



**Minutes of the Regular Meeting
of the Board of Commissioners of the
Housing Authority of the City of Everett**

August 27, 2018

Meeting Called to Order

The Regular Meeting of the Board of Commissioners of the Housing Authority of the City of Everett was called to order by Chair Maddy Metzger-Utt following lunch, at 12:10 p.m. on Monday, August 27, 2018 at the Authority's main office, 3107 Colby Avenue, Everett, Washington.

Commissioners Present at Roll Call:

Chair Maddy Metzger-Utt	Commissioner Michele Rastovich
Vice-Chair George Perez, Jr.	Commissioner Todd Taylor
Commissioner John Mierke	Commissioner Allison Warren-Barbour

Commissioners Absent:

None

Also in attendance were:

Staff:

Ashley Lommers-Johnson, Executive Director
Rick Dorris, Director of Development
John Forsyth, Director of Housing Operations
Wendy Westby, HCV Program Director
Wendy Abbey, Director of Finance
Erica Dias, Relocation and Planning Manager
Linda Baines, Deputy Director of Housing Management
Brenda McLeod, Ass't. Director of Procurement & Contracts
Chris Neblett, Hearing Officer/Administrative Coordinator
Krystal O'Mara, Executive Assistant

Guests:

Lorna Corrigan, Attorney
Catherine Holdsworth, President, BP Resident Council
Mary Billings, Vice President, BP Resident Council
Becky Ableman McCrary, City of Everett

Public Comment

None

Communications

Broadway Plaza Resident Council President Catherine Holdsworth said the recent Family Day celebration at Broadway Plaza was a great success and thanked all who assisted with it. Broadway Plaza Resident Council Vice President Mary Billings reported the problem of transients gaining access to the building was still an issue and said the building's flag was unserviceable and needed to be replaced. Director of Housing Operations John Forsyth said he would follow up with management staff on both points.

Executive Director's Report

Executive Director Ashley Lommers-Johnson said he would forego his regular report to the Board out of consideration for time, as he was going to speak at length later in the meeting about plans for the disposition of Baker Heights; additionally, HCV Director Wendy Westby was scheduled to give a presentation during the policy discussion segment on the Housing Choice Voucher program waiting list. He noted that last week's employee picnic was a success. He also reported the recent unexpected passing of a long-time employee, Senior Maintenance Specialist Gordon Thompson, late last week. An event to honor Gordon's life and service to the agency was in the planning stages.

Consent Agenda

Commissioner Perez made a motion to adopt the Consent Agenda, and Commissioner Mierke seconded the motion. The Consent Agenda contained the following items:

1. Approval of Minutes of the Regular Meeting Held on June 25, 2018
2. Approval of Minutes of the Special Meeting Held on August 8, 2018
3. Section 8 Payments for the Months of May, June 2018
4. Summary of Vouchers for the Months of May, June 2018

Items for Individual Consideration

Resolution No. 1461 Updating Public Records Policy

Hearing Officer/Administrative Coordinator Chris Neblett said this resolution was required to bring the agency's Public Records Policy into compliance with new provisions of the state's Public Records Act and changes to the Attorney General's Model Rules. The law's new provisions mandated updating sections of the agency's policy relating to the schedule of charges for electronic records and the need to maintain a log of public records requests. Other minor textual changes were made in response to changes to the Model Rules. Mr. Neblett said this updated policy was developed by an attorney with Foster Pepper who specializes in the Public Records Act.

Commissioner Rastovich asked if the agency receives public records requests on a regular basis. Mr. Neblett said it can vary, but as of late he has been processing two requests that have proven unusually time consuming. Chair Metzger-Utt requested that future updates to policy include a summary of changes or matrix that will show the amendments and revisions that have been made.

Commissioner Rastovich moved that the resolution be adopted. Commissioner Warren-Barbour seconded the motion, which passed unanimously.

Resolution No. 1462 Approving Section 8 Management Assessment Program (SEMAP) Certification for the Program Year Ending June 30, 2018

HCV Director Wendy Westby said this resolution was related to HUD's annual assessment of the agency's performance administering the Housing Choice Voucher program. She was happy to report that the overall SEMAP score was such that HUD had re-designated the agency as a High Performer, which she considered testament to the performance of her staff in a time of transition. Executive Director Lommers-Johnson congratulated Director Westby and her staff for their hard work over the past year in achieving High Performer status for the agency.

Commissioner Perez moved that the resolution be adopted. Commissioner Mierke seconded the motion, which passed unanimously.

Resolution No. 1463 Authorizing Amendment #23 to the Interagency Agreement with Housing Hope Relating to the Commerce Building SRO Units

HCV Director Westby indicated this resolution endorsed the twenty-third Memorandum of Understanding between the Housing Authority and Housing Hope, authorizing Housing Hope to provide management services for the Mod Rehab units located at the Commerce Building in Everett.

