

WASHINGTON STATE HOUSING FINANCE COMMISSION

WORK SESSION MINUTES

July 26, 2018

The July 26, 2018 work session was called to order at 11:00 a.m. by Karen Miller. In attendance were Commissioners Alishia Topper, Diane Klontz, Wendy Lawrence, Jason Richter (Washington State Treasurer Designee), Ken Larsen and Steve Moss.

Lisa Vatske provided a briefing of the June 9% application round of 2019 allocation.

Val Pate and Elaine Magil of TCAM presented a preview of the development of the Asset Management and Compliance Preservation Program.

Kim Herman gave the Executive Director's report

The work session was adjourned at 12:05 p.m.

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
MINUTES**

July 26, 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 Alishia Topper, Diane Klontz, Wendy Lawrence, Jason Richter (Washington State Treasurer’s Designee), Ken Larsen and Steve Moss.

Approval of the Minutes

The minutes of the June 28, 2018 special meeting were approved as mailed.

Employee Recognition

Two Years

Erik Giesen
Chase Johnson
Makena Ogata

Five Years

Vic Mijares

Fifteen Years

Mary Gustavson

Employee of the First Quarter – Lisa Vatske

“For the past year the housing and homeless crises have not stopped and the responsibilities have only grown. We have gone from a surfeit of a billion dollars in bond cap down to needing to allocate the cap more competitively. At the same time the months of November and December found us preparing as best we could for the possible demise of private activity bonds due to the federal tax legislation and its various versions. This has also affected the pricing and

allocation of tax credits. On the state level the legislature's own failed 2017 Capital budget affected the Housing Trust Fund by not funding it. This in turn strained many applications causing funding delays that took extra effort, creativity and coordination on the Multifamily Division.

This past quarter saw our selectee dealing with request from the Government Accountability Office (GAO) and the Joint Legislative Audit & Review Committee (JLARC) regarding the costs of multifamily projects. Both of these audits have been ongoing for over a year but saw a flurry of late request and discussions as they wrapped up this past quarter. Washington State is one of 10 states involved in the GAO study that is being watched closely around the country.

Our selectee leads one of the most diverse divisions at the Commission, not only speaking of her cast of staff characters, but the programs themselves. While affordable housing is the division's primary goal she is not allowed to forget the many organizations active in the arts, social services, and housing preservation. This quarter has seen a need to expand our response to difficult to develop areas, reconsider our assumptions with manufactured housing preservation, as well as our work with WCRA.

Our selectee also played a role with our Executive Director Kim Herman, in the recent 12.5% increase in the 9% Low Income Housing Tax Credit (LIHTC). She worked with Senator Cantwell's staff in planning and advocating for this and other program changes. This LIHTC increase also included Income Averaging as a new set-aside. Washington was one of the first states to adopt this change thanks to her efforts!

Most recently, our selectee has also been traveling around the state discussing our most recent 9% LIHTC round as well as holding policy discussion for this as well as other programs.

To top all of this off, at this year's annual NCSHA Housing Credit Connect Conference she was a Discussion Leader on an Understanding Opportunity Zones panel.

As you have probably figured out, our selectee, Lisa Vatske's, performance as Director of Multifamily Housing & Community Facilities has been exceptional during a time of many challenges stressing the status quo and demanding creative solutions. There has been little time to rest. She has handled it with a straight forward positive attitude!

Congratulations to Lisa Vatske! Employee of the quarter."

**Public Hearing:
Views at Madison,
OID # 18-76A**

The Chair opened a public hearing on OID # 18-76A, Views at Madison at 1:07 p.m.

Lisa Vatske, Director of the Multifamily Housing and Community Facilities Division, said that this is the proposed issuance of tax-exempt nonprofit facility revenue bonds to finance the acquisition of an existing 96-unit multifamily housing facility located at 1615 19th Avenue and 1823 E. Madison Street, Seattle, WA 98122, to be owned by Bellwether Views LLC, a Washington limited liability company (the "Owner"). The Owner's sole member and manager is Bellwether Housing, a Washington 501(c)(3) nonprofit organization. Proceeds of the bonds may also 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 \$10,000,000. Ms. Vatske introduced John Paulson, Senior Asset Manager at Bellwether Housing.

Mr. Paulson stated that all of the units at Views at Madison are available to persons ranging from at or below 30% to 80% Area Median Income (AMI). These units are currently fully occupied and the rental rates have not changed from the service agreement.

There were no other comments from members of the public and the hearing was closed at 1:15 p.m.

