

# WASHINGTON STATE HOUSING FINANCE COMMISSION

## WORK SESSION MINUTES

June 24, 2021

The June 24, 2021 work session was called to order at 11:00 a.m. by Bill Rumpf via Zoom and conference call. In attendance were Commissioners Diane Klontz, Mike Pellicciotti, Lowel Krueger, Wendy Lawrence, Ken Larsen, Pedro Espinoza, and Alishia Topper.

Rich Zwicker and Nathan Peppin from the Department of Commerce gave an update regarding the American Rescue Plan Act (ARPA) Homeowner Assistance Fund and described the next steps in the process.

Lisa Vatske gave an overview of the 9% Housing Tax Credit Program policy changes for the 2022 allocation round including the minor modifications, stakeholder meetings and the racial/social justice questionnaire.

Lisa Vatske, Eli Lieberman and Keegan Johnson, a University of Washington Evans School student, gave a briefing on their cost benefits analysis of the energy efficiency and renewable energy standards in the Commissions 4%/Bond programs.

Margret Graham started a conversation regarding the Commission's communications strategy and plan to update its mission, vision and value statements.

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

**WASHINGTON STATE  
HOUSING FINANCE COMMISSION  
MINUTES**

**June 24, 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, Mike Pellicciotti, Lowel Krueger, Ken Larsen, Pedro Espinoza, and Alishia Topper.

**Approval of the Minutes**

The minutes of the May 24-25, 2021 special meeting and budget and planning session were approved as mailed.

**Public Hearing:  
National Charter  
School Revolving  
Loan Fund, OID #  
21-60A**

The Chair opened a public hearing on OID # 21-60A for the National Charter School Revolving Loan Fund at 1:02 p.m.

Claire Petersky, Manager of Multifamily Housing and Community Facilities Division (MHCF), said this public hearing was for the proposed issuance of one or more series of tax-exempt revenue bonds to finance or reimburse a loan used to refinance existing debt relating to the acquisition and renovation of the charter school facility known as Puget Sound Elementary that is owned and operated by Impact Public Schools. The proceeds will be loaned to the Equitable School Revolving Fund, LLC, a Delaware limited liability company, the sole member of which is Equitable Facilities Fund, Inc., a Delaware nonstock nonprofit corporation and an entity described under section 501(c)(3) to finance or reimburse a loan made to a limited liability company associated with a charter school. The project is located at 3438 S. 148th Street, 14605 35th Avenue S. and 14606 35th Avenue S., Tukwila, WA 98168. Proceeds of the bonds will also be used to pay swap termination fees, fund a debt service reserve fund and pay all or a portion of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$12,500,000.

She also stated that this is a 501(c)(3) bond, with an unusual structure and sale plan. The borrower is the Equitable School Revolving Fund, a 501c3 that makes loans to charter schools around the nation. Its sole member, the Equitable Facilities Fund Inc., was established in 2017 to create and operate a pooled Charter School revolving loan program using a \$200 million philanthropic capitalization grant. Proceeds of the Commission's bonds would be used to reimburse the Borrower for a loan already made to the Impact Public Schools for the acquisition and rehabilitation of the Puget Sound Elementary in Tukwila, Washington.

The Commission's bonds will be sold at the same time as four other bond issues by four issuers, the Arizona Industrial Development Authority, the California Infrastructure and Economic Development Bank, the Massachusetts Development Authority and the Albany Community Resource Corporation. We are planning for one offering document describing the five separate bond issues. All of these bonds, and other, previous and future issued bonds, are secured by a Master Trust Indenture to which the borrower has pledged all school loan repayments, deeds of trust and a debt service reserve fund. The Borrower pledges more school loans to the Master Trust Indenture than it seeks to refinance with bonds, so the bonds are overcollateralized and we thus expect the bonds to be A rated by S&P. So while the Borrower is the Equitable School Revolving Fund, the ultimate beneficiary in Washington State is Impact Public Schools. Ms. Petersky introduced Jen Wickens, Chief Executive Officer, Impact Public Schools (IPS).

Ms. Wickens stated that the mission of IPS is to prepare a diverse student population to succeed in college and impact communities as the next generation of equity-driven, innovative leaders.

IPS makes a broader impact on public education across Washington state by advocating for public policies that close the opportunity gap and provide all students their right to a high-quality education.

She stated that 85% of the student population are Persons of Color (POC) and there are 11 languages spoken in their student population and staff.

There were no other comments from members of the public and the hearing was closed at 1:13 p.m.

