MINUTES OF THE REGULAR MEETING
OF THE HOUSING AUTHORITY
OF THE CITY OF SEATTLE
SEPTEMBER 19, 2022

The Commissioners of the Housing Authority of the City of Seattle ("Seattle Housing Authority" or "SHA") met in Regular Annual Session on September 19, 2022, at the Seattle Housing Authority Central Office, 1st floor Epstein Conference Room, as well as via teleconference. Board Chair Paul Purcell called the meeting to order at 5:05 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
Dr. Paula Houston
Twyla Minor

Absent: Gerald Smiley, Vice-Chair
Rita Howard

Public Comment

Dan Kruzich

Consent Agenda

Commissioner Purcell presented the Consent Agenda, which included approval of minutes for the Regular Board Briefing of June 13, 2022; approval of minutes for the Regular Board Briefing of July 11, 2022; approval of minutes for the Regular Board Meeting of July 18, 2022; and approval of the Expenditure Certification Report (Authorization to Pay Outstanding Obligations of Salaries and Claims for the Period of July 1 to July, 31, 2022, as well as for the Period of August 1 to August 31, 2022.)

Commissioner Crutchfield moved to approve the Consent Agenda and the motion was then seconded by Commissioner Clark. 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. 5248 – Affordable Voucher Payment Standard Update

Commissioner Clark moved for consideration of Resolution No. 5248; Commissioner Crutchfield seconded the motion. Executive Director Rod Brandon introduced Compliance & Policy Manager Mark LaBrayere to present Resolution No. 5248 to the Board and recommended adoption of the resolution. Commissioner Purcell called for motion to consider this resolution for approval. Commissioner Clark moved, and Commissioner Crutchfield seconded the motion. Mr. LaBrayere then proceeded to present it to the board.

The overall goal of the presentation is recommending the adoption of Resolution 5248, which would immediately increase our affordable voucher payment standard to meet to meet the City of Seattle Office of Housing, 60% area median income rent limits. There is an exhibit A to the planned resolution that gives exactly what those amounts are, but we'll look a little bit at the comparison between what those are and where we are and why it's important to come up to those limits. We did talk about it at least a relatively recently with the Board, but the voucher payment standard is the maximum amount of assistance that a family can receive under their voucher. Landlords can set a rent that is higher than our voucher payment standard. And, in those cases, a family has to pay the difference out of their own income between the rent for the unit and the hour limit that voucher payment standard limit. When a family is first moving into a unit, there is an affordability test that beyond a certain amount 40% of their overall gross income, a tenancy is determined to be unaffordable, and we cannot approve the request for the tenancy for a new move in resident. When you review these payment standards, at least annually, to make sure that they're fitting well for the needs of the participants, although obviously in some cases it is more than just once a year. We have two voucher payment standards. One is the market rate voucher payment standard, which generally applies to units in the private rental market. And then there's the affordable voucher payment standard, which applies specifically to units owned by nonprofit and government entities. Generally, these units are also subject to other restrictive rent covenants. This resolution only applies to the second of those, the affordable voucher payment standard.

Here is some background on why we are coming back to you again within the same year. If you'll remember, in February we did come with update proposal for both the market rate and the affordable voucher payment standards. Those updates were based on the HUD published fair market rents and that update came out in October of 2021 and after evaluation in February, we came with the proposed new voucher payment standards. Shortly after that, HUD published updated area median income limits for the Seattle area. Based on those area median income limits, the Washington State Housing Finance Commission updated their rent limits for tax credit units also in April of 2022, followed shortly thereafter by the City of Seattle Office of Housing, updating their rent limits for city funded affordable housing. At that time, once those new rent limits from those other two organizations came into play, affordable housing providers in the city began updating their rent limits to match those affordable housing providers within Seattle and are frequently subject to those city of Seattle limits, and so they automatically start increasing their rents to those limits when they increase. Where we were basing our new affordable payment standard on the recently published HUD fair market rents, when those area median income updates came out, it updated other rent restrictive covenants in the city. Now we're talking about the rent-like situation for affordable rents within Seattle. This compares where our current affordable voucher payment standard is to what the new Seattle Office of Housing rent Limits are. I'm going to focus mostly on the Office of Housing rent limits here. Most of the other affordable housing within the City of Seattle is subject to those Office of housing rent limits. I think it's above 95% of those. So, the ones that we're working with is going to be our primary one that we can compare to. You'll notice that there is a significant difference between the affordable voucher payment standard that we published in February and the one that the Office of Housing published in May. It's about $200 difference between most of the unit sizes. This is just some additional context for why we think it's important to update our voucher payment standard again. In February, when you agreed to update our voucher payment standard from the 2019 version, our payment standard was at about 90% of the Office of Housing rent Limits, and we took that as a signal that it needed to be increased. And now, six months later, even with our updated 2022 voucher payment standard, where again at about 90% of the Office of Housing Rent Limits. So, we're in a very similar situation to where we were before in February due to those later updates from the City of Seattle. Where we see an impact on our participants from those differences is going to be primarily in that affordability test that I mentioned. Because those affordable rent limits are exceeding our voucher payment standard, many of the affordable buildings in the city are going to be deemed unaffordable for participants to move into. They will not be approved by the Housing Choice Voucher department to lease up in those units. This has a particularly strong impact on our Emergency Housing

