

WASHINGTON STATE HOUSING FINANCE COMMISSION

WORK SESSION MINUTES

February 27, 2020

The February 27, 2020 work session was called to order at 11:00 a.m. by Jason Richter, Secretary, acting in the absence of the Chair. In attendance were Commissioners Lowel Krueger, Ken Larsen, Alishia Topper, Randy Robinson, Diane Klontz, Albert Tripp and Rich Nafziger.

Mr. Richter introduced the Commission's newest board member, Albert Tripp. Albert lives in Spokane County and has served as City Manager for the City of Airway Heights since 2008. He is the chief executive and administrative officer, bringing together the leadership and vision of the city council with a focus on results. He previously served on the Spokane Regional Homeless Governance Council, and he is a former board member of the Washington City/County Management Association.

Mina Choo and Derek McGreal from RBC Capital Markets presented a history of what has happened with the bond market from a national perspective and its impact on the Commission's bond issues and the rates. They compared the differences between a bond execution and a TBA sale. They also discussed national homeownership statistics and some of the benefits of homeownership.

Lisa Vatske provided an overview of the first round of the Bond cap allocation for 2020. She summarized the outcomes in a PowerPoint presentation provided as part of this summary of the minutes. In addition to the outcomes of the allocation round, the presentation provided an overview of next steps and stakeholder engagement.

Lisa Vatske and Bob Cook discussed a new financing opportunity that Commission staff is working on in conjunction with Citi Community Capital. This would replenish the capital Citi has available so that they could continue providing financing to our mutual clients.

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

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
MINUTES**

February 27, 2020

The Commission meeting was called to order by Jason Richter, Secretary of the Commission, 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 Lowel Krueger, Ken Larsen, Alishia Topper, Randy Robinson, Diane Klontz, Albert Tripp and Rich Nafziger.

Approval of the Minutes

The minutes of the January 23, 2020 special meeting were approved as mailed.

Employee Recognition

Two Years

Kate Held

Five Years

Richard Zwicker

Yana Prokhor

Krystina Gillen

Dietrich Schmitz

Special Recognition for the work she did with the Combined Fund Drive.

Shawna Higgins

Employee of the 4th Quarter 2019 - Miyuki Rupp

“When this employee joined the Commission in September 2018, she quickly learned the myriad of tasks associated with her position, so much so, we keep adding more! Our entire division relies upon her for some, really many, things. She always delivers pleasantly, punctually, and professionally.

She has been critical in ensuring the daily cash receipts recording process is successful during another staff member's maternity leave. She goes beyond the instructions given, exceeding expectations by smartly researching, communicating with division members, and coordinating with fellow staff to assure that they're timely and accurately recorded.

She always dives right in, with minimal coaching & instruction. She works her way through whatever she's given, even fighting through unexpected Excel formula surprises with barely a blink. I don't think we've given her anything that she hasn't been able to accomplish. Beyond that, she seeks out additional work where she may be helpful, easing the load for all of us.

It's not all work with her though. She's a great person, our division's party planner—and sneaky funny, too!

She shows an uncommon, selfless dedication to the Commission and we all benefit. She's an absolute Rockstar, and we are very fortunate to have her as a part of our team. “

Employee of the Year 2019 - Hilina Bereded

“Good customer service is one of the Commission's greatest assets. Both our internal and external customers that we interface with on a day to day basis deserve and expect this commitment from all Commission staff. This person always takes the approach that they will perform this and other tasks to the best of their ability and ensure that they are providing good customer service without any exceptions and resolve the issue even though there are adverse conditions that would cause it otherwise not to be so. This person will go out of their way to make sure the Commission' assets are kept up to standards that meet and or exceed industry standards. Teamwork is another Commission asset that this person has to offer. Working outside of your area of responsibility to benefit another team member and learning new skills to do so is commendable. This person is the back up for the Commission website. She took it upon herself to learn how to efficiently get this done without any downtime to the website. When the Commission's website manager retired, she was able to keep the websites content updated so that essential deadlines and class schedules were not missed, and we were able to find a replacement without having to rush. She is the backup for facilities and the back-up audio setup for the conference rooms as well as the

main IT setup tech for hardware. She takes her job as the service desk main contact person seriously and strides each day to resolve issues promptly and efficiently.”

**Action Item:
Ratification and
election of
commission officers**

Mr. Richter stated that the election of the Vice Chair at the January board meeting was not noticed on the official agenda as mailed; therefore, the vote for Lowel Krueger to become Vice Chair at the January 23rd Board meeting must be ratified.

In addition, the Vice Chair and the Treasurer positions are vacant due to Beth Baum’s and Steve Moss’ terms ending.

Mr. Richter ask for ratification of the approval of Lowel as the Vice Chair. Ms. Klontz made a motion to ratify Lowel Krueger as the Vice Chair. Ms. Topper seconded the motion. The motion was approved unanimously.