**Public Hearing:  
Watermark, OID #  
17-147A**

The Chair opened a public hearing on OID # 17-147A for Watermark at 1:13 p.m.

Ms. Petersky stated that this is the proposed issuance of one or more series of tax-exempt revenue notes to finance the construction of a 221-unit low-income multifamily housing facility located at 31655 Military Road South, Auburn, WA 98001, to be owned by Watermark 320 LLC, a Washington limited liability company. 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 \$2,271,600.

Watermark is a project for which the Commission closed bonds back in December of 2017, in an amount equal to \$45,432,000 in tax-exempt bonds, and \$5 million in “recycled bonds” to complete the financing. Because of soaring material costs and other increased costs associated with the pandemic, this project needs a small quantity of additional bond cap to be able to stay within the “50% Test” under federal tax law, and still qualify for the related low-income housing tax credits. Staff reviewed their request, which included a budget and narrative, and authorized this additional allocation of cap. Ms. Petersky introduced David Ratliff, Vice President of DevCo.

Mr. Ratliff stated that due to the pandemic labor and supplies have significantly increased in price. Additionally, a required 35 feet storm and sewer lines have also made the budget for this project increase.

In response from an question from Mr. Espinoza, Mr. Ratliff stated that the price impact of each of these issues was about 50% of the increased cost.

There were no other comments from members of the public and the hearing was closed at 1:18 p.m.

**Public Hearing:  
Polaris at Eastgate,  
OID # 21-41A**

The Chair opened a public hearing on OID # 21-41A for Polaris at Eastgate at 1:19 p.m.

Ms. Petersky stated that this is a proposed issuance of one or more series of tax-exempt and taxable revenue notes to finance the acquisition, construction and equipping of a 360-unit multifamily housing facility located at 13300 SE Eastgate Way and 13620 SE Eastgate Way, Bellevue, WA 98005, to be owned by Polaris at Eastgate, LLC, a Washington limited liability company. 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 \$75,000,000. Ms. Petersky introduced John Fisher, from the Inland Group.

Mr. Fisher stated that this project will have units set-aside for households earning 50% and 60% of AMI. Twenty percent of the units will be set-aside for large households, and twenty percent of the units will be set-aside for persons with disabilities. The building will include an early learning facility, a solar panel installation, and a YMCA on the ground floor.

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

**Public Hearing:  
Low Income  
Housing Tax  
Credits from the  
2020 Round**

The Chair opened a public hearing on the recommended allocation of Low-Income Housing Tax Credits at 1:22 p.m.

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

**Evergreen Commons**

Bob Peterson, Manager of the Multifamily Housing and Community Facilities

Division, introduced Renée Rooker, Executive Director at Walla Walla Housing Authority. Ms. Rooker this infill site, purchased with assistance from WSHFC Land Acquisition Program, presents a rare opportunity to construct new affordable housing in close proximity to downtown, Whitman College, public transportation and access to services, employment and schools – to benefit low income and homeless households. Blue Mountain Action Council (BMAC) will provide case management covering topics such as: good tenancy; conflict resolution; legal assistance; employment & training; childcare and healthcare coordination; and parenting skills. A Case Manager and Housing Stability Coordinator will be paid from project operations. Fifteen permanent supportive housing units have Section-8 Project-Based Rental Assistance that will generate sufficient income to cover both project operating expenses and resident services. Additionally, Comprehensive Healthcare, a clinical behavioral health provider, will provide behavioral health care services for a minimum of six residents funded by Medicaid.

There will be 9 one-bedroom and 20 two-bedroom units with set-asides of 10% of units at 40% AMI and 50% of units at 30% AMI.

**Family Support Center of South Sound (FSCSS) Family Housing Phase I**

Mr. Peterson introduced Trish Gregory, Executive Director at Family Support Center of South Sound, and Kasey Liedke, Consultant, Housing Developer at Bellwether Housing.

Ms. Gregory stated that FSCSS's Family Housing Project will create a significant and measurable reduction in family homelessness in Olympia. This project will create 62 new homes for homeless children and their families as well as survivors of domestic violence.

There will be 20 one-bedroom units, 23 two-bedroom units and 19 three-bedroom units with set-asides of 50% of the units at 50% AMI and 50% of the unit at 30% AMI.

Ms. Liedke stated some of the other funding from this project were from the City of Olympia, Thurston County HOME Fund and Olympia Community Development Block Grant (CDGB).

**Mother Teresa Haven**

Mr. Peterson introduced Jonathan Mallahan, Vice President, Housing at Catholic Charities and Patrick Tippy, Development Consultant at Horizon Housing Alliance.

