

WASHINGTON STATE HOUSING FINANCE COMMISSION

WORK SESSION MINUTES

September 27, 2018

The September 27, 2018 work session was called to order at 11:00 a.m. by Karen Miller. In attendance were Commissioners Corina Grigoras, Designee for the Department of Commerce, Jason Richter, Randy Robinson, Alishia Topper, Lowel Krueger and Ken Larsen.

Lisa Vatske gave an overview of proposed 9% and 4% tax credit policy changes for 2019.

Bob Cook gave a report on requesting bids and selecting a provider for an Interest Rate Payment Agreement (also known as an “interest rate swap”) on a portion of the Series 2018 Single-Family Program Bonds.

Diane Klontz gave her Informational Report on the Department of Commerce Activities.

Kim Herman gave his Executive Director’s Report.

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

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
MINUTES**

September 27, 2018

The Commission meeting was called to order by Chair Karen Miller at 1:00 p.m. in the Board Room of the Washington State Housing Finance Commission at 1000 Second Avenue, Seattle, Washington. Those Commissioners present were Corina Grigoras, Designee for the Department of Commerce, Jason Richter, Randy Robinson, Alishia Topper, Lowel Krueger, Ken Larsen.

**Approval of the
Minutes**

The minutes of the August 23, 2018 special meeting were approved as mailed.

**Employee
Recognition**

“When Marilyn gave her notice that she was retiring after almost seven and a half years of service with the Commission, we knew we had big shoes to fill! Since Marilyn started working for the finance department, she has been a joy to work with, through times of happiness and hardship. She has always been someone everyone could rely on with a positive attitude - she has made every day worthwhile.

Marilyn has a great sense of humor and was the first to initiate celebrations for her team. She was very generous with her free time and was always baking beautiful birthday cakes and planning lunch parties for others. Not only did she assist Debra on a day-to-day basis with routine tasks, she also graciously assisted everyone in her division who asked.

So, on behalf of the Commission, and from me personally, I wish Marilyn all the best in her retirement. We hope she has many fun-filled days with her grandkids and does everything she wants to do with her newly-found free time.

All the best, Marilyn, and thank you for your years of continuous hard work for the Commission. We will all miss you tremendously. The best is yet to come!!”

Mr. Herman introduce Miyuki (My-you-key) Rapp, who is filling Marilyn's position. Miyuki joined the Finance Division on Monday overlapping a few days with Marilyn for in-depth training. Miyuki has 15 years of experience as an administrative assistant and marketing coordinator. We are pleased that she has joined us and would like to extend her a very warm welcome to the Commission!

**Public Hearing:
The View by
Vintage, OID # 18-
93A**

The Chair opened a public hearing on OID # 18-93A, The View by Vintage at 1:00 p.m.

Bob Peterson, Manager of the Multifamily Housing and Community Facilities Division, said this is a resolution approving the proposed issuance of one or more series of tax-exempt and taxable revenue notes to finance a portion of the costs for the acquisition of land and the new construction and equipping of a 408-unit multifamily housing facility located at 21916 State Road 410 East, Bonney Lake, WA 98391, to be owned by The View by Vintage, LP, a to-be-formed Washington limited partnership. Proceeds of the notes may also be used to pay a portion of the costs of issuing the notes. The total estimated bond amount is not expected to exceed \$64,000,000 (a portion of which may be taxable). Mr. Peterson introduced Ryan Patterson, representing Vintage Housing.

Mr. Patterson stated that this project is similar to Vintage Housing's last project with the Commission. He also mentioned this is the new construction of an affordable multifamily housing facility, located in Bonney Lake, Washington. The project will target families with incomes at or below 60 percent of area median income (AMI). Twenty percent of the units will be set aside for large households. Amenities include community garden, fitness center, business/learning center, media center, covered and secured bicycle storage, and close to shopping, medicals centers and schools.

There were no other comments from members of the public and the hearing was closed at 1:03 p.m.

**Public Hearing:
Copper Mountain,
OID # 18-49A**

The Chair opened a public hearing on OID # 18-49A, Copper Mountain at 1:03 p.m.

Mr. Peterson said this is a resolution approving the proposed issuance of one or more series of tax-exempt and taxable revenue notes to finance a portion of the costs for the acquisition of land and new construction and equipping of a 276-unit low income multifamily housing facility located at 2555 Bella Coola Lane, Richland, WA 99352, to be owned by Copper Mountain Apartments, LLC, a to-be-formed Washington limited liability company. Proceeds of the notes may also be used to pay a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed \$35,000,000, a portion of which may be taxable. Mr. Peterson introduced Keith James, representing the Inland Group.

Mr. James stated that twenty percent of the units will be set aside for persons with disabilities. The amenities include a fitness center, business learning center, media center, game room, and fitness trail. This project will target families with incomes at or below 60 percent of AMI.

