

Commissioner roll call was given at 4:42 p.m. The Briefing was held via teleconference, with an in-person option at the SHA Central office. Commissioners Dr. Houston, Purcell and Smiley were absent from the Briefing.

Introduction of new SHA Deputy Executive Directors

Prior to the formal start of the meeting, Executive Director Rod Brandon introduced the two new, recently hired Deputy Executive Directors to the Board: Jen Chen and Javana Cross Polenska. The Board welcomed them warmly to SHA and are excited to have them join the SHA team.

Mr. Brandon also formally thanked Anne Keeney, form Interim Deputy Executive Director for stepping in and performing a phenomenal job in keeping the department focused and goal driven during the past year. Her great work is greatly appreciated! Commissioner Clark also thanked Anne on behalf of the Board for her commitment to the agency.

Resolution No. 5292: Dissolution of SHA Audit Committee; Report out of Clifton Larsen Audit

Mr. Brandon presented Resolution No. 5292 to Board. In an effort to increase transparency and to increase efficiency of the organization of the audit meetings, the goal is to eliminate the current audit committee which is made-up of a subcommittee of existing board members. We would make presentations of audit information to the Board as a whole with the same functionality, information and the same audit reviews given to the entire SHA Board of Commissioners, instead of a select few.

The Audit Committee was created in January 2008, by adoption of Resolution No. 4892. The purpose of the Audit Committee was to provide for financial oversight of SHA and to facilitate independent review of SHA's annual financial statements and financial controls.

Board & Audit Committee Chair Sally Clark clarified that whether the committee is dissolved, or not, it doesn't change the fact that the Board is ultimately responsible for that (audit) review. Commissioner Clark presented the findings of the 2023 audit performed by Clifton Larsen Allen and concluded in May 2024. There were two findings in this audit report, both of which were errors. One error was found in how Tenant Based Voucher households were checked in terms of the inspections meeting housing quality standards and then making sure that the remediation and the corrections were done via the landlord. The second error was more of an accounting issue but for SHA employees whose salaries comes from both federal and non-federal sources, as there is reporting that needs to be completed in terms of a testing that the work performed was charged to the right sources. The audit found that there were employees in the sample that didn't have the paperwork filled out appropriately in order to serve for that proof of the work being attributed to the correct funding source. Ms. Clark then invited staff expound on these errors and explain corrective action steps that are being taken in order to make sure that these errors are correction and not yielded in a future audit.

CFO Jared Cummer explained that the errors were a result of system issues, as well as a turnover in key staff, i.e. the Payroll Manager. Since then, a process has been set where the

Payroll team is meeting monthly with the Budget team to review the salary splits for individuals that are paid from federal and non-federal sources, and to ensure that it is caught whenever there is a new hire, or an employee is promoted to a different position where the funding sources has changed budgets, it is now noted in the system for payroll as to what the source of funding is. On the voucher side of things, this was a combination of two things; One is this came at a time where inspections were put on hold for a very long period of time due to COVID. And then, once inspections were resumed again, there was a significant backlog that needed to be addressed. Another instance was, again, a systems issue where the notice to the landlord was being sent to the residence of the voucher holder rather than directly to the landlord address, which made a failure to notify properly under the regulations. Because the letter didn't go to the landlord's address, they weren't able to abate, withholding payment of the housing assistance payment (HAP), to the landlord if they do not pass the housing quality inspection. This got missed for a while but has now been corrected and the HCV Office supplied their corrective action plan for that in the future, as lack of staffing was an issue, as well. Over the last two budget cycles, more staffing has been added to stay on top of abatements, and they have new tracking now that has been put in place so that they are always cross-checking units that didn't pass inspection. The HCV Inspection Manager is conducting a monthly review similar to what was implemented in payroll of the units that are moving through the abatement process. So, if an inspection fails, they are monitoring to make sure that it is moving through the next steps for abatement and that in the event that a notice is not properly sent to the landlord.

Mr. Cummer reported that even with the findings, from an accounting standpoint, the accounting threshold measures are still doing very well, and SHA still maintains a low-risk oddity standing, which is an important standing to have because it allows us to access different federal grants as they come up, but also allows us to have different thresholds for reporting and purchasing, which is favorable. By dollar value, the payroll error was \$9000, and on the HAP, it was \$30,000.

Resolution No. 5290: SHA Executive Director Designation Line of Succession

Mr. Brandon presented this resolution to the Board, a 'housekeeping' item which designates personnel to serve as Acting Executive Director in the absence of the Executive Director. We the onboarding of the two new Deputy Executive Directors, there is a need to update the current designation, which was adopted last year. While acknowledging that the top two designees are new to SHA, we hope to have them fluent on the responsibilities of the ED to make them able to act on his behalf when he is unable to do so. The line of succession is designated in this order: Jen Chan, Jvania Cross Polenska, Jared Cummer and Chuck Lind.

