

MINUTES OF THE REGULAR MEETING
OF THE HOUSING AUTHORITY
OF THE CITY OF SEATTLE
MAY 16, 2022

The Commissioners of the Housing Authority of the City of Seattle (“Seattle Housing Authority” or “SHA”) met in Regular Session on May 16, 2022, via teleconference and in person at SHA Central Office. Board Chair Paul Purcell called the meeting to order at 5:00 p.m. Kimberly Garrett performed a roll call for Board Commissioners in attendance. Commissioners present and absent were as follows:

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

Absent: Dr. Paula Houston

Board Chair Purcell requested that the meeting begin with a moment of reflection as we look at our strategic plan and becoming a more aggressively, anti-racist organization in recognizing the tragedy in Buffalo and scourge of racism that still pervades this country. Please take a moment to reflect and to recommit ourselves to that objective. Board Vice-chair Smiley thanked Commissioner Purcell for setting the tone of the meeting with his remarks.

Public Comment

None

Consent Agenda

Commissioner Purcell presented the approval of the Expenditure Certification Report (Authorization to Pay Outstanding Obligations of Salaries and Claims for the Period of April 1 to April 30, 2022.)

Commissioner Clark moved to approve the Expenditure Certification Report and the motion was then seconded by Commissioner Smiley. Hearing no questions or comments, Commissioner Purcell called for a vote. The Expenditure Certification Report was approved unanimously among the members of the Board present at that time (6 yes; 0 no).

Regular Agenda

Resolution Nos. 5241 - Real Estate Transaction – Central Office Lease

Commissioner Crutchfield moved for consideration of Resolution No. 5241; Commissioner Smiley seconded the motion. Mr. Brandon introduced Finance & Asset Management Director Jared Cummer who presented Resolution No. 5241 to the Board and recommended adoption of the resolution.

Resolution No. 5241 authorizes the Executive Director or his designee to negotiate and enter a lease for the property at 101 Elliot Avenue West to begin in March 2023. The agency is currently at capacity at 190 Queen Anne and the space at 101 Elliott Avenue West provides additional space with room for expansion and for a design that promotes more inter-agency collaboration. 101 Elliot Avenue West is in better condition than SHA's current location, even if SHA were to invest in significant tenant improvements at its current location and the HVAC system at 101 Elliot Avenue West will provide a much-improved workspace air quality, and the building structure will allow for better temperature control and air flow. While the base rent at 101 Elliot Avenue West is above the proposal for SHA's current location, the landlord at 101 Elliot Avenue West has offered rental incentives including a year of free rent and the proposed rent at 101 Elliott Avenue West is below current market rates and well below recent leases entered into by other public entities in the City. SHA has the option (but not the obligation) to rent up to 144 parking stalls at 101 Elliot Avenue West that can be made available to SHA residents and program participants needing to come to the central office to conduct business.

SHA's current building lease expires in March of 2023.

Hearing no further discussion, Commissioner Purcell called for a vote. Resolution No. 5241 was approved among the members of the Board present at the time (5 yes; 0 no; 0 abstain.)

Resolution Nos. 5242 - Hinoki Bond Issuance Addition

Commissioner Howard moved for consideration of Resolution No. 5242; Commissioner Crutchfield seconded the motion. Mr. Brandon introduced Development Director Terry Galiney presented Resolution No. 5242 to the Board and recommended adoption of the resolution.

Resolution No. 5242 Resolution No. 5242 authorizes the agency to issue an additional \$5,000,000 in short term tax-exempt bonds to finance construction costs associated with the Hinoki Project. This will allow the project to take advantage of a legislative change known as the “4% Fix” (see below) to generate additional Low Income Housing Tax Credits. The Resolution also authorizes the Executive Director to enter into and execute the various agreements and amendments associated with this change on behalf of the Authority and as the General Partner of the Yesler Block 5.1 LLLP.

Hinoki Apartments is a 7 story, 136-unit project that began construction in July 2020. The project contains 82 project-based voucher units, and 54 unsubsidized tax credit units serving 60% AMI households. The Hinoki Project is financed using 4% Low Income Housing Tax Credits (LIHTC), tax-exempt bonds, and a loan from SHA. The Board approved the Hinoki Project at the September 2019 meeting and construction commenced in July 2020. At the end of 2020, the US Congress passed legislation that increased the number of credits that LIHTC projects using tax-exempt bond financing can generate. This legislative change is sometimes referred to as the “4% Fix.” New bonds will be paid off in three years with the resulting increased equity.

