

WASHINGTON STATE HOUSING FINANCE COMMISSION

COMMISSION MEETING MINUTES

April 27, 2023

The Commission meeting was called to order by Chair Bill Rumpf at 1:00 p.m. in the 28th Floor Board Room of the Washington State Housing Finance Commission at 1000 Second Avenue, Seattle, Washington, and via Zoom teleconference. Those Commissioners present in person were Bill Rumpf, Nicole Bascomb-Green, Pedro Espinoza and Mike Pellicciotti. Those attending via Zoom were Alishia Topper, Albert Tripp, Corina Grigoras, Wendy Lawrence, Ken Larsen, and Lowel Krueger.

Approval of the Minutes

The March 2023 Commission Meeting minutes were approved as distributed.

Employee Recognition

Steve Walker announced the following Year of Service and Employee Recognition awards. Our Employee Recognition program is employee driven and with three types of awards:

1. Tenure with the Commission
2. Special Achievements by individuals and groups of employees
3. Employee of the Quarter and an Employee of the Year at those important passages of time.

Steve also thanked the current Employee Recognition Committee members for their work on this program: Tera Alborn, Sarah Watson, Kathleen (Kat) Komin, Lucas Loranger and Tanya Scratchley.

Two Years

Sarah Watson

Ten Years

Robin Denning

Sojung Choi

Employee of 1st Quarter (2023): Martina Norman-Maleski

Martina Norman-Maleski has been with the Commission for over 10 years and is truly an asset to the Homeownership Division.

Ms. Norman-Maleski is the first to ask to work on outstanding projects during down-time and steps up to fill in when someone is out of the office and take on their duties. She has also been instrumental in data input for homebuyer education classes that have

fallen behind, as well as being instrumental in getting our standards of performance documents into our system for our lender and real estate homebuyer education instructors. She processes our DPA reimbursement to our loan servicers in a timely fashion which is truly appreciated by our partners.

Ms. Norman-Maleski is part of our rate-setting team and sets daily rates on a rotating basis. As the market has changed over the last couple of years, which has made it very challenging to set rates, she has taken it in stride and faced this challenge head on. The commitment to our programs is visible as she takes on the role as a mentor to newer lenders seriously. The tireless efforts to guide them through the process and discuss individual programs in detail is appreciated as Ms. Norman-Maleski received a very nice compliment for going above and beyond the call of duty to explain in detail what was needed on a file to move forward.

Her warm and down-to-earth disposition, the willingness to help, and being a wonderful team player is why we nominate Martina Norman-Maleski for employee of the Quarter. Congratulations Martina, Employee of the First Quarter of 2023.

**Public Hearing:
Ocean Pavilion,
OID # 23-39A**

The Chair opened a public hearing for Ocean Pavilion, OID #23-39A, at 1:06 p.m.

Mr. Jason Hennigan, Senior Finance Associate of the Multifamily Housing and Community Facilities (MHCF) Division, described the proposed issuance of one or more series of tax-exempt revenue bonds to refinance an existing debt of The Seattle Aquarium Society (the “Aquarium”), a Washington nonprofit corporation and organization described under section 501(c)(3) of the Internal Revenue Code, and finance the costs of the construction and equipping of a nonprofit facility, to be owned by the City of Seattle, Washington, located at 1500 Alaskan Way, Seattle, Washington. 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 \$70,000,000.

Mr. Hennigan introduced Derek Baker, Sr. Director of Strategic Initiatives & Government Affairs for the Aquarium, who was present in the Board Room. Also in attendance from the Aquarium were Mr. Rick Johnson, Vice President of Finance and Mr. Brad Rutherford, Chief Operating Officer.

Mr. Baker referenced the packet description as well as an architectural rendering that was presented on the screen and expounded on the project.

The project will bring the Aquarium’s conservation mission to life. The pavilion will be centrally located, providing a campus feel and a new experience for visitors. Additionally, the pavilion will increase the Aquarium space by approximately 40%

which he stated will broaden the programmatic impact will help empower a new generation of ocean conservationists. A key benefit is a program to deliver Aquarium tickets to multiple community partners, ensuring equal access for all to the Aquarium.

