

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
MINUTES**

December 8, 2022

The Commission meeting was called to order by Chair Bill Rumpf at 1:02 p.m. in the 28th Floor Board Room of the Washington State Housing Finance Commission at 1000 Second Avenue, Seattle, Washington 98104 and via Zoom teleconference. Those Commissioners present via Zoom were: Albert Tripp, Alishia Topper, Corina Grigoras, Ken Larsen (participated after 2 p.m.), Lowel Krueger, and Nicole Bascomb-Green. Chair Rumpf, Mike Pellicciotti (participated via Zoom until about 1:30 p.m., then in-person afterwards), and Pedro Espinoza were present in-person in the 28th Floor Board Room.

**Approval of the
Minutes**

The November 17, 2022 Commission Meeting minutes were approved as distributed.

**Public Hearing:
Via7, OID # 22-83A**

The Chair opened a public hearing for Via7, OID #22-83A, at 1:04 p.m.

Ms. Claire Petersky, Manager of the Multifamily Housing and Community Facilities (“MHCF”) Division, said this was 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 acquisition, construction and equipping of a nonprofit development, including 221-units of housing and approximately 11,000 square feet of community facilities, located at 8600 Rainier Avenue S., Seattle, WA 98118, to be owned by Mount Baker Housing Association, a Washington nonprofit corporation and organization described under Section 501(c)(3) of the IRS Tax Code (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 \$55,000,000.

Ms. Petersky then introduced Mr. David Tan, Executive Director, Mt. Baker Housing Association.

Mr. Tan stated that 27% of the total units are 2 and 3 bedroom units as a result of a community engagement process, with all units currently offered to persons who make 60% or less of local area median income (AMI). He added that Via7 is a six-story facility with two commercial units on the ground floor, both for community-based organizations, is located in South Seattle, at the southeast corner of Rainier Avenue & Cloverdale, next to the campus of Mount Baker High School and its baseball/softball fields.

Mr. Tan stated further that in addition to the Commission's bond financing, the City of Seattle will award \$15 million, along with Amazon's Equity Fund which will fund a loan for \$27 million into the project as well, plus an equity contribution by Mt. Baker Housing for \$2.5 million. He added that this facility is just ½ mile away from the Rainier Beach Station on Sound Transit's Link Light Rail 1 Line.

Chair Rumpf commended Mr. Tan and Mt. Baker Housing for their loan from Amazon and asked what their terms of the loan are. Mr. Tan replied that Via7 would be the third multifamily project of Mt. Baker Housing that has received funds from Amazon. The loan from Amazon would be a 50-year loan at 3.5% interest, with the affordable housing restrictions staying with the property for 100 years.

There were no other comments from members of the public and the hearing was closed at 1:11 p.m.

**Action Item:
Resolution No. 22-88, Eastern & NP Hotels Rehabilitation, OID #22-35A-B**

Ms. Lisa Vatske, Director, MHCF Division stated that this was a resolution approving the issuance of one or more series of tax-exempt revenue bonds to finance a portion of the costs for the acquisition, rehabilitation and equipping of two multifamily housing facilities, each to be owned by NP and Eastern 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 Eastern Hotel will include 47 units and the NP Hotel will include 62 units. The project addresses, project costs, and estimated maximum bond amounts are listed below:

| | |
|--------------------------------|--|
| Project: | Eastern Hotel |
| Project Address: | 506 Maynard Avenue S. Seattle, WA 98104 |
| Total Estimated Project Cost: | \$14,445,494 |
| Estimated Maximum Bond Amount: | \$8,000,000 |

| | |
|--------------------------------|--|
| Project: | NP Hotel |
| Project Address: | 306 - 6th Avenue S. Seattle, WA 98104 |
| Total Estimated Project Cost: | \$18,363,949 |
| Estimated Maximum Bond Amount: | \$10,000,000 |

The public hearing was held on November 17, 2022 and a bank commitment letter issued by Heritage Bank for \$16,750,000.

