



MEETING OF THE BOARD OF COMMISSIONERS

December 15, 2014, 8:30 a.m.

King County Housing Authority
Snoqualmie Conference Room
700 Andover Park W
Seattle, WA 98188

A G E N D A

- I. Call to Order**
- II. Roll Call**
- III. Public Comment**
- IV. Approval of Minutes**
 - Board Meeting Minutes – November 17, 2014 **1**
- V. Approval of Agenda**
- VI. Consent Agenda**
 - A. Voucher Certification Report for October 2014 (General and Bond Properties) **2**
- VII. Resolutions for Discussion & Possible Action**
 - A. Resolution No. 5488: Authorizing the commitment of \$3.346 Million in Moving to Work working Capital Reserves for the purpose of providing Sponsor-Based Rental Assistance **3**
 - B. Resolution No. 5489: Authorizing the commitment of \$3.0 Million in Moving to Work working Capital Reserves for the purpose of performing critical Capital Improvements on public housing developments during Fiscal Years 2015 and 2016 **4**

- C. Resolution No. 5490: Authorizing the approval of the Comprehensive Operating Budget for Calendar Year beginning January 1, 2015 **5**
- D. Resolution No. 5491: Authorizing higher payment standards for the Section 8 Program **6**
- E. Resolution No. 5492: Authorizing changes to KCHA's Section 8 Administrative Plans and to the Public Housing Admissions and Continued Occupancy Policy **7**
- F. Resolution No. 5493: Authorizing the Housing Authority of the County of King to issue a revenue bond of the Authority in the principal amount of not to exceed \$5,500,000, the proceeds of which will be used to make a loan to Ashwood Community Redevelopment LLLP **8**
- G. Resolution No. 5494: Encouraging the State to raise revenue to protect Affordable Housing and Human Service Programs **9**

VIII. Briefings & Reports

- A. New Bank Accounts **10**
- B. Third Quarter 2014 Executive Dashboard Report **11**
- C. Vantage Point Progress Report **12**
- D. Executive Director's Report
- E. KCHA in the News **13**

IX. Commissioner Comments

X. Adjournment

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify the Board Coordinator, Jessica Olives, in writing at 600 Andover Park West, Seattle, WA 98188 or by calling 206-574-1194 prior to the meeting date.

Next Board Meeting:
Tuesday, January 20, 2014

T A B N U M B E R

1

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

Monday, November 17, 2014

I. CALL TO ORDER

The meeting of the Board of Commissioners of the King County Housing Authority was held on Monday, October 13, 2014, at the King County Housing Authority Administrative Offices, 700 Andover Park West, Tukwila, WA. There being a quorum, the meeting was called to order by Chair Doug Barnes at 8:33 a.m.

II. ROLL CALL

Present: Commissioner Doug Barnes (Chair), Commissioner Susan Palmer and Commissioner TerryLynn Stewart

Excused: Commissioner Richard Mitchell and Commissioner Michael Brown

Staff: Stephen Norman, Bill Cook, Claude DaCorsi, Connie Davis, John Eliason, Sean Heron, Megan Hyla, Dan Landes, Jessica Olives, Nikki Parrott, Beth Pearson, Jennifer Ramirez Robson, Rhonda Rosenberg, Mike Reilly, Craig Violante, Tim Walter, Kristin Winkel, and Wen Xu

III. PUBLIC COMMENT

None.

V. APPROVAL OF MINUTES

On motion by Commissioner Stewart, seconded by Commissioner Palmer, which motion was duly carried by unanimous vote, the Board approved the minutes from the Board of Commissioner's meeting of October 13, 2014 and the minutes of the Special Meeting held on October 17 and 18, 2014.

VI. APPROVAL OF AGENDA

On motion by Commissioner Palmer, seconded by Commissioner Stewart, which motion was duly carried by unanimous vote, the Board approved the November 17, 2014 Board of Commissioners' agenda.

Chair Barnes announced that a short film of the King County Housing Authority was created to celebrate the 75th Anniversary of the organization. The short film was presented to the Board.

VII. CONSENT AGENDA

A. Voucher Certification Report for September 2014 (General and Bond Properties)

GENERAL PROPERTIES

Bank Wires / ACH Withdrawals	1,112,461.08
<i>Subtotal</i>	<i>1,112,461.08</i>
Accounts Payable Vouchers	
Checks - #243783-#244399	5,130,819.77
<i>Subtotal</i>	<i>5,130,819.77</i>
Payroll Vouchers	
Checks - #83412-#83417 & #83442-#83487	59,279.72
Direct Deposit	1,173,638.60
Additional August PR	1,498.57
<i>Subtotal</i>	<i>1,234,416.89</i>
Section 8 Program Vouchers	
Checks - #606368-#606793	239,008.19
ACH - #286107-#289213	9,270,846.57
<i>Subtotal</i>	<i>9,509,854.76</i>
Purchase Card / ACH Withdrawal	189,980.72
<i>Subtotal</i>	<i>16,987,552.50</i>
GRAND TOTAL	<i>17,177,533.22</i>

BOND PROPERTIES

Bond Properties Total (30 different properties)	2,111,647.71
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- B. Resolution No. 5485: Authorizing the Executive Director to enter into an Interlocal Agreement with the Housing Authority of Tacoma for acquiring Real Estate Financial Services
- C. Resolution No. 5486: A Resolution of the Housing Authority of the County of King evidencing the intent to implement statutory protections under the Housing for Older Persons Act regulations at Vantage Glen, Rainier View, Harrison House, Westminster Manor and North Lake House

On motion by Commissioner Palmer, seconded by Commissioner Stewart, which motion was duly carried by unanimous vote, the Board approved the Consent items.

VIII. RESOLUTIONS FOR DISCUSSION AND POSSIBLE ACTION

A. Resolution No. 5487: Acknowledging the receipt of the Post Audit Reports for the period January 1, 2013 through December 31, 2013

Craig Violante, Director of Finance, briefed the Board on the annual audits of the KCHA conducted by the State of Washington, Office of the State Auditor. Mr. Violante explained that two reports, (1) the Financial and Single Audit and (2) the Accountability Audit Report, were created for the period January 1, 2013 through December 31, 2013 and presented to the Board for review and consideration. Mr. Violante mentioned that there were no findings in either reports and there were no management letter items.

All questions raised by the Commissioners were satisfactorily addressed by staff.

On motion by Commissioner Stewart, seconded by Commissioner Palmer, which motion was duly carried by unanimous vote, the Board approved Resolution No. 5487.

VIII. BRIEFINGS & REPORTS

A. Third Quarter 2014 Summary Write-Offs

Mr. Violante presented the Summary Write-Offs report for the Third Quarter of 2014.

B. New Bank Accounts

Mr. Violante also reported that the KCHA opened two new bank accounts in relation to the Windsor Heights Apartments.

C. Third Quarter 2014 Financial Statements

Mr. Violante briefed the Board on the Financial Statements for the third quarter in 2014. The Director of Finance reported on the operations for the first nine months, cash reserves, the status of the final proration of the Public Housing Operating Fund and the release of cash for block grant funding by the Department of Housing and Urban Development (HUD).

D. Draft 2015 Budget Presentation

Connie Davis, Deputy Executive Director, presented an overview of the most critical assumptions driving the 2015 operating Budget. Ms. Davis also briefed the Board on the proposed organizational initiatives that will have a financial and operational impact on the KCHA 2015 Budget.

E. Third Quarter 2014 Procurement Report

Ms. Davis also presented the 2014 Procurement report for the third quarter.

F. Briefing on the Non-Smoking Policy in KCHA's Subsidized Properties
Bill Cook, Director of Property Management, provided the Board with an update on the non-smoking policy that KCHA began enforcing at all federally subsidized housing sites on October 1, 2012.

G. Executive Directors Report
Stephen Norman asked Tim Walter and Dan Landes to provide an update on the status of the Vantage Point construction project. Photographs illustrating construction progress were also shown to the Board. Chair Barnes requested that Staff present a report on the construction progress of the Vantage Point project at the December Board of Commissioners meeting.

Mr. Norman also mentioned that KCHA has been asked by the City of Renton and the Renton Housing Authority to participate as a co-applicant for a Choice Neighborhood Initiative grant. An update will be provided to the Board outlining KCHA's specific role before the application is submitted.

XI. COMMISSIONER COMMENTS

Commissioners commented on the overall accomplishments of the Board Retreat held on October 17 and 18, 2014.

Chair Barnes requested that staff contact and coordinate with Commissioners Brown and Mitchell to provide them with an update on the draft 2015 Budget proposal.

XV. ADJOURNMENT

On motion by Commissioner Palmer, seconded by Commissioner Stewart, which motion was duly carried by unanimous vote, the Board adjourned the meeting at 10:39 a.m.

**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 E R

**KING COUNTY HOUSING AUTHORITY
INTEROFFICE MEMORANDUM**

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

FROM: LINDA RILEY

SUBJECT: VOUCHER CERTIFICATION FOR OCTOBER 2014

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
November 18, 2014


Bank Wires / ACH Withdrawals		13,557,806.23
	<i>Subtotal</i>	<i>13,557,806.23</i>
Accounts Payable Vouchers		
Checks - #244400-#245129		5,647,968.04
	<i>Subtotal</i>	<i>5,647,968.04</i>
Payroll Vouchers		
Checks - #83488-#83546		63,215.38
Direct Deposit		1,173,215.42
	<i>Subtotal</i>	<i>1,236,430.80</i>
Section 8 Program Vouchers		
Checks - #606794-#607205		237,563.99
ACH - #289214-#292409		9,308,744.64
	<i>Subtotal</i>	<i>9,546,308.63</i>
Purchase Card / ACH Withdrawal		180,410.47
	<i>Subtotal</i>	<i>180,410.47</i>
	GRAND TOTAL	<i>30,168,924.17</i>

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

FROM: Wen Xu

SUBJECT: VOUCHER CERTIFICATION FOR OCTOBER 2014

I, Wen Xu, do hereby certify under penalty of perjury that the claims represented by the transactions below were just, due, and unpaid obligations against the Housing Authority, and that I, and my designees, are authorized to authenticate and certify said claims.


Wen Xu
Director, Managed Assets
November 7, 2014

Property	Funds Provided for Operating Expenses of Property			Notes:
Oct-14	Date	\$	Details	
Bellepark East	10/2/2014	\$ 10,178.60	A/P & Payroll	
	10/9/2014	\$ 2,737.71	A/P	
	10/16/2014	\$ 12,673.91	A/P & Payroll	
	10/23/2014	\$ 1,947.58	A/P	
	10/30/2014	\$ 22,496.96	A/P & Payroll	
Colonial Gardens	10/2/2014	\$ 12,896.25	A/P & Payroll	
	10/9/2014	\$ 1,390.42	A/P	
	10/16/2014	\$ 10,551.84	A/P & Payroll	
	10/23/2014	\$ 6,532.44	A/P	
	10/30/2014	\$ 18,121.33	A/P & Payroll	
Cottonwood	10/2/2014	\$ 17,549.59	A/P & Payroll	
	10/9/2014	\$ 4,118.91	A/P	
	10/16/2014	\$ 22,374.17	A/P & Payroll	
	10/23/2014	\$ 5,245.67	A/P	
	10/30/2014	\$ 15,105.19	A/P & Payroll	
Cove East	10/2/2014	\$ 26,876.31	A/P & Payroll	
	10/9/2014	\$ 18,617.71	A/P	
	10/16/2014	\$ 49,172.66	A/P & Payroll	
	10/23/2014	\$ 6,119.95	A/P	
	10/30/2014	\$ 30,763.83	A/P & Payroll	
Landmark	10/2/2014	\$ 36,635.42	A/P & Payroll	
	10/9/2014	\$ 1,147.20	A/P	
	10/16/2014	\$ 46,478.52	A/P & Payroll	
	10/23/2014	\$ 13,650.34	A/P	
	10/30/2014	\$ 23,469.16	A/P & Payroll	
Timberwood	10/2/2014	\$ 64,274.57	A/P & Payroll	
	10/9/2014	\$ 30,150.76	A/P	
	10/16/2014	\$ 37,178.45	A/P & Payroll	
	10/23/2014	\$ 18,716.40	A/P	
	10/30/2014	\$ 44,328.16	A/P & Payroll	
Woodland North	10/2/2014	\$ 21,526.64	A/P & Payroll	
	10/9/2014	\$ 167,267.03	A/P	
	10/16/2014	\$ 28,435.48	A/P & Payroll	
	10/23/2014	\$ 13,997.46	A/P	
	10/30/2014	\$ 19,089.12	A/P & Payroll	
Woodside East	10/2/2014	\$ 25,254.28	A/P & Payroll	
	10/9/2014	\$ 19,302.02	A/P	
	10/16/2014	\$ 39,120.78	A/P & Payroll	
	10/23/2014	\$ 12,699.84	A/P	
	10/30/2014	\$ 43,111.40	A/P & Payroll	
Alpine Ridge	10/2/2014	\$ 3,660.40	A/P	
	10/9/2014	\$ 3,080.58	Payroll	
	10/16/2014	\$ 14,402.85	A/P	
	10/23/2014	\$ 3,150.72	Payroll	
	10/30/2014	\$ 3,532.73	A/P	
Aspen Ridge	10/2/2014	\$ 2,826.24	A/P	
	10/9/2014	\$ 4,440.26	Payroll	
	10/16/2014	\$ 15,130.54	A/P	
	10/23/2014	\$ 4,348.79	Payroll	
	10/30/2014	\$ 5,128.22	A/P	
Auburn Square	10/2/2014	\$ 13,284.79	A/P	
	10/9/2014	\$ 7,795.05	Payroll	
	10/16/2014	\$ 53,594.30	A/P	
	10/23/2014	\$ 7,466.51	Payroll	
	10/30/2014	\$ 20,837.79	A/P	
Carriage House	10/2/2014	\$ 8,593.78	A/P	
	10/9/2014	\$ 10,085.24	Payroll	
	10/16/2014	\$ 14,902.66	A/P	
	10/23/2014	\$ 10,241.68	Payroll	
	10/30/2014	\$ 21,538.07	A/P	
Cascadian	10/2/2014	\$ 8,181.04	A/P	
	10/9/2014	\$ 11,328.68	Payroll	
	10/16/2014	\$ 18,952.94	A/P	
	10/23/2014	\$ 12,269.40	Payroll	
	10/30/2014	\$ 21,300.39	A/P	
Fairwood	10/2/2014	\$ 6,093.59	A/P	
	10/9/2014	\$ 8,091.04	Payroll	
	10/16/2014	\$ 47,407.73	A/P	
	10/23/2014	\$ 9,144.23	Payroll	
	10/30/2014	\$ 23,229.00	A/P	
Heritage Park	10/2/2014	\$ 4,583.70	A/P	
	10/2/2014	\$ 1,300.00	Deposit Correction	
	10/9/2014	\$ 5,337.68	Payroll	
	10/16/2014	\$ 34,751.87	A/P	
	10/23/2014	\$ 5,494.67	Payroll	
Laurelwood	10/30/2014	\$ 15,622.93	A/P	
	10/2/2014	\$ 3,461.61	A/P	
	10/9/2014	\$ 5,801.12	Payroll	
	10/16/2014	\$ 42,042.42	A/P	
	10/23/2014	\$ 5,192.75	Payroll	
	10/30/2014	\$ 22,157.31	A/P	