Mr. Mallahan stated that Mother Teresa Haven housing project will provide 48 units of newly constructed, permanent housing for extremely low income, low income, and homeless families with children who may also be struggling with multiple special needs including mental illness, chemical dependency, developmental disabilities, lack of job skills, and chronic poverty. The project is in the Spokane School District, which had 1,644 documented homeless children at the end of the 2019 school year. This project was specifically designed to respond to this crisis of homeless children in Spokane.

Mr. Tippy stated that there will be 12 one-bedroom units, 24 two-bedroom units and 12 three-bedroom units with set-asides of 10% of the units at 40% and 50% of the units at 30%.

There were no other comments from members of the public and the hearing was closed at 1:32 p.m.

**Public Hearing:  
Tax Credit  
Program  
Allocation, Twin  
Lakes Landing II,  
OID # 21-03**

The Chair opened a public hearing on Tax Credit Program Allocation, Twin Lakes Landing II, OID # 21-03 at 1:32 p.m.

Mr. Peterson stated that Twin Lakes Landing II will be a 60-unit Homeless project in four buildings, each of which will be three stories in height. The majority of buildings will have five units on each of the three floors. Through Housing Hope's tailored services program, staff will assess each household and develop Individual Family Services Plans that outline the specific long and short-term goals that will lead to maintaining permanent housing and self-sufficiency.

Mr. Peterson introduced Fred Safstrom, Chief Executive Officer at Housing Hope.

Mr. Safstrom stated that in response to external factors that have greatly impacted the project's construction costs and overall Total Development Cost, Housing Hope is requesting an increase to the tax credit allocation amount of \$29,455. The new 2020 allocation would be \$1,767,285.

The primary driver for the increase in annual credits is a \$3.8M increase in costs from the total development cost (TDC) budget the agency submitted to the Commission in April 2021. This includes a \$2.4 million increase in the final contracted construction costs by the project's general contractor Kirtley-Cole Associates. The primary contributing factors were an extreme cost escalation for materials and supplies, particularly lumber costs, a shortage in the available labor pool for subcontractor work, resulting in premium costs for all trades and the continued escalation that affects the project's Passive House/UHEE design components.

In addition to the request to the Commission, the agency is concurrently working with the Department of Commerce to increase its HTF award from \$3M to \$4M to help meet this project's need. Commerce has provided encouraging comments and indicated that it will work with the Commission to help resolve the funding shortfall. The agency has also received confirmation from JPMorgan Chase that it will increase the permanent loan capacity on the project to \$5.275 million. Housing Hope will also be increasing its sponsor loan commitment from \$26,210 to \$526,210. They have asked Snohomish County for additional funding support, but the County's available resources are fully committed at this time. Housing Hope believes that this collective approach to "sharing in the pain" will allow the project to remain on track towards its current financing closing date of July 31, 2021 and will allow it to maintain an August 2021 construction start date.

There were no other comments from members of the public and the hearing was closed at 1:39 p.m.

**Public Hearing:  
Proposed 9%  
Housing Tax Credit  
Program Policy  
Changes for the  
2022 allocation  
round**

Ms. Vatske said there were only minor modifications proposed for the 9% tax credit program for 2022. A general stakeholder meeting was held March 15, 2021, with 71 participants in a Zoom meeting. An annual update to the cost limits, a change to the credit per unit amount allocated based upon unit size and adding a Race, Equity and Social Justice questionnaire are the main changes. Subsequent meetings were held with the Metro pool participants on March 29 and April 29 that resulted in specific changes to the Metro pool allocation process. The pilot allocation methodology that was implemented for the past year is now being proposed to be implemented over the next five years, with a change to the minimum scores and number of homeless units needed to receive Permanent Supportive Homeless Housing points. The proposed changes have been posted for public comment. The modifications include:

**3.2.5 Supportive Housing for the Homeless**

The Commission will allow Metro projects seeking to serve a lower percentage of Supportive Housing for the Homeless (PSH) population to continue to achieve the maximum points for this category (see Section 6 below). If a Metro project wishes to use a higher TDC limit at least 50% of their units must serve the Homeless to bump up to the next higher TDC limit.