Commissioner Mierke moved that the resolution be adopted. Commissioner Perez seconded the motion, which passed unanimously.

Motion to Approve Newton Kight Legal Expenses Over Annual Contracted Amount

Assistant Director of Procurement and Contracts Brenda McLeod said the Housing Authority needed to increase the annual cap on legal expenses paid to Newton Kight to \$100,000, as the agency had surpassed the annual expense cap of \$50,000 per the contract. She anticipated this increase would be sufficient to finish out the second year of the contract.

Commissioner Taylor moved to approve an additional \$50,000 in legal expenses for the current contract year with Newton Kight. Commissioner Mierke seconded the motion, which passed unanimously.

Motion to Approve Recommendation for Future Use of Baker Heights Property, Disposition Method(s), and Related Matters

Executive Director Lommers-Johnson began by noting that a draft memorandum provided at the start of the meeting contained an additional option for the disposition and future use of the Baker Heights property, which had been developed since a Board retreat was held earlier in the month to discuss such options. He had originally intended to bring a final recommendation for Board action to the current meeting; however, after giving the matter further thought, he wanted to first hold a community meeting in September to receive feedback on each of these disposition options. Mr. Lommers-Johnson anticipated that a final recommendation would now be presented to the Board at a special meeting planned for later in September.

The Executive Director next reviewed the four options, noting that the Board had been presented with the first three at the retreat. Option one involved sale of the property via public bid at fair market value, excluding a 3.61 acre portion the Housing Authority would retain and develop through a partnership. This option was previously approved by HUD and had the potential for the greatest net gain in new housing units through private development, although not with respect to affordable units. Option two consisted of a negotiated sale of the site to Washington State University –this would yield a higher, non-residential zoning sale price that would facilitate an increase the Housing Authority's affordable housing stock throughout Everett – however, it would not result in a net gain of housing units at Baker Heights. Option three combined selling the greater portion of the property to WSU, while the remainder would be offered to private developers via public bid. Higher sales proceeds yielded by this option would allow for an expansion in the Housing Authority's affordable housing stock, although not to the degree offered by the second option.

The Executive Director said the new, fourth option would involve disposing of a large portion of the site to WSU via negotiated sale, with the remaining portion sold to the partnership controlled by the Housing Authority for less than fair market value. This approach added 1.6 acres to the parcel that was to be retained under the first option. Although it was not expected to result in a net gain of on-site housing units, this option would expand the Housing Authority's affordable housing stock significantly. It would also increase the number of units that could be developed at the Baker Heights site at a lower per unit cost, through the use of 4% tax credits. Furthermore, this option would not be bound by the same use restriction as the first, allowing current residents who wished to return to the neighborhood to do so eventually, using both the Project and Tenant-Based Voucher programs.

The Executive Director concluded this portion of his presentation by observing that he and senior management endorsed the third and fourth options, with the latter seen as the most favorable. He then yielded the floor to questions from the Board. Commissioner Mierke asked about the level of interest on the part of WSU in acquiring this property, and the Executive Director characterized it as strong and ongoing, given the proximity of Baker Heights and the university's plans to continue to develop its campus. Commissioner Perez wondered how small parcels that lie between the WSU campus and Baker Heights fit into WSU's development plans. With respect to property owned by the Housing Authority, Mr. Lommers-Johnson said Director of Development Rick Dorris was currently looking into whether the Wiggums Park Ballfield was included in the deed of trust with HUD that

covered Baker Heights. He said WSU may also be interested in acquiring Wiggums Park Place following the expiration of the tax credit compliance period in 15 years. Chair Metzger-Utt wondered whether the fourth option's plans to develop more affordable units on an expanded portion of Baker Heights would conflict with HUD's requirements to deconcentrate poverty in extremely low-income census tracts. Mr. Lommers-Johnson said this was not a concern, as the one for one replacement of low-income units lost at Baker Heights would be counterbalanced by the construction of additional units targeted at households earning up to 80% of AMI.

Following up on a question by Chair Metzger-Utt, the Executive Director confirmed that the Housing Authority was committed to developing affordable housing in other parts of Everett with the proceeds from the sale of Baker Heights. He said the fourth option had the potential to reduce overall investment of EHA funds for new units at the portion of the Baker Heights that will be retained under partnership from \$15 to \$11 million, while potential sale proceeds from the sale of the remainder of the property and the Scattered Sites could be up to \$30 million. In the best-case scenario, sale proceeds of up to \$20 million could be leveraged fourfold, resulting in the development of 400 to 500 affordable housing units throughout Everett.

