
SEATTLE HOUSING AUTHORITY
REGULAR BOARD BRIEFING

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

DATE December 10, 2018 4:30pm-6:00pm

BOARD ATTENDEES Deborah Canavan Thiele, Board Chair
Emily Abbey, Vice-Chair Dr. Paula Houston
Ahmed Abdi Paul Purcell
Robert Crutchfield Gerald Smiley

DISTRIBUTION SHA Board of Commissioners; Cabinet

4:30pm - Commissioner Roll Call

AGENDA

Briefing Items

4:35pm – Resolution No. 5160 – SHA Real Property Acquisition Program Implementation
Resolution No. 5161 – SHA Acquisition of Properties
Resolution No. 5162 – SHA Property Acquisitions Line of Credit

5:00pm – Resolution No. 5163 – SHA 2018 Committed Funds/2019 Budget Commitments

5:15pm – \$15 Minimum Wage & SHA’s <30% AMI Preference

Commissioner roll call was given at 4:32 p.m. Commissioners Abdi, Crutchfield, Dr. Houston and Thiele were absent from the Briefing. Commissioner Abbey chaired the Briefing meeting.

MEETING NOTES

Review 12/17/18 Regular Board Meeting Agenda and Updates

Resolution No. 5160 – SHA Real Property Acquisition Program Implementation

Resolution No. 5161 – SHA Acquisition of Properties

Resolution No. 5162 – SHA Property Acquisitions Line of Credit

Finance & Asset Management Director Jared Cummer presented the above resolutions to the Board regarding the SHA Real Property Acquisition Program. The goals of this new proposed program would be to expand housing opportunities (by creating more affordable housing and diversifying housing choice) and promote quality communities (by preserving and promoting high quality housing).

Resolution No. 5160 pertains to the authorization of the acquisition program as a whole. This resolution declares the intent of the Authority to pursue an acquisition program of approximately 500 units of which 50 percent will serve households at, or below 30 percent Area Median Income (AMI) and the remainder will serve households above 30 percent AMI. The resolution establishes and implements the program, and defines the acquisition criteria used by the Authority in the selection of properties presented to the Board.

Resolution No. 5161 ratifies the purchase of two properties, and approves the acquisition of an additional three properties in partnership with the King County Housing Authority (KCHA). The two properties ratified as part of this resolution are as follows:

1. 101 and 107 27th Ave. - purchase price of \$4.2 million (10-unit property)
2. 12530 35th Ave. N.E. - purchase price of \$14.95 million (69-unit property)

The three properties proposed for acquisition in partnership with KCHA are part of a portfolio acquisition that KCHA has negotiated with the International Association of Mechanists and Aerospace Workers District 751 (IAM 751). The resolution authorizes the Executive Director to complete the following actions as part of this acquisition partnership with KCHA:

Purchase three properties with a total of 262 units from KCHA for a total purchase price of \$32,261,500.

- 3256 N.W. 54th Street (92 units)
- 7923 MLK Jr. Way S. (120 units)
- 1632 S. Weller Street (50 units)

This resolution also authorizes the Executive Director to apply for acquisition financing from the City of Seattle Office of Housing, or any other governmental entity, and to execute documents related to the purchase and financing of Board-approved properties under the program.

Resolution No. 5162 authorizes the Executive Director to execute documents with (KeyBank) for a \$40M taxable acquisition line of credit to provide financing for the acquisition program. This line of credit will be used to finance the three properties purchased in partnership with KCHA, as well as, future properties as approved by the Board. The line of credit requires interest only payments, which will be made from the cash-flow generated from the properties purchased under the acquisition program.

Resolution No. 5163 – SHA 2018 Committed Funds

CFO Shelly Yapp presented the resolution to the Board and recommended its adoption. Resolution No. 5163 adopts the year-end (YE) 2018 Committed Funds in the total amount of \$64.99 million and itemizes all committed items. These figures are preliminary, and the actual dollar amounts will be determined following the closing of the 2018 financial books. The resolution provides that the Executive Director will report the final YE 2018 Committed Funds to the Board once the year-end financial statements have been audited, in the spring. The 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. Emergency Management and recover Fund). In all cases, the committed status designates a **reservation of the funds from within SHA's Unrestricted Cash Balance** for the indicated purpose. Ms. Yapp provided exhibits of the fund commitments, as well as additional information recognizing the 2019 Budget commitments for projects that will become Committed Funds during 2019 from funds we expect to receive under the 2019 Adopted Budget.

\$15 Minimum Wage & SHA's <30% AMI Preference

Strategic Advisor II Matt Helmer reported to the Board on how minimum wage may impact **housing eligibility**, as SHA's LIPH and HCV programs have a preference for households below 30 percent of Area Median Income (AMI). When households do not meet this preference and have not been homeless, their applications are typically deferred and they remain on the waitlist. In late 2018, SHA leadership and the Board of Commissioners discussed the possibility that **Seattle's minimum wage increases might be negatively affecting some households' ability to meet this preference and qualify for SHA housing**. Findings determined that:

1. A slightly higher percentage of households in HCV were determined to be over the 30 percent of AMI threshold at the time of application in recent years.
2. The minimum wage increases in Seattle could *theoretically* have affected some **households' ability to qualify for SHA's income preference**.

3. SHA's review of households determined to be over income, however, did not show strong evidence increases in the minimum wage are a driving factor.

A possibility does remain in the future that additional changes to the minimum wage policy at the state and city level could adversely affect some households' eligibility for housing. SHA will continue to monitor any potential changes to these policies.

Mr. Lofton addressed the Board regarding the January 2019 Viaduct closure and discussed potentially cancelling Board meetings for that month. He will follow up with the Board with confirmed plans, but wanted everyone to be aware of the traffic impacts of the closure.

The Executive Director 2018 Accountability Agreement results were submitted to the Board for their perusal and discussion. The information will be addressed sometime early next year in Executive Session.

Commissioner Abbey adjourned the meeting at 5:47 p.m.

Secretary-Treasurer