

WASHINGTON STATE HOUSING FINANCE COMMISSION

WORK SESSION MINUTES

September 28, 2017

The September 28, 2017 work session was called to order at 11:00 a.m. by Karen Miller. In attendance were Commissioners Duane Davidson, Alishia Topper, Lowel Krueger, Corina Grigoras (Department of Commerce Designee) and Ken Larsen.

Mike Awadis and Lisa DeBrock gave a financial comparison of loan servicing models.

Kim Herman and Lisa Vatske gave a briefing on the Program Related Investment (PRI) Program.

David Tan from Impact Capital and Bob Cook gave a briefing on Impact Capital and the requested increase in the liquidity line of credit.

Corina Grigoras gave the Commerce Department report.

Kim Herman gave the Executive Director's report.

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

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
MINUTES**

September 28, 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, Alishia Topper, Lowel Krueger, Corina Grigoras and Ken Larsen

**Approval of the
Minutes**

The minutes of the August 24, 2017 special meeting were approved as mailed.

**Public Hearing:
Redmond Ridge
East Apartments,
OID # 17-146A**

The Chair opened a Commission public hearing on OID 17-146A, Redmond Ridge East Apartments, at 1:00 p.m.

Bob Peterson, Manager of the Multifamily Housing and Community Facilities Division, said that this was a proposed issuance of one or more series of tax-exempt revenue bonds to finance a portion of the costs for the acquisition, construction and equipping of a 109-unit low income multifamily housing facility located at 11099 Eastridge Drive NE, Redmond, WA 98053, to be owned by Redmond Ridge Apartments, LLC, a Washington limited liability company. Proceeds of the bonds may be used to provide a portion or all of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$33,000,000, a portion of which may be taxable. Mr. Peterson introduced David Ratliff, representing DevCo, the developer.

Mr. Ratliff stated that the target population will be households at or below 60% of the area median income (AMI). Twenty percent of the units will be set aside for persons with disabilities. The amenities include an onsite community garden, onsite fitness center, onsite business learning center, onsite media center, onsite playground or fitness trail, and covered and secured bicycle storage. An email

from a neighbor was included in Commissioner packets. The email stated concerns with the impact of the development and asked for a contact. Several staff as well as the developer spoke with her directly, provided the information about the project and addressed her concerns.

There were no other comments from members of the public and the hearing was closed at 1:05 p.m.

**Public Hearing:
Spokane Portfolio,
OID # 17-101A-B**

The Chair opened a public hearing on OID 17-101A-B, Spokane Portfolio, at 1:05 p.m.

Mr. Peterson said that this was a 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 two multifamily housing facilities (Coventry Court Apartments located at 1600 W. Pacific Avenue, Spokane, WA 99201 and St. Andrews Court Apartments located at 802 W. Nora, 1815 N. Post and 811 W. Indiana Avenue, Spokane, WA 99205). Both facilities will be owned by Spokane 2 Preservation Limited Partnership, a Washington limited partnership. Proceeds of the bonds may be used to provide a portion or all of the costs of issuing the bonds. The total estimated aggregate bond amount is not expected to exceed \$12,500,000. Mr. Peterson introduced Asia Williams, Project Manager at Preservation Partners.

Ms. Williams stated that the units will serve residents at or below 60% of the AMI with 167 project based section 8 vouchers. The rehabilitation and amenities include a business center, elevators, laundry facilities, recreational area, updated landscaping, flooring, energy efficient appliances, windows and roof.

She also mentioned residents will be displaced for seven days due to the rehabilitation of the facilities and will be compensated for the temporary relocation.

