

WASHINGTON STATE HOUSING FINANCE COMMISSION

WORK SESSION MINUTES

March 23, 2017

The March 23, 2017 work session was called to order at 11:00 a.m. by Karen Miller. In attendance were Commissioners Duane Davidson, Randy Robinson, Beth Baum, Gabe Spencer, Diane Klontz, Wendy Lawrence and Pam Tietz.

Lisa Vatske led a policy discussion regarding the request for waiver of the County Limit for tax credits and the Mayor of Everett, Ray Stephanson, gave a comment supporting the request for the waiver.

Bob Peterson and Lisa Vatske gave a status report and overview of the current Land Acquisition Program (LAP).

Kim Herman gave the Executive Director's report, including a report on the current bills of interest in the Legislature.

The work session was adjourned at 12:05 p.m.

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
MINUTES**

March 23, 2017

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 Duane Davidson, Randy Robinson, Wendy Lawrence, Beth Baum, Gabe Spencer, Diane Klontz and Pam Tietz.

Approval of the Minutes

The minutes of the February 23, 2017 special meeting were approved as mailed.

**Public Hearing:
Allocation of Low
Income Housing
Tax Credits from
the 2017 Funding
Round.**

The Chair opened a public hearing on the recommended allocation of Low Income Housing Tax Credits at 1:01 p.m.

Bob Peterson, Manager of the Multifamily Housing and Community Facilities Division, said that there will be five projects to consider today.

Herman Johnson RAD Conversion

Aberdeen Manor Apartments

505 North F Street, Aberdeen, WA 98520

Skyview Manor Apartments

1109 Skyview Ln, Aberdeen, WA 98520

Mr. Peterson stated that the first project is part of the non-metro pool and has two senior housing sites, Aberdeen Manor at 130 units and Skyview Manor 30 units, built in 1971 & 1981, respectively, which are in need of major rehabilitation.

This is part of the Housing Authority of Grays Harbor County (HAGH) plan to revitalize their entire portfolio using the Rental Assistance Demonstration (RAD) program approved by Department of Housing and Urban Development. The set-

asides for this project are 40% of units at 60% area median income (AMI), 30% of units at 40% AMI and 30% of units at 30% AMI. Mr. Peterson introduced Jerry Raines, Executive Director of HAGH.

Mr. Raines stated that the building is in great need of a roof replacement. He also mentioned that Aberdeen has the third highest unemployment in the State with the average income being \$60,000 for a four-person household.

The Bicycle Apartments

118 N. 50th Avenue
Yakima, WA 98908

Mr. Peterson stated that the Bicycle Apartments will provide 80 units of housing in Yakima, 30 for homeless families and another 10 for homeless individuals — as well as for people living with special needs. All previously homeless residents will have on-site case management services provided by Next Step Housing (NSH). The set-asides for this project are 30% of units at 50% AMI, 60% of units at 40% AMI and 10% of units at 30% AMI. Mr. Peterson introduced John Mifsud, Executive Director at NSH.

Mr. Mifsud stated that this project is close to public transit with 1.5 full-time employees on location. Aside from the NSH on-site case management, additional services will come to residents of the new Bicycle Apartments from a wide range of local providers including, but not limited to:

- Yakima Neighborhood Health Services,
- Triumph Treatment Services,
- Yakima DSHS Division of Developmental Disabilities,
- Yakima County Veterans Program, and
- Yakima VA Center.

Holy Names Homeless Families

1935 N. Holy Names Ct.
Spokane, WA 99224

Mr. Peterson stated that Holy Names Homeless Families will be a 75 unit project with set-asides for 10% of the units at 30% AMI, 60% of the units at 40% AMI

and 30% of the units at 30% AMI. Mr. Peterson introduced John Fisher, from Catholic Housing Services of Eastern Washington.

Mr. Fisher stated that this project will provide permanent supportive housing for extremely low income homeless families with children. The site is part of a master planned community located on a beautiful stretch of the Spokane River off West Fort George Wright Drive in Spokane close to public transportation, schools, recreation and shopping. Catholic Charities offices and services will be housed in the converted convent building located across the street from this development. This project was specifically designed to respond to the crisis of homeless children in Spokane. The site is in the Spokane School District which has an established program that works with homeless students and their families. As of the end of the 2016 school year, the Spokane School District reported 1,179 documented homeless children in the district.

North 96th Supportive Housing

931-937 N 96th Street
Seattle, WA 98103

Mr. Peterson stated that North 96th Supportive Housing is a Housing First project that will provide permanent supportive housing for chronically homeless, single adults who suffer from chemical dependency, mental illness and other disabling conditions. It will include 24/7 on-site staffing and on-site case management for all tenants. The set-asides for this project are 25% of units at 60% AMI, 25% of units at 40% AMI and 50% of units at 30% AMI. Mr. Peterson introduced Daniel Malone, Executive Director and Jenny Weinstein, Senior Housing Developer at Downtown Emergency Service Center (DESC).

