MINUTES OF THE REGULAR MEETING
OF THE HOUSING AUTHORITY
OF THE CITY OF SEATTLE
JULY 18, 2022

The Commissioners of the Housing Authority of the City of Seattle ("Seattle Housing Authority" or "SHA") met in Regular Annual Session on July 18, 2022, via teleconference. Board Chair Paul Purcell called the meeting to order at 5:02 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: Dr. Paula Houston
Gerald Smiley, Vice-Chair

Public Comment

Summer Gray, Capitol Park Tenants Union

Consent Agenda

Commissioner Purcell presented the Consent Agenda, which included approval of minutes for the Regular Annual Board Meeting of April 18, 2022; approval of minutes for the Regular Board Briefing of May 9, 2022; approval of minutes for the Regular Board Meeting of May 16, 2022; and approval of the Expenditure Certification Report (Authorization to Pay Outstanding Obligations of Salaries and Claims for the Period of May 1 to May, 31, 2022, as well as for the Period of June 1 to June 30, 2022.)

Commissioner Crutchfield 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; 0 abstentions.)

Regular Agenda

Resolution No. 5244 – Jefferson Terrace Bond Issuance

Commissioner Clark moved for consideration of Resolution No. 5244; Commissioner Crutchfield seconded the motion. Executive Director Rod Brandon introduced Finance & Asset Management Director Jared Cummer to present Resolution No. 5244 to the Board and recommended adoption of the resolution.

Mr. Cummer gave the Board a breakdown of the construction costs. The total project costs currently sit at $96.45M. One thing to bear in mind: $26.9M is a paper transfer cost for the acquisition value of the building done in tax credits because you get credit for that acquisition piece, which was how SHA can generate so many tax credits here. The actual hard construction costs are just over $54M which is what will be going to improving the buildings, a lot is going to the amenities, the community room on the 7th floor as well as the computer lab that's there, the management office and making room for social services, so nursing and chore workers and caseworkers will have adequate rooms to work with residents. Also, it is upgrading all the major systems in the building (failing water and sewer lines, electrical, and significant air upgrades, as well as the units themselves. Elevator upgrades were done at the building within the past few years, so those aren't warranted.) Any repairs and upgrades that'll be done, they will be code compliant with the new seismic requirements. SHA is spending around$7-$7.5M on some of the soft costs (engineering and architecture, resident relocation, and resident related services.) SHA is investing a little over $17M into this rehabilitation project, broken out into two-line items. $13.2M is going directly into the residential units, which gets put in as a loan from SHA to the Limited Partnership and then a little over $4M is our costs for the Respite floor which covers the infrastructure. We are not upgrading any of those units as that is their responsibility to cover those costs, but the upgrades that SHA is doing on the rest of the building will be upgraded on their floor since it's part of the core infrastructure. SHA is providing a $7.4M bridge loan for construction for easier execution rather than to obtain taxable bonds. The rate SHA pay itself is a little bit less than the taxable bond rates; this is comprised in the companion resolutions.

Resolution No. 5244 authorizes the agency to issue one or more series of revenue bonds of a total principal amount not to exceed $45,000,000. The agency will then use these proceeds to makes a loan to the Jefferson Terrace LLLP, for the purpose of financing the rehabilitation of the Jefferson Terrace Apartments. SHA is the sole general partner and management agent. The total principal amount not to exceed $45,000,000 is comprised of approximately $16 million in long-term tax-exempt bonds which will mature 17 years after closing and be repaid by cash-flow from the property; approximately $29 million in short-term tax-exempt bonds that will mature 3 years after closing and be repaid from tax credit equity. The total amounts may fluctuate as interest rates in the bond market adjust, however the total issuance will not exceed $45 million. In addition, SHA will also provide bridge financing to not exceed $8.4 million for the construction.

After further discussion, Commissioner Purcell called for a vote. Resolution No. 5244 was approved among the members of the Board present at the time (5 yes; 0 no; 0 abstentions.)

