

MEETING OF THE BOARD OF COMMISSIONERS

December 16, 2013 8:30 am

KCHA Administrative Offices 700 Andover Park West Tukwila, WA

I.	Call to Order	
II.	Roll Call	
III.	Public Comment	
IV.	Approval of Minutes	1
	November 18, 2013 Board of Commissioners' Meeting	
V.	Consent Agenda	2
	October 2013 Voucher Reports (General & Bond Properties)	
	Resolution No. 5454: Authorizing the Submission of Financing Applications to the Washington State Housing Finance Commission and the State Housing Trust Fund for the Development of the Vantage Point Senior Housing Project	3
VI.	Resolutions for Discussions	
	Resolution No. 5452: Approval of KCHA Comprehensive Capital and Operating Budgets for 2014	4
	Resolution No. 5453: Authorizing the Disposition of Greenbridge West Bulk Property 3 by Negotiated Sale to Element Residential, Inc.	5
VII.	Reports	
	2012 Exit/Entry Analysis New Bank Accounts	6

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VIII.	Executive	Director's	Report
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IX. KCHA in the News

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- X. New Business
- XI. Commissioner Comments
- XII. Adjournment

Next Meeting
January 2014
Date to be determined

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MINUTES OF THE MEETING OF THE BOARD OF COMMISSIONERS OF THE KING COUNTY HOUSING AUTHORITY

November 18, 2013

I. CALL TO ORDER

The meeting of the Board of Commissioners of the King County Housing Authority was called to order by Chair Doug Barnes at 8:30 am on Monday, October 21, 2013, at the King County Housing Authority's Administrative Offices, 600 & 700 Andover Park West, Tukwila, Washington.

II. ROLL CALL

Present: Commissioner Doug Barnes, Chair; Commissioner Susan Palmer and Commissioner Richard Mitchell

Excused: Commissioner Michael Brown

Staff: Stephen Norman, Dan Watson, Connie Davis, Tessa Martin, Steve Jefferis, Nikki Parrott, Mike Sivia, Tony Srouch, Tim Walter, Craig Violante, Megan Hyla, Deborah Gooden, Linda Weedman, Mike Reilly, Rhonda Rosenberg, Gary Leaf, John Eliason, Donna Kimbrough, Bill Cook, Claude DaCorsi and Beth Pearson

Guests: Bill Goodwin, Lillian Clinton

III. PUBLIC COMMENT

Chair Barnes announced that members of the public in attendance at the meeting would have five minutes to speak before the Board of Commissioners. There were no public comments.

IV. APPROVAL OF MINUTES

Minutes from the October 21, 2013 Board of Commissioners' Meeting were presented for approval. Commissioner Palmer moved for approval, with Commissioner Mitchell seconding the motion. The minutes were unanimously approved.

V. Consent Agenda

September 2013 Voucher Reports

General Properties: Bank Wires/ACH withdrawls for \$3,565,163.67; Accounts Payable checks #236075-236733 for \$4,029,483.10; Payroll vouchers, computer checks #-82898-82937 for \$45,025.62; Payroll direct deposit for \$1,139,274.70; Section 8 Program vouchers, ACH withdrawals #247609-250796 for \$9,223,420.48, computer run checks #601068-601540 for \$318,101.13; purchase card/ACH withdrawal \$252,603.09 Total for August 2013 for the General Properties was \$18,573,071.79.

Bond Properties: \$2,574,075.10, related to 19 different properties.

There being no requests for removal of items from the Consent Agenda, Commissioner Mitchell moved for approval. Commissioner Palmer seconded the motion and the motion unanimously passed.

VI. EXECUTIVE SESSION

A motion was made by Commissioner Mitchell to adjourn to Executive Session at 8:35 am for approximately thirty minutes as authorized by RCW 42.30.110(b). The motion was seconded by Commissioner Palmer and unanimously passed.

The regular meeting of the Board of Commissioners was reconvened at 9:05 am by a motion made by Commissioner Mitchell and seconded by Commissioner Palmer. Motion unanimously passed, and no action was taken during the Executive Session.

VII. RESOLUTIONS FOR DISCUSSION

Chair Barnes announced that Resolution No. 5450, Authorizing Acquisition of the Gilman Square Apartments by Condemnation or by Purchase in Lieu Thereof, that was not on the original agenda, was being brought to the Board of Commissioners for consideration.

Tim Walter briefed the Board of Commissioners on the background, pricing and terms of the potential acquisition of Gilman Square Apartments in Issaquah as well as referring Board members to the project profile contained in the meeting packets. Mr. Walter noted that acquisition of Gilman Square is a high priority for KCHA in order to ensure a level of affordable housing in the Issaquah community. The site contains 14 multi-family buildings, a community clubhouse that is also being used as a leasing office and one single family home located on nine acres. 40% of the units are occupied by households with incomes at or below 60% of the AMI.

Approval of Resolution No. 5450 would authorize the Executive Director to acquire Gilman Square Apartments by condemnation though exercise of the Housing Authority's power of eminent domain if the property cannot be acquired on satisfactory terms through negotiation with the owner for a price not to exceed \$23 million (101.5% of the appraised value). Mr. Walter further briefed the Board of Commissioners on the underlying financial structure for the purchase. Following clarifying questions posed by Commissioners that were satisfactorily addressed by Mr. Walter and staff, a motion was made for Resolution No. 5450.

MOTION: Moved that Resolution No. 5450: Authorizing Acquisition of the Gilman Square Apartments by Condemnation or by Purchase in Lieu Thereof, be approved.

MOVED BY: Commissioner Mitchell, seconded by Commissioner Palmer. Motion unanimously passed.

Resolution No. 5451: Acknowledging Receipt of the Post Audit Report for the Period January 1, 2012 through December 31, 2012 Presented by: Craig Violante

Craig Violante reported that on September 30, 2013 the Washington State Auditor's Office (SAO) issued Financial and Single Audit Report Number 1010609. The Report relates to KCHA's fiscal year which ended on December 31, 2012. Report No. 1010609 covers the Authority's financial statements and related disclosures along with the Federal "Single Audit" for the period January 1, 2012 through December 31, 2012. Within this report are, in addition to KCHA's combined financial statements, separate financial statements for the 1998 Bond Pool. These separate audited financial statements are a requirement of the indentures in support of the bonds' credit ratings.

Mr. Violante noted that there were no findings in this year's Financial Statements and Federal Single Audit report, and there were no management letter items. An exit interview with the SAO was held on September 27, 2013 to review the results of the audit. As the separate Accountability audit has not yet been completed, this was not covered in the exit conference.

MOTION: Moved that Resolution No. 5451: A Acknowledging Receipt of the Post Audit Report for the Period January 1, 2012 Through December 31, 2012, be approved.

MOVED BY: Commissioner Mitchell, seconded by Commissioner Palmer. Motion unanimously passed.

VIII. FINANCIAL BRIEFINGS

Quarterly Financial Reports

Craig Violante briefed the Board of Commissioners on the Third Quarter 2012 Financial Statements as contained in the meeting packets. Claude DaCorsi and Tim Walter further briefed the Board on capital project expenditures shown in the financial report. Sean Heron updated the Board of Commissioners on the progress of KCHA's software conversion. Questions posed by Commissioners were answered by Mr. Violante and staff.

Draft Budget Presentation

Connie Davis briefed the Board of Commissioners, via PowerPoint, on the preliminary fiscal year 2014 KCHA budget as was contained in the meeting packets. The final budget will be presented to the Board of Commissioners for approval at the December meeting. The Board of Commissioners thanked Ms. Davis for her comprehensive presentation.

New Bank Accounts

There were no questions from Commissioners on the 12 new bank accounts that were recently opened.

Third Quarter Summary Write Offs

There were no questions from the Board of Commissioners on the Third Quarter 2013 Summary write offs.

IX. REPORTS

Dashboard Report

Megan Hyla briefed the Board of Commissioners on the quarterly Dashboard Report as contained in the meeting packets, in particular the utilization statistic.

X. EXECUTIVE DIRECTOR'S REPORT

At Stephen Norman's request, Tim Walter updated the Board on the progress of the Chaussee Properties acquisition.

XI. ADJOURNMENT

There being no further business, the meeting was officially adjourned at 10:45 am by a motion from Commissioner Mitchell, seconded by Commissioner Palmer and unanimously passed.

THE HOUSING AUTHORITY OF THE COUNTY OF KING, WASHINGTON

DOUGLAS J. BARNES, Chair Board of Commissioners

STEPHEN J. NORMAN Secretary

T A B

N U M B R

KING COUNTY HOUSING AUTHORITY INTEROFFICE MEMORANDUM

THE BOARD OF COMMISSIONERS, HOUSING AUTHORITY OF

THE COUNTY OF KING, WASHINGTON

FROM:

LINDA RILEY

SUBJECT:

VOUCHER CERTIFICATION FOR OCTOBER 2013

I, Linda Riley, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, and that the claims represented by the vouchers listed below were just obligations of the Housing Authority of the County of King, and that I am authorized to authenticate and certify said claims.

Linda Riley Controller

December 2, 2013

Bank Wires / ACH Withdrawals	_	3,260,786.68
	Subtotal _	3,260,786.68
Accounts Payable Vouchers		
Checks - #236734-237361		4,418,501.56
	Subtotal	4,418,501.56
Payroll Vouchers Checks - #82938-82964		43,670.14
Direct Deposit		1,143,602.72
9	Subtotal	1,187,272.86
Canting & Duo grown Voyahova		
Section 8 Program Vouchers Checks - #601541-602008		338,946.51
ACH - #250797-254085	_	9,237,732.12
	Subtotal	9,576,678.63
Purchase Card / ACH Withdrawal		240,377.34
	Subtotal _	240,377.34
	GRAND TOTAL	18,683,617.07

TO:

THE BOARD OF COMMISSIONERS, HOUSING AUTHORITY OF THE COUNTY OF KING, WASHINGTON

FROM:

TIM WALTER

SUBJECT:

VOUCHER CERTIFICATION FOR OCTOBER 2013

I, Tim Walter, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, and that the claims represented by the checks listed below were just obligations of the Housing Authority of the County of King, and that I am authorized to authenticate and certify said claims.

