MINUTES OF THE SPECIAL MEETING
OF THE HOUSING AUTHORITY
OF THE CITY OF SEATTLE
DECEMBER 13, 2021

The Commissioners of the Housing Authority of the City of Seattle ("Seattle Housing Authority" or "SHA") met in Special Session on December 13, 2021, via teleconference. Board Vice Chair Gerald Smiley called the meeting to order at 4:35 p.m. Kimberly Garrett performed a roll call for Board Commissioners in attendance. Commissioners present and absent were as follows:

Present:	Gerald Smiley, Vice-Chair Robert Crutchfield Dr. Paula Houston Rita Howard Twyla Minor
Absent:	Paul Purcell, Chair Debbie Thiele

<u>Public Comment</u>

Summer Gray

<u>Consent Agenda</u>

Commissioner Smiley presented the Consent Agenda, which included approval of minutes for the Regular Board Meeting of November 15, 2021; approval of minutes for the Special Board Briefing of December 6, 2021; and approval of the Expenditure Certification Report (Authorization to Pay Outstanding Obligations of Salaries and Claims for the Period of November 1 to November 30, 2021.)

Commissioner Howard moved to approve the Consent Agenda and the motion was then seconded by Commissioner Crutchfield. Hearing no questions or comments, Commissioner Smiley called for a vote. The Consent Agenda was approved unanimously among the members of the Board present at that time (5 yes; 0 no).

Regular Agenda

Resolution No. 5232 – Section 3 Resident Hiring

Commissioner Howard moved for consideration of Resolution No. 5232; Commissioner Houston seconded the motion. JobLink Administrator Anne Keeney presented Resolution No. 5232 to the Board and recommended adoption of the resolution.

Resolution No. 5232 formalizes the adoption of the Section 3 resident hiring prioritization for internships and temporary hiring opportunities, with targets for increased hiring by SHA for Section 3 residents for temporary positions not requiring a license and internship positions not tied to outside funding. HUD released a new Section 3 rule, effective November 29, 2020, that changed the definition of Section 3 workers and established new Section 3 goals. The goal requires SHA to the greatest extent feasible to achieve 25% of all labor hours performed by Section 3 workers; 5% of the goal is to be performed by Targeted Section 3 workers

Hearing no further discussion, Commissioner Smiley called for a vote. Resolution No. 5232 was approved unanimously among the members of the Board present at the time (5 yes; 0 no).

Resolution No. 5233 – HCV Administrative Plan Update

Commissioner Crutchfield moved for consideration of Resolution No. 5233; Commissioner Howard seconded the motion. Rental Assistance Program Director Alice Kimbowa presented Resolution No. 5233 to the Board and recommended adoption of the resolution.

Resolution No. 5233 adopts SHA's updated HCV Administrative Plan, which contains four major policy changes:

1. FUP/FYI Program Transfer Preference - a program transfer preference policy for referred FUP/FYI youth with expiring vouchers who are at risk of experiencing homeless as a result.
2. Project-Based - PSH Rent Increases - PB rent increases are based on OCAF, and PSH units receive 1.5 times OCAF not to exceed the affordable VPS.

3. Occupancy Standards for EHVs - this policy recommendation authorizes staff to issue 1-bedroom vouchers for single-person EHV households. Single-person households under regular standards are qualified for a 0-bedroom voucher.
4. Mandatory Policies and Other Authorized Terminations - the added language clarifies the equity lens through which SHA staff will implement the termination policies on Use of Illegal Drugs and Alcohol Abuse and Drug-Related and Violent Criminal Activity.

Hearing no further discussion, Commissioner Smiley called for a vote. Resolution No. 5233 was approved unanimously among the members of the Board present at the time (5 yes; 0 no).

Resolution No. 5234 – ACOP COVID-19 Waivers

Commissioner Crutchfield moved for consideration of Resolution No. 5234; Commissioner Howard seconded the motion. Housing Operations Director Dave Wellings and Admissions & Compliance Administrator Eva Rubio-Reboca presented Resolution No. 5234 to the Board and recommended adoption of the resolution.

