



## MEETING OF THE BOARD OF COMMISSIONERS

**April 20, 2015 at 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. Introduction of John Welch, newly appointed KCHA Commissioner**
- III. Roll Call**
- IV. Public Comment**
- V. Approval of Minutes** **1**
  - Special Board Meeting Minutes – March 23, 2015
- VI. Approval of Agenda**
- VII. Consent Agenda**
  - A. Voucher Certification Reports for February 2015 (General and Bond Properties) **2**
- VIII. Resolutions for Discussion & Possible Action**
  - A. **Resolution No. 5501:** Authorization for the Executive Director to execute a purchase and sales agreement to sell and dispose of Property 7 (Lots 9-12 Greenbridge Division 2, Lots 3-11 Greenbridge Division 3 and Parcel Z-301 Greenbridge Division 3) **3**
  - B. **Resolution No. 5502:** A Resolution authorizing the acquisition of the Corinthian Apartments **4**

- C. **Resolution No. 5503:** A Resolution authorizing acquisition of the Villages at South Station 5
- D. **Resolution No. 5504:** Authorization for the Executive Director to establish a \$50,000,000 Line of Credit with KeyBank for general development purposes and related actions including the issuance of the Authority's Revolving Line of Credit Revenue Notes, 2015; authorizing the execution and delivery of the notes and related documents; creating a note fund; and approving the sale of the notes to KeyBank National Association 6

**IX. Executive Session**

- A. To review the performance of a public employee (RCW 42.03.110 (1) (g))

**X. Briefings & Reports**

- A. 2014 Investment Recap 7
- B. New Bank Accounts 8
- C. 2014 Procurement Report (4<sup>th</sup> Quarter) 9
- D. Executive Dashboard Report (4<sup>th</sup> Quarter) 10

**XI. Executive Director's Report**

**XII. KCHA in the News** 11

**XIII. Commissioner Comments**

**XIV. 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.

\*\*\*\*REVISED April 17, 2015\*\*\*\*

Next Board Meeting:

Monday, May 18, 2015

# 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**

**Tuesday, March 23, 2015**

**I. CALL TO ORDER**

The special meeting of the Board of Commissioners of the King County Housing Authority was held on Monday, March 23, 2015, 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 8:30 a.m.

**II. ROLL CALL**

**Present:** Commissioner Doug Barnes (Chair), Commissioner Terry Lynn Stewart, Commissioner Michael Brown and Commissioner Susan Palmer

**Staff:** Stephen Norman (Secretary), Bill Cook, Jeb Best, Connie Davis, John Eliason, Kathryn Escudero, Sean Heron, Donna Kimbrough, Dan Landes, Heath MacCoy, Judi Jones, Jessica Olives, Nikki Parrott, Beth Pearson, Matt Peterson, Jennifer Ramirez Robson, Rhonda Rosenberg, Mike Reilly, Craig Violante, Tim Walter, Hugh Watkinson, Dan Watson, Kristin Winkel, and Wen Xu

**III. PUBLIC COMMENT**

None.

**IV. APPROVAL OF MINUTES**

On motion by Commissioner Brown, seconded by Commissioner Stewart, and abstention by Commissioner Palmer, the Board approved the minutes from the Board of Commissioner's meeting of January 20, 2015.

**V. APPROVAL OF AGENDA**

On motion by Commissioner Brown, seconded by Commissioner Stewart, the Board approved the March 23, 2015 Board of Commissioners' agenda.