**3.2.7 Total Development Cost Unit Limit Schedule**

Area/Bedroom	Studio	One Bedroom	Two Bedroom	Three Bedroom	Four + Bedroom
2022 King/Seattle*	\$317,700	\$367,800	\$390,800	\$438,300	\$482,800
2022 Pierce/Snohomish/Clark*	\$305,800	\$356,700	\$377,800	\$425,100	\$468,300
2022 Metro*	\$274,200	\$309,300	\$338,500	\$390,600	\$430,200
2022 Balance of State^	\$193,300	\$217,700	\$246,700	\$320,500	\$352,700

**3.4 Maximum Annual Credit Per Low-Income Housing Unit – WAC 262-01-130(8)(c)**

Area/Bedroom	Studio	One Bedroom	Two Bedroom	Three Bedroom	Four + Bedroom
Seattle/King	\$27,640	\$27,640	\$27,640	\$31,000	\$34,500
Pierce/Snohomish/Clark	\$27,640	\$27,640	\$27,640	\$30,000	\$33,000
Metro	\$27,640	\$27,640	\$27,640	\$29,500	\$31,000
Balance of State	\$27,640	\$27,640	\$27,640	\$29,000	\$30,000

### 5.2.2 Geographic Credit Pools

Each county in the Metro Geographic Pool will be allocated 9% Tax Credits based on the following formula:

- Base Allocation of \$1,000,000 per county.
- Additional Allocation based upon need as calculated by the most current CHAS housing needs data available (rounded to the nearest \$100,000).

Anticipate that each county will receive an allocation of approximately \$1.2M to \$1.7M.

This methodology will remain in place over a five-year period and a rolling average reconciled at year five for each county will be computed. Additional stakeholder engagement if the expiring additional 12.5% per capita credit is extended will be considered. Should significant program changes be enacted the Commission reserves the right to implement appropriate changes with input from program stakeholders.

As a part of this allocation process, each county shall develop or modify current processes to select one prioritized project per year. The county's prioritization process shall be submitted to the Commission. As a part of this process, each county shall designate a contact person(s) that is familiar with the process and understands the local pipeline and prioritization structure. It is expected that the key public funders, affordable housing development consortia and the development community will work together to establish a pipeline and prioritize pending projects to be brought forward for each county's portion of the

allocation. Proposed projects will need to participate in the local designated process to be eligible for the per county 9% Tax Credit allocation.

### **5.2.9 Tiebreakers**

In view of the change to increase the Credit Per Unit policy, we are changing the Tiebreaker. The new language reads as follows:

If projects receive equal scores within the same Geographic Credit Pool the first tiebreaker will be if a project is in a Qualified Census Tract (QCT). The second tiebreaker will be to the project that requests the least amount of Credit. The third tiebreaker will be to the project that request the least amount of Credit per Low-Income Housing Unit.

This policy change is in line with the new policy allowing more Credit Per Bedroom for 3- & 4-bedroom units being allowed a credit “boost”.

## **Chapter 6: Allocation Criteria**

The Commission is proposing changes to the minimum score per Pool. The new minimum scores are:

King County:	164
Metro Counties:	158
Non-Metro Counties:	154

The Commission, in consultation with Stakeholders, is lowering the Homeless threshold to achieve maximum points for Metro Homeless PSH projects from 50% to 25%.

### **6.3.1 Housing for the Homeless**

Points will be awarded based on the Applicant’s Commitment to provide low-income housing units for Homeless households (the “Housing for the Homeless Commitment”).

In providing Housing for the Homeless, the Applicant may select only one of these options:

- Permanent Supportive Housing for the Homeless:

- Metro Geographic Pool – 25 Points
- All other Geographic Pools – 35 Points
- 20% Permanent Housing for the Homeless – 10 Points
- 20% Transitional Housing for the Homeless – 10 Points

Each unit must be set-aside to serve Homeless households as defined under the Stewart B. McKinney Homeless Assistance Act and must provide supportive services designed to promote self-sufficiency, meeting the needs of the target population. Any Household initially qualifying as Homeless counts toward the Homeless Set-Aside Commitment for as long as the household remains in the project.

**8.1 Compliance Training: (Changes to required Compliance Training.)**

The Applicant’s property management representative must attend a Commission Tax Credit Compliance Workshop or receive equivalent training by a Commission Portfolio Analyst Compliance Officer by the earlier of:

- at least 120 days before the first building is placed-in service
  - or
  - prior to commencement of initial rent-up activities for the project.
- Certificates cannot be more than 18 months old by placed-in-service date.

An applicant’s 3rd party property management representative must attend compliance training. The Commission is no longer requiring the applicant to attend training unless they are self-managing.