Mr. Krueger moved to approve the resolution. Mr. Espinoza seconded. The resolution was approved unanimously, with Ms. Bascomb-Green abstaining, as her employer is the fiscal agent/trustee.

**Action Item:
Resolution No. 22-87, Millworks Family Housing, OID #22-39A**

Ms. Vatske, stated that this was a resolution approving the issuance of one or more series of tax-exempt revenue notes to finance a portion of the costs for the acquisition, construction and equipping of an 83-unit multifamily housing facility located at 100 W. Laurel Street, Bellingham, WA 98225, to be owned by

MHNW 22 Millworks Family LLLP, a Washington limited liability limited partnership. 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 \$23,500,000. The public hearing was held on October 27, 2022 and a bank commitment letter was issued by Capital One for \$18,863,275.

Mr. Krueger moved to approve the resolution. Mr. Espinoza seconded. The resolution was approved unanimously, with Ms. Bascomb-Green abstaining, as her employer is the fiscal agent/trustee.

**Action Item:
Resolution No. 22-
89, Pointe by
Vintage
Supplemental, OID
#19-132A**

Ms. Vatske stated that this was a resolution approving the issuance of one or more series of tax-exempt revenue notes to finance a portion of the costs for the construction and equipping of a 161-unit mixed use multifamily housing facility located at 22837 Pacific Highway S., Des Moines, WA 98198, owned by Pointe by Vintage, LP, a Washington limited partnership. 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 \$4,450,000. The public hearing was held November 22, 2022, and a commitment letter issued by Citibank for \$4,450,000.

Ms. Vatske specifically noted that for this particular resolution and the two resolutions that follow for Quinn by Vintage Supplemental & Station by Vintage Supplemental, are all supplemental bond issuance resolutions, which were needed due to additional project costs and to meet the 50% test for the Low-Income Housing Tax Credits. In addition the supplemental issues will leverage more equity with the recent 4% fix. The Commission had sufficient bond cap for these three supplemental issuances.

Mr. Tripp moved to approve the resolution. Mr. Krueger seconded. The resolution was approved unanimously, with Ms. Bascomb-Green abstaining, as her employer is the fiscal agent/trustee.

**Action Item:
Resolution No. 22-
90, Quinn by
Vintage
Supplemental, OID
#19-131A**

Ms. Vatske stated that this was a resolution approving the issuance of one or more series of tax-exempt revenue notes to finance a portion of the costs for the construction and equipping of a 227-unit multifamily housing facility located at 20022 15th Avenue NE and 20057 Ballinger Way, Shoreline, WA 98155, owned by Quinn by Vintage, LP, a Washington limited partnership. 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 \$6,105,000. The public hearing was held November 22, 2022, and a bank commitment letter issued by Citibank for \$6,125,000.

Mr. Kruger moved to approve the resolution. Ms. Topper seconded. The resolution was approved unanimously, with Ms. Bascomb-Green abstaining, as her employer is the fiscal agent/trustee.

**Action Item:
Resolution No. 22-
91, Station by
Vintage
Supplemental, OID
#19-133A**

Ms. Vatske stated that this was a resolution approving the issuance of one or more series of tax-exempt revenue notes to finance a portion of the costs for the construction and equipping of a 197-unit mixed use multifamily housing facility located at 16820 SE Wax Road and 28020 Covington Way, Covington, WA 98042, owned by Station by Vintage, LP, a Washington limited partnership. 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 \$5,106,000. The public hearing was held on November 22, 2022, and a bank commitment letter issued by Citibank for \$5,106,000.

Mr. Kruger moved to approve the resolution. Mr. Espinoza seconded. The resolution was approved unanimously, with Ms. Bascomb-Green abstaining, as her employer is the fiscal agent/trustee.

**Action Item:
Resolution No. 22-
92, The Lookout,
OID #20-69A**

Ms. Vatske stated that this was a resolution approving the issuance of one or more series of tax-exempt and/or taxable revenue notes to finance a portion of the costs for the acquisition, construction and equipping of a 133-unit multifamily senior housing facility located at 2401 S. Orchard Street, Tacoma,

WA 98466, to be owned by VBT The Lookout 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 \$25,000,000. The public hearing was held on November 17, 2022, and a bank commitment letter issued by Banner Bank for \$22,000,000.

