

**Attendees:**

- Tara Woodruff (*WSHFC*)
- Keri Williams (*WSHFC*)
- Tevin Medley (*The Athena Group*)
- Rhiannon Colaci (*The Athena Group*)
- Loren Tierney (*HDC*)
- JoAnna Martin (*Lotus Development Partners*)
- Donald King (*Nehemiah Initiative*)
- Patience Malaba (*HDC*)
- Chris Govella (*SCIDpda*)
- Eric Alozie (*NWE Construction*)
- Selina Robertson
- Earl Richardson (*First AME Housing Association*)
- Mesha Florentino (*Delrich Development Association*)
- K. Wyking Garrett (*Africa Town Community Land Trust*)
- Michelle Morlan (*Lotus Development Partners & HDC Board Member*)
- Leslie Morishita (*Interim Community Development Association*)
- Troy A Drawz (*Imagine Housing*)
- Bilan Aden (*African Community Housing Development*)

**Agenda:**

- Revisit Community Agreements
- CBO Share-out
- Incentives for Developers: CBO Ownership and CBO Inclusion
- Plan for Next Meeting

**Meeting Notes:**

- Community Agreements:
  - Listen with curiosity and willingness to learn.
  - Do what you need to show up fully.
  - Resist the desire to interrupt.
  - Speak from your own story and use “I” statements.
  - Avoid speaking for another individual or group.
  - Be open to the wisdom in each person’s story.
  - Not everything will be comfortable to discuss.
  - Include African Languages – Request to group for clarification, is this for documents?
    - Will come back to this when group member who requested this to be present to review.

- Announcements from HDC:
  - Next Friday 3/15 Quarterly member meeting, please join! Tara will be presenting work being done in this Affinity Group.
  - April 17<sup>th</sup> Annual Celebration! Convention center, please register!
- CBO Share-Out:
  - How did your CBO get started?
  - If your CBO had more decision-making power, what would be different in your community?
    - Africa Town Community Land Trust: Formed in 2016. Sparked by the future development and landmark designation application process for liberty bank building. Saw an opportunity as they were not seeing Black community as part of the planning process in Seattle. Develop land as a future for Black community. Decision Making: Would prioritize resources that would impact the community. Funding for affordable housing to support anti-displacement and/for Black developers. Seeing more Black contractors and subcontractors to be built by community- for community. Just passed billion-dollar housing levy; would like to see more conversation about equity and Black contractor participation.
- 4% Bond Policy Program & Points System synopsis:
  - Policy redesigned, 3 years ago, to create a competitive process to incentivize projects that reflect the values that the commission laid out in the policy including:
    - Racial Equity
    - Projects that are by/for the community they serve
  - To measure values, a point system was created. Examples:
    - Lower levels of affordability
    - Energy efficiency
    - Cost development
    - Highest Value (26 points total available): Projects led or owned by BIPOC organizations & communities harmed by housing disparities.
  - 2022 Data- New construction: Points ranged from 32-55 points for successful applicants.
  - In 2023, a points threshold was created for projects in King County. Projects must score a minimum of 30 points; at least 5 of those points in “Highest Value” area.
- Jamboard Exercise – Questions brought in from Jamboard below.
- Member of group acknowledges timing issue between project funding and review of Operating Agreement; suggests a compliance cert requirement to confirm M.O.U. or Operating Agreement is complaint before disrupting funding.
- Next Meeting Topic: Racial Equity in the Development Team

**Q: Jamboard- Will there be funding available for year 15 exits? Will WSHFC review the exit provisions in the operating agreements to enforce the year 15 exit?**

- Yes, the Finance Commission does read the operating agreements or M.O.U.'s that are submitted. No points are allocated if these documents are not received. These are perceived outcomes due to the policy being 3 years old and this rule states at year 15. Most of 2022 projects aren't even in construction phase yet. Once Commission completed allocation, project goes to Asset Management and Compliance. Commission will renegotiate if language in Operating Agreement is not strong enough.
- WSHFC asks: "What role would CBO's like the Commission play? Set specific financial benchmarks? Involve WSHFC in negotiations? Run interference?"
  - Attendee response: In closings. When going through closing and reviewing operating agreement; making sure it is in compliance with the policy.
  - The concept of the year 15 exit, making sure investors aren't taking advantage of CBO's without partnering. Making sure there isn't anything predatory happening at year 15.
  - WSHFC response: Have yet to encounter non-compliant operating agreement. Believes they would be willing to support correcting this to prevent non-closure. At year 15 exit, still needs development. Believes WSHFC may want to come back to the group to co-create the year 15 exit policy/strategy.

