
SEATTLE HOUSING AUTHORITY
REGULAR BOARD BRIEFING

LOCATION	<p><u>Virtual via Microsoft Teams</u> (206) 257-3799; Phone Conference ID 869 252 502# Click here to join the meeting</p> <p><u>In-person option at SHA Central Office</u> 101 Elliott Ave W, 1st Floor Tahoma Conference Room Seattle, WA 98119</p>								
DATE	June 10, 2024, 4:30pm - 6:00pm								
BOARD ATTENDEES	<table><tr><td>Sally Clark, Board Chair</td><td>Twyla Minor</td></tr><tr><td>Robert Crutchfield, Vice-Chair</td><td>Paul Purcell</td></tr><tr><td>Rita Howard</td><td>Gerald Smiley</td></tr><tr><td>Dr. Paula Houston</td><td></td></tr></table>	Sally Clark, Board Chair	Twyla Minor	Robert Crutchfield, Vice-Chair	Paul Purcell	Rita Howard	Gerald Smiley	Dr. Paula Houston	
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DISTRIBUTION	SHA Board of Commissioners; Cabinet								

Commissioner Roll Call

AGENDA:

Briefing Items

- **Resolution No. 5283** – Northgate Commons Financing
- **Resolution No. 5284** – 2024 Affordable Voucher Payment Standard
- Multi-year Opportunity Investments Update

Commissioner roll call was given at 4:32 p.m. The Briefing was held via teleconference, with an in-person at the SHA Central office. Commissioner Minor and Commissioner Smiley was absent from the Briefing.

Review 06/17/24 Regular Board Meeting Agenda and Updates

Resolution No. 5284: 2024 Affordable Voucher Payment Standard

Executive Director Rod Brandon introduced Rental Assistance Program Director Alice Kimbowa and HCV Compliance & Policy Manager Mark La Brayere to present Resolution No. 5284 to the Board for consideration.

Five key budget priorities were identified for the 2024 budget process: 1. Serving more people; 2. Serving existing residents well/quality of life; 3. Employee wellbeing; 4. Race and social justice; and 5. Financial Management. Resolution No. 5284 is geared around the area of serving more people by increasing the affordable voucher payment standard which primarily impacts most of SHA's shoppers who will be looking to lease up in units.

A voucher payment standard (VPS) is used to calculate the Housing Assistance Payment (HAP) for a family. It is the maximum monthly assistance payment for a family assisted in the voucher program. SHA has a tiered VPS schedule - the Market Rate VPS (a market rate payment standard that applies to truly private market units) and the Affordable VPS (which applies to units that are subsidized in other ways or operated by nonprofits). SHA uses various local market factors when analyzing adjustments to the VPS, such as tax credit rent limits, vacancy rates and the length of time it takes a household to find housing. In analyzing SHA's Affordable VPS, a variety of factors are taken into consideration. SHA is primarily looking at tax credit rent limits in Seattle, specifically with the Office of Housing's rent limits, which directly ties into what the resolution proposes.

Resolution No. 5284 proposes to increase SHA's current voucher payment standard to match the 2024 Seattle Office of Housing rent limits. When comparing the 2023 Affordable VPS, the difference is significant; there is about a 10% increase. The office of Housing rent limits, as well as the Washington Housing Finance Commission rent limits, which are the same this year, are both tied to the HUD published area median incomes. Those increased pretty significantly this year and that translated into a pretty significant increase in these rent limits. However, the budget impact for this proposal isn't significant. SHA's budget impact for 2024 is a total impact of about \$554,000, and for 2025 in its entirety will be around \$2.5M. The total impact between the two years for all of SHA's housing choice voucher programs is right at \$3M.

