

**MEETING MINUTES
OF THE
KING COUNTY HOUSING AUTHORITY
BOARD OF COMMISSIONERS
MEETING**

Monday, November 18, 2019

I. CALL TO ORDER

The meeting of the King County Housing Authority Board of Commissioners was held on Monday, November 18, 2019 at 700 Andover Park West, Tukwila, WA 98188. There being a quorum, the meeting was called to order by Chair Doug Barnes at 8:30 a.m.

II. ROLL CALL

Present: Commissioner Doug Barnes (Chair), Commissioner Susan Palmer (Vice-Chair), Commissioner John Welch and Commissioner TerryLynn Stewart.

Excused: Commissioner Michael Brown

III. Public Comment

None.

IV. APPROVAL OF MINUTES

A. Board Meeting Minutes – October 14, 2019

On motion by Commissioner Susan Palmer and seconded by Commissioner TerryLynn Stewart, the Board unanimously approved the October 14, 2019 Board of Commissioners' Meeting Minutes.

V. APPROVAL OF AGENDA

On motion by Commissioner TerryLynn Stewart and seconded by Commissioner John Welch, the Board unanimously approved the November 18, 2019 Board of Commissioners' meeting agenda.

VI. CONSENT AGENDA

A. Voucher Certification Report for September 2019

On motion by Commissioner TerryLynn Stewart and seconded by Commissioner Susan Palmer, the Board unanimously approved the consent agenda.

VII. RESOLUTIONS FOR DISCUSSION & POSSIBLE ACTION

A. Resolution No. 5635 – Resolution providing for the issuance of revenue bonds of the Authority in the aggregate principal amount of not to exceed [\$13,000,000], the proceeds of which will be used to make a loan to Somerset Gardens Apartments LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner, to refinance the costs of acquiring, rehabilitating, and constructing the Highland Village Apartments, and determining related matters.

Dan Landes, Development Director explained the resolution in detail.

When we first started the development of Highland Village and Somerset Gardens, the 4% tax credit bond program was in jeopardy so we closed on all tax exempt bonds that we needed for the project in the form of an interim loan with Bank of America.

The Highland Village loan will be repaid with tax credit equity and the proceeds from the financing with this resolution. This resolution will provide up to 13 M in tax exempt bond financing that will be repaid over time through the revenues of the Highland Village Project.

KCHA is not projected to come out of pocket at all.

This is a classic preservation of workforce housing.

Questions of Commissioners' were answered.

On motion by Commissioner Susan Palmer and seconded by Commissioner John Welch, the Board unanimously approved Resolution No. 5635.

B. Resolution No. 5636 - A Resolution of the Housing Authority of the County of King authorizing the Executive Director to approve, execute and deliver all documents relating to the Abbell rental housing project (Abbey Ridge and Bellevue Manor apartments) including but not limited to Limited Liability Limited Partnership Documents, Lease Documents, Low Income Housing Tax Credit Documents, Seller Loan Documents, Authority Loan Documents and Deferred Development Fee Documents and determining related matters.

Dan Landes, Development Director, explained that the next four resolutions are all related to this tax credit project. These resolutions will allow us to execute the tax credit deal.

5636 and 5637 are related to the Abbey Ridge, purchased in 2016 and Bellevue Manor, purchased in 2013. Abbey Ridge has significant capital needs that we will address.

Bellevue Manor is one of the few senior properties that doesn't have a sprinkler system and needs full fire safety improvements and because it's a Section 8 building, which allows us to do income averaging in conjunction with the Abbey Ridge project, we can keep existing tenants that have incomes that are in the 60%-80% area medians. This is why we wanted these two projects to stay together.

We will generate 33 million in tax credit equity and 33 million in rehab.

We have applied for 3.6 million that is awarded from King County TOD funds for Abbey Ridge. We won't find out until the end of December if we will receive this award.

5636 is the omnibus resolution, and allows us to execute the tax credit deal. It will form the tax credit partnership.

At the end of the developments, approximately three years, King County Housing Authority expects to break even and not have to come out of pocket for any related expenses.

Questions of Commissioners' were answered.

On motion by Commissioner Susan Palmer and seconded by Commissioner TerryLynn Stewart, the Board unanimously approved Resolution No. 5636.

C. Resolution No. 5637 – Resolution providing for the issuance of revenue notes of the Authority in a combined principal amount not to exceed [\$40,000,000], the proceeds of which will be used to make a loan to Abbell LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner, to finance the acquisition, rehabilitation and equipping of the Bellevue Manor Apartments and Abbey Ridge Apartments, and determining related matters.

Dan Landes, Development Director, continued explaining the details of each resolution.

Resolution No. 5637 allows us to take out Bond Financing (both tax exempt bond financing) which we need to meet the 50% test to get the low income tax credits. 24 of the 40 million will allow us to meet the 50%.

The rest of it, (16 million) will be in taxable financing which allows us to bridge the temporary gap. This will provide us the money as we need it, but as we get the money, we will pay off the taxable loans.

