



**BOARD MEETING
AGENDA**

**Wednesday, September 5, 2007
9:00 – 10:30 a.m.**

**Washington State Housing Finance Commission
1000 Second Avenue - 28th Floor Training Room**

9:00	Approve	1. Minutes of July 11, 2007 Meeting (See WHITE)
9:05	Discuss & Approve	2. Treasurers Report – 2nd Quarter 2007 (Emily) (See GREEN)
9:10	Discuss	3. Issues for 2008 Budget (Emily) (See PINK) <ul style="list-style-type: none"> • Funding resources for 2008 and beyond
9:30	Discuss	4. Authorize Executive Director to Sign New Lease (Carla) <ul style="list-style-type: none"> • Current lease ends 11/30/07. Possible new 5-year lease at Vance Building, subletting to WLIHA and FHT. • Review committee: Sarah, Al Levine
9:40	Review	5. Board Work Program (See ORCHID) <ul style="list-style-type: none"> • Nominations Committee Update • Program Committee Report
9:55	Review	6. Future of the Field Work Program (See IVORY) <ul style="list-style-type: none"> • Cascade Land Conservancy Update • Retreat update
10:10	Questions	7. Executive Director’s July/August Report (See BLUE)
10:20	Approve	8. Monthly Membership Meeting Agenda (See OVER)

NOTE: Retreat planning committee meets directly after this meeting, 10:30 – Noon.

DRAFT



Note Later Date!!

Monthly Membership Meeting

Friday, September 21, 2007
Noon to 1:30 p.m.

Housing Finance Commission
1000 Second Avenue, 28th floor Board Room
Downtown Seattle

Time	Action	Topic
Noon	Info	Brief Introductions
12:17	Approve	Minutes of 7/20/07 Membership Meeting
12:20	Program & Discussion	How Can We Attain Regional Housing Affordability ? <i>Special guests:</i> Bob Drewel, Executive Director, Puget Sound Regional Council Eric Schinfeld, staff for Regional Housing Working Group
12:45	Info & Discuss	Property & Asset Management: Are Efficiencies Possible? <i>Purpose:</i> Last December, HDC members brainstormed ideas for efficiencies and prioritized them. Property management rose to the top of the list to work on. This is a report to members giving sources for comparative operating data and identifying issues in property and asset management. <i>Moderator:</i> Sue Yuzer, LATCH (chair of affinity group) <i>Panelists:</i> Cindy Erickson, Seattle Office of Housing Tess Colby, Impact Capital Mike Nielsen, St. Andrew's Housing Group
1:20	Info	Announcements

HDC Board Minutes

July 11, 2007, 9:00 – 10:30 am

At WA State Housing Finance Commission, Training Room

Attendees: Sarah Lewontin, Dinah Thoreson, Nancy Henderson, Linda Hall, Chuck Weinstock, Sheldon Cooper, Mike Nielsen, Paul Purcell, Joanne LaTuchie, Paul Lambros, Linda Weedman, Sue Yuzer, Emily Chen, Carla Okigwe, Erin Hiemstra, Valerie Edmunds.

Absent: Dan Watson, Maiko Winkler Chin, Mark Kantor, Lynn Davison

Guest: Dan Landes, Common Ground

1. Minutes of June 6, 2007 Board Meeting

There were no comments or corrections to the June meeting minutes. Linda Hall moved and Chuck Weinstock seconded a motion to approve the minutes as written. Minutes were approved unanimously, with Linda Weedman abstaining.

2. Issue Related to local implementation of the Fair Housing and Americans with Disabilities Acts

An issue was brought to the board's attention regarding a funding agency's requirement that a project take measures potentially in conflict with the Federal Fair Housing and Americans with Disabilities Acts. A committee was set up to research the issue and determine what action should be taken (if any). Committee members are Mike Nielsen, Linda Hall, Sarah Lewontin, Dinah Thoreson, and Linda Weedman.

3. Future of the Field: Transformation of the Organization

The Program Committee recommends a third Future of the Field retreat in the fall. This event must be very decisive, with the outcome of the retreat being implementation of decided steps for real organizational transformation. A one-pager on transformation will be re-worked for the July monthly membership meeting, including a clear outline of the characteristics of the future HDC organization that was developed at the June board retreat. A committee consisting of Linda Hall, Paul Lambros, Dinah Thoreson, Sarah Lewontin, and Dan Watson will clarify the presentation for the July members' meeting, and will begin planning the fall Future of the Field retreat.