There were no other comments from members of the public and the hearing was closed at 1:06 p.m.

**Public Hearing:
Cathedral Plaza,
OID # 18-54A**

The Chair opened a public hearing on OID # 18-54A, Cathedral Plaza at 1:06 p.m.

Mr. Peterson said this is a resolution approving the proposed issuance of one or more series of tax-exempt revenue bonds to finance a portion of the costs for the acquisition and rehabilitation of a 149-unit multifamily housing senior facility located at 1120 W. Sprague Avenue, Spokane, WA 99201, to be owned by New Cathedral Plaza LLC, a Washington limited liability company. Proceeds of the bonds may also be used to pay a portion of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$15,000,000. Mr. Peterson introduced Jonathan Mallahan from Catholic Charities.

Mr. Mallahan stated that Catholic Charities Eastern Washington was established in 1912 and today is a dynamic, value-driven organization with over 300 employees and an annual budget of \$12 million. It annually serves more than 70,000 individuals each year and is the largest sectarian social service organization between Seattle and Minneapolis.

Cathedral Plaza is an existing 15-story 149-unit affordable senior development located in Spokane, WA. Fifty-nine of the units are covered by a Section 8 HAP contract. The amenities include a community garden, business/learning center, and media room. Residents will be displaced during renovations. They will be relocated to River Inn across from Gonzaga University and will be supplied with meal plan cards from the University.

In response to questions from Mr. Herman and Commissioner Robinson, Mr. Mallahan stated that this building was originally built in 1976 and is an old HUD 236 building.

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

**Public Hearing:
The O'Malley, OID
18-52A**

The Chair opened a public hearing on OID # 18-52A, The O'Malley at 1:11 p.m.

Mr. Peterson said this is a resolution approving the proposed issuance of one or more series of tax-exempt revenue bonds to finance a portion of the costs for the acquisition and rehabilitation of a 99-unit multifamily housing senior facility located at 707 E. Mission Avenue, Spokane, WA 99202, to be owned by New O'Malley LLC, a Washington limited liability company. Proceeds of the bonds may also be used to pay a portion of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$10,000,000. Mr. Peterson introduced Jonathan Mallahan from Catholic Charities.

Mr. Mallahan stated that this is an existing three-story 99-unit affordable senior apartment building which will use the same relocation plan as the previous project, Cathedral Plaza. Some of the building upgrades include the kitchens, Wi-

Fi access and safety improvements. The amenities include a community garden, business learning center, and media center. Ninety-eight of the units are covered by a Section 8 HAP contract.

There were no other comments from members of the public and the hearing was closed at 1:14 p.m.

**Public Hearing:
Cedar Pointe
Apartments, OID #
17-226A**

The Chair opened a public hearing on OID # 17-226A, Cedar Pointe Apartments at 1:14 p.m.

Mr. Peterson said this is a resolution approving the proposed issuance of one or more series of tax-exempt revenue notes to finance a portion of the costs for the acquisition of land and new construction and equipping of a 255-unit low income rental housing facility for seniors located at 3905 172nd Street NE, Arlington, WA 98223, to be owned by AMWA Cedar Pointe Fund, LP, a Washington limited partnership. Proceeds of the notes may also be used to pay a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed \$45,000,000, a portion of which may be taxable. Mr. Peterson introduced Mario Turner, Vice President of Development at AMCAL Enterprises Inc.

Mr. Turner stated that this project will target families with incomes at or below 60 percent of AMI and twenty percent of the units will be set aside for persons with disabilities. The amenities include a community garden, fitness center, business/learning center, media room, fitness trail, and covered and secured bicycle storage.

In response to a question from the Commissioner Miller, Mr. Turner stated that AMCAL is developing affordable housing in Washington State due to the housing crisis in the state.

There were no other comments from members of the public and the hearing was closed at 1:22 p.m.

**Public Hearing:
April's Grove, OID
18-47A**

The Chair opened a public hearing on OID # 18-47A, April's Grove at 1:22 p.m.

Mr. Peterson said this is a resolution approving the proposed issuance of one or more series of tax-exempt revenue bonds to finance a portion of the costs for the acquisition of land and the new construction and equipping of a 45-unit low income multifamily facility located at 900 North Beach Road, Eastsound, WA 98245, to be owned by April's Grove, LLLP, a Washington limited liability limited partnership. Proceeds of the bonds may also be used to pay a portion of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$7,500,000. Mr. Peterson introduced Phillipa Nye, Principal at Ally Community Development LLC.

Ms. Nye stated that ten percent of the units will be set aside for persons with disabilities, and twenty percent of the units will be set aside for large households. This project will use income averaging, which allows units to serve households earning as much as 80% of the AMI as long as the average income/rent limit in the property is 60% or less of AMI. On Orcas Island there are low incomes, low inventory and lots of seasonal rentals. The amenities include covered secured bicycle storage and a community building.