Resolution No. 5245 – Jefferson Terrace Omnibus Financing

Commissioner Clark moved for consideration of Resolution No. 5245; Commissioner Howard seconded the motion. Mr. Brandon again introduced Mr. Cummer to present Resolution No. 5245 to the Board and recommended adoption of the resolution.

Resolution No. 5245 is an Omnibus Financing Resolution authorizing the Seattle Housing Authority (SHA) to execute a lease with the Jefferson Terrace LLLP, make loans to the Jefferson Terrace LLLP and approve the execution and delivery of documents relating to the financing of SHA's Jefferson Terrace project. This resolution authorizes the agency to make a loan of MTW funds in an amount not to exceed $21,700,000. Of this total amount, approximately $13.3 million will be a permanent loan used to finance the rehabilitation and approximately $8.4 million can be a short-term loan to bridge the construction financing and would be repaid from tax credit equity. The determination to either issue a taxable bond to fund a portion of the short-term construction debt or use SHA funds to bridge the loan will be made in the coming month based on changes in the borrowing rates. This resolution and Resolution 5244 authorize the Executive Director to make this determination prior to closing.

Hearing no further discussion, Commissioner Purcell called for a vote. Resolution No. 5245 was approved among the members of the Board present at the time (5 yes; 0 no; 0 abstentions.)

Resolution No. 5246 – 2022-24 OPEIU Collective Bargaining Agreement

Commissioner Howard moved for consideration of Resolution No. 5246; Commissioner Crutchfield seconded the motion. Mr. Brandon introduced Labor Relations Negotiator Amy Heller to present Resolution No. 5246 to the Board and recommended adoption of the resolution.

Resolution No. 5246 authorizes the SHA Executive Director to execute the negotiated three-year Collective Bargaining Agreement, with the OPEIU Local 8 effective January 1, 2022 – December 31, 2024. The previous OPEIU contract, which expired at the end of last year (December 31, 2021), represents 157 employees in 65 different administrative and clerical job classifications.

This three-year contract contains: (1) amended contract language with gender neutrality language, deletes outdated language, standardizes terms, i.e., "calendar day" throughout the contract, and restructures the CBA so it will be easier to use; (2) includes a new transfer program, (3) extends the period for temporary employment (from 4 mo. to 6 mo.), (4) includes new telecommute language for times of inclement weather, (5) Increases the period allowed for bereavement leave, (6) creates a pilot annual leave cash out program for up to 24 hours at the end of the year. Employees will receive a 6.5% wage adjustment for 2022 (retroactive); and a base wage increase for 2023 and 2024 equal to the CPI-W, with a minimum wage increase of 2% and a maximum of 5%.

Hearing no further discussion, Commissioner Purcell called for a vote. Resolution No. 5246 was approved among the members of the Board present at the time (5 yes; 0 no; 0 abstentions.)

Resolution No. 5247 – Write-Offs of Delinquent Accounts

Commissioner Clark moved for consideration of Resolution No. 5247; Commissioner Crutchfield seconded the motion. Mr. Brandon introduced CFO Shelly Yapp to present Resolution No. 5247 to the Board and recommended adoption of the resolution.

Resolution No. 5247 authorizes approval for the write-off of former tenant and participant accounts deemed uncollectible equaling $250,800 consisting of; $190,344 for former LIPH and Non-federal residents; $4,474 for Yesler Redevelopment; $45,628 for former HOPE VI residents; and, $10,354 for former HCV/Section 8 participants that were determined to be uncollectible during the Fiscal Year of 2021 ending December 31, 2021. These delinquent payments are written off SHA accounting records but will remain open and the obligation of the former tenants/participants to satisfy their past due accounts remains.

Hearing no further discussion, Commissioner Purcell called for a vote. Resolution No. 5247 was approved among the members of the Board present at the time (5 yes; 0 no; 0 abstentions.)

SHA Environmental Stewardship

Mr. Brandon introduced Environmental Stewardship Administrator Bobby Coleman, who presented to the Board and highlighted some of SHA's recent key successes and next steps into environmental stewardship work at SHA.