Meadows	10/2/2014	\$ 13,427.10	A/P	
	10/9/2014	\$ 5,563.06	Payroll	
	10/16/2014	\$ 14,544.91	A/P	No wire info on CashPro.
	10/23/2014	\$ 5,392.31	Payroll	Statement date 9/21 - 10/20
	10/30/2014	\$ 10,493.80	A/P	
	10/2/2014	\$ 4,841.10	A/P	
	10/9/2014	\$ 8,135.10	Payroll	
	10/16/2014	\$ 14,421.96	A/P	
Newporter	10/23/2014	\$ 8,274.69	Payroll	
	10/30/2014	\$ 8,136.66	A/P	
	10/9/2014	\$ 316.48	Payroll	
	10/16/2014	\$ 42,052.88	A/P	
Parkwood	10/23/2014	\$ 5,315.48	Payroll	
	10/30/2014	\$ 14,120.62	A/P	
	10/2/2014	\$ 6,865.19	A/P	
	10/9/2014	\$ 4,029.28	Payroll	
Walnut Park	10/16/2014	\$ 244,265.79	A/P	
	10/23/2014	\$ 6,067.30	Payroll	
	10/30/2014	\$ 16,354.32	A/P	
	10/3/2014	\$ 5,000.00	New account buffer for A/P	
Windsor Heights	10/9/2014	\$ 83,357.15	Payroll, A/P, Debt Service	
	10/16/2014	\$ 56,384.90	A/P	
	10/23/2014	\$ 16,419.26	Payroll	
	10/30/2014	\$ 38,523.07	A/P	
Woodridge Park	10/30/2014	\$ 60,047.50	Debt Service	
	10/2/2014	\$ 7,678.00	A/P	
	10/9/2014	\$ 9,731.66	Payroll	
	10/16/2014	\$ 52,537.86	A/P	
	10/23/2014	\$ 9,314.27	Payroll	
	10/30/2014	\$ 25,274.67		
	10/9/2014	\$ 33,154.86	A/P	
	10/23/2014	\$ 20,797.97	A/P	
Bellevue Manor	10/2/2014	\$ 11,258.92	A/P	
	10/16/2014	\$ 24,832.86	A/P	
Charter House	10/2/2014	\$ 2,635.22	A/P	
	10/16/2014	\$ 10,702.38	A/P	
Northwood Square	10/2/2014	\$ 1,701.29	A/P	
	10/16/2014	\$ 16,361.38	A/P	
Patricia Harris	10/2/2014	\$ 8,326.41	A/P	
	10/16/2014	\$ 51,382.41	A/P	
Vashon Terrace	10/16/2014	\$ 5,642.83	A/P	
Rainier View I	10/9/2014	\$ 14,902.44	A/P	
	10/16/2014	\$ 21,709.05	A/P	
	10/28/2014	\$ 2,537.88	A/P	
Rainier View II	10/9/2014	\$ 9,933.25	A/P	
	10/16/2014	\$ 18,420.28	A/P	
	10/28/2014	\$ 4,174.67	A/P	
Si View	10/9/2014	\$ 3,504.53	A/P	
	10/16/2014	\$ 4,167.98	A/P	
Gilman Square	10/2/2014	\$ 37,230.31	A/P	
	10/7/2014	\$ 6,453.02	Payroll	
	10/21/2014	\$ 39,572.25	A/P	
	10/23/2014	\$ 8,260.67	Payroll	
	10/30/2014	\$ 11,226.87	A/P	
Portfolio Total:		\$2,706,867.04		

T A B N U M B E R

3



TO: Board of Commissioners

FROM: Connie Davis, Deputy Executive Director

DATE: December 10, 2014

RE: **Resolution No. 5488:** Authorizing the Commitment of \$3.346 million in Moving To Work Working Capital for the Purpose of Providing Sponsor-Based Rental Assistance in Fulfillment of Existing Provider Contracts

Executive Summary: This resolution confirms the Board of Commissioner's commitment of \$3.346 million in Moving To Work (MTW) Working Capital to reserve funds in support of four sponsor-based rental assistance agreements, which will assist up to 148 hard-to-house households annually over the next three years.

In order to leverage multi-year funding commitments from the region's behavior health care system and other funders, KCHA has entered into multi-year contracts with participating provider agencies that will now extend to December 2017. In 2015, the Authority will expend an estimated \$1,117,031 for housing assistance under these four contracts. After 2015, these contracts will require approximately \$2.3 million in on-going rental subsidy funding commitments through the terms of the contracts.

Background: The Government Accounting Board defines a commitment as "an amount constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint".

As an MTW housing authority, KCHA can use its single fund flexibility to combine all sources of funds from Sections 8 (vouchers) and 9 (public housing operating and capital) of the 1937 U.S. Housing Act to support eligible activities. Due largely to administrative simplifications, which have resulted in costs savings, KCHA has generated MTW working capital, that is, reserves remaining after payment of core Public Housing and Section 8 Housing Assistance Payment expenses, including currently leasing of Section 8 vouchers at over 100 % of HUD baseline.

By this action, the KCHA Board of Commissioners is setting aside necessary reserves for this specific MTW eligible purpose to assure and demonstrate their continued

availability in order to leverage the multi-year funding from regional human service systems necessary to support the households KCHA will be committing to house.

The Sponsor-Based program, an initiative of KCHA's Homeless Housing Initiatives Department, offers housing and services to highly vulnerable, homeless persons who otherwise cannot find a suitable unit due to credit or criminal history problems. The Program is an eligible activity and is funded from MTW working capital. The Department has entered into long-term contracts which guarantee funding to service providers who master lease units which house chronically homeless individuals, individuals being released either from prison or Western State Hospital, and homeless youth, including those who have aged out of foster care.

The Sponsor Based Program has the following characteristics:

- Funded in partnership with human service and behavioral health care systems
- Is a multi-year program designed to provide long term housing stability for vulnerable clients
- Relies on private market landlords
- Service Agency master leases units, sublets to client
- KCHA conducts HQS inspections at initial leasing and annually
- Units remain subject to rent reasonableness/KCHA Payment Standard
- Minimal screening requirements
- Vacancy payments to Sponsor agency, with an annual cap applied

Two contracts have already executed change orders extending contract terms to 2017. It is anticipated that the remaining two contracts will be extended to 2017 shortly, once negotiations with service funding systems and providers have been completed. Funds have been budgeted from working capital in the 2015 budget in anticipation of these renewals.

Rental subsidies for these households are being provided above and beyond KCHA's commitment to the Section 8 program, currently at over 100 per cent of HUD baseline. A Resolution by the Board that designates \$3.346 million in Moving to Work working capital to fund these contractual commitments will ensure that KCHA has the resources necessary to meet these multi-year funding obligations.

Passage of Resolution No. 5488 is recommended.

THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5488

**AUTHORIZING THE COMMITMENT OF \$3.346 MILLION IN MOVING TO
WORK WORKING CAPITAL RESERVES FOR THE PURPOSE OF
PROVIDING SPONSOR-BASED RENTAL ASSISTANCE**

WHEREAS, the Housing Authority of the County of King has four existing Sponsor-Based program contracts with three separate service agencies which are integral to its mission of reducing homelessness in King County; and,

WHEREAS, KCHA has been successful in streamlining agency operations and costs in order to develop working capital for the purposes of advancing statutory Moving to Work Demonstration Program objectives; and,

WHEREAS, statutory objectives of the Moving to Work Program include the development of various approaches which “increase the housing choices of low-income families”; and,

WHEREAS, the Sponsor-Based program is intended to accomplish this statutory objective by enabling households with significant housing barriers to successfully reside in privately owned housing; and,

WHEREAS, the services required by households served by this program are ongoing; and

WHEREAS, in order to leverage multi-year commitments of funding by the region’s Behavioral Health Care System and other funders, multi-year commitments of rental subsidies by KCHA are necessary and;

WHEREAS, the estimated value of these rental subsidies totals \$3.346 million in years 2015 through 2017; and,

WHEREAS, sufficient funds will not be available from future annual appropriations to fund this initiative; and

WHEREAS, the Sponsor-Based program initiative is included in KCHA's Annual MTW Plan, which has been approved by HUD; and,

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

SECTION 1. The Board of Commissioners of the Housing Authority of the County of King hereby formally approves the commitment of \$3.346 million in Moving to Work working capital for the purposes of meeting its obligation under four contracts to service agencies participating in the Sponsor-Based Program. These funds will be fully expended during the term of the related contracts during calendar years 2015-2017 and progress in obligating and spending these funds will be included in KCHA's Annual MTW Reports.

SECTION 2. The Executive Director shall report this commitment to the U.S. Department of Housing and Urban Development in an appropriate format so as to clearly indicate that these funds have been committed.

ADOPTED AT A REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING, THIS 15th DAY OF DECEMBER 2014.

**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 E R



TO: Board of Commissioners

FROM: Connie Davis, Deputy Executive Director

DATE: December 10, 2014

RE: **Resolution No. 5489:** Authorizing the Commitment of \$3.0 million in Moving to Work Working Capital Reserves for the Purpose of Performing Critical Capital Improvements on Public Housing during Fiscal Years 2015 and 2016

Executive Summary: This resolution confirms the Board of Commissioner's commitment of \$3.0 million in Moving to Work (MTW) Working Capital for the purpose of commencing or completing eight separate construction projects in the King County Housing Authority's (KCHA) public housing portfolio.

The Capital Construction department has identified eight projects estimated to cost \$3.0 million at six separate public housing sites. \$1.8 million is budgeted to be expended in 2015, with an additional \$1.2 million needed to complete the work in 2016. It is important that KCHA be able to assure the continued availability of these funds prior to their being obligated under a construction contract in order to ensure that KCHA can meet contractual commitments in 2015 and 2016.

Background: The Government Accounting Board defines a commitment as "an amount constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint".

As an MTW housing authority, KCHA can use its single fund flexibility to combine all sources of funds from Sections 8 (vouchers) and 9 (public housing operating and capital) of the 1937 U.S. Housing Act to support eligible activities. Due largely to administrative simplification, which has resulted in costs savings, KCHA has generated MTW working capital, that is, reserves remaining after payment of core Public Housing operations and Section 8 Housing Assistance Payment expenses, including, currently, leasing of Section 8 vouchers at over 100 per cent of HUD baseline. By this action the KCHA Board of Commissioners is setting aside such reserves for a specific eligible purpose in order to assure their continued availability prior to undertaking pre-construction activities and entering into contractual obligations.

KCHA has reduced its capital backlog through repositioning approximately one-third of its public housing inventory. The remaining public housing portfolio, however, totals 2,066 units and averages 34 years of age. HUD's major source of funding for capital projects for these developments is the Capital Fund Program (CFP), which has seen significant cuts in appropriations. Since 2004, appropriations for the Capital Fund have fallen by 34%. In order to secure resident safety and the long term viability of KCHA's public housing inventory, staff proposes to supplement available CFP funding with these working capital reserves in order to ensure that necessary repairs, upgrades and system replacement activities can take place on a timely basis.

Passage of Resolution No. 5489 is recommended.

THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5489

**AUTHORIZING THE COMMITMENT OF \$3.0 MILLION IN MOVING TO WORK
WORKING CAPITAL RESERVES FOR THE PURPOSE OF PERFORMING
CRITICAL CAPITAL IMPROVEMENTS ON PUBLIC HOUSING DEVELOPMENTS
DURING FISCAL YEARS 2015 and 2016**

WHEREAS, the Housing Authority of the County of King has 2,066 units of public housing whose average age is approximately 34 years; and,

WHEREAS, chronic underfunding of the capital needs of the public housing inventory has created a backlog of deferred repairs and systems replacements; and,

WHEREAS, these developments need significant, ongoing capital work to assure the safety of residents and maintain these public assets over the long term as affordable housing; and,

WHEREAS, funds received expressly for capital activities under HUD's Capital Fund Program are not adequate to fully address the public housing needs; and,

WHEREAS, the identified need for capital work to be contracted for in the these public housing developments during Fiscal Year 2015 is approximately \$3.0 million; and,

WHEREAS, under its Moving to Work (MTW) authorizations, KCHA may combine it Public Housing Operating, Capital and Section 8 funding into a block grant and use those funds flexibly across permitted activities under Sections 8 and 9 of the U.S. Housing Act of 1937 including specifically capital projects at Public Housing developments; and,

WHEREAS, KCHA has been successful under the MTW Program in streamlining agency operations and costs in order to develop working capital for the purposes of advancing statutory MTW Demonstration Program objectives; and,

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

SECTION 1. The Board of Commissioners of the Housing Authority of the County of King hereby formally approves the commitment of \$3.0 million in Moving to Work working

capital for the purposes of meeting critical capital needs of its Public Housing portfolio during Fiscal Years 2015 and 2016. All funds will be obligated before the end of 2015 and shall be expended within two years. Progress in obligating and spending these funds should be included in KCHA's Annual MTW Reports.

SECTION 2. The Executive Director shall report this commitment to the U.S. Department of Housing and Urban Development in an appropriate format so as to clearly indicate these funds have been committed.