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

**Public Hearing:
Sanford
Hildebrandt
Towers, OID # 17-
158A**

The Chair opened a public hearing on OID # 17-158A, Sanford Hildebrandt Tower at 1:26 p.m.

Mr. Peterson said this is a resolution approving the proposed issuance of one or more series of tax-exempt revenue bonds to finance a portion of the costs for the acquisition and rehabilitations of a 372-unit low income multifamily housing facility located at 747 N. 135th Street, Seattle, WA 98133, to be owned by FFHS Housing Partners, LP, a Washington limited partnership. Proceeds of the bonds may also be used to pay a portion of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$20,000,000. Mr. Peterson introduced Craig Ratchford from Vitus Development.

Mr. Ratchford stated that Sanford Hildebrandt Tower was named after the late manager of the building who passed away. Seventy percent of the units will be at 50% AMI, 30% at 60% AMI, and additionally 20% of the units will be set aside for persons with disabilities. The amenities include a community garden, fitness center, business/learning center, media room, miniature golf course and fitness trail.

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

**Public Hearing:
CamBey
Apartments, OID #
18-91A**

The Chair opened a public hearing on OID # 18-91A, CamBey Apartments at 1:33 p.m.

Mr. Peterson said this is a resolution approving the proposed issuance of one or more series of tax-exempt revenue bonds to finance a portion of the costs for the acquisition and rehabilitation of an existing 50-unit independent senior living community located at 50 N. Main Street, Coupeville, WA 98239, to be owned by LIHI Cambey LLC, a Washington limited liability company, whose sole member is Low Income Housing Institute (LIHI), a Washington nonprofit corporation and an organization described under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). Proceeds of the bonds may also be used to pay a portion of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$2,500,000. Mr. Peterson introduced Robin Amadon, Housing Development Director at Low Income Housing Institute.

Ms. Amadon stated this is an old HUD 202 Project built in 1983. In addition to the rehabilitation of this building they will be installing a computer center. There will be no displacement for this rehabilitation.

There were no other comments from members of the public and the hearing was closed at 1:38 p.m.

**Public Hearing:
Recommend and
present Projects for
Allocation of
LIHTC from the
2019 funding round**

The Chair opened a public hearing on the recommended allocation of Low Income Housing Tax Credits at 1:38 p.m.

Mr. Peterson said that there will be two projects to consider today:

Wenatchee Supportive Housing Community

Mr. Peterson introduced Julie Graves, Housing Developer of Beacon Development Group and Holly Anderson, Housing Development Manager at Catholic Charities Housing Service.

Ms. Graves stated that the Wenatchee Supportive Housing Community project site is part of the former 11 acre Viewdale Drive-in Theatre site located in South Wenatchee. This location is on a bus line and near schools and other public services. The City of Wenatchee is very supportive of this project since it will help address the housing crisis occurring in Wenatchee. Working families with children who are living in transitional housing are unable to secure housing at the end of their 24 month transitional housing programs, nurses and teachers are living in garages, and the number of unsheltered homeless individuals and families taking up beds at the hospital are exhausting Medicaid budgets. This project selected to set-aside 50% of its units for homeless housing. The Sponsor is partnering with Catholic Charities Serving Central Washington (CCCW) to provide the supportive housing services.

She also stated that 25% of the units will be at 60% AMI, an additional 50% of the units will be at 40% AMI and the remaining 25% of the units will be at 30% AMI.

Arlington Drive Youth Campus LLLP

For the last project for the day, Mr. Peterson introduced Kathy McCormick, Real Estate Director at the Tacoma Housing Authority.

Ms. McCormick stated that the Arlington Drive Youth Campus will provide 58 units of permanent supportive housing to young adults between 18 to 24 years of age who are experiencing homelessness. The overall goal for this project is to

respond to the growing trend of youth and young adult homelessness in Pierce County and to provide a platform of success from which these youth can move forward in their lives while being provided the support needed to achieve the tasks that move them toward successful lives as adults.

The amenities include a kitchen, computer labs, classrooms and a basketball court.

She also mentioned stated that 25% of the units will be at 60% AMI, an additional 25% of the units will be at 40% AMI and the remaining 50% of the units will be at 30% AMI.

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

**Public Hearing:
Proposed 9%
Housing TC
Program Policy
Changes for the
2019 Allocation
Round**

The Chair opened a public hearing on the proposed changes to the 9% Housing Tax Credit Program Policy for the 2019 allocation round at 1:50 p.m.

