

**WASHINGTON STATE  
HOUSING FINANCE COMMISSION  
MINUTES**

**July 28, 2022**

The Commission meeting was called to order by Chair Bill Rumpf at 1:00 p.m. via Zoom and in the Board Room of the Washington State Housing Finance Commission at 1000 Second Avenue, Seattle, Washington. Those Commissioners present via Zoom were Nicole Bascomb, Alishia Topper, Albert Tripp, Diane Klontz, Lowel Krueger and Mike Pellicciotti.

**Approval of the Minutes**

The June 23, 2022 minutes were approved as distributed.

**Employee Recognition**

Mr. Walker announced the following years of service and employee recognition awards:

**Two Years**

Dan Rothman

**Fifteen Years**

Alex Yim

**Employee of the Second Quarter – Rich Zwicker**

“The employee of the quarter has been with the Commission since 2014. He is incredibly thoughtful and listens intently to what others say making him a great communicator. He has the unique gift of being able to explain complex terms into plain and simple language. He is extremely organized and continually communicates both in writing and through regular meetings with staff and outside partners. He remains cool and composed under extreme pressure. He is a valued member of the division team as well as the Commission as a whole.

He is always putting the needs of other before his own. His sense of humor may be described as a bit dry, but he gets the point across. He is an extremely passionate person especially when it comes to doing the right thing which is why he was one of the 1st members of RJET committee and has made it his personal mission to be a leader in the quest for Social Justice and Equity.

This person is one of the few that has successfully transitioned and has worked in multiple divisions within the Commission. He started off in the Admin Division then transitioned to the Homeownership Division to fill some big shoes when another employee retired.

He has been responsible for the administering of all the housing counseling grants at the Commission from the Foreclosure Fairness Act, HUD, NeighborWorks, and King County, and is responsible for the development and implementation of \$173 million in HAF funds which is the largest influx of federal funds ever to our agency. These funds will help homeowners who have experienced hardship due to the pandemic. Since executing the contract with the Department of Commerce at the end of December, this person quickly designed a pilot plan for release in January in partnership with HomeSight meeting all of Treasury's guidelines to help families facing imminent foreclosure and has already assisted 47 homeowners to avoid foreclosure. This person made sure that the HAF plan is grounded in social justice and equity. He worked on the contract with Commerce, worked on the contract with HomeSight, worked on the program term sheet and documents, holds weekly meetings with HomeSight, and keeps the counselors in the loop. He lives and breathes HAF and developed the large plan approved in record time by Treasury for release in July. This person has spent countless hours putting it all together and working with the IT and Admin provider to make sure everything is in order. He has worked hard to build capacity of our counseling agencies and legal aid. He has strategized on the outreach component of the plan in coordination with homeownership and communications staff so that our outreach is broad and reaches underserved communities socially disadvantaged households and communities who are untrusting of government.

It is for these reasons that the Employee of the 2nd Quarter is Rich Zwicker.”

**Public Hearing:  
Bryant Manor  
Redevelopment,  
OID # 22-33A**

The Chair opened a public hearing for Bryant Manor Redevelopment, OID # 22-33A, at 1:15 p.m.

Claire Petersky, Manager of Multifamily Housing and Community Facilities, said this is a public hearing for the proposed issuance of one or more series of tax-exempt revenue bonds to finance a portion of the costs for the acquisition, construction and equipping of a 101-unit multifamily housing facility, located at 1801 E. Yesler Way, Seattle, WA 98122, to be owned by Bryant Manor I 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 \$44,000,000. Ms. Petersky introduced Shawn Abdul, Executive Director at First A.M.E. Housing Association.

Mr. Abdul said this new construction is aimed at families and large household with 14 four-bedroom units, 20 three-bedroom, 25 two-bedroom, 36 one-bedroom and 6 studio units. Phase 1 of this two-phased project will replace three existing buildings with new construction of 97-units of family rental housing in seven stories, with a ground floor common area, offices and resident amenities and a space for a small early childhood education facility. Each apartment will be a complete and separate dwelling unit consisting of living, eating and sanitation facilities. A percentage of the total units will be set aside for persons or households with low incomes.

There were no other comments from members of the public and the hearing was closed at 1:19 p.m.