Mr. Baker then highlighted a few key components of the project:

- Representatives from the Salish community collaborated on the initial design, have worked with the architects and have provided ongoing support and workshops.
- The pavilion will be 100% fossil fuel free in working towards the goal of green-building certification.
- The project also enables the Aquarium to work globally with partners on the other side of the Pacific and they recently launched ReShark (www.reshark.org), a global conservation collective
- The project also includes a public rooftop park, a bridge connecting to Pike Place Market, and the oculus, all of which will allow the public to “reconnect” with the ocean and Seattle waterfront.

Financing is a critical part of project delivery. Estimated completion date is December 2024 and they have secured about 75% of the necessary funding.

Chair Rumpf mentioned that he visits regularly with a 2-year-old, and they both find it fascinating. He then asked why the Commission will contribute to the financing instead of the City of Seattle.

Mr. Baker replied that the City of Seattle contributed \$34,000,000 to the overall project and the Aquarium has also raised about half of the funds necessary from private sources. This financing by the Commission will bridge pledges that are extended over time and provide the final piece of the funding to complete the project.

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

Mr. Steve Walker commented that the Commission is excited to be a part of this project.

**Public Hearing:
University
Cooperative
School, OID # 23-
33A**

The Chair opened a public hearing for University Cooperative School, OID #23-33A, at 1:16 p.m.

Mr. Dan Schilling, Senior Bond Housing Credit Analyst in the MHCF division, described the proposed issuance of one or more series of tax-exempt revenue bonds to refund a portion of the Commission's bonds previously issued to finance a portion of the acquisition, construction and equipping of an educational campus facility and finance the rehabilitation of an existing facility located at 5601 University Way NE, Seattle, Washington, owned by University Cooperative School, a Washington nonprofit corporation, an organization described under section 501(c)(3) of the Code. 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 \$5,100,000.

Mr. Schilling introduced Mr. Jim Riley, Co-Head, University Cooperative School, who was appearing remotely.

Mr. Riley stated that the school moved into the Maxwell building in 2003 and then in 2007, thanks to funding from the Commission, began retrofitting the building. Additionally, they took out a loan with Sound Community Bank which allowed them to build a gym and music room and take over 1/3 of the basement space which was previously rented out. They are still able to rent out a portion of the building's basement.

This funding, along with funding from Sound Community Bank, would allow the school to build out the rest of the basement as well as finish the retrofit.

Mr. Riley highlighted some facts about the school:

- The school believes childhood is a journey and celebrates the individuality of each child. They believe school should be meaningful and fun and a place where children build a positive sense of who they are.
- They have a diverse student body - 40% of the students are BIPOC, and the school also seeks to involve the children in the community. They have a DEI committee and have increased the library's books by diverse authors.
- Much thought and intentionality went into redesigning the school to make it sustainable for the future.
- The renovation will occur in 2 phases over the next two summers: 1) expand space, 2) make better use of current space including a science lab, literacy center and art studio among other spaces and programs to enhance learning.

There were no comments from members of the public or Commissioners and the hearing was closed at 1:25 p.m.

**Public Hearing:
Resolution No. 23-
51, for the 2023
Allocation of
Credit for the
Housing Tax
Credit Program-
Fifth & Seneca
Project**

Ms. Lisa Vatske, Director of MHCF, provided a preamble to the public hearing. Ms. Vatske stated that this is the first 9% project hearing for the 2023 funding round. The materials in the packet were somewhat unfinished as the Commission was waiting on the Housing Trust Fund (HTF), and, thanks to them, we just recently were able to fully commit our Seattle/King County allocation.

Apple Health and Home funding and passage of the current budget late last week allowed us to move forward with our Seattle/King 9% allocations.

The HTF will fully-fund one of the projects so the Commission will be able to fund 4 of the 5 projects.

We are still within our policy of forward committing about 16% which is under the 20% policy cap. We are providing a max credit per-project waiver for this particular project.

An updated list will be provided in next month's packet. That will show the full allocation of our 2023 credits with a forward commitment.

