



I. CALL TO ORDER

Nancy Backus called the meeting to order at 1:02 PM.

ROLL CALL/ESTABLISHMENT OF QUORUM

Executive Board members present: Nancy Backus, City of Auburn; Dana Ralph, City of Kent; Colleen Brandt-Schluter, City of Burien; Traci Buxton, City of Des Moines; Brian Davis, City of Federal Way; Sean Kelly, City of Maple Valley; Eric Zimmerman, City of Normandy Park; Carmen Rivera, City of Renton; Dennis Martinez (alternate), City of Tukwila.

Others present: Ryan McIrvine, City of Renton; James Lovell, City of SeaTac; Claire Goodwin, SKHHP Executive Manager; Dorsol Plants, SKHHP Program Coordinator; Maria Arns, SKHHP Advisory Board; Laural Humphrey, City of Tukwila; Nicholas Matz, City of Normandy Park; Angie Mathias, City of Renton; McCaela Daffern, King County; Nicole Nordholm, City of Des Moines; Sarah Bridgeford, City of Federal Way; Merina Hanson, City of Kent.

II. PUBLIC COMMENT

No public comment was provided.

III. APPROVAL OF JANUARY 19, 2024 MINUTES

Dana Ralph moved to approve the January 19, 2024 minutes as presented, seconded by Sean Kelly. Motion passed (8-0)

IV. AGENDA MODIFICATIONS

No modifications to the agenda were made.

V. BOARD BUSINESS

a. ELECTION OF CHAIR AND VICE-CHAIR

Nancy Backus informed the Executive Board that only a single nomination for the Chair and Vice-Chair positions was received from November to January. Nancy Backus was nominated for the Chair and Dana Ralph was nominated for the Vice-Chair. A final request for nominations was made, with no additional nominations.

Nancy Backus turned over the facilitation of the election to Claire Goodwin.

Sean Kelly moved to approve the nomination of Nancy Backus for Chair and Dana Ralph for Vice-Chair of the SKHHP Executive Board for 2024, seconded by Dennis Martinez. Motion passed (8-0)

Sean Kelly added that both have done an excellent job representing South King County.

Claire Goodwin returned the role of facilitator to Nancy Backus.

b. CITY OF SEATAC INTERLOCAL AGREEMENT FOR SKHHP MEMBERSHIP

Claire Goodwin provided an overview of the City of SeaTac's effort to formally join SKHHP. The SeaTac City Council formally adopted the SKHHP formation Interlocal Agreement (ILA) as a companion agreement with the 2024 SKHHP work plan and budget. SeaTac would also commit \$300,000 in general funds toward the SKHHP Housing Capital Fund. The SeaTac City Council is committed to advancing the goals of affordable housing as a subregion.

Adding a party to the SKHHP ILA requires the City's action and final approval by a two-thirds majority vote of the SKHHP Executive Board. A simple majority of the Executive Board will determine operational funding obligations SeaTac shall commit to as a condition of becoming a Party to the Agreement.

A copy of the SeaTac Agreement adopted by the SeaTac City Council was included in the agenda packet without the Party's signature. The signature copy will be what the SKHHP Chair signs should it be adopted today. The content is the same. Also in the agenda packet is the SKHHP formation ILA, which the SeaTac City Council adopted as an exhibit in addition to the 2024 work plan and budget.

Should the Executive Board approve the SeaTac Agreement, they will also need to approve the operational contribution of SeaTac for 2024. Since SeaTac took action to join SKHHP in late January and considering the formalizing of their membership in February, Claire Goodwin recommended pro-rating their contribution to \$10,456 rather than the full-year contribution of \$11,407 for their population size. In future years, they would contribute the total amount based on their population size, just as each current member jurisdiction currently does.

If the Executive Board approves the two motions incorporating SeaTac into SKHHP, Claire Goodwin announced that Councilmember James Lovell was selected as SeaTac's representative.

Traci Buxton motioned to approve the SeaTac Agreement and authorize the SKHHP Chair to execute the Agreement, seconded by Eric Zimmerman. (8-0)

Traci Buxton motioned to approve the pro-rated 2024 operational member contribution by the City of SeaTac in the amount of \$10,456, seconded by Dennis Martinez. (8-0)

James Lovell introduced himself to the Executive Board. In addition to his work as a Councilmember, he works full-time at the Chief Seattle Club, which provides emergency shelter and permanent supportive housing. Upon taking office, Mark Santos Johnson and others reached out to him about the gap in the SKHHP service map, which was the City of SeaTac. This is truly an exciting time for SeaTac, and the effort to join SKHHP started before his time on the Council. The SeaTac City Council is excited to work on the regional effort to ensure everyone has housing.

Nancy Backus said SKHHP was excited to have SeaTac and welcomed Councilmember Lovell.

