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**SEATTLE HOUSING AUTHORITY  
REGULAR BOARD BRIEFING**

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<b>LOCATION</b>	<b>Via Teleconference Line (206) 257-3799; ID 877 198 629#</b>	
<b>DATE</b>	<b>March 8, 2021 4:30pm - 6:00pm</b>	
<b>BOARD ATTENDEES</b>	<b>Paul Purcell, Board Chair Dr. Paula Houston, Vice- Chair Robert Crutchfield Rita Howard</b>	<b>Twyla Minor  Gerald Smiley Debbie Thiele</b>
<b>DISTRIBUTION</b>	<b>SHA Board of Commissioners; Cabinet</b>	

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**Commissioner Roll Call**

**AGENDA:**

**Briefing Items**

- **Resolution No. 5209** – SHA 2020 Write-Off of Delinquent Accounts
- **Resolution No. 5210** – SHA Omnibus Executive Authorization Extension: COVID-19
- **Resolution No. 5211** – SHA 2020 Committed Funds
- SHA 2021 Board Work Plan
- State Legislative Update

Commissioner roll call was given at 4:35 p.m. The Briefing was held solely via teleconference. Commissioner Minor was absent from the Briefing. New resident Commissioner Rita Howard was welcomed to the Board by the Commissioners present, as well as SHA faculty.

## **Review 3/16/21 Regular Board Meeting Agenda and Updates**

### **Resolution No. 5209 – SHA 2020 Write-Off of Delinquent Accounts**

CFO Shelly Yapp presented to the Board Resolution No. 5209, which authorizes the write-off of tenant and voucher participant accounts, which have been deemed uncollectible for the year. Write-offs occur on a quarterly basis, after exhausting all reasonable collection efforts and following ninety days of account inactivity. The delinquent payments are written off accounting records, yet accounts will remain open, as those former residents and voucher participants are still obligated to satisfy their past due accounts.

Total write-offs for FY 2020 equal \$307,891. This amount is made up of write-offs in three different programs: SHA Low Income Public Housing+Non-Federal (LIPH+NF) housing portfolios, HOPE VI, and Housing Choice Vouchers (HCV)/Section 8. Total dollars for Federal and Non/Federal housing portfolios written off for rent and non-rent charges in 2020 were \$176,332, a decrease of \$60,777, or 25.6 percent less than 2019. The total write-offs, net of recoveries during the year, equal 0.63 percent of the rent roll for 2020. This is lower than the prior year's write-offs in relation to the rent roll total. Around forty-seven percent of total write-off accounts represent deceased tenants. LIPH write-offs including SSHP, decreased by 35.7 percent in 2020, and Non-Federal properties (Special Portfolio/Local Fund and Yesler Redevelopment) increased by 131% percent. Overall the number of accounts written off for SHA owned properties decreased from 146 in FY 2019 to 99 in FY2020. The average amount of write off per tenant remained similar at \$1,715 in 2019 and \$1,781 in 2020 which is a 3.9 percent increase.

The COVID-19 pandemic, including the eviction moratorium and rent decreases, accounts for the reduction in write offs. Housing Operations has also continued the tenant stability measures which reduce the amount of vacate and legal charges that can be passed to the tenant. In previous years, the non-rent write off charges have made up 60% to 70% of the total write offs, but in FY 2020 rent has made up over 63% of the total write offs, and the non-rent charge make up 37%.

The total Housing Choice Vouchers (HCV) write-offs in 2020 were \$110,236 compared to \$18,274 in 2019. The higher balance in 2020 is due to larger write off balances, including one balance that is over \$50K for fraud. The number of accounts written off in 2020 increased from 12 in 2019 to 18 in 2020. The average for all accounts written off was \$6,124 in 2020, an over 300 percent increase from the average in 2019 of \$1,523. Payments received in 2020 on previously written off accounts total \$8,128. Write-offs for HOPE VI for 2020 were \$21,323 compared to \$44,087 for 2019. This a decrease of 52 percent in total amount, but the average write off per account has increased from \$1,715 in 2019 to \$2,665 in 2020 which is an increase of 55.5 percent.