**Public Hearing:  
Mirabeau  
Commons  
Supplemental, OID  
# 18-113A**

The Chair opened a public hearing for Mirabeau Commons Supplemental, OID # 18-113A, at 1:19 p.m.

Ms. Petersky said this public hearing for the proposed issuance of one or more series of tax-exempt revenue notes to finance and reimburse a portion of the costs

for the construction and equipping of a 120-unit multifamily housing facility, located at 2906 North Cherry Lane, Spokane Valley, WA 99216, owned by Mirabeau Commons 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 \$2,000,000. Ms. Petersky introduced Maryann Prescott, President of Whitewater Creek Inc.

Ms. Prescott stated that the project is in development during Covid-19 and supply chain issues have been a challenge. She mentioned that the Note will initially accrue interest at a fixed rate of approximately 4.0% during the period the Columbia State Bank holds the Note.

Twenty percent of the units will be set aside for large households and persons with disabilities. The amenities include a community garden, fitness center, business learning center, media room, and playground.

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

**Public Hearing:  
Samma Senior  
Apartments, OID #  
21-82A**

The Chair opened a public hearing for Samma Senior Apartments, OID # 21-82A, at 1:24 p.m.

Ms. Petersky said this is a public hearing for the proposed issuance of one or more series of tax-exempt and/or taxable revenue bonds to finance a portion of the costs for the new construction and equipping of a 76-unit multifamily housing facility located at 17910 Bothell Way NE, Bothell, WA 98011, to be owned by Samma Senior Apartments LLC, a Washington limited liability company. 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 \$18,000,000. Ms. Petersky introduced Troy Drawz, Director of Real Estate at Imagine Housing.

Mr. Drawz said stated that this will be the 16<sup>th</sup> property for Imagine Housing in its 30 years of service. One hundred percent of the units will be set aside for

residents at 60% of area median income (AMI) and twenty percent of the units will be set aside for large households and persons with disabilities. The amenities include a community garden, fitness center, business learning center and media room.

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

**Public Hearing:  
OID No.**

The Chair opened a public hearing on the recommended allocation of Low-income Housing Tax Credits at 1:28 p.m.

**Horizon Housing at Totem Lake**

Jacob Richardson, Manager of Multifamily Housing and Community Facilities, introduced Patrick Tippy, Director of Housing Development at Horizon Housing Alliance.

Mr. stated that Horizon Housing in Totem Lake is a 40-unit new development in Kirkland with 30-units or 75% of the total units, for families exiting homelessness. Fifty percent of the units will be at 50% AMI and the remaining 50% of units will be at 30% AMI. Hopelink will be the service provider. The project will be a part of a larger project with a Bond/4% Tax Credit component. Horizon Housing Alliance of Washington will be working with the Inland Group, as development partner, on the project. The amenities include a playground and structured parking, is close to shopping and has services on site.

**Edmonds Lutheran**

Mr. Richardson introduced Fred Safstrom, Executive Director of Housing Hope. Mr. Safstrom said Edmonds Lutheran Church Field Apartments will provide affordable units to households at or below 50% and 30% of area median income. Twenty-six of the units will serve households that have previously experienced homelessness, with 6 of these units dedicated to serving households with histories of substance abuse.

Edmonds Lutheran Church was consulted throughout the conceptual design phase, so that the modern multifamily design would complement their existing mid-century modern facility. The multifamily project amenities include an

outdoor recreation area on the Edmonds Lutheran Church campus, so that the community can be strengthened through shared space.

**Downtown Emergency Service Center (DESC) Burien Supportive**

Mr. Richardson introduced Daniel Malone and Jeff Huggett representing DESC. DESC Burien Supportive will be a six-story residential building. The first floor will consist of residential services and common space for tenants. Levels 2-6 will house all the units with 50% of units at 30% AMI and the remaining 50% of units at 50% AMI. Seventy units will be for the chronically mentally ill and/or homeless population and 25 units will be set aside for veterans. Support services will be provided by DESC onsite to enhance the ability of vulnerable, often multiply disabled tenants to maintain housing stability and permanently exit the cycle of homelessness.

Mr. Huggett state that DESC took the extra steps in the design of this project to anticipate the rising construction cost.