4. Board Work Program

The Program Committee's plan for the September monthly meeting is a presentation by the Property Management Efficiencies group. July topic is transformation of HDC. There is no August meeting.

5. Future of the Field Work Program

Property Management Efficiencies: Carla reported that Melora Hiller can facilitate the group's work on property management. King County is interested in funding the project.

Leadership Development Program: Emily spoke about the LDP's July 27 networking event. Sarah Lewontin and Betsy Lieberman will head up a panel to discuss their experiences and

field questions from attendees about their career paths and what it would take to get them to stay in the affordable housing industry. Sarah will announce the event at the July monthly meeting and encourage participation; Valerie will directly invite LDP group members to the monthly meeting. Paul Purcell suggested that it would be a good idea for the “old fogies” to have a framing discussion about the motivations of the younger generation in the workplace; he and Sue Yuzer will set this up. Chuck Weinstock suggested that search firms that have done recent recruitments for ED positions might have insights into generational differences; board members will send information on search firms used to Paul Purcell. Emily will write to members of un-functioning LDP groups to ask if they would like to join another group.

Reinforce Allies: Chuck will brief CDCs regarding Future of the Field.

Collaboration with Regional Stakeholders: The PSRC Regional Housing Strategy Working Group will meet July 24. Erin reported that PSRC will co-sponsor HDC’s East King County event; Bob Drewel will speak at the event.

Federal: As a follow-up to the Senator Murray event in April, Erin is working with WLIHA to do a Murray staff tour of projects in August.

Collaboration with For-profit Housing Industry: Paul Purcell reported that the GMA task force is reconvening regarding GMA legislation. He suggested it might be good to have HDC represented. Carla will seek an HDC member to participate in the task force.

Incentive Zoning: Sheldon Cooper reported that Jessica Cohen and he met with the Cascade/South Lake Union community. The Cascade Neighborhood Council has adopted HDC’s principles for incentive zoning. Jessica is working to pull together other groups (e.g., SODO, Central City) to accept the principles.

6. Authorize Executive Director to Apply to Bank of America Foundation for \$20,000 Grant

Carla asked the board for their approval to apply for a Bank of America grant to support an East King County Housing breakfast in the fall. Chuck moved to authorize application for the grant, Paul Purcell seconded, and the motion was unanimously approved.

7. Report on HDC Staffing

The report on staffing levels was included in the following agenda item, the discussion on draft scenarios for the 2008 budget.

8. Draft Scenarios for 2008 Budget

Emily said that the Finance Committee has proposed keeping membership dues the same for 2008. A five-year plan, looking at dues increases as well as other funding sources, will line up with transformation. Paul Lambros and Sue Yuzer suggested that HDC go ahead with a 3-5% increase in 2008. Sarah said that this is a preliminary discussion to be followed by more discussion in September, but she will announce the likelihood of the increase to members at the July monthly meeting. The staffing budget option includes a continuation of the 4-staff budget intended to be in place by the end of 2007. Linda Hall asked for an outline of

priorities for the budget discussion at September's board meeting, which will result in the budget presented to the membership in December.

9. Executive Director's June Report

Carla talked about the public outreach publication pieces currently in production.

10. Monthly Membership Meeting Agenda

Paul Purcell asked to add an update on the tax credit policy change proposal to the agenda. It was also decided that the briefing on the transformation of HDC should be reduced to 20-30 minutes, and more time should be allotted to the PSRC Region Housing Work Group Strategies. Sue Yuzer moved to approve the agenda as revised, Linda Weedman seconded, and approval was unanimous.

11. Announcements

Carla announced that Erin's last day with HDC will be July 17. Board members thanked Erin for her work with HDC and wished her well in her new job.

Joanne LaTuchie said that the mayor will make a funding announcement on July 18 at 10:00 am at Noel House. There will be opportunities for interviews.

August 22, 2007

To: HDC Board of Directors

From: Emily Chen, Treasurer

Re: June 30, 2007 – Second Quarter Financial Report

Attached are unaudited financial statements prepared by the Watson & McDonnell, PLLC for year to date through June 30, 2007. Highlights of the statements include:

Income:

HDC has received 84% of its membership dues budgeted for the year. A total of \$202,324 has been received out of an annual dues revenue target of \$241,000. The total income for the first two quarters was \$231,883, which is 61.3% of the anticipated annual income. At this same point in 2006, HDC had received 88% of its dues budgeted and achieved 63% of the anticipated annual income.