**ADOPTED AT A MEETING OF THE BOARD OF COMMISSIONERS OF THE
HOUSING AUTHORITY OF THE COUNTY OF KING, THIS 15th DAY OF
DECEMBER 2014.**

**THE HOUSING AUTHORITY OF THE
COUNTY OF KING, WASHINGTON**

DOUGLAS J. BARNES, Chair
Board of Commissioners

STEPHEN J. NORMAN
Secretary

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TO: Board of Commissioners

FROM: Craig Violante, Director of Finance

DATE: December 10, 2014

RE: **Resolution No. 5490:** Approval of the King County Housing Authority's Comprehensive Capital and Operating Budget for 2015

EXECUTIVE SUMMARY

Attached for your review are the 2015 Comprehensive Operating and Capital Budgets (Exhibits A and B, respectively). The budget seeks to balance the continued uncertainty of federal support for housing programs against the growing regional need for housing and related assistance and the maintenance requirements of KCHA's current housing stock. KCHA will invest its operating cash flows and significant reserves into operating and capital activities in order to preserve and expand its housing resources across all of its programs. Core operations are stable and are being fully funded out of 2015 revenues, while capital projects are being funded through a combination of 2015 revenues and existing reserves.

Guiding this budget and the entire budgeting process are the main goals of KCHA as approved 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

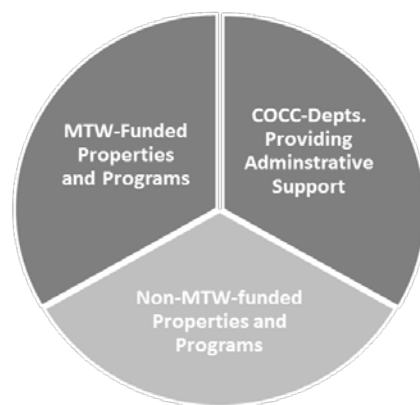
To support KCHA's core mission, the 2015 budget includes:

- \$14 million for housing expansion, such as the direct purchase of new properties, land-banking activities, and other opportunities that may arise. This initiative includes a \$4 million investment from general KCHA resources and assumes debt-financing for the balance.
- \$29.8 million for the preservation of the existing housing stock
- A funding commitment of \$2.6 million dedicated to homeless programs, including new initiatives targeting homeless youth, young adults and domestic violence victims. This is in addition to resources expended in the traditional Public Housing and Section 8 programs.

- \$6.7 million for a wide array of resident service programs focused on educational outcomes for youth, housing and student classroom stability, household mobility and self-sufficiency, and youth and elderly services
- Over \$1 million for several key internal initiatives, including the implementation of the Tenmast housing software, the continued rollout of the OnBase scanning project, and the process re-engineering of internal workflow.

OPERATING BUDGET

From a budgeting perspective, KCHA's operating budget can be broken out into three broad categories:



The two highlighted sections above require the greatest levels of decision-making during the budget process as they either have volatile revenue sources or rely on the cash flows of other programs to sustain them. While the non-MTW-funded properties and programs are vitally important to KCHA, they are self-sustaining and in many cases budget decisions are constrained by agreements with bondholders and equity investors.

MTW-funded Properties and Programs

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

- 1) It allowed the funding for the bulk of the vouchers in the Housing Choice Voucher (HCV) program (also known as the Section 8 program) to be received as a block grant.
- 2) Since funding is received as a block grant, savings realized in Housing Assistance Payment (HAP) or Section 8 administrative costs can be retained, and in combination with revenues from the Public Housing program (Operating Fund Subsidy and Capital Fund grants), can be used for any purpose allowed under the MTW program.
- 3) Full funding for all vouchers that are part of the block grant is automatically renewed each year, enabling KCHA to continue to receive the benefit of savings realized through efficiencies in program operations. This is in contrast to non-

block-grant programs where renewal funding is limited to the actual cost of vouchers leased in the prior year.

Below are summaries of budgeted MTW sources and uses for new 2015 revenues and for previously-deployed revenues returning to the MTW fund:

Sources and Uses of 2015 Block Grant Funding		Sources and Uses of Prior Block Grant Funding Returned to MTW Fund	
Block grant eligibility	\$103,510,451	Release of MTW funds used as collateral	\$2,900,000
Loss due to prorate	(4,140,418)	Draws from reserves committed by Board	3,691,182
Budgeted block grant revenue	99,370,033	Other sources	1,330,222
HAP payments to landlords	(81,010,471)		7,921,404
HCV program administrative costs	(7,527,656)	Capital rehabilitation projects	(4,024,805)
Block grant available for other uses	10,831,906	Tenmast software project	(747,706)
Resident services programs	(5,676,417)	Other uses	(941,700)
Homeless initiatives	(2,632,142)	NET	\$2,207,193
Additional Public Housing support	(1,587,546)		
Support of other programs	(362,198)		
Administrative costs	(541,543)		
NET	\$32,060		

Properties and Programs that fall under the MTW umbrella include:

- Block-granted Housing Choice Vouchers
- Public Housing
- Resident Service programs
- Homeless Initiatives

Block-granted Housing Choice Vouchers

88% of the vouchers administered under of the Housing Choice Voucher Program are “Block Granted” and are part of the MTW program. The Block Grant HCV program currently includes 8,085 vouchers (with 24 more to be included in 2015) with funding received from HUD in a monthly “block” of cash. Receipts from the block grant may be reduced due to inadequate appropriations from Congress. In 2015, KCHA is estimating receiving 96% of its eligibility, a cut of \$4 million from full funding. It may also receive an increase in funding if HUD awards an inflation factor in recognition of regional rent increases. KCHA has not received such an inflation adjustment in the past two years and has not budgeted for one in 2015.

Out of this revenue, KCHA subsidizes the rent of program participants by making monthly Housing Assistance Payments (HAP) directly to landlords and pays the administrative costs of the program. Within the HCV program, the Authority uses its MTW authority in two key ways. First, KCHA supports more households than the baseline number of households for which KCHA is funded. This “over-leasing” has been set at 171 vouchers for 2015, meaning that KCHA will lease 102.1% of the HUD-funded

voucher baseline. This over-leasing number is lower than in 2014 to adjust for the movement of some HAP funds to a number of new “locally designed” rental assistant programs that are not reflected in our HUD Section 8 reporting. When all locally designed programs are factored in, KCHA anticipates housing 437 households above the number called for in the HUD baseline.

Second, KCHA has the flexibility to set different maximum values for vouchers, depending upon the number of bedrooms in the rental unit and its geographic location. These voucher values are known as Payment Standards. MTW allows KCHA to provide payment standards in high opportunity neighborhoods significantly above the regional Fair Market Rents. This expands geographic choice for program participants and supports KCHA’s goal of increasing the number households living in these neighborhoods. Staff is bringing proposed increases to current payment standards to the Board at the December meeting via Resolution No. 5491. The 2015 budget includes \$750,000 to support proposed payment standard changes.

Public Housing

For 2015, it is projected that KCHA’s **Public Housing** program is eligible, based on HUD’s funding formula, to receive \$7.8 million of Operating Fund Subsidy. However, due to chronic congressional underfunding, it is estimated that only 83.5% of eligible funding will actually be received, resulting in a gap of \$1.3 million. Transfers of available cash flows from the Section 8 Block Grant revenue stream will backfill this shortfall and provide approximately \$300,000 in additional funds for extraordinary maintenance projects to be performed by members of KCHA’s Central Maintenance crew.

Resident Services

The Resident Services department has budget authority for 36 employees in 2015. It has an overall department budget of \$6.7 million, of which 83.8% is funded from the MTW block grant, 6.4% from Public Housing Operating Fund subsidy, and the remainder from various grants and partner agencies. There will be a continuing focus on education and housing stability in 2015. In-house investments in youth education will be complemented with outside foundation support, including the Gates Foundation. 2015 will also see the exploration of new approaches, based upon resident surveys and lessons learned from the Resident Opportunities Plan, to workforce development and family self-sufficiency.

Key program groups being funded include:

- \$1.5 million for after school/educational initiatives
- \$1.2 million for self-sufficiency programs
- \$1.8 million for elderly and family services
- \$1.2 for other purposes, including relocation and the mobility initiative

Homeless Initiatives

KCHA's Public Housing and Section 8 programs continue their focus on ending regional homelessness. In 2013, (the most recent year for which data is available) 29% of new housings went to formerly homeless households. The Homeless Housing Initiatives (HHI) department develops innovative programs serving those, who for a variety of reasons cannot use traditional federal programs. HHI's 2015 budget of \$2.6 million includes funding for new locally-designed rental assistance programs. Highlights of the 2015 work plan include:

- \$1.2 million for an expanded Sponsor-based initiative with King County
- Continued lease-up of VASH vouchers in partnership with the VA Medical System.
- \$700,000 for Flexible Rental Assistance programs, such as the Highline School District Student Family Stability Initiative (SFSI) pilot serving up to 50 families, the Next Step program targeting 20 homeless young adults and a new domestic violence program.
- \$377,000 for a new project-based flat rent subsidy program for homeless families.

Central Office Cost Center (COCC)

Expenses for most administrative departments are aggregated in the COCC, and the costs are then recovered through a series of fees charged to properties and programs, and the transfer of excess cash flow from workforce housing sites. The COCC covers most activities within the Human Resources, Information Technology, Administrative Services and the Executive departments, as well as certain functions within the Asset Management, Housing Management and Capital Construction departments.

A summary of the core COCC budget is below. Although reserves exist to cover the projected shortfall, delays in filling open positions and other cost savings will likely mitigate the deficit.

Total overhead expenses of the COCC	\$11,926,748 (1)
Costs recovered through:	
Fees charged to properties	6,699,647
Fees charged to construction projects	667,921
Cash transferred from workforce housing	3,179,754
Esco and Parkway loans	154,802
Other sources	638,672
	<hr/> 11,340,796
COCC Operating Shortfall	<hr/> <hr/> \$585,952

(1) Excludes some non-operating expenses

There are a number of challenges facing the funding of KCHA's administrative overhead in the coming years, including:

- Rising costs
- Limited opportunities to raise fees on federally-funded properties and programs in the face of tightening federal funding
- Limits on the amount of cash that can be drawn out of workforce housing without reducing resources necessary for capital work or increasing rents

75% of COCC costs are attributable to personnel, making it a challenge to reduce costs. The complexity of the organization generally requires the staff size the Authority maintains. KCHA will need to continue to identify operational efficiencies or additional sources of revenue in future years to support operations at this level.

Non-MTW-funded Properties and Programs

In its **Workforce Housing** portfolio, including properties funded with tax-exempt bonds, and properties under the ownership of tax credit investors, KCHA currently has 32 separate properties with 4,381 apartments. These properties are mostly managed by outside fee-based property management companies. All properties have some form of debt outstanding, and the 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 COCC, projected to be \$3.2 million in 2015.

The **Weatherization program** provides energy conservation improvements to low income residents of King County living in single family residences, mobile homes, and multifamily housing. The 2015 budget includes expenditures of \$3.5 million to weatherize 500 housing units and is funded through five separate federal, state and local grants.

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 properties	\$11,542,554	Capital Construction Department	Existing MTW reserves, existing debt proceeds, CFP grants, site cash flow
	\$5,522,256	Housing Management Department	Current MTW revenue, site cash flow
	\$12,705,313	Asset Management Department	Existing reserves, site cash flow
Development of new housing	\$17,798,337	Development Department	Current reserves, new debt issuance
Acquisition of new properties	\$14,000,000	Asset Management Department	New debt issuance, existing reserves
Acquisition of housing currently in tax credit portfolio	\$9,115,000	Asset Management Department	Assumption of existing debt
Purchase and implementation of new software	\$747,706	Housing Management Department	Existing MTW Reserves
Vehicles & other purchases	\$360,000	Administrative Services Department	Existing reserves and site cash flow
Total	\$71,791,166		

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

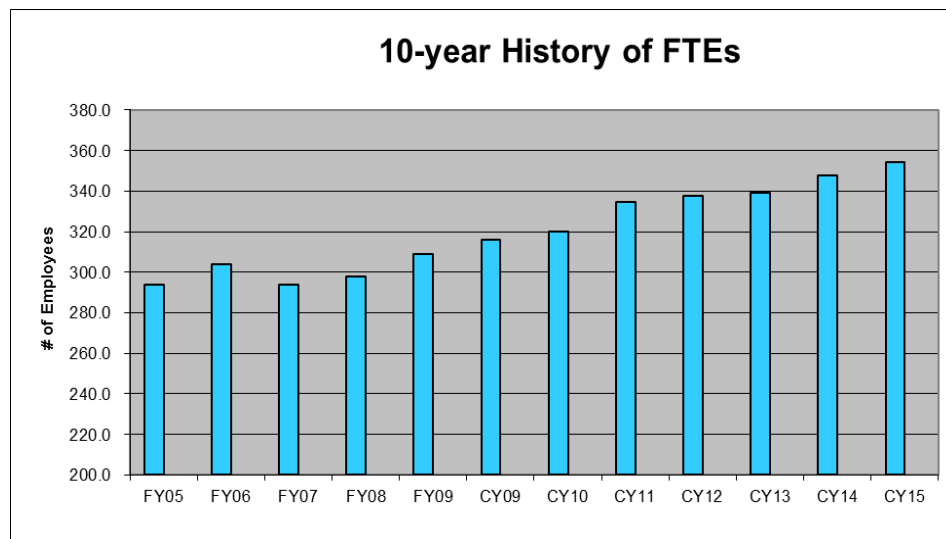
Funding Sources:

MTW	\$4,406,618
Funding via Transfer from Spiritwood	540,000
Cash Flow from Properties	16,888,026
MKCRF debt proceeds	5,757,480
Replacement Reserves	42,500
King County Grant	2,000,000
New Debt Issuance	12,833,948
Assumption of existing debt	9,115,000
General KCHA unrestricted reserves	16,141,900
Capital Fund Program Grants	2,210,077
Various Greenbridge/Seola Gardens Sources	1,494,347
Central Vehicle internal fund	360,000
Various Other Sources	1,270
	<u>\$ 71,791,166</u>

THE INVESTMENT IN KCHA'S EMPLOYEE INFRASTRUCTURE

Employee Count

The budget includes 357.3 full-time equivalent (FTE) positions, an increase of 6.6 over 2014. Two of these additions were approved in the 2014 midyear budget and four are being proposed at this time. Below is a 10-year history of employee count:



Personal Service Costs

A Board-approved Cost of Living Adjustment (COLA) wage increase of 2.0% was awarded to all employees in November 2014. An estimated COLA of 2.5% was factored into the budget for November, 2015.