Ms. Vatske then turned the floor over to Mr. Jacob Richardson, MHCF Manager, Tax Credits, who introduced Mr. Zak de Gorgue, Managing Director, Development, Brawner and Company (in person), and Ms. Anna Preyapongpisan, Regional Director of King County Affordable Housing Services, YWCA of Seattle-King-Snohomish (remote), to discuss the 5th and Seneca Project.

In addition to the description in the packet, Mr. de Gorgue stated that not only is the project an adaptive reuse to convert the Single Room Occupancy (SRO) units to studio and one-bedroom apartments, but it will also bring the building up to City of Seattle code requirements. The seismic strengthening of the building will include replacing plumbing, electrical and roofing. The exterior façade and wood windows will be restored.

As noted in the project budget, the Tax Credit Equity equals approximately \$25,000,000 with additional funding sources in loans and other financing. Closing is anticipated for June 2023.

Mr. de Gorgue then introduced Ms. Prevaopngpisan who provided additional detail on the project.

This financing will allow the YWCA to continue its mission of eliminating racism and empowering women by providing affordable housing and services rooted in racial equity, social justice, and community needs to those structurally positioned furthest from opportunity and power. She further stated that as housing costs and other costs of living continue to rise, they remain focused on providing safe, affordable housing and

services to support our residents on their journeys from surviving to thriving. She then thanked the Commission for their consideration and partnership.

Chair Rumpf asked for clarification: is the building switching from transitional housing to permanent housing?

Ms. Prevapongpisan answered that it is all permanent housing currently, but they will be changing them from SROs to studios and one-bedrooms.

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

**Action Item:
Resolution No. 23-08, for the 2023 Allocation of Credit for the Housing Tax Credit Program**

Ms. Vatske stated this is a resolution authorizing the Executive Director to make reservations and/or allocations of 2023 Housing Tax Credits for the 5th and Seneca project in the amount of \$2,736,984.

Ms. Alishia Topper moved to approve the resolution. Ms. Nicole Bascomb-Green seconded the motion. The motion was approved unanimously.

Informational Report on Department of Commerce Activities

Ms. Corina Grigoras gave the report on Department of Commerce (Commerce) activities as follows:

- The Governor appointed Commerce’s new Director, Michael Fong, who will start on May 8.
- Ms. Grigoras stated that Commerce is changing the method of reporting. The full Commerce report can be found in the packets while she will provide an overview at the monthly meetings and answer questions.

LEGISLATIVE SESSION

The legislative session adjourned on April 23rd and there was a good deal of progress on housing.

From the Capital Budget, the HTF will be receiving \$400,000,000 that will primarily be used for rentals and shelters. Of that, \$100,000,000 will be dedicated to Apple Health and Home, and \$60,000,000 is for home ownership projects for first time home buyers.

In addition to the HTF, there is also \$50,000,000 for transit-oriented housing development projects in collaboration with WSDOT.

The Commission received \$40,000,000 for its Land Acquisition Program (LAP). The Connecting Housing to Infrastructure Program (CHIP) received \$60,000,000, which

will be granted to local governments to offset costs for connection fees and infrastructure needs for affordable housing projects.

Ms. Grigoras touched on the operating budget which she estimates includes about \$1.2 billion dedicated to housing. This is a preliminary number due to Commerce, for the first time, receiving appropriations by program rather than an agency-wide general appropriation. Unfortunately, the Community Services & Housing budgets are still combined, but Ms. Grigoras is hopeful that will be resolved in the 2024 session.

MULTI-FAMILY HOUSING UNIT/ APPLE HEALTH & HOMES

Ms. Grigoras spoke to the HTF awards that were just released. Approximately \$44,000,000 of that will go to Apple Health & Homes and about \$39,000,000 from the remaining funds will go to the Rapid Capital Housing Acquisition program. All of those funds were dedicated to make projects that were partially funded in December, or wait listed in December, whole.

HOMEOWNERSHIP

Ann Campbell and Lisa DeBrock are working together to write the Interagency Agreement for the newly passed Covenant Homeownership program (HB1474). Commerce is also making preliminary plans to issue a new Notice of Funding Availability (NOFA) for the new home ownership dollars.

