I. CALL TO ORDER

Dorsol Plants called the meeting to order at 3:34 PM.

ROLL CALL/ESTABLISHMENT OF QUORUM

Advisory Board members present: Rumi Takahashi, Kathleen Hosfeld, Kent Hay, Menka Soni, Maria Arns, Zajj Collins, Patience Malaba, Cobie Sparks-Howard, Grace Wood, Uche Okezie, Olga Lindbom.

Other attendees: Jeff Tate, SKHHP; Dorsol Plants, SKHHP; Robin Wall, KCHA; Sean Harrington, WA State Department of Commerce; Jennifer Lane, WA State Department of Commerce.

Kathleen Hosfeld motioned to modify the agenda so that the Developer Decision Matrix presentation occurred before the 2025 Work Plan Goal 3 presentation, seconded by Menka Soni (11-0)

II. JUNE 6, 2024 MEETING MINUTES

Uche Okezie motioned to approve the June 6, 2024 minutes, seconded by Kent Hay. (11-0)

III. EXECUTIVE BOARD PRESENTATION UPDATE

Dorsol Plants expressed gratitude and congratulations for the astounding work the Advisory Board did presenting practical solutions to the homelessness crisis. He felt that it had a profound impact and hoped there would be future opportunities to present. After the presentation, the Executive Board took action to form an ad hoc committee to focus on SKHHP's role on the topic of homelessness.

Rumi Takahashi felt the presentation was effective and well-organized. She hopes the Executive Board learned something from it. The presentation highlighted the importance of supportive services.

Menka Soni said that the presentation helped the Advisory Board come together and learn more from each other. She wants to look out for more of these opportunities in the future.

IV. DEPARTMENT OF COMMERCE: HOUSING TRUST FUND EVALUATION AND REVIEW PROCESS

Jennifer Lane explained that in the 2024 funding round, Commerce had $23,023,664 available from their traditional funding source. There is $18,430,000 available for projects serving households with Intellectual and Developmental Disabilities (IDD). For new construction or acquisition of permanent housing through Apple Health and Home (AHAH), there is $40,394,818. AHAH projects are required to serve households eligible for the Community Service Benefit. Commerce has about $82 million to award in this funding round. On the Federal side, Commerce has about $9.8 million available, including the HOME - Rental Development, HOME – CHDO reserve, and the National Housing Trust Fund (NHTF).

Commerce has a funding limit per project, which is $3 million per project using federal funds and $5 million per project using state funds. HOME and NHTF funds will never be awarded to the same project. Layering subsidies can also reduce the maximum amount of funding a project can be awarded. The separate state funding sources can be combined for $5 million, and projects can apply for a waiver to exceed the maximum per project award. Evidence supporting the waiver includes local support, such as the project being awarded SKHHP funding.

Commerce released its notification of funding on June 20, 2024, and will provide technical assistance and accept funding waivers until September 5, 2024. Applications are due and must be received by Commerce no later than noon on September 18, 2024. A list of the applications received will be published on October 2, 2024. Final funding decisions and awards will be made on approximately December 18, 2024. Commerce hopes to have the contracts executed one year after the funding decision and award are made.

Each application received is assigned to two internal staff to evaluate calculated and subjective elements. Applicants are ranked by score, and Commerce coordinates with other public funders to determine which projects are ready to move forward. Awards are approved and provided after that point. The application review will take place from September through November, and Commerce will consult with public funders in October. One goal is to ensure funds are distributed geographically, focusing on providing 30% of funding to rural areas.

When coordinating with other public funders, Commerce looks for several things, including consistency across documents, the presence of local support, and whether the project has full funding. Commerce requires a project to have funding commitments or awards by December 2024. Commerce, King County, and SKHHP are likely to meet when consulting for projects in our region to ensure we align project priorities and funding sources.

Menka Soni asked what the timeline for awards was for Commerce. Jennifer Lane responded that the awards will be made in December and that they will begin coordinating with SKHHP in October.