## **Resolution No. 5210 – Omnibus Executive Authorization Extension: COVID-19**

Mr. Lofton introduced Policy & Strategic Initiatives Director Andria Lazaga to bring Resolution No. 5210 to the Board and summarize the logistics of this action extension.

Resolution No. 5210 extends the authorization by the Board for the Executive Director to take any lawful action needed to comply with federal, state and local emergency declarations in a timely manner and take administrative actions needed to protect residents and staff during the time of the COVID-19 pandemic. If we, as an organization, had to pivot very quickly to respond to changing and emerging issues, we wanted to be able to do so and not have to wait for the Board to convene. It requires the Executive Director to report to the Board monthly on all actions taken in the previous 30 days. Original authorization by the Board for this action was given in March 2020 (Resolution No. 5189) for 180 days or when the Washington State governor declares the end of emergency, whichever happens first, and was then extended in October 2020 (Resolution No. 5197). Resolution No. 5210 would extend authorization 180 days (through October 12, 2021) or when Washington State governor declares the end of emergency, whichever happens first.

Last October, we provided information on any items the resolution had been used up to that date (see below):

## Activities Reported November 2020 – February 2021

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### **Inspections, maintenance and capital**

- HUD CARES Waiver - HQS quality control inspections

### **Issuance and leasing**

- HUD CARES waivers for Family Unification Program length of assistance and timeline for referral in HCV

### **Rent relief**

- Rent relief provided when necessary for tenants to access third party rent relief resources.

### **Commercial Leasing**

- Commercial tenant rent relief

### **Employees**

- COVID-19 Paid Emergency Leave: 1/1 – 6/30/2021
- COVID-19 one-time lump sum salary adjustment for 2021

Those areas where this has become particularly useful were being able to implement the available HUD Cares Act waivers around HUD quality control inspections. That just means that an inspector doesn't have to go around behind the initial inspector and do an additional inspection to create more exposure to anyone. Issuance in leasing, by also being able to implement the available HUD Cares waiver for the Family Unification Program around length of assistance, and another one around timeline for referrals, just

to increase the availability for folks to be able to access and be successful in leasing in that program. Regarding rent relief, we have been able to provide some rent relief assistance (as the Board was briefed about last month) to some households where when it was most of that money came from third party providers. But, sometimes in order to access that third party rent assistance, we had to come in with a small amount in order to be able to wipe the tenants' balance claim, which was a requirement for the third party rent assistance. In commercial leasing, we have a commercial tenant rent relief program that Jared Cummer presented to the Board a few months ago. And then for our employees, we've adopted a Paid Emergency Leave Program since the federal COVID-19 program expired at the end of the year, and one time lump sum salary adjustment for 2021. At next week's Board Meeting, staff are going to also brief you on how we are utilizing, and how we're streamlining, rent and income certifications throughout 2021. It won't change the amount of rent that people are paying, but it will streamline and reduce the cumbersomeness of the process for both staff and participants.

This resolution extension would basically be a continuation of this same resolutions brought to you previously for another additional 180 days, or the end of the COVID-19 emergency (as determined by the Governor), whichever occurs first.

Commissioner Thiele expressed her appreciation at how innovative SHA has been with these changes, and so adaptive as an organization, but she had a question as to originally the intent of the resolution was that if the Board couldn't meet in time to make a change, that this would allow SHA to do something urgently. And, because the Board meets twice a month, she wanted to check on this; is the nature of what we've done under this resolution mostly about innovation and adaptability? Or, is it also about that timing issue that the board couldn't weigh in on? Mr. Lofton replied that it was a little bit of both, as the agency has pretty fortunate and nimble, but as the CARES Act has rolled out, oftentimes there are items in there that aren't fully fleshed out at the time of approval and don't get fleshed out for several weeks, as HUD opines on how they would like to approach certain aspects of the implementation of the act. And, when that occurs, it's unknown when they can get through all of that and then issue either FAQ document, or issue a Rule, or regulation and then to be able to move quickly when that happens is also very important. So, that's a piece of it, but for sure it's also from a perspective of making sure that we are in a position to adapt and as we interpret some of the issues that are being offered by HUD, how we can, how can we position the agency to respond most directly and most quickly to those kinds of opportunities. We also are always trying to put the resident situation in hand so that we can reach them very quickly and we can give them as many options as possible of how we respond to things.