HOMELESSNESS ASSISTANCE UNIT

Commerce is currently responding to draft findings from the State Auditor's Office for the federal temporary COVID eviction rent assistance funding and Ms. Grigoras encouraged anyone with questions to reach out to her. She is happy to make connections with Commerce's internal auditor and the program manager.

HOUSING POLICY UNIT

Ms. Grigoras announced the hiring of their new Policy Advisor, Kirsten Jewell, who is joining Commerce after twenty years with King County. They are excited to have her on board.

The Right-of-Way (ROW) Safety Initiative has been making slow but very steady progress moving people into safer and more permanent housing. Additionally, the new budget dedicates approximately \$150,000,000, so it sounds like the program will continue.

LOCAL GOVERNMENT DIVISION

This division is working to interpret the two bills that were passed: HB 1337 & HB 1110 and she directed the Commissioners to the packet which contains more detailed information.

Finally, Ms. Grigoras added that if the staff and Commissioners are interested, her team could come up and give a more detailed presentation on items of interest.

Chair Rumpf touched on the recent legislation and impacts they will have. He indicated he would be interested in further discussion with Commerce regarding legislation and its impact on jurisdictions.

Executive Director's Report

Mr. Steve Walker, Executive Director, highlighted a number of points in the Executive Director's memo contained in the meeting packet.

MULTIFAMILY & COMMUNITY FACILITIES

Bond/4%: MHCF is finalizing the initial round of reviews on the 4% Bond applications and questions surrounding any deficiencies. They plan to request additional information prior to moving forward with allocations to 8 to 10 of the 22 applications. He also states that this reinforces the demand for the program and the Commission's limited resources.

LAP: Mr. Walker articulated about the attention this program received during the legislative session.

In an update from the packet, the Commission has secured a \$50,000,000 match for LAP funds from Microsoft. The Commission provided \$5,000,000 in PRI funds. These two sources will complement the Capital budget funds.

Health & Housing Initiative (H3H)

The Commission is one of six HFAs that applied for the Robert Wood Johnson Grant, and is working with the MHCF division to host a state leaders convention on May 25. Attending will be leadership from the Health Care Authority, the Commerce Department, and the Department of Social and Health Services. There is also a second event being planned for the Greater Columbia Basin in September.

The goal is to convene people to explore the intersection of health and housing with non-traditional partners. This convening will bring hospitals and others in the health

care industries together with the housing industry, to see where we have common cause, and how we might move forward collaboratively.

Sound Transit (ST)

The MHCF team has been in discussions with ST regarding surplus properties going to housing opportunities with a continual investigation in finding efficiencies by packaging those opportunities.

9% Program

Mr. Walker noted that Ms. Vatske would be elaborating on this later in the meeting.

HOMEOWNERSHIP

2SHB 1474, the Homeownership Covenant Act, passed with strong support, and Mr. Walker is meeting weekly with stakeholders. He especially recognized Ms. Corrina Obar who testified four times in support of the bill. Commerce has already begun drafting the Interagency Agreement between the Commission and Commerce.

The Commission is tasked with undertaking a critically important study identifying State actions that have negatively impacted homeownership by specific populations. The study must be completed by March 1, 2024. To that end, the Homeownership Division has already issued an RFP; responses are due on May 19. The hope is to be able to review the responses prior to the May 22 Board meeting so that a contractor can be secured as soon as possible to get the study underway.

As mentioned in the packet report, Homeownership staff participated in NAHREB's Realtist Week.

Mr. Walker said there were \$200,000,000 in new reservations which he found encouraging in the current market with rising interest rates.

HAF

Mr. Walker spoke to the successes with this program and how it is serving customers at the one-year mark of the program's rollout. The Commission is considering some minor changes while staying focused on the program's mission: ensuring the program reaches underserved communities first.