VI. BRIEFING

a. MEET THE DEVELOPER: MULTI-SERVICE CENTER (MSC)

Claire Goodwin introduced a new series of presentations by South King County affordable housing developers to help bring awareness about these organizations' mission and vision and help put faces to organizational names. Affordable housing developers can only make a project work with engagement with our cities. Often, that engagement is at the permitting level, which is

behind the scenes. This series aims to help facilitate connections between those on the ground building, rehabilitating, and preserving the affordable housing stock in South King County with our Executive Board, which makes funding decisions to support these organizations and others.

Today, we will hear from the 2023 Housing Capital Fund Awardee Multi-Service Center (MSC). Kirsten York joined MSC as CEO in October 2023, bringing 15 years of direct service and non-profit leadership experience to the organization. Her work has focused on uprooting inequitable systems, uplifting communities, and repairing harm done to the most vulnerable members of our communities. Amanda Santo has been with MSC since 2008 as their Chief Operations Officer since 2022. She began her journey at MSC as an AmeriCorps member and was later hired as a Family Development Specialist for an employment program serving job seekers experiencing homelessness. She has worn a variety of other hats at MSC since then. She is a certified National Results Oriented Management & Accountability (ROMA) implementer.

Kristen York reviewed the history of MSC which began in 1971. MSC is one of thirty community action agencies in Washington state, with one serving every county. MSC has 100 employees and around 600 volunteers supporting its work. Over 40,000 people are served in a year, often from diverse backgrounds with low or no income. The services support families and single adults, from youth to senior citizens, with a budget of around \$23 million a year.

One of MSC's main programs is the Energy & Utility Assistance Program which supports low-income individuals or families with their energy, water, or sewer bills. The funds can also help the purchase of air conditioners. Additionally, there is a food bank located in Federal Way, which serves around 300 households per distribution. A satellite foodbank will be included in one of the new affordable housing developments that MSC is working on that will be more market-style. MSC has also used food delivery services for individuals who cannot access the foodbank.

MSC works with people on job readiness to reduce barriers to finding and keeping employment. There is also a long-term care Ombudsman program to help advocate for and protect individuals living in long-term care facilities. MSC also provides youth and young adult support and wrap-around services to support them in their next steps. Specific immigrant and refugee programs are also offered to help individuals and families navigate their new communities. During COVID, MSC made a big push to provide rental assistance to prevent individuals and families from becoming homeless and serves as the regional access point for the Coordinated Entry System for homeless housing support.

Amanda Santo reviewed MSC's housing programs. MSC has a supportive housing program focused on supporting single women and is their oldest program, providing 19 housing units. Additionally, MSC provides nine units of short-term housing for US military veterans. MSC has 14 affordable housing sites in its portfolio, with Redondo Heights in Federal Way under construction, a transit-oriented development (TOD) that will feature 334 affordable housing units. This will bring MSC's unit count to over 1,000 between King and Pierce County. Their portfolio is a mix of acquired rehabilitation projects and new construction.

MSC has faced several challenges when preserving or constructing new affordable housing. A severe lack of funding exists to support the rehabilitation or preservation of an existing project. The need for affordable housing will often create emphasis on new construction, but there needs to be a balance between preserving the existing housing stock and new construction. Agencies also need help to take on additional debt service on existing properties, and while they

can reapply for 4% LIHTC, the competition is often too great against new construction. Because rents are so low to maintain affordability, there is no cash flow to take on more debt. Most sites barely break even or run at a loss after COVID-19. As the housing stock ages, keeping the location marketable and competitive with other new affordable housing locations can be challenging. It is also becoming more difficult to find insurance for affordable housing sites, and some providers have disclosed that they can no longer be insured. Their insurance provider has informed MSC that they will also be moving out of the affordable housing market. Insurance will be an ongoing operational challenge in the affordable market space. Tenants continue to struggle to cover the rent, impacting providers in a way not seen before the pandemic. Increasing the availability of project-based vouchers in King County would help support some challenges with missing rental payments impacting operations costs.

Challenges for new construction include the high cost of land and the escalating cost of the construction itself. Projects take years from idea to reality and cost estimates have not kept up with the inflation around construction products. Financial timetables can hinder collaboration when trying to combine affordable housing with a market rate structure, such as market-rate units or even a first-floor commercial location. There is still a need for land use policy that allows for greater density, and efficient permit processes to encourage affordable housing. Banks want to see permits come in at certain times to be able to close, and with staffing challenges or capacity, developers are not consistently receiving permits when required.