Rumi Takahashi asked if the scoring was accessible before applications were made so applicants know what metrics they need to hit to be successful. Jennifer Lane responded that Commerce does provide transparency on how priorities are scored, and details are included in the Notice of Funding Availability. Sean Harrington added that the score is more relativistic than a determinant, so Commerce can evaluate projects in similar markets with each other, which prevents an applicant from being less successful when the project is more expensive due to being in a higher-cost area.

Kathleen Hosfeld asked if the scoring closely tracks what is in the RCW. Jennifer Lane confirmed that it does, and changes to the metrics are made by legislative action. Sean Harrington added that Commerce does try to keep the metrics consistent every year, but it is possible for projects to score slightly differently in funding rounds based on the other types of projects that have applied in that specific year.

Dorsol Plants asked if Commerce uses cost per unit when evaluating projects or if they used other metrics such as cost per square foot or household. Sean Harrington responded that cost per unit is one of the elements most pressed upon them by the legislature, as the goal is to create the largest number of doors. Some federal funds use cost per square foot when subsidy layering as part of their rubric. The structure Commerce uses isn't set in stone, and any changes

not related to ones made by the legislature are vetted through the Policy Advisory Team, which provides Commerce advice on big decisions. The current scoring structure was developed in collaboration with a subcommittee of the Policy Advisory Team.

Dorsol Plants asked what was the best way to understand the likelihood a project would or wouldn't receive state funding. Jennifer Lane said it would be the collaboration meetings, and Commerce would likely have a good understanding of who is in the running by the November Advisory Board meeting. Sean Harrington added that by the time developers apply to Commerce, the hope is that the project has already received local funding. Ideally, SKHHP would first provide funding, signaling to the state that the project has local support. King County is a highly competitive region for funding, and coordination between the public funders is critical for everyone to be effective. Commerce is always trying to figure out how to move as many projects forward as possible.

V. DEVELOPER DECISION MATRIX: HOW DO DEVELOPERS DECIDE

Rumi Takahashi talked about how the development process is interconnected regarding how the project comes together. It's impossible to push just one thing around without moving several other things. From the previous presentation, nonprofit organizations in King County are forced to constantly compete against each other. Does a competitive process make sense during a housing crisis, and what are ways to provide funding more effectively?

Uche Okezie and Kathleen Hosfeld are developers who assisted Rumi Takahashi in putting together the presentation. A developer would look at several things to determine if a project is feasible and should move forward. A handout was provided in the agenda packet that reviews the various decisions a developer makes when considering whether to begin a project. The presentation focuses on steps one to three of the decision matrix, which determines the project's initial go or no-go.

Kathleen Hosfeld stated that capacity and developer readiness largely drive affordable housing development. Part of it is what the opportunity is, the timing of the opportunity, and how it aligns with projects already in development. Funding certainty is another determinant; it only matters if you have an opportunity if there is funding to move forward. Project Profitability is crucial because it determines if the developer can pay their expenses. Developers must also consider the stakeholders' goals and priorities and how they align with them. The City of Seattle, as an example, is prioritizing the conversion of existing rental housing into homeownership opportunities; the developer needs to determine if they have the capacity, skills, and desire to do that type of housing. Project location and whether there will be community or elected support for a project is something else a developer needs to consider. Cities need to ensure that they have a staff person designated to respond to public funders like the State Housing Trust Fund to communicate local support exists for a project.

Rumi Takahashi continued that once a developer has determined they want to move forward with a project, they connect with an architect like her. A conversation begins to confirm the site and what information is available. The architect then begins to look at the physical aspects of the project, including surveys, confirming zoning and density requirements, the environmental status of the site, and other readiness placeholder information.

Finding a site can come from different areas, such as a real estate agent or a community member communicating an available location. Sometimes, a site can be provided through

surplus land policies. Determining if a site has existing infrastructure, such as roadways, water/sewer lines, and transportation, is important. The cost of the site also needs to be considered, including if there are items that will increase costs further in development, such as an environmental clean-up. Due diligence is necessary to ensure the land use code allows for the expected usage and that the property has a clean title.