ASSET MANAGEMENT & COMPLIANCE (AMC)

Mr. Walker congratulated the AMC team on the completion of the first phase of the language accessibility assessment. They surveyed over 300 property managers and owners over the last 6 months, created participation incentives, and awarded prizes for people participating through a raffle. They gained really good information which will result in enhancements to all of the Commission's forms and communications not just

with landlords, but with residents and in multiple languages. There are links to the PowerPoint presentation and the survey in the Executive Director's written report. He stated that should the Commissioners want to learn more, a meeting with the AMC staff can be arranged.

Mr. Walker also stated that members of the AMC team attended the annual Affordable Housing Management Association conference earlier in the week.

FINANCE

Mr. Walker stated that the day before (April 26th), Finance priced a Single-Family Bond Issue.

Mr. Walker then asked Ms. Fenice Taylor, Senior Finance Director, to speak to the pricing. Ms. Taylor stated that strong participation from the underwriting team achieved access, yield and spread for both the taxable and the tax-exempt components. The tax-exempt bond proceeds will be used for Homeownership's House Key program, and the taxable bond proceeds will be used for the Home Advantage program. The bond is scheduled to close on May 18.

OTHER TOPICS OF DISCUSSION

Mr. Walker then resumed, mentioning the RFP for single family master servicing rights valuation and analytical services.

He also spoke to the State Auditor's Office annual accountability audit – he has been told the focus will be on purchasing cards, single-family bond program and multi-family tax credits and bonds. These topics should get more focused as the auditors gain an understanding of the complexity of those programs.

Mr. Walker then referenced Governor Inslee's appointment of Mike Fong as Commerce Director. He added that he has known Mr. Fong for many years and is excited to be working with him and for the Commissioners to get to know him better.

LEGISLATIVE CONFERENCE (LEGCON) DEBRIEF

Mr. Walker stated that LegCon was a very productive time. Both the staff delegation and attending Commissioners met with congressional staff including meetings with Senator Patty Murray, two great meetings with Congresswoman Suzan DelBene and a meeting with Senator Maria Cantwell.

Regarding the Housing Credit Improvement Act, contact started earlier this week on this topic, and next week Mr. Walker will be joining Congresswoman DelBene at two events where the expectation is this bill might be introduced. Senator Cantwell has also

reached out to arrange for some events at some of the Commission's properties. He is optimistic that it will be re-introduced in early May at the latest.

BUDGET PLANNING RETREAT

Mr. Walker reminded the Commissioners about the upcoming Budget Planning retreat on May 22 and 23. As the agenda is being finalized, he encouraged the Commissioners to reach out with any topics they'd like to see discussed.

9% TAX CREDIT PROGRAM POLICY CHANGES

Mr. Walker then handed the floor over to Ms. Vatske to provide additional details on the 9% program and proposed policy changes.

Ms. Vatske referenced the documentation under Tab 11 in the packet (page 149), which details the proposed changes, and provided more background on those changes.

Ms. Vatske highlighted that there was a survey process and staff attended several stakeholder meetings to discuss a reset similar to what was done in the bond program. The Commission laid out 7 core value statements.

([Multifamily9TaxCreditProgramValueStatements.pdf \(wshfc.org\)](#)): advancing racial equity being the overarching goal, but also aligning resources for affordable housing needs everywhere and ensuring continuing geographic distribution through the pool system.

The staff is investigating numerous topics including, but not limited to, utilizing limited resources, combining preservation with new construction with the goal of ensuring high quality and affordable housing for residents long-term.

These goals should be reflected in the policies and MHCF is currently investigating how to reset the criteria to ensure they are reaching those aforementioned goals. Conversations will be ongoing, but in the short term MHCF is proposing a few minor changes for the 2024 allocation process.

Aligning with the bond program, the total development cost limits (TDC) are being removed from the policy. There are also potentially some new building code changes which are also then being removed from the policy to allow for updates that are better timed with the application process.

MHCF is also updating their website through a separate process other than this annual policy reset.

In addition to this, there are three major changes being proposed:

1. 6.3 Housing Commitment for Priority Populations

The proposal is to lower the point minimum threshold for the non-metro pool to align with the metro pool minimum, which was changed two years ago. Ms. Vatske stated that stakeholders have communicated they want to have a broader mix of serving populations in need. Seattle/King will remain at 75% of the units for 35 points for current supportive housing. Non-metro will now join Metro in needing a minimum of 25% supportive housing for 25 points.