Mr. Krueger moved to approve the resolution. Mr. Tripp seconded the motion. The resolution was unanimously approved, with Ms. Bascomb-Green abstaining, as her employer is the fiscal agent/trustee.

**Action Item:
Resolution No. 22-
93, Village at 47th,
OID #21-120A**

Ms. Vatske stated that this was a resolution approving the issuance of one or more series of tax-exempt revenue notes to finance a portion of the costs for the acquisition, construction and equipping of a 272-unit multifamily housing facility located at the intersection of South 47th Avenue and South Ryan Way, Tukwila, WA 98178, to be owned by Vintage at Tukwila, LP, a Washington limited partnership. 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 \$85,000,000. The public hearing was held on November 17, 2022, and a commitment letter issued by Citibank for \$58,058,500, which includes \$4,558,500 in recycled volume bond cap.

Mr. Krueger moved to approve the resolution. Mr. Espinoza seconded the motion. The resolution was unanimously approved, with Ms. Bascomb-Green abstaining, as her employer is the fiscal agent/trustee.

**Action Item:
Resolution No. 22-
94, Approval of
Carryforward of
2022 Private
Activity Bond Cap**

Mr. Steve Walker, Executive Director, stated that this was a year-end annual resolution for the board approving the carryforward of unused 2022 Private Activity Volume Cap (“Bond Cap”) into 2023 for the single & multifamily programs.

Mr. Krueger asked how much total carryforward will be from 2022. Mr. Walker replied that the exact dollar amount is not known yet, but will be released by the

Department of Commerce (“Commerce”) by the end of the year in their award letter to the Commission. Ms. Vatske added that in her current estimation it would be approximately \$30-\$35 million.

Mr. Krueger moved to approve the resolution. Ms. Bascomb-Green seconded the motion. The resolution was unanimously approved.

**Action Item:
Resolution No. 22-
95, Reauthorization
of funding for
Beginner
Farmer/Rancher
Program for 2023**

Ms. Vatske stated this was also a year-end annual resolution for the board’s approval approving the allocation of up to \$2 million of bond cap for the Beginner Farmer/Rancher Program from the 2023 Bond Cap.

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

**Action Item:
Approval of
allocation from the
race/social equity
reserve for a newly
created LAP
program**

Ms. Vatske stated this is a request for board approval to approve the transfer of up to \$5 million in the board-approved Commission’s 2022-2023 Program Year Budget from the PRI (Program Related Investments) race/social equity reserve for a new statewide Land Acquisition Program (LAP).

Mr. Tripp moved to approve the transfer of up to \$5 million as noted above. Ms. Topper seconded. The motion was unanimously approved.

**Action Item:
Approval of
selection of Single-
Family Investment
Banking &
Underwriting
Services
recommendations**

Ms. Lisa DeBrock, Director, Homeownership, stated that at least every two years, pursuant to the Revised Code of Washington (RCW) section 43.180.100 and the Washington Administrative Code (WAC) section 262-01-070, the Commission conducts a request for proposals (RFP) for single family investment banking and underwriting services. She noted that investment bankers develop and structure each bond issue and purchase the Commission’s bonds for the House Key Opportunity program.

Ms. DeBrock stated further that she posted the RFP in October, with all submitted proposals due on Monday, November 21. The Commission received 11 overall responses. Eight firms applied with a preference to serve as Senior Manager including:

- Bank of America Securities
- Citigroup Global Markets Inc.
- Morgan Stanley
- Raymond James
- RBC Capital Markets
- Wells Fargo Securities
- JP Morgan
- Stifel

In addition, three firms applied as co-manager only. These firms included:

- San Blas Securities
- InspereX
- Piper Sandler

She thanked all the firms for their responses to the Commission's RFP. The first seven firms listed were interviewed and the interview panel looked at the following criteria:

- The experience and record of the applicant in selling bonds nationally or regionally to either institutional or retail investors.
- The successful participation of the applicant in a selling group on the Commission's bonds.
- The cost in fees and expenses.
- Reputation for services.

