The April 25, 2013 work session was called to order at 11:00 a.m. by Karen Miller. In attendance were Commissioners Faouzi Sefrioui, Steve Moss, Gabe Spencer and M.A. Leonard.

Kim Herman introduced Mark Smith, Executive Director at the Housing Consortium of Everett and Snohomish County, Connie Brown, Executive Director for the Tacoma-Pierce County Affordable Housing Consortium and Cindy Algeo, Executive Director for the Spokane Low Income Housing Consortium to discuss housing issues effecting metropolitan areas.

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

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

April 25, 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 Faouzi Sefrioui, Steve Moss, Ellen Evans, Dan McConnon, Gabe Spencer and M.A. Leonard

Approval of the Minutes

The minutes of the March 28, 2013 meeting were approved as mailed.

Employee Recognition

Executive Director Kim Herman stated that there are several types of Employee Recognition Awards: Length of Service and Employee of the Quarter were to be given this month.

Twenty Year Service Award
David Clifton

Employee of the Quarter –Karen Carlson-Bunce
To say this employee handles stress well is an understatement. When HUD changed their policies last quarter regarding down-payment assistance programs, she quickly leapt into action. She assisted her division and our lenders in implementing new procedures as the Commission now needed to directly wire funds to the closing table which was a task previously completed by our participating lenders. Without hesitation and during a very busy month end, she took on the stressful task of processing the hundreds of wire request from lenders along with her other responsibilities as the Commission’s 2nd Mortgage Loan Program Administrator. Without her stepping up to take care of the wires, and the cooperation of the Finance Division, we would have had to shut down our

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Downpayment loan programs. That is how big of an impact her willingness and ability to help meant to the Homeownership Division and the Commission.

These request forms come to the Commission starting first thing in the morning and keep coming until 10:00 a.m. which is our cut off time for wires. Often these forms are missing vital information and she persistently stays on top of the lenders until all fields are complete. Often they come after the deadline and she politely tells the lender “no”. She processes these extremely time sensitive requests quickly and accurately. She sends the requests to finance and then patiently waits for the confirmations to come through. In the meantime, lenders continually contact her for updates on their wires. She exhibits grace under pressure not just with the wire transactions, but in all aspects of her job.

For these reasons and many more, Karen Carlson-Bunce is our employee of the quarter.

Karen Miller opened a public hearing on OID 13-62A, Presbyterian Retirement Communities Northwest, at 1:05 p.m.

Bob Peterson, Manager in the Multifamily Housing and Community Facilities Division, said the Commission hearing was for the proposed of considering the issuance by the Commission of tax-exempt revenue bonds in multiple series in an aggregate principle amount not to exceed $18,000,000, for the benefit of Presbyterian Retirement Communities Northwest (PRCN), a Washington nonprofit corporation described under section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Proceeds of the Bonds are expected to be used to pay a portion of the costs of capital projects described below, to refinance approximately $8,685,000 in existing tax-exempt indebtedness of PRCN, to fund a debt service reserve fund, and pay bond issuance and other related incidental costs. The new projects include construction, remodeling, renovating and equipping of senior housing and related facilities owned by PRCN at the following locations:

Park Shore Retirement Community
1630 43rd Avenue East
Seattle, WA 98112
Mr. Peterson introduced Eileen Christenson, Chief Financial Officer and Tameryn Campbell, President of the Presbyterian Retirement Communities Northwest.

Ms. Christenson stated they are borrowing $15 - $20 million for capital expenditures for Park Shore and Exeter House, possible land they may acquire and refunding their 1999 bonds. Mr. Sefrioui asked how many people they serve in these communities. Ms. Christenson responded by saying they service about 917 people. Ms. Evans asked if the refunding is for debt service savings. Ms. Christenson responded by saying in part, their current debt is held by ACA, and has contract restrictions they would like to eliminate.

There were no comments from members of the public and the hearing was closed at 1:10 p.m.

At 1:10 p.m. Ms. Miller opened a public hearing on OID 13-59A, Seattle Preparatory School.

