
**SEATTLE HOUSING AUTHORITY
REGULAR BOARD BRIEFING**

LOCATION	<u>Virtual via Microsoft Teams</u> (206) 257-3799; Phone Conference ID 450 138 704# <u>Join the meeting now</u>	
	<u>In-person option at SHA Central Office</u> 101 Elliott Ave W, 1 st Floor Tahoma Conference Room Seattle, WA 98119	
DATE	September 8, 2025, 4:30pm – 6:00pm	
BOARD ATTENDEES	Sally Clark, Chair Robert Crutchfield, Vice- Chair Dr. Paula Houston Rita Howard	Twyla Minor Paul Purcell Gerald Smiley
DISTRIBUTION	SHA Board of Commissioners; Cabinet	

Commissioner Roll Call

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

Absent: Gerald Smiley

AGENDA:

Briefing Items

- Introduction to the SHA 2026 Proposed Budget

Commissioner roll call was given at 4:32 p.m. The Briefing was held via teleconference, with an in-person option at the SHA Central office. Commissioner Smiley was absent from the Briefing.

Introduction to the SHA 2026 Proposed Budget

Commissioner Clark invited Executive Director Rod Brandon and Chief Financial Officer Jared Cummer to begin their presentation. Mr. Brandon provided an overview of goals that the 2026 budget will allow the agency to strive toward. He stated there is just a 4% reduction from the agency's 2025 budget, and that Mr. Cummer will provide more details. Mr. Brandon added that the Moving to Work (MTW) plan will also be shared with the commissioners, noting that there will be no new initiatives for 2026.

Getting more specific, Mr. Brandon stated that current services for residents and HCV participants will be maintained in 2026 with no new programs added. Additionally, permanent full-time employee positions are not anticipated to encounter any reductions in count. The resident budget survey was conducted between March and April 2025 with 1,135 responses. Top priorities included security concerns, improving quality of life for seniors and people with disabilities, increasing routine maintenance and janitorial work, and having tenant services support needs of residents and voucher holders. Mr. Brandon shared a budget review schedule with the board which included an October 13 date for a proposed 2026 budget vote.

Mr. Cummer introduced Deputy Director of Finance & Administration Miki Naganuma. Ms. Naganuma reviewed the agenda for the remainder of this presentation, starting with Budget Assumptions and Federal Funding Levels, 2026 Budget Overview (Sources & Uses), Budget Offsets to Balance, and Next Steps and Questions.

Budget Assumptions and Federal Funding Levels

Mr. Cummer reviewed assumptions shared in previous board meetings, noting that the agency intends to use one-time funding for development and rehabilitation projects. The agency plans to absorb the September through December 2026 costs of 475 emergency housing vouchers (EHV) for formerly homeless households. The agency will also add 120 levy vouchers to follow through on its commitment to the city. This all will lead to a voucher utilization level of 101% at year-end 2026, which the Board should be aware of.

Mr. Cummer stated that over the last three years, federal funding of the agency saw an increase from '23 to '25 of roughly 5%. From 2026 onward, the agency proposes a 4.7% decrease. The Public Housing Capital Fund (4.5% of SHA's budget) will likely see additional decreases in the future as that is a common target. The Housing Choice Voucher (HCV) Fund (79.8% of the budget) may also see decreases going forward. Commissioner Purcell asked what would happen and what would be the timeline if Congress is unable to agree on a continuing resolution and there is a government shutdown. Mr. Cummer replied that HUD stated they would advance agencies two months of HCV and Public Housing Operating Funds if there is a shutdown. The last time there was a shutdown, there was discussion of whether agencies would be

reimbursed for what they paid out-of-pocket for expenses they couldn't draw; SHA continues to watch how this discussion may play out.

