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BHA STRATEGIC STUDY SESSION MINUTES

NOTES OF THE BHA STRATEGIC STUDY SESSION MEETING OF THE BOARD OF COMMISSIONERS OF BREMERTON HOUSING AUTHORITY (BHA) HELD AT 9:00 AM AT 345 6TH STREET ON JULY 21, 2023.

1. CALL TO ORDER: Meeting was called to order at 9:00 a.m.

2. ROLL CALL:

Present:

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| Chair Jeff Flood | Commissioner Ryan Burton |
| Commissioner Joan Hanten | Commissioner Diane West |
| Commissioner Andre Henderson | |

BHA Staff Present:

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| Jill Stanton | Executive Director |
| Carlita Mendez | CMS Director |
| Tim Schanne | Business Solutions Director |
| Andi Reed | Housing Director |
| Paula Kennedy | Human Resources Manager |
| Katie Sharp | Communications Manager |
| Greg Verini | Business Development Analysis |
| Brian Olson | Development Project Manager |
| Lorna Camacho | Office Mgr./Exec. Asst./Minute Taker |

3. PUBLIC COMMENT: This work study session was open for the general public to attend. However, no opportunities were provided for input or participation.

4. STRATEGIC PLANNING SESSION:

The following is a free-flowing conversation of the Executive team on how to meet the challenges of increased demand for affordable housing with reduced funding from the federal government, operational reforms from the United States Department of Housing and Urban Development (HUD), and deteriorating capital. Today's discussions provide specific, updated guidance to the Authority on the recommended guidance to move forward with a development plan. Board members will have the opportunity to make decisions about development opportunities and respond with questions.

4.1 Introduction: Comments by Ms. Stanton.

The purpose of the repositioning is to provide a recommendation to BHA on the restructuring of its real estate asset portfolio, with specific emphasis on its public housing units.

Brian Olson was hired as the Development Project Manager in conjunction with the reposition efforts. Greg Verini, Business Development Analysis and Katie Sharp, Communication Manager, are working closely with Mr. Olson and play a big part in how we communicate information to the public.

Time spent developing strategic outline. Bremerton City Council sees BHA as a partner. Mayor Wheeler quoted a statement that "BHA is our main low-income housing project".

A short video presentation regarding the Foster Youth Independence (FYI) Program that speaks to specific program we are doing that reflects BHA developing housing, serving a population with specific needs and barriers, and working with partners to accomplish its mission. HUD asked that BHA market our achievement as part of our work. The short video will be marketed throughout Washington state. BHA will present a presentation for HUD regional.

4.2 Framing the Strategic Challenge: Comments by Ms. Stanton.

Why we are here today and what does the Board need from us. What are the Board's goals for development and acquisitions. Our goal is to build a shared set of expectations around the information the Board will get when presented with a new development opportunity to streamline the decision-making process.

Historically, our focus was Public Housing and Vouchers. Before Ms. Stanton came on board there was a big push for Westpark redevelopment, which has been completed. Our plan is to do repositioning for public housing.

What is our role? We are trying to align ourselves with what HUD is doing. We had hired a Landlord Liaison. Why we are doing housing navigator. HUD loses about 5,000 landlords across the nation a year.

Why are landlords dropping off. The Fair Market Rents (FMRs). The amount of paperwork involved and the perception of tenants destroying units. Which receives more attention when it's a voucher holder. Low-income tax credit program is another reason landlords are opting out. Then you have fewer private landlords available in our community. On the flip side landlords are guaranteed rent payment at the first of the month.

Today's conversations are similar to the structure of our strategy. We'll wrap up our retreat by co-creating a decision-making process for new opportunities. What are the decision-making factors and what information do you need to make an informed decision.

4.3 Strategy Discussion: Comments by Ms. Stanton.

Focus Area 1: What are the housing needs of Kitsap County and the needs within the populations we serve?

For every new household in Kitsap County, we are building half a home. Low inventory, high prices, and shifting demographics have made Kitsap County the second most underhoused in the state, with more than 20% less new housing going up per capita than any of our neighboring counties.

Alarming trend. The Puget Sound's housing crisis is most dire in Kitsap County where there is currently less than one new unit of housing for every two new households. While the population of Kitsap County has been growing by a rate of more than 20% per decade, the production of housing has been decreasing over the last twenty years.

Turning the crisis around. We are not a shelter provider and we do not provide emergency housing. This is not our expertise. Whatever we decide to do in the future we need to work with our local community and form partnerships to provide individual connections to services, which is critical going forward.

FYI is a three-year program now extended to a five-year program. This is good financially. And we want to be good partners and be able to step in and manage when needed.

How does the Board feel about BHA managing other properties? Overall, we have capacity from a knowledge perspective. CMS is a good example. Historically property management for BHA was under CMS. The difference CMS expertise is in multifamily which is different. CMS performs regulator watch for HUD. And back then CMS did not have as many properties as we do today. CMS also had quality control. We need to consider the risks involved and ensure that staff is not stretched too thin.

What about from a compliance and maintenance perspective. It was recommended to Mr. Verini model the risk can we afford to hire the additional staff needed and how it will impact the budget.

Who we are currently serving. Based on the demographic population data we serve provided by Mr. Verini. We serve 44% disabled; 62% female; 38% male; and 15% elderly. Commissioners feel BHA needs to be in alignment with the disabled and female population as the majority of the people our programs serve are disabled and female. How, by ensuring safe housing and safety features for females involved in domestic violence (entering home through garage).

Commissioners asked who on our waitlist is waiting for vouchers. There are 1,794 total residents and 29% are children. Overall, data show types of housing needs within the larger need are low income. The more we can improve our grant writing ability the more likely we will increase our ability to get funding for additional services. Ms. Sharp agreed to update the waitlist demographic with new information.