The Public Employees Retirement System (PERS) contribution rate is currently set at 9.21% and is expected to rise to 11% in 2015. In response to these projected increases, four years ago KCHA set up a reserve totaling \$749,000 to offset future rate increases. During 2015, \$600,000 of these reserves will be drawn, bringing the reserve balance to zero. The replenishment of this reserve is not recommended as 11% is the currently-projected rate through 2017.

The average health insurance cost per employee for 2015 is projected to be \$12,670, up slightly from \$12,275 in 2014.

CASH BALANCES

Below is a summary of the 2015 cash budget:

	Projected Cash 12/31/2014	Budgeted 2015 Activity	Projected Cash 12/31/2014
Working Capital	\$44,345,276	(\$16,390,828)	\$27,954,448
Program-restricted	2,913,488	2,092,967	5,006,455
Designated	49,826,231	(6,650,102)	43,176,129
Restricted	33,514,211	(1,586,754)	31,927,457
Set-aside to pay short-term debt	3,775,706	0	3,775,706
	<u>\$134,374,912</u>	<u>(\$22,534,717)</u>	<u>\$111,840,195</u>

The main drivers of the cash decline are:

- \$12.0 million for the development of Vantage Point-to be repaid from tax credit investor equity in 2016
- \$4.0 million for KCHA's equity in housing acquisition/land banking opportunities
- \$3.9 million use of reserves for capital work and loans

The complete cash budget is found on Exhibit C.

KING COUNTY HOUSING AUTHORITY

2015 Working Capital Budget

(In \$1,000's; excludes non-KCHA-managed component units)

EXHIBIT A

	FEDERALLY-SUPPORTED PROGRAMS (managed by KCHA)						LOCAL PROGRAMS						Memo: KCHA COMBINED
	Public Housing		Other Housing		Other Programs		KCHA	Outside	Tax Credit	Develop Activity	Other	COCC	
	KCHA	Outside	KCHA	Outside	Section 8	MTW	Owned	Owned	Gen Ptnr				
	Owned	Owned	Owned	Owned	Program	Program	Housing	Housing	Activity				
Revenues													
Tenant Revenue	\$4,477.8	\$1,664.9	\$6,935.7	\$11,221.5	\$175.0	\$0	\$43,034.3	\$1,399.4	\$0	\$0	\$0	\$0	\$68,908.6
Operating Fund Subsidy from HUD	4,128.6	4,227.4	.0	.0	.0	253.0	.0	.0	.0	.0	.0	.0	8,609.0
Section 8 Subsidy from HUD	.0	.0	398.0	.0	98,986.0	10,831.9	.0	.0	.0	.0	.0	.0	110,215.8
Other Operating Revenue	41.1	213.0	444.0	2,425.4	29,374.6	10.9	651.5	180.3	73.8	5.0	3,875.6	11,366.0	48,661.1
Non-operating Revenue	2,075.6	3,859.6	1,021.4	7,116.1	2.9	277.4	63.4	794.0	1,589.1	.1	75.0	1,312.3	18,186.8
Total Revenues	10,723.1	9,965.0	8,799.0	20,763.0	128,538.5	11,373.2	43,749.1	2,373.6	1,662.9	5.1	3,950.6	12,678.3	254,581.3
Expenses													
Salaries & Benefits	1,997.4	879.8	842.4	1,601.7	5,964.9	1,534.8	3,955.5	308.9	.0	290.5	1,130.7	10,445.0	28,951.5
Routine Maintenance, Utilities, Taxes & Insurance	4,525.9	1,979.3	2,127.7	3,703.8	256.4	.0	11,069.5	491.6	15.2	.0	12.1	1,789.6	25,971.2
Direct Social Service Salaries & Benefits	.0	.0	.0	.0	138.3	2,018.7	.0	.0	.0	26.2	189.9	.0	2,373.1
Other Social Service Support Expenses & HAP	79.4	2,595.0	26.6	11.3	118,729.2	4,823.4	123.4	122.7	.0	176.0	2,875.0	.0	129,562.1
Administrative Support Expenses	2,325.0	916.4	806.0	1,201.3	3,478.9	436.7	3,825.9	217.2	359.8	7.0	136.9	3,033.0	16,744.1
Non-operating Expenses	37.8	2,371.6	383.2	5,741.9	.0	.0	6,046.4	621.9	1,948.4	200.2	.0	659.4	18,010.8
Total Expenses	8,965.5	8,742.0	4,186.0	12,260.0	128,567.7	8,813.7	25,020.6	1,762.3	2,323.5	699.9	4,344.6	15,927.0	221,612.8
Net Income	1,757.6	1,222.9	4,613.0	8,503.0	(29.2)	2,559.5	18,728.5	611.3	(660.6)	(694.8)	(394.0)	(3,248.7)	32,968.5
Other Sources/(Uses) of Working Capital													
(Increase) in Restricted/Designated Cash	(3.2)	(175.0)	(133.2)	(2,240.6)	.0	.0	(2,237.7)	(64.2)	(22.7)	(110.1)	.0	.0	(4,986.6)
Decrease in Restricted/Designated Cash	.0	.0	.0	8,643.4	.0	7,019.9	1,778.5	.0	300.0	700.7	250.0	171.5	18,864.0
(Increase) in LT Receivables	.0	(2,533.8)	.0	(2,458.0)	.0	(696.7)	.0	(431.5)	(29.6)	.0	.0	(1,449.8)	(7,599.3)
Decrease in LT Receivables	.0	383.4	.0	1,036.1	.0	76.1	.0	514.4	10,137.6	.0	.0	704.6	12,852.2
Acquisition of Capital Assets	(3,806.7)	(798.5)	(715.0)	(6,127.5)	.0	(747.7)	(9,958.4)	.0	.0	(31,049.8)	.0	(360.0)	(53,563.6)
Maintenance Projects	(2,181.1)	(558.0)	(2,264.3)	(1,406.7)	(1.3)	.0	(11,758.5)	(54.0)	.0	.0	(.2)	(3.5)	(18,227.6)
Acquisition of Capital Assets	(5,987.8)	(1,356.5)	(2,979.3)	(7,534.2)	(1.3)	(747.7)	(21,716.9)	(54.0)	.0	(31,049.8)	(.2)	(363.5)	(71,791.2)
Disposition of Capital Assets	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
Change in Suspense	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
Change in Other Assets	.0	.0	.0	.0	.0	.0	.0	.0	1,672.0	.0	.0	(525.0)	1,147.0
Change in Deferrals	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
Increase in LT Debt	.0	.0	.0	.7	.0	.0	9,402.2	.0	(9,402.2)	12,000.0	.0	.0	12,000.7
(Decrease) in LT Debt	(172.0)	(206.2)	(283.2)	(5,922.0)	.0	.0	(5,171.9)	(73.1)	(250.0)	.0	.0	(900.0)	(12,978.4)
Change in Other Liabilities	(21.3)	1,221.2	(76.8)	265.8	.0	.0	.0	252.9	5.7	1,297.9	.0	.0	2,945.4
Other Non-Working Capital Inc/Exp	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
Non Income/Expense Change in Equity	.0	.0	.0	.0	.0	.0	560.0	.0	50.0	.0	.0	.0	610.0
Total Other Sources/(Uses) of Working Capital	(6,184.3)	(2,666.9)	(3,472.5)	(8,208.8)	(1.3)	5,651.6	(17,385.7)	144.6	2,460.8	(17,161.3)	249.8	(2,362.1)	(48,936.2)
Transfer In from (Out to) Other Funds													
Transfers In from Other Funds	4,677.6	1,765.9	700.0	1,273.8	.0	295.0	1,341.5	.0	.0	4,110.0	1,301.9	3,179.8	18,645.6
Transfers Out to Other Funds	.0	(155.0)	(540.0)	(1,028.8)	(295.0)	(6,266.8)	(2,075.8)	(368.0)	(1,061.3)	.0	(1,162.9)	(5,691.9)	(18,645.6)
Net Transfer In/(Out)	4,677.6	1,610.9	160.0	245.0	(295.0)	(5,971.8)	(734.2)	(368.0)	(1,061.3)	4,110.0	139.0	(2,512.1)	.0
Net Change in Working Capital	250.8	167.0	1,300.5	539.2	(325.5)	2,239.3	608.6	387.9	738.9	(13,746.1)	(5.2)	(8,123.0)	(15,967.7)
Projected Working Capital, 12/31/2014	3,643.3	1,466.6	5,387.0	1,830.2	(198.0)	(6,305.7)	5,140.4	2,381.1	117.9	4,101.1	253.9	22,516.2	40,334.0
Projected Working Capital, 12/31/2015	\$3,894.1	\$1,633.6	\$6,687.5	\$2,369.4	\$(523.5)	\$(4,066.4)	\$5,748.9	\$2,769.0	\$856.8	\$(9,645.0)	\$248.7	\$14,393.3	\$24,366.3

King County Housing Authority
 Capital Budget
 By Responsible Department
 2015

EXHIBIT B

2015 Budget

CONSTRUCTION ACTIVITIES

Managed by Capital Construction Department

509 Properties	5,757,480
Public Housing	3,630,900
Sedro	50,000
Other Properties	1,978,400

Managed by Housing Management Department

Unit Upgrade Program	4,254,190
Other Projects	1,268,066

Managed by Asset Management Department

Bond Properties	12,034,313
Other Properties	671,000

DEVELOPMENT ACTIVITY

Managed by Hope VI Department

Seola Gardens	582,328
Greenbridge	702,329
Salmon Creek/Nia	748,500
Notch	356,232

Managed by Development Department

Vantage Point	15,233,948
Notch	25,000
TOD Predevelopment	50,000
Spiritwood/Hidden Vlg/Island Crest	75,000
Choice Neighborhood Grant	25,000

ACQUISITIONS

Managed by Asset Management Department

Somerset Gardens	9,115,000
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Managed by Development Department

New Acquisitions	14,000,000
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OTHER CAPITAL ASSETS

Managed by Housing Management Department

Software	747,706
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Managed by Resident Services Department

Relocation	125,774
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Managed by Other Departments

Vehicles	360,000
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\$ 71,791,166

King County Housing Authority
Cash Budget
2015

EXHIBIT C

	<u>12/31/2014</u>	<u>12/31/2015</u>
Unrestricted		
COCC	\$23,265,081	\$3,112,773
Other Funds	21,080,195	24,841,675
Total Cash-Unrestricted	<u>44,345,276</u>	<u>27,954,448</u>
Unrestricted within Program		
MTW	(5,517,774)	(3,318,349)
Public Housing	4,508,215	4,769,940
Section 8	419,562	51,379
Other Funds	3,503,485	3,503,485
Total Cash-Unrestricted within Program	<u>2,913,488</u>	<u>5,006,455</u>
Cash set aside for P & I		
Other Funds	3,775,706	3,775,706
Total Cash-Unrestricted within Program	<u>3,775,706</u>	<u>3,775,706</u>
Dedicated		
MTW	9,548,501	5,428,613
COCC	9,178,218	9,006,732
Other Funds	31,099,512	28,740,784
Total Cash-Dedicated for Specific Purposes	<u>49,826,231</u>	<u>43,176,129</u>
Restricted		
MTW	17,640,898	14,740,898
Public Housing	275,194	275,266
Section 8	715,904	715,904
COCC	2,413,391	2,413,391
Other Funds	12,468,824	13,781,998
Total Cash-Restricted	<u>33,514,211</u>	<u>31,927,457</u>
TOTAL CASH BALANCES	<u><u>\$134,374,912</u></u>	<u><u>\$111,840,195</u></u>

THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5490

**AUTHORIZING APPROVAL OF THE COMPREHENSIVE OPERATING
BUDGET FOR CALENDAR YEAR BEGINNING JANUARY 1, 2015**

WHEREAS, the Executive Director has submitted a Comprehensive Operating Budget for the Calendar Year beginning January 1, 2015 (Calendar Year 2015); 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, including 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; and

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

SECTION 1: The following expenditures are hereby authorized for the Calendar Year beginning January 1, 2015:

Fund Groups	Total Expenditures	Other Uses of Working Capital	Total
Public Housing, KCHA-owned	\$8,965,488	\$6,184,334	\$15,149,822
Public Housing, other ownership	8,742,019	4,271,501	13,013,520
Other Federal housing, KCHA-owned	4,186,010	3,472,503	7,658,513
Other Federal housing, other ownership	12,260,010	18,154,773	30,414,783
Section 8 program	128,567,668	1,270	128,568,938
MTW program	8,813,700	1,444,406	10,258,106
Local housing, KCHA-owned	25,020,638	29,126,435	54,147,073
Local housing, other ownership	1,762,285	622,701	2,384,986
Tax credit properties	2,323,490	302,250	2,625,740
Development program	699,895	31,159,902	31,859,797
Other funds	4,344,585	240	4,344,825
Central Services	15,926,997	2,713,240	18,640,237
Total 2015 Expenditures	<u>\$221,612,785</u>	<u>\$97,453,555</u>	<u>\$319,066,340</u>

SECTION 2: The Detail of Budgeted Revenues and Expenses as found in Exhibit 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 15TH DAY OF DECEMBER, 2014.**

**THE HOUSING AUTHORITY
OF THE COUNTY OF KING, WASHINGTON**

Doug Barnes, Chair
Board of Commissioners

Stephen J. Norman
Secretary-Treasurer

KING COUNTY HOUSING AUTHORITY

2015 Working Capital Budget

(In \$1,000's; excludes non-KCHA-managed component units)