Vouchers. To date, about 41% of our Emergency Housing Vouchers have leased in affordable buildings. That is a higher overall rate than is true with our regular tenant-based vouchers. There are currently 300 households that are shopping with those Emergency Housing Vouchers and buildings that have traditionally accepted large numbers of our EHVs are coming up as unaffordable and are unable to accept those. New buildings that might be opening up and be fresh, brand-new units that would be exciting places for emergency housing voucher holders; will they also potentially be unaffordable? I say potentially because we can and do negotiate with landlords where possible to ask them to adjust their rent so that a rent is affordable for our payment standard. But there are situations where, especially with newer buildings or buildings that are carrying debt, they aren't able to adjust their rents at all. And debt coverage ratio might impact other budgetary considerations, but there are frequently situations where they aren't able to negotiate the rents to a point that it would be affordable for one of our residents. So, that's the impact on our participants and why we think it is important to move forward with this and open up those opportunities and give them that housing choice that they need. The impact on the 2022 budget is relatively small, around $322,000 (0.2% of the overall budget.) That's a relatively small impact for the time period mostly because so much of the year has already elapsed. There is a larger cost for existing households, and then there's a portion that is specifically for new admissions. Then for 2023, it is a larger budget impact because it is for the overall year. But between 2022 and 2023, the overall total impact for this change is $1.4 million and that is going to account for making this change for households that are rent burdened, households that are moving into a new unit and then for project-based contracts.

We recommend the adoption of Resolution No. 5248, which immediately increases the affordable voucher payment standard to match those Office of Housing 60% area median income rent limits. While this would increase the voucher payment standard, effective immediately, the households that it would apply to are limited by the resolution, so you should notice that it will the people that will be eligible for the new VPS or again new tenant-based voucher holders, existing tenant-based voucher holders who are rent burdened, existing tenant-based voucher holders who move to a new unit and then the project-based contracts.

Rental Assistance Program Director Alice Kimbowa gave remarks: Before we move to questions, I just wanted to acknowledge that this work that we are presenting today was in collaboration with our Finance & Administration department and would help to vet the budget and what this change would have on our budget and in collaboration with the Executive Office. Mr. Brandon added that we will be back in late spring of 2023 again, as the Office of Housing has indicated that they will be looking at their rates again and that given how fast things are moving that we'll probably see another increase in the next year.

After further discussion, Commissioner Purcell called for a vote. Resolution No. 5248 was approved among the members of the Board present at the time (5 yes; 0 no; 0 abstentions.)

<u>SHA 2023 Annual Moving To Work (MTW) Plan Overview</u>

Executive Director Rod Brandon introduced MTW Program Coordinator Lily Sweeney and Policy & Strategic Initiatives Director Andria Lazaga, who presented to the Board with an introduction to the proposed Annual MTW Plan for 2023.

Lily Sweeney presenting:

We are introducing the proposed 2023 MTW Plan at this meeting in September and then introducing it as a resolution and voting on it in October. So just a brief background, SHA has been an MTW agency since 1999. Moving to Work allows us to waive or differently implement a lot of public housing and voucher, statutory and regulatory requirements, as well as providing funding flexibility. That is where we get our MTW Block Grant and we're able to utilize the funds between the different programs. 80% of our housing units are funded through this block grant. We have 22 MTW activities with 125 strategies and MTW really touches pretty much everything we do at SHA and it's integral into how we operate pretty much everything at SHA from acquisitions through rental policies.

Every year, the MTW Plan has a prescribed format that HUD has created for us. We provide information on our housing stock, leasing, waiting list, capital expenditures, all for what we anticipate in the upcoming calendar year or financial year, a high-level financial information. All of that will be covered in the budget as well, so we're not going to get into that in detail with MTW Plan. It's also where we provide updates or new strategies or activities for the agency. And, we also have to include the existing strategies and activities in every single plan so that HUD approves them every year. There's a public comment process we go through annually. This year, it's open August 31st through September 30. So, we've posted information on the website, in The Voice, and information has been sent out to staff, as well to help do outreach to residents. We have comments coming in via e-mail, voicemail, postal mail options and we held a public hearing on September 12th. We will be presenting to the JPAC next week, I believe on September 27th; the results of the public comment process will come to you at the next board briefing. So, we will let you know what we received, and we will also let you know if there were any changes made because of those comments.

We have one update and one new strategy proposal for the 2023 MTW Plan. The update is an update to an existing strategy which is 3.A.03. It's called Reduced Frequency of Inspections. One of the things that we are allowed to do through that strategy is use different inspection protocols interchangeably depending on how we need to use them. For example, households that have a project-based voucher in owned and managed units; we don't have to use the voucher inspections. We can use the public housing inspections, same as we do with the other units that are not project based in those communities. So, there's a new set of standards called NSPRIE (National Standards for Physical Inspections in Real Estate.) so we'll be adding those to the list or the different protocols that we can change, or interchange as needed using a risk management approach. Those standards are set to come online in spring of 2023. And then we do have one new strategy that Andria will be going into in depth on a new rental calculation process for mixed status households.