- Qualifications of the individuals assigned to represent the investment banking firm including their length of time in the industry and at that firm as well as demonstrated technical competence, expertise, and innovative ability.
- Compatibility of the individuals assigned to work with the Commission and its staff.
- Accessibility of the underwriter's personnel to the Commission and its staff.

The interview panel was impressed with all seven of the applicants and with the strong commitment for their diversity, equity, and inclusion efforts undertaken by each firm.

She added that applications were reviewed by a panel consisting of herself, Faith Pettis from Pacifica Law Group, and the following Commission staff: Steve Walker, Bob Peterson, Corinna Obar, Fenice Taylor, and Lucas Loranger.

The panel recommended retaining the current senior manager, RBC Capital Markets, who has been on the Commission's team since 2008.

She also stated that she and the panel would like to retain Wells Fargo Securities as co-manager (on the Commission's team since 2013), and Morgan Stanley as a co-manager (on the Commission's team since 2019). The panel also recommended adding a third co-manager, Citigroup, due to their strong performance in the Commission's selling.

This approval would grant authority for the Executive Director to negotiate contract terms with the firms listed above.

time.

Because the Commission has limited volume cap at the present time, it and has issued approximately \$100 million annually over the past few years and expects a

similar level of bond issuance in 2023. In the last fiscal year, the Commission assisted 544 homebuyers under the House Key program as compared to 5,094 homebuyers under the Home Advantage program.

She concluded that the House Key program remains a critical part of the Commission's mission by mainly serving families at 80% and below of AMI. As prices continue to rise in the state, the House Key program helps reach underserved communities with the Commission's below market interest rate and keeps homeownership within reach for homebuyers. In addition, having a Finance Team who is deeply familiar with the Commission's single-family programs and the needs of borrowers remains critical.

Ms. Bascomb-Green moved to approve the panel's recommendations for selection, and for approval of the Executive Director to negotiate/execute contracts with both the Single-Family Senior Manager, RBC Capital Markets; and also for the three Single-Family Co-Managers: Wells Fargo Securities, Morgan Stanley, and Citigroup. Mr. Krueger seconded the motion. The motion was approved unanimously.

**Action Item:
Approval of
proposed WSHFC
Legislative Agenda
for 2023**

Mr. Walker stated for 2023 and for years after that, the Commission will support legislation that seeks to end systemic racism and to advance equity. The Commission will also advocate for as much public investment as possible to be equitably directed to a range of affordable housing initiatives; as well as for legislation that makes our state taxing system more equitable and combats climate change.

He noted that the Legislative Session this year in 2023 is a longer session (105 days in odd-numbered years) and is also a biennium state budget year for Fiscal Years 2023 through 2025. He mentioned that the Commission does not have any lead priorities this year, but has a support agenda consisting of the following items:

Increasing Rental Housing Supply

- Fund the state Housing Trust Fund at a historically high level in the biennial capital budget
- Seek a permanent source of funding for the Housing Trust Fund
- Support efforts and legislation to allow counties and cities to establish housing benefit districts (HBD) for the acquisition of land for affordable homes fund

Other Housing Programs and Supportive Services

- Support state authorization of new local options to fund affordable housing, such as a new Real Estate Excise Tax (REET) for affordable housing and operations.
- Support efforts to ensure that any proposed cuts to the budget do not negatively impact affordable housing programs and related services.

Close Racial Gaps in Homeownership

- Support implementation of the Coalition for Housing Choices' Seven Point Plan for Increasing Black Homeownership in the Puget Sound Region. These points are: Supporting Existing Owners, Marketing/Outreach, Pre-/Post Purchase Counseling, Purchase Supports/Tools, Credit/Lending, Housing Production, and Policies/Practices.
- Support the Washington Future Fund legislation creating a pathway to home ownership for low-income Washingtonians. This legislation is sponsored by Mr. Pellicciotti, the State Treasurer.
- Support new programs that expand homeownership opportunities for BIPOC households
- Support legislation to amend lending and real-estate systems built on structural racism Tenant Protection
- Seek increased funding for statewide Right to Counsel program to meet statutory requirements

Mr. Walker also stated that the last support item is to seek increased funding for the Tenancy Preservation Program (TPP) and the Landlord Mitigation Fund.

