The March 28, 2013 work session was called to order at 11:00 a.m. by Karen Miller. In attendance were Commissioners Pam Tietz, Beth Baum, Steven Moss, M.A. Leonard, Faouzi Sefrioui, Jim McIntire and Gabe Spencer.

Kim Herman introduced Gustavo Ramos Jr., Executive Director at the Skagit County Housing Authority, Bryan Ketcham, Director at the Catholic Charities Housing Services and Juan Aguilar, CDFI Business Director for Office of Rural and Farmworker Housing.

Kim stated this work session is a follow-up to an earlier request from Commissioners to hear from our rural clients.

The work session was adjourned at 12:05 p.m.
WASHINGTON STATE
HOUSING FINANCE COMMISSION
MINUTES

March 28, 2013

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 Pam Tietz, Beth Baum, Steven Moss, Faouzi Sefrioui, M.A. Leonard, Jim McIntire and Gabe Spencer.

The minutes of the February 28, 2013 meeting were approved as corrected.

Steve Walker, Director of the Multifamily Housing & Community Facilities Division, introduced Resolution 13-58 which amends Resolution 13-55 passed by the Commission on February 28, 2013 which approved the issuance of bonds by the Commission in a principal amount not to exceed $17,750,000 to provide a portion of the financing for the acquisition and rehabilitation of 260 units of multifamily housing in Vancouver, WA, to be owned by TRG-Parklane, LLC a Delaware limited liability company. The public hearing for this project was held on January 24, 2013. This amendment authorizes a change in the par amounts of the Series A and Series B bonds to allocate the principal between the series.

Ms. Leonard moved to approve the resolution. Mr. Moss seconded the motion.

The resolution was unanimously approved.

Karen Miller opened a public hearing on OID 12-81A, The District, at 1:03 p.m.

Bob Peterson, Manager in the Multifamily Housing and Community Facilities Division, said the hearing was for the proposed issuance of multifamily housing revenue bonds to provide a portion of the financing for the construction of a new
228-unit housing facility located at 17716 Bothell Everett Highway in unincorporated Snohomish County, WA 98012, to be owned by District, LLC, a Washington limited liability company. The estimated bond amount is not expected to exceed $33,250,000. The project will be 100% affordable with rents aimed at 60% of the area median income, 20% of the units will be set aside for persons with disabilities. Mr. Peterson introduced Jack Hunden, president of DevCo, Inc.

Mr. Hunden distributed a map and site plan of the development near Bothell highlighting the project’s location and layout. He emphasized that this project will have from one to five bedroom units with parking garages below the units. Commissioner Moss asked who the developer of the project would be and Mr. Hunden responded that DevCo, Inc. would be the developer. Mr. Moss also asked who they would be using for management on this property. And Mr. Hunden responded that HNN Associates, LLC manages all the properties that DevCo, Inc. has an interest in.

Additionally, Mr. Hunden wanted to extend his gratitude to the Commission for providing these funds.

There were no comments from members of the public and the hearing was closed at 1:18 p.m.

At 1:19 p.m. Ms. Miller opened a public hearing for the group of projects recommended for an allocation of 2013 low income housing tax credits.

Steve Walker, Director of the Multifamily Housing & Community Facilities Division, is recommending 6 projects for allocation of low income housing tax credits from the 2013 funding round. Jim McIntire stated he would like Mr. Walker to include the cost per unit in the project summaries. Mr. Walker responded that the Commissions cost policies are based on a per project limit and the methodology is not based on a per unit cost. However, he said the figure could be included. Mr. Walker introduced Bob Peterson, Manager in the Multifamily Housing & Community Facilities Division, to describe the projects.
The Caroline W.  
This project is sponsored by Community House Mental Health Agency, and is located in Seattle’s Capitol Hill neighborhood, with 44 units providing supportive housing for homeless individuals with chronic mental illness.

Nativity House  
This new construction project is sponsored by Catholic Community Services of Western Washington and will combine the Tacoma Avenue Shelter, the current Nativity House shelter and the Hospitality Kitchen with 50 new studios units of permanent supportive housing on one site.

Prairie Oaks  
This new construction project is sponsored by the Tacoma Housing Authority (THA) and is 15 units of permanent housing for homeless families in Lakewood. Along with housing, this project includes a client services center and office space for THA’s project partner, the Living Access Support Alliance (LASA). Mr. Walker mentioned that this project required a cost waiver due to the cost exceeding our per project limits. Additional costs include demolitions cost, commercial wage rates (which is a 30% increase to residential rates) and City of Lakewood requirements including off-site road improvements.

Mr. McIntire stated that the cost per unit for this project is over $325,000, which he believes is too high.