There were no other comments from members of the public and the hearing was closed at 1:47 p.m.

**Action Item:  
Resolution No. 22-59, Resolution for the 2022 Allocation of Credit for the Housing Tax Credit Program**

Lisa Vatske Director of the Multifamily Housing and Community Facilities Division (“MHCF”), said this is a resolution authorizing the Executive Director to make reservations and/or allocations of 2022 Housing Tax Credits to the following projects:

TC #	Project Name	City	County	Credit Amount
22-08	Horizon Housing @ Totem Lake	Kirkland	King	\$1,063,040
22-11	Edmonds Lutheran	Edmonds	Snohomish	\$1,448,295
22-12	DESC Burien Supportive	Burien	King	\$2,291,260

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

**Action Item:  
Resolution No. 22-32, Mirabeau Townhomes, OID # 21-37A**

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, construction and equipping of a 72-unit multifamily housing facility

in Spokane Valley to be owned by Mirabeau Townhomes 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 \$14,000,000. The public hearings were held on February 24, 2022 and July 15, 2022.

Mr. Krueger moved to approve the resolution. Mr. Tripp seconded the motion. The resolution was unanimously approved with one abstention from Ms. Bascomb due to a conflict of interest because her employer is the bond trustee.

**Action Item:  
Proposed changes  
to the  
Commission's  
Investment Policy**

Lucas Loranger, Senior Comptroller of Finance Division, said that the Commission's Investment Policy (the "Policy") was originally adopted in 1985 and revised periodically. The last revision to the Policy was approved by the Board in 2012.

Staff and the Audit Committee (the "Committee") reviewed the Policy at its April meeting. Considering the feedback received, staff presented proposed changes to the Committee in May. After consultation with Commission's counsel and investment manager, staff made additional revisions.

The Committee reviewed, accepted and agreed to recommend the revisions for adoption by the Commission. A blacklined version of the proposed Policy follows.

In order to strengthen our investment policy and help ensure the primary investment goals of safety, liquidity, and return on investment, we propose to add the following sections to the Policy:

- PRUDENCE (to add standards of care)
- AUTHORIZED FINANCIAL CUSTODIANS (to establish custodian qualifications)
- INTERNAL CONTROL (to develop guidelines to enhance separation of duties and reduce the risk of fraud)
- REPORTING (to define the frequency of reporting to the Board)

In addition, this update includes significant revisions to the following sections:

- **DIVERSIFICATION**

Summary: Establishing maximum holding percentages by investment type and issuer.

Rationale: By diversifying the investments of the Commission's portfolio, the Commission reduces the risk of loss resulting from an over-concentration of assets in any one maturity, issuer, or type of security.

- **PURCHASE AND SALE**

Summary: Requires investment manager to use best efforts to obtain at least 3 offers/bids when best execution option is not available.

Rationale: The investment manager currently uses a best execution method when executing purchases and sales in institutional markets that offers at least 5 different price options. Should that not be available, the investment manager would need to seek out at least 3 bids to assure the Commission is getting a fair price for any securities.

Mr. Krueger moved to approve the updates to the Commission's Investment Policy proposed by staff and recommended by the Audit Committee. Ms. Topper seconded the motion. The updated Investment Policy was approved.

Ms. Klontz from the Department of Commerce ("Commerce") gave a report as follows:

Commerce is receiving gap funding requests for projects funded from 2019-2021. The cost increases are causing significant issues with the production pipeline and will impact funding availability for 2022.

Commerce is conducting three Rapid Capital rounds this year: Two for new acquisitions this summer and fall and a third round next winter for permanent supportive housing associated with Apple Health and Homes. The first round of applications for \$144M will close on August 11.

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

Due to funding impacts on previously funded projects, Commerce will likely not conduct a separate application round to align with WSHFC's 4% LIHTC round. Implications to the Commission will be that there will need to be other public support for the public support eligibility. Since most 4% LIHTC projects are in King County or other Metro areas, this is an essential step to balance pipeline considerations.