EXHIBIT A

	FEDERALLY-SUPPORTED PROGRAMS (managed by KCHA)						LOCAL PROGRAMS						Memo: KCHA COMBINED
	Public Housing		Other Housing		Other Programs		KCHA	Outside	Tax Credit	Develop Activity	Other	COCC	
	KCHA	Outside	KCHA	Outside	Section 8	MTW	Owned	Owned	Gen Ptnr				
	Owned	Owned	Owned	Owned	Program	Program	Housing	Housing	Activity				
Revenues													
Tenant Revenue	\$4,477.8	\$1,664.9	\$6,935.7	\$11,221.5	\$175.0	\$0	\$43,034.3	\$1,399.4	\$0	\$0	\$0	\$0	\$68,908.6
Operating Fund Subsidy from HUD	4,128.6	4,227.4	.0	.0	.0	253.0	.0	.0	.0	.0	.0	.0	8,609.0
Section 8 Subsidy from HUD	.0	.0	398.0	.0	98,986.0	10,831.9	.0	.0	.0	.0	.0	.0	110,215.8
Other Operating Revenue	41.1	213.0	444.0	2,425.4	29,374.6	10.9	651.5	180.3	73.8	5.0	3,875.6	11,366.0	48,661.1
Non-operating Revenue	2,075.6	3,859.6	1,021.4	7,116.1	2.9	277.4	63.4	794.0	1,589.1	.1	75.0	1,312.3	18,186.8
Total Revenues	10,723.1	9,965.0	8,799.0	20,763.0	128,538.5	11,373.2	43,749.1	2,373.6	1,662.9	5.1	3,950.6	12,678.3	254,581.3
Expenses													
Salaries & Benefits	1,997.4	879.8	842.4	1,601.7	5,964.9	1,534.8	3,955.5	308.9	.0	290.5	1,130.7	10,445.0	28,951.5
Routine Maintenance, Utilities, Taxes & Insurance	4,525.9	1,979.3	2,127.7	3,703.8	256.4	.0	11,069.5	491.6	15.2	.0	12.1	1,789.6	25,971.2
Direct Social Service Salaries & Benefits	.0	.0	.0	.0	138.3	2,018.7	.0	.0	.0	26.2	189.9	.0	2,373.1
Other Social Service Support Expenses & HAP	79.4	2,595.0	26.6	11.3	118,729.2	4,823.4	123.4	122.7	.0	176.0	2,875.0	.0	129,562.1
Administrative Support Expenses	2,325.0	916.4	806.0	1,201.3	3,478.9	436.7	3,825.9	217.2	359.8	7.0	136.9	3,033.0	16,744.1
Non-operating Expenses	37.8	2,371.6	383.2	5,741.9	.0	.0	6,046.4	621.9	1,948.4	200.2	.0	659.4	18,010.8
Total Expenses	8,965.5	8,742.0	4,186.0	12,260.0	128,567.7	8,813.7	25,020.6	1,762.3	2,323.5	699.9	4,344.6	15,927.0	221,612.8
Net Income	1,757.6	1,222.9	4,613.0	8,503.0	(29.2)	2,559.5	18,728.5	611.3	(660.6)	(694.8)	(394.0)	(3,248.7)	32,968.5
Other Sources/(Uses) of Working Capital													
(Increase) in Restricted/Designated Cash	(3.2)	(175.0)	(133.2)	(2,240.6)	.0	.0	(2,237.7)	(64.2)	(22.7)	(110.1)	.0	.0	(4,986.6)
Decrease in Restricted/Designated Cash	.0	.0	.0	8,643.4	.0	7,019.9	1,778.5	.0	300.0	700.7	250.0	171.5	18,864.0
(Increase) in LT Receivables	.0	(2,533.8)	.0	(2,458.0)	.0	(696.7)	.0	(431.5)	(29.6)	.0	.0	(1,449.8)	(7,599.3)
Decrease in LT Receivables	.0	383.4	.0	1,036.1	.0	76.1	.0	514.4	10,137.6	.0	.0	704.6	12,852.2
Acquisition of Capital Assets	(3,806.7)	(798.5)	(715.0)	(6,127.5)	.0	(747.7)	(9,958.4)	.0	.0	(31,049.8)	.0	(360.0)	(53,563.6)
Maintenance Projects	(2,181.1)	(558.0)	(2,264.3)	(1,406.7)	(1.3)	.0	(11,758.5)	(54.0)	.0	.0	(.2)	(3.5)	(18,227.6)
Acquisition of Capital Assets	(5,987.8)	(1,356.5)	(2,979.3)	(7,534.2)	(1.3)	(747.7)	(21,716.9)	(54.0)	.0	(31,049.8)	(.2)	(363.5)	(71,791.2)
Disposition of Capital Assets	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
Change in Suspense	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
Change in Other Assets	.0	.0	.0	.0	.0	.0	.0	.0	1,672.0	.0	.0	(525.0)	1,147.0
Change in Deferrals	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
Increase in LT Debt	.0	.0	.0	.7	.0	.0	9,402.2	.0	(9,402.2)	12,000.0	.0	.0	12,000.7
(Decrease) in LT Debt	(172.0)	(206.2)	(283.2)	(5,922.0)	.0	.0	(5,171.9)	(73.1)	(250.0)	.0	.0	(900.0)	(12,978.4)
Change in Other Liabilities	(21.3)	1,221.2	(76.8)	265.8	.0	.0	.0	252.9	5.7	1,297.9	.0	.0	2,945.4
Other Non-Working Capital Inc/Exp	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
Non Income/Expense Change in Equity	.0	.0	.0	.0	.0	.0	560.0	.0	50.0	.0	.0	.0	610.0
Total Other Sources/(Uses) of Working Capital	(6,184.3)	(2,666.9)	(3,472.5)	(8,208.8)	(1.3)	5,651.6	(17,385.7)	144.6	2,460.8	(17,161.3)	249.8	(2,362.1)	(48,936.2)
Transfer In from (Out to) Other Funds													
Transfers In from Other Funds	4,677.6	1,765.9	700.0	1,273.8	.0	295.0	1,341.5	.0	.0	4,110.0	1,301.9	3,179.8	18,645.6
Transfers Out to Other Funds	.0	(155.0)	(540.0)	(1,028.8)	(295.0)	(6,266.8)	(2,075.8)	(368.0)	(1,061.3)	.0	(1,162.9)	(5,691.9)	(18,645.6)
Net Transfer In/(Out)	4,677.6	1,610.9	160.0	245.0	(295.0)	(5,971.8)	(734.2)	(368.0)	(1,061.3)	4,110.0	139.0	(2,512.1)	.0
Net Change in Working Capital	250.8	167.0	1,300.5	539.2	(325.5)	2,239.3	608.6	387.9	738.9	(13,746.1)	(5.2)	(8,123.0)	(15,967.7)
Projected Working Capital, 12/31/2014	3,643.3	1,466.6	5,387.0	1,830.2	(198.0)	(6,305.7)	5,140.4	2,381.1	117.9	4,101.1	253.9	22,516.2	40,334.0
Projected Working Capital, 12/31/2015	\$3,894.1	\$1,633.6	\$6,687.5	\$2,369.4	\$(523.5)	\$(4,066.4)	\$5,748.9	\$2,769.0	\$856.8	\$(9,645.0)	\$248.7	\$14,393.3	\$24,366.3

T A B N U M B E R

6



TO: Board of Commissioners

FROM: Megan Hyla, Director of Policy and Intergovernmental Affairs

DATE: December 10, 2014

RE: **Resolution No. 5491:** Authorizing Higher Payment Standards for the Section 8 Program

Executive Summary:

Resolution No. 5491 authorizes higher payment standards for the Section 8 program at an annualized cost of \$2.6 million. This increase is necessary to reduce financial hardship for Section 8 households, and to allow families to access or continue to reside in high opportunity neighborhoods. The proposed increases do not fully reflect market rents in this rapidly escalating market; they will however provide some immediate relief. KCHA staff anticipates further adjustments upon adoption of the more fine-grained sub-market payment standard areas that will be possible under new housing management software scheduled to go live by the end of 2015.

Background:

Payment standards are the maximum rent level a Section 8 voucher will subsidize. If payment standards are set at an appropriate level, Section 8 vouchers allow households choice in the market and the ability to rent well maintained units close to good schools, jobs and family. If payment standards are too high, the program quickly becomes too costly to support within Federal funding constraints.

In addition, because of the size of KCHA's program, payment standards that are set above market level can actually place upward pressure on market rents, increasing shelter burdens for all low-income households. In contrast, when payment standards are too low, neighborhoods with amenities like good schools, jobs, parks and transit may be out of reach, resulting in voucher holders becoming concentrated in less desirable (and lower rent) neighborhoods. Some voucher holders may also fail to find appropriate housing, a metric that KCHA monitors monthly as the "shopping success rate".

Insufficient payment standards can also increase shelter burdens for participating families - causing some households to elect to pay the additional rent out of their own pocket and having to struggle between paying additional rent and affording other necessities like food and transportation.

How does KCHA determine its payment standards?

For most Housing Authorities, the Payment Standard is based on the HUD approved Fair Market Rent (FMR) levels. The Fair Market Rent is set at the level (including both rent and utility costs) below which 40% of market-rate rentals fall. Prior to 2007, KCHA was required by HUD to set the payment standards between 90% and 120% of the FMR. However, using its Moving to Work authority, KCHA's Board of Commissioners resolved in 2007 to decouple KCHA's payment standards from the FMR. KCHA also adopted a two-tier system that reflected the significant market differences between the Eastside sub-market and the rest of the county.

KCHA staff conducts an annual analysis to recommend appropriate payment standards using a market analysis report commissioned by KCHA from Dupree and Scott, a local real estate research firm. In addition, KCHA considers shelter burden, shopping success rates, vacancy rates, market trends and resident and staff perspectives.

Why should the payment standards be raised?

KCHA's payment standards have remained stagnant for the past five years despite steep rent hikes throughout the region. This has primarily been due to funding uncertainties created by sequestration and the lack of any meaningful inflation adjustment in the Section 8 funding from HUD. In 2010 (the last time KCHA adjusted its payment standard), the 40th percentile rent for a two-bedroom apartment was \$1,056. That figure now stands at \$1,220. As a result, Section 8 households have been carrying a growing rent burden: Almost 1 in 4 families spends more than 40% of their income on rent and utilities. Households are also having difficulty securing units because our payment standards are unable to fill the gap between market rents and their incomes. As a consequence of inadequate payment standards, more families are limited to finding units in less desired neighborhoods. A recent survey of Section 8 tenants found that compared to four years ago, there has been a 10% decline (from 90% to 80%) in the number of families that said they were able to locate a unit in the area of the county they wanted.

How much should payment standards be raised?

The current recommendation is modest relative to actual market rents. A more comprehensive payment standard adjustment will be proposed in late 2015, in conjunction with the implementation of new housing management software. The interim payment standards are designed to ease the pressure of higher rents, while minimizing future losses for KCHA, landlords and residents as a new system is adopted. Payment standards by area and bedroom size are proposed as follows:

North & South King County	0	1	2	3	4	5	6
Current	\$730	\$830	\$1,030	\$1,440	\$1,990	\$2,220	\$2,510
Proposed	\$745	\$915	\$1,060	\$1,485	\$1,990	\$2,220	\$2,540

East King County	0	1	2	3	4	5	6
Current	\$1,010	\$1,100	\$1,330	\$1,760	\$2,320	\$2,530	\$2,860
Proposed	\$1,090	\$1,215	\$1,460	\$1,845	\$2,440	\$2,755	\$3,160

How will the proposed increase be implemented?

Effective immediately, the new proposed payment standards will be used for new participants leasing up in the program and for existing participants at their next annual update, recertification or interim recertification. Within 90 days, KCHA staff will also identify and adjust payment standards for existing participants paying over 50% of their income to rent.

Budget Impact:

Raising the payment standards to the proposed levels would cost approximately \$2.6 million annually. However, the impact on the 2015 budget would be lower, as payment standards generally take effect at annual reviews, which are spread throughout the year, or when a participant moves. The 2015 budget includes \$750,000 to support proposed payment standard changes.

Future Changes to Payment Standards:

Currently, as mentioned, KCHA uses a two-tiered system of payment standards reflecting the significant difference between Eastside rents and the balance of the County. In 2015, KCHA plans to refine this system further by adopting a multi-tiered system of four or more levels that will better reflect the region's fine-grained sub-market conditions.

This multi-tiered system will enable KCHA to right-size subsidies - for example not setting top of the market payment levels in lower market areas of the eastside while enabling payment standards to keep pace with rising costs in others. Implementation of a multi-tiered system would be extremely difficult using our current software system (MST), but will be feasible utilizing our new system, Tenmast. The Board will be briefed on the proposed changes in the third quarter of 2015, with implementation planned to coincide with the rollout of the new housing management software system.

Passage of Resolution No. 5491 is recommended.

THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION No. 5491

**AUTHORIZING HIGHER PAYMENT STANDARDS FOR THE
SECTION 8 PROGRAM**

WHEREAS, the Housing Choice Voucher Payment Standards are the maximum subsidy levels used to calculate the housing assistance a household will receive under the Housing Choice Voucher program; and

WHEREAS, the Housing Authority's Board of Commissioners has not authorized adjustments to the payment standards since passing Resolution No. 5259 dated the 16th of December 2009; and

WHEREAS, it has been determined an increase is necessary to preserve existing housing and allow additional housing options for current and future housing voucher participants; and

WHEREAS, it has been determined an increase is necessary to more closely align with the private rental market and ensure effective and appropriate expenditure of taxpayer dollars; and

WHEREAS, these increases will Affirmatively Further Fair Housing objectives in the Seattle Metropolitan region;

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

The Payment Standards for the Housing Authority's Housing Choice Voucher program are hereby raised in accordance with the proposed recommendations, set forth at the December 15th Board of Commissioners meeting and attached hereto, and effective immediately.

ADOPTED AT A REGULAR MEETING OF THE BOARD OF THE COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING THIS 15TH DAY OF DECEMBER 2014.

**THE HOUSING AUTHORITY OF THE
COUNTY OF KING, WASHINGTON**

DOUGLAS J. BARNES, Chair
Board of Commissioners

STEPHEN NORMAN
Secretary

T A B N U M B E R

7



TO: Board of Commissioners

FROM: Kristin Winkel, Director of Leased Housing Programs

DATE: December 10, 2014

RE: **Resolution No. 5492:** Authorizing Changes to the Section 8 Administrative Plans and the Public Housing Admissions and Continued Occupancy Policy Related to Initial Program Eligibility

Executive Summary: Resolution No. 5492 authorizes a change in the King County Housing Authority's (KCHA) Section 8 Housing Choice Voucher and Public Housing programs, restricting initial program eligibility to families that include at least one member who is disabled, elderly or a dependent child. The proposed change ensures that KCHA's federally subsidized housing resources are made available to those families considered "most in need".