Looking to the future, the Victorian Place II preservation was funded through the SKHHP Housing Capital Fund. White River and Maple Lane are preservation projects that have applied for the Housing Preservation Project fund through the Department of Commerce. Villa Capri is a preservation project that will be a partnership with the City of Federal Way to use Community Development Block Grant (CDGB) funds for rehabilitation. Redondo Heights is a new construction project in Federal Way. It is MSC's largest project ever and will be completed by the end of 2024.

b. 2024 STATE LEGISLATIVE UPDATE

Dorsol Plants provided a brief update on the State Legislative session since the January Executive Board meeting.

The SKHHP 2024 Legislative Priority focuses on funding all aspects of affordable housing. Including homeownership for moderate-income households and below, preservation of naturally occurring affordable housing (NOAH), land acquisition to secure permanent affordability, permanent supportive housing (PSH), infrastructure around affordable housing developments, and workforce housing.

Reviewing the legislative timeline, the session is over halfway completed, and the most recent deadline passed was the chamber of origin cutoff. There are a few more cutoff dates, and the session is scheduled to end on March 7.

HB 2354 was not covered last month, but it was an essential topic of discussion during the Tax Increment Financing (TIF) briefing. HB 2354 was the legislation discussed that would allow tax districts to opt out of future TIF, which may directly impact the effectiveness of the policy. The bill's original version stated that each taxing district must opt in; however, the substitute recommended by the Local Government Committee removed the opt-in provisions and required consultation as part of the TIF formation. A public hearing was held in the Senate Committee on

Local Government, Land Use & Tribal Affairs yesterday, and will now move into Executive Session in the same committee on February 20.

SB 6173, which would enable SHB 1406 funds to support affordable homeownership up to 80% AMI, passed 49 to 1 in the Senate. It is scheduled for a public hearing in the House Committee on Local Government on February 20 and an Executive Session in the same committee on February 21.

HB 1892 would create the Workforce Housing Accelerator Revolving Loan Fund Program and passed the House without receiving a single 'no' vote, and moved into the Senate. An executive session was scheduled for this morning with the Senate Committee on Housing. One thing to call out is that there is still a limit of \$20 million per county per year to support geographic equity when awarding funds.

When it comes to the TOD bills, most of the activity has been on the House side, and HB 2160 passed by a divided vote (yeas, 56; nays, 40; absent, 0; excused, 2). HB 2160 is scheduled for an executive session in the Senate Committee on Local Government, Land Use & Tribal Affairs on February 20. One item to highlight today is the requirement that 10% of all residential units within a station area be affordable housing.

To help identify station areas and potential surrounding areas that would be impacted by HB 2160 the Puget Sound Regional Council (PSRC) has created an interactive map to identify station areas in your communities along with transit routes. This slide deck contains a hyperlink to the map, which can also be found on the PSRC website. PSRC is updating the information as changes are made to the bill. The slides for this presentation are available in your agenda packet and were included in the calendar invitation.

Rent Stabilization has continued to be a focus of attention during this year's legislative session. HB 2114 passed in the House (yeas, 54; nays, 43; absent, 0; excused, 1) and had some changes. The original bill's limit on rent and fee increases was 5%, and the current bill changed the limit to 7% within a year. Some exemptions to the rent and fee increase limit include newly constructed buildings in the last ten years, eligible organizations that purchase a residential property to preserve long-term affordability, and organizations that already have rent increase limits such as a housing authority. The bill is scheduled for a public hearing in the Senate Ways & Means Committee on February 22.

This has been a busy session, and at this time, we know of at least some of the bills that won't be moving forward. Our slide deck has a status update for each of the bills we are tracking, which is up to date as of February 14.

Here are some quick updates on a few other bills we are tracking. HB 2219, which would exempt non-profit housing developers from sales tax on construction materials, is considered "Necessary to Implement the Budget," so there is some continued discussion. SB 6015, which would reduce or eliminate parking requirements for newly constructed affordable homes, passed out of the Senate and moved into the House. HB 1998, sometimes known as the SRO (Single Room Occupancy) bill, passed unanimously in the House and has moved into the Senate. HB 1245, commonly known as the Lot Splitting bill, moved out of the House but does not appear like it will move forward in the Senate.

The Legislative Session will be over by our next Executive Board meeting, and Dorsol Plants will provide a final update in March.

VII. BOARD BUSINESS CONTINUED

a. 2025 WORK PLAN DEVELOPMENT SURVEY

Claire Goodwin explained that the SKHHP formation ILA requires adopting an annual work plan and budget. To begin developing the 2025 work plan and budget, a short three-question survey was prepared to solicit some initial ideas from the Executive Board. This will help prepare for the March Executive Board meeting, which will include an in-person workshop.

The link to the survey was sent to Board members yesterday and provided during the meeting. The 2024 Work Plan for review is located at the bottom of the survey. The first two questions are based on last year's work. A third question asks what briefings the Executive Board would be interested in receiving throughout 2024.

