

WASHINGTON STATE HOUSING FINANCE COMMISSION

WORK SESSION MINUTES

March 25, 2021

The March 25, 2021 work session was called to order at 11:00 a.m. by Chair Bill Rumpf. In attendance were Commissioners Diane Klontz, Albert Tripp, Mike Pellicciotti, Lowel Krueger, Wendy Lawrence, Ken Larsen, Pedro Espinoza, and Alishia Topper.

Lisa Vatske gave an update on the 2021 bond policy round and stakeholder meeting. Ms. Vatske described the boundaries for this July bond round, including an two projects rule, no acquisition/rehabilitation this round, and order of priority for Bond Cap. Everyone who applied in the January 2021 round must reapply to be considered. She also mentioned some July round fixes and tweaks, including pre-submittal reviews by staff (no more pre-approvals), total development cost limits must match, minimum of 50% non-profit donations to BIPOC led organizations serving the project's county and proximity to a market serving a specific ethnic or cultural group with specialty food items.

Ms. Vatske also mentioned she is also thinking about the future of the bond rounds and plans to focus on outcomes in the next round which include, but are not limited to, acquisitions/rehabilitations, public leverage, BIPOC and geographic distribution.

Diane Klontz gave her Informational Report on Department of Commerce activities.

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

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
MINUTES**

March 25, 2021

The Commission meeting was called to order by Chair Bill Rumpf at 1:00 p.m. via Zoom and conference call. Those Commissioners present were Diane Klontz, Albert Tripp, Mike Pellicciotti, Lowel Krueger, Wendy Lawrence, Ken Larsen, Pedro Espinoza, and Alishia Topper.

**Approval of the
Minutes**

The minutes of the February 25, 2021 special meeting were approved as mailed.

**Introduction of
New Commissioner**

Pedro Espinoza, the new Labor Representative on the Commission, is the Political Liaison at the Pacific Northwest Carpenters Union. Mr. Espinoza introduced himself and stated he was excited to serve on the Board.

**Public Hearing:
Hamlin Robinson
School, OID # 21-
49A**

The Chair opened a public hearing on OID # 21-49, the Hamlin Robinson School, at 1:09 p.m.

Claire Petersky, Manager of the Multifamily Housing and Community Facilities Division, said this public hearing was for the proposed issuance of one or more series of tax-exempt revenue bonds to: (i) refund existing tax-exempt obligations previously issued by the Commission to finance and refinance the acquisition of land and the construction, furnishing, improvement and equipping of an approximately 45,000 square foot educational facility; (ii) refinance a taxable loan incurred by the Borrower to acquire land and construct and equip play facilities and a parking garage; (iii) pay a portion of the costs of constructing, furnishing, improving and equipping a new, approximately 55,000 square foot, middle school facility and related improvements to existing facilities; (iv) fund a

debt service reserve fund; and (v) pay all or a portion of the costs of issuing the bonds. The project is located at 1701 20th Avenue S., 1705 Rainier Avenue S. and 1963 S. State Street, Seattle, WA 98144, and is owned and to be owned by the Hamlin Robinson School, a Washington 501(c)(3) nonprofit corporation. The total estimated bond amount is not expected to exceed \$39,000,000. Ms. Petersky introduced Stacy Turner, Head of School at Hamlin Robinson School.

Mr. Turner stated that the school's mission is to ignite the academic and creative potential of students with dyslexia and other language-based learning differences. The world class educational program at Hamlin Robinson School is a catalyst for students to discover the joy of learning within a rich, comprehensive school experience. He also mentioned that the core values for the school are: Respect: We show appreciation and acceptance for ourselves, our community, and our learning; Responsibility: We show integrity and accountability for our choices; Purpose: We show dedication and resolve through our actions; and Perseverance: We show commitment and resilience in all our endeavors.

Mr. Turner mentioned that the school will be using these funds to build a stand-alone middle school for grades six to eight. This four-story facility will include additional classrooms, sciences labs, an art room and media/community space. There are 315 students currently enrolled at the school, up from 224 students the previous year.

In response to a community member, Mr. Turner stated that the school has been in operation since 1983 and became a non-profit in 1988. The student demographic is 74% Caucasian and 24% Persons of Color.