After further discussion, Commissioner Purcell called for a vote. Resolution No. 5242 was approved among the members of the Board present at the time (5 yes; 0 no; 1 abstain.)

Resolution No. 5243 - Administrative Plan Revision; Project-Based Rent Increase Policy

Commissioner Howard moved for consideration of Resolution No. 5243; Commissioner Clark seconded the motion. Mr. Brandon introduced Compliance & Policy Manager Mark LaBrayere presented Resolution No. 5243 to the Board and recommended adoption of the resolution.

Resolution No. 5243 authorize SHA to revise the Administrative Plan and adapt a policy revision that enables SHA to increase the total contract rent for Permanent Supportive Housing (PSH) contracts to the Affordable Voucher Payment Standard (A-VPS) upon contract renewal.

SHA maintains two voucher payment standards. The affordable voucher payment standard and the market voucher payment standard. The affordable payment standard applies specifically to units that are in buildings run by nonprofit and government entities, and also important, it acts as a cap for our project-based contracts, which we will be discussing. In January of 2022, both the market and the affordable voucher payment standards were updated. To provide some context to the basic definition of permanent supportive housing it is just long-term housing that provides additional supportive services to help residents maintain their housing. Here in Seattle, specifically, permanent support of housing also operates as more of a philosophy towards helping some of the most difficult to house populations. Generally permanent support housing here focuses on low entry barriers and bringing families in from specifically chronic homelessness or families that face other struggles with housing. Due to the population served, permanent supportive housing buildings do face higher costs. Those costs can be represented by higher unit maintenance. The demanding work environment can lead to higher staff costs as well as higher insurance costs in the building due to more frequent fires and floods.

The current SHA project-based rent increase policy is such that non-PSH unit rents are adjusted by the Operating Cost Adjustment Factor (OCAF) at the contract anniversary. Additionally, recognizing the added operational and maintenance costs incurred at Permanent Supportive Housing buildings, PBV PSH unit rents also receive a supplemental increase of 1.5x the OCAF, but in no event shall the combination of the OCAF and the supplement exceed 5%. PSH buildings in Seattle typically house the hardest to house populations who are usually at or below 30% Area Median Income (AMI). The families and individuals leased up in PSH units are referred through the coordinated entry system and typically come from chronic homelessness, literal homelessness, or former homelessness. Serving a high needs population continues to pose challenges of increased building maintenance and other operational costs, and to aid PSH providers to further close the gaps, resolution approval is recommended.

The policy change is projected to increase the HAP budget by over \$2.4 million and this change and approach will allow SHA to support PSH housing providers to fill the gaps in operational and maintenance costs in a way that is financially feasible.

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 (4 yes; 0 no.)

Executive Director Report

Executive Director Brandon updated the Board on a recent shooting incident that took place at one of SHA's scattered sites properties and a resulting meeting that took place with SPD, of which came a plan to set a meeting with the crime prevention coordinator for the North Precinct, SHA and neighbors around the property. A separate meeting will take place regarding an assessment of crime prevention through environmental design, which someone will come out to assess a property and make recommendations about things to do to increase safety on your property. It was ascertained that the shooter was not an SHA resident but was living in the unit off the lease. The head of household was over housed in a 2-bedroom unit, meaning they were living in a unit larger than what they were qualified for. Property Management was advised to look into other units of the building and see if there are additional households in situations such as this and that if so please begin the process of right-sizing them by moving the residents into units that they qualify for based on their household size. Unfortunate violent activities that have been taking place at or around our property and we just put in motion to increase our commitment with the Seattle Police Department, with Chief Diaz and a representative in the Mayor's Office to sit down with him and to share specifically what's been happening at and around our properties.

Mr. Purcell asked for any further questions, or comments from the Board. Hearing none, it was moved by Commissioner Crutchfield and seconded by Commissioner Clark that the May 16, 2022, Regular Session of the Board be adjourned. All commissioners present at the time (4) voted unanimously to adjourn at 6:25 p.m.

Secretary-Treasurer