Mr. Walker then asked the board for their approval of the proposed 2023 WSHFC Legislative Agenda. He along with Chair Rumpf encouraged all Commissioners to be as active as possible and assist when needed on any potential legislation mentioned.

Mr. Tripp moved to approve the proposed 2023 WSHFC Legislative Agenda. Mr. Espinoza seconded. The motion was approved unanimously.

**Action Item:
Approval of the
2023 Commission
Meeting Calendar**

Mr. Walker stated that this is yet another traditional year-end action item, the approval of dates for the monthly Commission Board Meetings for 2023. All meetings will be hybrid (in-person & via Zoom teleconference), and at certain meetings, there will be morning Work Sessions for in-person participation by as many Commissioners as possible. He added that he welcomes any feedback from Commissioners on this current format. He also mentioned the Calendar included the tentative dates for the NCSHA conferences (NCSHA Legislative Conference in Washington DC, NCSHA Housing Credit Connect, and the NCSHA Annual Conference & Tradeshow) and the 2023 Housing Washington Conference in Tacoma.

Mr. Walker noted the proposed meeting dates for 2023 are as follows: January 26, February 23, March 23, April 27, May 22-23 for the annual budget/planning meeting, June 22, July 27, August 24, September 28, October 26, November 16, and December 7.

Mr. Pellicciotti stated for the record that one of the meeting dates conflicts with a State Investment Board meeting, and thus will be voting no on the motion to approve the 2023 Commission Meeting Calendar.

Ms. Topper asked if the Commission meeting start times will be 1 p.m. Mr. Walker replied that they would be and that if meetings have an accompanying Work Session, the start time for that would be announced, typically 10 a.m. until 12 noon.. Also the May Budget/Planning Session start times would be announced as well.

**Report on
Department of
Commerce
Activities**

Ms. Faith Pettis, counsel from Pacifica Law Group, reminded everyone that all Commission Meetings are Special Meetings, and that only a minimum of 24 hours notice is needed to call a meeting(s). Also unlike other agencies, boards & commissions that have Regular Meetings, the date(s) for which are published in the State Register; Special Meetings are not so published, which provides flexibility.

Ms. Bascomb-Green moved to approve the 2023 WSHFC Commission Meeting Calendar as proposed/distributed. Mr. Krueger seconded. The motion was approved by a vote of 7 to 1, with Mr. Pellicciotti voting no, and all other Commissioners participating in today's meeting, voting yes.

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

Housing Division - Multifamily Housing Unit

Traditional HTF Funding Round

Commerce may be able to fund just 15 out of 60 traditional applications this round and waitlist another 30 projects that could proceed if funding were available. Commerce is working diligently with WSHFC to align funding this round, but there will be a significant impact on the timeliness of projects able to proceed.

Apple Health and Homes

The Apple Health and Homes Capital Program guidelines are being drafted. The plan is to release an initial addendum to fund projects on the Traditional HTF waitlist and/or those seeking Rapid Capital Housing Acquisition funds.

Housing Division - Homeownership Unit

Capital programs

Staff will host webinar number two of three for the \$25 million homeownership capital programs at 1 p.m., December 14, 2022. Topics covered include

application forms review, prioritization, and frequently asked questions. The third and final webinar will be at 9 a.m. on January 3, 2023.

Technical assistance for mobile home community conversions

Commerce executed a \$90,000 contract with Northwest Cooperative Development Center (NWCDC) to provide technical assistance for manufactured home community organizations and learn more about converting their community to resident ownership. NWCDC will provide direct technical assistance to several communities and give a general overview of the process for people interested in exploring the purchase of their communities.