Background: KCHA has the option, under the flexibility granted by the Moving To Work (MTW) program, to make changes to its family definition for initial eligibility to its federally-subsidized programs. As a result of shrinking federal funds and growing demand for subsidized housing to support our lowest-income and most vulnerable households, KCHA is proposing to tighten its initial eligibility criteria. Today, KCHA's Public Housing waitlist is 13,000 families long and the last time KCHA opened its Section 8 Voucher waitlist, in 2011, almost 25,000 households applied. Further, the number of elderly households in poverty and homeless students has increased steadily in recent years with projections for continued increases. These trends compel KCHA to increase its commitment to target our scarce resources to the most vulnerable in our community.

Currently, single, non-elderly, non-disabled individuals do not qualify for program eligibility. But, under KCHA policy, which uses the HUD definition of a "family", two related single people qualify for initial program eligibility, without the requirement that one of them be disabled, elderly or a dependent child. The proposed policy to restrict initial program eligibility would be accomplished by changing the definition of family as follows:

- Section 8 Administrative Plans: A family must include at least one household member who is disabled, elderly, or a dependent child.
- Public Housing Admissions and Continued Occupancy Policy (ACOP): A family

must include at least one household member who is disabled, elderly, near-elderly or a dependent child.

A single pregnant woman without children and individuals in the process of securing legal custody of any other person who would qualify as disabled, elderly or a dependent child will continue to be considered eligible. However, in cases where custody is being determined, the anticipated family member must have joined the family once the legal custody determination has been made. The new family member shall continue to reside in the unit in order for the family to remain eligible for continued occupancy. Households contesting their eligibility for continued occupancy have the right to a review by an outside hearing officer through KCHA's appeals process.

The proposed changes have been reviewed with tenants and participants, service provider partners, and Northwest Justice Project attorneys. No substantive concerns relating to the proposed change in initial program eligibility were raised in any of these meetings.

Passage of Resolution No. 5492 is recommended.

THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION No. 5492

**AUTHORIZING CHANGES TO KCHA'S SECTION 8 ADMINISTRATIVE
PLANS AND THE PUBLIC HOUSING ADMISSIONS AND CONTINUED
OCCUPANCY POLICY RELATED TO INITIAL PROGRAM
ELIGIBILITY**

WHEREAS, the Housing Authority operates a Section 8 Housing Choice Voucher program, governed by Tenant-Based and Project-Based Administrative Plans, and a Public Housing program, governed by an Admissions and Continued Occupancy Plan; and

WHEREAS, within each of these plans, there are sections covering the initial eligibility of program participants; and

WHEREAS, from time to time these plans need to be revised to reflect the priorities of the Housing Authority and HUD requirements; and

WHEREAS, HUD has granted KCHA the authority under the Moving To Work (MTW) program to make changes to its governing plans; and

WHEREAS, KCHA is confronted with the need to target the limited housing resources available to those households most at risk in the face of overwhelming regional demand; and

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

Section 1: The Definition of Family in the Section 8 Administrative Plans is changed as follows: A family must include at least one household member who is disabled, elderly, or a dependent child; and

Section 2: The Definition of Family in the Public Housing Admissions and Continued Occupancy Policy (ACOP) is changed as follows: A family must include at least one household member who is disabled, elderly, near-elderly or a dependent child.

ADOPTED AT A REGULAR MEETING OF THE BOARD OF THE COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING THIS 15TH DAY OF DECEMBER 2014.

**THE HOUSING AUTHORITY OF
THE COUNTY OF KING,
WASHINGTON**

DOUGLAS J. BARNES, Chair
Board of Commissioners

STEPHEN NORMAN
Secretary

T A B N U M B E R

8



To: Board of Commissioners

From: Tim Walter, Senior Director of Development & Asset Management

Date: December 10, 2014

Re: **Resolution No. 5493:** Authorizing the Housing Authority of the County of King to issue a revenue bond of the Authority in the principal amount of not to exceed \$5,500,000, the proceeds of which will be used to make a loan to Ashwood Community Redevelopment LLLP, a Washington limited partnership, for the purpose of providing all or a portion of the funds with which to finance the acquisition and rehabilitation of the Ashwood Court apartments, to provide housing for low income elderly persons in King County, Washington, and to pay costs of issuing the bond; determining the form, terms and covenants of the bond; and authorizing and directing appropriate officers of the Authority to execute such documents as are useful or necessary to the purposes of this resolution

Executive Summary:

KCHA has been asked by Downtown Action to Save Housing (DASH) to issue up to \$5,500,000 in private-activity tax-exempt bonds, to finance a 4% Low Income Housing Tax Credit (LIHTC) resyndication of DASH's 51-unit Ashwood Court Apartments senior housing in downtown Bellevue. The bond proceeds would be issued by the King County Housing Authority (KCHA) and loaned to Ashwood Community Redevelopment LLLP of which DASH or an entity controlled by DASH will be the managing general partner. As a conduit loan, KCHA takes no financial risk and makes no obligation for the repayment of the loan. The repayment of the loan is the sole obligation of the partnership and the bondholder's security will be a leasehold deed of trust in the property. KCHA routinely issues non-recourse conduit tax-exempt bonds to non-profits and low income housing tax credit partnerships to assist with the financing of low-income housing. KCHA currently has 13 conduit bond issues outstanding with an aggregate principal balance of approximately \$76 million.

Background:

Ashwood Court Apartments is a 51-unit, low-income senior apartment community located in downtown Bellevue at 11018 NE 11th Street. The property has a mix of studios, one and two-bedroom units in a single three story building and 26 of the units are set aside for households at 35% of the Area Median Income (AMI) and the balance at 60% of the AMI. The project was built in 1997 as a 9% tax credit project with DASH as the general partner of the tax credit partnership. The initial tax credit compliance period expired at the end of 2013 and the project was reacquired by DASH in January 2014 with proceeds from a short-term KCHA loan and assumption of the project's underlying indebtedness.

The proceeds of the bonds will be used to finance a portion of the partnership's acquisition price, repay KCHA's \$425,000 loan to DASH and to make improvements at the property. The bonds will be underwritten and purchased by Banner Bank. It is anticipated that approximately \$2,350,000 of the bond issue will be long-term permanent debt, while the balance will be short-term debt repaid with tax credit equity and other available proceeds.

As the bond issuer, KCHA will charge a onetime origination fee of .25% and an annual monitoring fee of approximately .125% of the amount of the bond issue. Staff is recommending Board approval for the issuance of conduit financing for this project. Attached is a Project Profile which outlines in more detail project specifics, the proposed financing and the overall development budget.

Passage of Resolution No. 5493 is recommended.

ASHWOOD COURT APARTMENTS PROJECT PROFILE

KCHA has been asked by Downtown Action to Save Housing (DASH) to issue up to \$5,500,000 in private-activity tax-exempt bonds to finance a 4% LIHTC acquisition rehab of the 51-unit Ashwood Court Apartments in downtown Bellevue. It is anticipated that approximately \$2,350,000 of the bond issue will be long-term permanent debt while the balance will be short-term debt repaid with tax credit equity and other available proceeds.

Ashwood Court Apartments is a 51-unit, affordable senior apartment project located at 11018 NE 11th St, Bellevue. The property consists of a mix of studios, one and two-bedroom units in a single mid-rise, three story building. The project was built in 1997 as a 9% tax credit project by DASH. The tax credit period expired at the end of 2013 and the project was re-acquired by DASH in early 2014, which is now re-syndicating the development using 4% Low Income Housing Tax Credits and privately placed tax-exempt debt.

The borrower and tax credit owner of the property will be Ashwood Community Redevelopment LLLP with DASH or an entity controlled by DASH as the general partner. The bonds will be underwritten and acquired by Banner Bank.

Project History

DASH is a private non-profit corporation, founded in 1991 by the Bellevue Downtown Association to preserve affordable housing in Bellevue and the surrounding Eastside communities. DASH has successfully created, preserved or renovated nearly 1,000 units of affordable housing in King County for working families, seniors, adults and persons with special needs.

Ashwood Court Apartments was built in 1997 by DASH and financed through a Low Income Housing Tax Credit (LIHTC) partnership of which DASH was the general partner. The tax credit period expired at the end of 2013 and DASH purchased Ashwood Court Apartments from the partnership in January 2014 with proceeds of a \$425,000 loan from KCHA and the assumption of the underlying project loans. DASH intends to re-syndicate using 4% LIHTC equity financing and privately placing tax exempt permanent debt. By re-syndicating Ashwood Court, DASH will be able to leverage the equity in the project, repay KCHA and expend over \$1.8 million in needed repairs and renovations at the property. Needed renovations include a new roof, energy efficiencies and upgrades in the units.

Property and Neighborhood Description

Ashwood Court Apartments is ideally located in downtown Bellevue at 11018 NE 11th St, and provides excellent access to services and amenities for its senior citizen residents. The property is served by numerous Metro transit routes and is 5 blocks from the Bellevue Transit Center and a future light rail station.

Unit Configuration and Rent Structure

Unit Types	# of Units	(SF)	Income % of AMI	Rent
Studio	2	504	35%	\$511
One Bedroom	17	550	35%	\$537
One Bedroom	17	550	60%	\$909
Two Bedroom	7	815	35%	\$650
Two Bedroom	7	815	60%	\$1,088
Two Bedroom (common area)	1	815	0%	\$825
Unit Total/Avg	51			

Need for the Project

There is a significant shortage of affordable housing for low to moderate income seniors throughout King County, and particularly in King County's Eastside cities, where housing is expensive. Ashwood Court Apartments represents an existing affordable housing resource that needs to be preserved. The property provides permanent rental apartments for approximately 94 low income seniors. Of the 51 total units, 26 are reserved for residents earning less than 35% of the area median income, and 24 units are reserved for residents earning less than 60% of area median income. The project includes one 2-bed unit for a resident manager.

Deal Structure

The permanent financing plan for the acquisition and renovation of the project consists of tax-exempt permanent bonds in the estimated amount of \$2,350,000, seller financing provided by DASH in the amount of \$3,450,000, a deferred developer fee loan from DASH of approximately \$400,000, cash flow from operations in the amount of \$210,000 and tax credit equity funds in the anticipated amount of \$3,185,000. The Partnership will also assume existing loans from the Housing Trust Fund of approximately \$400,000 and ARCH of approximately \$215,000. Of the \$5.5 million in tax-exempt bond proceeds, \$2.35 million is anticipated to be converted to permanent financing at the completion of

the project and \$3.15 million in interim financing will be repaid from tax credit equity.

The acquisition of the property will be consist of a cash payment to DASH from bond proceeds in an amount of \$1.54 million which will be used by DASH to repay KCHA's \$425,000 loan and retire the existing underlying financing from Anchor Bank in the amount of \$1.15 million. The balance of the purchase price will include the assumption of the ARCH and HTF loans in the aggregate amount of \$614,000 and a seller note from DASH in the amount of \$3,458,096. DASH is not expected to receive any residual cash proceeds associated with the sale but is projected to earn a \$1.1 million developer fee at the completion of the project and receipt of the investor's equity. Approximately \$685,000 of the fee is to be paid out of available development proceeds and the balance of \$415,000 will be a deferred developer fee loan payable from operating cash flow.

Development Budget

Sources and Uses of Funds	
Permanent Loan	\$2,350,000
Seller Financing	\$3,458,096
Deferred Developer Fee	\$413,111
DCTED Loan	\$398,403
ARCH Loan	\$215,674
LIHTC Equity	\$3,186,434
Cash flow from Operations	\$209,955
Total Sources	\$10,231,673
<u>Uses</u>	
Lease Price	\$5,614,077
Financing Costs	\$378,493
Renovation Improvements	\$1,813,113
Legal & Accounting	\$285,150
Reserves	\$240,000
Developer Fee	\$1,100,000
Rehab. related soft costs	\$71,068
Reports	\$67,665
Consultants	\$125,000
Other Indirect	\$537,107
Total Uses	\$10,231,673

Operating Budget & Management Plan

DASH, as General Partner of the new tax credit partnership, will continue to operate and manage the property through a professional property management agency. Quantum Management Services currently manages the Ashwood Court Apartments under contract with DASH, and DASH intends to continue the contract with Quantum on behalf of the partnership.

The property will continue to have a long-term property tax-exemption pursuant to state law that exempts senior housing operated by nonprofits from property taxes.

Strategic Rationale

- This long-term financing is a critical component of the \$10.2 million financing package needed to acquire and rehab Ashwood Court and ensure the on-going levels of affordability.
- Issuing bonds for this project will further KCHA's mission to facilitate and support low income housing initiatives undertaken by public and non-profit partners, and to preserve and maintain existing affordable housing units for low income seniors.

Risk Assessment

- **Financing Risk** - These are conduit bonds with no financial risk to KCHA. The debt is secured solely by payments made by the partnership and a leasehold deed of trust in the property.
- **Real Estate Risk** – There is little risk of the project's failure to achieve occupancy and financial projections due to poor management, poor maintenance practices and/or higher than anticipated operating expenses that would cause the property to not adequately serve intended community needs nor meet financial targets. The project is fully occupied with income qualified tenants and there will be no requirement to displace any tenants or make changes in management or operations. Demand for affordable senior rental units in downtown Bellevue is very strong.
- **Tax Credit Risk** – Tax Credit risk would occur if the project failed to meet its tax credit partnership requirements resulting in a loss of credits or a requirement to repurchase the investor's equity interest. The risk of a failure to meet the requirements necessary to generate tax credit equity investment is mitigated by DASH's successful track record and experience in developing and managing tax credit communities.
- **Risk of Rehab Cost Overrun** - The renovation budget of approximately \$1.8 million was developed after thorough review of the property, with input from third-party consultants including inspections of 100% of the units. The budget includes both rehab and soft cost contingencies. Furthermore, not all renovations are critical. There appears to be little risk of unexpected rehab cost overruns.

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5493

(Ashwood Court)

A RESOLUTION of the Board of Commissioners of the Housing Authority of the County of King providing for the issuance of a revenue bond of the Authority in the principal amount of not to exceed \$5,500,000, the proceeds of which will be used to make a loan to Ashwood Community Redevelopment LLLP, a Washington limited partnership, for the purpose of providing all or a portion of the funds with which to finance the acquisition and rehabilitation of the Ashwood Court apartments, to provide housing for low income elderly persons in King County, Washington, and to pay costs of issuing the bond; determining the form, terms and covenants of the bond; and authorizing and directing appropriate officers of the Authority to execute such documents as are useful or necessary to the purposes of this resolution.