Mr. Richter asked for nominations for the position of Treasure. Ken Larsen made a motion to nominate Alishia Topper for Board Treasurer position. Ms. Klontz seconded the motion. The motion was approved unanimously.

Mr. Krueger, as the newly- elected Vice Chair, will chair the remainder of the Board meeting.

**Public Hearing: St.
Thomas School,
OID # 20-28A**

The Vice Chair opened a public hearing on OID # 20-28A, St. Thomas School, at 1:13 p.m.

Claire Petersky, Manager of Multifamily and Community Facilities Division, said that this a proposed issuance of one or more series of tax-exempt revenue bonds to: (1) refinance the construction and equipping of existing school facilities; (2) finance the construction and equipping of additional school facilities, including a gymnasium and performing arts center; and (3) pay all or a portion of the costs of issuing the bonds. The project is located at 8300 NE 12th Street, Medina, WA 98039, and is to be owned by St. Thomas School, a

Washington 501(c)(3) corporation. The total estimated bond amount is not expected to exceed \$20,000,000. Ms. Petersky introduced Bill Palmer, CFO of St. Thomas School.

Mr. Palmer stated that St. Thomas School first opened its doors as a parish school for St. Thomas Episcopal Church on September 11, 1951, holding class in a portable, wooden frame building across the street from the current campus for seventeen first and second grade students. The School flourished under Father Vall-Spinosa's guidance, and when he left the parish in 1967, St. Thomas Episcopal Church decided the School should be a separate entity from the Church. On August 13, 1968, the School's Board of Trustees was formed, and STS incorporated. The new Trustees felt strongly that the reorganized School should maintain a mutually beneficial relationship with St. Thomas Church. In 2007 the school built a 55,000 sq. ft. facility.

The school is now serving students from pre-school to eighth grade, with about a million dollars in financial aid, which is about 10% of the school's revenue.

There were no comments from members of the public and the hearing was closed at 1:24 p.m.

**Public Hearing:
Holly Ridge
Apartments, OID #
18-131A**

The Vice Chair opened a public hearing on OID # 18-131A, Holly Ridge Apartments, at 1:24 p.m.

Ms. Petersky said that this is a proposed issuance of one or more series of tax-exempt and taxable revenue bonds to finance a portion of the costs for the acquisition of land and the construction and equipping of a 121-unit low income multifamily housing facility located at 127 112th Street SW, Everett, WA 98204, to be owned by Holly Ridge, LLC, a Washington limited liability company. Proceeds of the bonds may also be used to pay a portion of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$33,000,000, a portion of which may be taxable. Ms. Petersky introduced David Ratliff, from DevCo, the developer for Holly Ridge.

Mr. Ratcliff stated that one hundred percent of the units are affordable and will be leased to households earning no more than 50% of the Snohomish County area median income. Twenty percent of the units will be set aside for large households. The amenities include community garden, fitness center, business center, media room, playground or fitness trail, electric vehicle charging station, early learning facility, and supportive services/community space.

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

Public Hearing: La Madera Apartments, OID # 19-127A

The Vice Chair opened a public hearing on OID # 19-127A, La Madera Apartments, at 1:28 p.m.

Ms. Petersky said that this is 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 rehabilitation of a 76-unit multifamily housing facility located at 28620 Pacific Highway S., Federal Way, WA 98003, to be owned by Federal Way La Madera 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 \$12,000,000, a portion of which may be taxable. Ms. Petersky introduced Adam Diskin & Russel Hirsh, DH&G, developers of La Madera.

Mr. Diskin stated that La Madera has been affordable for 40 years and is currently 95% occupied. Half of the units will be set aside for households at 50% AMI and half at 60% AMI. Ten percent of the units will be set aside for large households and twenty percent will be set aside for persons with disabilities. Amenities include community garden, business center, media room, fitness trail and covered secured bicycle storage. The rehabilitation includes water piping, sewer, wiring, building panels, roof and walkways.

Mr. Hirsh stated that this complex was previously financed as a 9% transaction and is now using 4% tax credits. It is also using new and recycled bond cap.

There were no comments from members of the public and the hearing was closed at 1:34 p.m.

**Action Item:
Resolution No. 20-29,
Imagine Children's
Museum, OID # 19-
108A**

This item was pulled from the agenda.

**Action Item:
Resolution No. 20-
38, The Confluence,
OID # 19-75A**

Lisa Vatske, Director of Multifamily Housing and Community Facilities Division, said this is a resolution approving the issuance of one or more series of tax-exempt and taxable revenue bonds to finance a portion of the costs for the acquisition of land and the construction and equipping of a 103-unit multifamily housing facility located at 3481 S. 152nd Street, 3601 S. 152nd Street and 3703-3707 S. 152nd Street, Tukwila, WA 98188, to be owned by Bellwether Tukwila LLLP, a Washington limited liability 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 \$26,000,000, a portion of which may be taxable. The public hearing was held November 14, 2019.

