
SEATTLE HOUSING AUTHORITY
REGULAR BOARD BRIEFING

LOCATION Seattle Housing Authority, 190 Queen Anne Ave N, Seattle, WA
Jesse Epstein Conference Room, First Floor

DATE October 7, 2019 4:30pm - 6:00pm

BOARD ATTENDEES Deborah Canavan Thiele, Board Chair
Dr. Paula Houston, Vice-Chair Twyla Minor
Robert Crutchfield Paul Purcell
Michael Diaz Gerald Smiley

DISTRIBUTION SHA Board of Commissioners; Cabinet

4:30pm - Commissioner Roll Call

AGENDA:

Briefing Items

4:35pm – Resolution No. 5172 – SHA Line of Succession

4:40pm – Resolution No. 5175 – 2020 SHA Annual MTW Plan

- 2020 SHA Budget/Public Comment Results

4:55pm – Resolution No. 5176 – 2020 SHA Budget

5:10pm – Blanchet Townhomes Acquisition Opportunity

5:20pm – Northgate Redevelopment Opportunity

Commissioner roll call was given at 4:34 p.m. Commissioners Crutchfield and Dr. Houston were absent from the Briefing, with Commissioner Smiley attending by phone. Commissioner Thiele chaired the Briefing meeting, **welcoming SHA's two newly appointed Resident Commissioners: Michael Diaz and Twyla Minor.**

Review 10/16/19 Regular Board Meeting Agenda and Updates

Resolution No. 5172 – SHA Line of Succession

Deputy Director Anne Fiske Zuniga presented Resolution No. 5172 to the Board. This resolution approves designation of SHA directors who will serve as Acting Executive Director in the Executive Director' **absence (for both business and personal reasons)** when it is necessary to provide for continuity of SHA operations during those periods when the Executive Director is not available. The line of succession is as follows:

1. Deputy Executive Director (*Anne Fiske Zuniga*)
2. General Counsel (*James Fearn*)
3. Chief Financial Officer (*Shelly Yapp*)
4. Director, Housing Operations (*Rod Brandon*)
5. Director, Rental Assistance Programs (*Alice Kimbowa*)

Resolution No. 5175 – 2020 SHA Annual MTW Plan: 2020 SHA Budget/Public Comment Results

Policy and Strategic Initiatives Director Andria Lazaga gave a brief background regarding the **annual submittal of SHA's MTW Plan.** SHA is not proposing any new MTW activities for 2020, but is proposing a minor tweak to an existing activity: to disregard student financial aid as income when calculating rent in the Housing Choice Voucher program (HUD rules already allows this in the Public Housing program).

As required by HUD, SHA held a 30-day public comment period **for SHA's 2020 Proposed MTW Annual Plan and Budget** through September 30, 2019, and held a Public Hearing on September 16 to solicit feedback and input. Comments were also accepted via phone, email and U.S. Mail. Common themes were reflected during this public comment period; a need for a general understanding of the funding situation, operations maintenance and capital questions, and security in buildings. Overall, feedback on both documents was positive.

Resolution No. 5176 – 2020 SHA Budget

CFO Shelly Yapp provided a brief background to the new Commissioners of SHA's status as an MTW agency, and the funding formula within this HUD contract (designed specifically to allow us to demonstrate how to do things more efficiently, to increase resident housing choice, and to promote greater self-sufficiency for our residents) to serve more people. This MTW contract with HUD is viable through 2028.

Ms. Yapp then presented to the Board a 2nd reading and briefing for Board action for Resolution No. 5176, which adopts SHA's Combined Operating and Capital Budget for 2020.

The agency-wide budget, including operating, capital, and grant, and redevelopment expenditures, totals \$322.9 million and has been developed consistent with SHA's 2016-2020 Strategic Plan and our MTW Agreement, as extended. This resolution adopts a \$101.3M program operations and administrative budget; a budget of \$1.9M for Service Grants; Housing Assistance Payments of \$124.0 million; Capital Preservation projects and non-routine expenditures of \$20.2M; Opportunity Investments of \$15.1; and, \$60.3M budget for redevelopment activities. Resolution No. 5176 includes language confirming that the 2020 combined SHA operating and capital budget incorporates MTW budgeted income and expenditures, and contains certifications by the Board of Commissioners required by HUD for their approval of our MTW budget.

Blanchet Townhomes Acquisition Opportunity

Asset Management Director Jared Cummer and Sr. Budget Analyst James Mayton introduced a potential property for SHA's Acquisition and Preservation Program: Blanchet Townhomes. This property would be in accordance to the Board's authorization of SHA's Acquisition and Preservation Program, which involves the acquisition and preservation of 500 units in Seattle, of which 50 percent will serve households at or below 30 percent Area Median Income (AMI) and 50 percent will serve households at or below 80 percent AMI.

The Blanchet Townhomes are located in the Licton Springs neighborhood, just north of the Robert Eagle Staff Middle School. The property, consisting of nine townhome buildings with a total of 27 units (nine four bedroom/two bath; 18 three bedroom/two bath), was built in 1968. The purchase price is \$11,000,000. This property has a high potential for redevelopment with nearby schools, playgrounds, parks, and North Seattle Community College and meets the following four of the acquisition criteria:

1. Will the property serve more low-income households?

- Yes, 27 units serving households at or below 80 percent AMI. Currently, two units use SHA tenant vouchers.

2. Does the property increase SHA's inventory of units in opportunity neighborhoods?

- Yes, there are elementary and middle schools across the street and North Seattle Community College is three blocks from the townhomes.

3. Does the property add large family units?

- Yes, all 27 units are large family units

4. Does the property add units at a lower cost than new development?

- Yes, at an \$11 million purchase price, SHA adds 27 units at \$407,000/unit or \$122,222/bedroom.

Acquisition timeline for the Blanchet Townhomes is as follows:

September 19th - Real Estate Purchase and Sale Agreement signed; SHA has a 60-day due diligence window.

October 3rd - Due Diligence site visits, including:

- Facility Condition Assessment by OAC, including intrusive testing to examine condition under siding.
 - Report expected approximately TEN business days after site visit.
- Phase I Environmental Site Assessment performed by Sound Earth Strategies.
 - Will also be collecting paint samples to test for lead-based paint.
 - Report expected around October 31st.

November 11th - Brief Board on Due Diligence findings and recommendation.

November 20th - Possible Board action on acquisition. Due diligence period ends; ten days to close.

November 30th - Closing

Northgate Redevelopment Opportunity

Senior Development Program Manager Terry Galiney presented to the Board the Northgate Apartments, an acquisition and redevelopment opportunity. Built in 1951, this property is located at 11200 1st Ave NE and consists of 37 separate 2-story buildings, with a total of 211 units (93 Studios, 55 – 1 bedrooms, 63 – 2 bedrooms). The purchase price is \$65,000,000. This 8.4 acre site has excellent transit access, is close to Northgate mall with many neighborhood services available.

Acquisition timeline for the Northgate Apartments is as follows:

Feasibility and Closing

September 26 - Purchase Agreement signed (90 day due diligence)

November 11 - Draft site investigations complete

- Buildings, soils, utilities, hazardous materials

December 25 - End of feasibility period

December 31 - Closing deadline

SHA Board Process

October 7 - Board briefing

November 11 – Brief board on preliminary due diligence findings

December 16 - Final board approval

Commissioner Thiele adjourned the meeting at 5:43 p.m.

Secretary-Treasurer