2026 Budget Overview (Sources & Uses)

Budget Manager Gashaw Dessie provided an overview of the proposed budget. The budget is funded by two large sources—federal (65.5%), and non-federal (34.5%). Non-federal funding includes local housing programs, replacement reserves, investor contributions, and construction loans. The budget proposal of \$432.71 million is balanced through offsets to the capital and redevelopment budget. The MTW Block Grant from the federal government is the largest source of income at 65.5% of total funds. Following that is dwelling rental income at 12.2%, redevelopment sources at 10.4%, non-MTW operating subsidy and grants at 7.3%, and other income and investment incomes at 4.6%.

Commissioner Clark asked about the dwelling rental income—when SHA made estimates of what this income will be, what percentage of collection levels were assumed? Mr. Dessie replied that it is not consistent for each property; rather, SHA relies on trends for each property based on data from Housing Operations. Commissioner Clark noted that the reduction in SNAP (Supplemental Nutritional Assistance Program) and Medicaid may cause pressures on residents that lead to decreased rent collection. Mr. Dessie stated that SHA did try and estimate reductions in rent collection due to these factors. Commissioner Purcell added that he had the same inquiries as Commissioner Clark. He added a question—does SHA have what we *should* be collecting so it can be compared with the estimated numbers we have here? Mr. Cummer replied that SHA has not historically calculated vacancy loss, and collection loss has its own line that is tracked separately. SHA has always budgeted conservatively and in 2026, that is shown by the agency's assumption that collection rates will be slightly lower due to other pressures. To accomplish what Commissioner Purcell has requested would not be an easy number, but something coming out of the recent audit was a suggestion to calculate vacancy loss.

Commissioner Purcell asked what is the breakdown between commercial revenue and residential revenue? Mr. Dessie stated that commercial revenue is less than 5%, and that a specific number can be sent to the commissioners following this meeting. Commissioner Howard asked why the agency is expecting an increase of \$1 million to dwelling rental income in 2026 compared to 2025? Mr. Dessie replied that a couple properties moved from partnerships to become SHA wholly owned properties late this year, and that factors into the increase the commissioner noted. Additionally, some rent increases would also factor into that number. Mr. Brandon asked if SHA also expects more people to be working in 2026. Mr. Cummer replied that it is just the opposite; so many households are either senior households or disabled, and with the pressures on income expected in the future, there is no expectation that more people will be working in 2026. He added that the agency's project-based voucher payments to itself will also go up in 2026 as a standard measure of inflation.

Mr. Dessie continued the presentation, providing an explanation of how funds in 2026 will be used. 47.8% of funds will be used on Housing Assistance Payments (HAP), 37.2% on program operations and administrative expenses, 10.4% on redevelopment projects, and the remainder on principal payments/reserves and other, grant-funded expenses, and capital and non-routine expenses. Commissioner Howard stated that there were some Opportunity Investments (OIs) that were ongoing and would finish out in 2026, so why is it that no money in the 2026 budget is devoted to them? Mr. Cummer replied that the one OI discussed with the commissioner a while ago was related to deferred maintenance, and that has now been rolled into the “program operations and administrative expenses” item and would be addressed annually from now on. An additional OI discussed will be completed at the end of 2025, and most of that team is being rolled over into another team and fall under that same “program operations and administrative expenses” item. Any other OIs that have prior budget approval from the board will be continuing, but there will be no *new* OIs, so no new money will be utilized.

Budget Offsets to Balance

Mr. Cummer stated that there will be a \$3.4 million reduction in the 2026 budget compared to 2025. He pointed out the decrease in redevelopment funding from non-MTW sources of \$12.8 million is not something to be alarmed at. Rather, it is simply due to some projects wrapping up. The real reductions are in the “non-MTW subsidy” and the “MTW block grant” line items, which will see \$5.5 million and \$13.9 million reductions, respectively.