Commissioner Clark concurred with the resolution and commented that this is a resolution that is needed so that there's clarity in terms of who has delegated authority in the agency. She also gave remarks for Commissioner Purcell (in his absence) regarding his initial concerns for the top two designees to be new staff, but Mr. Brandon stated that there are a number of checks and balances, even for him, when he's in position as decisions are made and in the use of the authority that he has and that he has confidence in the people put in place to carry out decisions necessary in his absence.

Resolution No. 5291: Buy Up Program (First AME/Bryant Manor 2)

SHA has been very fortunate and successful with the Buy-up Program as it has generated a lot of interest from outside affordable housing developers by allowing them to build units with three or more bedrooms, when it is economically more beneficial for them to build smaller units. The Buy-Up program attempts to offset the economic hurdles affordable housing developers face in building larger units and provides much-needed larger affordable units in higher opportunity areas.

This program came out as an adjunct program to the Creating Moves to Opportunity (CMTO) program, which was focused on providing and/or locating low-income households in neighborhoods of opportunity. It was discovered through the CMTO program that there simply weren't a whole lot of family-sized units in those target opportunity neighborhoods to be located to. The Buy Up program was put in place to help incentivize developers who are doing affordable projects in high opportunity neighborhoods to create 3-bedroom units because the funding incentives largely are geared toward studios, 1-, and 2-bedroom units.

SHA is partnering with First A.M.E. Housing Association on their project in the Central District neighborhood in order to increase the total number of three-bedroom units in their Bryant Manor 2 development. SHA is providing \$2,300,000 in capital financing to the project and the developer is including thirty affordable three-bedroom apartments (at 60% AMI) because of this funding. Resolution No. 5291 authorizes SHA to lend up to \$2,300,000 to FAME Housing for this project and to make and execute documents and contracts related to this loan.

Yesler Terrace Legacy Fund Update

Mr. Brandon introduced Housing Operations Deputy Director Rachael Steward and Kent Koth, Executive Director for the Sundborg Center for Community Engagement at Seattle University, to provide and update on the Fund to the Board. Michael Stark, Institutional Fund Manager at Seattle Foundation joined the presentation.

Ms. Steward: This has been a year of transition, and 2024 was the focus the partnership and preparation to move from a plan to implementation. The \$15 million services contract with Seattle University was established to be able to provide services to young people in the Yesler community, including education supports, as well as broad youth development supports. The Seattle Foundation is an additional partner in being able to deliver programs and services to families at Yesler. These two institutions have come together because they are critical in making sure that supports can continue to families at Yesler.

Seattle University has been a partner with SHA for numerous years, but the banner programming has been through the CHOICE Neighborhood Grant, which was the redevelopment fund that has helped us to get started with the Yesler redevelopment but in particular has put a lot of wind beneath the wings of SHA and community organizations to bring services to families, including education, employment, and the arts program that helps us with having a community that reflects the residents of Yesler in the past, as well as those who are there now.

Mr. Koth: This Seattle U mission is *Seattle University is dedicated to educating the whole person, to professional formation, and to empowering leaders for a just and humane world.* The latter part of the statement (empowering leaders for adjusting humane world) is what we strive to do at the University and our commitment to our local neighborhood is really significant because our students can't be prepared to lead for adjusting humane world if they don't spend time grappling with issues of injustice through their courses and through other activities. And so, for a very long time now, we've had a major commitment to the neighborhoods just south and east of campus that encompass Yesler Terrace and other neighborhoods.

The purpose of the Sundborg Center is to connect campus and community to pursue our mission as a university, you can see the multiple different icons here and the slightly greener shaded area. That area is what we call the Seattle University Youth Initiative (SUYI) area, where we as a university are providing support to 1000 children and their families in the 200 square block area that encompasses Chinatown International District, Yesler Terrace, and then a significant portion of the Central district. We do have hundreds of our students that are working in the local schools as mentors and tutors and running after school programs, as well as helping with summer programs. More recently, we've made a full a commitment to provide full tuition scholarships to fifteen scholars from the neighborhood a year to come to Seattle University, and this year the cohorts, the oldest cohorts, are seniors in high school at Garfield High School. We were, as Rachel mentioned, a key partner and learned so much through the CHOICE Neighborhood Grant that focused on Yesler Terrace and the success of children and youth.