Mr. Malone stated that this project is DESC's thirteenth project in Seattle. He said that individuals targeted to live here will be from a centralized response center that embraces all homeless subpopulations and will be selected in an objective fashion. He also stated that this location will be close to transit and has a central location.

Renton Commons

215 Whitworth Avenue S
Renton, WA 98057

Mr. Peterson stated that Renton Commons in downtown Renton is close to the Renton Transit Center. The set-asides for this project are 50% of units at 30% AMI, 50% of units at 50% AMI, and additionally 75% of the units will be set aside to serve the needs of homeless families with children and homeless veteran households. Low Income Housing Institute (LIHI) has partnered with Sound Mental Health, who will provide the onsite supportive services for all homeless residents. Mr. Peterson also mentioned that there is a total development cost limit waiver for this project. Mr. Peterson introduced Robin Amadon, Housing Development Director at LIHI.

Ms. Amadon stated that there will be 26 project based vouchers, 14 of them are from the VASH (Veteran Affairs Supportive Housing) program. She also mentioned LIHI showed the Mayor of Renton what low income housing projects can look like with the use of tax credits and he was very impressed with the quality. The One Night Count of the Homeless in Renton registered twice the number of homeless in 2016 compared with 2015—160 compared to 79. The City of Renton is not alone in seeing the rise of homelessness: market rents climb higher, people encounter financial circumstances and personal challenges that are hard to control, and homelessness becomes an unfortunate consequence. Permanent supportive housing for high need homeless groups is needed in areas of King County outside of Seattle. The data and need motivated LIHI to build Renton Commons at this location and at this time.

There were no comments from members of the public and the hearing was closed at 1:30 p.m.

**Action Item:
Resolution No. 17-
120, 2017
Allocation of Credit
for the Housing
Tax Credit
Program**

Lisa Vatske, Director of the Multifamily Housing and Community Facilities Division, said this was a resolution authorizing the Executive Director to make reservations and/or allocations of 2017 Housing Tax Credits to the following project:

- Holy Names Homeless Families
- The Bicycle Apartments
- Herman Johnson RAD Conversion
- North 96th Supportive Housing
- Renton Commons

Mr. Spencer moved to approve the resolution. Ms. Baum seconded the motion. The resolution was unanimously approved.

**Action Item:
Waiver of 9%
Policy 5.2.7
Geographic
Dispersion**

Ms. Vatske stated in the 2017 9% tax credit allocation round, two Snohomish County projects received a tax credit award: Housing Hope's HopeWorks Station II received \$1,592,564 and Catholic Housing Services of Western Washington's Everett Safe Streets Supportive Housing received \$1,343,963. The total amount of these two awards, \$2,946,527, amounts to 46% of the total 2017 Metro Pool allocation of \$6,336,963. This equals \$728,606 of credit (32.85%) above the 35% for one county.

Housing Hope, the City of Everett and Catholic Housing Services of Western Washington, in collaboration with Snohomish County, have agreed to work together to value engineer and find further efficiencies in both projects without jeopardizing the long term, financial viability or mission of either project so that both projects can move forward with an allocation of \$300,000 of credits above the 35% cap.

Ms. Vatske requested a policy waiver to increase the credit allocated to Snohomish County projects by \$300,000 over the 2017 9% Policy County limit from \$2,217,921 to \$2,517,921.

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

**Action Item:
Resolution No. 17-
128, Hopelink
Projects, OID # 16-
154A**

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 to (i) refinance an existing taxable loan for a 12,000 square foot integrated service center, located at 17839 Aurora Avenue North, Shoreline, WA 98133; (ii) finance the construction and equipping of a 27,862 square foot integrated service center and administrative offices, located at 15511 NE 90th Street, Redmond, WA 98052; and (iii) pay all or a portion of the costs of issuing the bonds. The facilities are owned by Hopelink, a Washington nonprofit 501(c)(3) corporation. The total estimated aggregate bond amount is not expected to exceed \$13,000,000. The public hearing was held December 15, 2016.

Ms. Klontz moved to approve the resolution. Ms. Tietz seconded the motion. The resolution was unanimously approved.

**Action Item:
Resolution No. 17-
124, Avaire
Apartments, OID #
16-51A**

Ms. Vatske said this is a resolution approving the issuance of one or more series of tax-exempt revenue notes to finance the acquisition and rehabilitation of a 96-unit multifamily housing facility, located at 824 West Casino Road, Everett, WA 98204, to be owned by Casino-Westmont Affordable Housing Partners, LLLP, a Washington limited liability limited partnership. Proceeds of the notes may be used to provide a portion or all of the costs of issuing the bonds. The total estimated aggregate note amount is not expected to exceed \$12,000,000. The public hearing was held February 23, 2017.

Ms. Tietz moved to approve the resolution. Mr. Spencer seconded the motion. The resolution was unanimously approved.

**Action Item:
Resolution No. 17-
120, Trailside
Village
Apartments, OID #
16-121A**

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 to acquire and rehabilitate a 250-unit low-income multifamily housing facility located at 1300 100th Place SE, Everett, WA 98208-4102 to be owned by Trailside Preservation LP, a Washington limited partnership. Proceeds of the bonds may be used to pay a portion or all of the costs of issuing the bonds. The total estimated aggregate bond amount is not expected to exceed \$35,000,000. The public hearing was held October 27, 2016.