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

**Public Hearing:
Proposed 9%
Housing Tax Credit
Program Policy
Changes '18
Allocation Round**

Lisa Vatske, Director of the Multifamily Housing and Community Facilities Division, gave a presentation regarding proposed recommendations for changes to the 2018 Tax Credit Program Policies. These changes are the by-product of in-house staff discussions and meetings with stakeholders. She held 3 meetings at the Commission with conference call/web access: one for the Metro pool, one for the Non Metro pool and one general meeting. In addition, she attended meetings in Vancouver and in Spokane and participated in the Seattle/King County Housing Development Consortium meeting. Like last year, stakeholders could comment through the website over the past 2 months. She summarized the stakeholder comments in a memo and has included all the comments in the meeting packet.

Total Development Costs - Policy Number 3.2.7

Based upon third-party data from Engineering News Record (ENR), staff proposes a three-percent increase in TDC Limits in the Seattle/King, Pierce/Snohomish, Metro and Balance of State TDC Limit Areas as set forth below:

	Studio	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom
2017 King/Seattle	\$244,635	\$283,137	\$300,873	\$337,428	\$371,706
2018 King/Seattle	\$251,974	\$291,631	\$309,899	\$347,551	\$382,857
2017 Pierce and Snohomish	\$235,431	\$274,642	\$290,848	\$327,305	\$360,556
2018 Pierce and Snohomish	\$242,494	\$282,881	\$299,573	\$337,124	\$371,373
2017 Metro	\$227,764	\$256,964	\$281,190	\$324,450	\$357,410
2018 Metro	\$234,597	\$264,673	\$289,626	\$334,184	\$368,132
2017 Balance of State	\$165,191	\$185,993	\$210,822	\$273,840	\$301,338
2018 Balance of State	\$170,147	\$191,573	\$217,147	\$282,055	\$310,378

Geographic Credit Pools Review/Update - Policy Number 5.2.2

The amount of the credit allocated in each Geographic Credit Pool shall be reviewed every two years by comparing the housing needs of each Geographic Credit Pool by using commonly available data that can include, but is not limited to, HUD Comprehensive Housing Affordability Strategy (CHAS) data and the State of Washington Housing Needs Assessment. If during the review of the Geographic Credit Pool's allocation it is shown that the allocation percentages deviate by more than two percent (2%) from the current calculations, then the

allocation percentages may be modified to reflect the updated calculated amount at the Commission’s discretion after stakeholder input.

Additional Low-Income Housing Commitment - Policy Number 6.1

This proposal was met with opposition from every geographic pool and discussion of this topic identified that this proposal was too broad and could negatively impact projects that serve the lowest of income. Based upon these discussions, the subsidy requirement is being withdrawn. However, to better calibrate the point system, the following modification to the Low-Income Set-Aside Menu is proposed.

Current							Proposed								
Additional Low-Income Set-A-Side Menu							Additional Low-Income Set-A-Side Menu								
Option	30	40	50	60	Higher Income County Points	Lower Income County Points	Weighted Average Income Served	Option	30	40	50	60	Higher Income County Points	Lower Income County Points	Weighted Average Income Served
	% AMI	% AMI	% AMI	% AMI					% AMI	% AMI	% AMI	% AMI			
1	0.50	0.25	-	0.25	60	-	40.00	1	0.50	0.25	-	0.25	60	-	40.00
2	0.50	-	0.50	-	60	-	40.00	2	0.50	-	0.50	-	60	-	40.00
3	0.50	-	0.30	0.20	58	-	42.00	3	0.50	-	0.30	0.20	58	-	42.00
4	0.40	-	0.60	-	58	60	42.00	4	0.25	0.50	-	0.25	56	60	42.50
5	0.40	0.30	-	0.30	58	60	42.00	5	0.50	-	0.25	0.25	56	-	42.50
6	0.10	0.60	0.30	-	-	60	42.00	6	0.10	0.50	0.40	-	-	60	43.00
7	0.25	0.25	0.50	-	56	58	42.50	7	0.50	0.10	-	0.40	54	60	43.00
8	0.25	0.50	-	0.25	56	58	42.50	8	0.10	0.40	0.50	-	58	44.00	
9	0.50	-	0.25	0.25	56	-	42.50	9	-	0.50	0.50	-	56	58	45.00
10	0.50	0.10	-	0.40	54	-	43.00	10	0.10	0.60	-	0.30	-	58	45.00
11	0.40	-	0.50	0.10	54	56	43.00	11	0.10	0.30	0.60	-	54	58	45.00
12	0.10	0.50	0.40	-	-	56	43.00	12	-	0.50	0.40	0.10	-	56	46.00
13	0.40	-	0.40	0.20	54	54	44.00	13	-	0.40	0.60	-	-	56	46.00
14	0.40	0.20	-	0.40	54	54	44.00	14	-	0.40	0.50	0.10	54	56	47.00
15	0.50	-	-	0.50	54	-	45.00	15	-	0.25	0.75	-	54	56	47.50
16	0.25	-	0.75	-	54	54	45.00	16	-	0.50	0.20	0.30	56	56	48.00
17	0.40	-	0.30	0.30	54	54	45.00	17	-	0.40	0.30	0.30	54	56	49.00
18	0.10	0.60	-	0.30	-	54	45.00								
19	-	0.50	0.50	-	-	54	45.00								
20	-	0.40	0.60	-	-	54	46.00								