Housing Division - Policy Unit

Rights-of-Way Initiative

Since the \$145 million Right-of-Way (“ROW”) Safety Initiative was launched last spring, more than 170 individuals living in 12 encampments in five counties were transitioned to housing or shelter. Most remain housed, thanks to extensive efforts to connect individuals to appropriate services. The first ROW property acquisition, the Catalyst, began housing people in Spokane this week.

Local Government Division - Growth Management

House Bill 1220 update

Draft future housing need numbers for every county in Washington are available based on projection methodology in the Housing for All Planning Tool. Final housing need numbers using 2022 OFM population projections will be available in February. Housing need numbers are divided by income bracket: 0-30% AMI, >30-50% AMI, >50-80% AMI, >80-100% AMI, >100-120% AMI, and >120% AMI. They include separate projected emergency housing/emergency shelter needs. Housing need numbers are provided at the county level to be consistent with how populations are projected from OFM. Commerce has developed draft guidance for counties to allocate the housing needs from the county level to cities, towns and unincorporated counties, as well as an allocation tool in the Housing for All Planning Tool.

State draft housing needs indicate that >50% of state housing needs *over the next 20 years* will be below 50% AMI. Significant funding, planning and coordination

will be needed to achieve these housing needs in the future. Fully planning cities and counties will be required to plan for sufficient land capacity at densities that may accommodate housing at the various income brackets and identify barriers and funding gaps to achieving these housing needs as part of their comprehensive plan periodic updates, which are due starting in December 2024. Draft guidance on land capacity and identifying barriers to achieving housing needs will be available by January 2023. All guidance for this work, final housing need numbers, and a webinar should be complete by April 2023.

Coming soon:

Late December: Final guidance and webinar on assessing and beginning to undo racially disparate impacts in housing.

January: Final projections of housing needs; Legislative report on the MFTE program, along with a deed restriction for a 20-year property tax exemption and auditing program (by June 2023).

February: Updated policy recommendations for accessory dwelling units

April: Guidance to help communities adopt middle housing.

Private Activity Bond Cap Program

We anticipate the carryforward of unused bond capacity to occur on December 20. It will ensure the ability to make bond issues of approximately \$103 million over the next three years.

The calculation used to determine the 2023 bond capacity is still in process, but the IRS has determined that the multiplier will increase from \$110 to \$120 per capita. We are anticipating annual population growth of 1 to 1.5 percent leading to a preliminary estimate of about \$940 million for 2023. The US Census Bureau will finalize the population estimates used to determine the final amount in the last week of 2022.

**Executive
Director's Report**

Mr. Walker gave the Executive Director's report as follows:

Multifamily Housing & Community Facilities (MHCF):

Lisa Vatske attended the Novogradac tax credit conference and presented on our bond and recycling program on a panel with several other bond structuring experts.

There is a year-end push underway to have any year-end legislation include the two biggest priorities from the Affordable Housing Improvement Act – reinstating the 12.5% increase to the 9% program and the lowering of the 50% test on tax-exempt bonds.

Continued coordination and staff review of the 9% applications is underway. Some unprecedented complications with different funding buckets and timing of availability of funds with Commerce, may delay some of the announcements and allocations.

Jackie Moynihan has joined the Commission's MHCF Division as its new Senior Policy Analyst as of December 1 – welcome, Jackie!

Homeownership:

Homeownership Assistance Fund (HAF):

As of November 30, 2022, there have been over 1,100 applications to the system. Of those, 284 grants have been funded totaling nearly \$5.2 million dollars in grant assistance. For the same period there are over sixty-one applications with funding reserved totaling over \$2.5 million and many continue to be processed.

Through our vendor, HOTB, we continue to create the relationships with servicers necessary for program success. Reports from our counseling and civil legal aid partners are positive and they continue to be excited about this program and how it can work well in the overall default counseling support programs offered to homeowners.