M.A. Leonard stated that she did not think this project should be a Tax Credit project.

Lilac Plaza  
This rehabilitation project is sponsored by Spokane Baptist Association Homes with 174 units of senior independent living located in the north end of Spokane. Originally built in 1972 with HUD financing, the owner plans to rehabilitate the project and extend the HAP for a minimum of 20 years. This project offers a
range of services to ensure its residents can age in place and maintain independent living for as long as possible.

**Three Rivers Village**

This project is the rehabilitation of a land acquisition project and is sponsored by American Baptist Homes of the West (ABHOW). The project is a 40 unit elderly building constructed in 1983 in Richland. The project has an expiring HUD 236 HAP Section 8 contract, which has been extended and renewed. This project is a 30 year old building and also had a development cost waiver due to ADA upgrades, system upgrades, pathways, ramps and preservation costs.

**Sail River Longhouse**

This new construction project is sponsored by the Makah Tribal Housing Department with 21 permanent units for homeless families and individuals at the Sail River Subdivision on the Makah Indian Reservation. This project will also include an office to provide on-site supportive services for residents and a commons area for resident social gatherings and activities.

Ms. Tietz stated that this project is in a much needed area and she is excited for the new development.

Ms. Miller opened the hearing to the public for comment.

Cindy Proctor, Beacon Development Group, addressed the Commission regarding the Three Rivers Project. Ms. Proctor noted that this housing project involves the acquisition and rehabilitation of an older and outdated building for occupancy by very low income elderly, average income range from $6,000 a year. Upgrades include smooth walking paths, roll-in showers, a shade garden, wide hall ways and growing garden for residence.

Walter Zisette, Tacoma Housing Authority (THA), testified that THA has received support from the local community and LASA for the Prairie Oaks project. That permanent supportive housing for families does not currently exist within the City of Lakewood, despite the fact that Lakewood has the second
highest concentration of homeless families among all cities in Pierce County. The
15 units at Prairie Oaks will serve families experiencing homelessness. Many of
the families will have experienced domestic violence or will have a family
member that has struggled with alcohol and/or substance abuse. Many of the
families may be coming from a transitional program while others may enter
directly from a shelter or a period of crisis. The LASA client services center will
serve the 70+ households per year that LASA serves, in addition to the families
who reside at this development. This project has a 4,000 sq.ft. administrative
building, where LASA will be located, which will be separately funded and is not
included in the total funding in the project summary. Mr. Zisette gave three
reasons that account for the unusually high costs of the Prairie Oaks project:

1. Project Size. At 15 units, this is a small project so that the economies of scale
that would be present in a 30 unit (or larger) project do not exist here.

The project is not able to exceed 15 units in size for a number of reasons: (1) City
development standards and zoning limits the project size to 15 units; (2)
community acceptance of a larger project on the same site or elsewhere at a
central location in Lakewood would be unlikely; and (3) LASA determined early
in project development that due to a lack of supportive services funding in Pierce
County, a project larger than 15 units would not be sustainable.

2. Commercial Wage Rates. Since the client service center and the LASA office
space are considered commercial spaces by Washington State Labor Department
of Labor & Industries, the certified cost estimator hired for this project advised
THA that prevailing commercial wage rates should be assumed for both the
residential and non-residential portions of the project.

3. Off-Site Improvements street improvements that the City of Lakewood will
require of the residential project.

The public hearing was closed at 2:03 p.m.
Steve Walker, Director of the Multifamily Housing & Community Facilities Division, said this was a resolution authorizing the Executive Director to make reservations and/or allocations of 2013 Housing Tax Credits to the following projects:

- The Caroline W Apartments
- Nativity House
- Prairie Oaks
- Lilac Plaza
- Three Rivers Village
- Sail River Longhouse

Jim McIntire requested to amend the resolution to remove Prairie Oaks from the list. He also stated he is not prepared to take any actions on the Prairie Oaks project until he feels more comfortable with it. The chair asked if there were any objections to the request and there were none.

Mr. McIntire moved to approve the amended resolution. Mr. Spencer seconded the motion. The request was approved with one abstention by M.A. Leonard due to potential investment by her employer in the tax credits.

Ms. Miller opened the floor for comments regarding the motion.

Mr. McIntire stated that he wanted to apologize to the Commission and to the people that have worked hard to bring these projects to the board stating he “normally doesn’t like to do business this way.” He stated that he believes there have to be limits on cost and voiced his concern regarding the kind of public support the Commission will continue to receive for the work it does if it doesn’t enforce cost limits on the projects it funds.