**Race & Equity Questionnaire**

The Commission is seeking a better understanding on how our Stakeholders and Partners are working to create a more equal society. The Commission is asking questions of our Stakeholders to better understand the impacts of our past policies and how we should evolve to make Diversity, Equity & Inclusion a major component in our programs. Below is the questionnaire:

To help the Commission understand what applicants may already be doing to address these inequities, please answer the following questions:

1. Are there specific steps your organization has taken to address institutionalized racism or promote racial equity (e.g., through a strategic planning process, administration of a Race and Social Justice toolkit, leadership, or board training, etc.)? Please describe.
2. Are there specific aspects of the proposed project that address institutionalized racism or further race and social equity in Washington State, including but not limited to the project location, target population(s), screening criteria and outreach and marketing efforts? Please describe.

Further, WSHFC is considering additional training for property managers to our placed-in-service requirement around racial equity and social justice.

3. What training (if any) is already in place for your property managers or for the property management company you are proposing for this application? If any, please describe. If you are not currently requiring any training but are considering training, please describe this as well. Note: your answers do not have a bearing on our approval of your application – it is for our informational purposes only but could lead to policy or training requirements in the future.

There was public comment from Fred Safstrom, Executive Director, Housing Hope and Marty Miller, Executive Director at the Office of Rural and Farmworker Housing in which they expressed thanks to the staff for including and listening to stakeholders and continuing to improve and make this process help the people. Ms. Vatske also noted a written comment letter was received from the Association of Washington Housing Authorities (AWHA). AWHA stated that all areas should qualify for the 8% TDC increase and the ability to implement a 25% homeless threshold to the Balance of State.

**Public Hearing:  
Annual public  
hearing for the  
issuance of single-  
family bonds**

The Chair opened a public hearing on the issuance of single-family bonds at 1:54 p.m.

Lisa DeBrock, Director of the Homeownership Division, noted that the hearing is an annual item. Ms. DeBrock stated that this public hearing concerns the proposed issuance by the Commission of single-family program bonds and homeownership program bonds in one or more series, in a total amount not to exceed \$250 million. The bonds will be finance the acquisition of eligible single-family residences throughout the state.

Mortgage loans will be originated by lending institutions under standard FHA, VA, USDA, Freddie Mac and Fannie Mae guidelines, and sold to a master servicer. The master servicer will pool the mortgage loans into Ginnie Mae, Fannie Mae or Freddie Mac mortgage-backed securities and sell them to the Commission's bond trustee who will acquire the securities with the proceeds of the bonds.

A portion of the bonds may be a short-term note, which will be issued pending the establishment of mortgage rates through the issuance of long-term bonds. The issuance of bonds and any remarketing or refunding of bonds is done pursuant to a plan of finance of the Commission.

The mortgage loans must meet the requirements of the originating lenders as well as Section 143 of the Internal Revenue Code of 1986, as amended, if the interest on the bonds is to be exempt from federal income taxes.

Borrowers must be first-time homebuyers (unless the property is located in targeted areas as defined by the Code or the loan is made to a veteran as defined in 38 U.S.C. §101 and are subject to maximum income limits). Properties are subject to maximum purchase prices and must be owner-occupied. No other public hearing needs to be held for bonds issued within a one-year period. No written comments were received from the public. The results of the hearing will be sent to the Governor for approval prior to the issuance of bonds.

There were no other comments from members of the public and the hearing was closed at 2:16 p.m.

**Action Item:  
Proposed 9%  
Housing Tax Credit  
Program Policy  
Changes for the  
2022 allocation  
round**

Mr. Larsen moved approval of the proposed changes to the 9% Tax Credit Policies for the 2022 allocations. Mr. Espinoza seconded the motion. The resolution was unanimously approved with one abstention from Mr. Krueger due to a conflict of interest with an application from his current employer, the Yakima Housing Authority.

**Action Item:  
Resolution No. 21-  
72, 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 (MHFC), said this was a resolution authorizing the Executive Director to make reservations and/or allocations of 2021 Housing Tax Credits to the following projects:

21-01	Evergreen Commons	Walla Walla	Walla Walla	\$ 770,704
21-11	FSCSS Family Housing Phase I	Olympia	Thurston	\$1,647,547
21-12	Mother Teresa Haven	Spokane	Spokane	\$1,275,648

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

**Action Item:  
Resolution No. 21-  
73, Tax Credit  
Program  
Allocation, Twin  
Lakes Landing II,  
OID # 21-03**

Ms. Vatske requested approval to increase the 9% Low Income Housing Tax Credit (LIHTC) allocation by \$172,806 from \$1,594,479 to \$1,767,285 for Twin Lakes Landing II, to be owned by Twin Lakes Landings II LLC, a Washington limited liability company. The project is located at TBD 164th Street NE, Marysville, WA 98271.