Resolution No. 5234 authorizes SHA to formally adopt the referenced HUD COVID-19 waivers that were initially published by HUD in PIH Notice 2020-05. The waivers will be appended to the ACOP Appendix 5: Operations during the COVID-19 State of Emergency. The HUD waivers that were implemented during the COVID-19 pandemic consist of:

1. ACOP: Adoption of Tenant Selection Policies: Waives the need for SHA to obtain Board of Commissioners approval to tenant selection policies in the Admissions and Continued Occupancy Policy (ACOP). SHA must formally adopt all policies by December 31, 2021.
2. Absence from Unit: Gives SHA discretion when a household is absent from a unit longer than 180 days.
3. Community Service & Self-Sufficiency Requirement (CSSR): Temporarily suspends CSSR.
4. Enterprise Income Verification (EIV) Monitoring: Waives the mandatory EIV monitoring requirements.
5. Resident Council Elections: Provides for a delay in resident council elections.

Hearing no further discussion, Commissioner Smiley called for a vote. Resolution No. 5234 was approved unanimously among the members of the Board present at the time (5 yes; 0 no).

<u>Resolution No. 5231 – SHA 2021 Committed Funds</u>

Commissioner Crutchfield moved for consideration of Resolution No. 5231; Commissioner Howard seconded the motion. CFO Shelly Yapp presented Resolution No. 5231 to the Board and recommended adoption of the resolution.

This is an annual resolution, with this being the 9th year where it has been brought to the Board for action where the Board designates a portion of SHA 's undesignated cash balance to be Committed Funds, designating that they are constrained for a specific purpose through a Board resolution, which is then reviewed and updated annually. Resolution No. 5231 authorizes adopts “Exhibit 1 YE 2021 Committed Funds” of $53.9M and itemizes all committed items and purposes; the Resolution also confirms “Exhibit 2 Commitments to be Funded in 2022 per SHA’s 2022 Adopted Budget” of $ 18.0M that will become Committed funds in 2022, as funds are received from HUD.

Hearing no further discussion, Commissioner Smiley called for a vote. Resolution No. 5231 was approved unanimously among the members of the Board present at the time (5 yes; 0 no).

<u>Voucher Payment Standard (VPS), Pt. 2</u>

HCV Compliance & Policy Manager Dani Fitts and Budget Analyst Colin Miller gave the Board a brief recap of the VPS 101 briefing last month, discussing the definition of the VPS (the maximum amount of assistance a family can receive, based on the region's Fair Market Rent (FMR) and funding from HUD) and SHA’s two types of VPS utilization (Market Rate VPS, which generally applies to units in the private rental market, and Affordable Housing VPS, which is applied to tenant-based units owned by non-profit and government entities.) Ms. Fitts indicated a deep dive discussion of both VPS local market factors will be presented to the Board, and what will be considered when updating the Voucher Payment Standards. Mr. Miller will then give an overview of the difference between the two Voucher Payment Standards in comparison of each other.

Fair Market Rent, or FMR is published by HUD every year. SHA last increased our Market Rate VPS in 2018, which was set to be 100% of FMR at the time. Annually, we look at how our voucher payment standard compares to what HUD thinks the 40th percentile of rents is in our Metro area, but not only that, as there are many other factors to consider. Rents did go down in 2021, probably in response to the pandemic. So, over time, if the fair market rents are going down and our voucher payment standard doesn't change, our voucher payment standard will become greater than the fair market rents in our area. Washington State had a rent increase moratorium from April of 2020 through June of 2021, so this means that rents have been stagnant for about a year. The expectation is that rents will start to increase more dramatically in the upcoming months.

The impact of these rent increases on our tenants is measured by something that we call rent burden, the proportion of a family's total income that is spent on rent and utilities (housing cost). A household is said to be "Rent Burdened" if the rent burden exceeds 40% of gross income. Another factor that is considered if a household becomes rent burdened and will need to move to better afford something, or for new voucher holders coming into the program, is how much can our voucher buy on the market. Fair market rents, market penetration, rent increases in rent burdened households are the primary things that we look at when we make a recommendation about how and how much to increase the voucher payment standard.

With the Affordable Voucher Payment Standard, which applies to tenant-based vouchers that are in units owned by nonprofits and government entities, we consider a different set of benchmarks. Average rents have increased by about $70 or 6.2% since the last VPS increase in 2019, and again Washington State had a rent increase moratorium from April of 2020 through June of 2021. So, there have been quite modest rent increases on these units expected because there are rent limits on them, but we may expect in the following months that there might come some rent increases on these units.