**Public Hearing:
Villas at Arlington,
OID # 17-197A**

The Chair opened a public hearing on OID # 17-197A, Villas at Arlington at 1:15 p.m.

The proposed issuance of one or more series of tax-exempt revenue bonds to finance a portion of the costs for the acquisition of land and new construction and equipping of a 312-unit multifamily housing facility located at 18506 Smokey Point Blvd., Arlington, WA 98223, to be owned by Villas at Arlington Partners LLLP, a Washington limited liability limited partnership. Proceeds of the bonds may also be used to pay a portion or all of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$59,000,000. Ms. Vatske introduced James Kim, with AVS Communities.

Mr. Kim stated this project will serve households at or below 60% AMI. Twenty percent of units will be set aside for larger households. There will be 17 buildings including 16 three story walk up residential buildings. Amenities include an onsite fitness center, business learning center, media center, and playground.

In response to a question from Mr. Richter, Mr. Kim stated their major milestones which include seeing a commitment from Freddie Mac, 12 months to lease up and converting to a construction loan.

There were no other comments from members of the public and the hearing was closed at 1:20 p.m.

**Public Hearing:
Little Saigon
Apartments, OID #
18-51A**

The Chair opened a public hearing on OID # 18-51A, Little Saigon Apartments at 1:21 p.m.

The proposed issuance of one or more series of tax-exempt revenue bonds to finance a portion of the costs for the acquisition of land and new construction and equipping of a 69-unit multifamily housing facility located at 1253 S. Jackson Street, Seattle, WA 98144, to be owned by Little Saigon LLLP, a Washington limited liability limited partnership. Proceeds of the bonds may also be used to pay a portion or all of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$12,000,000. Ms. Vatske introduced John Torrence, Assistant Director of Housing Development at Low Income Housing Institute (LIHI).

Mr. Torrence stated that this project will serve 50% AMI and 60%

AMI individuals and families. The project will feature residential amenity space on the top floor, along with an outdoor rooftop deck, and covered and secured bicycle storage. The bottom floor will be for retail space and will be LIHIs main offices.

In response to a question from Commissioner Moss, Mr. Torrence stated that they have incorporated a contingency for the increase in steel prices.

In response to a question from Mr. Richter, Mr. Torrence stated that the Seattle/King County funding are \$1.3 million from Home Funds and \$5.4 million from Levy Funds.

There were no other comments from members of the public and the hearing was closed at 1:26 p.m.

**Public Hearing:
Mt. Baker Family
Housing, OID # 18-
48A**

The Chair opened a public hearing on OID # 18-48A, Mt. Baker Family Housing at 1:26 p.m.

The 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 new construction and equipping of a 95-unit multifamily housing facility located at 2870 South Hanford Street, Seattle, WA 98144, to be owned by MHNW 16 Family Housing LLLP, a Washington limited liability 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 \$23,000,000. Ms. Vatske introduced Bill Rumpf, President of Mercy Housing Northwest.

Mr. Rumpf stated that the target population will be households at or below 60% of the area median income. Ten percent of the units will be set-aside for large households and twenty percent of the units will be set-aside for persons with disabilities. There will be three service partners at Mt. Baker Family Housing; Mary's Place, Refugees Women's Alliance and Child Care Resources, located in the family education and resource center. The amenities include a business learning center, media room, and playground.

There were no other comments from members of the public and the hearing was closed at 1:32 p.m.

**Public Hearing:
Possession Sound
Properties, 18-58A-
C**

The Chair opened a public hearing on OID # 18-58A-C, Possession Sound Properties at 1:32 p.m.

The 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 three multifamily housing facilities; Beachwood Apartments located at 1027 Beach Avenue, Marysville, WA 98270; Lervick Family Village located at 8321 272nd Street NW, Stanwood, WA 98292; Oakes Commons located at 3125 Oakes Avenue, Everett, WA 98201. All facilities will be owned by Possession Sound Properties, LLC, a Washington limited liability company. Proceeds of the bonds are expected to be used to provide a portion of the financing for the acquisition and rehabilitation of the 25-unit Beachwood Apartments, the 13-unit Lervick Family Village and the 20-unit Oakes Commons. 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 \$12,000,000. Ms. Vatske introduced Bobby Thompson, Director of Housing Development at Housing Hope.

Mr. Thompson stated that these former 9% tax credit projects will target populations at or below 50% of the area median income. Additionally, 33 of the units will be at 30% AMI and there will be 38 Section 8 vouchers.

There were no other comments from members of the public and the hearing was closed at 1:39 p.m.