Andria Lazaga presenting:

Generally speaking, the approach to calculating a tenant's portion of their rent in HUD subsidized housing is around 30% of their income. It's way more complicated than that, but that's the general principle. However, there are a group of households that must pay a prorated premium on that because of the makeup of their household. If there is a household that contains any members that are not considered, that are an ineligible noncitizen, that could be here on a student visa, someone who just doesn't have, can't get access to their documentation, et cetera. They fall into this category of ineligible noncitizen and HUD's standard policy requires basically prorating the equivalent of their subsidy based on the number of people who are eligible citizens are non-citizens. The result of that is that these families end up paying, on average, but 175% of their monthly income for rent, which is how we're still shocked that some of them have been able to maintain housing through that. But we do find that in the housing voucher program, which is really what is dragging this average so high, that there are folks who are unable to even use a voucher that was issued to them because they can't pay the 175% of their income and the other costs associated with renting there. We don't necessarily know where they are getting the money from, but because the incomes are generally so low that this it's not like they're getting another $1000, they may be getting $75 from someone to make up that that difference. Folks do seek out funding from friends and family. Technically, if they get routine like a monthly payment from someone that is supposed to be counted as income, we have no way of verifying that. It's up to folks to tell us if they're getting money from a friend. I have talked to the folks in San Diego where they have minimum rents of $550 and $650 and they see the same phenomenon that even though people's income doesn't indicate that they could pay the rent, because the alternative is being homeless, they figure it out.

Commissioner Clark commented: Can you can you say again what is an ineligible noncitizen in the household? So, is this a person who's on the lease?

Ms. Lazaga responded: Yes, they're on the lease. So, this is an explicit strategy from HUD to allow folks who do not have eligibility to be on the lease, and then they don't need to hide people from us or hide their income. This is an explicit approved policy of HUD. So again, the rationale between the behind the 175% that I can't speak to because that was HUD, but I would venture to say folks just didn't really do the math and realize how impactful that can be.

How this really plays out more strongly in the voucher program, so in public housing, where the rent is really just that percentage of their income plus the proration, it's 46% of their income, which I think is more in line with what folks would have expected to happen. There's a premium, but it's not one that is completely out of sync with what they can pay. But in the voucher program, folks could have leased up in a unit where they were maybe originally paying 40% of their income, but then their rent went up and then their rent went up again, then their rent went up again and their income didn't. And that is the kind of situation where because of the way the funding for the voucher program works, folks can easily go above 30% and even 40% even if they are fully subsidized. So, our proposal is to still provide a premium which we're for these households, which we're referring to as like a supplemental payment. Again, folks still paying more than folks where the entire household is eligible for subsidy, but in a more reasonable and just manner. So, the two main options that we're looking at right now which we'll finalize based on any feedback that we get through this process and staff figuring out the logistics of it would be $100 flat fee per household, or $50 per ineligible family member per month. Out of the 54 households, I think there's six or fewer that have more than one ineligible member. So pretty much every single household just has one ineligible member. We are not the only housing authority to propose something like this. There are a handful of others that have done something along these lines over the years and have been implementing them for quite a while. We are hedging our bets on what HUD will approve in considering the intent of the federal intent of this policy is to punish people for not being eligible citizens according to their paperwork and definition.

Lily Sweeney presenting:

We have key milestones for getting the MTW Plan approved and out the door to HUD. So, as I mentioned, we have this public comment period and then our introduction of the board resolution and the vote on the resolution. We do have a requirement in our MTW agreement that the MTW Plan be transmitted to HUD no later than October 17th of every year. It's a certain number of calendar days before the end of our plan year, which is again the same as our calendar year in fiscal year. As a result, our submission date is the same day as the Board vote. I really encourage anyone if they have any comments or questions to get those into us earlier than that date, because if we do not meet that deadline, there is the potential that HUD could take some ramifications for that. And then by December 31st no later than, HUD will give us some sort of response. Whether that is we have feedback for you or yes, we received this document, etc. But then they typically send us questions about things because we do have a new strategy that we are proposing, they may have more comments or questions than usual. So, the actual approval date is TBD. Typically, that comes around March, April, but this past cycle, it seemed to be taking longer. So, we will see and then we cannot implement any new items that we have put into the MTW Plan until HUD has approved it. So even if we do get approval on this mixed eligibility strategy, we won't be able to start working on that until HUD says yes, officially. So, you may not hear back about that for some time. The ramifications of not getting it submitted by the 17th is then HUD is no longer bound by that December 31st date to get back to us. Their approval is already very delayed, so we don't want to give them any incentive or room to delay approval any further.

SHA 2023 Annual Budget – First Reading

Mr. Brandon introduced CFO Shelly Yapp to present the first reading and overview of the 2023 Annual Budget. She then introduced additional presenters for the budget; Daigen McAllister (Housing Operations Programs Administrator), Housing Operations Director Dave Wellings, and Finance & Asset Management Director Jared Cummer.

Shelly Yapp presenting:

Today we will cover the financial overview and an introduction to the Opportunity Investments.