Mr. Peterson said the public hearing was for the proposed of issuance by the Commission of tax-exempt revenue bonds to provide a portion of the financing for a facility to be owned by Seattle Preparatory School, a Washington 501(c)(3) non-profit organization. The proceeds of the Bonds will be used to provide financing for the Seattle Preparatory School at 2400 11th Ave. E., Seattle, WA 98102. The estimated total project cost is $26,585,000 and the estimated bond amount is $11,000,000. This project will consist of the expansion and renovation of Peyton Hall, demolition of Adelphia Hall, landscaping, and other capital improvements to campus, as necessary. Mr. Peterson introduced Kent Hickey, President at Seattle Preparatory School.
Mr. Hickey distributed pictures of the campus area that they are looking to improve and renovate. He stated that Seattle Preparatory School was founded in 1891 and is a Jesuit school that has been coed since the 1970s. There are about 710 students from 66 different local schools and 20% of the students use financial aid at this time.

Mr. Hickey stated that Adelphia Hall has failed the life safety test under the Federal Emergency Management Agency (FEMA) standards and in 2008 a seismic analysis was conducted and it determined that Adelphia Hall posed a great risk. Since 2008 they have been working on how to resolve this issue. He stated their plan is to renovate and expand Peyton Hall and then demolish Adelphia Hall.

Mr. Moss asked if there was a faith test for a student to be accepted. Faith Pettis, the Commissions bond counsel, stated that Seattle Preparatory School has gone through a religious due diligence review to ensure that school is not “pervasively sectarian.”

There were no comments from members of the public and the hearing was closed at 1:21 p.m.

At 1:21 p.m. Ms. Miller opened a public hearing on OID 13-63A, Rockwood Retirement Communities.

Mr. Peterson said the Commission hearing was for the proposed issuance by the Commission of tax-exempt revenue bonds in multiple series to finance and refinance two continuing care retirement communities in Spokane, Washington, owned by Spokane United Methodist Homes, doing business as Rockwood Retirement Communities, a Washington nonprofit corporation described under section 501(c)(3) of the Internal Revenues Code of 1986. The proceeds of the Bonds will be used to provide financing for the following projects, Rockwood South Hill located at 2903 East 25th Avenue Spokane, WA 99223 and Rockwood at Hawthorne located at 101 East Hawthorne Road, Spokane, WA 99218, and to
fund a debt service reserve fund, capitalized interest and to pay issuance costs. The formal public hearing for this project will be held on May 7, 2013. The estimated total cost of the project and estimated maximum bond amount is $115,000,000.

The Rockwood South Hill project will consist of the refunding of bonds previously issued by the Commission in an amount not to exceed $11,335,000. This will consist of 86 independent living apartments, 162 cottages, 43 assisted living units, 30 memory support units and 45 skilled nursing beds. This project will also include financing the new construction of an 11-story, 65 unit independent living building known as The Summit at Rockwood South Hill, parking facilities, and common spaces. Each apartment in the new building will be a separate and complete dwelling unit consisting of living, eating and sanitation facilities.

The Rockwood at Hawthorne project will consist of the refunding of bonds previously issued by the Commission in an amount not expected to exceed $16,675,000. The bonds financed 30 independent living apartments, 26 cottages, 27 assisted living units and 20 skilled nursing beds. Mr. Peterson introduced Alan Curryer, CEO of the Spokane United Methodist Homes.

Mr. Curryer stated that Rockwood has been in business since the 1960s employing 300 and serving about 550 people. He stated that they are requesting $115 million in bonds to refund bonds, termination of a swap, financing the Summit building and renovate Rockwood Ridge (formally Rockwood Manor) and to pay additional fees and interest.

Ms. Evans asked who the counterparty will be for the swap termination and the remaining term. Mr. Curryer responded by saying Wells Fargo is the counterparty and remaining terms are 25 years and 30 years. Additionally, Ms. Pettis stated that it is expected that the swap will be financed with taxable bonds.

Mr. Moss asked about the affordability of the units. Mr. Curryer responded by saying there are a range of large units to small 300 sq. ft. units. Ms. Pettis stated
that when the regulatory agreement was established in 1999 it required that 10% of
the units will be at 50% AMI and an additional 10% would be at 80% AMI.

There were no comments from members of the public and the hearing was closed
at 1:33 p.m.

Commission Hearing: OID No. 13-64A-F YMCA of Greater Seattle

At 1:33 p.m. Ms. Miller opened a public hearing on OID 13-64A-F, YMCA of
Greater Seattle.