Expenses:

HDC's expenses were \$160,674 for the first half of the year or 37.3% of the annual operating budget. The largest expense line item of salaries and benefits was slightly under the expected prorata share at 42.9% of the annual budget due to the vacancy of one position for several months in the first half of the year. The functional allocation of salary cost based on timesheets is 86.4% to program, 13.40% to administration and .18% to fundraising. At this point in 2006, HDC had higher expenses at 41% of the annual budget.

Two expense items were significantly higher than budgeted: liability/D&O insurance and computer upgrades/software/maintenance. The HDC Board decided April 4, 2007 to secure D&O insurance effective May 1, 2007. This decision was made after the 2007 budget was prepared and adopted, so this particular insurance item was not included in the budget. As mentioned in the first quarter 2007 report, new computer purchases were planned for the end of 2006 and included in the 2006 budget, but the actual expense occurred in early 2007. At this point in 2007, the only other item over budget was for retreats relating to Future of the Field planning/implementation.

The lobbying expenses to date have been \$879, which is well within the allowable maximum of \$24,101.

Net Income:

The net income for the first half of 2007 was \$71,209, reflecting the fact that much of HDC's income comes from membership dues collected in the early part of year. While all income line items are either above or at the expected prorated share, the Restricted Contributions line item is \$12,364 or 11.5% of the overall budget of \$107,058. Grants from WAMU and Bank of America make up the majority of restricted contributions expected by September 2007. At this point in 2006, HDC had a higher net income of \$79,321.

HDC's unrestricted net assets are \$156,941, with \$31,865 in additional restricted assets released to date from WAMU, \$4,109 in Temporarily Restricted Net Assets from Key Bank, \$71,209 in Net Income, and \$87,738 in Board Designated Operating Reserves. These items add up to a total equity of \$351,862. Dues Receivable equals \$2,559.

Overall, the organization is in sound financial condition and there are no financial problems to report.

Issues for HDC Board Discussion re Challenges of the 2008 Budget

9-5-07

Proposed policy to be adopted by the board

NEW DIRECTOR "CUSHION"

Purpose: To allow time for the new director to develop and implement a fundraising strategy.

Target: Six months' core operating expense, which would be in addition to the current Board-Designated Operating Reserve (3 months' core operating expense). Create ½ of the cushion in 2008 and ½ in the 2009 budget, so it is in place by July 2009.

Estimated amounts:

2008 core operating expense: \$403,267 (4 staff)

Expected actual total reserves at year-end 2007: ~\$256,000 (includes \$106K CD)

Board-Designated Operating Reserve for 2008: \$100,817

½ New Director Cushion set aside in 2008: \$100,817

We could say the CD is the cushion for the 2008 amount. But we would still have to find a way to raise another \$100K (at least) for 2009.

Strategies to Cover 2008 Gap in the Core Operating Budget (not counting the cushion problem)

Operating Gap (= unknown source for '08 revenue): \$95,767

In prior budgets, this annual gap has been ~\$45K which we have filled relatively easily; but this gap is double that, and furthermore we are considering additionally raising a New Director Cushion.

1. *Create a new program or initiative that supports Future of the Field and apply for a major multi-year grant (\$100K/year for 3 years).* For example, coordinate a grant application with the Puget Sound Regional Council to implement the strategies of the Regional Housing Working Group. In the process help fund our sister consortia. Alternatively, co-sponsor a grant application with Cascade Land Conservancy to implement the brain trust/ brainstorm on getting-to-scale for affordable housing while preserving the environment. Other ideas....
2. *Piecemeal some smaller grants and funding sources.* Ten new HDC members (\$10-\$20K). Two sponsored events, like suburban housing forums (\$30 K from varied places). A really good analysis job of HDC's member project data (\$10 K, maybe a contract?) to use in PR ahead of the housing levy. Other ideas....

NOTE: We will expect this level of gap to continue in the following year assuming the same core operations and no adjustments in staffing.