Tim Walter

Director, Managed Assets December 2, 2013

Property	CHECK	REGI	STER	Г	PAYROLL	M	GMNT FEE	C	THER		Pi	operty Total
Oct-13	Oct-13		\$		Oct-13		Oct-13	Oct-13		\$		Oct-13
Bellepark East	2066-2117	\$	41,620.03	\$ \$ \$	6,455,23 7,372.93 7,046.90		Check Register as Check		NA		\$	62,495.09
Cottonwood	2314-2377	\$	68,799.80	\$ \$ \$	6,928.48 5,490.08 5,987.97		Check Register as Check		NA		\$	87,206,33
Cove East	2621-2695	\$	109,914.30	\$ \$ \$	14,035.12 14,716.83 14,169.11		Check Register as Check		NA		\$	152,835.36
<u>Landmark</u>	2358-2416	\$	111,873.80	\$ \$ \$	15,156,03 13,798,19 13,450,89		Check Register as Check	Issuance Con LOC Int & Cor Admin & Fee Remarketing		19,260.43	\$	173,539,34
Newporter	104467-104503	\$	21,030.44	\$ \$	6,378.22 6,284.66	\$	4,214,00		NA		\$	37,907.32
Timberwood	3297-3389	\$	106,706.77	\$ \$ \$	10,846.87 13,400.04 12,683.68		Check Register as Check		NA		\$	143,637,36
Woodland North	690-738	\$	36,556.76	\$ \$ \$	8,621.89 8,915.59 5,633.47		Check Register as Check		NA		\$	59,727.71
Woodside East	2721-2798	\$	124,637.75	\$ \$ \$	16,185.93 14,699.36 13,206.67		Check Register as Check		NA		\$	168,729,71
Cascadian	11695-11728	\$	59,575,26	\$	10,809.16 10,740.43	\$	7,707.00	RR	\$	7,184.60	\$	96,016.45
Fairwood	12079-12121	\$	32,918.95	\$ \$	8,751.03 8,953.85	\$	5,209,00	RR	\$	5,085.37	\$	60,918.20
Woodridge Park	11719-11763	\$	174,374,70	\$	9,837.01 9,528.19	\$	5,533.00	RR	\$	2,512.50	\$	201,785,40
Aspen Ridge	102330-102358	\$	37,206.74	\$	4,303.49 4,111.33	\$	2,518.00		NA		\$	48,139.56
Laurelwood	10223-10259	\$	42,285,54	\$ \$	4,595.36 4,614.67	\$	3,702.00	RR	\$	3,495.01	\$	58,692,58
Meadowbrook	5443-5489 9 Transfers	\$	68,367.89	Reg	On Check gister as Check		Check Register as Check		NA		\$	68,367,89
Meadows	10435-10471	\$	35,162.47	\$ \$	5,173.97 5,230.73	\$	2,271.00		NA		\$	47,838.17
Auburn Square	105068-105113	\$	230,918,83	\$ \$	7,381.75 7,247.24	\$	4,549.00		NA		\$	250,096.82
Carriage House	104670-104715	\$	42,625.48	\$ \$	10,647.14 9,584.55	\$	4,786.00		NA		\$	67,643.17
Parkwood	14490-14523	\$	76,249.44	\$	4,355.76 4,545.29	\$	2,960.00		NA		\$	88,110.49
Walnut Park	15121-15151	\$	19,758.19	\$	5,432.84 5,521.06	\$	6,046.00		NA		\$	36,758.09
		\$	1,440,583.14	\$	382,828.99	\$	49,495.00		\$	37,537.91	\$	1,910,445.04

Expenditures paid by Check Payroll Transfers \$382,828.99

Management Fee Transfers Other: \$37,537.91

TOTAL FUNDING: \$1,910,445.04

T A B

N U M B R

KING COUNTY HOUSING AUTHORITY

TO: Board of Commissioners

FROM: Dan Watson

DATE: December 9, 2013

RE: Resolution No. 5454: Authorizing the Submission of Financing

Applications to the Washington State Housing Finance Commission and the State Housing Trust Fund for the Development of the Van-

tage Point Senior Housing Project

Resolution No. 5415, passed by the Board of Commissioners in December 2012, authorized submission of a tax credit application to the Washington State Housing Finance Commission and funding applications to the Washington State Housing Trust Fund and the King County Housing Financing Program to provide critical assistance in financing the development of the 77 unit Vantage Point Senior Housing project located next to KCHA's Vantage Glen Manufactured Housing Community in Renton. In 2013, KCHA was successful in securing low income housing tax credits for 32 of the 77 units (phase 1) and \$2 million in funding from King County. Vantage Point did not make it onto to the list of projects approved by the State Legislature for funding by the State Housing Trust Fund. It should be noted that the legislative process for prioritizing projects for funding by the State Housing Trust had very little to do with the merits a given project.

Resolution No. 5454 authorizes the submission of the Phase II tax credit application to the Washington State Housing Finance Commission for the remaining 45 units, so that KCHA will have tax credit allocations for all 77 units. The resolution also authorizes resubmission of a funding application to the State Housing Trust Fund so that Vantage Point can be added to the list of projects approved by the State Legislature in the upcoming session.

Although the resolution authorizes the Executive Director to create the tax credit LLC or LLP and execute various documents related to the receipt of tax credit allocations, final approval of the project is conditioned upon further review by the Board of Commissioners once the terms and conditions of the partnership agreement and third party financing have been determined. In the first quarter of 2014 staff will provide the Board with a full briefing on the project including a detailed discussion of the building design and cost, target population, financing sources and uses, operating revenues and costs, risks and risk mitigations.

Design work is close to completion and a building permit application will be submitted to the City of Renton in January 2014. Financing is expected to close and construction commence by the end of the second quarter of 2014. This schedule is contingent, however, upon receipt of a \$2 million funding commitment from the State Housing Trust Fund or an acceptable substitute financing solution.

THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5454

AUTHORIZING THE SUBMISSION OF FINANCING APPLICATIONS TO THE WASHINGTON STATE HOUSING FINANCE COMMISSION THE STATE HOUSING TRUST FUND FOR THE DEVELOPMENT OF THE VANTAGE POINT SENIOR HOUSING PROJECT

WHEREAS, KCHA has subdivided 3.7 acres of unutilized property from the Vantage Glen Manufactured Community to create a 77 unit site for the development of housing for low income senior citizens located near 18100 107th Pl. SE, Renton, WA; and

WHEREAS, KCHA has worked closely with King County and the City of Renton to insure that the zoning and comprehensive plan for the Vantage Point development site permits up to 77 units of multifamily housing; and

WHEREAS, pursuant to Resolution No. 5415, in 2013 KCHA submitted financing applications in connection with Vantage Point to the King County Housing Finance program, the State Housing Trust Fund, and the Washington State Housing Finance Commission (WSHFC); and

WHEREAS, KCHA received \$2,000,000 in financing from the King County Housing Finance Program but was unsuccessful in securing financing from the State Housing Trust Fund

WHEREAS, KCHA received an allocation of 2013 9% Low Income Housing Tax Credits (LIHTC) from the WSHFC sufficient to provide equity for 32 of the 77 housing units; and

WHEREAS, KCHA intends to resubmit its application to the State Housing Trust Fund and submit a second application for 9% LIHTC for the other 45 units to the WSHFC in January 2014;

NOW THEREFORE, BE IT RESOLVED, BY THE BOARD OF COMMISSIONERS OF THE KING COUNTY HOUSING AUTHORITY:

SECTION 1. The Executive Director is authorized to submit financing applications to the Washington State Housing Finance Commission's LIHTC programs, and to the Washington State Housing Trust Fund in connection with the development of the Vantage Point project.

SECTION 2. With respect to LIHTC signature authority:

A. The Executive Director is authorized to create a Limited Liability Company or

Partnership ("the Partnership") for the purpose of securing LIHTC equity and for financing,

developing, owning, and operating the Vantage Point project, and

B. The execution, delivery, and performance of the LIHTC Application, the Credit

Reservation Contract, the Carryover Allocation Contract, the Regulatory Agreement (Extended

Use Agreement), and any and all other documents to which the Partnership, KCHA, and the

Washington State Housing Finance Commission are parties with regard to the Vantage Point

Project, aka Vantage Glen Phases 1 and 2, (collectively, the "Tax Credit Program Documents") is

hereby approved; and

C. Stephen Norman, Dan Watson and Connie Davis shall have the authority, and

authorization to enter into and execute the Tax Credit Program Documents on behalf of the

KCHA or the Partnership, and the WSHFC shall have the right to rely on the signature

authorizations contained in this resolution until such time as the WSHFC receives written notice

from KCHA terminating or modifying such signature authorizations; and

D. Except as otherwise specifically defined, capitalized terms used in these Resolutions

shall have the meanings set forth in the Commission's Tax Credit Program.

ADOPTED BY THE BOARD OF COMMISSIONERS OF THE HOUSING

AUTHORITY OF THE COUNTY OF KING AT A MEETING THEREOF THIS 16th DAY

OF DECEMBER 2013.

THE HOUSING AUTHORITY OF THE

COUNTY OF KING, WASHINGTON

DOUGLAS J. BARNES, Chair

Board of Commissioners

STEPHEN J. NORMAN

Secretary

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T A B

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TO:

Board of Commissioners

FROM:

Craig Violante

DATE:

December 5, 2013

RE:

Resolution No. 5452: Comprehensive Operating and Capital Budget for

2014

EXECUTIVE SUMMARY

Attached for your review are the 2014 Comprehensive Operating and Capital Budgets (Attachments A and B, respectively). Guiding this budget and the entire budgeting process are the main goals of KCHA as developed by the Board:

- Preserve and expand the supply of affordable housing
- Help the region end homelessness
- Promote economic self-sufficiency for residents
- Strengthening the internal infrastructure of KCHA

BUDGET OVERVIEW

The budget has been prepared against a backdrop of uncertain federal support of housing programs, while at the same time balancing the needs of clients for assistance and the maintenance requirements of the current housing stock. In response, KCHA will invest its operating cash flows and significant reserves into operating and capital activities in order to preserve and expand our housing resources across the entire affordable housing spectrum. Core operations are stable and are being fully funded out of 2014 revenues, while capital projects are being funded through a combination of 2014 revenues and existing reserves.

OPERATING BUDGET

Operating activities at KCHA can be broken down into two broad divisions: properties and programs directly supported with federal dollars, and properties that operate independently.

Federally-supported Properties and Programs

KCHA operates two main programs with Federal funding sources: Deeply-Subsidized Housing (consisting of Public Housing and project-based vouchers) and the Housing Choice Vouchers (HCV) program, also known as Section 8. Both Public Housing and Section 8 are funded and administered by the U.S. Department of Housing and Urban Development (HUD). Although independent from each other with separate funding sources and disparate rules and regulations, the Authority's designation as a Moving to Work (MTW) agency allows both programs to share revenues (called fungibility) and create new programs not ordinarily allowed under existing HUD regulations.

The *Deeply-Subsidized Housing Portfolio* consists of properties that receive assistance from either the Public Housing Operating Fund or from Section 8 vouchers that KCHA has tied to each unit of housing (project-based Section 8). There are 1,949 units in the **Public Housing** portfolio, including those owned by tax credit investors, and 80 units managed by KCHA under contract with the Sedro-Woolley Housing Authority. Public Housing has two primary funding sources beyond tenant-paid rents: the Operating Fund Subsidy, and the Capital Fund Program (CFP). Both of these funding sources are fungible under MTW.

The Operating Fund Subsidy is designed to support the difference between the costs of operating public housing properties and the revenues received from tenants.