The total budget that we're proposing for 2023 is $416.2 million; this is an 8.1% increase over the 2022 Adopted budget. Interestingly enough, the largest percentage increase is in grants, and that's a result that in next year, expenditures out of our digital equity grant will amount to $1.8 million of that amount and we've got a new, over and above ROSS grant (families self-sufficiency grant) of $625,000 from HUD this year. The digital grant is from the State of Washington, and its total which we got this year, is $5.4 million in total. The top three items of the program operations and administrative expenses, which is basically all of our staffing and operating expenses, the housing assistance payments and the grant expenses, all of those constitute the operating budget; and the final three of capital non-routine, opportunity investments and redevelopment constitute the capital program. The operating budget varies a little bit each year depending on how big the capital budget is, but the operating budget this year is 68.5% of the total budget and the capital program is 31.5%. I will note that within the capital program, the increase that we have in the capital and non-expense, the biggest increase that's represented there is of our capital grant. We have the largest capital grant that we've had since I've been worked her at SHA from the Feds as part of our MTW grant for public housing that we use as the baseline for our asset preservation program, and it's only been in the last few years that in Congress, both houses have recognized that they needed to be further along in funding capital needs. The next page is the 2023 Department Operating FTE, with that budget increase comes an increase of about 6% in FTEs. The largest and our largest department is in Housing Operations, and a good portion of that is in Daigen's department, where there are eight capital positions added. We took over the maintenance of the Coast Properties that were managed by Coast privately and that has seven people associated it with it. And then we have one additional Industrial Cleaner. So that's a total of 16 and in his area. We've got the Hinoki opening, and the wave of that opening is 2.3

positions. Housing Choice Voucher positions are all positions that are either associated with EHV (Emergency Housing Vouchers), and these particular positions expire at either the end of 2023, or the middle of 2024. The last page of the budget part of the overview just shows those totals of the operating and capital, the operating budget alone is a 7% increase, and the capital budget is an 11% increase, for the overall 8% then I mentioned. Now I'm on to the opportunity investments introduction and I just will tell a couple of background things on this. We started this in 2019 and it resulted from the fact that after we were already in this process, we finally got a windfall when Congress raised the discretionary spending ceiling well above the sequestration cap to everyone's surprise and avoided what was then known as the fiscal Cliff. So, with that, instead of putting that into expansion of ongoing operations, we decided that we wanted to do innovative things, try new things, address bigger problems, and do activities that were short term in their investment. With the maximum that we've now established at five years, we started at a little less than that. That first year we had a larger budget than we do this year in this, in opportunity investments we had nine projects for a total investment of $24.4 million and we've kept pretty much the same kind of directions that are represented on here in what we're looking for when we ask staff to put proposals together. One of the things that I will particularly note is that the opportunity investments being presented today and in the second budget session, there are two or three that aren't being formerly proposed here to you or presented to you. They range from one to five years, but whatever the total cost is, that is shown for funding that entire amount this year. That's not going to have a tail on it. That will be another chunk of this same amount of money that would be in our budget next year so that each year we have an opportunity to do it up or down or about the same on that program. During COVID, we reduced this program to one project, and it was at $8.5 million, and we put the rest in mitigations.

<u>OI: COVID Deferred Maintenance in Residential Units -Daigen McAllister</u>

The opportunity investment proposal I'd like to bring you is the COVID Deferred Maintenance in Residential Units. Why do we have deferred maintenance in our residential units? As you are aware, the arrival COVID in spring of 2022 made a significant impact on all of our operations including maintenance operations. Beginning of spring 2020 through summer 2021, in accordance with public health guidelines, SHA made the decision to defer maintenance inside residential units that was not directly related to health and safety. So that's what we call routine work. This was done to reduce potential exposure to and the spread of COVID-19 among residents and maintenance staff. This was an industry standard response and resulted in about 15 months of an alternative service arrangement where we entered units only to do critical tasks. An example of a critical task would be in April 2020 there's a positive COVID case in a unit, but there's smoke detector wasn't working, we went into the unit full protective gear. We made the repair. We did other activities, such as we did COVID-related sanitizing in buildings. We did supporting vaccination clinics. We did exterior repairs and improvements, things like that. But we did have a large body of deferred work as a result of this policy decision. What you might think of as a wear and tear type items. So, at the same time it reduced our response to these repairs, and there was an increase in wear and tear in the units, especially family sized units, as residents work remotely, and children schooled remotely. There was also during this time a decrease in the reporting of repair needs by residents and a suspension of in-units inspections not only in-house, but also external inspections like the HUD REAC inspections. So that's just something we have to account for as some reporting issues. Moving into recovery, we're in 2022, thankfully, moving in recovery mode, and we're moving towards normal operations, but we still have all this deferred maintenance from having suspended routine work in unit for a year and a half. We have work that we know is taking longer than we would like to do. We also know that there's repair needs that we're just finding out about now as a result of resuming the inspections. Residents have made clear to us that this is one of their very top concerns. One of the things that most impacts their quality of work is the resolution of this deferred maintenance. That was reflected in the 2023 Resident budget survey. And catching up on this in-unit maintenance that was deferred during COVID is one of the core things I think we can do as an agency to support our residents. This OI is based on a pilot program that I actually launched in HOPE VI (New Holly) in 2020. We hired three dedicated project maintenance staff who did nothing but work on deferred in-unit repairs. They worked in coordination with property management, they posted notices for residents, they moved systematically, unit by unit, addressing deferred maintenance concerns, not getting called off for other priorities, emergencies, etc. The approach proved to be very efficient. Year to date, these workers are completing twice the number of work orders as an average maintenance tech by working in this fashion. So, our proposal is based on the success of this pilot that we did at HOPE VI, to continue the HOPE VI pilot and to expand this mode of operation into IPS, our main maintenance group.