Mr. Peterson said the Commission hearing was for the proposed issuance by the
Commission of tax-exempt revenue bonds to provide a portion of the financing
for energy efficiency equipment to be owned by the Young Men’s Christian
Association of Greater Seattle (YMCA). The Bond will be issued pursuant to
Chapter 43.180 Revision Code of Washington, and the Internal Revenue Code of
1986, as amended. The proceeds of the Bond will be used to provide financing
for energy efficiency improvements at the following locations:

Auburn YMCA                        East Madison YMCA
OID# 13-64A                        OID# 13-64D
1620 Perimeter Rd SW              1700 23rd Ave
Auburn, WA 98001                  Seattle, WA 98122

Bellevue YMCA                       Northshore YMCA
OID# 13-64B                        OID# 13-64E
14230 Bel-Red Road                11811 NE 195th Street
Bellevue, WA 98007                Bothell, WA 98011

Seattle Downtown YMCA            West Seattle YMCA
OID# 13-64C                        OID# 13-64F
909 Fourth Ave                    4515 36th SW
Seattle, WA 98104                 Seattle, WA 98126

The estimated Bond amount is $2,500,000. The energy efficiency improvements
are expected to yield approximately $300,000 in annual energy savings at the six
current YMCA locations throughout King County. Mr. Peterson introduced
David Littlefield, Controller at YMCA of Greater Seattle.
Mr. Littlefield stated that the YMCA of Greater Seattle was founded in 1876 and helps over 200,000 people annually with 13 branches, 2 overnight camps and 200 program sites in King and Snohomish County. This bond is expected to help improve six YMCA locations to reduce energy expenses by 15% over the next 20 years. The improvements include replacing old inefficient equipment, plumbing improvements, lighting upgrades, mechanical improvements and technology updates. Mr. Moss asked if they are expecting to leverage these updates with utility resources. Mr. Littlefield responded by saying that they have received rebates from the local utility company, which has reduced the total cost of the project.

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

At 1:38 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 nine projects for allocation of low income housing tax credits from the 2013 funding round. Mr. Walker introduced Mr. Peterson to describe the projects.

**Walla Walla Family Housing Two**

The Walla Walla Family Homes Two project involves the final phase of the redevelopment and preservation of a dilapidated 128-unit Farm Labor Homes project located in rural Walla Walla County. This phase will replace 68 units with 67 low income units plus one common area unit. This is a collaborative effort between the Housing Authority of the City of Walla Walla as the sponsor of the project and the Walla Walla County Housing Authority as the current land owner. This is a new construction project from the Hold Harmless Reserve credit pool.

**Pioneer Lane Apartments Phase II**

Pioneer Lane II Apartments will be a 35 unit project planned to serve very low and low income families and one common area unit in the Omak area. The
The project will be designed as four residential buildings and a community building with children’s fenced play area. This is a new construction project from the Hold Harmless Reserve credit pool.

**The Delaney**
The Delaney will be a historical rehabilitation of an affordable senior apartment building located in historic district in downtown Spokane. Originally built 100 years ago as office space, the building was converted in the mid-1960’s for use as the City Police Department and jail, then redeveloped in 1970 by Catholic Charities Spokane for use as affordable senior apartments. The building will be listed on the National Register and will utilize tax credits. Currently vacant, the rehabilitation will include modernization of units and significant energy efficiency improvements. This is an acquisition and historic rehab project from the metropolitan credit pool.

**Pivotal Point Apartments**
Pivotal Point is a 20-unit housing project for domestic violence victims moving out of local shelters. This collaboration between Everett Housing Authority and Domestic Violence Services of Snohomish County aims to provide a stronger, more integrated safety net for domestic violence survivors in Snohomish County. This is a new construction project from the metro credit pool.

**Cornwall Apartments**
Cornwall Apartments is the new construction of a 42 unit apartment building targeting chronically homeless and low barrier homeless households. Catholic Housing Services has entered into a memorandum of understanding (MOU) with Whatcom Counseling and Psychiatric Clinic, Whatcom Homeless Service Center and Northwest Youth Services to provide on-site supportive services. The first floor will include office space to provide on-site supportive services and a property management office.

**Regal Arms Apartments**
Regal Arms Apartments is an acquisition and rehabilitation of a 64 unit project with 2 and 3 bedroom units in Spokane. The property has an existing Project
Based Section 8 contract which the current owner is not planning to renew, but which will renew with this project. This project will be from our metro credit pool.

**Rivard Central Apartments**
This is a proposed acquisition and rehabilitation of 100% elderly and 20% disabled apartments subject to an expiring Section 8 Housing Assistance Payments Contract and expiring Rent Supplement Contract. This project will be from our non-metro credit pool.