For 2014, it is projected that KCHA is eligible, based on HUD's funding formula, to receive \$8.9 million of Operating Fund Subsidy. However, due to a combination of sequestration and chronic congressional underfunding, it is estimated that only 82% of eligible funding will actually be received, resulting in a gap of \$1.6 million. Transfers of excess cash flows from the Section 8 Block Grant revenue stream (allowed via the MTW program), will backfill this shortfall. If KCHA received the full Operating Fund Subsidy for which it is eligible, no additional support would be required.

Public Housing also receives Capital Fund Program grants. This is discussed in the capital budget section.

There are currently 1,389 units in the **Project-Based Section 8** portfolio, 405 owned directly by KCHA and 984 owned by a third-party entity, such as a tax credit investor or Moving King County Residents Forward (MKCRF). The important financial feature they all share is that Section 8 vouchers have been "project-based", meaning that the voucher is tied to the unit. This is in contrast to a typical voucher which is awarded to the tenant and allows the tenant to rent anywhere. This project-basing means that while each unit is housed with very low income tenants, market-rate rents are received for each unit though a combination of tenant rent and Section 8 subsidy receipts from KCHA's HCV program. Receiving market-rate rents means that each site can be managed as if it were in the private sector, paying monthly contributions to replacement reserves and either self-funding capital projects or pledging revenues toward the servicing of debt issued for the purposes of financial capital rehabilitation projects. These properties are self-sufficient.

Vouchers administered as part of the *Housing Choice Voucher Program* are divided into three types. The largest and most significant are those that are part the Block Grant. 91% of total HUD Section 8 funding is from vouchers that are either currently in the block grant or will become part of it within the next year.

The Block Grant program currently includes 7,844 vouchers (with 229 more to be included in 2014) where funding is received from HUD in a monthly "block" of cash. A further analysis of the Block Grant program can be found below in the MTW section.

The second group, non-block grant vouchers, receive funding only to the extent of payments made to landlords, plus a per voucher fee for administering the program. There are currently 999 vouchers in this program, which targets homeless veterans (VASH), families needing housing to facilitate reunification (FUP), and persons with disabilities (NED and Mainstream). From a financial perspective, non-block vouchers are largely meant to be budget-neutral, as revenue is received from HUD only to the extent that HAP payments are made to landlords. However, due to sequestration and to a funding renewal formula that penalizes agencies that continue to receive new voucher allocations each year, such as VASH vouchers, this program will show a deficit of approximately \$300,000 in 2014. "Net restricted assets", reserves which reflect unexpended balances from prior year funding for specific subprograms in this category, will be used to fund this gap. Of additional concern is the continued degradation of the administrative fee received from HUD to administer these vouchers. For 2013, only 69% of eligible fees are being appropriated by Congress. This is expected to continue in 2014.

The third funding category within Section 8 serves residents who have transferred into KCHA's service area from another housing authority. There are currently 2,431 such "portable" vouchers being administered by KCHA. While the originating housing authority reimburses KCHA for the full HAP payment made to landlords, it passes along only 80% of the fee it receives from HUD, so KCHA receives 80% of 69% of the full administrative fee for these vouchers.

Because of the deep cuts in what Congress is appropriating for program administrative fees, KCHA has had to supplement its administrative support with general block grant revenues. If the admin fee were being fully funded, this additional support would not be needed.

KCHA entered the *MTW Program* in 2003. From a financial perspective, participation in the program gave KCHA four distinct benefits:

- 1) It allowed the funding for the bulk of the HCV vouchers to be received as a block grant
- 2) Since funding is received as a block grant, revenues not spent on HAP payments or used to administer the Section 8 program can be retained and used for any purposes allowed under the MTW program
- 3) Funding for all vouchers that are part of the block grant are automatically renewed each year. This is in contrast to non-block-grant programs where renewal funding is based upon the number of vouchers actually leased in the prior year.
- 4) Administrative fees are folded into the block grant payments. As the block grant has historically been subject to a lower prorate than separate administrative fees, KCHA has been better able to maintain efficient program operations.

Below is a summary of estimated 2014 block grant funding and its use in directly supporting voucher holders and a comparison to the 2013 budget:

	2014	2013
	Budget	Budget
Gross block grant eligibility	\$102,382,925	\$ 99,025,879
Loss due to est. 94% prorate	(6,142,975)	(5,965,319)
Projected block grant funding	96,239,950	93,060,560
HAP payments to landlords	(81,646,970)	(79,465,833)
Administrative costs	(8,102,863)	(7,168,661)
Program costs	(89,749,833)	(86,634,494)
	=	32-3
MTW Working Capital	\$6,490,117	\$6,426,066

Several operating initiatives are funded out of the Section 8 Block Grant working capital:

- For the past several years, KCHA has issued more Section 8 vouchers than specifically funded for in the block grant. 2014's budget includes a ramp-down of this over-leasing until March when it is anticipated that there will be a total of 200 vouchers leased above baseline. The plan is to then maintain over-leasing at 200 units for the remainder of the year. The impact on the 2014 budget is approximately \$2.5 million. This over-issuance is in addition to the "sponsor-based" Section 8 program that KCHA funds in partnership with the region's homeless initiatives. If added in, actual year-end over-issuances above baseline would, in 2012, 2013 and 2014 be 321, 408 and 337, respectively.
- The budget does not include any provision for increasing the Section 8 payment standards that sets the maximum value of each voucher. Management believes that tenants are increasingly paying for the full cost of rising rents as their vouchers reach their maximum value. This situation will be watched closely during 2014. If final budget numbers out of Congress increase HAP funding above current projections, KCHA will reexamine payment standards at that time.
- As mentioned above, there are 137 units of supportive housing in the Homeless Initiative funded out of block grant working capital with an average per unitmonth (PUM) cost of \$656. In addition, \$160,000 is budgeted for the Short-Term Rental Assistance (STRA) program and \$131,000 for the new Flexible Rental Assistance for Homeless Youth program. The STRA program attempts to rapidly re-house families shortly after they become homeless or provide assistance to prevent homelessness. The new Flexible Rental Assistance program provides a subsidy to homeless youth that will last 18 to 24 months and diminish to zero over that time.
- In addition to backfilling the \$1.6 million gap between what Public Housing properties are eligible for under the Operating Fund Subsidy and what they actually receive, MTW also funds an array of additional resident service programs for tenants including after-school tutoring, self-sufficiency, educational initiatives, and elderly support services. The budget for these programs is \$2.7 million. Including internal staff costs, KCHA annually spends an average of \$441 per household on such services, excluding 3,620 households in asset-managed properties that receive no resident services.

There are 8 *Other Federally-Supported Properties* that are owned by KCHA and receive direct federal support. These include the four recent Chaussee acquisitions: Patricia Harris Manor in Redmond, Bellevue Manor in Bellevue, Northwood Square in Auburn and Vashon Terrace on Vashon Island. All of these properties have self-sufficient operations, but the Chaussee buildings need some capital improvements. The budget includes a \$1 million grant from King County towards these repairs.

Independent Properties

In its *Bond Property* portfolio, KCHA currently owns 24 separate properties with 3,135 apartments. These properties are managed by outside fee-based property management companies. All properties have some form of debt outstanding, and servicing of this debt comes out of the cash flow of each of the properties. In addition, each property makes monthly contributions to replacement reserve accounts and annually self-funds capital repair and rehabilitation projects. The net cash flow for these properties also supports general KCHA overhead via transfers to the Central Office Cost Center (COCC), projected next year at \$1.2 million.

Although only a .01% owner of its *Tax Credit Portfolio*, KCHA is the general partner and receives excess cash flows from the sites. For 2014, excess cash receipts are projected at \$1.5 million and goes to the COCC to cover general agency overhead. This portfolio has five properties and 1,033 units.

The 2 properties owned by KCHA in its *Portfolio of Mobile Homes* consist of 195 units and are also self-sufficient. There are two other mobile home properties owned and managed by outside entities for which KCHA provides advice.

The *Local Property* portfolio consists of 152 units in 16 separate developments. Most sites are run by non-profit partners who provide varying levels of support for special-needs populations. Several of the sites are managed by KCHA's Housing Management or Asset Management departments. Operations of these properties are generally self-sufficient, although KCHA support is needed for capital repairs and reserves.

CAPITAL BUDGET

Below is a summary of the capital budget. A detailed budget can be found on Attachment B.

Category	Budgeted Amount	Managed by	Funding Sources
Rehabilitation of existing	\$18,262,486	Capital Construction Department	Existing MTW reserves, existing debt proceeds, CFP grants, site cash flow
properties	\$5,365,026	Housing Management Department	Current MTW revenue
	\$11,460,187	Asset Management Department	Existing reserves and site cash flow
Development of new housing	\$10,273,567	Development Department	Current reserves; new debt issuance
Acquisition of new properties	\$8,675,000	Asset Management Department	New debt issuance
Acqusiition of housing currently in tax credit portfolio	\$3,652,112	Asset Management Department	Assumption of existing debt
Purchase and implementation of new software	\$1,545,375	Housing Management Department	Existing MTW Reserves
Vehicles & other purchases	\$527,799	Administrative Services Department	Existing reserves and site cash flow
Total	\$59,761,552		

A detail of the funding sources supporting this capital budget include:

MTW	\$10,198,675
Investor equity contribution for Green River Homes	3,825,337
Cash flow from properties	10,363,754
MKCRF debt proceeds	6,930,843
Replacement reserves	2,537,888
King County grant	1,000,000
New debt issuance	16,615,200
Assumption of existing debt	3,899,412
General KCHA unrestricted reserves	1,422,284
Capital Fund Program grants	770,509
Various Greenbridge/Seola Gardens sources	916,445
Central Vehicle internal fund	360,000
Various other sources	921,205

\$59,761,552

Projects funded with MTW reserve are:

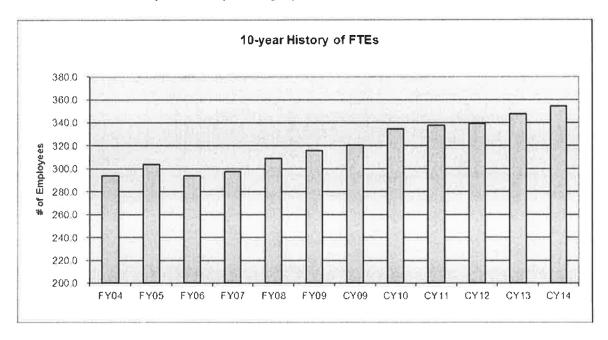
Valli Kee rehabilitation project-contractor costs	\$1,940,378
Valli Kee rehabilitation project-82 unit upgrades and relocation	2,215,235
Other unit upgrades in the Public Housing portfolio	1,682,696
Rehabilitation projects at 10 Public Housing sites	2,814,991
Housing management software conversion	1,545,375
	\$10,198,675

In an era of declining MTW funding, KCHA will have to look for other sources to complete rehabilitation projects. Currently, KCHA has scheduled CFP grant funding to support the 2015 capital pipeline. Other sources to be investigated include the possibility of syndicating a pool of housing projects with a tax credit investor.