In response to a community member, Mr. Turner stated that the school is a tuition-based school, and the current tuition is \$25,000 a year and 24% of students receive financial aid which pays for up to 90% of tuition.

A community member testified that his daughter, who is currently at University of California – Davis for Animal Biology, attended this school and can attest to the quality education she received.

There were no other comments from members of the public and the hearing was closed at 1:24 p.m.

**Public Hearing:
Ovation at Meeker
Apartments, OID #
21-39A**

The Chair opened a public hearing on OID # 21-39 Ovation at Meeker Apartment, at 1:26 p.m.

Ms. Petersky said this public hearing was for the proposed issuance of one or more series of tax-exempt revenue bonds to finance the construction and equipping of a 218-unit multifamily housing facility located at 623 W. Meeker Street, Kent, WA 98032, to be owned by Ovation at Meeker, LLC, a Washington limited liability company. Proceeds of the bonds may also be used to pay a portion of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$55,000,000. Ms. Petersky introduced David Ratliff, Vice President at DevCo.

Mr. Ratliff stated that 100% of this senior living project will be affordable and will be occupied by households earning no more than 80% of the King County area median income (AMI) and the average income at the property will be 50% of AMI. Twenty percent of the units will be set-aside for persons with disabilities. The project will provide amenities including a swimming pool/spa, fitness center, lounge, computer/business center, community garden, dog walk, outdoor recreation/play areas, meeting rooms, and electric vehicle charging stations.

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

**Public Hearing:
Admiralty
Apartments, OID #
20-82A**

The Chair opened a public hearing on OID # 20-82A Admiralty Apartment, at 1:30 p.m.

Ms. Petersky: said this is public hearing was for the proposed issuance of one or more series of tax-exempt and taxable revenue notes to finance the acquisition and rehabilitation of a 48-unit multifamily housing facility located at 129 Taylor Street, Port Townsend, WA 98368, to be owned by Admiralty Apartments, LP, a

Washington limited partnership. Proceeds of the notes may also be used to pay a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed \$15,000,000. Ms. Petersky introduced Ryan Fusan, Managing Director at Redwood Housing

Mr. Fusan stated that this project was originally built in 1928 as a hotel, with an addition built in 1952, and was last renovated in 1972. This project is in much need of structural and elevator upgrades. One hundred percent of the units are affordable and will be occupied to households earning no more than 80% of AMI with a weighted average income at the property of 50% of AMI. All units will be set aside for seniors and twenty percent of the units will be set-aside for persons with disabilities.

In response to a question from Commissioner Espinoza, Mr. Fusan stated that there are only one-bedroom units, but units will be ADA compliant.

There were no other comments from members of the public and the hearing was closed at 1:35 p.m.

**Public Hearing:
2021 Allocation of
Credit for the
Housing Tax Credit
Program**

The Chair opened a public hearing on the recommended allocation of Low-Income Housing Tax Credits at 1:19 p.m.

Mercy PeaceHealth Family Housing

Bob Peterson, Manager of the Multifamily Housing and Community Facilities Division, introduced Joseph Thompson, President of Mercy Housing NW and Alisa Lubber, Senior Project Developer at Mercy Housing NW. Mr. Thompson stated that Mercy Housing's goal was to create affordable family housing that fit the neighborhood. Ms. Lubber stated that this project will have five stories with 69 units with one, two and three-bedrooms. Twenty percent of the units are committed for large households and 20% for persons with disabilities, with 25% further supported with project based rental assistance. Fifty percent of the units will be set-aside for 50% AMI and the additional 50% will be set-aside for 30% AMI. The project will be rich with amenities and near local shops.

Barkley Family Housing

Mr. Peterson introduced Ellen Lohe, Senior Housing Developer at Mercy Housing NW. Ms. Lohe stated that the Barkley Family Housing project will have 77 units with one, two and three-bedroom apartments that will serve households earning 50% of area median income or less with half the apartments set aside for households earning up to 30% AMI and the other half for households earning up to 50% AMI. Twenty percent of the apartments will have 3-bedrooms, responding to the shortage of decent larger affordable apartments, Ten percent will be set aside for formerly homeless families with children referred from Opportunity Council, and 20% will be set aside for a head of household or family member with a disability. The project will also house a new 7 classroom Early Learning Center to be operated by the YMCA. The funding sources include funding from the Housing Trust Fund and the City of Bellingham.