**Villa Kathleen, Evergreen Manor & Fircrest Apartment**
This is the proposed acquisition and rehabilitation of 84 scattered-site units senior Rural Development projects, made up of three properties in Skagit County. This is the third phase of a multi-stage plan to modernize 30 rural development properties in Mercy Housing Northwest’s portfolio. This project will be in our non-metro credit pool.

**Yakima Family Housing**
The Yakima Family Housing project involves the conversion of 150 units of existing public housing under the HUD Rental Assistance Demonstration Program (RAD) and associated rehabilitation. Units are located in 46 buildings at 13 different sites within a five-mile radius in downtown Yakima. This is an acquisition and rehabilitation project in the non-metro credit pool.

There were no comments from members of the public and the hearing was closed at 1:57 p.m.

**Public Hearing:**
**Proposed Changes to the Multifamily Housing Bonds with 4% Tax Credits Policy**

Leslie Price, Senior Development Analyst in the Multifamily Housing and Community Facilities Division, distributed handouts to explain the Tax Credit and Capital Projects division merger creating the Multifamily Housing and Community Facilities Division and the proposed changes to the Multifamily Housing Bonds with 4% Tax Credits policy. The Multifamily Housing Bond Program and the Tax Credit program will be guided by a single set of policies and operated under a streamlined process with a single application and a single
Commission point of contact. Ms. Price stated that much of the work in bringing these two programs together involved bringing various policies together. There are, however, three areas where definitions or requirements differed and staff is proposing changes to the existing programs. The three areas were: point scoring, minimum threshold requirements and application fees.

Point Scoring: A minimum of 30 points must be selected from the options in the policy in order to apply for the Tax Credit/Bond Program. The options include Additional Low-Income Set-Asides, Additional Low-Income Housing Use Period, Serving Priority Populations (which include seniors aging in place), Project-Based Rental Assistance, Leveraging of Public Resources, Leveraging of Taxable Bonds, Limiting of Developer Fee, Rehabilitation Project, At-Risk Properties, Property Type, Location Efficient Projects, Area Targeted by a Local Jurisdiction, Community Revitalization Plan, Nonprofit Sponsor, Donation in Support of Local Housing Needs and Development Amenities (which now includes bicycle storage).

Minimum Threshold Requirements: Ms. Price pointed out that the major update in this area was that applicants will only be accepted within 90 days of the anticipated bond closing date and only after a lender and tax credit investor have been engaged.

Application Fees: Ms. Price stated that with the creation of a single Tax Credit Bond application, projects financed with the 4% tax credit and Commission issued tax-exempt bonds will pay a single application fee of $7,500 for a project with a single site. Projects submitting an application for 4% Housing Tax Credit but not using Commission issued bonds will pay an application fee of $4,000 for a project with a single site. Scattered site/portfolio projects will pay an additional $1,000 for each additional site if the Bonds are issued by the Commission or any other issuer.

Mr. Moss asked how the Commission plans on keeping rents affordable in the event that rental assistance is eliminated. Mr. Walker and Ms. Price responded
by saying in the event that the rental assistance is eliminated, rents charged to the existing residents may not exceed 30% of their household income at that time.

Mr. Sefrioui asked what would be considered a “good” location. Mr. Walker and Ms. Price responded by saying that for an urban project, the location must be within ¼ mile walking distance of at least 3 community, retail or service facilities or within a ½ mile walking distance of 5 facilities; and located within ½ mile walking distance of a supermarket, a grocery store with produce or a farmers’ market. Mr. Sefrioui also asked if they considered giving certain development amenities a higher point value. Mr. Walker responded by saying that they did distinguish among amenities since it would vary in different populations; they were just valued as good amenities.

Ms. Leonard asked if very many projects get the points associated with a project being in an area targeted by a local jurisdiction. Mr. Walker responded by saying those points don’t get awarded very often.

There were no comments from members of the public and the hearing was closed at 2:28 p.m.

**Action Item:**

Resolution No. 13-65, for the Allocation of Credit for the 2013 Housing Tax Credit Program.