On motion by Commissioner TerryLynn Stewart and seconded by Commissioner John Welch, the Board unanimously approved Resolution No. 5637.

D. Resolution No. 5638 – A resolution of the Housing Authority of the County of King authorizing the Executive Director to approve, execute and deliver all documents relating to the Woodland North Apartments rental housing project including but not limited to Limited Liability Limited Partnership Documents, Lease Documents, Low Income Housing Tax Credit Documents, Seller Loan Documents, Authority Loan Documents and Deferred Development Fee Documents and determining related matters.

Dan Landes, Development Director, explained about Woodland North.

Woodland North is a property in Lake Forest Park in North King County comprised of 105 units and was built in 1980. We have owned and operated this as workforce housing. It's built on the side of a slope and we have issues with the retaining wall that is threatening the housing. There is also a stream that runs through it. A lot of the funds in connection with this project will be used to address site issues.

It will also be a net contributor to the Abbey Ridge and Bellevue Manor costs. We are generating 14.5 million in equity from Boston Capital, our tax credit investor. We are only doing 9.5 million in rehab.

Questions of Commissioners' were answered.

On motion by Commissioner Susan Palmer and seconded by Commissioner John Welch, the Board unanimously approved Resolution No. 5638.

E. Resolution No. 5639 – Resolution providing for the issuance of revenue notes of the Authority in a combined principal amount not to exceed [\$12,000,000], the proceeds of which will be used to make a loan to Woodland North LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner, to finance the acquisition, rehabilitation and equipping of the Woodland North Apartments, and determining related matters.

Dan Landes, Development Director explained that this is similar to the other resolution.

On motion by Commissioner TerryLynn Stewart and seconded by Commissioner John Welch, the Board unanimously approved Resolution No. 5639.

F. Resolution No. 5640 – A Resolution Authorizing Acquisition of the Hampton Green Apartments.

Tim Walter, Senior Director of Development and Asset Management gave an overview of the resolution.

Hampton Greens is a 326 unit apartment complex located in Bellevue, just south of the Redmond border. It was built in 1984 and located on 148th which is the street that borders the Microsoft campus.

Hampton Greens is not technically on the market, but the ownership is considering selling the property if it can close by the end of this year. It's owned by the State of Massachusetts Pension Fund. They are having an investment committee meeting today and will decide if they would like to sell or not.

We will come back to the Board in December, after we complete our due diligence with more details. The cost is \$388,000 per unit. This is extremely expensive real estate. It's this type of housing that is becoming more and more expensive. People that are living there now will be able to continue living there.

This resolution authorizes us to move forward with the acquisition.

Questions of Commissioners' were answered.

On motion by Commissioner TerryLynn Stewart and seconded by Commissioner Susan Palmer, the Board unanimously approved Resolution No. 5640.

VIII. BRIEFINGS AND REPORTS

A. CY 2020 Budget Briefing

Jill Stanton, Deputy Executive Director for Administration gave a presentation for the overview of the 2020 Budget with KCHA's Mission and Board's guiding principles.

There are 16 budgets that are developed under five departments and the Executive Budget. The budgets are then rolled up into one agency budget.

The Major Budget Initiative Goals for 2020 are:

- Increasing HCV Program
- Improve Shopping Success Rate
- Acquisition & Development of Affordable Housing
- Homeless, Education and Geographic Mobility Programs
- Reinvestment and Upgrades to Existing Portfolio
- Investment in our Staff
- Technology Upgrades
- Racial Equity, Diversity & Inclusion Efforts

The 2020 Budget Expenses/Uses are:

- HAP Costs and Voucher utilization efforts
- Housing Management operations

- Personal Service Costs
- Workforce housing operations and repositioning efforts
- Resident Service costs including housing stability and Homelessness
- Capital Expenditures - \$36 million including 135 unit upgrades
- Technology
- Social Impact projects – CMTO and other research projects
- Development and Property Acquisitions

Craig Violante, Director of Finance, offered to meet with each of the Board of Commissioners to review the budget.

Questions of Commissioners' were answered.

B. Third Quarter CY 19 Write-Off Report

Craig Violante, Director of Finance summarized that we had three accounts that had the majority of the write off amounts.

Bill Cook, Director of Public Housing, explained the details of the amounts and if we were able to take the three accounts out of the report that most of the money was accounted for, we would see more normal write off ranges of \$30,000-\$40,000 in write-offs.

One write-off had \$13,000 of unreported income and the other was for \$53,781 for cleaning/damage charges related to drug use in the unit.

C. Third Quarter CY 19 Procurement Report

Jill Stanton, Deputy Executive Director for Administration presented the Procurement Report.

Questions of Commissioners' were answered.

IX. EXECUTIVE DIRECTOR REPORT

Director Norman extended kudo's to Kristy Johnson, Helen Howell and Mike Reilly on recent HUD awards.

KCHA received notification last week that we will be receiving 198 new Mainstream Vouchers, valued at \$2.4 million in annual subsidy payments, under the recent HUD Notice of Funding Availability (NOFA). This was a national competitive process. We were awarded the most vouchers in Washington State, almost 1/3 of the entire state allocation of \$8 million.

