



I. CALL TO ORDER

Jennifer Hurley led introductions and icebreaker conversation with the group.

Board member attendees: Andrew Calkins, Maju Qureshi, Jennifer Hurley, Linda Smith, Dorsol Plants, Uche Okezie, , Amy Kangas.

Board members absent:

Others in attendance: Angela San Filippo; Elsa Kings, Housing Trust Fund Manager at ARCH; Jason Gauthier, SSHAP.

II. ADVISORY BOARD MEMBER INTRODUCTIONS / OPENING

Angela San Filippo officially called the meeting to order at 6:22 pm.

III. APPROVAL OF MEETING MINUTES

Draft minutes from the July 7 meeting were included in the agenda packet. Group did not express any questions, concerns, or edits to either set of minutes. Meeting minutes are approved.

IV. EXECUTIVE BOARD LIAISON REPORT OUT

Amy Kangas attended the July Executive Board meeting as the Advisory Board liaison and provided an overview of the July Executive Board meeting. The meeting included an educational component with Beacon Development Group providing an overview of affordable housing finance and what it takes to make an affordable housing project pencil.

Other agenda items included discussion on SKHHP performance metrics that was similar to the discussion with the Advisory Board. There was also extensive discussion and some disagreement on the advisory board stipend proposal. Ultimately the Executive Board approved advisory board stipends with a reduced stipend for virtual attendance.

V. A REGIONAL COALITION ON HOUSING (ARCH)

Angela introduced Elsa Kings from ARCH, the organization that SKHHP was modeled after. ARCH has been administering a housing capital fund on the eastside of King County for close to thirty years. Leading up to the Advisory Board and staff review of applications, we thought it would be really beneficial to hear from ARCH staff about their process and some of the lessons they have learned along the way.

Elsa provided an overview of ARCH with a brief history of origins as a citizen task force in Bellevue, mission and purpose of the organization, and sphere of influence.

Housing Trust Fund (HTF) plays a significant role at ARCH and is the catalyst for direct capitalization of affordable housing in east King County. ARCH's prioritizes projects serving 0-30% AMI but can serve up to 80% AMI for homeownership. Been able to fund 5,000 units and that is because of partnerships with other funders and ability to leverage funds 10 to 1.

New component of HTF is transit-oriented development (TOD), working in partnership with Sound Transit on various different properties they own on the east side, providing technical assistance and analysis on how Sound Transit properties could be best utilized for affordable housing.

Review of housing trust fund cycle. Typically ARCH has \$2 million to \$4 million available annually, this year \$4.5 million with \$500,000 of CBDG funds which they make available by using the combined funders application, all of Puget Sound funders use in order to coordinate applications and simplify that application process for applicants.

Applications received are present to Advisory Board with a high level summary and synopsis of projects. Advisory Board members review and make recommendations on which projects should move forward. Process goes from October – December and sometimes additional meetings are needed during the review process. In December Advisory Board presents recommended projects to the Executive Board, with Executive Board approval, staff go back to each member Council to obtain final approval which typically takes a few months.

Guidelines and evaluation criteria are used by staff and Advisory Board to evaluate applications and make their recommendations, but it is not done by assigning points.

Lessons learned include the very unprecedented times with rising housing costs, wages not rising at the same time, and insufficient funds available to meet the need. This year ARCH expects to be extremely oversubscribed, with \$20-\$30 million in funding requests. Organizational capacity of major developers is diminishing and many have lost staff due to COVID. ARCH provides technical assistance to help developers and providers with applications, providing information about potential partners, coordination with other public funders.

Rising costs of construction and labor has resulted in projects approved for funding in 2019 and 2020 coming back to fill funding gaps anywhere from \$30,000 to \$4 million. Cost increases have been anywhere from 10-18%, and will likely continue to rise. Funding sources have decreased because most public funders are just trying to cover funding gaps and therefore sources are spread thinner and not as available for new projects. Important to consider all these factors to make decisions and have implications for projects.