The full proposal is a team of staff: ten maintenance techs total to work on in-unit deferred maintenance for the next three years, again following the same approach as the HOPE VI pilot, the dollar amount $3.4 million. This includes the 10 project maintenance Staff, fleet costs and other support costs and materials. We're confident that with this dedicated team and taking this efficient approach of moving through the properties not being called away for other priorities, we can resolve this deferred maintenance in-unit by year end 2025 without drawing significant resources away from our other core work.

Commissioner Crutchfield commented: Could you give an example of the kinds of work you're talking about that's been deferred that you?

Mr. McAllister responded: You know, this kind of silly example, but a toilet paper holder, right? So, it's been ripped out of the wall. It's not an emergency. It probably wasn't worth going in during COVID to expose the resident. Oftentimes the resident didn't even report it during COVID. They didn't want us in the unit. But it sure is inconvenient. Then, you have to have a toilet paper roll sitting there on the floor for three years and, you know, we owe it to our residents to go in at this point and resolve those type of issues. I can think of other things, such as closet doors off track, kind of more aesthetic amenity-type issues that just improve quality of life but aren't critical to health and safety issues.

Commissioner Clark commented: Is it 10 FTEs for the three years? And then the idea would be we are either figuring out other funds to continue that kind of focus work in other parts of the portfolio or it's brought to an end?

Mr. McAllister responded: The goal would be for it to be brought to an end, to resume normal operations at that point. So, this dedicated staff will be working on the backlog while our existing staff are doing work as it comes in. They'd be hired as regular project employees for the length of time of the term point. At the end of three years, we should be caught up and right back to normal operations.

Commissioner Purcell commented: Is there a reason that none of this can be funded under the MTW capital grants, rather than out of the Opportunity Fund?

Jared Cummer responded: So, when we fund, it’s not operational work but say non-routine maintenance work that gets done something like this. We fund it more on a like specific project type and when I say that it's like we need to upgrade ten generators so we'll have that in that IPS will fund. We have to fund say an ACAM upgrade in three or four buildings, or something like that and then we'll have dedicated staff for maintenance to do that. But this project as it sits is we have this backlog, lots of it is known, some of it may be unknown as we get into some of the buildings. So, it's less of just a dedicated capital project and more of an operational fund will support. I fully expect and I'll talk to this a little bit about when I get into my opportunity fund investment, they'll probably be things that Daigen and his team will find that will end up getting kicked over to the capital program as they go through it. But when we talked about this early on, it was clearly more of an operational, one-time fit well into the opportunity investments, whereas the capital is kind of been smaller scale with their team project focused and will like I said, probably get a bunch out of it. So, as an aside, for advocacy purposes, even though Shelly did say this is the highest year for the capital fund that we've ever seen, it's still about 40 to 50 times underfunded to what we really need. So, you can only stretch a $12 million MTW grant capital budget over our 6500 eligible or more units so far. So, it's really just expanding our capital work with the Opportunity Investments fund. I wouldn't see the type of work that we're doing as capital. The way we look at capital work is a couple of different ways. One is from the accounting sense, what the level of the work is to be capitalized on the books. And then on the other side of it, we also look at it in terms of the scope and the skill set that's needed to do that type of work. So, in my mind, it doesn't kind of reach that level.

<u>OI: Security Consultant + Security Plan Implementation– Dave Wellings</u>

To talk about this opportunity investment for security consultant and private security and security plan implementation, I want to give a little context about why we came up with this OI start just by saying that both the residents and staff have reported increased security challenges in our buildings over the past several years in 2020. SHA lost its contract with the Seattle Police Department and the specific attention that those dedicated officers brought to our communities. Since that time, SPD staffing challenges have contributed to significantly reduced and delayed 911 response. SPD is projected a net loss of officers in 2022. So, it's not getting better anytime soon. And all this is coming at a time where we've seen a rise in behavioral health challenges in our communities, challenges associated with homeless encampments and our buildings and increase in crime and vandalism, theft, and other property crimes on or at our buildings. So, we, knowing that reestablishment of a Community Police Team contract will not be coming in the short term, have decided to take a different approach and this opportunity investment does a couple things. One is that it more than doubles the amount of money available for private security in our buildings and then it also sets aside money to hire a security consultant. Both of these efforts acknowledge that we have to take the security of our communities into our own hands to a greater extent than we have in the past. We'll start with private security, and I'll say private security doesn't serve as a full replacement for SPD officers and in some ways, it serves a different purpose altogether, but they can be used to good effect in our properties and have done. One thing is that we were able to use private security for is checking IDs at the door on evenings and weekends at active buildings. We've seen that have a calming effect at several our properties. When we do that, it has been overall very well received by residents. That is the minor inconvenience that the resident has to go through but showing their ID has more than made-up for by the calming effect it has on the building and the lowering of traffic, and you know unauthorized people coming into the buildings increase patrols by private security can have it deterrent effect and help residents just feel safer. And the reports that property management gets help indicate issues that require follow-ups such as particular units with excess foot traffic and things like that and it helps us to know who to talk to and who to follow up with. Additionally, we will look to hire a security consultant to assess our overall security situation and make recommendations to improve conditions. It's the intent of this OI that the money will also be available to be used to implement recommendations and what we will be looking for is a consultant with law enforcement experience. There has been some success with New York City Housing Authority has had in hiring former law enforcement personnel to help with their security planning. This opportunity investment is intended to extend through the end of 2025. Our hope is that SPD staffing levels and the general security environment in Seattle will be improved by that time.