Commissioner Thiele responded that she's just conscious of the board potentially absolving themselves of some accountability in this time and going beyond a year now she understands the framework of the emergency status and why that's useful, and that SHA need to respond quickly to requests for action. She requested more discussion and thoughts from ED Lofton and staff about does the agency really need this in terms of actions that are being taken actually somewhat procedural?

After further discussion, the resolution was tabled for the time being until further discussion would be had at the March 15 Board meeting.

**Resolution No. 5211 – SHA 2020 Committed Funds**

CFO Shelly Yapp presented this resolution to the Board, which adopts Exhibit 1 YE 2020 Committed Funds of \$68.2 million and itemizes all committed items and purposes; Resolution No. 5211 also confirms in Exhibit 2 \$8.5M in 2021 budgeted funds that will become Committed Funds in 2021 as funds are received from HUD. Since this adoption of the Committed Funds resolution is occurring in March this year, SHA will use year-end 2020 financial records as the source of the status of funds for those commitments that are continuing from last year’s list.

**YE 2020 ACTUAL UNRESTRICTED CASH –  
NEW OR CHANGED COMMITTED FUNDS**

BOC 3/15/21 Color Key: Yellow = New/Modified		
2	<b>Section 8 Deferred Revenue for non-MTW vouchers</b> – This account fluctuates with new voucher allotments from HUD and use of surplus. Uses result when HAPs run above budget or when HUD sweeps or directs use of surplus in lieu of monthly funding. Balances during the year can be from zero to > \$1.0M.	(0)
5	<b>Reserves for Potential Tax Credit Partnership Exit Liabilities</b> – 2019 balance of \$4.55M increased in 2020, as planned, by rebate of the final \$2.32M from Recapture Guarantees when Escallonia and Desdemona exited.	(6,872,214)
6	<b>Collateral Reserve for YT Infrastructure</b> – In 2020, several Infrastructure projects were completed and the scope of Infrastructure requirements declines. \$2.0M was added from the 2020 Budget in anticipation of higher cost for the Block 6 access drive and shoring.	(4,966,106)
7	<b>Development Reserve (DR)</b> – In 2020, \$1.35M of surplus funds from Red Cedar were returned to the DR balance; the Hinoki project’s \$3.5M allotment from the DR was moved out to restricted funds when it closed. The only active DR project allocation is Relocation (\$0.885M). Approximately \$3.37M remains available for new allocations.	(4,255,247)
9	<b>Housing Choice Voucher HAPs Contingency</b> – These original funds of \$1.75M were transferred to HAPs in November 2019 for spending above 2019 Budget. The 2020 Budget included an additional \$2.5M contingency amount to be committed for this purpose.	(2,500,000)
18	<b>Jefferson Terrace Rehab</b> – This represents early funding of SHA’s 2020 Opportunity Investment in the rehab contribution to the major rehab of Jefferson, expected to begin in late 2020/early 2021.	(7,981,493)
<b>TOTAL YE 2020 ADOPTED COMMITTED FUNDS – 12.31.20 ACTUALS</b>		<b>(68,177,348)</b>

The YE 2020 Committed Funds represent a combination of existing Committed Funds for projects in progress, additions to existing or newly recommended projects, and standing reserves that are tapped only when specific circumstances require (e.g. Insurance Reserve). In all cases, the “Committed” status designates a reservation of the funds from within SHA’s Unrestricted Cash Balance for the indicated purpose. Also, included in the Resolution is the definition of the purpose of the Future Building Fund and the eligible uses for these funds. This fulfilled a directive in a prior resolution that we come back to the Board with a definition of the Future Building Fund purposes and scope of uses. We have elected to continue this element of last year’s resolution to give this still new commitment visibility as to its intent.