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

**Action Item:  
Resolution No. 21-  
65, Admiralty  
Apartments, OID #  
20-82A**

This item was pulled from the agenda.

**Action Item:  
Resolution No. 21-  
67, Rose Street II,  
OID # 21-43A**

This item was pulled from the agenda.

**Action Item:  
Resolution No. 21-  
70, Single Family  
Resolution**

Lisa DeBrock, Director of Homeownership Division said this is a resolution authorizing the issuance and remarketing of Single-Family Mortgage Revenue Bonds, Homeownership Program Bonds, and Single-Family Special Program Bonds in one or more series, in a total amount not to exceed \$250,000,000; reauthorizing the Home Advantage Program; and authorizing the Executive Director to use undeployed funds to provide liquidity for mortgage loan purchase, all to facilitate the financing of single-family housing. Mortgage loans will be originated by lending institutions under standard FHA, VA, USDA, Freddie Mac and Fannie Mae guidelines, and sold to a master servicer.

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

**Action Item:  
increase the SF  
House Key  
Opportunity  
income and  
acquisition cost  
limits**

Ms. DeBrock stated that there have been no changes to the programs since August 2018 and due to the markets making it increasingly challenging for families to buy homes staff has proposed increasing the single-family House Key Opportunity income and acquisition cost limits as proposed in a memo previously sent to Commissioners. The proposed 2021 purchase prices are as follows:

County	2021 Proposed Purchase Price Limit for Non- Target	2021 Proposed Purchase Price Limit for Target
JEFFERSON	\$ 305,000.00	n/a
ALL OTHER COUNTIES	\$ 305,000.00	\$ 350,000.00
CHELAN	\$ 305,000.00	\$ 350,000.00
DOUGLAS	\$ 305,000.00	\$ 350,000.00
CLALLAM	\$ 325,000.00	\$ 350,000.00
SKAGIT	\$ 350,000.00	n/a
THURSTON	\$ 350,000.00	\$ 430,000.00
ISLAND	\$ 350,000.00	\$ 430,000.00
KITSAP	\$ 375,000.00	\$ 450,000.00
WHATCOM	\$ 380,000.00	\$ 450,000.00
SAN JUAN	\$ 425,000.00	\$ 480,000.00
CLARK	\$ 445,000.00	\$ 490,000.00
SKAMANIA	\$ 445,000.00	\$ 490,000.00
KING	\$ 620,000.00	\$ 675,000.00
PIERCE	\$ 620,000.00	\$ 675,000.00
SNOHOMISH	\$ 620,000.00	\$ 675,000.00

The proposed 2021 income limits are:

COUNTY	Proposed Non-Target 1-2	Proposed Non-Target 3+	Proposed Target 1-2	Proposed Target 3+
King/Snohomish	\$ 130,000.00	\$ 155,000.00	\$ 130,000.00	\$ 155,000.00
Pierce	\$ 100,000.00	\$ 120,000.00	\$ 100,000.00	\$ 120,000.00
Clark/Skamania	\$ 95,000.00	\$ 110,000.00	\$ 105,000.00	\$ 120,000.00
Kitsap	\$ 90,000.00	\$ 100,000.00	\$ 105,000.00	\$ 120,000.00
All Other Counties	\$ 85,000.00	\$ 100,000.00	\$ 95,000.00	\$ 110,000.00

Mr. Topper moved to approve the proposed increase the Single-Family House Key Opportunity income and acquisition cost limits. Mr. Espinoza seconded the motion. The request was unanimously approved.

**Action Item: to increase the SF Home Advantage income limit**

Ms. DeBrock stated that Home Advantage is an unlimited resource. The Commission has not raised the income limit of \$145,000 since August 2018. Raising the income limit does not take away from families that earn less. By increasing the maximum income limit, we are lifting the lid on the program to help more families purchase in an unaffordable market.

The market itself causes significant challenges. The ability to continue to help borrowers with rapidly escalating home prices and low housing inventory impacts our borrowers negatively. Our borrowers are priced out of the market. Incomes do not match the price of homes statewide. The average income does not keep up with the average price of a home. Median income households struggle to buy a home everywhere.

For ease of use at program inception in 2011, the Commission approved one maximum income limit per year statewide for Home Advantage, which represented the highest income limit offered under the House Key Program at the time. The IRS allows housing finance agencies to lend up to 140% of area median income per federal guidelines.

