also stated that there are 167 residential

units, 31 assistant living units, 16 memory support units and 89 skilled nursing units.

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

**Public Hearing:
The Hearthstone,
OID # 18-40A**

The Chair opened a public hearing on OID # 18-40A, The Hearthstone at 1:17 p.m.

Mr. Peterson said this is a proposed issuance of one or more series of tax-exempt revenue bonds (in multiple series) to finance and refinance existing tax-exempt bonds issued in 2013 for (i) renovations to a continuing care retirement community known as The Hearthstone, located at 6720 E. Green Lake Way N., Seattle, WA 98103; (ii) acquire property, complete construction and furnishing of 28 units of independent living apartments known as The Cove, and pay off loans for pre-development costs and environmental clean-up for The Cove, located at 6850 Woodlawn Avenue NE, Seattle, WA 98115. Proceeds of the Bonds will also be used to finance the construction and equipping of The Cove 2, a new 22-unit independent living senior facility, located at 6870 Woodlawn Avenue NE, Seattle, WA 98115, located next to The Cove, on the SE corner of Woodlawn Avenue NE and 4th Avenue NE. The facilities will be owned by The Lutheran Retirement Home of Greater Seattle, a Washington 501(c)(3) nonprofit organization. The total aggregate estimated bond amount is not expected to exceed \$45,000,000. Mr. Peterson introduced John Paulson, Chief Housing Resource Officer for the Hearthstone.

Mr. Paulson stated that the balance of the bond issue will be used for the construction and equipping of The Cove 2, a 22-unit independent living facility providing housing and support for seniors. Additionally, there will also be 12 memory care units and there is already a waiting list for the units.

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

**Public Hearing:
Allocation of Low
Income Housing
Tax Credits from
the 2018 Funding
Round.**

The Chair opened a public hearing on the recommended allocation of Low Income Housing Tax Credits at 1:23 p.m.

Bob Peterson, Manager of the Multifamily Housing and Community Facilities Division, said that there will be four projects to consider today.

TC 8 Dallesport

Mr. Peterson that the first project is the TC 8 Dallesport and introduced Debra Whitefoot, Yakama Nation Housing Authority (YNHA) Housing Coordinator. Ms. Whitefoot stated that this is the second phase of the YNHA's Dallesport project, consisting of a mixture of single family homes and duplexes, will serve the displaced Tribal fishermen who live in campsites along the Columbia River, also known as the Celilo Falls area. YNHA will provide both social and empowerment services to the formerly homeless residents. The project is a result of a multi-year focus and study on the impact of the creation of the Columbia River Dams. There will be a total of 30 units and the set-asides for this project are 25% of units at 60% area median income (AMI), 50% of units at 40% AMI and 25% of units at 30% AMI.

Mr. David Northover, YNHA Board of Commissioner, stated that he lived there when he was eight years old until he was 14. He said they were hand built homes some with or without windows. Mr. Elmor Schuuster, YNHA Board of Commissioner, stated that people have been waiting for 60 years since the villages were flooded when the Dam was constructed.

Makah Housing

Mr. Peterson that the second project is the Makah Housing and introduced her introduced Whitney Goetter, Senior Development Analyst of the Multifamily Housing and Community Facilities Division.

Ms. Goetter stated that Makah Tribal Housing Department's Makah Housing LIHTC Project #2 consists of the new construction of ten single-family buildings in the Sail River Heights neighborhood and the rehabilitation of 22 existing units on two locations, one located on Bay View Ave. the other located at Cedar Dr.

This is Makah Tribal Housing Department's second tax credit project. Sail River Longhouse, which is in the same neighborhood as the new construction units of this current project, was allocated project in 2013, has successfully placed in service, and is currently operational.

The units in this project to be rehabilitated will consist of single-family buildings, duplexes, and triplexes. The units to be rehabilitated are all part of the Makah Tribal Housing Department's existing housing stock and the sites are all located in Neah Bay in Clallam County. All of the land for the project is located on trust land within the boundaries of the Makah Indian Reservation.

The existing units were originally constructed in 1981. All but five of the existing units are fully occupied by extremely low, very low, and low income households. Around one-third of the existing households earn less than 30% of AMI. Of the 32 units, they will set aside 8 of the units to households earning no more than 30% of AMI, 16 of the units to households earning no more than 40% of AMI, and the balance, 8 units, to households earning no more than 60% of AMI. In addition, 7 of the units will be reserved for large households and another 7 will be reserved for housing for the homeless.