This will be the eighth annual Committed Funds Resolution to be adopted by the SHA’s Board of Commissioners.

## **SHA 2021 Board Work Plan**

Deputy Director Anne Fiske Zuniga presented the Board Work Plan for 2021 and walked them through projected action items, briefings and reports of what to expect for this year. This is to give the Board a sense of items that they may want to add to the Work Plan, things they may want to act upon, and work items that are in the forefront of the agency priorities and goals for the year. The Work Plan is a snapshot and estimate on our part items to be considered by the Board, and is a living document that lays out a work program for the edification of the Board and the agency.

## **State Legislative Update**

Intergovernmental Relations Director Lisa Wolters presented highlights of what's going on in the State legislature and at the March 15 Board meeting, she will address current Federal legislation.

**HB 1236: Good Cause Eviction** - Prohibits a landlord from evicting tenants unless there is good cause for eviction. The bill sets forth the activities that would be deemed good cause and is the most significant bill for the State legislature. It currently exists in the City of Seattle. This bill had a public hearing in the House Housing, Human Services & Veterans Committee on 1/26 and Executive action on 2/5. It's now been referred to the Rules committee.

**HB 1277: Document Recording Fee** - Creates a new \$100 fee on documents recorded with counties. The fee is anticipated raise roughly \$100 million which will be dedicated to fund rental assistance. The bill had a public hearing on 1/22 in the House Housing, Human Services & Veterans Committee and executive action on 1/29. The bill has been referred to the Appropriations committee. It has been said this bill is necessary to implement the budget.

**SB 5139: Rent Control** - Prohibit landlords from increasing rent for six months after an emergency proclamation, and more than 3% for the following six months (one year total). This bill had a public hearing in the Senate Housing & Local Government Committee on 1/21. Several hundred people signed in to testify or weigh in on the bill. The bill had been scheduled for executive action on 1/28, 2/3, 2/10 and 2/11, but no action was taken. The bill did not move, so is likely dead for the session.

**SB 5160: Tenant Protections** - A new proposal that would put a two-year restriction on the ability for a landlord to evict tenants relating to public health emergencies. The proposal drew a lot of opposition, and the Ways & Means amended the bill to remove some of the major opposition. The bill passed out Ways & Means on 2/19 and was pulled from the Rules committee on 2/25.

Ms. Wolters then addressed the highlights of the Economic & Revenue Forecast Council Report, which released its monthly collections report for the January 11 – February 10 collection period on 2/17. The report showed collections coming in \$269.5M (15.3%) higher than forecasted in November. Cumulatively, collections are \$592.6M (9.0%) higher than forecasted. The November forecast was estimated at a time that assumed no additional federal pandemic relief, much of the increased

collections are attributed to increased spending due to the December federal stimulus package. Ms. Wolters then gave brief reference to the House Republicans priorities. The Democrats have not put their budget out, but is expected to come out this week or early next week.

### **SHA ED Search Update**

Commissioner Purcell reported to the Board that the Search Sub Committee has met and interviewed four candidates, and will be meeting tomorrow to decide who to recommend to move forward to be interviewed by the full Board. By next Monday, they will have that determination. Along with Commissioner Purcell, Commissioners Thiele and Minor were make up the subcommittee members, but Commissioner Crutchfield stepped in recently to take Ms. Minor's position in participating with the consulting firm in the interview process. The Commissioners will receive a poll to garner their calendar availability to meet the final interviewees.

Commissioner Purcell asked the Board if there were any questions, or comments pertaining to the Briefing. He then adjourned the meeting at 6:00 p.m.

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Secretary-Treasurer