To understand a site, you need a few key documents, like a survey that includes topography. A geotechnical report is also great, and if you don't get one at the beginning of the project, you will have to get one further in the development process. A site will also need a Phase 1 and 2 environmental report, often required for public funding. The reports cost time and money, so a developer must determine at some point whether to risk funding to move forward with the reports. Some reports, such as an Arborist report and a noise and traffic study, are nice to have. The architect will help review the zoning and land codes to ensure a project is allowed on the site. An example of a requirement is providing a commercial space on the first floor, which only some nonprofits have experience with and may need assistance.

Impact Fees are associated with new development, and there may be potential responsibilities related to bringing utilities to the site or transportation access. The amount of utilities that can be brought to the site also determines things like the number of units available. By gathering this information and combining it with the rest of the data, you can get a rough estimate of the project's cost and use that to determine the project's feasibility.

Section 3 is about the building program, which refers to what will go on at the physical site. Uche Okezie reviewed the project pro forma, where all the estimated costs outline the funds needed for the project. A per-unit cost basis to compare to is helpful when determining if a project is feasible and is likely to determine if a project can move forward and is less likely to impact what funding you seek. You can plug in the costs once you have a pro forma that meets your project's requirements. The developer can then determine the type of ownership structure for the project, such as a community land trust or a deed-restricted condominium.

After this step, you begin to determine what funding is available to meet your cost needs and the timeline for each funding source. This funding stack can include public and private sources, like a construction loan. An investor likes to look at the loan-to-value ratio and prefers an 80% to 20% loan-to-value. Each project is different, and what credit or funding is available can vary.

Rumi Takahashi briefly reviewed the building program, which determines the number of units and the number of bedrooms available. Information about the target demographics of the building and what supportive services are available will also be considered during this stage of the process. The building program is the written version of the building design and helps the architect understand what the building will contain and how big the box will need to be. This can include technical information such as mechanical/electrical/plumbing spaces or how many parking spaces will be required for the building.

Olga Lindbom asked how long, on average, the timespan from beginning to end of the development process if there is one. Rumi Takahashi said there really isn't an average. A lot of the timing is dependent on the funding available. A project puts the pro forma pieces together and applies, but if it doesn't receive funding, it may be slightly reconfigured and will apply until it receives funding. If a developer were to receive funding in their first year of applying, a project could be completed in three to five years. Rumi Takahashi is currently working on a project since 2016. Uche Okezie agreed, has been working on the project for seven years, and hopes

to begin construction this year. Rumi Takahashi added that a preservation project can be completed sooner since more is known about the project at the start of development.

Rumi Takahashi added that the competitive nature of funding can be challenging after doing all this work to design a project and being told that while the project meets all the goals and priorities, a different project is cheaper and would be awarded instead. Sometimes, the goalposts are moving while designing a project. The subjective element of scoring can be challenging to design around. Not all units are the same. A project with supportive services will cost more per unit but provide a different and essential form of housing.

Dorsol Plants asked how a developer can stick with a project over so many years and know when to press forward over a project that won't happen. Uche Okezie responded that she keeps in mind the people her project will serve to keep going, and when a project can't move forward, the funders begin to pull themselves out of projects. Rumi Takahashi added that there is a point of no return for the developer once you've spent a certain amount of time and funding. Uche Okezie agreed there is a point where it would cost more to walk away from a project over waiting for other funding opportunities. People will always need housing, so have patience; sometimes, you must wait.

Olga Lindbom asked if the funding process was transparent enough or if there was room for improvement. Rumi Takahashi said that as the architect, the process can be opaque for her as she tends to be the second person to hear about funding decisions. Reflecting on the presentation from Commerce, Rumi Takahashi said it would be challenging to understand what your project is being compared against without knowing all the projects that intend to apply in that funding cycle. She feels there is some transparency, but if a project is being scored against a cohort of other applicants, the transparency is only as good as how many other applicants you know. If a project is being evaluated solely on its own merits, that would be a more transparent system, but it might not reflect our funding scarcity.

