
**SEATTLE HOUSING AUTHORITY
REGULAR BOARD BRIEFING**

LOCATION	<u>Virtual via Microsoft Teams</u> (206) 257-3799; Phone Conference ID 450 138 704# Join the meeting now	
	<u>In-person option at SHA Central Office</u> 101 Elliott Ave W, 1 st Floor Tahoma Conference Room Seattle, WA 98119	
DATE	March 10, 2024, 4:30pm – 6:00pm	
BOARD ATTENDEES	Sally Clark, Chair Robert Crutchfield, Vice- Chair Dr. Paula Houston Rita Howard	Twyla Minor Paul Purcell
DISTRIBUTION	SHA Board of Commissioners; Cabinet	

Commissioner Roll Call

Present: Sally Clark, Chair
Robert Crutchfield, Vice-Chair
Rita Howard
Paul Purcell
Paula Houston

Absent: Twyla Minor

AGENDA:

Briefing Items

- Resolution No. 5298 – SHA Line of Credit Renewal
- Legislative Response Quarterly Update

Commissioner roll call was given at 4:37 p.m. The Briefing was held via teleconference, with an in-person option at the SHA Central office. Commissioner Minor was absent from the Briefing.

Resolution No. 5298 – SHA Line of Credit Renewal

Commissioner Clark introduced today's agenda, the first item being Resolution No. 5298 – SHA Line of Credit Renewal. Executive Director Rod Brandon continued, introducing CFO Jared Cummer.

Mr. Cummer described a \$30M line of credit that was designated for Operating purposes and is both taxable and tax-exempt, as well as a \$40M taxable line of credit designated for Real Estate. What is proposed in this resolution is merging these two lines of credit (LOC) together. At the time they were created, attorneys had not come up with this structure where you could draw both operating or real estate needs from a taxable and tax-exempt line at the same time. That has now become an option to SHA. Combining these would give us more flexibility. We would not renew the \$40M, cancel the \$30M, then issue an \$80M LOC not to exceed a 3-year term. Currently, the rates are comparable to what we have at 4.88% on taxable funds, and 4.35% on tax-exempt funds. The fee is \$200K for 3 years, and the prior fee for two lines was \$290K; this means a \$90K savings from what we were doing before. We do not have plans for this new LOC, but this is a good opportunity to lock in these rates given the larger uncertainty in the country.

Commissioner Purcell asked if both our current LOCs are with KeyBank and is there any value in seeking out other lenders. Mr. Cummer confirmed we are currently with KeyBank and that is what we are also looking at for the new LOC, and stated that he could make some calls to see if it would be worthwhile to look elsewhere. Commissioner Purcell stated he would accept the judgment of Mr. Cummer if he believed staying with KeyBank would be in SHA's best interest. Commissioner Clark asked what level of spending from this LOC would need to come to the board in the future. Mr. Cummer stated it is not the amount of spending that matters, but the type of spending that determines if SHA required Board approval. Real estate purchases, for example, would require Board approval. Commissioner Clark asked for any additional comments. Hearing none, Mr. Brandon offered that commissioners may always contact himself, Mr. Cummer, or Commissioner Clark with any other comments.

Legislative Response Quarterly Update

Mr. Brandon introduced Director of Intergovernmental Relations Lisa Wolters, stating that while the intention had been to only have quarterly updates on legislative matters, it seems more prudent to have them more often given the fast pace of recent changes. In December 2024, Congress passed a continuing resolution (CR) to prevent a government shutdown. That CR ends on March 14th, and the federal government will be faced with another shutdown unless Congress passes another CR or a 2025 appropriations package. If either of these fails to pass, the government will shut down on March 15th. If there is a shut down, SHA will continue to operate as usual for the

near future. Ms. Wolters continued, sharing more information about changes at the federal level—Federal Funding, Proposed Federal Changes, and Regional Response.

In relation to federal funding, Ms. Wolters shared information about the funding landscape for 2026. Proposed cuts at the federal level are to Medicaid and for SNAP, or food stamps. She was clear that if you tune into the news, any discussion of a continuing resolution is regarding the calendar year 2025, and any talk of the budget resolution and reconciliation is about calendar year 2026 and beyond.