Focus Area 2: What are the expectations of our community as to the role BHA may have in addressing this need? Building relationships with partners and advocacy. When hired, build strong relationships with community partners. Is the time that we spend building relationships still a task that the Board would want. When we look at expanding, is this a priority for the Board. What is the Board's priority given to Ms. Stanton to build strong partnerships.

Discussed the risk of losing control. Partnerships that can bring in funding. Staffs time and effort will need to be realistic. We can write in our contractual agreement that we provide other services. What we decide will have an impact on our Vision statement "people are treated with respect regardless of their income level or background; and a person's income level cannot be identified by the neighborhood in which they live".

Discussed long term challenges with the Homeowner Association and our property. We pay our dues. Our tenants use the Homeowner Association property that BHA pays for. But the Homeowner Association does not see it that way. Ms. Reed recommend Ms. Stanton ask the city to increase their support to the Rental Assistance program.

CMS advocacy work. Development will not be available if we don't retain and grow CMS. We have spent a large amount of funding on travel and legal counsel for our continued fight for the PBCA rebid. Advocating support at both the house and senate in Washington, DC. We are pursuing new business opportunities to work with market share and market resources to grow our training program. To retain long-term customers.

Focus Area 3: What financial resources does BHA have to address the need? Talked about historical cash flow, current cash flow, and projections. Discussed BHA Asset Summary and Current Balance Sheet. BHA different buckets of cash. Unrestricted cash and restricted cash.

A brief history regarding Hope VI and why it's important. Discussed cash position since 2018. Cash sub consequence gone up. Funds spent on homes. Discussed investing cash into short term CD vs long term.

Projected cash flows show we have funds to do things with. In terms of cash, it is important to look at return on investment. This is what we have right now. We may have to spend more funds to get more capital needs met not in projection. Timeframe two to four years.

We have done a good job partnering with those who have managed public housing. None being BHA. The way it works, if we have a project that we want to house Project Based Vouchers (PBV) and based on the score we can receive PBV.

Overview of cash and finance resources we see coming.

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|--------------------------------------|---|
| Debt + Investor Cash via Tax Credits | BHA Cash + Grants |
| BHA Debt + Grants | BHA Holding Company + Investors w tax abatement |

When we think of Faircloth, we think of 20 to 30 units. An opportunity is available to us with the Manette property. If we were to use HOPE VI (\$500,000) and approach Department of Commerce and offer them what we have (Option 1) BHA Cash plus Grants or (Option 2) BHA Debt plus Grants or (Option 3) Debt plus Investor Cash via Tax Credits or for Department of Commerce to give us funds we don't have to pay back which are more complicated deals.

There is a young adult project located across from Kitsap Community Resources. Kitsap County 1/10th 1% is available this year. Although we did not commit to do it, we are in the process of applying and submitting our application that is due to the County by next week and grant for Department of Commerce (a total of three applications) due by September 15, 2023. We feel like we are in a good position. Ms. Stanton and her team will work on a form called

(Development Opportunity Evaluation) form for the Board whether the Board wants us to proceed with the project or not.

(Option 4) BHA Holding Company plus Investors with tax abatement. This concept has not been done at BHA. Only by investors. You have companies who may approach BHA and want to do affordable housing (50-100% Area Median Income). Companies want to buy large complexes and keep them affordable. Why, because companies who partner with housing authorities don't have to pay property taxes. Allowing investors to have a return to their investment. The benefit to housing authorities is to retain good housing and affordable housing. Something the Board should be aware of. Setting aside units for voucher holders is something Ms. Stanton would do. However, BHA would never enter a deal without full disclosure to the City or County being fully transparent about the impact this option would have on property tax payments.

The Affordable Housing Task Force would like to use this option as a model. Ms. Stanton did let the investor know what we would need and asked legal counsel to investigate. Or a final type of opportunity is the finish product of opportunity. Recommendation is based on timing as we wait for raw land.

Focus Area 4: What is our organizational capacity? We can handle what's in front of us now. But do we need to hire staff in various roles at the time of acquisition? Or do we hire now to be proactive for upcoming opportunities. So, we are prepared should an opportunity present itself.

A brief discussion was held regarding the potential sale of the office located at Norm Dicks Government Center (NDGC) building. With the 600 Park Avenue building becoming a safety concern, the housing department will move to the NDGC building. Meetings will be by appointment only. We will build an area for public access to include a kiosk etc. both with staff in mind and the future. Space will be made available for CMS teleworkers at 600 Park Avenue. And eventually, the 600 Park Avenue building will be closed to the public.

4.4 Looking Ahead: Comments by Ms. Stanton.

Decision making process and Development Opportunity Evaluation form. Discussed what would the Board need to know when we bring forth an opportunity/project for their consideration. Example provided using information from the Manette Project.

The Board agreed that using the Development Opportunity Evaluation form would be meaningful. The Board liked having a method to organize the Board's decision making and that allows the Board to be more objective. The Board agrees this is exactly what they need. Without the long narrative and just the highlighted key items. This would be the same method used for CMS opportunities.

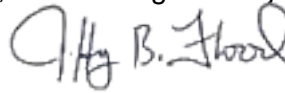
4.5 Recap and Next Steps: Comments by Ms. Stanton.

Thank you all for your time today. We are in the process of applying for a grant with the County and Department of Commerce. We need to target additional housing units this Board is trying to achieve. We need to move forward regardless of how many units. As we don't receive as much funding as other housing authorities do.

5. **ADJOURNMENT:** There being no further business, the meeting was adjourned at 2:27 p.m.



Executive Secretary



Chairperson of the Board

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