The Executive Board was initially given fifteen minutes to complete the survey, and an additional three minutes were provided.

b. 2023 ANNUAL AND QUARTER 4 REPORT

Claire Goodwin reviewed the 2023 Annual and Quarter Four Progress Report. The 2019 ILA requires the Executive Manager to submit quarterly budget performance and progress reports on the status of the work program to the Executive Board and that it be shared with the legislative body of each member jurisdiction. The Annual Report will be sent to the staff work group members to distribute to their legislative bodies best for each jurisdiction.

2023 represented a time of foundation building, bringing awareness about SKHHP to a broader audience to build collaborative relationships, promote awareness about our capital fund, and expand the SKHHP Housing Capital Fund to finance the creation and preservation of affordable housing in South King County.

In 2023, SKHHP quadrupled the funding available to the Housing Capital Fund due to Kent and Covington contributing a portion of their HB 1590 revenues. SKHHP would also receive double the number of funding applications.

SKHHP staff worked closely with the City of SeaTac to ensure they had all the information needed to decide whether to join SKHHP and what that would mean for their city and our coalition.

Progress was made on developing subregional affordable housing preservation strategies with the South King County Housing Planners (SoKiHo), and that work continues this year. The New Executive Manager was hired and onboarded, and Claire Goodwin appreciates the opportunity to serve.

SKHHP staff hosted and facilitated a roundtable with eleven South King County developers on reducing barriers to affordable housing development in the subregion and finalized the internal affordable housing inventory dashboard. Through collaboration with the County and A Regional Coalition for Housing (ARCH), a grant was submitted to HUD, and we are still awaiting the status from HUD. SKHHP was represented at 200 regional meetings representing 25 unique groups.

SKHHP staff also accomplished more this year than can fit on one page. Additional details on many of these items can be seen in quarters one through three reports. The development of affordable housing takes years. Patience and resilience are assets in this work, so Claire Goodwin appreciates the Executive Board's time and investment in SKHHP's work.

Beginning to review the budget, the operating revenue is based on the annual member contributions. The Housing Capital Fund contributions have been invoiced for the 2023 funding round and include the additional HB 1590 funds from Covington and Kent that were not in this report last quarter. The Commerce grant column is what we invoiced in 2023 to our funding cities for the Affordable Housing Inventory dashboard.

Over the last two quarters, we discussed the reduction of \$5,000 in revenue due to a budgeted estimated grant from 2018 that never transpired. It has been removed now to reflect our fund balance accurately.

Interest earnings total \$132,000, which includes the accrued interest of the SKHHP fund and the capital funds. This number will continue to grow as we wait for construction to begin on the projects we are funding.

Operating expenditures for the year total \$371,000 with an estimated ending fund balance on December 31, 2024, of \$394,000. This is a much higher fund balance than we anticipated at the end of the year. It is critical to note that if you remove the interest earnings from the revenue, SKHHP is still spending more than we bring in member contributions. The member contributions are the long-term sustainable revenue source for SKHHP. SKHHP has a healthy fund balance that can continue to be spent down each year rather than raising member contributions more than necessary.

Expenditures include about \$4,000 that has yet to be accounted for in our accounting system. Those numbers were manually added and calculated to be included in the end-of-year budget report. There have yet to be any expenditures on the capital side. SKHHP staff are working closely with Habitat for Humanity to finalize our contract.

VIII. UPDATES/ANNOUNCEMENTS

Claire Goodwin provided an update on the work that began at the Executive Board in September 2023 to develop a subregional approach to addressing affordable housing preservation. Planners from each SKHHP jurisdiction were present at that meeting and, since that time, have been working as a group to figure out what strategies make the most sense for South King County to consider when addressing affordable housing preservation. That work continues now and over the next few months before most cities begin finalizing their comprehensive plans. We intend to present those subregional strategies with our South King County planners at the April Executive Board meeting.

Claire Goodwin provided a reminder that the next Executive Board meeting will be in person on March 15 in the City of Auburn Council Chambers. The Executive Board will develop the 2025 work plan through workshop activities and diving into the 2024 Housing Capital Fund priorities and guidelines. Both topics are critical to the Board, and the intention will be to adopt both finalized documents by the April Executive Board meeting. Information will be shared through the agenda packet for review before the meeting. SKHHP staff will be working on an initial draft of the work plan that incorporates responses from the surveys but also addresses some

administrative updates, like changing the dates to reflect 2025 and rephrasing items for clarity and to reflect the current status accurately.

Ryan McIrvine expressed gratitude for his time on the Executive Board and hopes to continue to support SKHHP's work in South King County.

IX. ADJOURN

Nancy Backus adjourned the meeting at 2:40 PM.

DP

Program Coordinator-SKHHP