In relation to proposed federal changes, the Office of Management and Budget put out a memo freezing funding for federal agencies. Since then, there have been court cases and injunctions; note that the pause in funding did not impact rental assistance programs. There has also been a halt to HUD's gender identity rules and while this does not change how SHA serves people, our stakeholders might. Nonprofit organizations we partner with are now allowed to decline to serve an individual based on their gender identity. For example, a transgender woman could be denied shelter at a women's shelter if that service provider so chose.

Additionally, there was a February 11th executive order about implementing reductions to the federal workforce. How this will impact us locally is the imminent closure of the Washington, Idaho, and Oregon HUD field offices. The HUD region SHA belongs to, Region 10, will be served solely by the HUD field office in Alaska. SHA does most of its business with HUD employees in Washington D.C. and will not be affected badly by this.

On February 19th, an executive order directing federal agencies to ensure that no unauthorized non-citizen received federally funded public benefits was signed. SHA is not impacted by this, as we provide no such benefits.

On February 26th, an executive order directing heads of departments to review all contracts and grants and limit or stop payment on any of those that conflict with the administrations priorities or to write a justification for those contracts and grants if the agency wishes to maintain them. This excluded direct assistance to individuals, which is how rental assistance is classified. Our Office of General Counsel continues to look at this rule, but as of now we have not heard of any impact to SHA. At this point, Ms. Wolters requested that Mr. Cummer present information about tariffs.

Mr. Cummer described new or additional tariffs expected to go into effect on aluminum and steel, noting that the US does not make much aluminum, if at all, and that it is unclear if US producers of steel can meet what is bound to be increased demand. Tariffs on Canada and Mexico are partly on pause as all goods that fall under the United States-Mexico-Canada Agreement (previously known as NAFTA) still qualify for a free trade exemption. Mr. Cummer continued, stating that nearly 80% of goods that could qualify under this agreement previously had not bothered to get the required designation due to paperwork burden and the lack of need. Now, many companies are scrambling to obtain that qualification. In addition to steel and aluminum, food

production and potentially automobiles will also be a concern when the tariffs go into full effect.

Commissioner Howard asked how our projects may be affected by the steel and aluminum tariffs. Mr. Cummer explained that aluminum is in everything from refrigerators to the electrical outlets that are installed in all our units, not to mention cars and engines. Currently, it is a 25% tariff for Canada and 30% compounded for China.

Commissioner Purcell asked about rental assistance not being affected by the funding freeze; are our administrative costs also protected because they fall under the umbrella of rental assistance, or is there a percentage of our administrative costs that remains vulnerable to a freeze? Mr. Brandon suggested that Mr. Cummer address this as two questions—what would be the impact of a government shutdown, and what was the impact of the freeze on federal agencies that were hit by it? Mr. Cummer explained that our voucher administration fee is baked into our voucher funding, so there is no separate line for the administrative fee as other housing authorities might. In the event of a shutdown, we are already slated to receive the next two months' worth of housing choice vouchers (HCV) next week. If a shutdown occurs and we need to cover costs, when the government opens back up, their practice is to make us whole at whatever the continuing resolution level is. The unfortunate side of including our administration fees into our voucher funding is that if there is a cut to HCV renewals for 2026, it cuts our administration fees as well. There are about six housing authorities like us under the Moving To Work (MTW) agreement that have this funding structure in place.

Commissioner Purcell asked if there are expected to be staff cuts in HUD's D.C. headquarters in MTW staff or others whom we work with. Ms. Wolters replied that so far, our key staff contact continues to be employed by the agency. Others who we know of have chosen to leave for various reasons. Initially, the administrative has said it aims to reduce staff by 50%, but much of that was thought to come from programs SHA does not work with. It should be noted that non-MTW agencies, such as housing authorities in Walla Walla, Yakima, Everett, Snohomish, and Bellingham, typically work most with the regional HUD office. It is unclear how the eventual closure of the WA/OR/ID field offices will affect those non-MTW agencies. In related news, the Government Services Administration has indicated that the Jackson Building in downtown Seattle may be sold. Commissioner Clark asked for a brief update in some form on the continuing resolution during the Monday, March 17th Board Meeting. Ms. Wolters agreed to provide this.