Increasing the A-VPS has the greatest impact on current, and new shoppers, which is why the tenant-based impact is so much larger than our project-based impact. It turns out that most of our project-based rents are already a little bit lower than our current voucher payment standard. We are seeing a big impact certainly from the the budget side with our tenant-based voucher holders; 45% of our tenant-based voucher holders live in units that are subject to the affordable voucher payment standard. When SHA's voucher payment standard lags behind the rent limits set by either the Seattle Office of Housing or the State Housing Finance Commission, we find that those units quickly become unavailable to our

shoppers. The way that rent levels work for affordable housing in Seattle, basically anyone newly leasing up in affordable housing will be set at the highest possible rent limit for that year when our voucher payment standard doesn't allow our shoppers to meet those numbers. We will either deem a rental unaffordable because the gap between our payment standard and the the requested rent is too high, or a shopper will have to make up the difference between our VPS and the requested rent out of their own pocket. By increasing SHA's voucher payment standard to match the Office of Housing rents, we're making sure that those affordable payment standard units remain available to current SHA shoppers. HCV has drawn more than 1500 applicants from the voucher list in 2024, so to have that many shoppers over the course of the rest of the year and not have them be able to search for affordable voucher payment standard units is a pretty big impact. Participants could be forced into searching only for private market units, increasing competition for available units and SHA costs.

Resolution No. 5283 – Northgate Commons Financing

Executive Director Rod Brandon introduced Development Director Terry Galiney to present Resolution No. 5283 to the Board for consideration. Senior Development Program Manager Sandy Miller and Property Management Administrator Michelle Morris assisted Mr. Galiney by giving a review of the Northgate Commons redevelopment plan, as well as an update on relocation for current residents.

SHA acquired the Northgate Apartments in 2019 to hold in order to preserve affordable market rate housing until future redevelopment. Built in in 1950's, the property consists of 210 unsubsidized units (studios, 1- and 2-bedrooms), with 50% of residents being very low income and 20% are households with children. SHA is looking to redevelop the property to around 1,400 units, a significant increase in the amount of housing with bold goals around the amount of affordable housing in a new, mixed income community.

However, in the fall and winter of 2022, SHA began to receive reports of heating failure due to several of the boilers that had gone out of service and failing in different stages. The first thought was to replace the boiler, one done in 2023 prior to the winter, but during the winter cold snap that year, 59 units had complete heating failure and space heaters that were provided to them the year prior (to help supplement their heat) were tripping the breakers on the property. As a result, those households were offered hotel residency. Unfortunately, repairing the boilers also led to many other problems, i.e., the underground pipes could not support the pressure from the new boilers. So, beginning in 2024, SHA decided to take the first steps for permanent relocation and hired a third-party consultant. The first 59 residents that stayed in the hotels are set for priority relocation permanently and they are being relocated under MBA, or outside consultants. SHA has a second procurement out for the remaining 175 households that are still reside on the property. Meanwhile, staff are working with these residents to help them get vouchers and Educating them on the difference of taking a voucher, or the rehousing payments for a permanent relocation. Having a voucher will enable them to return to the property, and it will also help utilization for the voucher department. Currently, there are 41 vacancies out of 210 units, and we optimistically hope to have the entire property relocated by winter, 2024.

In focusing on 2024 budget goals of serving more people, the Northgate Commons redevelopment plan sets to provide more housing to a broad range of incomes with a range of unit types with the goal of doubling the amount of affordable housing on the site. In serving people better, the hope is to create a connected, diverse community, partner with the community on the vision for Northgate Commons, while integrating health and environmental stewardship into the redevelopment. Northgate is a neighborhood formally targeted and branded for the Creating Moves to Opportunity (CMTO) program, where families have access to more opportunity for their children. The area has close access to transit, with much access and community connections such as schools, community centers, parks, and shopping. There are also health care options available nearby.

The proposed action for Resolution No. 5283 seeks to form an ownership entity, enable applications for funding, signal an intent to later issue bonds (future resolution to authorize), and authorize \$10M combined predevelopment loans to two projects on the site.

Concerns regarding density, lack of 30-35% AMI units intended, and environmental impacts of the increase of units in the redevelopment plan were expressed during the presentation. Staff will take these concerns in consideration when doing further detailed evaluations of the property plan.

Multi-year Opportunity Investments (OIs) Update

Mr. Brandon introduced CFO Jared Cummer, and Budget Analyst Nisha Riley to the Board to report out on OI's to date, review their progress and overall spending to date.