Staff used the same methodology to set the statewide limit of \$160,000. The highest federal limit per federal guidelines for the IRS Single-Family bond programs is currently \$161,980 for Target areas. Further supporting an increased income limit, according to the Washington Center for Real Estate Research, the

median home price has increased by 25% since 2018 when we last raised the income limit.

Staff believes with an increased maximum income limit we will be able to reach more families who are able to qualify for a mortgage but lack the ability to save for a down payment.

Mr. Larsen moved to approve the proposed increase of the Home Advantage income limits. Mr. Kreuger seconded the motion. The request was unanimously approved.

**Action Item:  
Approval to hire a  
seller servicer  
consultant/impleme  
nt**

Ms. DeBrock stated with limited options for master loan servicers, the Commission seeks to become a Fannie Mae, Freddie Mac, and Ginnie Mae approved seller servicer as it would give the Commission ultimate control of its programs and the ability to better serve borrowers on both the origination and servicing side. At the April work session, Betsy Cavanna presented her white paper describing the pros and challenges of seeking agency approval along with her recommendation to proceed. At the May Budget and Planning session, staff went into more detail regarding the pros and challenges to agency approval, next steps, timeline, and budget. As Commission staff are now comfortable with this model and recognize the long-term benefits, staff recommend proceeding and working towards agency approvals.

Staff is asking the Commission for permission to allow the Homeownership Division in coordination with the Finance Division to proceed with hiring a seller servicer consultant and to start implementing necessary processes as recommended by the consultant to apply for agency approval with Fannie Mae, Freddie Mac, and Ginnie Mae as part of the work plan for this next fiscal year.

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

**Action Item: the recommendation for Bond/ General/ Tax Credit Counsel, Special Counsel on Single Family Disclosure Counsel, and Special Counsel for Energy Efficiency Loan Program.**

Paul Edwards, Deputy Director, stated that Commission staff conducted a Request for Proposal (RFP) process in order to select General Counsel, Bond Counsel, Single Family Tax Counsel, Single Family Disclosure Counsel, Sustainable Energy Counsel, and Tax Credit Counsel.

On April 15, 2021 RFPs were e-mailed to a variety of legal firms; a legal notice appeared in the Bond Buyer, Seattle Times, and Daily Journal of Commerce newspapers; and posted on the Commission website.

The RFP responses were due on April 29, 2021 and staff received responses from 4 law firms requesting to be considered for various legal services positions:

- o Kutak Rock (Omaha)
- o Pacifica (Seattle)
- o Stradling (Seattle)
- o Hillis Clark Martin & Peterson (Seattle)

On May 10, 2021, the Executive Management Team (EMT) met to review the RFP responses to determine which candidates to interview. The discussion focused on past experience, experience of key staff, track record, customer service, and fees. It was noted that with the exception of Hillis Clark, the other three respondents are firms on the current legal team. Hillis Clark responded that the Commission is exceptionally well served by its current counsel, and therefore they would not submit a formal response. Thus, EMT decided to recommend that the Commission continue to use the firms on its current legal team; however, staff decided to hold interviews and use that opportunity to drill down on specific points each division wanted to pursue further with each firm. EMT also decided to ask each firm a specific question regarding their commitment to racial justice.

On June 17, 2021, the Executive Management Team (EMT) met to review the RFP responses to determine which candidates to interview. Our discussion focused on past experience, the experience of key staff, track record, customer service, and fees. Following this discussion, the EMT decided to recommend that the Commission continue to use the current legal services provided as follows:

- o Pacifica: General, Bond, and Tax Credit Counsel
- o Kutak Rock: Single Family Tax Counsel
- o Stradling: Energy Efficiency Counsel & alternate counsel

In response to a question by Mr. Pellicciotti, staff confirmed that the Commission reached out to 14 other legal firms when it posted this RFP.

Mr. Kreuger moved to approve the recommendations. Ms. Lawrence seconded the motion. The motion was approved.

**Action Item:  
Operating Budget  
for the fiscal year  
July 1, 2021 – June  
30, 2022**

Bob Cook, Senior Director of the Finance Division requested approval of the proposed budget for the Washington State Housing Finance Commission's upcoming fiscal year, July 1, 2021 through June 30, 2022. Staff have updated a few items from the draft presented at last month's Planning Session.

