

MINUTES OF THE SPECIAL MEETING
OF THE HOUSING AUTHORITY
OF THE CITY OF SEATTLE
FEBRUARY 22, 2022

The Commissioners of the Housing Authority of the City of Seattle (“Seattle Housing Authority” or “SHA”) met in Special Session on February 22, 2022, via teleconference. Board Chair Paul Purcell called the meeting to order at 5:03 p.m. Kimberly Garrett performed a roll call for Board Commissioners in attendance. Commissioners present and absent were as follows:

Present: Paul Purcell, Chair
Sally Clark
Robert Crutchfield
Rita Howard
Twyla Minor

Absent: Gerald Smiley, Vice-Chair
Dr. Paula Houston

Public Comment

Summer Gray

Consent Agenda

Commissioner Purcell presented the Consent Agenda, which included approval of minutes for the Special Board Meeting of January 18, 2022; approval of minutes for the Regular Board Briefing of February 14, 2022; and approval of the Expenditure Certification Report (Authorization to Pay Outstanding Obligations of Salaries and Claims for the Period of January 1 to January 31, 2022.)

Commissioner Clark moved to approve the Consent Agenda and the motion was then seconded by Commissioner Minor. Hearing no questions or comments, Commissioner Purcell called for a vote. The Consent Agenda was approved unanimously among the members of the Board present at that time (5 yes; 0 no). Executive Director Rod Brandon introduced Evelyn Correa to the Board. Ms. Correa replaced Marc Nilsen as the Acting Human Resources Director as a search is conducted to fill this position. Mr. Nilsen retired last month after years of service at SHA in the Human Resource Department.

Regular Agenda

Resolution Nos. 5237 - Juniper LLLP Formation

Commissioner Clark moved for consideration of Resolution No. 5237; Commissioner Crutchfield seconded the motion. Mr. Brandon introduced Development Director Terry Galiney who presented Resolution No. 5237 to the Board and recommended adoption of the resolution.

Resolution No. 5237 authorizes SHA to form a limited liability limited partnership (LLLP) for the redevelopment project (named Yesler Block 6.6 LLLP) which is the entity that will develop and own the building. The partnership is formed as a function of the type of financing that SHA uses in the low-income housing tax credit program, of which SHA is the controlling member of that partnership. A limited partner is our tax credit investor, which an RFP seeking investment in Juniper and will know more at that time.

The estimated total cost for the Juniper Apartments project is \$72,400,000. Juniper is a milestone as it is the last SHA project at Yesler which completes SHA's commitment at Yesler Terrace. It completes the replacement of the original 561 units at Yesler as well as building additional units that were committed to building at Yesler (290 units beyond the original 561 including Juniper.) Currently, the project is in the late stages of design and permitting and is expected to start construction and close on financing in the first quarter of 2023. Commissioner Howard questioned as to the number of larger bedroom units in the project; Mr. Galiney responded that he would follow up with her on those numbers.

Hearing no further discussion, Commissioner Purcell called for a vote. Resolution No. 5237 was approved among the members of the Board present at the time (4 yes; 0 no; 1 abstain.)

Resolution Nos. 5238 - Juniper Bond Inducement

Commissioner Crutchfield moved for consideration of Resolution No. 5238; Commissioner Clark seconded the motion. Development Director Terry Galiney presented Resolution No. 5238 to the Board and recommended adoption of the resolution.

Resolution No. 5238 is a bond inducement resolution, as well as a companion resolution to Resolution No. 5237, which declares the intent of SHA to sell \$38,000,000 in three-year bonds to provide the financing for the project. It authorizes SHA to both issue the bonds for the development of the project as well as to execute the ancillary financing

documents that are related to those bonds and the rest of the financing. The bond amounts are a little bit higher than what SHA believes to what the ultimate requirement will be, but it's to give SHA a little bit of room for accommodation, if needed. The unit mix at Juniper is sixteen 1-bedroom units, forty-three 2-bedroom units, thirty-two 3-bedroom units, and two 4-bedroom units.

After further discussion, Commissioner Purcell called for a vote. Resolution No. 5238 was approved among the members of the Board present at the time (4 yes; 0 no; 1 abstain.)

Resolution No. 5239 - Voucher Payment Standard (VPS) Regulatory Waiver for Rent Burdened Households

Commissioner Clark moved for consideration of Resolution No. 5239; Commissioner Crutchfield seconded the motion. Rental Program Director Alice Kimbowa presented Resolution No. 5239 to the Board and recommended adoption of the resolution.