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:

- Walla Walla Family Housing Two
- Pioneer Lane Apartments Phase II
- The Delaney
- Pivotal Point Apartments
- Cornwall Apartments
- Regal Arms Apartments
- Rivard Central Apartments
- Villa Kathleen, Evergreen Manor & Fircrest Apartment
- Yakima Family Housing

Mr. Moss moved to approve the request. Mr. Sefrioui seconded the motion. The request was approved with one abstention by M.A. Leonard.
Ms. Miller stated that this motion is for the approval of the proposed changes to the Multifamily Housing Bonds with 4% Tax Credits policy.

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

Dan McConnon mentioned that there was no way that the budget would be passed by Sunday and the legislature is talking seriously about going until June. Mr. McConnon pointed out that the Senate’s budget cut the Housing an Essential Needs funding in half and the House budget has it funded but doesn’t have a bill to implement it. Mr. McConnon stated that the Housing Trust Fund has been a disappointment, the Senate Budget only $35 million proposed and the House budget only has $50.5 million budgeted.

Mr. McConnon mentioned that the Trust Fund administrative bill passed, which allows administrative spending authority to maintain the State’s investment in its housing portfolio. Mr. McConnon wanted to publicly thank Kim Herman and Faith Pettis for all their efforts regarding this bill.

Kim Herman congratulated Dan McConnon on his promotion to Deputy Director and Chief Operating Office of the Department of Commerce.

Mr. Herman mentioned on April 17, 2013 Senate Bill 5558 was signed by the Governor, which authorized the Commission to make loans for down payment assistance for our single-family homeownership program.

Mr. Herman mentioned that the Commission has received $62,000 in sponsorship pledges to date for Housing Washington 2013. Additionally, all the speakers that were invited have confirmed and the registration brochure is in design and will go to the printer in mid-July.

Mr. Herman and Karen Miller attended and the Housing Hope Open House for the Woods Creek Village project and Impact Capital Board meeting.
On April 19, the U.S. Court of Federal Claims ruled in favor of HUD, upholding its authority to use the notice of funding availability (NOFA) process to select performance-based contract administrators (PBCA). The court also denied later motions by claimants to clarify the decision. HUD has extended the current PBCA contract through January 1, 2015.

On April 22, 2013 the Commission closed the line of credit $2 million with Impact Capital that the Commission approved in January. With it Impact Capital will be able to borrow funds to commit to and make predevelopment loans beyond their other resources. Any payments on their outstanding predevelopment loans that are not otherwise restricted will be used to pay back the line of credit. We expect the first activity will be in the fall.

Kim stated as a reminder, Mr. Sefrioui and Mr. Koida will complete their second four year terms on the Commission in June. If you know of anyone to suggest for an appointment please let us know.

**Upcoming Events**

- **WLIHA Conference** is May 15-16 in Tacoma, WA.
- **May Budget and Planning Session** is scheduled for May 20-21.
- **NCSHA’s Housing Credit Conference & Marketplace** is June 24 – 27 in San Francisco.
- **Housing Washington 2013** - October 7-9 in Spokane

**Consent Agenda**

The Consent Agenda was approved as mailed.

**Public Comment**

Michael Mirra, Executive Director at the Tacoma Housing Authority and Janne Hutchins, Executive Director at the Lakewood Area Shelter Association, testified on the Prairie Oaks Project that was pulled from the 2013 projects for allocation of low income housing tax credits at the last Commission meeting.

Ms. Hutchens pointed out that the Lakewood area doesn’t have any low income housing. She stated that the Clover Park School District where Prairie Oaks is
located has 12,665 students and over 7,000 are on the free lunch program, 1,600 on reduced lunch and they have the second highest member of homeless families in the County. Ms. Hutchens stated LASA’s mission is to prevent homelessness and recurrent homelessness but they need places for their graduates to go after finishing their programs. Ms. Hutchens asked the Commission to invest in Prairie Oaks.

Mr. Mirra testified that since the Commission’s decision at the March Commission meeting they have continued to work on lowering the costs. When they submitted the cost waiver they were at 15% over the limit, now they are at 10%. Mr. Mirra wanted to ask the Commission to consider four factors that affect projects like Prairie Oaks:

1. Make room in the tax credit policies for small projects,
2. Allow room for small non-profits who serve low income communities that cannot manage and do not need large projects,
3. Having non-housing space included in projects spikes costs due to commercial wages; and,
4. Understanding the necessary coordination of funding for such projects with other sources of money.

There were no other comments from members of the public.

Adjournment

The meeting was adjourned at 3:05 p.m.

Signature

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