2017 Housing Finance Unit Amendment Application and Portfolio Preservation

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The goal of the Asset Management and Compliance Team is to ensure that Housing Finance Unit funded projects are providing safe and affordable housing to Washington State’s low-income and vulnerable persons.
Asset Management Responsibilities

• Ensure portfolio and housing stock preservation
• Protect the state’s investments
• Review project performance
• Perform desk and on-site compliance monitoring in collaboration with other Public Funders
• Provide technical assistance and training
• Work with contractors and other Public Funders to adjust to changing conditions
• Enforce terms of written agreements
Intended Use:

• Request changes to contract once a project has been placed in service (issued certificate of occupancy or equivalent)
• Intended to address emergent needs
• May be initiated by Contractor or Commerce
• Evaluated by Commerce Asset Management team per Chapter 5 Section 504 of the Housing Trust Fund Handbook
Requests may include:

• Property Transfer
• Refinance/Subordination
• Additional Funds*
• Loan Restructure/Deferral
• Property Sale
• Expiring Tax Credit
• Minor Scope of Work Changes (use, target population, unit changes, etc.)

*Pending budget approval, future awards of additional funding for existing HFU contracts will be subject to a separate competitive process. More on this later.
Amendment/Workout Application (continued)

**Process:**

- Contractor completes application and submits to Asset Management
- Asset Manager will
  - Review for completeness
  - Notify any other Public Funder of request, if applicable
  - Negotiate specific benchmarks and timelines to complete*
  - Underwrite request based on current policy
  - Submit recommendation to management for final decision

*Requests are prioritized based on critical timing, risk assessment, and other Public Funders’ timelines.
Amendment/Workout Application (continued)

Process (continued):

• Approval communicated to Contractor in form of term sheet
• Contractor agrees to term sheet
• Commerce drafts amendment documents or new contract
• Amendment is executed
• New terms go into effect
HTF preservation funding is identified in all budget proposals (Governor, House, Senate):

- $10,000,000 for competitive grants
- Existing HTF properties only
- Eligible costs include: major building improvements, preservation, and system replacements
- Preservation NOFA anticipated in July 2017
- Award decisions anticipated in December 2017
Funding criteria (per provisos):

- Property is more than 15 years old
- At least 50% of units are occupied by households at or below 30% AMI
- Must result in reduction of operating or utility costs
- Will require a Capital Needs Assessment
- Cannot use funds to expand the property or create new units
- Other criteria that Commerce may apply
Thank you for your time!

Questions?

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