We continue to fine-tune the program based upon feedback received from our counseling and civil legal aid network, as well as others that can benefit from the program, and we are finalizing the program procedures for those with non-traditional financing to participate in the program. In December we will start a “small lender” program with our partner, HomeSight, to expand the HAF program’s reach. The small lender program is being designed with the input of our civil legal aid partner, Northwest Justice Project.

We continue our bi-weekly meetings with our counseling network to talk through program ideas, concerns, and best practices to make sure that the entire network is supported and working towards a common goal.

Outreach to underserved communities regarding the HAF Program continues to reach all areas of the state and in multiple languages. Advertising in social media, along with local publications and radio stations, has shown results through the steady traffic to our HAF Program landing site (WashingtonHAF.org) as well as the “Hotline” at the Washington Homeownership Resource Center.

We look forward to the conclusion of the fourth quarter of 2022 to provide us with sufficient data to be able to analyze trends, distribution, and the effectiveness of our outreach program.

Other:

Homeownership staff will be attending the NAREB Gala on December 10.

The Homeownership Division re-opened their seller servicer RFP. Proposals are due on December 30.

Asset Management & Compliance (AMC):

Portfolio analysts are closing out the remaining 2021 tax credit annual reports reviews and sending out 2022 Bond reports.

Lanakay is working with Finance on Annual Compliance fee billing.

RFPs for new inspection vendors for 2023 is out. The goal is to make the process flow smoother and find a vendor that would provide us with a customized service to meet our needs.

Staff is working on amending Average Income Test (“AIT”) policies per IRS Final Rule and working with MHCF to encourage owners to embrace variable AMIs allowed by AIT to make LIHTC housing open to broader spectrum of renters while allowing projects to better support lower set-asides (20/30) with a higher set-aside rent offset (70/80).

There has been an influx of Property Transfer requests which need to be completed by 12/31. So far this year Mary worked on twenty-five transfers; seven of which were in the last 30 days.

Finance:

Eide Bailly LLP has issued a draft Independent Auditor’s Report on the Commission’s Financial Statements for fiscal year 2022 with an unqualified opinion. The draft report is included in the board packet. The final report is expected to be essentially the same as the draft with no change to the substance from the draft version.

Franchesca Cornelio has joined the Commission as of this Monday 12/5 as Grant Accountant to support the efficient and effective implementation of Commission’s federal grant programs, including HAF. Welcome, Franchesca!

Other news from Steve:

He complimented Margret Graham and Pacifica Law Group for the excellent Q&A handout regarding the current situation with the residents being displaced from the Nooksack Homes by the Nooksack Indian Tribe and their housing

authority.

He participated in the following events and meetings:

WCRA Criticized Credit Committee Meeting; Condo Conversion Meeting; Housing Benefit Webinar; CAHD Meeting, Sound Communities Steering Committee; WCRA Board of Directors Meeting; BHI Policy Group Meeting; Microsoft Check-in Meeting; NCSHA/WSHFA H3C Check-in; Meeting with HUD re: Nooksack; Rent Increases, Evictions and 2023 priorities; NCSHA Recommended Practices in Housing Credit Administration Task Force; Legislative Discussion with Rep Ramel; AHAB; and Traveled to DC to attend the NCSHA Executive Directors Forum/Board Meeting.

Commissioners' Reports

Mr. Krueger reported that the Audit Committee consisting of himself and Mr. Larsen (and Ms. Topper, who chairs this committee, was absent for this particular meeting) met with the auditors from Eide Bailly LLP (Eide) along with Mr. Walker; and Fenice Taylor and Lucas Loranger from the Commission's Finance Division on November 29. He stated that Eide presented a draft independent financial audit report from Fiscal Year 2022 with an unqualified opinion, a clean audit, with no findings, and no other issues. The report is awaiting final sign-off, but the language in the draft report is expected to be included in the final draft with no changes. He added that this was Eide's first audit of the Commission, and they wanted to commend Mr. Loranger and Ms. Taylor and the entire Finance Division for their diligent work and their cooperation. Finance Division staff commented that Eide was professional, knowledgeable, and easy to work with.

