The March 27, 2014 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, Randy Robinson, Mario Villanueva, Gabe Spencer and Jim McIntire.

Paul Lambros, Executive Director at Plymouth Housing, provided an overview of the activities at Plymouth Housing.

Kim Herman asked the Commissioners what they wanted to discuss at the upcoming May Budget and Planning session.

Kim Herman gave his Executive Director’s report.

**The work session was adjourned at 12:00 p.m.**
WASHINGTON STATE
HOUSING FINANCE COMMISSION
MINUTES

March 27, 2014

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, Steven Moss, M.A. Leonard, Randy Robinson, Mario Villanueva, Gabe Spencer, Jim McIntire and Diane Klontz.

Approval of the Minutes

The minutes of the February 27, 2014 meeting were approved as mailed.

Public Hearing: Whatcom Community College Foundation, OID #14-48A

A Commission hearing was opened on OID No. 14-48A, Whatcom Community College Foundation, at 1:00 p.m.

David Clifton, Acting Director of the Multifamily Housing and Community Facilities Division, said this a proposed issuance of a nonprofit revenue bond to provide financing for the acquisition of the Health Professions Education Center, located at 475 West Stuart Road, Bellingham, WA and to refinance bonds previously issued by the Commission, the proceeds of which were used for the acquisition of a portion of an approximately 23,000 sq. ft. facility known as the Whatcom Community College Foundation Building, located at 333 Calluna Ct., Bellingham, WA. Both facilities will be owned by Whatcom Community College (WCC) Foundation, a Washington 501(c)(3) non-profit organization. The estimated bond amount is not expected to exceed $8,000,000. The public hearing for IRS purposes for this project was held on March 19, 2014. This hearing was for Commission purposes only. Mr. Clifton introduced Anne Bowen and John Stewart from the Whatcom Community College Foundation.
Ms. Bowen said the WCC Foundation exists to strengthen the educational opportunities at Whatcom Community College by providing student scholarships, supporting faculty and staff development, and assisting with key college initiatives. She stated the Health Professions Education Center brings together all of the WCC’s Allied Health programs in one building. The programs include Nursing, Nursing Assistant, Physical Therapist, Massage Practitioner, and Medical Assisting.

Ms. Bowen stated that using these bonds were a faster and more cost efficient way to finance this project.

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

Public Hearing:
People For People,
OID #14-49A

A public hearing was opened on OID No. 14-49A, People For People at 1:11 p.m.

Mr. Clifton said this is a proposed issuance of a nonprofit revenue bond to refinance a bond previously issued by the Commission to finance an adult educational and training service center located at 304 W. Lincoln Avenue in Yakima, WA. Proceeds of the new bond will be to refinance that bond and remaining proceeds of the bond are expected to be used to finance a portion of the costs of rehabilitating administrative offices and a call center located at 302 W. Lincoln Avenue in Yakima, WA and to pay a portion of the costs of issuance of the bond. Both facilities will be owned by People For People, a Washington 501(c)(3) non-profit organization. The estimated bond amount is not expected to exceed $1,000,000. Mr. Clifton introduced Madelyn Carlson and Leigh Anderson from People For People.

Ms. Carlson stated People For People is an organization committed to serving people throughout Washington State since 1965. People For People provide transportation services for the general public and special needs population, employment and training services, 2-1-1 information referral services and a meals-on-wheels.
There were no additional comments from members of the public, and the hearing was closed at 1:17 p.m.

A public hearing was opened on OID No. 13-95A, Monroe Family Village at 1:17 p.m.

Bob Peterson, Multifamily Housing and Community Facilities (MHCF) Division Manager, said that the hearing was for the proposed issuance of multifamily revenue bonds to provide a portion of the financing for the acquisition and new construction of 47 units of multifamily housing located at 17428 W. Main Street in Monroe, WA to be owned by Monroe Family Village LLC, a Washington limited liability company. The estimated bond amount is not expected to exceed $7,000,000. Mr. Peterson introduced Fred Safstrom, Deputy Executive Director of Housing Hope.

Mr. Safstrom stated that Monroe Family Village will consist of a 47 unit apartment complex with 32 two-bedroom and 15 three-bedroom apartments which is being built on early LAP loan land. He also stated that 10 of the units will be for families transitioning out of homelessness and 40% of the units will be at 60% of the area median income (AMI).

There were no additional comments from members of the public, and the hearing was closed at 1:23 p.m.

A public hearing was opened on OID No. 14-42A, Summit Ridge Apartments at 1:23 p.m.

Mr. Peterson said that the hearing was for the proposed issuance of multifamily revenue bonds to provide a portion of the financing for the new construction of 120 units of multifamily housing located north of East 55th Ave. approximately 1320 feet east of the intersection of Regal St. & East 55th Ave. in Spokane, WA to be owned by Summit Ridge LLC, a Washington limited liability company.
The estimated bond amount is not expected to exceed $12,500,000. Mr. Peterson introduced Todd and Mary Ann Prescott of Whitewater Creek Inc.