### **Apple Health and Homes/Permanent Supportive Housing Unit**

This new unit was created from ESHB 1866, passed in the 2022 legislative session. The unit will include all programs associated with permanent supportive housing, including:

- Community Behavioral Health Rent Assistance Program (CBRA)
- Operations, Maintenance and Services (OMS) grants
- 811 projects
- Recovery Residence Initiative
- Coordination efforts with the Health Care Authority and Department of Social and Health Services to implement the new resources associated with the 1866 legislation

Chapter 266, Laws of 2022 (SHB 1724) creates a new Permanent Supportive Housing – Oversight and Coordination Committee. This new committee provides advice, recommendations and stakeholder engagement in resource coordination to bring permanent supportive housing to scale. A Request for Proposal for the facilitation of this committee is in the final stages.

### **Homeownership Unit**

- The first Homeownership Unit (HOU) strategic planning meeting will be held via Zoom from 11:00 AM to 1:00 PM on Thursday, Aug. 4, 2022. The agenda is being developed, and the topics to be covered are: introducing the HOU's staff and programs, development of programs, the Fall 2022 funding round competitive allocation process and priorities, and future planning.
- The HOU will gather feedback during the August 4 meeting on how to best allocate the \$25 Million capital investment set aside in the 2022

Supplemental Budget. The competitive funding round will open in the fall using the Combined Funders Application.

- Commerce executed the Amended and Restated Interagency Agreement with the WSHFC identifying the WSHFC as the Direct Recipient to design, implement and administer the Homeownership Assistance Fund (HAF) established in the American Rescue Plan Act. This administrative action ensures that the WSHFC and Commerce can meet the federal administrative requirements necessary to ensure that Washington homeowners have access to these much-needed assistance funds.
- The Homeownership Disparities Work Group’s report “Reducing the Homeownership Gap for Black, Indigenous and People of Color in Washington” is the culmination of the year’s work to identify the root causes of barriers to homeownership and develop recommendations to address the impacts of generations of discriminatory real estate policies and practices.
- The HOU will gather feedback during the August 4 meeting on how to best allocate the \$25 Million capital investment set aside in the 2022 Supplemental Budget. The competitive funding round will open in the fall using the Combined Funders Application.

#### **Homelessness Assistance Unit**

- The new state eviction prevention rent assistance funds (from HB 1277) are now available through the Consolidated Homeless Grant/System Demonstration Grant. Most counties will continue to spend their temporary federal eviction prevention rent assistance funds through the fall before accessing these new dollars. Ten percent of the lead grantee contract totals must be contracted to by and for organizations, and BOTH the lead and subgrantees can use up to 15% of their awards for administrative expenses. Commerce is making a consultant available to support the relationships between local governments and by and for organizations as well as help by and for agencies strengthen their capacity to comply with contract terms.

- Commerce is developing a new portal for landlords to apply for assistance from the Landlord Mitigation Program. It will be more user-friendly, allow them to see where their application is at any point in the process and streamline communication with staff that may need additional information. Commerce will soft launch this fall.
- Commerce has applied for new federal investments in the Youth Homeless Demonstration Project in the balance of state and will be responding to the NOFO from HUD for the new unsheltered and rural homeless supplemental funds through the summer.
- The homeless service provider stipend program is underway, and the contractor (LiveStories) is on target to make payments by the October 1 deadline: \$2,000 in round 1 and \$2,000 in round 2.
- Two studies are underway: impacts of trauma on homeless service providers and to better understand the workforce demographics, pay and how to retain. It's great to see the Legislature's investment in learning this information. BDS Planning & Urban Design is the vendor.

#### **Public Rights-of-Way Initiative**

- The Legislature created the Public Rights-of-Way Initiative in the 2022 supplemental budget (page 106, Section 132).
- Memoranda of Understanding (MOU) and required data are and will be posted to the Rights of Way Initiative page:  
<https://www.commerce.wa.gov/program-index/rights-of-way-initiative/>
- Commerce is currently evaluating proposals from King, Pierce, Spokane and Thurston counties to allocate \$45M in annual funding and \$60M in capital funding with a focus on immediate and long-term housing for individuals and families living in state rights-of-way.
- In August, an estimate of expected added housing units and timelines will be provided.