The Environmental Stewardship division of the Housing Operations Department, which is comprised of thirty staff, was created in 2018 and guided by the SHA's Sustainability Agenda. The division is comprised of different teams that do a variety of tasks; contracts management, fleet management, housing inspections, a solid waste management team (which includes a fleet of garbage trucks and garbage haulers), the sustainability management team, utility services and the accounts payable group that manages bill payment items. Recent sustainability successes at SHA are listed below:

- First 5-year benchmark report, adopted first 5-year Sustainability Agenda, and second 5-year benchmark report
- Joined DOE's Better Climate Challenge, committing to reduce emissions by 50% by 2032
- Built 5 buildings (552 units), that represent some of the greenest affordable housing in the USA
- Replaced agency vehicles past their useful life with no/lower emission alternatives, 100% of new passenger vehicles are electric
- Over $2 million in rehab projects planned or completed through no-cost rebates or incentive programs

- First Public Housing Authority to offer food and yard waste collection to all units
- Established and expanded partnerships with SCL, SPU, SDOT, SOH, SDCI, UW IDL, and county/state/federal agencies
- Participated in ground-breaking DOE-funded efficiency and electrification projects

SHA will continue to focus on our 2025 Sustainability agenda goals and continue to focus on helping tenants remain stably housed in as comfortable as possible in the face of climate change.

The agency will also continue learning about Environmental Justice, and what is required of SHA to begin thoughtfully sharing power and authority with clients. An environmental justice recommendations summary that came from a group of staff last year of what SHA should be doing to be an advocate change maker for environmental justice in our community. Something that has already done was an examination of the environmental health data from the Washington State Department of Health, Environmental Health Risks and Disparities map, to determine where the risk is within SHA communities and where is the highest risk. Currently, we're in the middle with Cabinet-level staff and senior managers trying to define and identify what it looks like for us to engage tenants in decision making around environmental justice. Doing more than just collecting feedback, but starting with their input and focusing on application; what do tenants want to see from us when it comes to climate resilience and environmental justice and what are the items they want us to be dialed into and focused on?

In the short-term, the SHA Environmental Justice (EJ) group will: examine environmental health and risk disparities; engage tenant perspectives on EJ topics and promote/support tenant participation in legislative and rule-making processes; identify and adjust agency policy that restricts tenant access to mitigation programs; and evaluate, develop and fund/finance multi-year, "whole-building" climate resilience capital investment plans.

<u>Social Housing Update</u>

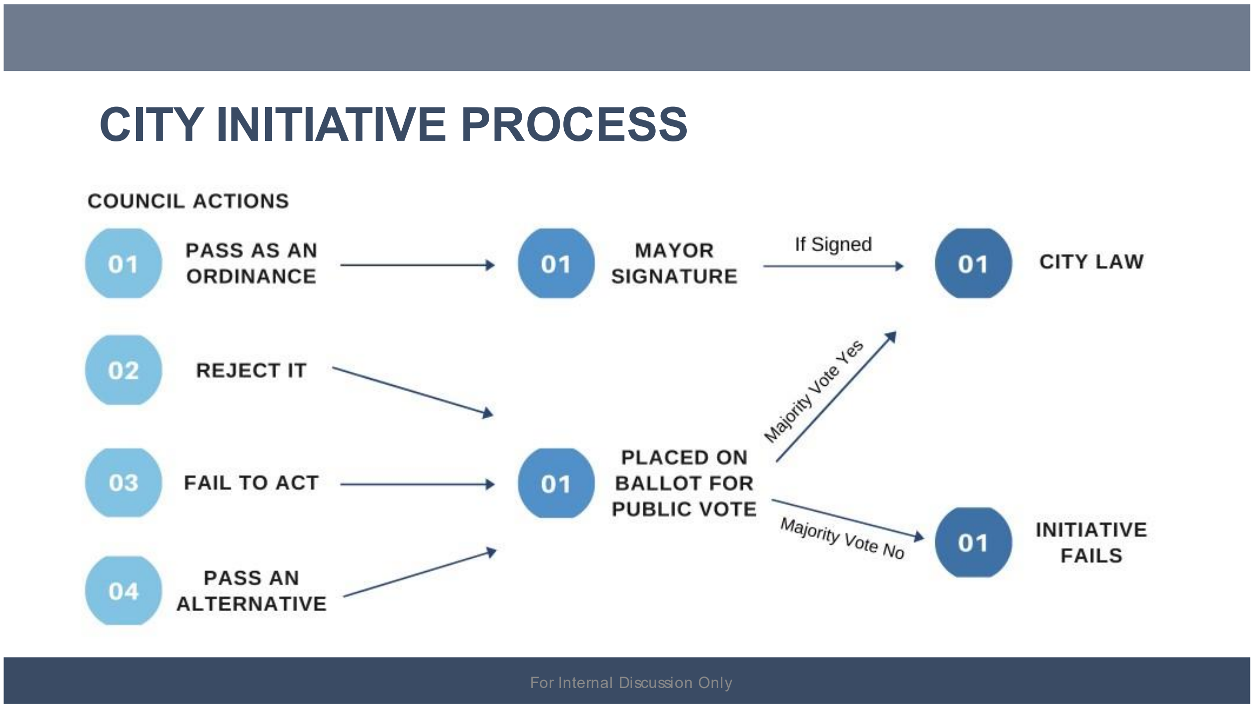
Mr. Brandon introduced Intergovernmental Relations Director Lisa Wolters to update the Board on the status of the Social Housing initiative.