HDC Board Work Plan for 2007

9/07

Goals	Deadline	Lead Board Member	Additional Committee Members	Staff Contact/ primary support
Evaluate the ED for 2006 <ul style="list-style-type: none"> Input from all board members and affinity group chairs 	January February April <u>DONE</u>	Sarah	Officers	
Board Training & Updates <ul style="list-style-type: none"> Notebooks for new members New inserts for continuing board members 	January <u>DONE</u> February <u>DONE</u>	Sarah		Carla
Program Committee <ul style="list-style-type: none"> Establish committee membership Develop program plan thru June Develop plan for rest of year 	January <u>DONE</u> April <u>DONE</u> July <u>DONE</u>	Linda H.	Emily, Chuck, Joanne, Mark K.	Carla
Board Member Participation in Affinity Groups & Leadership Program	February <u>DONE</u>			Valerie
Audit Committee <ul style="list-style-type: none"> Reestablish members Recommendation on D&O insurance Recommend HDC Financial Procedures Review draft audit & 990 	January <u>DONE</u> April <u>DONE</u> April <u>DONE</u> May for ratification June <u>DONE</u>	Paul P.	Paul L., Dinah, Emily	Carla
HDC Leadership Development <ul style="list-style-type: none"> Report on topics of work groups Periodic recommendations 	March <u>DONE</u> April onward	Emily	<i>Emily's committee:</i> Susan Boyd, Melora Hiller, Lee Murray, Maiko Winkler Chin, Betsy Hunter + all point people	Erin
Succession Committee <ul style="list-style-type: none"> Establish committee members Develop plan for board review 	March <u>DONE</u> June [resch]	Dan	Sarah, Emily, Sue, Dinah, Linda H	Carla
Board Retreat – <ul style="list-style-type: none"> Set up planning committee Purpose draft agenda Hold retreat 	April <u>DONE</u> May <u>DONE</u> June 6 <u>DONE</u>	Nancy	Sarah, Joanne <i>(Retreat participants: all board members)</i>	Carla
Future of Field Conference Retreat <ul style="list-style-type: none"> Decide if doing this year Assess Progress 	July End October?	Dan	<i>Broader than HDC?</i>	Erin
Finance Committee <ul style="list-style-type: none"> Draft 2008 budget 	July & Nov	Emily	Dinah, Paul L.	Carla
Nominate 2008 Board Members & Examine Board Composition <ul style="list-style-type: none"> Fill 2007 vacant positions Recommend slate for 2008 	June <u>DONE</u> Nov – for Dec. member meet	Paul L.	Chuck, Linda H., Linda W.	Carla
Board Self-Assessment <i>(Item tabled from 2006)</i>	December	Linda H.		Carla
Begin ED Evaluation for 2007	December	Dan	Officers	
Recognition Event	Spring 2008	Paul L.		Erin

HDC Board's Future of the Field Work Plan for 2007

9/07

Long-term vision: Everyone deserves a safe, decent, appropriate and affordable place to live and the community's interests have realigned to recognize that housing is central to our region's success.

Goal: 155,000 affordable units by 2015

Primary strategies to achieve this vision: (1) Create efficiencies in the nonprofit housing industry to become more productive. (2) Build a broad alliance for housing. (3) Create new resources to double our production.

Goals	Deadline	Board Liaison	Committee Members	Staff Support
Increase Efficiencies	(2 years?)			
Identify opportunities to create efficiency – Property Management Brainstorm with members Report back to board Develop strategies Apply for grant support Implement efficiency program	Jan <u>DONE</u> May <u>DONE</u> June <u>DONE</u> July <u>DONE</u> Sept Oct	Sue Yuzer	Emily, Kathy R, Lynn, Sarah, Mike N., Tess Colby, Melora Hiller, Priscilla C, Betsy L., Cindy E, Sue T., Joe, Peter Ryan	Carla
Develop new leaders for the industry Implement Leadership Program Assess progress	Jan <u>DONE</u> July <u>DONE</u>	Emily	Susan Boyd, Melora Hiller, Lee Murray, Maiko, Betsy Hunter	Erin
Build a Broad Alliance	(ManyYears)			
Explore collaboration with for-profit housing industry Meet with Master Builders Meet with Realtors Feedback to board meeting	Feb <u>JUNE</u> Feb <u>DONE</u> March <u>DONE</u>		Mark K, Lynn, Linda H., Dinah, Emily, Dan W., Paul P., Sarah	Carla & Erin
Collaboration with smart growth/environmental sector Meet with Cascade Land Conservancy Next steps meeting with CLC Meet with Futurewise Feedback to board meeting (periodic)	Feb <u>DONE</u> May <u>DONE</u> April <u>DONE</u> March, <u>JULY</u>	Linda H.	Chuck, Lynn, Nancy, Sue T., Sarah	Erin & Carla
Reinforce allies Meet with SHSC Services Meet w/ CDC's & Min. Exec's Meet with SKCCH & key IAC membs	April <u>DONE</u> May July? April May <u>JULY</u>	Linda W. Chuck: CDC's	Joanne, Paul L., Sarah	Erin
Collaboration with regional housing stakeholders Meet with coalitions in Puget Sound Decide if continue work with PSRC & Prosperity Partnership Report on PSRC hsg work group	Feb <u>DONE</u> March <u>DONE</u> July & Oct	Sarah	Emily, Dinah, Linda H.,	Erin & Carla
Sen. Murray event to draw in more sectors	June or Aug April <u>DONE</u>	Sarah	Linda W., Paul L., Emily, Betsy, Sue T., Lisa C-W, Dan	Erin
Create New Resources	(ManyYears)			
Promote incentives for for-profit developers to include affordable housing (2007 = Seattle & suburbs) Meet with DPD Meet with key City Councilmembers	Feb <u>DONE</u> April <u>DONE</u>	Sarah	Sheldon Cooper (ch), Paul L., Chuck, Dinah, Linda W., Linda H.	Carla
Participate in ARCH planning for top 3 EKC strategies Volunteer for work group Work group meets Community outreach [change]	Feb <u>DONE</u> March –May <u>DONE</u> June - Dec		Arthur Sullivan, Mark K., Sarah, Dan, Elizabeth Westburg, Mike Nielsen, Hal Ferris, Tom Granger [EKC Habitat]	Erin
Raise awareness of housing in fall election campaigns Develop candidate questionnaire Develop strategy	June <u>DONE</u> June	Paul P.	Paul L., Linda W., Emily, Maiko	