Question about per unit allocation and whether ARCH has considered establishing a similar allocation to the City of Seattle. Seattle Office of Housing has increased per unit allocation, while ARCH does not currently have a per unit guideline, they do look at cost efficiencies and the typical leverage rate of 10 to 1. Standards will not be in play in this round and probably not until construction market stabilizes a little bit.

Question about the amount of funding available. The \$4.5 million available this year and \$6 million available last year is higher than average, typically the base that cities provide is about \$2 million per year. The last couple years have been higher because of fee in lieu payments that were substantially large.

Question about HOME funds and how they factor into the ARCH pooled resources. HOME funds and CBDG have different requirements, can't use for all projects but do try to match those funds with a homeownership project or other project that doesn't have tax credits involved. City of Kenmore provided \$3 million in HOME ARPA funding for an affordable housing project.

Question about City Council approval process and experience with any local opposition to projects funded through ARCH. There are 15 ARCH member cities with an array of opinions, and there can be quite a bit of opposition. Example of Eastgate in Bellevue, a homeless shelter and permanent supportive housing with a lot of opposition that was 10 years in the making. ARCH can help communities address opposition by working with community and councilmember to address questions and concerns.

Question about how many organizations/projects they typically fund in a year. Typically they fund about \$30,000 per unit. In 2018 ARCH didn't receive any applications and had no projects in the works so they didn't disperse any funding. Then it became a priority to build a pipeline and work more directly with developers and other potential applicants. In 2021 ARCH funded 4 projects, with one project at \$250,000 and one project at \$2 million, funding allocations and number of projects can vary greatly from year to year based on the applications that are received.

Discussion on the housing types that are funded and supportive housing. ARCH tries not to box themselves in with specific definitions or specific populations, but they prioritize projects that provide wrap-around services for populations that need them.

Elsa concluded with advice on asking questions of developers, affordable housing is not easy to put together, if you have a question about a project – ask it, developers are always willing to answer. ARCH and SKHHP are here to make projects better, if there's something that you don't like make recommendations that might help make the project better.

VI. 2023 STATE LEGISLATIVE PRIORITY SETTING

Each year SKHHP adopts state legislative priorities by reaching consensus amongst member jurisdictions on key legislation that is likely to come before the state legislature and is aligned with SKHHP's mission and local and regional housing partners. Developing shared legislative priorities gives SKHHP members a stronger voice and provides talking points when communicating with lobbyists, legislators, staff, and other stakeholder groups.

Angela reviewed the idea list included in the agenda packet with the Advisory Board regarding potential legislation that may come before the state legislature in the 2023 session. Discussion ensued on mixed income housing, gentrification and what has happened historically.

Suggestion to look into the proposed modifications to income and debt limits for surplus public property for affordable homeownership. Caution expressed with allowing people the leeway to over leverage themselves and be more likely to default on loans.

Expression of support for Housing Justice Act and the time and education to get the Executive Board's support. Expression of support for amending statewide just cause eviction legislation to fix the lease term loophole.

Board members provided information on other legislation that may be under consideration that SKHHP should consider including in the legislative agenda. These included:

- Rent stabilization – increased notice period, imagine that would be introduced...be able to support.
- Housing Justice Act – any other extensions to existing other systems
- Support for funding Housing Trust Fund

Discussion regarding rent control and whether the state legislature would consider lifting the ban on rent control. This would take a modification to the constitution and even with a democratic majority there isn't majority democratic support. That may be changing with rising inflation, watch for potential changes in support for rent control.

VII. UPDATES / ANNOUNCEMENTS

- Advisory Board stipends and outreach and recruitment – Executive Board adopted stipends for advisory board members. I am currently working with Auburn’s legal and finance departments on the administration of those stipends.
- Program Coordinator update – we held a speed round with potential candidates earlier this week and have several candidates that will be asked to participate in a longer interview in the next couple of weeks.
- Housing Capital Fund update – we put out the notice of funding request and have received formal interest from three projects so far. Applications are due by September 15 and we ask that all applicants meet with us prior to submitting an application.

Angela closed the meeting at 7:55 pm.