We have additionally received notification that we have been invited to apply for 67 new VASH vouchers to support homeless veterans.

We are now in the process of applying for additional family unification program (FUP) vouchers under another HUD NOFA that was recently issued.

Congratulations also to Craig Violante and his team for a completely clean financial audit by the Washington State Auditors. There was not even a management letter or an exit item. Craig and his team make this appear easy although it is actually a very complex process.

Thank you to Commissioner Stewart for attending the Auditor's exit conference on behalf of the Board. We have just received the supplemental Accountability Audit Report and we will bring both audits reports to the Board meeting next month.

Commissioner Barnes, Director Norman, Helen Howell and Andrew Calkins went to Washington DC subsequent to our last Board meeting. Hats off to Andrew Calkins for getting us in to meet in person with all five of our congressional representatives and both Senators.

Helen Howell noted that it was great to meet with all of them and that we provided broad background education on housing issues and reaffirmed our partnerships. She noted that one key issue is increasing our VASH voucher lease-up rate and we discussed with the delegation how we can best support the VA in increasing the rate of referrals.

Helen noted that we also discussed the HUD budget as it relates to KCHA - the Senate had just approved its THUD Appropriations Bill - and we reaffirmed the importance of preserving the Senate's version of language pertaining to the ACC contract as this bill moves to conference.

Commissioner Barnes added that he was very impressed with the Authority's connection with the delegation. He felt that we are in an excellent position, our representatives are aware of what the authority is doing and actively asking for our partnership as well to assist them in certain areas. He was pleased to see the level of engagement. Commissioner Barnes also noted that he had a more positive feeling about the Federal budget this year.

In closing he noted that there is real value in staying connected with our representatives. It's very important to maintain those connections and to provide tours and contacts when they are back in the region.

Director Norman noted that Congress has a two year bipartisan agreement in place around top line budget numbers and that both the House and Senate have passed THUD Appropriations Bills. The intent appears to be to combine this bill with a number of other appropriations bills in a "mini-bus" after it comes out of conference.

Confidence is pretty high that the final numbers will be between the House and Senate goal posts, which reduces the level of uncertainty for us in terms of what the funding proration for our HUD programs will be in 2020.

The largest unknown and risk for us in this upcoming budget is the inflation factor for our Housing Choice Voucher program. This is an internal HUD decision and we will not know the final number until spring.

Director Norman returned to the VASH issue – he noted that one of the people we met with in Washington DC was Matthew Doherty, who directs the US Interagency Council on Homelessness, which is the agency responsible for coordinating on homeless issues between all of the federal departments involved. We discussed next steps in national strategies for increasing VASH utilization. Mr. Doherty was subsequently let go by the Administration, which appears to be increasingly directing the Federal approach to homelessness from the White House.

Director Norman thanked and acknowledged Doug Barnes for giving so generously of his time, energy and input while the team was in DC.

He noted, moving forward, that KCHA had a very busy month ahead in terms of real estate transactions, finalizing the budget and submitting the application to HUD for this last round of housing vouchers.

Helen Howell, her staff and the Housing Choice Voucher Department are also moving forward with the launch of KCHA's partnership with Highline Community College. Stephen and Helen met with the President of Highline last week and he has committed a dedicated FTE to this initiative.

Kristy Johnson is heading up the design and implementation of this effort with the assistance of David Forte from the Research Group, and the approach has been designed in consultation with the College's faculty and administration as well as with input from students through surveys.

One of KCHA's core missions is to increase housing opportunities for students experiencing homelessness. This partnership is one of the programs intended to address this issue. KCHA will allocate 40 tenant based vouchers to homeless students who are enrolled at Highline in pursuit of a degree or certificate. The assistance will be provided for up to four years of college enrollment, with a six month "tail" of housing assistance to support successful transition.

The initiative builds on work being done in Tacoma between the Tacoma Housing Authority and Tacoma Community College. KCHA intends to launch the program at the start of winter quarter in January 2020.

X. KCHA IN THE NEWS

There was an article on King 5 news.

XI. COMMISSIONER COMMENTS

Commissioner Welch thanked Helen Howell for meeting with him before going to DC. She gave him talking points of intersections between education and housing and spent a little time on the public charge rule.

Commissioner Welch also recommended that we review the following initiatives with the Board next year as they are foundational as it relates to investing in people:

- 1) Performance management /Job Classification/Compensation
Think it's important for the board to understand what that looks like.
- 2) Race, Equity, Diversity and Inclusion work. Would like to see how staff are envisioning that. Imagine there being some impacts to the board and maybe there will be recommendations that come out of that in terms of building our boards capacity for leading in that space as well.

XII. ADJOURNMENT

Chair Barnes adjourned the meeting at 10:02 a.m.

**THE HOUSING AUTHORITY OF THE
COUNTY OF KING, WASHINGTON**


DOUGLAS J. BARNES, Chair
Board of Commissioners


STEPHEN J. NORMAN
Secretary