Mr. Prescott stated that this project is located on 5.6 acres of land in the progressive South Hill area. The project will have 120 units in six 4-story buildings with 20 car garage ports and a community center.

Mrs. Prescott stated that this project will have access to many employment opportunities and services including a market, post office, school, day care, public transportation and public recreation. The supportive services center is tentative and will be based on what the community will need.

There were no additional comments from members of the public, and the hearing was closed at 1:28 p.m.

A public hearing was opened on OID No. 14-46A, 15 West Apartments at 1:28 p.m.

Mr. Peterson said that the hearing was for the proposed issuance of multifamily revenue bonds to provide a portion of the financing for the acquisition of land and new construction of 120 units of multifamily housing located at the SW corner of West 15th Street and Columbia Street in Vancouver, WA to be owned by a to-be-formed entity, the managing member or general partner of which will be DBG Properties LLC, a New Mexico limited liability company. The estimated bond amount is not expected to exceed $13,000,000. Mr. Peterson introduced Kurt Creager from OTAK and Skip Grodahl and Melora Banker from DBG properties.

Mr. Grodahl stated that the urban project 15 West Apartments will be accessible to employment opportunities, the grounds will have a playgrounds, a community garden and a bicycle storage area.

Mr. Creager stated that this was a developer friendly community due to it being part of the Central City Vision. Mr. Creager stated that 100% of the units will be
at 60% AMI, making the units available to low-income households allows the project to receive the city's maximum tax abatement of 12 years. The 120 unit project includes one-, two-and three-bedroom units. The local amenities include a library, churches, banks, schools, transit, jobs and a farmers market.

There were no additional comments from members of the public, and the hearing was closed at 1:43 p.m.

At 1:44 p.m. Ms. Miller opened a public hearing for the first group of projects recommended for an allocation of 2014 low income housing tax credits.

Mr. Peterson stated that there will be four projects considered today. For the first project Mr. Peterson introduced Ben Franz-Knight, Executive Director at Pike Place Market Preservation & Development Authority (PDA) and Brian Lloyd, Developer at Beacon Development Group for Western Avenue Senior.

Mr. Franz-Knight stated that this was the last Pike Place Market PDA project in the preservation plan. Western Avenue Senior will add 40 units of low income senior housing to the current portfolio of 238 low income and 93 market rate units. As part of the Market Waterfront Entrance project, the PDA will dedicate just over 2,000 square feet of space fronting Western Avenue to a new Community Access Center. Mr. Franz-Knight stated that the amenities include a senior center, community center, walking distance to Victor Steinbrueck Park, community outreach and other services already in the area.

Mr. Lloyd mentioned there are two main cost drivers that have impacted the total development cost. The first being commercial wage rates due to workers working in dual roles in construction. The second being the historical commission review and design guidelines to comply to.

For the second project Mr. Peterson introduced Alysa Luber from Mercy Housing Northwest for the New Tacoma 2 Senior Housing.

Ms. Luber stated that New Tacoma 2 Senior Housing is a 40 unit service enriched housing development in Tacoma’s Hilltop neighborhood. This project
is adjacent to and connected to New Tacoma 1, which was developed in 2009 with the HUD 202 program. The set aside for this project is 50% of the units at 30% AMI, 25% at 40% AMI and the remaining 25% at 60% AMI.

Ms. Luber stated the amenities for this project are a connected garage on residential levels, community space, residency programs that integrate seniors with the community and all the services New Tacoma 1 already provides. She also mentioned that New Tacoma 1 residence on average use services provided at least once a day which is expected for New Tacoma 2.

Mr. Peterson introduced Todd and Mary Ann Prescott for Pine Rock Apartments formerly Summit Ridge Apartments.

Mrs. Prescott stated that Pine Rock Apartments is a planned 120 unit new construction, family rental apartment complex located in the South Hill of Spokane County. She mentioned this project will be adjacent to two bond projects and will help meet the needs of low income tenant families at or below 30%, 40% and 50% AMI.

Mr. Peterson stated that the final project for today’s public hearing is Eagles Nest. Mr. Peterson introduced Brook Kristovich the Executive Director of Colville Indian Housing Authority.

Mr. Kristovich stated that Eagles Nest is a new rural construction development of 20 scattered units of single family home and duplexes, at the western edge of the Colville Indian Reservation in Omak, WA. He stated that the units will be targeted to large households and homeless individuals, and all are intended for eventual tenant ownership.

Mr. Kristovich mentioned that homes haven’t been built in the area since 1986, apartments haven’t been built since 2002 and 74% of the housing is 41 years old or older.

There were no further comments from members of the public, and the hearing was closed at 2:18 p.m.
Mr. Peterson said this was a resolution authorizing the Executive Director to make reservations and/or allocations of 2014 Housing Tax Credits to the following projects:

- Western Avenue Senior Housing
- New Tacoma 2 Senior Housing
- Pine Rock Apartments
- Eagles Nest

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

Lisa DeBrock, Manager in Homeownership said this is Resolution 14-57 for the Mortgage Credit Certificate Program (MCC), which authorizes the executive director to implement the MCC program.