Commissioner Purcell asked if any of the national housing groups have standing to sue. General Counsel Chuck Lind replied that this would be very difficult.

Ms. Wolters returned to her third point of discussion, which was the regional response to these changes. A unifying theme amongst local government agencies and offices is that they are committed to maintaining the principles of diversity, equity, and inclusion as much as they can. The City Council and the King County Council have both formed committees to track federal policy changes, and SHA has good connections with these

groups. Various legal challenges have been launched by attorneys at the state and county level. Additionally, while Ms. Wolters is in D.C., she will meet with Senators Cantwell and Murray as well as Representatives Jayapal and Smith.

Commissioner Clark asked how politically conservative states' housing authorities are taking these policy changes. Ms. Wolters replied that she has heard for several years that those agencies often cannot get meetings with their congressional members because low-income housing issues are not prioritized. Rather, potential cuts to Medicaid is the first time Republican congresspeople have recognized the harm that would happen as a result of those cuts. There is a change, now, in that people are more willing to craft their messaging to emphasize the economic cost of low-income housing issues rather than just the humanitarian cost in the hope that it will get their point across.

Mr. Brandon commented that Deputy Principal Secretary Hobbs likes the MTW program. He noted that HUD is not present at the National Association of Housing and Redevelopment Officials (NAHRO) conference that is occurring in D.C. right now, which is very unusual. Congressional staffer would also normally be present, but are not; perhaps this is due to the work on a continuing resolution.

Supportive Senior Housing

Commissioner Clark acknowledged this topic was not on the agenda and invoked commissioner privilege to allow Commissioner Howard a discussion of supportive senior housing. Commissioner Howard expressed her gratitude to SHA staff and leaders for the work done on aging-in-place, and proposed that SHA begin an Opportunity Investment to fund the creation of supportive housing for seniors who are facing physical and/or mental declines. The reasons for this proposal are that those who live a long enough life all eventually face some kind of physical and/or mental challenge, and particularly for those facing mental declines with low reserve funds, there are very few places for them to go when they cannot live independently in an SHA building anymore. Additionally, these folks may unwittingly live in unsanitary conditions, and have access to appliances such as stoves and ovens which may cause them to endanger others in the building. Allowing people with declining mental faculties to live on their own also hastens their decline, as they are allowed to stay solitary in their units rather than be active with their neighbors or in their communities. SHA ought to think outside the box and consider developing an assisted living facility that would be fed entirely by SHA senior buildings for those who are no longer able to live independently.

Commissioner Clark noted that this would be a large undertaking and asked that SHA continue talking about this and consider where we could start. For example, Commissioner Howard noted that at Yesler, SHA created daycare units with bigger, fenced-in porches and special physical characteristics. Could we do something like this to address some senior residents' needs such as units without an oven or stove, and community meals?

Commissioner Purcell added that Medicaid or Medicare is the way SHA would be paid for this when it comes to lower-income individuals, and paying for nursing home level services and assisted living services is an incredible challenge. We need to at least look at every possible angle to meet that challenge as it is not happening elsewhere.

Commissioner Crutchfield echoed Commissioner Purcell's comment about the operation and services costs, as well as the need that exists. Commissioner Clark brought up Legacy House, asking if there are perhaps solvent examples in other cities either by housing authorities or adjacent to them that we could learn from.

Director of Housing Operations Dave Wellings added that SHA has an Opportunity Investment that is getting underway right now called Pathway to Permanent Supportive Housing which is relevant to this. It is for residents who are no longer able to successfully live independently in SHA's housing, regardless of age.

Commissioner Howard added that she wants to continue this conversation but not draw it out; the goal is to have the opportunity to receive some sort of funding in either 2025 or 2026. Mr. Brandon signaled his understanding.

Meeting Close

The next Board meeting will occur on Monday, Mar. 17. Hearing no further comments, Commissioner Clark called for an adjournment. The March 10, 2024, Regular Board Briefing was adjourned at 6:29 p.m.

Secretary-Treasurer