**Public Hearing:
SAG Kitsap
County
Preservation, OID
17-133A**

The Chair opened a public hearing on OID # 17-133A, SAG Kitsap County Preservation at 1:40 p.m.

The 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 seven multifamily and senior housing facilities, equaling 299 aggregate housing units. The addresses and units are listed below. The facilities will be owned by SAG

Preservation Portfolio 1 LLLP, a Washington limited liability limited partnership. 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 \$24,000,000.

Projects:	SAG Preservation Portfolio 1	
Project Addresses and Total Units:	<p>Cambridge Cove 470 SE 4th Avenue Oak Harbor, WA 98277 37 Units</p> <p>Oak Bay Station 135 NE Barron Drive Oak Harbor, WA 98277 82 Units</p> <p>Silvercrest Apartments 9725 Danwood Lane NW Silverdale, WA 98383 42 Units</p> <p>Wesley Point 1033 Wesley Street Arlington, WA 98223 24 Units</p>	<p>Conifer Ridge 1721 Fircrest Drive SE Port Orchard, WA 98366 40 Units</p> <p>Harbor Ridge 950 N Oak Harbor Street Oak Harbor, WA 98277 32 Units</p> <p>Oak Harbor Estates 191 NE Ernst Street Oak Harbor, WA 98277 42 Units</p>

Ms. Vatske introduced Matt Chantry, Senior Project Manager at Shelter Resources, Inc.

Mr. Chantry stated that this acquisition and rehabilitation of seven USDA Rural Development multifamily and senior housing properties in Snohomish, Kitsap, and Island Counties with 299 aggregate housing units will include general upgrades such as upgraded bathroom floors, siding, asphalt, ADA accessibilities. Each unit will receive approximately \$2,000 of rehabilitation.

In response to a question from Kim Herman, Mr. Chantry stated that USDA process has been going very smoothly and faster than expected.

There were no other comments from members of the public and the hearing was closed at 1:50 p.m.

The Chair opened a public hearing on OID # 18-55A, Heatherstone at 1:50 p.m.

**Public Hearing:
Heatherstone, OID
18-55A**

The 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 rehabilitation of three multifamily housing facilities, which have been and will be operated as a single 455-unit multifamily facility. The facilities are located at 1114 W. 10th Avenue, 1136 W. 10th Avenue, and 1212 W. 10th Avenue in Kennewick, WA 99336, to be owned by Heatherstone Preservation LP, a Washington limited partnership. Proceeds of the notes may also 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 \$42,000,000 (a portion of which may be taxable). Ms. Vatske introduced Brandon Musser, Investment Manager at Security Properties.

Mr. Musser stated thirty percent of units will be available to residents at or below 50% of AMI, and 70% of units will be available to residents at or below 60% of AMI. Ten percent of the units will be set-aside for persons with disabilities, and ten percent of the units will be set-aside for large household. Project amenities include an onsite community garden and an onsite business learning center.

There were no other comments from members of the public and the hearing was closed at 1:57 p.m.

**Public Hearing:
Auburn City
Center Senior
Living, OID # 18-
62A**

The Chair opened a public hearing on OID # 18-62A, Auburn City Senior Living at 1:57 p.m.

The 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 new construction and equipping of a 166-unit senior housing facility located at 36 West Main Street, Auburn, WA 98001, to be owned by Auburn City Center Senior Living Associates, LLC, a Washington limited liability company. Proceeds of the notes may also 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 \$34,000,000. Ms. Vatske introduced Bryan Park, President at Pacific Northern Construction and Jay Woolford, Executive Director at Sustainable Housing for Ageless Generations (SHAG).

Mr. Woolford stated that SHAG has updated its name from Senior Housing Assistance Group to Sustainable Housing for Ageless Generations and they will be the operator of this property.

Mr. Park stated twenty percent of the units will be restricted to residents earning less than 50% of the AMI for King County. Twenty percent of the units will be set aside for persons with disabilities. The amenities include a large lobby, fitness center, business learning center, and media center.

There were no other comments from members of the public and the hearing was closed at 2:09 p.m.

**Public Hearing:
Sunset Garden
Apartments, OID #
18-61A**

The Chair opened a public hearing on OID # 18-61A, Sunset Garden Apartments at 2:09 p.m.

The 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 276-unit low income multifamily senior housing facility located at 201 27th Avenue SE, Puyallup, WA 98374, to be owned by SHAG Affordable Senior Living Associates (2) Limited Partnership, a Washington limited partnership. Proceeds of the bonds may also be used to pay a portion or all of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$28,500,000. Ms. Vatske introduced Bryan Park, President at Pacific Northern Construction and Jay Woolford, Executive Director at Sustainable Housing for Ageless Generations (SHAG).