Ms. DeBrock stated the MCC program has been going strong for a few years now and the state still has excess volume cap and that is why we are asking for approval to continue offering this program.

Ms. DeBrock mentioned the MCC Program was authorized by Congress in the 1984 Tax Reform Act.

Ms. DeBrock stated that the feasibility of the MCC Program and the degree to which it can provide housing assistance is totally dependent upon the extent to which homebuyers have federal tax liability which can be offset by the MCC tax credit. Typically, higher income homebuyers with few deductions or credits are generally best able to use the MCC tax credit as a form of housing assistance. A qualified homebuyer can then reduce their federal tax liability equal to a portion of the annual interest paid on their mortgage in the form of a special tax credit.
Ms. DeBrock stated that MCCs may be issued to provide federal tax credits at rates varying from 10 to 50 percent of the mortgage interest paid or incurred per year. IRS guidelines require a $2,000 cap if the credit rate exceeds 20%.

Ms. DeBrock mentioned in our program a qualified homebuyer using the MCC is able to claim up to 20% of annual mortgage interest paid as a federal income tax credit. The remaining mortgage interest (80%) continues to qualify as an itemized deduction.

Ms. DeBrock handed out a document exampling how this works.

“On a $200,000 mortgage with a 6% interest rate the homebuyer will pay $12,000 in interest the first year. Twenty percent of this amount, or $2,400, can be used to directly reduce the homebuyer’s federal income tax liability.”

Ms. DeBrock stated that the MCC Program provides a dollar-for-dollar reduction of federal income taxes. Unused credit can be carried forward up to three years and the homebuyer can retain the federal tax credit for the life of the loan so long as the homebuyer continues to occupy the property as their principal residence. The amount of the credit decreases over the life of the loan as the interest is paid down. The Commission may reissue the MCC when the holder of the certificate refinances the original mortgage loan so long as certain guidelines are met.

Additionally she stated that the MCC can also be used in combination with the Home Advantage program. The borrower can now have the best of both worlds. The borrower can use the Commission’s Home Advantage first mortgage, receive downpayment and closing costs assistance as well as receive an MCC credit. In the past, MCCs could not combine with our House Key program as that loan is funded with tax-exempt mortgage revenue bonds and you cannot double dip on resources.
Ms. DeBrock stated that the Homeownership division is proposing to use $240 million of volume cap which under the IRS calculation formula equates to a $300 million worth of loans.

Matt Vickery, Program Compliance Administrator presented the production numbers and potential for the program.

Ms. DeBrocks requested the approval of resolution 14-57, which authorizes the executive director to implement the MCC program.

Mr. Moss moved to approve the resolution. Mr. McIntire seconded the motion. The resolution was unanimously approved.

Mr. Clifton said this is a resolution approving the issuance of a bond by the Commission in a principal amount not to exceed $7,750,000 to provide financing for the acquisition of the Health Professions Education Center and to refinance bonds previously issued by the Commission, the proceeds of which were used for the acquisition of a portion of an approximately 23,000 sq. ft. facility known as the Whatcom Community College Foundation Building. The project is owned by Whatcom Community College Foundation, a Washington 501(c)(3) non-profit organization. The public hearing for this project was held on March 19, 2014.

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

Mr. Clifton said this is a resolution approving the issuance of a revenue note by the Commission in a principal amount not to exceed $20,200,000 to provide a portion of the financing for the acquisition of land and the new construction of 197 units of senior housing in Marysville, WA. The project will be owned by Vintage at Lakewood Apartments, LLC, a Washington limited liability company. The public hearing for this project was held on February 27, 2014.

Mr. Moss moved to approve the resolution. Ms. Tietz seconded the motion. The resolution was unanimously approved.
Mr. Clifton said this is a resolution approving the issuance of bonds by the Commission in a principal amount not to exceed $15,250,000 to provide a portion of the financing for the new construction of 96 units of multifamily housing in Seattle, WA. The project will be owned by Hirabayashi Place LLC, a Washington limited liability company. The public hearing for this project was held on February 27, 2014.

Mr. Moss moved to approve the resolution. Mr. Spencer seconded the motion. The resolution was approved with one abstention by M.A. Leonard.

Ms. Klontz stated that the Department of Commerce is working on the implementation of the Document Recording Fee Bill.

Ms. Klontz mentioned that Commerce is working with Snohomish County to support the community and families of the 530 slide in Oso, WA.

Ms. Leonard mentioned it was interesting being present for the announcement of Chairman Dave Camp’s Comprehensive Tax Reform proposal in Washington, D.C.

Ms. Leonard stated Leslie Price and Mr. Clifton and herself visited The District in Bothell, WA.

Ms. Tietz stated that the Audit Committee met today. She stated they discussed the charter, swap policy, and the upcoming changes to Governmental Accounting Standards Board (GASB) standards.

The next Audit Committee meeting is scheduled for August 28, 2014 at 9:30 a.m.

Mr. McIntire stated that the State is working to pass a bill that would authorize lottery-backed bonds to fund school construction projects throughout the state.

The Consent Agenda was approved as mailed.
The meeting was adjourned at 2:48 p.m.

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Signature