**VI. CONSENT AGENDA**

- A. Voucher Certification Report for December 2014 & January 2015 (General and Bond Properties)

## **December 2014**

### **GENERAL PROPERTIES**

Bank Wires / ACH Withdrawals	3,647,593.84
<i>Subtotal</i>	<b><i>3,647,593.84</i></b>
Accounts Payable Vouchers	
Checks - #245644-#246256	4,909,210.03
<i>Subtotal</i>	<b><i>4,909,210.03</i></b>
Payroll Vouchers	
Checks - #83597-#83629	40,323.92
Direct Deposit	1,234,161.56
<i>Subtotal</i>	<b><i>1,274,485.48</i></b>
Section 8 Program Vouchers	
Checks - #607610-#608010 *	227,557.07
ACH - #295535-#298729	9,377,234.28
<i>Subtotal</i>	<b><i>9,604,791.35</i></b>
Purchase Card / ACH Withdrawal	183,181.37
<i>Subtotal</i>	<b><i>183,181.37</i></b>
<b>GRAND TOTAL</b>	<b><i>19,619,262.07</i></b>

\* Check #607609 was not issued

### **BOND PROPERTIES**

Bond Properties Total (30 different properties)	<b>7,222,788.52</b>
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## **January 2015**

### **GENERAL PROPERTIES**

Bank Wires / ACH Withdrawals	2,977,105.28
<i>Subtotal</i>	<b><i>2,977,105.28</i></b>
Accounts Payable Vouchers	
Checks - #246257 - #246871	4,810,043.59
<i>Subtotal</i>	<b><i>4,810,043.59</i></b>
Payroll Vouchers	
Checks - #83630 - #83681	63,285.46
Direct Deposit	1,867,602.00
<i>Subtotal</i>	<b><i>1,930,887.46</i></b>
Section 8 Program Vouchers	
Checks - #608011-#608409	63,285.46
ACH - #298730-#301846	9,375,163.06
<i>Subtotal</i>	<b><i>9,615,519.34</i></b>
Purchase Card / ACH Withdrawal	158,341.95
<i>Subtotal</i>	<b><i>158,341.95</i></b>
<b>GRAND TOTAL</b>	<b><i>19,491,897.62</i></b>

**BOND PROPERTIES**

Bond Properties Total (30 different properties) **2,175,535.12**

**B. Fourth Quarter 2014 Summary Write-Offs**

Connie Davis, Deputy Executive Director, briefed the Board on the Summary Write-Off report for the 4<sup>th</sup> quarter of 2014.

On motion by Commissioner Palmer, seconded by Commissioner Brown, the Board approved the Consent items.

**VII. RESOLUTIONS FOR DISCUSSION AND POSSIBLE ACTION**

**A. Resolution No. 5499: A Resolution of the Housing Authority fo the County of King authorizing an Interagency Agreement with the Washington State Department of Enterprise Services to renew and review possible expansion of an Energy Performance Contract**

Connie Davis, Deputy Executive Director, briefed the Board on Resolution No. 5499 and explained that the Energy Performance Contract is a Housing and Urban Development designed incentive program. Ms. Davis mentioned that the approval of Resolution No. 5499 would permit KCHA to enter into an Interagency Agreement with the Washington State Department of Enterprise Services to allow the utilization of Johnson Controls for the Performance Contract. Ms. Davis stated that this process would save significant administrative time in the procuring and contracting process.

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

On motion by Commissioner Brown, seconded by Commissioner Stewart, the Board approved Resolution No. 5499.

**VIII. BRIEFINGS & REPORTS**

**A. Section 8 Waitlist Briefing**

Kristin Winkel, Director of Leased Housing Programs and Jeb Best, Director of Housing Choice Vouchers, provided a brief update on the opening and closing of the Section 8 waitlist. Mr. Best described the preparation involved of the opening of the waitlist in comparison to previous years. Ms. Winkel mentioned that the Housing Authority received 21,991 applications in the two week period and provided details on family/household demographics as well as an overview of the online application process.

**B. 2014 Moving to Work Report**

Kathryn Escudero, Moving to Work Policy Analyst, briefed the board on KCHA's 2014 Moving to Work (MTW) Report. Ms. Escudero summarized key highlights from the report including significant Agency achievements.

C. Vantage Point Progress Briefing

Dan Landes, Senior Development Manager provided a brief presentation on the construction status of the Vantage Point project including updates on the project schedule as well as the status of approved and anticipated construction change orders.