ADOPTED December 15, 2014

This document was prepared by:

*FOSTER PEPPER PLLC
1111 Third Avenue, Suite 3400
Seattle, Washington 98101
(206) 447-4400*

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5493

A RESOLUTION of the Board of Commissioners of the Housing Authority of the County of King providing for the issuance of a revenue bond of the Authority in the principal amount of not to exceed \$5,500,000, the proceeds of which will be used to make a loan to Ashwood Community Redevelopment LLLP, a Washington limited partnership, for the purpose of providing all or a portion of the funds with which to finance the acquisition and rehabilitation of the Ashwood Court apartments, to provide housing for low income elderly persons in King County, Washington, and to pay costs of issuing the bond; determining the form, terms and covenants of the bond; and authorizing and directing appropriate officers of the Authority to execute such documents as are useful or necessary to the purposes of this resolution.

WHEREAS, the Housing Authority of the County of King (the “Authority”) seeks to encourage the provision of housing for low-income persons residing in King County, Washington (the “County”); and

WHEREAS, RCW 35.82.020 defines “housing project” to include, among other things, “any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for persons of low income”; and

WHEREAS, RCW 35.82.070(18) provides that a housing authority may, among other things and if certain conditions are met, “make . . . loans for the . . . acquisition, construction, . . . rehabilitation, improvement . . . or refinancing of land, buildings, or developments for housing for persons of low income”; and

WHEREAS, RCW 35.82.020(11) and RCW 35.82.130 together provide that a housing authority may issue bonds, notes or other obligations for any of its corporate purposes; and

WHEREAS, Downtown Action to Save Housing (“DASH”), a Washington nonprofit corporation, is the managing member of Ashwood Court Development LLC, the general partner

of Ashwood Community Redevelopment LLLP, a Washington limited liability limited partnership (the “Borrower”), and has applied to the Authority for financial assistance in the principal amount of up to \$5,500,000 for the purpose of providing all or a portion of the funds with which to finance the acquisition and rehabilitation of a 51-unit senior housing project, known as Ashwood Court, located at 11018 NE 11th Street in Bellevue, Washington, to provide housing for low-income persons in the County (the “Project”); and

WHEREAS, DASH has requested that the Authority issue and sell its revenue bond for the purpose of assisting the Borrower in financing and refinancing the Project; and

WHEREAS, the Project will be used by the Borrower to provide housing for low-income persons, and no more than an insubstantial portion of the proceeds of the Bond (defined below) will be used in connection with the financing or refinancing of any portion of the Project to be used by the Borrower for any other purpose; and

WHEREAS, the Board of Commissioners of the Authority deems it necessary and advisable and in the best interest of the Authority to issue the Bond, in a principal amount not to exceed \$5,500,000, the proceeds of which will be lent to the Borrower for the purposes described herein; and

WHEREAS, it is anticipated that Banner Bank, will offer to purchase the Bond under the terms and conditions set forth herein; and

WHEREAS, RCW 35.82.040 provides that a housing authority may delegate to one or more of its agents or employees such powers or duties as it may deem proper;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing Authority of the County of King as follows:

Section 1. Definitions. As used in this resolution, the following words have the following meanings:

“Authority” means the Housing Authority of the County of King, a public body corporate and politic duly organized and existing under and by virtue of the laws of the State of Washington.

“Bank” means Banner Bank, as Registered Owner of the Bond, and any subsequent Registered Owner thereof.

“Board” means the Board of Commissioners of the Authority.

“Bond” means the Housing Authority of the County of King Revenue Bond, 2015 (Ashwood Court Project), issued pursuant to, under the authority of and for the purposes provided in this resolution.

“Bond Fund” means the Authority’s Revenue Bond Fund, 2015 (Ashwood Court Project).

“Bond Loan Agreement” means the Loan Agreement between the Authority and the Borrower providing for, evidencing and securing the obligation of the Borrower to repay the Loan, and including any supplements or amendments thereto made in conformity herewith and therewith.

“Bond Registrar” the Executive Director of the Authority.

“Borrower” means Ashwood Community Redevelopment LLLP, a Washington limited liability limited partnership.

“Code” means the Internal Revenue Code of 1986, as amended.

“County” means King County, Washington.

“Draws” mean incremental draws on the Bond.

“Executive Director” means the Executive Director of the Authority.

“Loan” means the loan from the Authority to the Borrower of the proceeds of Draws on the Bond.

“Loan Documents” means the Bond Loan Agreement, the Regulatory Agreement and any other documents relating to the Loan to be executed by the Borrower.

“Project” means, depending on the context, (1) the acquisition and rehabilitation of the 51-unit senior housing project known as Ashwood Court located at 11018 NE 11th Street in Bellevue, Washington, or (2) the Ashwood Court senior housing project.

“Proposal Letter” means the proposal letter dated October 3, 2014, prepared by the Bank setting forth certain of the terms under which the Bank may purchase the Bond, as it may be amended and supplemented, and any supplement or amendment or commitment letter issued pursuant or supplemental thereto.

“Registered Owner” means the owner of the Bond registered as such on the registration books maintained by the Bond Registrar.

“Regulatory Agreement” means the Regulatory Agreement executed by the Borrower for the benefit of the Authority in connection with the Loan, governing the use of the Project, and including any supplements or amendments thereto made in conformity herewith and therewith.

All capitalized terms used but not defined herein shall have the meanings assigned to them in the Bond Loan Agreement.

Section 2. Authorization of Bond and Application of Proceeds. The Authority shall issue the Bond in a principal amount not to exceed \$5,500,000 for the purpose of making a loan to the Borrower to provide a portion of the funds required to accomplish the Project and pay costs of issuing the Bond. Such Bond financing is declared and determined to be important for the feasibility of the Project. All proceeds from Draws on the Bond shall be lent to the

Borrower for those purposes. The Board finds that it is in the best interest of the Authority to issue the Bond for the purposes set forth in this resolution.

Section 3. Description of Bond. The Bond shall be called the Revenue Bond, 2015 (Ashwood Court Project), of the Authority; shall be in a principal amount not to exceed \$5,500,000; shall be dated its date of delivery; and shall be numbered R-1. The Bond shall be dated such date, shall bear interest payable on such dates and at such rates (which may include variable rates based on the prime rate and/or fixed rates), shall mature at such times and in such amounts, shall have such prepayment or redemption provisions and shall have such other provisions consistent with the purposes of this resolution as are set forth in the Bond and the Loan Documents.

Section 4. Draws on the Bond. Draws on the Bond shall be made in accordance with the terms and provisions set forth in the Loan Documents. Draws shall be recorded in such form as the Borrower and the Bank may agree. Draws shall be limited to an aggregate principal amount of \$5,500,000.

Section 5. Registration and Transfer of Bond. The Bond shall be issued only in registered form as to both principal and interest and shall be recorded on books or records maintained for the Bond by the Bond Registrar (the "Bond Register"). The Executive Director of the Authority shall serve as Bond Registrar for the Bond. The Bond Register shall contain the name and mailing address of the Registered Owner of the Bond. The Bond Registrar is authorized, on behalf of the Authority, to authenticate and deliver the Bond in accordance with the provisions of the Bond and this resolution, to serve as the Authority's paying agent for the Bond and to carry out all of the Bond Registrar's powers and duties under this resolution.

The Bond may be assigned or transferred only (i) in whole to a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended, (ii) if endorsed in the manner provided thereon and surrendered to the Bond Registrar and (iii) upon the assignee or transferee delivering to the Authority an executed Certificate of Transferee in the form attached to the Bond. The Bond Registrar shall not be obligated to exchange or transfer any Bond during the five days preceding any interest payment date, prepayment date or the maturity date.

Section 6. Payment of Bond. Both principal of and interest on the Bond shall be payable in lawful money of the United States of America and shall be paid by check mailed to arrive on or before each payment date, or in immediately available funds delivered on or before each payment date, to the Registered Owner at the address appearing on the Bond Register on the day payment is mailed or delivered. Upon the final payment of principal of and interest on a Bond, the Registered Owner shall surrender the Bond at the principal office of the Bond Registrar in Tukwila, Washington, for destruction in accordance with law.

Section 7. Bond Fund; Security for the Bond. The Bond Fund is hereby established as a special fund of the Authority designated the Revenue Bond Fund, 2015 (Ashwood Court Project). The Bond Fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Bond. The Authority irrevocably obligates and binds itself to set aside and pay into the Bond Fund any money received by it for such purpose under the Loan Documents to make payments required to be made under the Bond, and no other payments into the Bond Fund shall be required.

Upon the issuance of the Bond, the Borrower will execute the Loan Documents for the benefit of the Authority and/or the Bank, as applicable, and the Authority shall assign its rights

under the Loan Documents to which it is a party to the Bank, as security for the Authority's payment of the principal of and interest on the Bond, except that the Authority shall retain certain rights under the Bond Loan Agreement as described therein. Upon that assignment, the Bank shall collect, on behalf of the Authority and the Bond Fund, the principal and interest payments received under the Loan Documents, and shall apply the same to the payment of the principal of and interest on the Bond, and the Authority shall have no obligation to make principal and interest payments on the Bond except from those payments collected by the Bank on the Authority's behalf.

The Registered Owner shall not charge the Authority, in its capacity as issuer of the Bond, and, in such capacity, the Authority shall not be obligated to pay to the Registered Owner, any fees for or costs of collection and application of principal and interest payments under the Loan Documents or the Bond, including any fees for or costs of collecting such payments or exercising the power of sale or any other power under a deed of trust, nor shall the Authority be obligated to pay for the application of such payments to the payment of principal of and interest on the Bond. If the Bond is assigned and transferred to a new Registered Owner, the security interest in the Loan Documents shall be assigned to such new Registered Owner, and such new Registered Owner shall have the rights to carry out all of the duties of the prior Registered Owner as set forth in this resolution, including the duty to collect principal and interest payments under the Loan Documents and apply the same to the payment of principal of and interest on the Bond.

The Bond shall not be a debt of the County, the State of Washington or any political subdivision thereof, and the Bond shall so state on its face. Neither the County, the State of Washington nor any political subdivision thereof shall be liable for payment of the Bond nor in

any event shall the principal of and interest on the Bond be payable out of any funds or assets of the Authority other than the Bond Fund. The Bond shall be secured solely by payments received by or on behalf of the Authority from the Borrower under the terms of the Loan Documents, and the Registered Owner shall have no recourse to any fund of the Authority other than the Bond Fund, or to any receipts, revenues or properties of the Authority other than payments under the terms of the Loan Documents. The Authority has no taxing power.

Neither the Authority nor any of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the Bond.

Section 8. Form and Execution of Bond. The Bond shall be in a form consistent with the provisions of this resolution and state law, shall bear the manual or facsimile signatures of the Chair of the Board and the Executive Director and shall be impressed with the seal of the Authority or shall bear a facsimile thereof.

Only a Bond bearing a Certificate of Authentication in the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution:

CERTIFICATE OF AUTHENTICATION

This Bond is the fully registered Housing Authority of the County of King Revenue Bond, 2015 (Ashwood Court Project), described in the Bond Resolution.

[Specimen]
Executive Director of the Authority, Bond Registrar

The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this resolution.

If any officer whose facsimile signature appears on the Bond ceases to be an officer of the Authority authorized to sign bonds before the Bond bearing his or her facsimile signature is authenticated or delivered by the Bond Registrar or issued by the Authority, the Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be binding on the Authority as though that person had continued to be an officer of the Authority authorized to sign bonds. The Bond also may be signed on behalf of the Authority by any person who, on the actual date of signing of the Bond, is an officer of the Authority authorized to sign bonds, although he or she did not hold the required office on the date of issuance of the Bond.

Neither the Commissioners of the Authority nor any person signing the Bond shall be liable personally by reason of the issuance and sale of the Bond.

Section 9. Preservation of Tax Exemption for Interest on Bond. Subject to the last paragraph of this section, the Authority covenants that it will take all actions necessary to prevent interest on the Bond from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bond or other funds of the Authority treated as proceeds of the Bond at any time during the term of the Bond which would cause interest on the Bond to be included in gross income for federal income tax purposes. The Authority also covenants that, to the extent arbitrage rebate requirements of Section 148 of the Code are applicable to the Bond, it will take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with the Bond, including the calculation and payment of any penalties that the Authority has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Bond from being included in gross income for federal income tax

purposes (but only from amounts received by the Authority from the Borrower as payments for those purposes).

The Borrower has agreed or will agree in the Loan Agreement to reimburse the Authority for all costs to the Authority of its compliance with the covenants contained in this section, and the Authority shall not be required to expend any funds, other than such reimbursement or other money received under the terms of the Loan Agreement, in so complying.

Section 10. Authorization of Documents and Execution Thereof. The Board approves the Bond Loan Agreement and the Regulatory Agreement substantially in the forms on file with the Executive Director of the Authority, with such changes as the Executive Director of the Authority shall deem necessary or appropriate. The Board authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in, the Bond, the Bond Loan Agreement, and this resolution, and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the Bond. The Board authorizes and directs the Executive Director of the Authority to execute on behalf of the Authority and to deliver the Bond Loan Agreement, the Regulatory Agreement, and such financing statements and other documents, instruments and agreements as may be necessary or desirable in connection with the issuance of the Bond or required by the Bank as a condition to purchasing the Bond. The Board further authorizes the Executive Director to do everything necessary or appropriate for the issuance, execution and delivery of the Bond to the purchaser thereof and to execute and deliver and any other documents that may be useful or necessary to ensure the proper use and application of the proceeds from the sale of the Bond and the assignment of the Loan Documents to the Bank.

Section 11. Approval of Sale of Bond to Bank. It is anticipated that the Bank will offer to purchase the Bond under the terms and conditions contained in this resolution and in the

Proposal Letter. The Board finds that such offer is in the best interest of the Authority, and therefore authorizes the Executive Director of the Authority to accept such offer on behalf of the Authority. The Bond will be delivered to the Bank with the approving legal opinion of Foster Pepper PLLC, municipal bond counsel of Seattle, Washington.