The significant changes since the May draft include:

- Addition to professional services funding to support the drafting of the Housing Finance Plan
- Reduction in two employee-related expenses based upon confirmed rates compared to what we had previously budgeted:
  - o Monthly employee medical premiums down 16.6%
  - o Employer pension contribution rate reduced by 21.0%

Finally, in last month's packet staff included memos describing major program initiatives that could occur that are not currently included in the FY22 budget as presented:

- American Rescue Plan Act funding for the Homeowner Assistance Fund
- Federal legislative changes affecting multifamily programs, such as:
  - o Increase in private activity bond cap
  - o Increase in Housing Credit resources
  - o Change in the 50% test for the 4% Housing Credit

Mr. Krueger moved to approve the 2021-2022 budget. Mr. Espinoza seconded the motion. The annual budget was approved.

**Action Item:  
Transfer of  
reserves to  
Program-Related  
Investments (PRI)**

Mr. Cook explained that the Commission has usually transferred excess earnings in the general operating fund as of June 30 each year to the Program-Related Investments.

Mr. Cook requested the Commissioners consider and act on a request to transfer reserves in excess of \$30 million in the General Operating Fund before the effect of deferred pension and OPEB liabilities as of June 30, 2021 to the Program-Related Investments (PRI). This will restore the net reserves shown on the financial statements to at least \$30 million.

Mr. Larsen moved to approve the transfer of excess revenue into the Program-Related Investments. Mr. Espinoza seconded the motion. The request was unanimously approved.

**Informational  
Report on  
Department of  
Commerce  
Activities.**

Ms. Klontz from the Department of Commerce (“Commerce”) gave a report as follows:

**Housing Finance Unit (HFU)**

Notice of Funding Availability released in June for \$10 million for Continuing Affordability and \$148.7 million for Traditional Funding.

The first competitive round for the Rapid Capital Housing Acquisition program will be initiated in July, with conditional awards provided in September 10 project closings (the projects were built) in the last three months, representing:

- Development of 431 new units
- Preservation of 43 units
- \$17.5 million in state investment
- \$126 million in total development cost

Groundbreaking ceremony for Joint Pacific County Housing Authority's Willapa Center, Noon on June 24 in Raymond.

Released RFP to solicit proposals for the study of permanent supportive housing operating costs on June 28.

HFU is working on spending the remaining funds for the Rapid Response Pilot Program for mobile and manufactured home communities.

**Executive  
Director's Report**

Mr. Walker stated that Homeownership hosted a second virtual event with the National Association of Minority Mortgage Bankers (NAMMBA) to help them form a Washington State chapter on June 10, 2021.

In May, Homeownership had \$246 million in new reservations assisting 723 families. These numbers are on par with overall dollar volume from 2020 and 2019. However, Homeownership is helping fewer families as the average loan amount continues to increase.

Multifamily & Community Facilities (MHCF) hired an intern, Cassidy Berlin, a graduate student at the Evans School, to research historic and current discrimination in the affordable housing industry in Washington State. The recent redesign of the 4% tax credit/bond program policy to value Racial Justice and Equity is intended to be a remedy for harmful policies within the housing finance system, in which the WSHFC has been a passive participant for many years.

There are many presentations and conversations continuing to occur around the changes to the Bond/4% policies, most notably with former Commissioner Josephine Tamayo Murray and approximately a dozen participants representing the Communities of Concern Commission.

The Finance Division reports that the state audit is wrapping their audit up and expects they will be scheduling an exit conference in the next few days.

Moss Adams, the Commission's independent auditor, has scheduled its preliminary audit work for the next month. Staff will be preparing and

distributing interim financials for their review and selection of sample testing transactions.

Melissa Donohue, Manager of the Asset Management and Compliance Division and Department of Commerce staff started work on enhancing the collection of race and ethnicity data from projects in WBARS.

Alma Villegas and Eliza Carrington with AV Consulting facilitated a series of small group discussions with staff to assist with developing a common language for the Commission’s antiracism work. Alma and Eliza began supporting the RJET with their charter development last fall. These discussions were informed by anonymous staff survey responses and a “dialogue design team” was formed ensure the process for these dialogues was safe for staff, culturally competent, and productive. We look forward to hearing the report from Alma and Eliza.

**Consent Agenda**

The consent agenda was approved as mailed.

**Executive Session**

At 2:55 p.m., Mr. Rumpf called an Executive Session to discuss personnel issues and the public was excused.

The Commission reconvened at 3:31 p.m. Mr. Rumpf requested approval of a 3% Cost of Living (COL) increase to the Executive Director’s salary starting July 1, 2021.

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

**Adjournment**

The meeting was adjourned at 3:33 p.m.

**Signature**

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