THE INVESTMENT IN KCHA'S EMPLOYEE INFRASTRUCTURE

Employee Count

The budget includes 354.3 full-time equivalent (FTE) positions, an increase of 6.6 over 2013. Below is a 10-year history of employee count:



Since 1998, the number of households served has increased by 73.3% while the FTE count has risen 51.3%

Personal Service Costs

A Board-approved Cost of Living Adjustment (COLA) wage increase of 1.4% was awarded to all employees in November 2013 except those in the Building Trades bargaining unit. Negotiations with the union continue.

The Public Employees Retirement System (PERS) contribution rate is currently set at 9.21%. The Office of the State Actuary projects that future PERS contribution rates could rise to as high as 11%, although the rate is expected to be closer to 10.4%. In response to these projected increases, three years ago KCHA set up a reserve totaling \$749,000 to offset future rate increases. During 2014, \$77,000 of these reserves will be drawn to support current operations.

The average health insurance cost per employee for 2014 is projected to be \$12,275, up slightly from \$12,157 in 2013.

Work Environment

The budget includes spending \$1.5 million of the \$2.5 million Board-approved technology reserve for the Public Housing/Section 8 program software conversion.

In addition, all vehicle maintenance expenses and all new vehicle purchases will be made out of a new Central Vehicle Fund (CVF). The CVF will charge each program and property two separate fees each month: a maintenance fee and a vehicle replacement fee. To jump start this new fund, \$125,000 is being transferred from the Central Maintenance Fund. Vehicle replacements are being forecast 20 years into the future, and funds are being set aside to meet these future needs.

CASH BALANCES

Below is a summary of the 2014 cash budget:

Projected	Budgeted	Projected	
Cash	Activity	Cash	
12/31/2013	2014	12/31/2014	20
\$23,746,260	\$9,863,306	\$33,609,566	(1)
11,197,281	(2,215,830)	8,981,451	
45,188,693	(13,254,190)	31,934,503	
37,309,392	(10,804,026)	26,505,366	
3,299,663	(1,053,144)	2,246,519	
\$120,741,288	(\$17,463,884)	\$103,277,404	
	Cash 12/31/2013 \$23,746,260 11,197,281 45,188,693 37,309,392	Cash Activity 12/31/2013 2014 \$23,746,260 \$9,863,306 11,197,281 (2,215,830) 45,188,693 (13,254,190) 37,309,392 (10,804,026) 3,299,663 (1,053,144)	Cash Activity Cash 12/31/2013 2014 12/31/2014 \$23,746,260 \$9,863,306 \$33,609,566 11,197,281 (2,215,830) 8,981,451 45,188,693 (13,254,190) 31,934,503 37,309,392 (10,804,026) 26,505,366 3,299,663 (1,053,144) 2,246,519

1) Balance includes \$11.5 million scheduled for either outyear capital work on the asset managment portfilio or to pay certain short term obligations

The complete cash budget is found on Attachment C.

KING COUNTY HOUSING AUTHORITY
2014 Budget
(In \$1,000's; excludes non-KCHA-managed component units)

(iii \$1,000 s, excuades non-nend-managed component anns)		FEDERALLY-SUPPORTED		RAMS (man	PROGRAMS (managed by KCHA)	î			LOCAL PROGRAMS	GRAMS			
	Public Housing	ousing	Other Housing	using	Other Programs	ograms	KCHA	Outside	Tax Credit				Memo:
	KCHA	Outside	KCHA	Outside	Section 8	WTM	Owned	Owned	Gen Prtnr Activity	Develop	Othor	JJOJ	KCHA
Transfer	Cwiled	Cancel	Cwiled	C40 073 4	cocta	riogiaili	C G G G G	11003111g	Activity	Activity	Orillet	2007	COINIBINED
Committee Fire State Sta	53,917.8	41,000.4	\$4,644.b	1.2/6,01¢	\$120.0	٠.٠٠	7.600,05¢	677,570.9	0.0	0.0	o. c	\$.0 0	0.197,8c¢
Operating Fund Substay from hop	5,912.8	4,270.0	o. 6		J. 60	1,207.5			o d	j (j (ó (2,055,5
Section 8 Subsidy from HUD	O.	0.	383.0	O,	99,648.4	6,490.1	o,	O	0,	0.	O. 1	O	106,521.5
Other Operating Revenue	22.6	84.7	495.0	1,651.0	27,675.8	0.	449.0	173.9	608.5	8.806	3,955.2	11,858.4	47,882.6
Non-operating Revenue	1,014.6	18,501.1	22.4	5,920.2	3.7	89.8	1,047.6	795.1	2,104.0	8.4	O.	1,265.7	30,772.6
Total Revenues	8,867.7	24,522.1	5,745.0	18,543.3	127,447.9	7,787.4	38,365.7	2,339.8	2,712.5	917.2	3,955.2	13,124.1	254,327.9
Constant													
Expenses Salaries & Benefits	2.036.3	985.7	745.7	1.493.0	5.447.7	770.3	3.453.3	385.9	0.	137.0	1.014.2	9.946.1	26.414.8
Routine Maintenance, Utilities, Taxes & Insurance	4.042.2	1.783.1	1.556.8	3,215.8	243.4	0.	9,337.0	479.8	22.7	.2	10.0	1,841.4	22,532.5
Direct Social Service Salaries & Benefits	496.6	337.9	145.3	301.4	358,8	274.8	28.8	34.2	0.	25.6	123.7	56.5	2,183.6
Other Social Service Support Expenses & HAP	838.6	2,737.2	82.8	454.0	117,432.7	2,373.0	115.5	121.8	4.	207.1	2,929.0	10.0	127,305.0
Administrative Support Expenses	2,892.4	861.8	536.8	1,821.6	3,980.6	167.0	3,727.0	210.8	522.5	46.7	139.8	2,719.9	17,626.8
Non-operating Expenses	30.0	2,113.9	179.6	5,577.1	o.	0,	5,188.5	446.2	1,367.6	20.0	0.	701.8	15,654.7
Total Expenses	10,336.1	8,819.1	3,250.1	12,862.8	127,463.1	3,585.0	21,850.2	1,678.6	1,913.2	466.7	4,216,6	15,275.7	211,717.2
Net Income	(1,468.4)	15,703.0	2,495.0	5,680.5	(15.3)	4,202.4	16,515.5	661.2	799.3	450.6	(261.5)	(2,151.6)	42,610.7
Other Sources/(Uses) of Working Capital	(*)	(0.004)		(550)	c	c	(1 040 1)	(50 5)	(0.005)	(1 000 0)	ç	c	(2 850 8)
(Increase) in Restricted/Designated Cash	(1.)	(136.6)	(60.4)	(236.2)	o. 0	0.	(1,048.1)	(60.5)	(300.0)	(1,006.9)	0.01	J. 000	(2,030.0)
Decrease in Restricted/Designated Cash	0. (2,095.0	265.5	10,449.6	O. (6,723.2	1,865.0	215.8	1,406.2	4,702.4	150.0	9,020.3	34,893.0
(increase) in LI Receivables	o: 0	(2,250.3)	o, o	(8,390.6)	o. 0	(316.2)	oʻ o	(429.9)	(4,291.8)	0.007	oʻ o	(825.0)	(16,503.7)
	0.	395.9	0. 2. 2.	1,356.5	0. 0	1,694.7	0.	4/9.8	5,248.3	1,500.0	D. /c /	4.72d (7.72)	LL,3U2.7
Acquisition of Lapital Assets	(12,002.9)	(907.6)	(2,534,5)	(7,530.8)	(q*T)	(1,545.4)	(16,164.6)	(21/.2)	o c	(16,492.0)	(5)	(304.7)	(a.Ta/,ec)
Disposition of Capital Assets	o o	o, c	o c	o c	o c	j c	o c	o c	o c	7,033.7	o c	0.	(500.0)
Change III Other Assets	o c	oʻ c	o c	o c	o c	o c	ó c	o c	(8 7 19)	s c	si c	(0:005)	(917.8)
Change III Deletials	o c	o c	o c	6.050.8	5 ⊂		2, 775, 5	j C	470.7	16.724.8	e c	9 0	26.521.8
(Decrease) in IT Debt	(1803)	(206.0)	(77.3)	(4.014.0)	9	9 0	(4.140.2)	(73.1)	(5.051.0)	0,	0,	(1.088.5)	(14,825.4)
Change in Other Liabilities	(19.7)	957.1	(67.8)	340.8	0.	0.	58.8	230.1	254.1	(1,378.5)	0.	0.	374.8
Total Other Sources/(Uses) of Working Capital	(12,203.0)	(52.4)	(2,469.5)	(1,974.2)	(1.6)	6,556.3	(16,153.4)	145.1	(3,181.4)	2,741.6	149.7	6,869.5	(19,573.3)
Transfer In from (Out to) Other Funds Transfers In from Other Funds	13.733.8	1.699.2	1,548.7	2,990.8	ó	0.	1,335.9	0	4,115.7	14,833.9	1,070.6	4,305.0	45,633.4
Transfers Out to Other Funds	0.	(16,878.9)	(318.8)	(6,364.0)	O,	(13,020.1)	(1,180.0)	0,	(1,819.3)	(3,500.0)	(962.6)	(1,589.8)	(45,633.4)
Net Transfer In/(Out)	13,733.8	(15,179.8)	1,229.9	(3,373.2)	0,	(13,020.1)	155.9	0.	2,296.4	11,333.9	108.0	2,715.2	O.
Net Change in Working Capital	62.4	470.9	1,255.3	333.0	(16.8)	(2,261.4)	518.0	806.3	(85.6)	14,526.0	(3.8)	7,433.1	23,037.4
Projected Working Capital, 12/31/2013	3,341.9	5,218.6	1,308.2	(262.6)	349.3	2,492.2	(66.5)	(5,292.0)	66.1	(12,687.5)	71.9	12,182.3	6,721.9
Projected Working Capital, 12/31/2014	\$3,404.3	\$5,689.5	\$2,563.5	\$70.4	\$332.5	\$230.8	\$451.5	\$(4,485.7)	\$(19.6)	\$1,838.5	\$68.1	\$19,615.4	\$29,759.2

King County Housing Authority	ATTACHIVILIATE
Capital Budget	
By Responsible Department	
2014	
	20442
	2014 Budget
CONSTRUCTION ACTIVITIES	
Managed by Capital Construction Department	6 0.011.202
Public Housing	\$ 8,011,203
509 Properties	6,930,843
Other Properties	2,933,007
At a second of the second of t	
Managed by Housing Management Department	E 20E 172
Unit Upgrade Program	5,205,173
Other Projects	323,062
Managed by Asset Management Department	
Bond Properties	11,021,387
Other Properties	438,800
Other Properties	130,000
DEVELOPMENT ACTIVITY	
Managed by Hope VI Department	
Seola Gardens	891,303
Greenbridge	934,554
Salmon Creek/Nia	428,157
Managed by Development Department	
Vantage Point	7,579,369
Wind Rose	407,184
Green River Homes 2	33,000
ACQUISITIONS	
ACQUISITIONS	
Managed by Asset Management Department	2 652 112
Transfer of Rural Preservation Properties to Bond Portfolio	3,652,112
Managed by Development Department	
New Acquisitions	8,675,000
New Acquisitions	0,070,000
OTHER CAPITAL ASSETS	
Managed by Housing Management Department	
Software	1,545,375
Solimane	, ,
Managed by Resident Services Department	
Relocation	387,433
Managed by Other Departments	222.222
Vehicles	360,000
Information Technology	4,590
	\$ 59,761,552