D. Fourth Quarter Financial Report

Craig Violante, Director of Finance, provided a brief overview of the Financial Report for the fourth quarter of 2014. Mr. Violante mentioned that KCHA met or exceeded budget projections for the year.

E. New Bank Accounts

Craig Violante, Director of Finance reported that KCHA opened four new bank accounts in relation to the expected acquisition of Somerset Gardens East and West.

F. Fourth Quarter CY 2014 Procurement Report

This item was deferred to the April 2015 Board meeting.

G. Capital Plan Budget Report

Dan Watson, Deputy Executive Director, briefly reported on the 2014 Year End Capital Expenditure Report and 2015 Budget. Nikki Parrott, Director of Capital Construction and Weatherization discussed construction project activities, foreseeable trends for 2014 and internal department changes. John Eliason, Director of Development Hope VI provided a briefing including planned commercial space tenant improvements. Hugh Watkinson, Senior Construction Project Manager provided an update on capital upgrades in the Department of Asset Management. Matt Peterson, Maintenance Manager discussed the unit upgrade work completed in 2014 and the progress towards developing an apprenticeship training program for Unit Upgrade Program.

H. Fourth Quarter Executive Dashboard Report

This item was deferred to the April 2015 Board meeting.

**IX. EXECUTIVE DIRECTOR'S REPORT**

Executive Director, Stephen Norman, mentioned that the Housing and Urban Development (HUD) 2015 budget and a status update on the MTW contract extensions will be discussed with the Board in preparation for the planned legislative visit to Washington D.C in April. Mr. Norman also provided an update on the state budget process and funding for the Vantage Point project.

**X. KCHA in the News**

None.

## **XI. EXECUTIVE SESSION**

Chair Barnes called for an Executive Session at 10:07 a.m.

- A. To consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increase price (RCW 42.30.110 (1) (b))
- B. To review the performance of a public employee (RCW 42.30.110 (1) (g))

Chair Barnes reconvened the meeting at 10:25 a.m.

## **XII. COMMISSIONER COMMENTS**

Doug Barnes commended staff and thanked them for the reports/brief provided.

## **XIII. ADJOURNMENT**

On motion by Commissioner Brown, seconded by Commissioner Stewart, the Board adjourned the meeting at 10:35 a.m.

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

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**DOUGLAS J. BARNES**, Chair  
Board of Commissioners

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**STEPHEN J. NORMAN**  
Secretary



# T A B N U M B E R

2

**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 FEBRUARY 2015

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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  
March 30, 2015

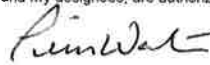
Bank Wires / ACH Withdrawals		4,098,776.82
	<i>Subtotal</i>	<b>4,098,776.82</b>
Accounts Payable Vouchers		
Checks - #246872-#247370		3,445,627.55
	<i>Subtotal</i>	<b>3,445,627.55</b>
Payroll Vouchers		
Checks - #83682-#83718		44,167.67
Direct Deposit		1,219,294.65
	<i>Subtotal</i>	<b>1,263,462.32</b>
Section 8 Program Vouchers		
Checks - #608410-#608811		277,201.01
ACH - #301847-#304996		9,485,733.01
	<i>Subtotal</i>	<b>9,762,934.02</b>
Purchase Card / ACH Withdrawal		188,468.54
	<i>Subtotal</i>	<b>188,468.54</b>
	<b>GRAND TOTAL</b>	<b>18,759,269.25</b>

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

FROM: Wen Xu

SUBJECT: VOUCHER CERTIFICATION FOR FEBRUARY 2015

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.