Mr. Brandon commented: This just continues to be a high priority for residents, so they have constantly been looking for ways, both prior to COVID and coming out of COVID, just to make their living environment safer and in the area outside of their property safer. So, we're hoping that these ideas will get us there. So again, as Dave indicated, it is not the same as having SPD present, but it does allow us to be more creative instead of a uniform officer for any kind of activity. We can be a little bit more thoughtful about who should respond and how should they respond and again, using some outside work that's being done by New York with their consultant. I'm looking forward to some more creative ways of providing safety to our communities.

Commissioner Crutchfield commented: Just had a comment that since except for the vague notion that somehow COVID has caused this increase in behavioral problems, no one quite knows why we're having this surge all around the country. So, it's anybody's guess whether it will be better in 2025.

Commissioner Clark commented: I appreciate the way you just described that it can be a broader mandate also to look at alternatives to police being the answer as we're having a discussion about that all over the city, so I would be interested in reports on how this one goes and I realize I don't know. So, for the third-party security that we are utilizing now, the private security, that will be increased through this allocation: is that armed security, does it depend, is it how to no?

Mr. Wellings responded: We do not have armed security in our buildings; many of these security companies offer that as an option, and we've chosen not to do that.

OI: Public Housing Rehabilitation and Financial Security – Jared Cummer

I'm presenting on our public housing rehab and financial stability project. This is really an opportunity investment that came out of a few different factors. The first factor is we have looked at some of these potential options that HUD is providing to increase funding for public housing as well as stabilize the funding moving forward through both the Scattered Site disposition and project-based voucher project we did last year, as well as Jefferson Terrace, which was a disposition from public housing, with vouchers being placed back on the project. The second impetus, which is going to be on the Foard agenda in October, is the homeWorks partnerships, which contain 21 public housing, high rises and more than 70% of our public housing inventory. We are exiting those limited partnerships and we are bringing that for your consideration in October. With those buildings, it has been almost 20 years since we did anything on them and they need a new funding strategy for getting major capital improvements into them in the coming five years, or so. The third is HUD continues to encourage housing authorities to look at new ways to stabilize and invest into public housing as an MTW agency, and we have a lot of flexibility that other agencies don't have. But we also have an MTW agreement that needs to be extended beyond 2028. So, we're looking at ways to stabilize and better position public housing so that we can continue to serve the residents in the manner we are now and also improve the buildings as we move forward. So, we are going to evaluate the options that are available and look at all of our public housing inventory and evaluate those HUD programs and start seeing on a property by property basis what programs will be beneficial long term for both the agency and residents so that we can stabilize the funding that we're getting for those, maybe increase them, increase the funding and also improve residents' quality of life in those buildings. I'm talking about stabilized funding, when you look at the HUD realm of funding project-based or Section 8 funding has always been more stably funded from Congress on an annual appropriation level than public housing has. So public housing has been chronically underfunded for years, and it also receives less year over year increases than the project-based platform has. There's also just generally, in my opinion, a lot of stigma on the congressional level around public housing that there isn't to the same extent as Section 8. So, it seems like HUD has pivoted towards promoting more Section 8 alternatives to public housing. So, this is going to be us looking into those options by approving the budget with this opportunity investment in there, and we're not committing to anything specific. There would be multiple check-ins, multiple opportunities for residents and the Board to weigh in on any of the proposed plans, similar to what we did with the Scattered Sites and Jefferson Terrace. So, this is the funding for a position, as well as a consultant, various consultants that we've worked with in the past to begin that evaluation, so I expect this to take a while. It will be the better part of a year before we probably have something of real good substance to bring, and then it'd be a couple years after that for more planning and implementation. Unfortunately, there's a lot of red tape around this as you all know; Jefferson took us well over two years to put into place and Scattered Sites was about the same, unfortunately. But in the end, it is very beneficial for both residents and the agency.