Ms. Baum asked Mr. Walker how Commissioners should think about the relative comparison between the absolute cost per unit and the credit per unit, about $15,000 per unit, which the Commission is actually contributing to the project and which does not seem to be out of line. She asked whether that changes the
way he thinks about the development cost. Mr. Walker responded by stating that this year the Commission is putting in place a policy that looks at how efficiently credit is being used and that provides an incentive to stretch that credit. He stated that, comparatively, the Prairie Oaks project is not asking for a lot of credit per unit.

Ms. Tietz asked whether he thought it would have made better sense for the Housing Trust Fund to fund this project and to give this credit to a larger project. Mr. Walker responded by saying yes but there are a lot of factors that go along with that decision. Each funding program has limits that often require project sponsors to go to multiple funders to get their entire project funded. As a collective funding group, there are smarter, more efficient ways to get housing built.

Ms. Miller asked Mr. Walker what the cost limit is for a project and how much over the Prairie Oaks project was. He replied that they are about $600,000 over the limit, which translates into about $30,000 per unit over. Steve reminded the Commissioner’s that our cost limit is a project limit based upon unit type or number of bedrooms in a unit and how many of each bedroom type. In this case the project limit for Prairie Oaks is derived by taking the number of 1-bedroom units, 2-bedroom units and 3-bedroom units and multiplying these by the respective limits for each unit type to determine the allowable cost limit for such a project.

Various Commissioners stated their concerns with the Prairie Oaks project and gave their suggestions on how they believe the costs could be lowered. Ms. Miller invited Mr. Zisette to comment. Mr. Zisette mentioned that the Authority has been creative in its approach to funding sources and has cut costs as much as possible. He believes without tax credits this project will die. Additionally, he stated that THA has already dedicated $600,000 to support the project.
Lisa DeBrock, Homeownership Manager, stated the community land trust model is where a non-profit organization holds the land in perpetuity and leases it to the homeowner for a nominal monthly fee. The homeowner owns the improvement that is on the leased land.

The Commission approved a Program Investment Fund request 6 months ago for the Community Land Trust Coalition in the amount of $100,000 for downpayment assistance.

The Coalition has had great success and the funds from 6 months ago are fully committed.

The second mortgage for this program is up to $10,000, based on need with a 3% simple interest rate, payment deferred for 30 years, but due at the time of sale, transfer, refinance or when the borrower no longer occupies the property as a primary residence.

These funds would come from the undesignated PIF funds.

The great thing about these loans is that the Coalition has the right of first refusal for these homes, so the Commission does not have any defaults.

Ms. DeBrock is requesting $200,000 for the continuation of the Community Land Trust second mortgage DPA program.

Mr. Moss moved to approve the request. Ms. Baum seconded the motion. The request was unanimously approved.

David Clifton, Assistant Director of the Multifamily Housing and Community Facilities Division, presented a supplemental PIF request for an additional $2,000,000 in addition to the original $1,000,000 that was approved to partner with ROC USA® Capital to invest in the preservation of resident-owned manufactured home communities.

Action Item: A request to allocate $200,000 of PIF for the House Key Plus CLT Program
Ms. Baum moved to approve the request. Mr. Moss seconded the motion. The request was unanimously approved.

Kim Herman mentioned that the Parklane Apartments closed, for which the Commission approved an amended resolution earlier in the afternoon.

Mr. Herman mentioned some Commission staff attended the Urban Land Institute National conference in Seattle last week.

Mr. Herman gave a legislative report on Bills that the Commission is watching closely.

On March 4, 2013, Three Commissioners and five Commission staff members attended the NCSHA Legislative Conference 2013.

Mr. Herman mentioned that the Commission has received $20,000 in sponsorship commitments to date for Housing Washington.

He also stated that we successfully closed the Single Family 2013 Series 1 sale of single family bond at $62,515,000.

Dee Taylor, Homeownership Director, notes that Homeownership’s Taxable Single Family Program has celebrated its first month of 30 million dollars of loans.

Mr. Herman pointed out that Mike King was in the audience who represents ServiSolutions.

In conclusion, Paul Fitzgerald, Asset Management & Compliance Director, reports he has selected Slalom Consulting to evaluate our software database needs.

Steve Moss gave an Audit Committee Meeting report and mentioned they reviewed several items including SWAP policies, investment policies and their meeting schedule for the upcoming year.
Ms. Miller stated she represented the Commission at the Housing Development Consortium anniversary lunch.

Additionally, Ms. Miller wanted to share her condolences to the family of former Commissioner Richard McIver who passed away March 9, 2013.

**Consent Agenda**

The Consent Agenda was approved as mailed.

**Adjournment**

The meeting was adjourned at 2:51 p.m.

**Signature**

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March 28, 2013