Ms. Baum moved to approve the resolution. Mr. Robinson seconded the motion. The resolution was unanimously approved.

**Action Item:
Resolution No. 17-
125, Mount Baker
Village
Preservation, OID
16-70A**

Ms. Vatske said this is a resolution approving the issuance of one or more series of tax-exempt revenue notes to finance a portion of the costs to acquire land and rehabilitate an existing 107-unit multifamily housing facility and to construct and equip 49 additional units located at 2530, 2540, 2554, 2555, 2569, 2570, 2580 29th Avenue South and 2914 S. McClellan Street, Seattle, WA 98144 to be owned by Mt Baker Village LLLP, a Washington limited liability limited partnership. Proceeds of the notes may be used to provide a portion or all of the costs of issuing the notes. The total estimated aggregate note amount is not expected to exceed \$33,000,000. The public hearing was held November 27, 2016.

Mr. Spencer moved to approve the resolution. Ms. Baum seconded the motion. The resolution was unanimously approved.

**Action Item:
Resolution No. 17-
126, Evergreen
Villages, OID # 16-
75A**

Ms. Vatske said this is a resolution approving the issuance of one or more series of tax-exempt revenue notes to finance the acquisition and rehabilitation of a 180-unit low income multifamily housing facility, located at 505 NW Division Street, Olympia, WA 98502, to be owned by Evergreen Village Apartments II LLLP, a Washington limited liability limited partnership. Proceeds of the notes may be used to provide a portion or all of the costs of issuing the bonds. The total estimated aggregate note amount is not expected to exceed \$44,000,000. The public hearing was held February 23, 2017.

Mr. Davidson moved to approve the resolution. Ms. Klontz seconded the motion. The resolution was unanimously approved.

**Commissioners’
Reports**

Gabe Spencer mentioned he attended the Isabella Court grand opening in Vancouver, WA.

Ms. Baum reported that the audit committee discussed the committee charter, interest rate SWAP policy and investment policy. There were no updates or changes.

**Informational
Report on
Department of
Commerce
Activities**

Ms. Klontz stated that the legislature is very engaged in homelessness this year and Commerce is working with stakeholders to analyze several bills from both the House and Senate that:

1. Extend the recording fee.
2. Increase and refine state and local planning and performance data reporting.
3. Change client privacy regulations.
4. Change enforcement and responsibility for encampments of people experiencing homelessness.

The 2016 Health Homes Notice of Funding Availability (NOFA) is accepting applications at this time. An email is being sent to potential applicants.

The Policy Advisory Team (PAT), a subcommittee of the Affordable Housing Advisory Board (AHAB), met March 22 to discuss the Application Evaluation Tool scoring system for Stage 2 applications. We appreciate the Commission’s presence at these meetings to develop the scoring tool and their feedback to create a fair and balanced scoring system.

The Housing Finance Unit has been working with the Commission and other public funders to prepare for uncertainties with the Tax Credit Reform and looking for ways to address project gaps resulting from tax credit repricing.

The Office of Homeless Youth (OHY) just issued a Request for Proposals (RFP) for residential services (HOPE and CRC) for homeless youth in Benton, Franklin, Walla Walla, and Yakima counties. Applications are due April 3. Another statewide RFP for all programs and services will be released in June. Two new members have been appointed to the advisory committee— Representative Stambaugh (R), 25th legislative district, and Tatyana Barron, youth advocate with The Mockingbird Society.

On January 16, 2017 Governor Inslee sent a letter to the Affordable Housing Advisory Board (AHAB). As a response, the Housing Affordability Response Team (HART) was created at the January AHAB meeting and directed to work to address the following issues:

- Examine root causes affecting the lack of affordable housing.
- Examine how zoning and planning, permitting, development and financing, and construction processes can be improved.
- Define where barriers exist and provide recommendations.
- Explore other areas of consideration that provide further insight.

HART met on March 7, 16 and 22. Future meetings:

- April 13 1:00 - 4:00 in Tacoma.
- April 27 1:00 - 4:00 in Olympia.
- May 19th - Final meeting with AHAB 1:00 - 3:00 in Olympia.

Legislative

Washington State passed the house of origin cutoff. Bills that did not pass out of the house of origin and are not deemed “necessary to implement the budget” are considered dead. The next cutoff is the opposite house policy cutoff on March 29.

More than 2000 bills have been introduced in total this session. The Community Services and Housing Division at Commerce is still tracking more than 70 bills, including 2 agency request bills.

The Senate Budget came out on Tuesday. Major impacts to Community Services and Housing included cuts to General Fund State programs. Specific cuts include:

- Housing and Essential Needs
- Community Services Block Grant
- WorkFirst
- Pacific Tower

The Department of Commerce expects to see the House Budget early next week.

Consent Agenda

The Consent Agenda was approved as mailed.

Adjournment

The meeting was adjourned at 1:53 p.m.

Signature