Housing Commitments for Priority Populations (Farmworker Housing) - Policy Number 6.3.2

The proposed modification for this section is to increase Farmworker points to 35, making this equal to Homeless points, and to limit the amount of projects in the Metro pool to one. The non-metro limit is currently 2.

Staff also proposes eliminating the requirement that all Farmworker units must be rent and income restricted at or below 50% AMI. This was proposed last year, but was not implemented. Most stakeholders indicated that they would still target and need the 50% and below for tax exemption. Any particular project issue can still be addressed through asset management and compliance on a project by project basis.

New Leverage Category (merges the above categories into one leverage category)

Staff proposes that two additional stand-alone points be awarded for leverage from public sources. Points will be awarded for projects that have 50% or more public resources committed as part of the “other sources leveraged.”

Pool				
Range = % of other sources as % of Total Project Costs				
King	5-10%	11-20%	21-25%	26% and above
Points	2	4	7	10
Metro	2-7%	8-12%	13-17%	18% and above
Points	2	4	7	10
Non- Metro	2-7%	8-15%	16-22%	23% and above
Points	2	4	7	10

Eligible Tribal Area - Policy Number 6.12

Staff also proposes to increase existing Non-Metro points from 3 to 10.

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

**Action Item:
Approval of 9%
Housing Tax Credit
Program Policy
Changes '18
Allocation Round**

Mr. Larsen moved approval of the proposed changes to the 9% Tax Credit Policies for the 2018 allocation round. Ms. Topper seconded the motion. The changes were unanimously approved.

**Action Item:
Resolution No. 17-
118, Homes First,
OID # 16-155A**

Ms. Vatske said this is a resolution approving the issuance of two series of bonds to refinance existing low-income rental properties and shared housing facilities providing 65 units and 200 beds, owned by Homes First, a Washington 501(c)(3) nonprofit corporation. The addresses are listed below. The shared housing will be financed with a Nonprofit Revenue Bond and the family housing will be financed with a Nonprofit Housing Revenue Bond. A portion of the proceeds of the bonds may be used to pay all or part of the costs of issuing the bonds. The total estimated aggregate amount of the bonds is not expected to exceed \$2,250,000. The public hearing was held January 26, 2017.