ATTACHMENT B

King County Housing Authority

King County Housing Authority Cash Budget			Attachment C
2014	Projected	Budgeted	Projected
	Cash	Activity	Cash
cocc	12/31/2013	2014	12/31/2014
Working Capital	\$14,019,517	\$7,412,795	\$21,432,312
Designated	9,198,509	(20,291)	9,178,218
Restricted	11,406,590	(9,000,000)	2,406,590
	34,624,616	(1,607,496)	33,017,120
MTW			
Program-restricted	3,749,288	(2,261,377)	1,487,911
Designated	14,080,162	(6,723,173)	7,356,989
Restricted	12,503,898	0	12,503,898
	30,333,349	(8,984,550)	21,348,799
Other Funds			45.455.55.43
Working Capital	9,726,743	2,450,511	12,177,254 (1)
Program-restricted	7,447,993	45,547	7,493,540
Designated	21,910,021	(6,510,726)	15,399,295
Restricted	13,398,903	(1,804,026)	11,594,877
Set-aside to pay short-term debt	3,299,663	(1,053,144)	2,246,519
	55,783,323	(6,871,838)	48,911,485
TOTAL CASH	\$120,741,288	(\$17,463,884)	\$103,277,404
	**************************************	1)	
Summary			
Working Capital	\$23,746,260	\$9,863,306	\$33,609,566 (1)
Program-restricted	11,197,281	(2,215,830)	8,981,451
Designated (see detail below)	45,188,693	(13,254,190)	31,934,503
Restricted (see detail below)	37,309,392	(10,804,026)	26,505,366
Set-aside to pay short-term debt	3,299,663	(1,053,144)	2,246,519
	\$120,741,288	(\$17,463,884)	\$103,277,404
Detail of Cash Dedicated for Specific Purposes			
Rehab Reserves	\$4,049,159	(\$4,049,159)	(\$0)
Project Reserves	3,615,000	0	3,615,000
Exit Tax Designation-Reserves	6,052,827	(4,555,703)	1,497,124
Revenue	400,000	(150,000)	250,000
PERS Designation Reserves	671,209	(71,017)	600,192
Replacement Reserves	10,442,035	(404,864)	10,037,171
Technology Reserves	2,460,089	(1,545,375)	914,714
Liquidity Reserves	9,006,732	0	9,006,732
HAP Reserves	6,003,677	0	6,003,677
Supportive Housing Reserves	1,087,805	(1,077,913)	9,892
Development	1,400,159	(1,400,159)	0
Total Cash-Dedicated for Specific Purposes	\$45,188,693	(\$13,254,190)	\$31,934,503
Dateil of Doctricted Co-t-			
Detail of Restricted Cash	¢2.700.464	/¢4 106 151\	¢4.662.042
Excess Cash Reserves	\$2,769,164	(\$1,106,151)	\$1,663,013
Project Reserves	42,566	(202.271)	42,566
Endowment Reserves	797,394 4 608 411	(293,371)	504,023
Replacement Reserves Operations Reserves	4,608,411 93,797	(404,864) 144	4,203,547
Bond Reserves-1 Yr Payment	93,797 2,486,756		93,941
Residual Receipt Reserves	2,486,756 551,571	0 216	2,486,756 551,787
FSS-Reserves	607,417	0	607,417
Collateral Reserves	23,910,489	(9,000,000)	14,910,489
Security Deposits & Escrow Accounts	1,441,827	(3,000,000)	1,441,827
Total Restricted Cash	\$37,309,392	(\$10,804,026)	\$26,505,366
	+5.,505,552	(+20,001,020)	

Balance includes \$11.5 million scheduled for either outyear capital work on the asset managment portfilio or to pay certain short term obligations

THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5452

AUTHORIZING APPROVAL OF THE COMPREHENSIVE OPERATING BUDGET FOR CALENDAR YEAR BEGINNING JANUARY 1, 2014

WHEREAS, the Executive Director has submitted a Comprehensive Operating Budget for the Calendar Year beginning January 1, 2014 (Calendar Year 2014); and

WHEREAS, the Board of Commissioners has determined that the proposed expenditures are necessary for the efficient and economical operation of the Housing Authority for the purpose of serving low-income families; and

WHEREAS, the Budget indicates sources of funding adequate to cover all proposed expenditures; and

WHEREAS, all proposed rental charges and expenditures will be consistent with provisions of the Washington State Housing Authority Law (RCW 35.82) and the Annual Contributions Contract (where applicable); and

WHEREAS, the Authority hereby certifies that no employee of the Housing Authority is serving in a variety of positions which will exceed 100% of his/her time. This certification includes the proration of an employee's time between the various programs administered by the Housing Authority of the County of King; and

WHEREAS, the Authority certifies that none of the funds in the budget authorized under Section 8 (only with respect to the tenant-based rental assistance program) and Section 9 of the United States Housing Act of 1937 will be used for any amount of salary for any employee that exceeds the annual rate of basic pay payable for a position at Level IV of the Federal Executive Schedule; and

WHEREAS, the Authority certifies that a drug-free workplace is provided to employees as required by the Drug-Free Workplace Act of 1988; and

WHEREAS, the Authority certifies that no Federally appropriated funds will be paid on behalf of the Housing Authority to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan or cooperative agreement.

NOW THEREFORE, BE IT RESOLVED, BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING.

<u>SECTION 1:</u> The following expenditures are hereby authorized for the Calendar Year beginning January 1, 2014:

		Other Uses	
	Total	of Working	
Fund Groups	Expenditures	Capital	Total
Public Housing, KCHA-owned	\$ 10,336,125	\$ 12,203,008	\$ 22,539,133
Public Housing, other ownership	8,819,081	3,500,373	12,319,454
Other Federal Housing, KCHA-owned	3,250,070	2,735,040	5,985,110
Other Federal Housing, other ownership	12,862,844	20,171,673	33,034,517
Section 8 program	127,463,137	1,563	127,464,700
MTW program	3,585,025	1,861,586	5,446,611
Local housing, KCHA-owned	21,850,212	21,352,907	43,203,119
Local housing, other ownership	1,678,583	780,593	2,459,176
Tax credit properties	1,913,180	10,560,617	12,473,797
Development Program	466,650	20,879,412	21,346,062
Other funds	4,216,647	298	4,216,945
Central Services	15,275,681	2,778,262	18,053,943
Total 2014 Expenditures	\$ 211,717,235	\$ 96,825,332	\$ 308,542,567

<u>SECTION 2:</u> The Detail of Budgeted Revenues and Expenses as found in Attachment A are hereby incorporated into this resolution.

ADOPTED AT A REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING THE 16^{TH} DAY OF DECEMBER, 2013

THE HOUSING AUTHORITY OF THE COUNTY OF KING, WASHINGTON

DOUGLAS J. BARNES, Chair Board of Commissioners

STEPHEN J. NORMAN

Secretary

KING COUNTY HOUSING AUTHORITY 2014 Budget (In \$1,000's; excludes non-KCHA-managed component units)