2. Health In Housing (new)

Ms. Vatske stated the next big change is a new point category for Health in Housing. The proposal is to incentivize partnerships with hospitals by awarding 5 points to projects that have a documented partnership with a healthcare provider that will benefit the project and/or its residents.

3. 6.20 Eventual Tenant Ownership

The proposal is to suspend the eventual tenant ownership points. She spoke to the challenges with implementing the tenant home ownership points. Now at the 15 year program mark, based on an evaluation of the compliance issues around implementation, they propose suspending incentive points at this time. The program is still part of the Code and applicants can still choose to provide for eventual tenant homeownership, but must discuss their plans with the Commission prior to the application date. It is the incentive points that will be suspended.

Currently these proposed changes are in the “comment” period and there is another stakeholder meeting scheduled for the week of May 1. The intent is to bring the changes forward for a public hearing and action in June.

LEGISLATIVE SESSION

Mr. Walker then gave a high-level update on the 2023 legislative session.

Recapping much of what Commerce spoke to earlier, he reiterated that it was a good year for housing bills.

The 2023 legislative session was billed as “the year of housing.” He spoke to the housing dollars included in the state budgets and also highlighted some of the more important legislation that passed including HB 1474 and HB 1110.

There is going to be a Governor bill signing event on some of the housing initiatives with HB1474 being front and center soon. The Governor’s office is trying to create a community event, most likely at the African American Museum or at Langston Hughes.

Land Use Bills

Mr. Walker spoke about land use bills and specifically HB1110. These mainly addressed the issue of creating more housing by embracing more density, i.e., allowing for duplexes, six-plexes, ADUs and DADU’s in single-family neighborhoods.

He also spoke to SB 5258 which names the Commission specifically, and is tied to a DPA program specifically for condominiums. He added that the land use bills are tied to the Growth Management Act (GMA) and offered to have a separate discussion with interested Commissioners.

Chair Rumpf commented that he would be interested in exploring whether there is some type of financing vehicle that the Commission could offer to smaller developments and/or if there’s a role for conduit financing.

Mr. Walker replied that this is yet to be determined. He believes the next conversation would be around the source of capital for six-plexes and any subsidies for rent and income restricted housing.

He then touched on another bill essentially where the state can reach into local jurisdictions in regards to permitting. It requires local jurisdictions to set permitting timelines and hold themselves accountable for those timelines, and if that does not occur, the state will publish a permitting timeline. It would be another tool for speeding production.

Mr. Walker then discussed that although House Bills 1388 and 1389 addressing rent stabilization did not pass, there is a budget proviso directing both the Commission and Commerce to study rent increases and to present findings on how rent increases are impacting and/or destabilizing residents in income-restricted housing. That report is due in December and there will be policies developed to address the findings. This is

very positive as we have rent burdened households in our portfolio. We expect a very participatory process, with open dialogue, without any predetermined outcomes, other than acknowledging that whatever we do on the rent side, we also must maintain the operations and the maintenance of these assets over time.

He mentioned that Commissioner Krueger, as an owner, operator, and manager of housing, has a very informed opinion on this issue. We will want him and others like him to provide input as well. The goal is to put something together that makes sense from all perspectives.

Chair Rumpf encouraged the Commissioners to provide input for the May budget planning session.

Mr. Walker provided a high-level list of items currently on the agenda, but also mentioned the agenda is still in draft form so items can be added.

Chair Rumpf requested the opportunity to unpack HB 1474 in more detail.

One additional key item is a discussion on revising the Commission's performance measures which are now outdated.

Mr. Kruger requested a continuing conversation on the interest rate environment and its impacts. Mr. Walker confirmed that this would be discussed with external experts.

Commissioners' Reports

There were no Commissioner reports.

Consent Agenda

The consent agenda was approved as distributed.

Public Comment

There were no public comments.

Adjournment

Chair Rumpf adjourned the meeting at 2:27 p.m.

Signature: _____