Mr. Tripp moved to approve the resolution. Mr. Nafziger seconded the motion. The resolution was unanimously approved.

**Executive
Director's Report**

Mr. Walker stated that in January, for Home Advantage, the Commission had over \$182 million in reservations assisting 620 families. For House Key Opportunity, the Commission had over \$8.8 million in reservations assisting 40 families, totaling \$191 million and 660 families for the month.

For the Multifamily and Community Facilities Division, staff have been working on vetting the points on the 9% applications. Although staff posted a self-score list several weeks ago, there have been changes. Staff is working closely with Commerce, especially on the non-metro pool, where there were potentially nine projects on the waitlist. There is a combined effort to try to fund an additional three projects, especially in smaller rural communities, as they will all be waiting to move forward. This serves as a pilot of how to redefine leverage and helps

Commerce fulfill their goals of funding 30% rural projects. This action may become an important strategy to maximize and stretch our resources, especially if the legislature approves additional resources at the state and local level.

There will be an upcoming stakeholder meeting on March 3 to debrief from this current round and kickoff policy discussions for the 2021 9% program.

Interviews are being held to fill the additional position of underwriter that was approved in this past year's budget.

Asset Management and Compliance (AMC) continues to provide compliance training to the operators of tax credit properties in the state – AMC had two full houses this month, for its fundamentals and advanced classes. AMC staff is continuing to work on ways to provide even more access to trainings and has been working with the Communications team to explore different delivery methods, as well as content.

Reporting season is well underway in AMC – with all incoming submissions organized and queued up for staff review. AMC is now monitoring 102,576 units in 1,122 projects.

Mr. Walker met with Yazmin Mehdi, Deputy District Director for Representative Jayapal to discuss legislative issues they are working on.

Our Affiliate agency, the Washington Higher Education Facilities Authority (WHEFA), held its quarterly Board meeting in early February.

Mr. Walker traveled with senior staff to New York to attend a Wells Fargo conference. While there, staff also met with cfX and Hilltop Securities to continue educating the Executive Director about Homeownership activities and partners. It was very informative.

Mr. Walker attended an Impact Capital Board meeting in Seattle on February 13.

Karen Miller and Mr. Walker attended the Phase I Groundbreaking Ceremony of Compass Health's Broadway Campus Redevelopment Project. This three-phase redevelopment project is the most ambitious capital project in the 120-year history of Compass Health. With the completion of Phase I, over 80 units of permanent supportive housing will be added to its Broadway campus.

Mr. Walker participated on a panel for Housing Development Consortium (HDC) "Leadership Development Program".

Report on Status of Tenant Assistance for February 27 Commission Meeting:

Mr. Walker mentioned that the Commission had a tenant appear before it at the last two Commission meetings stating that she was having problems with her management company – Allied Residential-- concerning her income recertification. After the December meeting, Mr. Walker met with the tenant for approximately one hour to determine if Commission staff could be of assistance. Commission staff later reached out to Allied to inquire about the status of the tenant's recertification. Commission staff was ultimately informed in early January that the tenant's 2019 recertification had been completed.

The tenant then sent an email to Mr. Walker just prior to the January Commission meeting asking for an investigation of the Commission staff response to her complaints and alleging a cover-up in favor of the property management company, Allied. Staff have conducted an investigation and sent a letter back to the tenant with our conclusion that Commission staff acted appropriately and did not engage any inappropriate conduct by Allied.

The Commission's letter further described the Commission's very limited role in the income recertification process. A copy of this letter is in Commissioner's board packets.

The Commission's Asset Management and Compliance Division is responsible for monitoring the compliance of over 1,000 properties statewide with the requirements of the federal low-income housing tax credit and bond programs.

Property owners – through management companies – collect annual information regarding tenant income and rents, among other things, and submit data to the Commission to show they have met the required number of low income housing units to continue to qualify for the federal programs.

The Commission is not a party to the tenant lease and does not directly interact with individual tenants. It relies on owners and management companies to provide the information it reviews.

Although all property owners/management companies must provide the same information, the process for obtaining the information from individual tenants may be unique to each management company.

In light of the Commission's limited role in this process, as a courtesy to the tenant, Commission staff attempted to facilitate a conversation between Allied Residential and the tenant, but is not in a position to weigh in formally or to broker any sort of agreement between the two.

Furthermore, as a courtesy to the tenant, and in response to Commissioner requests, we have inquired of Allied about the status of the various issues raised by the tenant.

Staff understand that her 2019 recertification paperwork was complete as of early January but that her 2020 paperwork is still in process and is not yet submitted, even though it was due on January 31.