Sacred Medicine House

For the final project today, Mr. Peterson introduced Colleen Echohawk, Executive Director at Chief Seattle Club. Ms. Echohawk stated that Sacred Medicine House will set aside 75% of the 117 units for permanent supportive housing using a Housing First approach for persons experiencing homelessness, who may also experience chronic mental illness, substance abuse disorders, chronic health conditions, developmental disabilities, and other conditions that contribute to housing instability. Applying a culturally appropriate lens, Chief Seattle Club uses a trauma informed approach that encourages support and treatment focused on connection to community, rather than perceived brokenness, symptoms or behaviors. Using a culturally responsive and holistic model, American Indians/Alaskan Natives can develop a stronger sense of community built on the restoration of cultural practices, tribal traditions, and tribal values to restore wellness and balance. Residents will benefit from 24/7 on-site personnel that will provide a full array of on-site services, as well as access to services at the Chief Seattle Club's Day Center in Pioneer Square and/or Eagle Village.

There were no comments from members of the public on these projects.

**Action Item:
Resolution No. 21-57, a Resolution for the 2021 Allocation of Credit for the Housing Tax Credit Program**

Lisa Vatske, Director of the Multifamily Housing and Community Facilities Division, said this is a resolution authorizing the Executive Director to make reservations and/or allocations of 2021 Housing Tax Credits to the following projects:

- Mercy PeaceHealth Family Housing - Vancouver, WA - Clark County - \$1,381,604
- Barkley Family Housing – Bellingham, WA - Whatcom County - \$1,739,942
- Sacred Medicine House, Seattle, WA - King County - \$1,944,266

Ms. Topper moved to approve the resolution. Mr. Larsen seconded the motion. The resolution was approved with one abstention from Mr. Rumpf due to Mercy Housing being his former employer.

**Action Item:
Resolution No. 21-56, Mirabella, OID # 06-87A**

Ms. Vatske said this is a resolution approving the issuance of one or more series of tax-exempt and taxable revenue bonds to refinance existing bonds previously issued by the Commission for the acquisition of land and the construction of a continuing care retirement community consisting of 285 independent living apartments, 24 assisted living units, 22 special care units and 46 skilled nursing beds, located at 116 Fairview Avenue North, Seattle, WA 98109. The project is owned by Mirabella, a Washington 501(c)(3) nonprofit corporation. Proceeds of the bonds may also be used to pay a portion of the costs of issuing the bonds. The estimated bond amount is not expected to exceed \$25,000,000. The resolution also approves the execution of a forward delivery agreement. The public hearing was held February 25, 2021.

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

**Action Item:
Resolution No. 21-54, Garten Haus Apartments, OID # 21-45A**

This item was pulled from the agenda.

**Action Item:
Resolution No. 21-
55, Mirabeau Place
LLC, OID # 19-
138A**

This item was pulled from the agenda.

**Action Item:
Resolution No. 21-
29, Uncle Bob's
Place, OID # 19-77**

Ms. Vatske said this is a resolution approving the issuance of one or more series of revenue notes to finance a portion of the costs for the acquisition of land and the construction and equipping of a 126-unit multifamily housing facility located at 714 S. King Street, Seattle, WA 98104, to be owned by Uncle Bob's Place LLLP, a Washington limited liability limited partnership. Proceeds of the notes may also be used to pay a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed \$28,000,000 (a portion of which may be taxable). The public hearing was held November 19, 2020.

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

**Executive
Director's Report**

Mr. Walker stated he wanted to highlight some bright spots in the Executive Director's Report that was included the Commissioners board meeting packets this month.