So, this last slide actually pairs well with what Daigen had presented earlier. This is our planning and proposal. So that once Dagan has completed that backlog, we've created a process in a format to keep our housing quality standards to the level that we want, as well as meet some new standards that are coming down the pipeline from HUD. So, some of you are familiar with REAC, which is the assessment standard that HUD uses to look at public housing units. They're shifting that to NSPIRE as you heard earlier. We don't know exactly when, but that shifts a lot of what they're looking at. That said, we've never been great fans of REAC because we were never convinced that inspection standard was really the housing quality standard that we wanted to meet for our residents and for our buildings, so this proposal is looking at a couple of things. It's looking at, OK, what do we need to meet the REAC and then NSPIRE standards? But then also, what do we want our housing quality standard to be? And we want to look at that by building type because it's very different when you look at the needs for a high-rise building versus a Senior building versus a single-family home that we don't get into the units as much. So, part of that is going through that process and looking at that. The other part is hazardous materials. We have a small number of units that still have lead-based paint in them. We continue to monitor them and encapsulate them and make sure that they're safe for the people living in in them. But we also eventually want to get to the point where we can abate them completely. So, this proposal includes just over $1,000,000 that you see to abate the final units that we have and completely remove lead from the rest of our inventory. And for those that aren't super well-versed in lead-based paint, pretty much most paints pre-1978 have lead in them. So, where you tend to find this is in the window trims, door trims oil-based paints that are in our mostly Scattered Site buildings. The other thing is asbestos. There's a lot of asbestos in floor tiles, and one of the things that for cost reasons we've encapsulated and gone over top, but we find out after you do that once and then you got to come back and remove the floor, you're ending up creating a longer-term issue you have to solve down the road anyways. So, we want to put together as part of this a plan for asbestos abatement in units when we do unit turns, but we need to do new surveys as part of that. So that's part of this proposal as well. We have surveys, but we need to update them based on abatements that we've done, as well as some changes in thresholds. So that's going to help us do that. So, this proposal here is for five FTEs. One of them is going to coordinate it and the rest are in the maintenance department and the plan for this is to we've already started the planning on it, but in early 2023 really hit the ground running. Get the plan flushed out because usually about March, April, we start getting notices from HUD that they're going to start doing inspections for REAC and we want to be prepared for that. So that's our proposal. This is a partnership between Asset Management and Housing Operations. Asset Management is going to be handling more of the coordination and the technical side of things and then Daigen McAllister's team in Housing Operations will be doing implementation of it.

Commissioner Purcell commented: Is this Daigen's team that's part of normal operations or part of the interim, ten-member team?

Mr. Cummer responded: Actually, it's part of the seventeen FTEs that Shelly talked about. Four of those positions are totally new positions out of this five. So, it's in addition to those two other ones. Daigen, for a very short period because then he had to come help out over in a different area, was focused on REAC and what he did was he put a team together that understood the regulations and the requirements, and they were really focused just on REAC and they were dispatched accordingly. That's what this was sized off on was his experience there, of how many people he needed to go and dispatch to do that. Whether it'll take the same form or not, we still want to get into the planning about that because this is an opportunity investment that lasts for five years, but we want to create a process where we can continue to manage our housing quality and be at the level that we want our housing quality to be at after this opportunity investment is done. So, part of that's putting a process in catching up on our backlog and getting all of the maintenance team, as well as the capital department because we have a role in housing quality as well, to make sure that we can meet that standard. So, this would be 4 new ones in addition to, a different team.

Commissioner Purcell commented: So that would mean we'd be adding 14 new maintenance positions for a limited period. Is that realistic to anticipate that that 14 positions are going to disappear in the work would be able to be assumed by the former existing staff?

Mr. Cummer responded: I want to only speak to this because this is the one I have the most knowledge about. But, on my side of things, when we do this quite frequently in the capital program; we put something together with a specific defined scope, period of time and you bring on four carpenters, or three carpenters and a painter to get that work done. And then one, as long as it's a defined scope with a start and stop, we've been pretty successful doing that, so we're treating that like this in a lot in the same way where we need to. Similar to what Daigen explained about COVID backlog, we have some REAC/NSPIRE backlog that we need to catch up on that we need to target through two ways. One is this team, the other is through the capital budget and my hope is that once we put a process in a plan in place for how we're going to hit the backlog items, but then also how we're going to adjust our maintenance and capital program going forward so that it reflects what we're wanting to see in our housing quality standards. That we can meet that threshold that we want. I feel that we just still have some work internally to do and some coordination internally as to kind of how our capital and our maintenance teams are working together to maintain a certain level of housing quality.

Mr. Brandon commented: In addition, Commissioner Purcell, I appreciate you looking at the longevity of this. We'll assess it then, but we're also trying to train ourselves, educate ourselves. Property Management has a big role in this, on what they see when they're at their property, maintenance and how Property Management interact. All those things should feed off each other to be able to maintain and catch stuff before it gets worse. We're so far behind now for a number of reasons. We're hoping that we can get caught up, get educated, create some better internal systems and then we'll assess whether we need to have an ongoing increase in expenses in that area. But we have some work to do internally first.

Executive Director Report

So, in the ED report that you all received, Lisa Wolters and her team have put together a number of things that are happening both back in DC on bills and our appropriation drafts that are being considered right now, acts that just passed, etc. This happened at state and local level, so look at the report more detail.