Mr. Krueger noted that the Commission's net position increased by \$39.6 million the past year. Cash and cash-related investments increased by \$205.5 million over the past year due to receipt of HAF funds that came in from the U.S. Treasury. Bonds and bonds payable were reduced over the past year by \$48.2 million due to principal payments outperforming bond issuance amounts. Last, PRI and grant revenue fees decreased by \$24.8 million due to reduced activity in the Home Advantage Program during the first half of the year. He concluded by

saying that Eide's reply to Mr. Larsen's question regarding the Commission's allowance for mortgage loans, is very adequate, about 2%, well above industry standards!

Ms. Bascomb-Green mentioned the National Board of Real Estate Brokers - Realtists of Western Washington is having their annual gala dinner this Saturday, December 10. She proudly announced that the Commission and a number of stakeholders will be attending this sold-out event. Also a scholarship will be awarded by the Realtists of Western Washington to one real-estate broker who needs financial aid. Also they will establish a program to recruit new young real estate brokers from high school and community colleges. She will give a report on the gala at the January meeting.

Mr. Tripp complimented Ms. Tera Ahlborn and staff for the Nooksack Q&A handout and distribution. He also complimented Ms. Grigoras and Commerce on their work reducing homelessness in state ROWs in the Spokane area, especially with Camp Hope locations.

Consent Agenda

The consent agenda was approved as distributed.

Public Comment

Ms. Michele Roberts, a resident of the Nooksack Homes Low-Income Housing Tax Credits property on the Nooksack Indian Reservation near Deming commented that she wanted to thank Mr. Walker and the Commission for all of their efforts and understanding regarding the possible eviction of the seven families from the Nooksack Homes Low-Income Tax Credit Housing that were disenrolled by the Nooksack Indian Tribe and their Board of Elders.

Ms. Roberts noted that one of her neighbors was not one of the tribal members that were disenrolled, but still has to be evicted out of the house sometime between December 17 and January 2. She mentioned that her neighbor had no legal representation in the eviction tribal court case. Also currently, there are eight other homes (her neighbors) on the property that are having eviction orders

being done as well with residents spanning many generations. She appreciated and thanked the Commission and Mr. Walker for listening, but was still disappointed that the Commission is not doing enough to utilize their compliance tools and resources/contacts to stop the evictions from happening. Also she mentioned that the Commission needs to uphold the terms of the Regulatory Agreement with the Tribe and Housing Authority, as the owners of the land, along with Raymond James as the syndicator of the tax credits. She wants the Commission to utilize the remedies in that Regulatory Agreement for breaching the eventual tenant ownership covenants on their end. She believes that the Commission needs to report the noncompliance to the IRS as the Tribal Housing Authority and Raymond James have been not acting in good faith. She then asked that the Commission and its partners to continue to do all they can to stop the evictions from happening.

Chair Rumpf replied that Ms. Roberts and her neighbors who are affected should keep in touch with Mr. Walker, and assured her that the Commission is doing all it can, with dialogues with the residents, HUD, and the Tribal Housing Authority, with the Commission's partners and legal counsel. He also noted that the Commissioners are fully aware of the residents' plight, and especially so with the public comment and testimony from this meeting and from the past couple of Commission meetings.

Executive Session

Chair Rumpf stated that a closed-door Executive Session is needed with Commissioners, Mr. Walker, Mr. Bob Peterson (Deputy Director), Ms. Vatske (MHCF Division Director), and Ms. Biratu (AMC Division Director), along with legal counsel from Pacifica Law Group. He stated that this Executive Session is needed to discuss the status of potential litigation with respect to a possible future action taken against the Commission. He added the approximate length of the Executive Session is 20 minutes, but it could go longer than that. Also he noted that no action items would be considered or voted on in Executive Session.

Chair Rumpf then adjourned the meeting into Executive Session at 2:22 p.m.

**Re-convening of the
Special Meeting &
Adjournment**

The meeting was re-convened from Executive Session and opened to the public at 2:52 p.m. The meeting was adjourned at the time above.

Signature