Mr. Cummer drew the board’s attention to the \$18.4 million reduction to the “capital projects and non-routine expenses” line. There will still be an \$8 million infusion into this item to keep it running in 2026, but if SHA continues to see reductions in 2027 and beyond more discussion will become necessary. Additionally, as Commissioner Howard noted, there are no inputs to OIs. SHA is not proposing any type of funding into the redevelopment pipeline or any other development projects through 2026. Jackson Park Village (JPV) is funded through other means. Predevelopment approval for Northgate and Holly Court has been received from the board and those are moving forward, so as Asset Management continues to sort out a development pipeline, it will be brought to the board. Mr. Brandon clarified that SHA is moving forward with development projects; it’s just that those funds were budgeted for in 2025, so the agency does not need any new dollars dedicated for 2026.

Commissioner Howard asked about Northgate and JPV—are the forecasts of what those will cost changing based on trends in inflation, tariffs, and other factors? Mr. Cummer replied emphatically that the agency watches these factors. Currently, subcontractor bids are coming in for JPV and they are looking favorable due to the slowdown of multifamily development in Seattle caused by those very factors the commissioner mentioned. In fact, over six general contractors replied to the agency’s bid—more than Mr. Cummer recalls hearing during his time at SHA—indicating competition is high. Additionally, if the country sees a decrease in jobs, inflation may also decrease even while tariffs heighten materials costs, which is what the agency will need to pay special attention to.

Commissioner Purcell asked what is happening with equity pricing. Mr. Cummer stated that it is rapidly decreasing as there is no strong regulatory push for compliance as there was under the prior administration. Additionally, banks are not making as much as they used to. The biggest investors in tax credits right now are Fannie Mae and Freddie Mac. Currently, SHA is around \$0.91 or \$0.92 cents while other smaller agencies are around \$0.82 cents, which Mr. Cummer remarked is an extreme low within his scope of memory.

Next Steps and Questions

Ms. Naganuma reviewed the timeline for budget approval. Next Monday, additional information will be provided to the board regarding 2026 staffing levels, capital and redevelopment, Ols, deferred maintenance/housing quality, and HCV utilization. On October 6, the Board Briefing will focus on follow-up items and the October 13 Board Meeting will center around the 2026 proposed budget vote. Mr. Cummer offered that he could have one-on-one meetings with commissioners regarding any budget questions they may have over the next month.

Commissioner Howard reiterated that she must receive a hard copy of the proposed budget. Senior Executive Assistant Kimberly Garrett replied that a hard copy will be sent out tomorrow. Commissioner Purcell asked if there could be information shared about how the proposed 2026 budget responds to the resident budget survey. Commissioner Howard commented her support, as did Commissioner Clark. Mr. Cummer stated that the deferred maintenance presentation next week will address that partially, and that other areas can also be addressed. Mr. Brandon added that the survey was put out in the early days of the budget preparation process at the same time that the agency began hearing there may be a 23% or 15% reduction to the 2026 budget. As a result, the agency did not precisely draw a straight line from the survey results to the 2026 budget. There are areas of connectivity that will be shared with the Board, but given the environment in which the survey results came out, the agency was unable to do this as thoroughly as before.

Commissioner Howard wonders if there are 1,000 more people with vouchers and the agency absorbs the 400+ EHV costs, how will that happen if SHA only maintains the 2025 employee count? Employees should not be overwhelmed; how can the agency serve more people without increasing the agency's headcount? Mr. Brandon stated he needs some time to discuss this topic and will walk the board through this during the next meeting. Mr. Brandon added that the agency will only pay for the EHV's for one calendar quarter that takes them through the end of 2026. There is not a plan to fund those vouchers beyond 2026 by either the federal government or SHA.

Meeting Close

The next Board Meeting will occur on Monday, September 15. Hearing no further comments, Commissioner Clark called for an adjournment. Commissioner Purcell motioned, Commissioners Crutchfield and Minor seconded the motion. The September 8, 2025, Regular Board Briefing was adjourned at 5:47 p.m.

Secretary-Treasurer