In conclusion, the Executive Director noted that all options for the disposition and redevelopment of Baker Heights as presented would require an amendment to the terms of HUD's disposition approval letter. In the case of the first option this would entail authorization to increase the number of units the Housing Authority planned to develop, from 60 to over 100. All other options would require HUD to approve the disposition of a portion of the property through a negotiated sale. Mr. Lommers-Johnson explained how the 4% tax credit program was much more flexible than the 9% program in meeting the Housing Authority's development goals, and he credited agency employees Steve Yago and Calista Cuellar for working out the details of this fourth option. Chair Metzger-Utt asked how involved the Board would need to be with respect to the various steps required to implement any one of these disposition options: e.g., would it need to authorize vacating the streets in conjunction with the sale of the property, then authorize the method of sale, etc. Mr. Lommers-Johnson opined that by approving any one of these disposition options, the Board would be authorizing the requisite actions, such as working with the City to vacate the streets and getting the necessary amendment from HUD.

In closing this segment of the meeting, the Executive Director said management would continue to firm up the details with respect to each of the disposition options, schedule a public meeting with members of the community and stakeholder groups to present all four options and receive their feedback, and present the Board with a final recommendation for the disposition and future use of Baker Heights at the special meeting scheduled for the end of September. In response to Commissioner Rastovich, Mr. Lommers-Johnson said the Board would be invited to the public meeting regarding Baker Heights.

Items for Discussion

Legal Counsel Lorna Corrigan gave the Board a brief update on the status of an outstanding employee grievance. Under normal circumstances, the Board was expected to reach a resolution within thirty days from the time the grievance was first presented; however, in this case it was determined necessary to gather additional background information, which Commissioner Rastovich was wrapping up. The timeframe for resolution had already been

extended with the consent of the interested party, and Ms. Corrigan expected that the Board would present its findings at a subsequent special meeting.

Regarding an ongoing complaint investigation, Ms. Corrigan said the outside consultant retained to investigate the matter had interviewed approximately fourteen people and may need to conduct additional interviews before those findings could be brought back to the Board. She said the Board would be kept informed regarding this matter.

Policy Discussion

Housing Choice Voucher Waiting List Opening

HCV Director Wendy Westby said this presentation would cover the Housing Choice Voucher program waiting list in general and not just the decision to re-open it since nearly all of the applications received in 2015 had been processed. She said the waiting list would remain open from Monday, September 17 through Thursday, September 20. Applications will only be accepted on-line; however, help with the process will be available at the Colby office during that time. Per current policy contained in the Administrative Plan, the waiting list was open to all applicants, with placement on the list ordered by preference and date and time of application. Ms. Westby said there has been some internal discussion with regard to policies, practices, and procedures surrounding the program waiting list, and the Executive Director thought it would be instructive to give a presentation for the Board's benefit and input. Two questions that were central to today's presentation were: 1) What are waiting lists designed to achieve, and; 2) What policy goals drive management's decisions with respect to the waiting list.

Ms. Westby began by differentiating between HUD's mandatory and discretionary policies regarding the HCV program waiting list. She said the Housing Authority had the discretion to establish preferences, and those preferences were refined in 2012 to prioritize applicants living or working in Snohomish County who are either homeless or rent burdened., or those who qualify as a displaced person under Federal law. Ms. Westby said the funding HUD provides to maintain the waiting list is limited to the Administrative Fee, which has been subject to steeper prorations with each successive year – 77% for the current fiscal year. As a result, it had become challenging to provide the customer service applicants require and deserve. Ms. Westby said other administrative burdens include the need to verify that applicants qualify for the preferences they have declared, and if a preference is denied, their right to request a hearing.

Ms. Westby provided some data from 2017, which showed that of 650 families selected from the waiting list, 243 completed the eligibility application, 131 were determined eligible, and only 63 (or 9% of families selected) ultimately leased up in a unit. Although there were other factors -- such as being over income or disqualifying criminal history -- that led to an applicant being found ineligible, the failure to qualify for the preference as claimed amounted to a significant percentage of denials. With respect to preferences, eight of those who leased up were homeless, and 55 were rent burdened.

Ms. Westby next focused on some issues that would need to be resolved in the future with respect to the waiting list: i.e., whether to keep it open all of the time or open it sporadically, in keeping with current practice; whether to retain a homeless preference or find other ways to serve that population's housing needs; whether to retain a rent

burdened preference; and how to balance mission (in terms of who we want to serve) with efficiency, given that HUD does not provide sufficient funding to maintain the waiting list.


Chair Metzger-Utt asked what management was requesting the Board to do today. Executive Director Lommers-Johnson said this policy discussion was meant to get the commissioners thinking about the issues relating to the waiting list, as management was intending to make changes to the waiting list policy a part of the upcoming Annual Plan. Chair Metzger-Utt's asked if management had any specific recommendations of its own as to changes that could be made. Director Westby responded with several, including more frequent purges of inactive applicants from the waiting list, potentially removing the homeless and rent burdened preferences, and perhaps restricting applications to only those with an income level of 30% AMI or lower.

Adjournment

There being no further business, Chair Metzger-Utt adjourned the meeting at 1:47 p.m.



Chair, Board of Commissioners

ATTEST:


Secretary