The Yesler Terrace Legacy Commitment (YTLC) is \$15 million in land proceeds placed in a Seattle Foundation fund to offer permanent services for Yesler residents. The focus of the initial 10 years of the fund is on youth development and youth education and SHA asked Seattle University to be the service delivery partner because of its long-standing commitment to the neighborhood through the SUYI. Seattle University is to serve as the service delivery partner and the Seattle Foundation will provide funds (approximately \$750k per year) to Seattle University. Seattle University will use most of the funds to contract with organizations to deliver services and will use a portion of the funds to staff/supervise the project, as well as conduct an evaluation of the investments.

The governance structure of the YTLC will consist of is a fund advisory committee that has representation from the Seattle Foundation and SHA, that is advising the overall investment of the funds to make sure that it'll continue well into the future. Then, there's a Yesler community service committee that has a particular focus on mobilizing community voice community decision making. They will also review evaluations and data, as well as advise on annual investments. This committee will consist of one representative each from Seattle University, SHA and Seattle Foundation, and six Yesler Terrace representatives. We're currently in the process of identifying the residents to serve in that committee. Seattle University's role is to contract for services with organizations, evaluate the impact of the services and coordinate the YCSC and community voice. They will also engage partner organizations to pursue a wholistic community approach and, when possible, place SU students with partner organizations.

Implementation timeline includes hiring a staff lead (Benji Anderson), establishing the committees, developing the initial year contracts and establishing a data and evaluation plan in 2024. The project will begin in 2025, with a target year of 2033 for Seattle Foundation to start an assessment of whether to continue the next 10 years of the YTLC to focus on youth and education or branch out into other focus areas.

Mr. Stark: Seattle Foundation is the steward of the fund, and those funds are invested in our balance pool, which is a globally balanced portfolio of securities that is managed through partnership with an external investment consultant and our investment committee as well, we have multiple levels of diversification from different types of fund managers to, of course, different types of asset class. It's primarily invested in domestic and international equities, but there's a full range of investment classes in that balance pool, including real return and different types of debt as well.

Commissioner Howard inquired to Mr. Stark about who's representing the organization that's responsible for investment of the funds? She had a concern that any funds connected with SHA be invested in ways that support and do not hinder those values that are endemic to SHA of equity and social justice and climate and a range of things, particularly given the coming political climate. She thought it important that we respond on whatever level we can and leverage whatever resources we can in directions that we see as positive and appropriate for the agency, staff and residents. Commissioner Howard also mentioned interest in examples of organizations Seattle University would be using to provide the services for Yesler residents.

Mr. Stark: The fund is invested in the balance pool, as I mentioned before, to provide long term principal protection as well as appreciation of the assets, as this is not an endowment. Technically, the fund is still meant to live in perpetuity, and so part of our role is the fiduciary, and the party responsible for storing these funds in perpetuity, we need to make sure that those assets are invested for that long term gain and also that protection of principle. Now Seattle Foundation does have a socially responsible fund that could be an option. However, I believe that that choice may need to be made by the Seattle Foundation's board, or at least the senior leadership team if there was going to be any switch there.

Mr. Koth: Yes, we actually are moving into January with and setting up four contracts with organizations that have had a partnership with the Housing Authority and the Housing Authority has been funding at Yesler Terrace. So, giving you some examples of those organizations. One is MMRTI, or the Multimedia Resource and Training Institute, which is based at Yesler in a storefront that's in the Red Cedar Building. They organize the Summer Youth Media program, where young people have been documenting for the past 13 years the redevelopment of Yesler Terrace and have over 100 videos now of telling stories of the redevelopment. Another example is the Catholic Community Services youth tutoring program, which provides one-to-one tutoring to young people at Yesler. They'll also be in the storefront in the Sawara building, moving there sometime soon. Currently there in the Epstein building and then the Bureau of Fearless Ideas, which is in the Hoa Mai Building, provides after school programming that focuses on storytelling and writing. And then the final organization is Team Read, which provides one-to-one support to 2nd graders to learn

to read and that that delivery will be occurring at Gatzert Elementary school in the after-school time, because the majority of elementary school children from Yesler go to school at Gatzert, right across the street from the Yesler community. That's it for a start, and then the committee will be making decisions. There are additional dollars that are going to be available in this fund and then each one of those four organizations I just named have ideas that they'd like to pitch to the committee once it's set up.

Post-election Update

Intergovernmental Relations Director Lisa Wolters and IGR Coordinator Demi Reeves presented a real time update to the Board regarding current 2024 election result for both federal and state elections.