Homeownership:

- Under the American Rescue Plan, there are funds for a Homeowner Assistance Fund to help families who are behind on their mortgages who have been affected by COVID. Each state will receive a minimum of \$50 million to administer. We are working with Commerce to determine the next steps on how the State will access and distribute these funds and we continue a dialogue with NCSHA to explore best-practices. Given the experience we gained during the mortgage crisis and with our extensive network of partners, we believe we can be a valuable asset in developing and administering a program to distribute these funds.
- In partnership with NAREB (National Association of Real Estate Brokers), we will be hosting a Facebook Live Townhall on March 26th. This event features Nicole Bascomb-Green, the local Seattle NAREB

President, as well as a family who purchased using the Commission's programs. Lisa and Corinna will also be speaking about downpayment assistance. Commission staff also reached out to our multifamily division partners including property managers to get the word out in hopes we can move families living in tax credit projects along the continuum to homeownership. This event represents the first time we have directly marketed to potential homebuyers. Other events introducing our families to homeownership opportunities will follow.

Multifamily and Community Facilities:

- Citibank Securitization: We have been approached by Citibank, our most prolific banking partner, with a unique opportunity to participate with them in a securitization of existing tax-exempt loans that the Commission previously made, which Citi purchased, which will free up Citi's balance sheet to enable it to make more housing loans in Washington and provide the Commission with new funds to be used for its affordable housing programs in about 15-18 years when the reserve fund is released.

This is the sixth transaction of its kind in the nation. Of the five prior issues, two were comprised of projects from several states and the issuer was a conduit issuer with national issuing authority (Arizona IDA and National Finance Authority). Three others were done by the CalHFA for portfolios comprised of only California projects. Nine of the Commission's loans were included in one of the national Certificate issues. The Commission consented to that on the condition that Citibank attempt to do future securitizations of our projects with the Commission as the issuer for its own portfolio. We believe Citi was willing to do this not only because of the long partnership with the Commission but also because (i) Washington represents its third largest state (behind CA and NY) and has enough volume to support its own securitization, and (ii) it has identified investor interest in a Washington only portfolio.

Structure- Citibank would sell a portfolio of seasoned, converted, and stabilized tax-exempt Notes representing 28 Washington projects to the Commission. The Commission would issue Municipal Certificates in a par amount of about \$572 million to buy the Portfolio. The Certificates would be backed by payments on the underlying Portfolio. We would enter in a contract with the current servicer of the loans under Citibank ownership, Berkadia, to also service this transaction on the Commission's behalf. The Certificates would be further secured by a reserve fund. We would expect the Certificates to be investment grade rated: BBB or BBB+. The borrowers, projects and current loans will not be impacted or charged. The transaction is a self-contained package deal, and the original obligations and servicing remains in-tact.

This transaction will seek a Social Bond designation from an entity known as Sustainalytics. This should help with the marketing of the bonds and potential pricing.

Although this transaction will not need a public hearing, as all the projects in the portfolio have gone through this process – a resolution will be needed. Staff intend to provide an overview and more details at the April work session with a resolution to follow at the business meeting in April. Pricing and closing is anticipated in early May.

Asset Management & Compliance:

- Staff are working on transforming our property transfer process and other business processes using our new content management tool.

Administrative Division:

- Our internal Racial Justice and Equity Team brought forward their first draft of the charter statement and will begin work on an initial work plan. They have been working the last several weeks with an outside consultant. Staff are reviewing responses to a new RFP that will secure, hopefully by week's end, a consultant to sustain our momentum and help facilitate a number of internal and external conversations to inform our

work going forward and ensure race and equity are at the center of our processes and program policy development.

- Staff continues to frame the agenda for the May Budget Planning meeting – please contact Tera or myself if you have any topics, you would like considered to be added to the agenda.

Commissioners’ Reports

Commissioner Topper, Tripp and Kreuger attended NCSHA LegCon, which was held virtually from March 22 to March 24th. Commissioner Espinoza attended the Federal Legislative Session. Commissioner Topper stated that NCSHA is considering a hybrid approach to conferences in the future.

Consent Agenda

The Consent Agenda was approved as mailed.

Public Comment

Kaneka Murray, a community member, asked for some broad information on bonds and financing regarding the Commission. Mr. Walker stated that he and other senior staff would stay after the meeting to have an open discussion on questions and concerns she had.

Adjournment

The meeting was adjourned at 2:28 p.m.

Signature