#### **Executive Director's Report**

Mr. Walker said that Multifamily & Community Facilities (MHFC) Division continues to see projects being delayed and confronted with ongoing cost increases, causing gaps in the funding stack for projects trying to close. This volatility in the market is making it difficult to keep up with and present current numbers especially as it relates to the TDC waivers and current budgets. MHCF

historically has used application information to create the project summaries, but in this fast-changing market, they are reevaluating that and will try to provide the most current information and will look to update and provide additional information as necessary with the resolution, as numbers should be closer to final at that point.

Another consideration is setting our TDC limits. Timing and being responsive seem to be important currently. MHFC is considering setting those limits closer to the application periods and taking them out of the annual policy change updates. This would allow them to continue to track and evaluate the market and would result in setting a separate limit for the 9% application in the fall and then continue to evaluate and potentially update or reset at the end of the year for the Bond/4% application round in March 2023.

Now that Jacob has been promoted to Manager, we are currently recruiting to back fill the analyst position and a policy position that was approved in the budget.

MHFC is having ongoing discussions about creative new tools and gaps and have met with several developers interested in purchasing existing housing and turning it into affordable housing. Staff has been trying to access and figure out what tools may work the best for this type of opportunity.

MHFC held our first round of PRI Farm PAI funding and received two interesting opportunities. We plan to do a presentation at the August work session to update you on the projects and the program.

The Homeownership Division has reported that the Homeowner Assistance Fund (HAF) Financial Assistance Program Application portal went live on July 1st as scheduled. Our vendor, HOTB, has provided outstanding support services to make this happen and has met every expectation of our internal HAF Team. As you know, the HAF Program incentivizes homeowners to work with our housing counseling and civil legal aid network to make sure all options are fully evaluated, and we maximize the limited resources that the HAF funding

provides. Our counseling and civil legal aid network have been trained on the application process and applications are already being received.

In August, our HAF outreach program begins. The outreach program will target underserved communities and those that are distrustful of the government. Staff are using targeted messaging that will resonate with underserved communities and provide outreach through community-based organizations that have a trusted relationship with local communities. Staff continues to focus the limited HAF resources to underserved communities and homeowners who cannot avail themselves of other options.

On July 22nd, we closed on a second mortgage CRA sale to Banner Bank with \$1,083,649.72 in second mortgages.

In June, the Commission had \$123 million in new reservations assisting 353 families.

The Asset Management and Compliance (AMC) Division reported that the Portfolio Analysts have closed out their reviews for all 2021 Bond annual reports having met their goals for reviewing 40% of all tax credit annual reports by June 30.

City of Seattle Office of Housing, Spectrum and USIG are all doing inspections at full speed and have completed 30% of the total targeted 330 properties.

AMC have completed the first FY23 compliance training in July 2022. Fifty-seven attendees from seventeen different companies attended the training.

AMC is actively engaging and working to identify gaps to promote Fair Housing and racial equity compliance across the portfolio. A core group is developing a stakeholder's survey and will deliver it in August 2022.

Staff attended NCSHA Housing Credit conference in Chicago June 21-24, 2022.

AMC continues to work with the Nooksack Indian Tribe Housing Authority (NIHA) to on the process of transferring units to homeownership.

AMC is collaborating with an intern to analyze WBARS data to help us understand the portfolio better and inform policy initiatives such as rent increase caps and eviction prevention. A report will be provided at the beginning of September.

The Finance Division reported that 2022 the Single-family bond issue is well under way. The approximate size is projected to be \$85M. Staff plan to go to the market on Aug. 20 with the closing scheduled for Sept. 20. Staff will report out on the bond sale at the August board meeting. Staff are working diligently on the fiscal year end close.

The 2021 fiscal year audit by the State Auditor's office is under way and expected to be completed next month.

Mr. Walker reported that this week he was in South Carolina attending the NCSHA Executive Directors Workshop. This unique workshop brings executive directors together for leadership development and a robust exchange of ideas.

He reported that the Strategic Planning Committee held their first meeting with Dr. Phelps, with Bob Peterson and Anna Porkalob serving as Co-Chairs. The Committee continues to clarify the process and have provided opportunities for staff input.

Mr. Walker reported that the Commission won its Ninth Circuit Court case. The court held that Alden Torch's claim was prudentially unripe.

**Consent Agenda**

The consent agenda was approved as mailed.

**Adjournment**

The meeting was adjourned at 2:21 p.m.

**Signature**

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