Executive Director Monthly Report – July & August 2007

Future of the Field: Future of the Organization

HDC's Leadership Development Program held a panel discussion for LDP participants 7/27 where two HDC members talked about their paths to becoming executive directors. Carla attended WaMu's Executive Director Retreat in Las Vegas 8/21-23 which focused on leadership in the 21st century.

Outreach to Business Sector/ Prosperity Partnership

Carla has been appointed to the PSRC's Regional Housing Working Group, co-chaired by Bill Longbrake and Rita Ryder. At the RHWG's third meeting 7/25 three potential legislative strategies were selected—a growth management infrastructure account, sales tax exemption for affordable housing, and revisiting tax increment financing. The RHWG also strongly endorsed a regional effort aimed at density incentives. Carla represented the RHWG's subsidized housing appointees at a meeting 8/13 to draft the RHWG's comments on Vision 2040.

Future of the Field: Outreach to Other Sectors

HDC and representatives from the Cascade Land Conservancy met 8/1 to sort through a list of potential participants in a high level brainstorm session with CLC & HDC slated for sometime in the fall. It was decided that the real need is “to take the housing affordability issue to a higher level of public awareness,” rather than to come up with a new technical idea. The committee is now developing a messaging strategy that will be presented at a forthcoming brainstorm.

Future of the Field: Suburban Outreach

HDC is entering into a contract with St. Andrew's Housing Group (per unanimous board agreement with Mike Nielsen abstaining) to provide coordination for the East King County housing event, since Erin has taken another job. HDC still has not heard from the Bank of America regarding a grant to support this event. HDC and SAHG held an outreach meeting with Eastside stakeholders on 7/26 to engage a broader coalition. The Prosperity Partnership, YWCA, and Habitat for Humanity of East King County have already agreed to be co-hosting organizations.

Future of the Field: Outreach to Public

HDC is upgrading its publications in keeping with Future of the Field. These will be unveiled at Housing Washington in September.

Future of the Field: For-Profit Developer Zoning Incentives

The Cascade Neighborhood Council and International District representatives were invited to HDC's zoning affinity group meeting 7/19 to discuss setting up center city group to support HDC's zoning principles. The group was frustrated that the executive side has not yet sent the proposed incentive ordinance to City Council.

Future of the Field: Efficiencies in Property Management

Carla and Melora Hiller met 7/10 with the King County Housing Finance Program to see if they would fund a proposal from Melora Hiller to facilitate HDC's property management efficiencies group over the next 9 months and develop recommendations for standards. They are interested and suggested several revisions, which we have submitted.

Tax Credits

HDC's tax credit affinity group met 7/23 to finalize our comments on the Commission's proposed policy/points changes. Paul Purcell chairs this group.

NEW LEASE

HDC's Colman Building lease is expiring, so we are taking the opportunity to look for a different, somewhat larger space. WLIHA will continue to share space with us, and the Farmworker Housing Trust (recently created by the State) is also interested in joining us. The Vance Building at 3rd & Union appears most promising.

Staff Changes

HDC's field director Erin Hiemstra's last day was 7/17. In late July HDC began circulating info on openings for two newly defined Outreach Director positions, open until filled. We have interviewed four candidates for one of these positions, and made an offer to Anna Markee, who will start 9/17.

Vacations

Valerie mid-August & Carla end of August.