Section 12. Acting Officers Authorized. Any action required by this resolution to be taken by the Chair of the Board or Executive Director of the Authority may in the absence of such person be taken by the duly authorized acting Chair of the Board or by a Deputy Executive Director, respectively.

Section 13. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

Section 14. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED by the Board of Commissioners of the Housing Authority of the County of King at an open public meeting thereof this 15th day of December, 2014.

HOUSING AUTHORITY OF THE COUNTY OF
KING

By: _____
Chair

ATTEST:

Executive Director

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director of the Housing Authority of the County of King (the “Authority”) and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 5493 (the “Resolution”) is a true and correct copy of the resolution of the Board of Commissioners (the “Board”) of the Authority, as adopted at a meeting of the Authority held on December 15, 2014, and duly recorded in the minute books of the Authority.

2. That such meeting was duly convened and held in all respects in accordance with law, and, to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of the Authority present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of December, 2015.

Executive Director of the Authority

T A B N U M B E R

9



TO: Board of Commissioners

FROM: Megan Hyla, Director of Policy and Intergovernmental Affairs

DATE: December 10, 2014

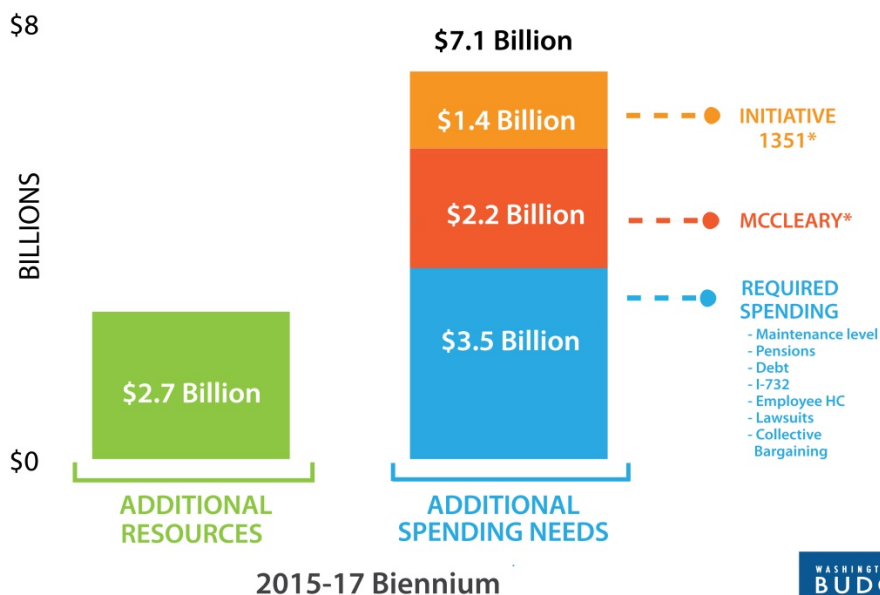
RE: **Resolution No. 5494:** Encouraging the State to Raise Revenue to Protect Affordable Housing and Human Service Programs

Resolution No. 5494 supports the efforts of the Washington Low Income Housing Alliance (WLIHA), a non-profit advocacy coalition of diverse organizations and individuals working together to build and protect safe, healthy, affordable homes for everyone across Washington State. All members of WLIHA (financial institutions, nonprofits, CDCs, local governments and public housing authorities) are being asked to pass this resolution, which will be used to demonstrate broad support for new revenue.

For the 2015-2017 biennium, the state legislature is facing particularly steep budget cuts primarily due to I-351 (the class size initiative), the state Supreme Court's McCleary Decision (mandating adequate K-12 education funding), and the shortage of psychiatric beds and treatment facilities. These factors contribute to a projected \$4.4 billion shortfall over the next biennium. Since 2009, the state has already cut over \$10 billion in affordable housing and human service programs, devastating an already weak social safety net. Without additional revenue, programs that the King County Housing Authority and other affordable housing providers rely on will be nearly impossible to fund. The projected funding shortfall is illustrated in the graph below.

FIGURE 2: RESOURCES COULD FALL \$4.4 BILLION SHORT

2015-17 Projected spending needs, McCleary investment, and I-1351 costs compared to revenue growth, Near General State Fund + Opportunity Pathways, dollars in billions



Source: Budget & Policy Center Analysis; data from ERFC, OFM, JTFF
* Assumes the legislature phases in funding based on the recommendations of the JTFF, including funding to lower class sizes in K-3, which partially overlaps with requirements of I-1351

THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION No. 5494

**ENCOURAGING THE STATE TO RAISE REVENUE TO PROTECT
AFFORDABLE HOUSING AND HUMAN SERVICE PROGRAMS**

WHEREAS, our vision is a Washington State where everyone has the opportunity to live in a safe, healthy, affordable home in a thriving community; and

WHEREAS, on any given night, more than 18,000 people are homeless in Washington State; and

WHEREAS, the Washington State Office of the Superintendent of Public Instruction reported that during the 2012 – 13 school year, 30,609 students in Washington schools were identified as homeless; and

WHEREAS, more than 165,000 extremely low-income households in Washington are spending more than half their income on housing costs alone, making it difficult to afford basic necessities like food and medicine and leaving those households very vulnerable to falling into homelessness; and

WHEREAS, there is a statewide deficit of 247,202 units that are affordable and available to households earning 30% or below of Median Family Income; and

WHEREAS, in order to afford the Fair Market Rent for a two-bedroom apartment in Washington State of \$970, a person would need to either earn \$18.65 an hour or work 80 hours per week, 52 weeks per year if earning the state minimum wage; and

WHEREAS, ending homelessness requires a significant shift in the priorities of government, which will only happen if the public demands it; and

WHEREAS, increasing access to safe, healthy, affordable housing is a key strategy for improving educational outcomes for students; and

WHEREAS, increasing access to safe, healthy, affordable housing is a key strategy for improving health outcomes throughout Washington State; and

WHEREAS, creating and preserving affordable homes near transit is a key strategy for ensuring that Washington's transit investments and growth are both equitable for communities and are successful in reducing greenhouse gas emissions and protecting the environment; and

WHEREAS, state investments in affordable housing are Washington's best tool for ensuring access to safe, healthy, and affordable housing, while additionally creating jobs and generating new state and local tax revenues; and

WHEREAS, all-cuts budgets have taken an extreme toll on families and communities by reducing and eliminating vital safety net programs; and

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

Our organization encourages the Governor and the Legislature to raise revenue so that it is possible to make needed investments in affordable housing and to rebuild investments in human services and housing options that have been lost since the beginning of the Great Recession while still meeting the state's other obligations.

ADOPTED AT A REGULAR MEETING OF THE BOARD OF THE COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING THIS 15TH DAY OF DECEMBER 2014.

**THE HOUSING AUTHORITY OF THE
COUNTY OF KING, WASHINGTON**

DOUGLAS J. BARNES, Chair
Board of Commissioners

STEPHEN NORMAN
Secretary

T A B N U M B E R

10



To: Board of Commissioners

From: Craig Violante, Director of Finance

Date: December 10, 2014

Re: New Bank Accounts

Since the last Board meeting KCHA has opened 1 new bank account.

- **Overlake TOD Limited Partnership Operating Account**

Bank: Bank of America














Purpose: Fraudulent activity was discovered in the operating account for the Overlake Tax Credit Partnership. As a result, a new operating account was opened and the prior account has been closed. A fraud claim has been issued to Bank of America who is currently conducting an investigation. The Authority is expecting a full reimbursement of the lost funds (\$10,200) and has already been reimbursed \$3,700.

The Operating Account will be used to pay operating expenses related to the property. The account will primarily receive wires from the Depository Account and issue checks.

T A B N U M B E R

King County Housing Authority Executive Dashboard

3rd Quarter Dashboard: July 1 - September 30, 2014

	actuals sept 11 - sept 14	sept 2014	target	3-yr avg	3-yr high	3-yr low
Finance						
LGIP Rate		0.10%	0.08%	0.14%	0.24%	0.09%
Non-LGIP Investment Rate		0.88%	0.65%	0.84%	1.25%	0.67%
Revenue to Budget ¹ (Budgeted \$210.1m)		100%	100%	99%	102%	93%
Expenditures to Budget ¹ (Budgeted \$187.0m)		97%	100%	97%	99%	93%
Property Management						
Public Housing Occupancy Rate (3,047 units)		98.2%	98.0%	98.5%	99.1%	97.9%
Local Program Occupancy Rate (4,893 units)		98.6%	96.5%	98.4%	100.0%	97.3%
KCHA Units Owned Online		9,007	9,007 ²	8,679	9,007	8,408
Section 8 Operations						
Utilization Rate ³ (Vouchers Leased: 9,171)		101%	103%	102%	106%	96.2%
Shopping Success Rate (New vouchers issued 2nd Q '14: 157)		96%	>85%	88%	100%	75%
Households Paying >40% Income to Rent (n = 2,527)		23%	<25%	20%	23%	18%
Exit Data						
Positive Exits		29%	>25%	34%	64%	21%
Negative Exits		33%	<20%	21%	33%	9%
Total Monthly Exits		42	–	62	113	41

● Denotes indicators of interest

¹ Not reflective of mid-year adjustments

² Projected total units by 12/31/14

³ Adjusted for 12-month incremental lease-up of new vouchers

T A B N U M B E R



To: Board of Commissioners

From: Dan Landes, Senior Development Manager

Date: December 10, 2014

Re: Vantage Point Apartments Progress Report

Delays, due to the excavation work, have added 15 days to the construction schedule, with a new completion date projected for September 30, 2015. Staff is confident that the building will be ready to meet the occupancy requirements specified in the agreements with the tax credit investor and the Washington State Housing Financing Commission, and that the remaining contingency is sufficient to complete the project on budget.

As of the end of November, construction at Vantage Point was 18% complete, and the pace has continued without delay in December. Excavation has been completed and vertical construction has begun. The slab on grade for both the north and south wings has been poured and the post-tension deck has been completed on the north wing. Framing of the first floor of the north wing began on December 8, 2014. The electrical vault has been installed and work on connecting to the sewer system is underway. The General Contractor, Walsh Construction, will be trenching for the gas, cable and phone lines in January.

To date, change orders have been executed totaling \$347,000. The majority of these changes have been related to the poor soils and the need to import better structural fill material. This was largely anticipated prior to the beginning of construction and the contingency had been increased by \$250,000 in anticipation of these conditions (the actual cost came in at just over \$300,000). Additional changes have been identified that would boost the total contingency usage to date to approximately \$580,000.

T A B N U M B E R

KCHA IN THE NEWS

Coffee shop opens its doors again

By Tim Clifford

Earlier this week Dubsea Coffee, located on 9910 8 Ave. S.W. in White Center closed their door due to a series of three break-ins in nine days. That impromptu closure ended on Friday and coffee is again grinding at the well-like neighborhood stop.

As reported by multiple news outlets this weekend the Seattle Police Department arrested a 13-year-old boy on Friday who they suspect was involved in the break-ins. Police are currently investigating how many other businesses the young man may have burglarized in the area.

This string of burglaries in the area in the last month has spurred

outrage from neighbors and businesses alike.

"We have not heard any details about that yet" said Dubsea manager Kai Braaten.

Speaking with her briefly Braaten explained that during the burglaries multiple windows were smashed and during the first two the burglar managed to make off with the cash in the till. During the second break-in the burglar actually made off with the entire safe. During the third break-in, though no money was stolen, more vandalism occurred.

Tim Clifford can be reached care of Ken Robinson at kenr@robinsonnewes.com.

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Allen's P.C.B. Est. 1888

\$13M homeless vet apartments breaking ground in Federal Way

By JOURNAL STAFF

Synergy Construction will break ground next month on a four-story, 45-unit apartment building in Federal Way for homeless veterans and veterans with families.

The \$13 million project is being co-developed by Multi-Service Center and Shelter Resources.

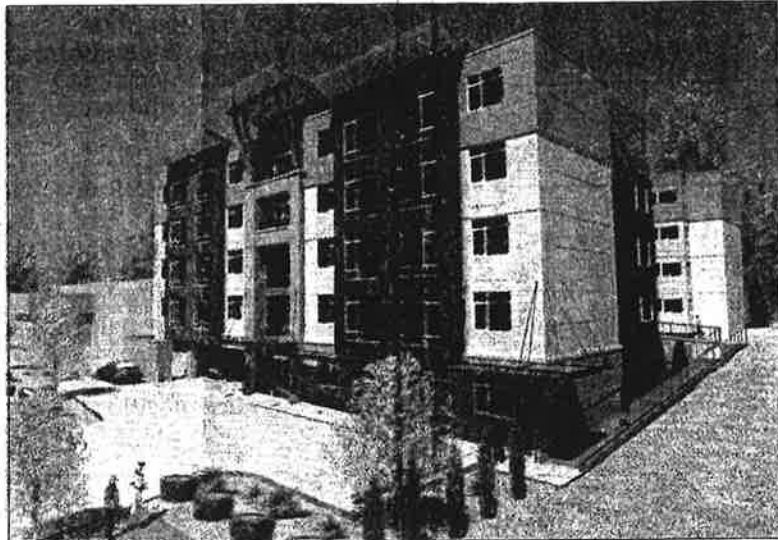
Baylis Architects is the designer.

The site is at 29404 Pacific Highway S. It will be the first supportive housing complex dedicated to homeless veterans south of Renton.

The MSC Federal Way Veterans Project will have one-, two- and three-bedroom units. The building will have a secure, staffed lobby and apartments will be fully furnished and wired for Internet.

Vets will receive an array of services linked to the Veterans Affairs Puget Sound Health Care System.

Thirty-three homeless veterans will receive rental subsidies



The \$13 million, 45-unit complex will offer supportive housing for homeless veterans and their families.

Image courtesy of King County Housing Authority

through a U.S. Department of Housing and Urban Development voucher program administered by the King County Housing Authority.

The vouchers are part of a recent award of 92 vouchers received by KCHA through the Veterans Affairs Supportive Housing program.

Rents in the units subsidized through the vouchers will be set

at around 30 percent of household income.

Funding for the apartment project comes from federal low-income housing tax credits, the King County Veterans and Human Services levy, the state Housing Trust Fund, the Federal Home Loan Bank — Seattle, and the Home Depot Foundation.

The apartments should be ready for move-in by the end of 2015.