ליייים אל בארומת בייים וואר בארומיים וואר בייים ווארומיים וואריים וואר		FEDERALLY-SUPPORTED	ORTED PROG	PROGRAMS (managed by KCHA)	ged by KCHA	2			LOCAL PROGRAMS	JGRAMS			
	Public Housing	ousing	Other Housing	using	Other Programs	ograms	KCHA	Outside	Tax Credit				Мето:
	KCHA	Outside	KCHA	Outside	Section 8	WTM	Owned	Owned	Gen Prtnr	Develop			KCHA
Revenues	Owned	Owned	Owned	Owned	Program	Program	Housing	Housing	Activity	Activity	Other	COCC	COMBINED
Tenant Revenue	\$3,917.8	\$1,666.4	\$4,844.6	\$10,972.1	\$120.0	\$:0	\$36,869.2	\$1,370.9	\$.0	\$.0	\$.0	\$.0	\$59,761.0
Operating Fund Subsidy from HUD	3,912.8	4,270.0	0.	0.	0.	1,207.5	0.	0.	0.	0.	0.	0.	9,390.2
Section 8 Subsidy from HUD	0.	0.	383.0	0.	99,648.4	6,490.1	0.	0.	0.	0.	0.	0.	106,521.5
Other Operating Revenue	22.6	84.7	495.0	1,651.0	27,675.8	0.	449.0	173.9	608.5	908.8	3,955.2	11,858.4	47,882.6
Non-operating Revenue	1,014.6	18,501.1	22.4	5,920.2	3.7	89.8	1,047.6	795.1	2,104.0	8.4	o.	1,265.7	30,772.6
Total Revenues	8,867.7	24,522.1	5,745.0	18,543.3	127,447.9	7,787.4	38,365.7	2,339.8	2,712.5	917.2	3,955.2	13,124.1	254,327.9
Expenses Salaries & Benefits	2,036.3	985.2	745.7	1,493.0	5,447.7	770.3	3,453.3	385.9	0.	137.0	1,014.2	9,946.1	26,414.8
Routine Maintenance, Utilities, Taxes & Insurance	4,042.2	1,783.1	1,556.8	3,215.8	243.4	0.	9,337.0	479.8	22.7	.2	10.0	1,841.4	22,532.5
Direct Social Service Salaries & Benefits	496.6	337.9	145.3	301.4	358.8	274.8	28.8	34.2	0.	25.6	123.7	56.5	2,183.6
Other Social Service Support Expenses & HAP	838.6	2,737.2	82.8	454.0	117,432.7	2,373.0	115.5	121.8	4	207.1	2,929.0	10.0	127,305.0
Administrative Support Expenses	2,892.4	861.8	536.8	1,821.6	3,980.6	167.0	3,727.0	210.8	522.5	46.7	139.8	2,719.9	17,626.8
Non-operating Expenses	30.0	2,113.9	179.6	5,577.1	O.	O,	5,188.5	446.2	1,367.6	20.0	o.	701.8	15,654.7
Total Expenses	10,336.1	8,819.1	3,250.1	12,862.8	127,463.1	3,585.0	21,850.2	1,678.6	1,913.2	466.7	4,216.6	15,275.7	211,717.2
Net Income	(1,468.4)	15,703.0	2,495.0	5,680.5	(15.3)	4,202,4	16,515.5	661.2	799.3	450.6	(261.5)	(2,151.6)	42,610.7
Other Sources/(Uses) of Working Capital	3	2	(50.4)	(1.900)	c	c	(1 040 1)	12 03	10 006)	(900	c	c	(2 050 6)
(Increase) in Restricted/Designated Lash	ਰੂੰ	(136.6)	(60.4)	(230.2)	o o	O. 6	(1,046.1)	(60.3)	(300.0)	(L,000.3)	0. 0.	0.00	(2,030.0)
Decrease in Restricted/Designated Cash	o, c	2,095.0	265.5	10,449.6	o. 0	6,723.2	1,865.0	215.8	1,406.2	2,702.4	0.051	9,020.3	34,893.0
(Increase) in LI Receivables	o o	(2,250.3)	o. 0	(8,390.6)	o o	(316.2)		(429.9)	(4,291.6)	0.0021	o, c	(0.53.0)	11 202 7
Decrease in LI Receivables	0.	395.9	O: 1	L,356.5	? ?	1,694./	0.	4/5.8	5,246.5	1,500.0	. į	4.720 (F.720)	11,502.7
Acquisition of Capital Assets	(12,002.9)	(907.6)	(2,534.5)	(7,530.8)	(1.6)	(1,545.4)	(16,164.6)	(217.2)	O. 0	(18,492.0)	(.3)	(364.7)	(97,761.6)
Disposition of Capital Assets	O. 4	0.	0.	0.	0. (0.	0.	o, o	o	2,693.7	o. 0	0.	7,693.7
Change in Other Assets	ο.	0.	0,	0.	o. _'	0, 1	0.	0. (D. (5)	0.	o	(0.00c)	(500.0)
Change in Deferrals	o.	0.	0.	0.	0. (Ö. (0. 1	0.	(91/.8)	0.	0. ((917.8)
Increase in LT Debt	0.	0.	o. ;	6,050.6	o	O. (3,275.7	o. (4/0.7	16,724.8	o o	0.	20,521.8
(Decrease) in LT Debt	(180.3)	(206.0)	(72.3)	(4,014.0)	0.	0.	(4,140.2)	(73.1)	(5,051.0)	O: (1	o: 6	(T,U88.5)	(14,825.4)
Change in Other Liabilities	(19.7)	957.1	(67.8)	340.8	0.	o.	28.8	230.1	254.1	(1,378.5)	0.	O,	3/4.8
Total Other Sources/(Uses) of Working Capital	(12,203.0)	(52.4)	(2,469.5)	(1,974.2)	(1.6)	6,556.3	(16,153.4)	145.1	(3,181.4)	2,741.6	149.7	6,869.5	(19,573.3)
Transfer In from (Out to) Other Funds		6	i c	0	ć	(, ,	Ċ	77	000 77	2 050	0 306 6	AE 623 A
ransfers in from Other Funds Transfers Out to Other Funds	13,733.8	1,633.2 (16,878.9)	(318.8)	6,364.0)	s c	.0 (13,020.1)	(1,180.0)	o o	(1,819.3)	(3,500.0)	(962.6)	(1,589.8)	(45,633.4)
Net Transfer In/(Out)	13,733.8	(15,179.8)	1,229.9	(3,373.2)	o.	(13,020.1)	155.9	0.	2,296.4	11,333.9	108.0	2,715.2	0.
Net Change in Working Capital	62.4	470.9	1,255.3	333.0	(16.8)	(2,261.4)	518.0	806.3	(85.6)	14,526.0	(3.8)	7,433.1	23,037.4
The first of the f													
Projected Working Capital, 12/31/2013	3,341.9	5,218.6	1,308.2	(262.6)	349.3	2,492.2	(66.5)	(5,292.0)	66.1	(12,687.5)	71.9	12,182.3	6,721.9
Projected Working Capital, 12/31/2014	\$3,404.3	\$5,689.5	\$2,563.5	\$70.4	\$332.5	\$230.8	\$451.5	\$(4,485.7)	\$(19.6)	\$1,838.5	\$68.1	\$19,615.4	\$29,759.2

T A B

N U M B R

5



TO: Board of Commissioners

FROM: Deborah Gooden, John Eliason, and James Rooney

DATE: December 10, 2013

RE: Resolution No. 5453: Authorizing the Disposition of Greenbridge West Bulk

Parcel 3 by Negotiated Sale to Element Residential, Inc.

Resolution No. 5453 authorizes the Executive Director to sell Greenbridge West Bulk Parcel 3 (see attached map) to Element Residential Inc. for construction of market rate, attached and detached homes which will be offered for sale. The resolution authorizes the sale of this land to Element Residential on substantially the same terms outlined in a non-binding Letter of Intent (LOI) (attached). Resolution No. 4099, which was passed April 11, 2005, authorized the disposition of all vacant land at Greenbridge.

Disposition Process

KCHA offered 49 finished lots and Greenbridge West Bulk Parcel 3 (Parcels W1, W3-W5) for sale on March 30, 2010 via a land offering that was sent to home builders in the area. Proposals were due any time after April 30, 2010. On May 24, 2010, Polygon Northwest submitted a proposal for all of the lots and land being offered. Polygon was the only respondent to the offering at the time. An agreement was entered into with Polygon which was subsequently terminated by the buyer during the feasibility period. In April 2012 BDR Homes submitted a non-binding Letter of Intent (LOI) for the 49 finished lots contained in the original offering. This offer was subsequently approved and executed. and BDR is currently constructing homes on these 49 lots. Staff received a proposal from Element Residential on August 30, 2013 to purchase West Bulk Parcel 3. Negotiations between the parties has resulted in the nonbinding LOI dated October 25, 2013 with Element Residential.

Element Residential Proposal

Element Residential is proposing to purchase the Greenbridge West Bulk Parcel 3, which consists of Parcels W2, W3-W5 of the Greenbridge Master Plat. Unlike previous Greenbridge and Seola Gardens land offerings, the purchaser of this bulk parcel will need to design, engineer, permit and build the infrastructure necessary to create between 100 and 105 finished building lots in a King County approved final plat before home construction can begin. Design, engineering, plat approval, permitting and construction of the streets, utilities, parks, trails and other infrastructure is estimated to cost approximately \$5 million and will take 9-12 months to complete. Element Residential is a Puget Sound homebuilder with experience in land development that is owned and managed by Joshua Freed. Mr. Freed has been in the homebuilding and land development business for approximately 10 years and has assembled a strong team of professionals with experience in land development, homebuilding, marketing and finance. Based on preliminary meetings with Mr. Freed and his team, and a review of recent projects, it appears that Element Residential has the experience,

capability, and capitalization to develop the Greenbridge West Bulk Parcel 3 site and successfully market new homes. KCHA will conduct a financial reference check to ensure Element Residential has the financial resources and backing to accomplish the extensive development work and financial investment necessary prior to receipt of any home sale proceeds.

Terms of Sale

KCHA has entered into a nonbinding LOI to sell West Bulk Parcel 3 for \$4,000,000, subject to appraisal, with the purchase price paid in cash at closing. The terms of the LOI will be incorporated into a binding purchase and sale agreement. The resolution requires the purchase price be adjusted upward to appraiser's opinion of Fair Market Value if the appraisal exceeds \$4 million, otherwise the purchase price will remain at \$4 million. The appraisal is not included in this package but will be completed prior to the December 16th Board of Commissioners meeting. Initial indications from the appraiser are that the final determination of value will be in a range from \$3,465,000 to \$4,515,000. It is uncertain whether Element Residential would to agree to a higher purchase price if the appraisal comes in above \$4 million.

The resolution also authorizes the Executive Director to adjust the purchase price upward or downward by no more than 10% to account for any credits, fees or charges not considered in the appraisal. For example, KCHA holds sewer credits for Greenbridge that if assigned to West Bulk Parcel 3 would exempt the finished lots from sewer district general facility and connection charges potentially saving the developer \$200,000. The purchase price would be adjusted upward if the sewer credits are made available to Element Residential.

The LOI anticipates that a 120 day feasibility period will be written into the Purchase and Sale Agreement with the \$200,000 earnest money deposit becoming nonrefundable at the end of the feasibility period. Closing of the sale will occur 30 days following engineering approval of the infrastructure permit by King County's Department of Permitting and Environmental Review or December 20, 2014, whichever occurs first.

Profit Participation

Element Residential has agreed to share profits in connection with the sale of homes on the purchased land. When the last home is sold, Element Residential will open their books to show KCHA the final numbers. After review of project expenses including construction costs, financing costs, warranty set aside costs, and overhead, net profits would be split 70% to Element Residential and 30% to KCHA.

Risks

As in any real estate transaction, there are risks associated with this transaction. KCHA will mitigate the risks to the extent possible.

Completion Risk Related to Failure to Create Finished Lots

As with any bulk parcel sale, the timing required for permitting and actual construction and the costs of the infrastructure required to create the finished lots is a very large risk for the developer. Complex permit processing could result in changes to drainage

system assumptions or road widths or requirements for fire sprinklers. The permit approvals could take longer than anticipated resulting in delays for the project. Construction costs could increase due to inflation, or the home sale market could deteriorate during the period of delay.

KCHA takes on two related risks associated with the land development work that Element has agreed to perform:

- 1. The land sale doesn't close. KCHA's contingent risk is that unforeseen costs, county design or approval requirements, or other uncertainties cause Element Residential to either refuse to waive project feasibility and proceed to closing, or cause them to attempt to negotiate price concessions to offset added cost or risk. Even after the waiver of feasibility, Element could experience unanticipated costs, delays or regulatory obstacles that prevent them from closing on the land sale.
- 2. The land sale closes but infrastructure construction stalls or is delayed. Even after closing, Element Residential could experience cost overruns, unanticipated site conditions, poor weather, construction delays, or a deteriorating home sale market that could stall or delay the completion of the infrastructure work necessary for the creation of finished lots. KCHA's risk would be its association of an uncompleted project within Greenbridge and the complexities of restructuring a failed land development project.

KCHA's primary mitigation against completion risk, will be Element's experience in land development and homebuilding and KCHA's special expertise in King County platting requirements as they relate to Greenbridge. During the period prior to closing, KCHA staff with experience on the Greenbridge entitlement will be assigned to assist Element Residential in understanding King County's plat and plat engineering requirements so that approvals and permits can be obtained on time and with a minimum of unforeseen changes. KCHA will be holding \$200,000 in earnest money after waiver of feasibility, and after closing KCHA will have been paid for the land, which mitigates most of KCHA's financial risk but does not mitigate completion risk. KCHA will also hold a first right of refusal to buy the land and the incomplete infrastructure back from Element in the event the project stalls so that KCHA, if necessary, can complete the infrastructure project or bring in another home builder to complete the project. It should be noted that Element works with very a sophisticated institutional investor out of California, that requires considerable due diligence regarding all aspects of the project before this land purchase can be closed.

Community Design Risk

Greenbridge West Bulk Parcel 3 slopes to the west which will require some unique lot and home designs to take advantage of the grade changes and territorial views while minimizing lot development and home construction costs. It is expected that 50% of the 100 - 105 homes will be attached units with many common elements. The site and lot designs will need to be carefully paired with the building design to insure that homes are attractive and marketable.