Mr. Park stated that twenty five percent of units will be available to seniors at or below 50% of AMI, and 75% of units will be available to seniors at or below 60% of AMI. Twenty percent of the units will be set for persons with disabilities. In response to a question from Mr. Richter, Mr. Park stated that this project is currently subject to a regulatory agreement and there will be no change in the current set-asides or rents. There will be exterior and interior renovations and expanded community spaces. The amenities include expanded community spaces, a fitness center, business learning center, and media room.

There were no other comments from members of the public and the hearing was closed at 2:21 p.m.

**Action Item:
Resolution No. 18-
82, Wesley Homes
Des Moines II, OID
18-74A**

Ms. Vatske said this is a resolution approving the issuance of one or more series of tax-exempt nonprofit facility revenue bonds to finance the new construction and equipping of a new phase of a continuing care retirement community located at 816 S. 216th Street, Des Moines, WA 98198, to be owned by Wesley Homes Des Moines, LLC, a Washington limited liability company. Proceeds of the bonds will be used to finance a portion of the costs of: (i) demolishing a portion of the existing facilities and constructing and equipping a new 5-story building with 151 independent living apartments, a town center including dining, fitness facilities and other community spaces, and associated parking; (ii) capitalizing interest on the bonds during construction; (iii) funding a debt service reserve fund, if required; and (iv) paying costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$90,000,000. The public hearing was held June 28, 2018.

In response to a question from Commissioner Moss regarding no set asides, Counsel to the Commission, Faith Pettis, stated that the property tax exemption includes a 10% at 80 AMI and 15% at 100 AMI set-aside.

Mr. Larsen moved to approve the resolution. Ms. Lawrence seconded the motion. The resolution was approved with five yes voted and one no vote.

**Informational
Report on
Department of
Commerce
Activities.**

Ms. Klontz stated that the Affordable Housing Advisory Board (AHAB) will hold a special meeting on September 19 at Pacific Tower to finalize its 2019 policy and legislative agenda.

She mentioned the Commerce is preparing a Housing Assistance RFQQ to identify an inspector for 811 projects that are online or have recently rented up. Commerce is implementing HB 2578, Expanding Rental Housing Options, the bill that creates the Landlord Mitigation Program, in addition to adding source of income protections:

- Nick Yuva started last week and will manage the program.

- This program will take the place of the regional program create in the 2016 supplemental Capital Budget.
- Commerce is planning a soft launch this summer.
- Stakeholder outreach started with SACH/ICH and the Balance of State Continuum of Care last week and will be ongoing this summer.

Commerce is contracting with the Health Care Authority to continue a second year of deep rental subsidies for individuals who have supportive housing needs within the Housing and Recovery through Peer Services Program (HARPS).

Commerce is collaborating with the Health Care Authority and national technical assistance providers, including the Corporation for Supportive Housing, to grow the state capacity to build supportive housing.

The Housing Trust Fund (HTF) Stage 2 applications are due by 5PM, September 26, 2018. Awards will be announced in December. Stage 1 applications are not required in order to apply for this Stage 2.

The Housing Preservation Program NOFA closed June 30.

- Commerce received 39 applications from 25 organizations requesting more than \$14 million. It has \$10 million available.
- The preservation project total costs are an estimated \$76.3 million, which includes HTF and leveraged funds.
- In this round of applications, each \$1 of HTF investment was leveraged with \$4 of investments from outside funding sources.
- If Commerce funds all \$14 million in proposals, nearly 1,500 units of low income units in affordable housing projects would be preserved.
- 59 percent of these units are restricted to populations with incomes at or below 30 percent AMI.

HTF continues working with stakeholders to revise and refine its underwriting and loaning policies. The HTF desired outcome is to build a measure of sustainability into the fund.

Office of Homeless Youth (OHY) is partnering with A Way Home Washington (AWHWA) on the Anchor Communities Initiative. An RFP has been released and can be found at www.awayhomewa.org. Applications are due July 31, 2018. Chosen Anchor Communities will receive data support, coaching, and community and capacity building support to address youth and young adult

homelessness in their community. The Anchor Communities Initiative will officially launch in late September.

The Youth Leadership Summit will take place August 1. At this event, youth advocates take center stage to present their proposals to the Office of Homeless Youth Prevention and Protection Programs Advisory Committee and the Washington State Supreme Court Commission on Children in Foster Care.

Consent Agenda

The Consent Agenda was approved as mailed.

Adjournment

The meeting was adjourned at 2:38 p.m.

Signature