Social housing is the umbrella term referring to rental housing. It could be owned by the state, nonprofits or the two, but the goal is to provide affordable housing.

Initiative 135 is the one that just recently had signatures being gathered for it, and it is to establish a Seattle social housing developer. It would be a PDA or a public development authority, and that's important because that allows it to develop, own or maintain their model of social housing. The proposal is coming from the House Our Neighbors Coalition, which Nikita Oliver is very active in. Here is a reminder again about what a Seattle social housing developer could do. It would be publicly owned and financed by city and state funding and would serve the full range up to 120% of AMI. The difference is in the leadership. This would be comprised of seven of the 13 board members must be residents and it establishes resident governance councils per the building. They're proposed funding sources (and they are still working on this), but small annual grants from the government. They would use bonding authority. Bonded grants are used to do capital construction or acquisition, and then the model is that tenants rents are different levels of income; 30% to 100% AMI and that those paying higher rents would subsidize lower rents. The goals for Initiative 135 are proposed to expand social housing in Seattle and create mixed income communities, address the affordable housing crisis, address displacement and equities in Seattle that we're seeing and promote housing justice, which begs the question as to how this differs from SHA goals.

Regarding ownership, SHA is an independent, publicly public authority; social housing would be publicly owned. The significant funding difference is 85% of SHA funding comes from federal sources and 10% from rental income; with the social housing model, they would be completely dependent on government grants. They also have bonding authority button rent; SHA has a more consistent government funding source at this point. SHA has a less than 80% of AMI threshold; they go up to 120% AMI, though we do have 1500 units with no income eligibility limits. If a tenant's income increases so much in public housing, do they have to move out? The answer is no, they just would continue to pay up to the market rate rent for their unit. And, then the governance is different. We have, as you all know, a seven-member Board, appointed by the mayor, confirmed by the City Council, with two of our commissioners being SHA tenants; whereas this is a 13-member board, appointed by the City of Seattle (we are unsure if these Board members would need to also be confirmed City Council.) House Speaker Chopp, Senator Saldana, as well as Representative Macri are endorsers of this initiative, as well as some local housing leaders.

Next steps for the initiative are listed below: we will be keeping the Board apprised of this process.



Mr. Purcell asked for any further questions, or comments from the Board. After further discussion regarding timing of the Board/Cabinet retreat plans and logistics, it was moved by Commissioner Howard and seconded by Commissioner Crutchfield that the July 18, 2022, Regular Session of the Board be adjourned. All commissioners present at the time (4) voted unanimously to adjourn at 6:42 p.m.

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Secretary-Treasurer