KCHA's risk is that insuring good, well designed lots and homes is largely left up to the skills and expertise of Element Residential with no absolute assurance with regard to the appearance, functionality and marketability of the final product. KCHA will have sold

the land before the final product is completely unveiled, so KCHA will have to rely in part on the covenants, conditions and restrictions in the recorded plat and on KCHA's design guidelines to insure the final product meets KCHA quality standards. Staff are in the process of beefing up the design guidelines. Element does have experience in matching building designs to unique lot configurations and is acutely aware that good community and building design is essential to insuring strong sales.

Low Sales Velocity and Performance Risk

A related risk is that the Element Residential homes don't sell, sell more slowly than predicted, or sell at much lower prices than anticipated, causing Element to stop or significantly delay the build-out of homes. This will not only delay completion of the project until market conditions improve but will also indicate to other potential homebuilders that the market for new homes in White Center is limited, delaying additional larger bulk parcel sales and lot sales while depressing prices.

This risk is mitigated by selling land to a reputable homebuilder that is very familiar with the Seattle area market, will design and price homes appropriate for the White Center market, and will conduct a strong marketing campaign. KCHA will also hold the first right of refusal allowing KCHA to buy back and remarket undeveloped lots at its option.

Competition from BDR at Greenbridge and Richmond American at Seola Gardens

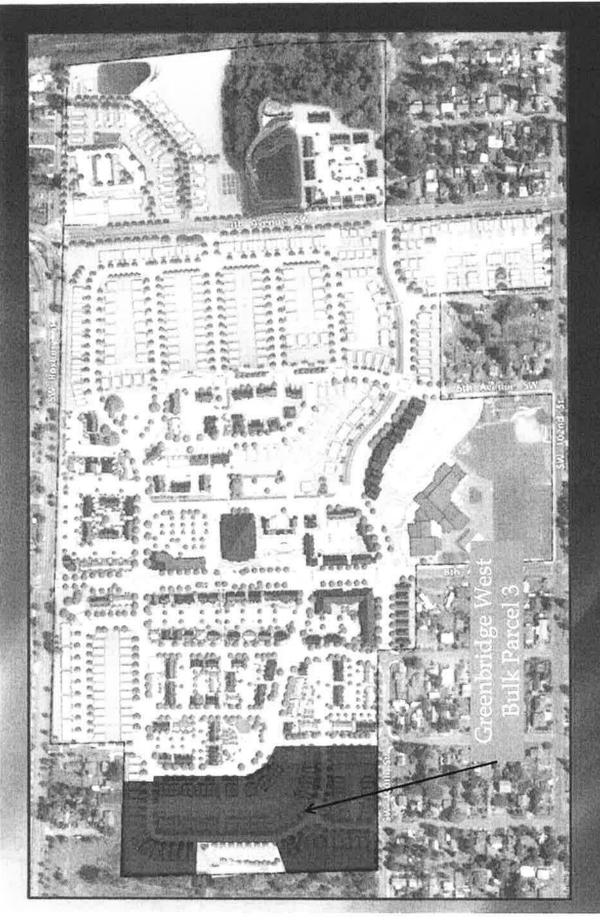
An additional risk is that sales of BDR homes at Greenbridge and Richmond American Homes at Seola Gardens may adversely affect the Element Residential sales.

This risk is partially mitigated by the relatively small number of homes in both locations and by offering different product designs. The timing of the Element Residential for sale homes is also planned to be just after the completion of the BDR home sales. This is due to the time it will take for Element Residential to build the infrastructure improvements and to create finished lots.

Resale Risk

Another risk is that market conditions are such that Element Residential opts to sell the finished lots to other homebuilders. This risk will be mitigated by a contractual requirement with Element that lots that are created cannot be resold to another home builder without KCHA approval. If KCHA approves a sale of finished lots to a third party for more than an agreed upon finished lot price, Element Residential will pay KCHA 50% of any net increase in price. After KCHA approval any subsequent buyer must adhere to all the conditions of the original purchase and sale agreement.

Resolution No. 5453 authorizes the Executive Director to negotiate and enter into a purchase and sale agreement with Element Residential, Inc. on terms substantially the same as the Letter of Intent.



Greenbridge West Bulk Parcel 3

Board of Commissioners
DOUG BARNES, Chair
MICHAEL BROWN, Vice-Chair
RICHARD MITCHELL
SUSAN PALMER

Executive Director STEPHEN J. NORMAN



October 25, 2013

Element Ventures LLC Attn: Joshua Freed

12900 NE 180th Street Suite 220

Bothell, WA 98011

RE: Greenbridge Property 3 Letter of Intent ...

Dear Mr. Freed:

This non-binding Letter of Intent sets forth the general terms and conditions which the King County Housing Authority ("KCHA") desire to include in a binding Purchase and Sale Agreement ("REPSA") and related documents with Element Residential ("Purchaser") for the described property in the Greenbridge development:

	recorded in King County Washington under recording number 20051108000259. Also referred to as Parcels W1, W3, W4, and W5.
Proposed Development:	Fee simple detached and attached homes on Property. Purchaser will also build a park to the north of the RD-1 (W2) parcel and complete the trail system across Parcel Z-2.
Purchase Price:	\$4,000,000, Subject to confirmation by Seller appraisal.
Earnest Money:	\$200,000 promissory note held in escrow and converted to cash 3 days after the walver of feasibility and be applied to the first closing.
Feasibility Period:	120 days from the date of mutual acceptance of the REPSA or as extended per design and financial review.
Closing Date:	The Closing shall include Parcels Z-1, Z-2, and Z-3 and shall occur 30 days following engineering approval of infrastructure permit from King County DPER or December 20, 2014 whichever occurs first.
Title/Escrow:	Chicago Title Insurance Company
Price Participation:	Purchaser agrees to profit participation on the sale of homes on purchased lots. KCHA shall be entitled to 30% of the project profit after all project expenses (i.e. financing costs, warranty set aside, hard costs, preferred return of equity, and overhead) are paid and purchaser attains a 10% profit margin. Purchaser shall provide a final project accounting and will open books for KCHA to audit the project costs.
	Development: Purchase Price: Earnest Money: Feasibility Period: Closing Date: Title/Escrow:

600 ANDOVER PARK WEST • SEATTLE, WASHINGTON 98188-3326 PHONE (206) 574-1100 • FAX (206) 574-1104 EQUAL HOUSING OPPORTUNITY

9 Additional Terms:

Financing Review and terms:

The entire amount of the purchase must be paid upon closing in all cash.

Buyer must submit the following information about the Element Company and principals during feasibility:

- a) Financing plan for land purchase, infrastructure construction and home construction, which must be approved by seller during feasibility.
- b) Corporate financial statements and tax returns
- c) Financial references and credit reports of company principals and company.
- d) List of all developments under construction by the company and principals.
- e) Resumes of development team.

Design Guidelines: All of Purchaser's Infrastructure plans, building plans, site plans, landscaping and improvements must be approved by KCHA based on the Greenbridge Design Guidelines. Purchaser must identify any Greenbridge Design Guideline for which it requests a waiver or modification 45 days from the commencement of the feasibility period. Purchaser shall submit complete design review package 60 days from the commencement of the feasibility period. If purchaser fails to submit a complete design review submission 30 days prior to end of the feasibility period and obtain KCHA approval or, the Feasibility Period will be extended on a day for day basis until a complete submission has been made and KCHA approval based upon design review and other necessary approvals has been obtained.

Requirements During Construction: Seller requires from Purchaser construction plans for haul routes, safety, site utilization, erosion control and traffic. Seller must approve these plans prior to the start of construction. The purpose of these plans is to protect the workers onsite, the residents and the property of the community. Seller will have inspectors that monitor these plans and progress of construction. Violation of these plans could result in fines against the damage deposit posted by Seller. Purchaser acknowledges that all construction activities will occur within the boundaries of the purchased property.

Owner Occupancy Requirement: Purchaser of a home may not lease or rent units for eighteen months following Certificate of Occupancy. Subsequent purchasers shall not lease or rent units until the 18 month rental restriction has past.

Community Association: Purchaser understands that there is a community association for Greenbridge and that the housing units developed on the Property are obligated to join and pay assessments to the Greenbridge Owners Association. A Declaration of Conditions, Covenants and Restrictions for Greenbridge contains a number of requirements and rules applicable to the Property. Monthly

assessments shall commence when vertical construction commences on each lot. Since a final plat would create over 100 lots, seller would waive the CCR requirement to begin payment on lots that had not started construction after the first year.

Related Documents: As master developer, KCHA has recorded several Declarations (including CC&R's) to be reflected in the title report. Permitted exceptions will be listed in the REPSA and further identified during review of title reports.

Damage Deposit: Purchaser shall post a damage deposit in the amount of \$30,000. The cash deposit will be paid to Seller at the 1st closing. The damage deposit will cover damage to KCHA constructed improvements in Greenbridge. Purchaser is still financially responsible to repair any and all damage caused by Purchaser or Purchaser's contractors to Seller installed improvements. Seller will return any unused funds to Purchaser upon the closing of the last home.

Lot Resale: Lots purchased by Purchaser may not be resold without KCHA approval which will be based on the same review of a buyer that KCHA required of this transaction, and any net proceeds in excess of the respective purchase price from such approved sale shall be shared 50% to 50% with KCHA.

Land/Infrastructure Buy Back:

KCHA will have the right, but not the obligation, to buy back the land, assume financial and contractual obligations in the case of default of the developer, the terms of which will be detailed in the purchase and sale agreement.

As is-Where is: Purchaser shall rely on its own due diligence review of the Property, including its own consultants and advisors and their studies and reports, subject to the standard representations and warranties to be contained in the PSA. Except as set forth in the PSA, it is expressly understood and agreed that Purchaser's acquisition is "asis, where-is."

If the terms of this letter of intent are acceptable, please indicate your acceptance by signing below and returning this letter to the undersigned no later than 4:00 pm on the 5th business day after the date of this letter. This letter of intent expires and is null and void if not signed and returned by that date.

This letter of intent is not binding on either party and merely identifies the basic terms and conditions of a proposed Purchase and Sale agreement between the parties. Until such time as

a Purchase and Sale Agreement is executed by the parties, the parties agree that KCHA has no obligation to sell and Purchaser has no obligation to buy the Property.

The parties agree to negotiate, in good faith, with the goal of reaching agreement on a Purchase and Sale Agreement, to be executed no later than 30 days after this letter is signed. Once this letter is fully signed, KCHA will direct its legal counsel to prepare a draft Purchase and Sale Agreement and related documents within 10 business days for your review. Purchaser acknowledges that final approval of a Purchase and Sale Agreement requires approval of KCHA's Board of Directors. KCHA will endeavor to obtain such approval as promptly as possible.

The parties further acknowledge that KCHA must obtain approval of HUD before closing on the sale of any of the Properties. KCHA will diligently pursue such approval. KCHA does not anticipate that obtaining such approval will be a problem, but in the event that KCHA is unable to obtain HUD approval of this transaction, Purchaser shall be entitled to a refund of all Earnest Money Deposits, regardless of any other provision in this Letter of Intent.