**Q: Jamboard- Will there be funding available at year 15?**

- WSHFC: Does not currently have funding available. Would CBO's be able to come up with that funding at year 15? What can WSHFC do to support funding for year 15? What does it look like to support the effort? Does not want to offer incentives to foster predatory relationships between investors and CBO's.

**Q: Jamboard- Is CBO defined well? I have noticed sometimes folks don't understand what it means.**

- WSHFC: It is defined in Bond Policy. Next month will have a meeting to determine if it is still appropriate. Looking for consensus as a group and will defer question to that meeting if that is okay.

**Q: Jamboard: The CBO has first right to exercise option to purchase at year 15 worth most points, this points amount was placed due to CBOs expressing importance, is this still resonating with CBO's?**

- Member states building capacity is an issue within this 15-year span.
- Member states developer fee is an issue, for-profit developers are price gauging CBO's. How do we protect CBO's? How to provide guidance on how to negotiate developer fees. This relates to capacity. Another member echoes this issue.
- The CBO is first in the waterfall for deferred developer fee-WSHFC asks: are waterfall points helpful?

**Key Dates/To-Do's**

- Next HDC CBO Affinity Group Meeting: 03/29/2024 1:00pm-2:30pm

**Meeting Links:**

Agenda: <C:\Users\rhian\Downloads\CBO Affinity Group Agenda 3 8 2024.pdf>

Jamboard: <https://jamboard.google.com/d/1psJx2ILf8ULrzLaSmFS0vmLBF9k67xLPtRQTLQPKFHY/edit?usp=sharing> (Jamboard PDF's in pages following)

4% Bond Policy: <https://www.wshfc.org/mhcf/4percent/2024Application/Policies.pdf> (points for "CBO and By and For": start on page 43 of pdf, page 37 of document.)

4.5.1 CBO Ownership

Are the current options for points adequate and appropriately gauged?

a. CBO is a Majority Owner or Sole Sponsor ..... 8 points

More funding for year 15  
 Review the visions in the  
 next year to enforce the year

I think it is more important to elevate the points for meaningful participation (that you give 2 pts to right now); without that participation

without that meaningful participation, less experienced CBOs will not gain more experience

There is a timing issue. At the partnership review, this occurs too late in the process.

Points for evidence of a track to produce BIPOC CBOs as prime developer.

Is CBO defined well? I have noticed sometimes folks don't understand what it means.

Compliance with CBO requirements could be implemented into the LIHTC Regulatory Agreement

4.5.1 CBO Ownership

Are the current options for points adequate and appropriately gauged?

b. CBO is Minority Owner in Ownership Entity – Points are awarded as indicated:

- o The CBO has first right to exercise option to purchase at Year 15 ..... 4 points
- o The CBO is first in the waterfall for deferred developer fee ..... 2 points
- o The partnership has explicit terms in Operating Agreement documenting roles and finances, such as cash flow, decision-making, and management fees ..... 2 points

Maybe add something about the developer's responsibility to build the capacity of the CBO to be the eventual (year 15 owner)?

Developer fees = gouging for CBOs

Fees and fee structure is really what it all boils down to.

Minimum acceptable split of development fees.

4.5.2 CBO Inclusion

Are the current options for points adequate and appropriately gauged?

a. The Sponsor or an entity in the General Partnership qualifies as a CBO ..... 5 points

4.5.2 CBO Inclusion

Are the current options for points adequate and appropriately gauged?

b. The Sponsor partners with a CBO, and any or all of the following:

- o CBO benefits financially from the partnership, as determined by the CBO. Examples can include – nonprofit donation (under Section 4.6) goes to the CBO, CBO pays below-market rent for space in the project..... 3 points
- o Sponsor partners with a CBO that brings value to and/or provides services to the tenants of the proposed development, as determined by the tenants .....1 point
- o CBO benefits from the partnership in capacity building or other non-financial way, as determined by the CBO .....1 point

What are some examples of financial and non-financial benefits CBOs would like to receive from developers in exchange for points?

**Support at closing.  
Reviewing operating agreement.**

What role would CBOs like the commission to have in the negotiations between the CBO and developer?