Resolution No. 5239 authorizes SHA to immediately implement a policy that allows the application of the new 2022 VPS for current rent burdened households and households who will become rent burdened during the year. Currently, there are approximately 665 households that are rent burdened and are paying over 40% of their gross household income toward their rent and utilities, who will benefit from this change, which will have no additional budget impact to the agency beyond what was presented in the prior resolution. At the January 18 Board Meeting, the Board adopted Resolution No. 5236, which authorizes SHA to implement the 2022 VPS schedule. According to HUD regulations and as stipulated in the resolution, the new/increased payment standard is to be used at the family's first regular reexamination, meaning that the 2022 VPS subsidy levels could not be used to relieve households currently rent burdened until their next annual reexamination, or if they move with continued assistance. Prior to the Board's approval of the 2022 VPS schedule and pertinent to PIH Notice 2021-34, SHA applied for a HUD regulatory waiver to authorize the application of the new VPS.

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Hearing no further discussion, Commissioner Purcell called for a vote. Resolution No. 5239 was approved among the members of the Board present at the time (5 yes; 0 no.)

Hinoki Tax Credit Investment Changes

Mr. Brandon introduced Mr. Galiney to update the Board on these changes to the Hinoki Tax Credit Investment, which is a project that when SHA closed on the financing, affordable housing advocates had been working for years and maybe even decades on getting a change to the tax credit program. This would impact what we call 4% tax credits, which with IRS has never been 4% it's always been around 3.2% and that changes. That changed every month, and after what has been a decades long effort of getting it changed it finally did change. An increase in housing tax credits due to late-2020 federal legislation on the "4% Fix" credit rate (key input to tax credits generated by a project – the higher the rate, the more credits), the rate was floating until fix set it at 4%. When Hinoki closed in July 2020, the rate was near historic low at 3.08%. However, what we did was, as a part of the agreement with our tax credit investor, we contemplated what would happen if one day down the road the IRS issued a rule that would apply to projects such as Hinoki that closed before the rule came into effect, and this is a credit to advocacy, such as Intergovernmental Relations Director Lisa Wolters, as and many other people as well as to staff for thinking outside the box when it comes to these types of partnership agreements and negotiating with tax credit investors of contemplating how this might look for Hinoki.

With much flexibility on each side, the IRS did come out with some rule changes and some clarifications to how this' 4% Fix works. SHA had to go through some gymnastics to make it apply to us. But it looks like SHA will be able to take advantage of that and the impact is substantial. So, the change from the 3.08%, which is what we closed at to the 4.0% which is what Hinoki is now eligible for means an additional \$8,000,000.00 in tax credit investment from Wells Fargo, SHA's tax credit investor. As a result of that, SHA is going to reduce the amount of money that the agency is putting into the building, which is a real positive outcome.

SHA Audit Committee Report

Commissioner Robert Crutchfield reported to the Board a favorable outcome to the 2021 SHA Audit Committee meeting, which was held on January 8th with the Committee, Washington State auditors, as well as representatives and KPMG (a private audit firm.) The

State Auditors had no findings, which is a good thing, as well. KPMG also reported no findings and favorable mentions. KPMG is now going through the process of beginning their processes for 2022 while working with the staff to move the new year's audit forward. Items of note: from both the State Auditors and the representatives from KPMG, they were complimentary of Controller Janet Hayes, CFO Shelly Yapp and SHA staff for their supportiveness, their responsiveness, and their professional ways that they interact throughout the outer product process. It was a good meeting, and everything looks great.

**Convened for Executive Session at 5:45 p.m.: SHA Executive Director 2021
Accountability Agreement Results**

Meeting reconvened to the Special Session of the Board at 6:15 p.m.

Executive Director Report

Executive Director Brandon updated the Board that SHA received a Digital Navigation Equity grant of \$1.8M to serve residents via equipment, internet access and training with will serve over 5,000 SHA residents. Also of mention, The City Council took up an ordinance by one of the council members to extend the eviction moratorium. The current mayor by executive order extended the moratorium for evictions to February 28. City Council took up extending that eviction moratorium for until the declared emergency is over. It's unclear whether it was declared an emergency by the City or by the State, but the language or when the emergency declaration was over that vote today failed; 5-3 for the Council to not extend the fiction moratorium beyond the Mayor's extension to February 28. Mr. Brandon also thanked the Board again collectively on their comments, and feedback to the request for changes to the executive report process and reported that changes to report to the Board will be implemented in the March.

Mr. Purcell asked for any further questions, or comments from the Board. Hearing none, it was moved by Commissioner Howard and seconded by Commissioner Crutchfield that the February 22, 2022, Special Session of the Board be adjourned. All commissioners present at the time (5) voted unanimously to adjourn at 6:32 p.m.

Secretary-Treasurer