In the federal elections, Donald Trump is now the president-elect, getting 312 Electoral College votes to 226 from Vice President Harris' none. He also won the popular vote and the one theme that was lifted up in this presidential election was around housing and housing affordability, and we expect that will continue to be an issue going forward. A significant difference is that the Senate will now be controlled by the Republican Party versus the Democratic Party, and the significance for that for housing is that our own Senator, Patty Murray, was the chair of the Appropriations Committee. She was also the senator Pro Tem, meaning that she was third in line for succession to the presidency. That will not be the case anymore, since the majority party has the chairs of the committees. We do anticipate that she will become the ranking Member on Appropriations and as of now, we're hearing that Senator Susan Collins from Maine, who Senator Murray has very good relationship with, may become the Chair of Appropriations in the Senate.

Presidential elect Trump has started to name his advisors, and he has named Susan Wiles, to be his Chief of Staff; she was on the campaign. He has also released his transition team's Co chairs, the transition team is the team that will be put in place to bring in ongoing staff and as of right now, he has Cantor Fitzgerald, CEO Howard Lutnick and Linda McMahon. One is a former wrestling executive who led the Small Business Administration during his first term. So, we are seeing him bring back people who were at his first term and there is some speculation about who he might appoint to be the Secretary of HUD...Ben Carson. Some of you may remember Ben Carson was a previous HUD Secretary under President Trump and his name has surfaced again. He also was an author of part of a document you may have heard called Project 2025. He penned the housing section of that. Other names that are being circulated are Scott, from South Carolina, though it is believed he will be seeking a role to be head of the Senate Campaign committee and so likely will; he has made public statements that he sees himself more staying in Congress versus taking a cabinet position. There was the other name we are hearing is a Brian Montgomery, who has served as the Deputy Secretary of HUD under For Fair housing administration when the Trump administration sought to take a different stand around fair housing to move away from equity.

In the House, the count is 214 to 203. There are still 17 seats to be undetermined, but I believe if the Republicans gain four more seats, then they will then have majority in the House. So, there is a fairly a good chance that the Republican Party will have control in

the White House, the Senate and the House. We expected many people expected that the Senate would be lost, not necessarily for the House. There are still states that we're still waiting on for results in Alaska, Arizona, California, Colorado, Indiana and Maine. But the Republicans are leading in eight races already. The Democrats are leading in five, but the math is just not looking like it would likely be done for the Democrats. The key issues that we expect to see in this new administration are the economy and taxes, immigration, federal regulations and public benefits, climate and energy. On immigration, about people's immigration status and whether or not they were eligible for public benefits under the previous Trump administration, for the first time, we saw that being applied to housing. We have not seen anything yet that indicates that, but we will be tracking all of these issues very carefully and watching for that and in 2016 we weathered that storm, and we did that a lot by being in a coalition and partnership with agencies and community-based action groups and advocacy groups around the country. There is a Continuing Resolution in place through December 20th, and they are now in what's called a lame duck session. But there is an interest to try on both sides to get a budget passed, if possible, before they adjourn for the year or before the next administration is seated on January the 20th. The Republicans would like to do it to give the incoming President a clean slate to start with, and the Democrats would like to do it while they still have majority in the Senate.

For the results of the state elections, the current Attorney General, Bob Ferguson won against Dave Reichardt with a vote of 56% to 44%. The race has now been called in, and Bob Ferguson is the Governor elect. The rest of the State's executive roles were also won by Democratic candidates, those positions, being the Lieutenant Governor, Secretary of State, Attorney General, Superintendent of Public Instruction, Insurance Commissioner, Lands commissioner, etc. In the State Senate this election, about half of the state Senate, or 25 seats, were up for election. And as of this morning, Senate Democrats hold the majority with 28 certified members or certified races to Senate Republicans, 16 members. There are about five more races to be called, but the Senate Democrats will have a majority regardless of how those races turn out. As of this morning, Senator Jamie Peterson will be the new Senate Majority Leader in the Washington State Senate following the retirement of Senator Andy Billig, who will be leaving the state legislature after 14 years of service. Senator Petersen represents Seattle and SHA has a great relationship with him in his office.

In the State House, all 98 seats were up this election, and as of this morning, the House Democrats hold the majority with 56 members to House Republicans, 36 members, with six more races to be officially called. House Majority Leadership will likely remain the same as speaker Lori Jenkins and Majority Leader Joe Fitzgibbons were both re-elected. Some of the key issues that have been appointed from the new administration and those include public safety, economic growth and stability, affordable housing and homelessness, behavioral health care, affordable health care and education, and workforce development. There's been a big emphasis on affordable housing and homelessness for the state and locally in the City of Seattle, so we'll continue to see a lot of work in those areas.

Hearing no further comments, Commissioner Clark called for an adjournment. Commissioner Crutchfield motioned the call, and Commissioner Howard seconded the motion. The November 11, 2024, Regular Board Briefing was adjourned at 5:51 p.m.

Secretary-Treasurer