Project: Homes First Shared Housing	Project: Homes First Family Housing
Addresses: (WA) 1812 Sawyer St. SE, Olympia, 98501 1344 Susitna Ln. SW, Tumwater, 98501 221 Milroy St. NW, Olympia, 98502 5501 32nd Ct. SE, Lacey, 98503 5203 Lacey Blvd. SE, Lacey, 98503 4913 22nd Ave. SE, Lacey, 98503 4810 21st Ave. SE, Lacey, 98503 2503 25th Loop SE, Lacey, 98503 5211 22nd Ave. SE, Lacey, 98503 3012 Impala Dr. SE, Lacey, 98503 5505 32nd Ct. SE, Lacey, 98503 4618 31st Ave. SE, Lacey, 98503 1203 Olympia Ave. NE, Olympia 98506 5908 59th Loop SE, Lacey, 98513	Addresses: (WA) 501-503 18th Ave. SE, Olympia, 98501 2516 Lincoln Ave. SE, Olympia, 98501 1729 Legion Way SE, Olympia, 98501 423 Z St. SE, Tumwater, 98501 1819 E. 9th Ave. SE, Olympia, 98501 2408 Lincoln Ave. SE, Olympia, 98501 2124 Soroya Ct. SW, Olympia, 98502 222 Cushing St. NW, Olympia, 98502 1702 Magnolia St. SE, Olympia, 98503 1308 Sleater Kinney Rd. SE, Lacey, 98503 1314 Sleater Kinney Rd. SE, Lacey, 98503 6120-21 Glen Mary Ln. SE, Lacey, 98503 1603 Bethel St. NE, Olympia, 98506 9121 Skokomish Way NE, Olympia, 98516

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

**Action Item:
Resolution No. 17-189, Redmond Ridge East Apartments, OID # 17-146A**

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, construction and equipping of a 109-unit low income multifamily housing facility located at 11099 Eastridge Drive NE, Redmond, WA 98053, to be owned by Redmond Ridge Apartments, LLC, a Washington limited liability company. Proceeds of the bonds may be used to provide a portion or all of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$33,000,000 (a portion of which may be taxable). The public hearing was held September 7, 2017.

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

Action Item: PRI request of an additional \$2 million for Sustainable Energy Trust

Ms. Vatske requested approval of an additional \$2 million from the Program-Related Investment (PRI) Program for the Sustainable Energy Trust.

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

Action Item: PRI request of an additional \$4 million for Critical Housing Preservation Program

Ms. Vatske requested approval of an additional \$4 million from the Program-Related Investment Program for the Critical Housing Preservation Program.

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

Action Item: PRI request of an additional \$4 million for LAP

Ms. Vatske requested approval of an additional \$4 million from the Program-Related Investment Program for the Land Acquisition Program and related program changes.

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

Action Item: PRI request of an additional \$2 million for Manufactured Housing Preservation.

Ms. Vatske requested approval of an additional \$2 million from the Program-Related Investment Program for the Manufactured Housing Preservation Program.

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

Action Item: PRI request of an additional \$500,000 for Capital Plus! (WCRA)

Ms. Vatske requested approval of an additional \$500,000 from the Program-Related Investment Program for the Washington Community Reinvestment Association (WCRA) Capital Plus! Program.

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

**Action Item:
Request liquidity
loan agreement
with Impact
Capital to increase
the total amount to
\$5,000,000**

Bob Cook, Senior Finance Director, requested approval to amend the liquidity loan agreement with Impact Capital to increase the total amount of the Commission loan by \$3 million to \$5 million, allowing Impact Capital to meet loan commitments should they exhaust their current lending resources due to loan extensions for current borrowers.

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

**Action Item: PRI
Request of an
additional \$3
million for the loan
program with
Habitat for
Humanity of WA**

Mr. Herman requested approval of an additional \$3 million from the Program-Related Investment (PRI) Program for the loan program with Habitat for Humanity of Washington State to provide liquidity for certain of its affiliates secured by the pledge of otherwise unencumbered first mortgages.

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

**Commissioners'
Reports**

Commissioner Topper stated that she attended the Washington Housing Alliance's Bring Washington Home Event held on September 26, 2017.

Consent Agenda

The Consent Agenda was approved as mailed.

Adjournment

The meeting was adjourned at 1:38 p.m.

Signature