This summer's been busy. We were doing tours of our properties and looking at the conditions of it and lo and behold, we stumbled upon one property that just needed a considerable amount of help from our staff simultaneously to just looking at it. The residents there at the property stepped forward and raised our conscious level on this situation being unacceptable; I'm referring to the Jackson Park Village property. So, we had a number of youths who organized themselves and organized with some other community leaders to point to us and say, hey, we have some challenges here and this property is not up to standard, and you need to do something about it. That led into several community meetings online throughout the summer and it propelled us to do a massive amount of injection of staff and Dave had a whole team of folks who went to Jackson Park Village to do additional inspections as a result of low staffing, of COVID and of neglect on our part. There are some things that is just not acceptable for the state of our property and the upkeep of them. Staff went through the whole property and generated probably over 300 work orders and that may be an understatement. Daigen may be still receiving work orders. We put it in a place where we're going to report back to them periodically and let them know how we're doing. It was it was a great discussion and I give kudos to the youth who were really persistent and who were really clear about some of the things that they found unacceptable. We've done a good job and made strides of getting it to an acceptable level given the property, but we're going to continue to monitor that, and I'll keep the Board apprised of these ongoing efforts.

Another area I want to point out in the ED report is SHA staffing. We are having a record number of turnovers. We're at 20% of our staff turning over and so that creates a ripple effect throughout everything that we do. So, we are struggling to just keep people here at SHA, as folks are moving for lots of reasons, better opportunities, changes in their career path, etc. But with that, we we're trying to hire new staff as fast as we can, onboarding people 30 to 40 days. We're also trying to be a little bit more creative on how we get folks interested in employment SHA, so we're doing some revamping in that area to make ourselves a more attractive employer when there's so many choices out there. I just wanted to let you know that the turnover rate is extremely high currently.

In the first six months of COVID we had 62 internal contact tracing instances that we had to follow up on. You saw that in the first six months we had 24 people who turned out to be positive in the first six months of this year. Something happened in July because it just shot up. I think we ended up with 80 internal contact tracings that we were performing in the month of July, and 33 people within that pool were positive. Things have been trending down since then, but that was just a big spike that happened in the middle of the summer.

We were excited about Hinoki opening. Hinoki was one of our properties at Yesler, which we did the grand opening for this summer. It was great. We had a good turnout, one our first instances getting back together since before the pandemic.

In person, Commissioner Howard was there, which was great to see her there on site. The mayor was there, welcoming and giving accolades to SHA and right on the heels of that event, we also had Senator Murray come out and acknowledge the solar panel and the heat ventilation and the storm water system that we have at Hinoki building. This was part of the Inflation Reduction Act that she wanted to talk about things that you can be doing with those kinds of dollars. We partnered with Seattle City Light on this project, but it was just a great showing of our property and Hinoki building as it continues to get leased up.

Regarding Northgate, we're having conversations with the Office of Housing and the Mayor's Office on redevelopment of Northgate. We purchased the property in the Northgate area three years ago, with a considerable interest in having a partner for the redevelopment of that, and it was under a previous mayoral administration that we were starting to make some headway with that but didn't get to where we needed to get before the administration changed. Starting all over now with that and we're having some success in a partner. We'll see how that goes, but we're having those discussions. The Mayor's Office is interested, and Office of Housing is very interested in being a partner with SHA. We'll continue to look at the financial impact to both SHA and the kind of housing that we can get up in the North End. It's a fabulous site for those who don't know where it is, it's right off 105th right across from the light rail. We have 211 units there now, and the majority of those are occupied with residents 60% to 80% AMI, I believe. If we move forward, we'll look at a similar model like we did with Yesler; sell some of the partials off to private for market rate and require that they put in low-income housing within their market rate, save some aside for either SHA, or another third party to develop. We're in the early stages of that and we'll continue to bring that back to you, since it will be a big opportunity for us. We've been hearing early signs from the City of Seattle that want go lower than 60%-80% AMI and focus in on 30%, or so. That sounds great, and that's in our wheelhouse, but that's a lot more expensive and that's a lot more money. So now you're talking about subsidized, which is a little bit different than how we've done Yesler and others at that level. So, lots of discussions are taking place, and we'll be sure to follow up with the Board when we know more.

Speaking to Emergency Homeless Vouchers, HCV Director Alice Kimbowa and her team is doing a great job and delivering. You heard about some staffing increases that we had to do as part of the voucher payment standard to help get us to where we need to be by July of 2023. We're trying to be 100% leased up on using all those vouchers that we have, the 498 by the end of this year. SHA is currently at 77%, and I'm hearing that it's leading the country in the emergency homeless vouchers. They're hovering around 40% right now across the country.

Commissioner Purcell comments: I wanted to thank Shelly Yapp and F&A for putting in the year-to-date information in these reports and I wanted to encourage everyone to read the S&P Global ratings report for SHA. Every other sentence has the words very strong, extremely strong management and governance evidenced by the tenured senior management with a proven track record. But I also wanted to point out the importance they put on the strategic plan in terms of a sign of stability in the report and again just that it it's a very, very positive bond rating and it demonstrates the importance in terms of our ability to finance these things, to have good management and a good plan moving forward.

Mr. Purcell asked for any further questions, or comments from the Board. Hearing none, it was moved by Commissioner Clark and seconded by Commissioner Crutchfield that the September 19, 2022, Regular Session of the Board be adjourned. All commissioners present at the time (4) voted unanimously to adjourn at 6:52 p.m.

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Secretary-Treasurer