VI. 2025 WORK PLAN OVERVIEW: GOAL 3

Dorsol Plants updated the Advisory Board that all SKHHP's city members had adopted the 2025 Work Plan and Budget and SKHHP is awaiting adoption by King County. Once King County adopts the work plan, the process will be finished.

Goal 3 of the 2025 Work Plan is the one the Advisory Board is most familiar with and speaks to the work done to present information to the Executive Board. South King County is a unique and diverse place undergoing many transitions as some areas move from suburban to urban and some from rural to suburban. South King County neighbors and communities need a voice at the table now more than ever, and the Advisory Board is that voice. That is what Action Item 11 is at its core: trying to take the Advisory Board's expertise and utilize it in the community and with our elected officials. Last month's presentation successfully provided some real, solid solutions to homelessness.

Action Item 12 refers to SKHHP staff working to coordinate with other public funders. Dorsol Plants intends to invite all the public funders in our region to the Advisory Board over the next year so we can learn their processes and how to support each other.

Action Item 13 includes work by SKHHP staff to attend meetings by King County, Commerce, HDC, and many more. It's important that SKHHP attend those meetings because South King

County rarely comes up. Seattle and Bellevue have a lot of funding, which means a lot of the focus in meetings is on them. SKHHP attending meetings can help remind those organizations that South King County is its own unique space that needs true focus.

Action Item 14 is a focus area that Claire Goodwin spent a lot of time working on and meeting with legislators during the last session. The goal is very similar to Action Item 13, reminding legislators that South King County is here and is its own unique space.

Action Item 15 is a new element that Dorsol Plants hopes will grow. By attending regional and state-level meetings, SKHHP staff became aware of several ways organizations communicate purchase opportunities to preserve or create affordable housing. SKHHP staff are still developing the process, but Dorsol Plants has shared several notices with organizations about manufactured home parks at risk of being lost or property owners hoping to sell to nonprofits to preserve affordability. The Advisory Board was encouraged to share any housing properties listed for sale in their community.

Dorsol Plants reviewed the indicators for Goal 3, which include metrics such as the number of engagement opportunities or meetings in which SKHHP served as an advocate for South King County. Advocacy requires a presence, and the Advisory Board members have shown up to support their neighbors time after time.

The Advisory Board presentation to the Executive Board was successful and will hopefully become the starting point of continued conversations. Dorsol Plants concluded with two questions to the Advisory Board for feedback. The first question was whether there were any ideas for engagement in 2025. He cited the Advisory Board's desire to do a large community gathering but needed at least ten to eleven months to plan a large event successfully. The second question was how future presentation topics and materials should be handled and ways to ensure that items put forward reflect the full consensus of the Advisory Board.

Rumi Takahashi mentioned that it would be great to have opportunities to share information about what's happening around the region and how each of the Advisory Board members affects affordable housing.

Menka Soni wondered if the Advisory Board could hold a session where the community is invited to increase awareness around affordable housing. Dorsol Plants asked if that would include supporting organizations like the Black Home Initiative when providing education on home ownership. Menka Soni confirmed that would be a good way to connect and raise awareness.

Zajj Collins added the need to consider cultural barriers when inviting the community. We often think about our needs when designing a presentation, but how could we bridge the language and cultural gaps to help raise awareness? Dorsol Plants added that he had a conversation with SKHHP city planners, who would appreciate support in helping to think about crossing cultural and language lines alongside the Advisory Board.

VIII. UPDATES & ANNOUNCEMENTS

Dorsol Plants informed the Advisory Board that the Seattle Design Festival would be held August 16-17 and would include interactive information booths on various housing design topics.

Dorsol Plants shared that the primary topic of the September Advisory Board meeting would be the SKHHP Housing Capital Fund review process. He requested that Board members who will be absent in September reach out so they can go over the review process before the application review begins.

IX. CLOSING/ADJOURN

The meeting was adjourned at 5:09 PM.

D P

Program Coordinator-SKHHP