We look forward to working on this transaction towards a successful purchase of the property.

KING COUNTY HOUSING AUTHORITY

By: Stephen Norman Its: Executive Director

AGRÉED AND ACCEPTED:

Element Ventures LLC.

By: Joshua Freed Its: President

THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5453

AUTHORIZING THE DISPOSITION OF GREENBRIDGE WEST BULK PARCEL 3 BY NEGOTIATED SALE TO ELEMENT RESIDENTIAL, INC

WHEREAS, King County Housing Authority is developing the Greenbridge HOPE VI project in White Center with the objective of providing up to 400 home ownership opportunities; and,

WHEREAS, KCHA has platted, and has provided utility service to the property boundaries of Greenbridge West Bulk Parcel 3 comprised of Parcels W1, W3-W5; and,

WHEREAS, KCHA offered this land for bulk sale on March 30, 2010 through an open public offering to developers and builders of for-sale housing from which an offer was made by Element Residential, Inc.; and,

WHEREAS, Element Residential, Inc., is a Northwest Company formed by Joshua Freed and has a successful record of developing land and building new homes in communities in the Puget Sound region including the development and sale of homes in West Seattle near Greenbridge; and,

WHEREAS, Element Residential has made an offer to purchase Greenbridge West Bulk Parcel 3 for a sales price of \$4,000,000; and,

WHEREAS, KCHA has entered into a nonbinding Letter of Intent with Element setting forth the major terms of sale.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING:

1. Executive Director, or his designee, is hereby authorized to execute a purchase and sale agreement with Element Residential Inc. to sell and dispose of Greenbridge

West Bulk Parcel 3 Parcels W1, W3-W5 for the price of \$4,000,000 or fair market value

established by appraisal whichever is higher. The net proceeds of the sale will be used to

offset land development and carrying costs associated with the "for sale" land parcels at

Greenbridge. The Executive Director is authorized to adjust the price by no more than

10% but only to account for the value of sewer general facility charge or connection fee

credits or like credits or charges not considered in the fair market value appraisal.

2. The Executive Director is authorized, in his discretion to negotiate the specific

provisions of the Purchase and Sale Agreement, based on the general terms and

conditions set forth in the Letter of Intent referenced above, provided that the Executive

Director shall not authorize changes to the Purchase and Sale Agreement that would

materially interfere with KCHA's objective for homeownership as set forth in the HOPE

VI Revitalization Plan or its amendments.

ADOPTED AT A REGUALAR MEETING OF THE BOARD OF

COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF

KING THIS 16TH DAY OF DECEMBER, 2013.

THE HOUSING AUTHORITY OF THE COUNTY OF KING, WASHINGTON

,

DOUGLAS J. BARNES, Chair

Board of Commissioners

STEPHEN J. NORMAN

Secretary

2

T A B

N U M B R

KING COUNTY HOUSING AUTHORITY

TO:

Board of Commissioners

FROM:

Megan Hyla, Director of Policy

DATE:

December 10, 2013

RE:

2012 Entry & Exit Report Briefing

Report Background

For a fourth year, KCHA has produced an in-depth demographic report profiling households entering and exiting the Section 8 and Public Housing programs. These reports give KCHA a better perspective on demographic shifts and lead to new policy ideas and program innovations. These and other findings from the report will be discussed at your December 16th meeting:

New Householdsi

KCHA housed 1,267 new households in the Section 8, Sponsor-based and Public Housing programs in 2012, a 492 household increase over the 775 new households that entered these programs in 2011. These included 370 homeless, 140 senior and 230 disabled households. At the end of 2012 KCHA was serving approximately 500 more households than 12 months prior. New households enter KCHA housing in 3 primary ways:

- turn-over of existing units/vouchers;
- newly available housing through incremental Section 8 awards (i.e. VASH) or units coming on-line through construction and acquisition (i.e. Green River); and
- over-issuance of Section 8 vouchers.
 The primary reason for the increase between 2011 and 2012 was over-issuance in the Section 8 program. Of the 425 new vouchers that came on-line, only 64 were incremental vouchers received from HUD. Turnover rates (7.6% for PH, 6.2% for Section 8 and 23% for sponsor-based) remained fairly constant.

Family Composition

Almost half (45%) of all entering individuals are children. The majority of these (60%) lived in single parent households. Ninety-six percent of these single parent households were headed by females. Overall, 1,406 children entered our programs and 682 exited with family move-outs. Eleven percent of 2012

admissions were elderly, a decrease from 14% in the prior year and a percentage that is significantly lower than the overall resident composition (27%).

Homeless Households

Three-hundred-and-seventy (29%) of new admissions were either homeless or in a shelter immediately prior to entry. While this represents an increase in the actual number of new homeless households served in 2011 (up from 326), it reflects a decrease in homeless households as a percentage of new housings (down from 42% in 2011). This is due to a combination of over-issuing vouchers to our Section 8 waitlist and the decrease in new, incremental, special-needs vouchers being received from HUD. It should be noted that many of the families pulled from the waiting list were either homeless or precariously housed. KCHA's database does not capture that information, so the actual number of homeless households KCHA served is significantly higher than what this statistic indicates. The largest cohorts of homeless households entering our systems were through turn-over and new lease-ups in the Sound Families transitional system (132); incremental VASH vouchers (80) received from HUD; and turn-over units in the HASP disability voucher system (55).

Household Income Trends

In 2012 KCHA saw a significant decrease in the incomes of new households entering its programs. Entering household income averaged \$8,986, a 20% decrease since 2009. The number of new households reporting no income has increased from 3% in 2010 to 20% in 2012. This is in part a reflection of the compounding impact of continued targeting of homeless households (at least 14% of entering households who were homeless reported no income upon entry this year) and in part due to the dismantling of the State's safety net, with the elimination of GAU and the enforcement of the 60 month life-time limit on TANF recipients. Between 2010 and 2012 the number of entering households accessing welfare benefits dropped from 78% to 48%.

In addition, incoming households that derived family income from employment reported wages \$560 less than last year's admissions, reflecting the continued impact of the recession and erosion of living wage employment. Entering households reported \$2,989 less in annual income than KCHA's general resident population and exiting hh reported incomes \$2,269 higher than the general population average. Households exiting from the FSS program had an average income of \$30,406 – over twice that of non-FSS participants.

While in the public housing program a decrease in tenant rent payments results in an upward adjustment in HUD subsidy eligibility the following year, decreases in tenant income levels in Section 8 are solely borne by KCHA under the terms of our MTW block grant agreement with HUD.

¹ Figures in this memo include KCHA's sponsor-based program, which are not included 2012 Entry& Exit report. Therefore, there will be a slight variation in the statistics.

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7

EXAMPLE 2 KING COUNTY HOUSING AUTHORITY

TO: Board of Commissioners

FROM: Craig Violante

DATE: December 2, 2013

RE: New Bank Accounts

Since the last Board meeting, KCHA has opened thirteen new bank accounts.

The first of the new accounts is for Fairwind Apartments:

Replacement Reserve Account -

• Fairwind Apartments Replacement Reserve Account

Bank: US Bank

Purpose: This new commercial checking account will be used to hold replacement reserve funds for the Fairwind Apartments. This account was needed due to a requirement of the partnership agreement. Transactions will include transfers to and from the operating account. This account is now needed as Fairwind Apartments is a newly-opened development.

The remaining twelve accounts have been opened due to the acquisition of four of the Chausee properties - Bellevue Manor, Northwood Square, Patricia Manor, and Vashon Terrace. All accounts are necessary for operations of these new properties.

Depository Accounts -

- KCHA Bellevue Manor Depository Account
- KCHA Northwood Square Depository Account
- KCHA Patricia Manor Depository Account
- KCHA Vashon Terrace Depository Account

Bank: Bank of America

Purpose: These new commercial checking accounts are set up in the name of KCHA only, and will be used to collect payments from tenants. After outside property managers present invoices to KCHA, funds will be transferred from these accounts to operating accounts, on which the property management company can make disbursements to pay the invoices. Transactions will include tenant deposits, wire transfers to the Operating Accounts and check writing for excess cash to KCHA.

Security Deposit Accounts -

- KCHA Bellevue Manor Security Deposit Account
- KCHA Northwood Square Security Deposit Account
- KCHA Patricia Manor Security Deposit Account
- KCHA Vashon Terrace Security Deposit Account

Bank: Bank of America

These new commercial checking accounts will be used to hold security deposits for the apartment complexes listed above. Transactions will be limited to deposits from the depository accounts and transfers to the operating accounts. KCHA policy requires tenant security deposits and the practice is to hold these security deposits in separate bank accounts.

Operating Accounts -

- KCHA Bellevue Manor Operating Account
- KCHA Northwood Square Operating Account
- KCHA Patricia Manor Operating Account
- KCHA Vashon Terrace Operating Account

Bank: Bank of America

Purpose: These new commercial checking accounts will be used for ongoing operations of each apartment complex. After invoices are presented to KCHA, funds are transferred from depository accounts into the operating accounts and disbursements are then made out of the operating accounts to pay the invoices. Transactions will include deposits, check writing and wire transfers from the Depository Accounts.

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KCHA leads group to buy nine apartment buildings statewide

By JOURNAL STAFF

King County Housing Authority led a coalition of low-income housing agencies in buying nine apartment complexes throughout the state for \$28.7 million.

The complexes have a total of 337 units, most of which are for seniors.

The housing authorities of Bremerton, Grays Harbor County, Yakima and Chelan County, and the city of Wenatchee worked with King County Housing Authority.

The buildings are in Bellevue, Redmond, Vashon Island, Auburn, Bremerton, Hoquiam, Wenatchee and Yakima. The owner wanted to sell them all in a single transaction. This required

the housing agencies to band together to make sure they could get all the buildings and preserve the low rents.

King County is providing \$1 million for high-priority repairs. Once those are complete, the housing authorities may do other renovations.

Here are the properties:

- Bellevue Manor, a 66-unit senior housing complex at 143 Bellevue Way N.E. in Bellevue;
- Patricia Harris Manor, a 41-unit senior housing complex at 16304 N.E. 81st St. in Redmond;
- Northwood Square, a 24-unit apartment complex at 518 Eighth St. N.E. in Auburn;
- Vashon Terrace, a 16-unit apartment complex at 17206 97th Pl. S.W. on Vashon Island;

- Charter House, a 30-unit senior housing complex at 1307 Wheaton Way in Bremerton;
- Naches House, a 51-unit senior housing complex at 314 Naches Ave. in Yakima;
- Wenatchee House, a 50-unit senior housing complex at 22 S. Buchanan Ave. in Wenatchee;
- Emerson Manor, a 35-unit senior housing complex at 702 N. Emerson Ave. in Wenatchee;
- Harbor Manor, a 24-unit senior housing complex at 411 10th St. in Hoquiam.

The average annual income of residents in the seven senior complexes is approximately \$10,000. The average annual income of residents in the two other two buildings is around \$14,000