Commission counsel at Pacifica contacted Allied to confirm the status and was told by Allied's lawyer that Allied was providing a reasonable accommodation to the tenant and was amenable to providing additional assistance with the 2020 paperwork.

Staff also understand that the tenant has since received a 10-day notice based on her failure to submit her 2020 recertification paperwork.

Staff also understand that the King County Bar Association's Housing Justice Project is now assisting her with completing the paperwork.

The tenant has again contacted the Commission regarding the 10-day notice. In response, Commission staff has urged the tenant to work with the Housing Justice Project and Allied to complete the required recertification process.

Staff do not believe there is anything more the Commission can do at this point because the 2020 recertification paperwork is between the management company and the tenant.

As Mr. Walker noted previously, the Commission is not a party to the tenant's lease and is not in a position to mediate landlord/tenant disputes.

·Legislative update:

The Legislative session concludes two weeks from today on March 12, 2020. For a short session, there's been a lot going on in the affordable housing arena.

Although there have been very few bills that directly impact the Commission, staff have been following quite a few bills during the session. Here are a few of the topics that continue to be discussed in Olympia:

- The creation of the Office of Equity.
- A proposed "head tax" in King County to fund affordable housing.
- Tenant Eviction protections.
- Making it easier to use public lands for affordable housing.
- Modifications to the Multifamily Tax Exemption laws
- Protections for mobile home parks and their residents.

Within the budgets released earlier this week, the house has proposed adding an additional \$100 million to the Housing Trust Fund and Mr. Walker was pleased to report that the budgets currently contain funding for the Foreclosure Fairness Act to ensure default housing counseling can continue (House \$550,000; Senate \$607,000).

Tera Ahlborn and Mr. Walker had the opportunity to attend the Senate hearings in Olympia for the appointment of Albert Tripp and Rich Nafziger on February 3rd

Wendy Lawrence and Ken Larsen also had their Senate hearings in late January.

The Senate may or may not vote on their confirmation on the Senate floor this session. There is an extremely high number of gubernatorial appointments every session, so most are not officially voted on, but pursuant to the RCW, the appointees keep serving unless rejected by a Senate vote.

**Informational
Report on
Department of
Commerce
Activities**

Ms. Klontz from the Department of Commerce (“Commerce”) gave a report as followed:

Housing Finance Unit

HTF 2019 Funding Round

Commerce is preparing to send award letters to the recipients of the \$91.5 M in HTF funds awarded during the 2019 funding round. Commerce and Commission staff are working through the projects that received HTF awards but that are not likely to receive tax credits this round and prepare for the next steps. The 2020 funding round will be solicited in the summer for a minimum of \$36 million, plus any federal funds available at that time.

Mobile Home Park Displacement Funding Round

A conditional award was offered to Forterra NW, in partnership with El Centro de la Raza, for the available homeownership assistance funds for households displaced from mobile or manufactured home in South King County. Staff is working with Forterra to negotiate a contracting plan that meets the proviso’s

intent while establishing reasonable performance measures for the creation of affordable homeownership opportunities for the Firs residents.

Legislative Session

Staff and executive management have been working with the Legislature on bills affecting the Housing Trust Fund. HB 2849 (Tharinger) combines the two RCWs governing the program, addresses the program's future administration and codifies loan terms.

Affordable and Supportive Housing Sales and Use Tax

To date, 44 jurisdictions have adopted the Affordable and Supportive Housing Sales and Use Tax in rural as well as urban cities and counties.

Farmworker Housing Study

Two outreach events for the farmworker housing study will be held this spring:

1. March 26 at the CCs Farmworker Housing Center in Mt. Vernon (Skagit County)
2. May 21 or 28 at the Fairbridge Inn (Valicoff Fruit Co. housing) in Yakima

Housing Assistance Unit

HUD Section 811 NOFA Application

Commerce, in partnership with the Department of Social and Health Services (DSHS), Health Care Authority (HCA), and the Commission submitted an application in response to a Notice of Funding Availability (NOFA) for additional Section 811 funding on February 5, 2020. If awarded, Commerce will double its portfolio of supportive housing units from the current 130 units to 250 units.

Growth Management

HB 1923 Grants

In response to concerns from the smaller and slower-growing counties that are not eligible for funding under HB 1923 grants, Commerce developed a new grant program for those jurisdictions for actions similar to those eligible under HB

1923. Eleven counties and the cities within them are eligible to apply for grants of up to \$25,000. Commerce has \$100,000 available.

Additionally, Mr. Richter asked what the Commission is doing about the current COVID-19 virus. Mr. Walker mentioned that the Commission has a Business Resumption Plan and in it there is a section regarding plans for a pandemic. The Commission staff will be working on ways to have telephonic meeting in the future and to keep staff, board members and the public safe.

Consent Agenda

The Consent Agenda was approved as mailed

Adjournment

The meeting was adjourned at 2:14 p.m.

Signature