Opportunity Initiatives (OIs) started in 2019 as a result of the Congressional budget deal, which substantially increased spending limits for discretionary non-defense programs. The increased funding continued, so SHA planned and funded OIs from 2019-2024 while using this opportunity to make new investments that align with agency priorities of serving more people, while still serving residents well. It also focused on staff wellness and operational efficiency.

OIs are longer term projects, typically ranging from two to five years. Each department who has an OI requested funds through the annual budget process and each OI is evaluated by the Budget Office and leadership through the annual budget process. Additionally, a department can also request or could have also requested, an extension of the timeline, as well, as either additional funds or FTE for each OI during the annual budget process is following the original approval. And, because of this separate funding source and the longer timeline, OI finances are tracked separately from operating expenses of a department that typically run on the annual cycle. Lastly, OIs can in the past have either reflected concrete plans, so it's a set identified list of what the program will be, or what the initiative is, but they've also covered some set aside funding for projects that have had identified programs in the future.

An OI projects summary is presented below, reporting on actual expenditures, not all expenditures and commitments:

OI Projects Summary

Budget Year	Total Approved Funding	Total Lifetime Expenses as of 4/30/2024	Remaining approved funds	% Spending & Reassigned
2019	24,375,000	18,881,080	5,493,920	77.5%
2020	15,100,000	11,278,365	3,821,635	74.7%
2021	8,500,000	8,500,000	-	100.0%
2022	19,042,000	8,313,551	10,728,449	43.7%
2023	20,108,000	4,268,560	15,839,440	21.2%
2024	29,306,539	410,920	28,895,619	1.4%
Total	116,431,539	51,652,476	64,779,063	44.4%

Listed below is a spotlight of funded development and capital improvement projects:

Spotlight Projects

Funded Development and Capital Improvement Projects

Approved Year	Description	Approved Funding	Lifetime Expenses
2019	Buy-Up Program	1,600,000	1,600,000
2019	homeWorks Reserves (Capital)	3,000,000	3,000,000
2019	LamBow (Salish Landing) Redevelopment	7,000,000	7,000,000
2020	Jefferson Terrace Redevelopment	8,000,000	8,000,000
2020	Yesler Terrace Infrastructure	2,000,000	2,000,000
2021	Jefferson Terrace Redevelopment	8,500,000	8,500,000
2022	Sawara Development	5,000,000	5,000,000
	Total	35,100,000	35,100,000

Three OIs that are currently in the process of being moved through both internal systems and working with a number of different staff members and outside entities, one such being Pathways to Permanent Housing. This was originally funded in 2023 at funding level of \$200,000. The effort there was to explore what SHA's role could be in accessing permanent supportive housing for residents who are no longer able to live in SHA's independent housing in a healthy and productive way. Solicitation has been sent out to identify a consulting group to work with SHA on this project, and we have also selected that vendor and are now in a period of having the materials routed for approval so that a letter of intent can be sent out to the respective parties. The contract is intended to be signed or sent out

for a negotiation at the end of June, or the last week of June with the target of beginning to implement that work with the consultant in August.

Another OI to spotlight Aging in Place, funded in the 2024 budget for \$500,000. This is a three-year proposal. In year one, we will identify the scope of the plan, and build on existing aging in place work/contracts. In year two, we will implement new initiatives (such as cluster care model, universal design standards, etc.). And, in the third year, we will refine implementation. This OI was an initiative that was catalyzed by the Board in the budget process in FY2023 and kicked off an exploration process with key staff in HCV (Andy Chan) and a collaborative group across Housing Operations of staff who are working with the older population in different ways throughout the agency to be able to do some learning and also to do some sharing with the Board that we would be able to map a way to move forward with this initiative in 2024 and beyond. We have awarded new contracts in this vein with program providers such as Sound Generation and subcontracting with Neighborhood House.

Additional information will be discussed on OI's in the near future with the Board.

Hearing no further comments, Commissioner Clark motioned for adjournment. It was moved by Commissioner Howard and seconded by Commissioner Purcell. The June 10, 2024, Regular Board Briefing was adjourned at 6:08 p.m. after a vote of the Board present (5 yes; 0 no; 0 abstentions.)

Secretary-Treasurer