Lisa Vatske, Director of the Multifamily Housing and Community Facilities Division gave detailed presentation in the morning session for both the 9% and 4% policy changes. The proposed changes for the 9% policy include:

- Total Cost of Development (TDC) Limit Increases
- Addition of Guidance for Income Averaging
- Consistency between program points for Utility Allowance Option
- Change to Metro Homeless Points

Income Averaging will be allowed on a case by case basis. To be eligible for income averaging, a plan must be submitted, using the spreadsheet created by Novogradac, showing that the unit configuration meets the income averaging; all buildings must have the same election, the investor and any other public or private funders must provide written agreement, the market study would need to address income mix, the developer must provide a commitment and agreement in writing to the compliance implications, and income averaging is not available for re-syndications or mixed income projects with market rate units.

Robin Amadon, Housing Development Director at Low Income Housing Institute, made a comment stating that State Consortium is fully supportive of the 9% policy changes including the 3% TDC changes, and waiver submission, income averaging and 50% homeless designation in the metro pool. She also mentioned the outreach was truly inclusive.

There were no other comments from members of the public and the hearing was closed at 1:55 p.m.

**Public Hearing:
Proposed 4%
Housing TC
Program Policy
Changes for the
2019 Allocation
year**

The Chair opened a public hearing on the proposed changes to the 4% Housing Tax Credit Program Policy changes for the 2019 allocation round at 1:55 p.m.

The proposed changes to the 4% policy include:

- TDC Limit Increases
- Addition of Guidance for Income Averaging
- Leverage of Taxable Bonds
- Consistency between program points for Utility Allowance Option

Additional changes include Leverage of Taxable Bonds. Because the need to incentivize developers to use taxable bonds has evolved and this is no longer useful or effective as a point category, and staff proposes to eliminate the category.

Regarding the change to update consistency between program points for Utility Allowance Option, staff proposes the following:

The selected engineer and plan must be submitted with the tax credit application, both in the Utility Allowance schedule in Section 8.

When the project is placed in service the final utility allowance schedule will be submitted. Change title to Utility Allowance Option and add Actual Usage Estimate to count for points as well.

There were no other comments from members of the public and the hearing was closed at 1:58 p.m.

**Action Item:
Resolution No. 18-98, a Resolution for the 2019 Allocation of Credit for the Housing Tax Credit Program**

Ms. Vatske said this is a resolution authorizing the Executive Director to make reservations and/or allocations of 2019 9% Housing Tax Credits to the following projects:

- Wenatchee Supportive Housing Community
- Arlington Youth Campus LLLP

Mr. Krueger moved to approve the request. Ms. Topper seconded the motion. The motion was unanimously approved.

**Action Item:
Proposed changes to the 9% Housing TC Program Policies for the 2019 allocation round**

Mr. Robinson moved approval of the proposed changes to the 9% Tax Credit Policies for the 2019 allocation round. Mr. Larsen seconded the motion. The changes were unanimously approved.

**Action Item:
Proposed changes to the 4% Housing TC Program Policies for the 2019 allocations**

Ms. Topper moved approval of the proposed changes to the 4% Tax Credit Policies for the 2019 allocations. Mr. Krueger seconded the motion. The changes were unanimously approved.

**Action Item:
Resolution No. 18-95, Little Saigon Apartments, OID # 18-51A**

Ms. Vatske said this is 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 of land and new construction and equipping of a 69-unit multifamily housing facility located at 1253 S. Jackson Street, Seattle, WA 98144, to be owned by Little Saigon LLLP, a Washington limited liability limited partnership. Proceeds of the bonds may also be used to pay a portion of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$14,000,000. The original public hearing was held July 26, 2018 and an additional public hearing was held September 13, 2018.

Mr. Topper moved to approve the resolution. Mr. Krueger seconded the motion. The resolution was approved with five yes voted with one recusal from

Commissioner Larsen because of a conflict of interest due to his affiliation with Banner Bank. .

**Action Item:
Resolution No. 18-97, SAG
Preservation
Portfolio 1, OID #
18-60A-G**

This resolution was pulled from the agenda.

**Action Item:
Resolution No. 18-88, Villas at
Arlington, OID #
17-197A**

Ms. Vatske said this is 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 of land and new construction and equipping of a 312-unit multifamily housing facility located at 18506 Smokey Point Blvd., Arlington, WA 98223, to be owned by Villas at Arlington Partners LLLP, a Washington limited liability limited partnership. Proceeds of the bonds may also be used to pay a portion or all of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$69,000,000 (a portion of which may be taxable). The original public hearing was held July 26, 2018 and an additional public hearing was held August 29, 2018.

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

**Executive
Director's Report**

Mr. Herman reported the Commission's intention to enter into an interest rate swap in conjunction with its 2018 Single Family Bond issue, per the Commission's swap policy.

Consent Agenda

The Consent Agenda was approved as mailed.

Adjournment

The meeting was adjourned at 2:11 p.m.

Signature