The existing units are currently inefficient and are in dire need of repairs and upgrades. The current annual maintenance costs on the units is extremely high and is reactive rather than proactive and is primarily focused on keeping the units habitable.

Repairs and improvements on the existing units will include improvements to: roofing, siding, windows, doors, insulation, wallboard, painting, flooring, cabinets, countertops, plumbing, heating and cooling, electrical, disability modifications, interior framing and floor plans modifications, and universal design modifications. If present, asbestos containing materials will be removed as part of the work. Both the new construction and existing housing units will meet the requirements set forth by the Evergreen Sustainable Development Standard in addition to the International Building Code.

This project was initiated by the Makah Tribal Council based on their awareness that there were a large number of tribal members who were not being served by the current tribal housing system. The Tribe is able to provide supportive services to its members and will assist those without a normal means to traditional housing to vastly improve their way of life. One of the biggest difficulties facing tribal members who want to live on their tribal lands is the lack of resources and housing. This project aims to alleviate those pains by providing low barrier entry to housing and offering supportive services to those who would not otherwise be able to afford it.

She also of noted that the fact that this project took points for eventual tenant ownership. After the end of the initial compliance period, the single-family units will be offered to the current residents for purchase. The Makah Tribe will work diligently with the residents to ensure they are ready to be successful homeowners. Their homeownership plan provides a comprehensive approach to increasing the affordable housing assets of the Makah Tribe as well as continuing the tribe's successful history of providing homeownership opportunities for their tribal members.

Pioneer Way Apartments

Mr. Peterson stated that the next project is the Pioneer Way Apartments and introduced Robin Amadon, Low Income Housing Institute Development Director. Ms. Amadon stated Pioneer Way Apartments will provide much needed affordable housing and new development to the City of Oak Harbor on north Whidbey Island. 50% of the units are set-aside for Homeless and another 20% are for military veterans. The target populations include homeless veterans, active service members and their families who cannot find housing on the local air force base and other Oak Harbor residents who cannot afford the increasing price of the market rate developments. The site is well-situated within a short walk to numerous amenities including grocery stores, schools, medical clinics, parks and playgrounds.

Stonewood Apartments

Mr. Peterson that the last project is the Stonewood Apartments and introduced Taylor Hunt, Development Manager at Cascade Affordable Housing. Mr. Hunt stated that Stonewood is a 60-unit, new construction project, located on a 3.5 acre parcel in Yakima, WA. Trillium Housing Service will set aside 75% (45) of the units for Farmworkers, leaving 15 units available for general, qualifying households. The site's income distribution will be split with 10% of the units at 30% AMI, 50% of units at 40% AMI and 40% at 50% AMI.

There were no other comments from members of the public and the hearing was closed at 2:00 p.m.

**Action Item:
Resolution No. 18-43, 2017 Allocation of Credit for the Housing Tax Credit Program**

Lisa Vatske, Director of the Multifamily Housing and Community Facilities Division, said this was a resolution authorizing the Executive Director to make reservations and/or allocations of 2018 Housing Tax Credits to the following project:

- TC 8 Dallesport
- Makah Housing
- Pioneer Way Apartments
- Stonewood Apartments

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

**Action Item:
Master Loan Participation Agreement with PlainsCapital Bank for liquidity for SF mortgage**

Bob Cook, Senior Finance Director, requested approval for the use of the Commission general operating, Single-family bond program Commission Funds in the bond indentures and undeployed Program-Related Investment (PRI) funds to purchase and hold participations in loans originated on our behalf and held by Idaho Housing and Finance Association until such loans are pooled into mortgage-backed securities and sold and for the Executive Director to negotiate and execute a mortgage warehouse loan with Plains Capital Bank of up to \$100 million to provide additional liquidity.

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

Commissioners' Reports

Mr. Moss reported that the audit committee discussed the committee charter, interest rate SWAP policy and investment policy. There were no updates or changes.

Consent Agenda

The Consent Agenda was approved as mailed.

Adjournment

The meeting was adjourned at 2:10 p.m.

Signature