Mr. Miller compared the Affordable VPS and Market Rate VPS, which are different because they address different markets, and different sets of landlords (nonprofits and government landlords) that have different conditions, and different cost structures, so typically not a lot of debt on the balance sheet. There's not a profit motive in the Affordable VPS, as landlords are predominantly 503C3 Private Non-Profits, whose risk is not a private market risk requiring return on investment in order to cover all taxes and debt service; there are rents that are capped by regulatory requirements WSFHC and/or City of Seattle Office of Housing tax credit limits. With Market Rate VPS, private landlords are in the market as a business to make a net profit, cover all their costs and make a return on their investment. Private landlords carry the full financial risk of their properties' performance and are not subject to government subsidies. Typically, because of the debt, they will have higher operating expenses.

Due to these differences, rents are generally lower for households in affordable housing with the Affordable VPS than for those in the private market with the Market Rate VPS. Affordable properties are generally rent and/or income restricted, whereas Market Rate unit rents are not subsidized and are based on private market conditions. There is a balancing act of subsidy per voucher vs. number of issued vouchers. Savings realized because of Affordable VPS allow for more vouchers overall and/or the Market Rate VPS to keep better pace with market rate rents.

Federal Budget & Legislative Issues

Intergovernmental Relations Director Lisa Wolters gave an update to the Board on the federal budget and legislative issues currently occurring in D.C. regarding infrastructure bills, FY 22 appropriations status, and the debt ceiling.

There are two infrastructure bills: one for hard infrastructure (roads, bridges, broadband, water, etc. -no housing), and one for soft infrastructure (college, childcare, healthcare, climate change, etc.) The hard infrastructure bill has passed both chambers and was signed by President Biden. Even though it didn't include funding for housing, what it did include we were very pleased to see because of our digital equity initiative was broadband access expansion. It creates a federal program called the Affordable Connectivity program, which helps low-income families access the Internet. It still doesn't make the Internet free, which is something we continue to talk with the state and advocate. It also creates the broadband equity access program and creates this state digital equity capacity grant.

The Build Back Better Act consists of $65 billion for public housing repairs; $25 billion for rental assistance ($24 billion for Housing Choice Vouchers; $1 billion for PBRA) $15 billion for the National Housing Trust Fund; $10 billion for HOME; $10 billion for a new First-Generation Homebuyer own payment program; and nearly $12 billion in additional LIHTC investments including lowering the 50% bond test to 25% for 5 years (2022-2026); increase LIHTC allocation by 10% annually until 2024.

Steps still needed include finalization of the bill text, negotiate with amounts with the Republicans, review by parliamentarian (who may pare back immigration, health care and other provisions as noncompliant), and then off to the Senate floor for a vote. If the House agrees, Biden will then sign it into law.

The 2021 appropriations fiscal year ended on September 30, so there was a continuing resolution (CR) that passed until December 2. None of the twelve FY22 appropriations bills were passed by Congress to date and the CR extends funding until February 18, 2022, which is a relief to the agency. This extension would allow congressional negotiators time to complete action on the separate appropriations bills in different committees (SHA's is in Transportation, Housing and Urban Development), or another CR will be required to keep the federal government open.

The debt ceiling is important because if we defaulted as a nation on the debt ceiling, this means that we are not able to write anymore checks (i.e., no more Social Security as one example.) On a federal level, there is a bill that passed that includes a provision to fast-track the debt limit process into an unrelated Medicare bill that will prevent payment cuts to doctors and other health care providers. Biden has signed this bill, which opens the process for the Senate to pass a debt ceiling increase by a specific amount with a simple Democratic majority. Key to the agreement is that Democrats will have to vote on a specific amount by which the debt ceiling will be lifted. And that's important because there are not any Republicans at this point who are willing to come over to sign on this.

<u>Executive Director Report</u>

Executive Director Brandon informed the Board that a new SHA Commissioner had been recently appointed by Mayor Durkan and unanimously confirmed by City Council to fill the position vacated by Debbie Thiele: Sally Clark will be formerly introduced the Board in January 2022 and we are excited and honored to have her join the SHA Board of Commissioners.

Mr. Brandon also thanked the Board collectively on their comments, and feedback to the request for changes to the executive report process.

Mr. Smiley asked for any further questions, or comments from the Board. Hearing none, it was moved by Commissioner Howard and seconded by Commissioner Crutchfield that the December 13, 2021, Special Session of the Board be adjourned. All commissioners present at the time (5) voted unanimously to adjourn.

Secretary-Treasurer