Tim Walter  
Director, Managed Assets  
April 14, 2015

Property Feb-15	Wires to Operating Account for Expenses of Property	Notes:
Date	\$	Claim
<b>Bellepark East</b>	2/5/2015	\$17,472.99 A/P & Payroll
	2/9/2015	\$200,000.00 Excess Cash to KCHA
	2/12/2015	\$13,770.02 A/P
	2/19/2015	\$5,389.48 A/P & Payroll
	2/26/2015	\$13,436.91 A/P
<b>Colonial Gardens</b>	2/5/2015	\$22,072.29 A/P & Payroll
	2/9/2015	\$75,000.00 Excess Cash to KCHA
	2/12/2015	\$8,790.96 A/P
	2/19/2015	\$17,249.16 A/P & Payroll
	2/26/2015	\$6,438.54 A/P
<b>Cottonwood</b>	2/5/2015	\$9,901.26 A/P & Payroll
	2/9/2015	\$20,000.00 Excess Cash to KCHA
	2/12/2015	\$8,382.45 A/P
	2/19/2015	\$7,456.48 A/P & Payroll
	2/26/2015	\$1,560.64 A/P
<b>Cove East</b>	2/5/2015	\$19,170.56 A/P & Payroll
	2/9/2015	\$100,000.00 Excess Cash to KCHA
	2/12/2015	\$18,556.98 A/P
	2/19/2015	\$29,622.17 A/P & Payroll
	2/26/2015	\$16,862.26 A/P
<b>Landmark</b>	2/5/2015	\$43,875.69 A/P & Payroll
	2/9/2015	\$200,000.00 Excess Cash to KCHA
	2/12/2015	\$11,518.85 A/P
	2/19/2015	\$12,966.22 A/P & Payroll
	2/26/2015	\$12,114.41 A/P
<b>Timberwood</b>	2/5/2015	\$88,336.95 A/P & Payroll
	2/9/2015	\$150,000.00 Excess Cash to KCHA
	2/12/2015	\$23,209.41 A/P
	2/19/2015	\$26,603.23 A/P & Payroll
	2/26/2015	\$18,799.92 A/P
<b>Woodland North</b>	2/5/2015	\$25,242.23 A/P & Payroll
	2/9/2015	\$75,000.00 Excess Cash to KCHA
	2/12/2015	\$77,631.13 A/P
	2/19/2015	\$52,089.63 A/P & Payroll
	2/26/2015	\$951.00 A/P
<b>Woodside East</b>	2/5/2015	\$30,907.08 A/P & Payroll
	2/9/2015	\$200,000.00 Excess Cash to KCHA
	2/19/2015	\$35,291.37 A/P
	2/26/2015	\$25,391.17 A/P & Payroll
<b>Alpine Ridge</b>	2/9/2015	\$100,000.00 Excess Cash to KCHA
	2/12/2015	\$6,658.73 A/P & Payroll
	2/26/2015	\$12,352.81 A/P & Payroll
<b>Aspen Ridge</b>	2/9/2015	\$100,000.00 Excess Cash to KCHA
	2/12/2015	\$7,065.28 A/P & Payroll
	2/26/2015	\$14,691.31 A/P & Payroll
<b>Auburn Square</b>	2/9/2015	\$100,000.00 Excess Cash to KCHA
	2/12/2015	\$89,700.57 A/P & Payroll
	2/26/2015	\$25,510.60 A/P & Payroll
<b>Carriage House</b>	2/9/2015	\$150,000.00 Excess Cash to KCHA
	2/12/2015	\$27,658.97 A/P & Payroll
	2/26/2015	\$25,930.06 A/P & Payroll
<b>Cascadian</b>	2/9/2015	\$210,000.00 Excess Cash to KCHA
	2/12/2015	\$117,117.68 A/P & Payroll
	2/26/2015	\$52,417.06 A/P & Payroll
<b>Fairwood</b>	2/9/2015	\$300,000.00 Excess Cash to KCHA
	2/9/2015	\$40,000.00 Excess Cash to KCHA
	2/12/2015	\$34,206.36 A/P & Payroll
	2/26/2015	\$31,747.11 A/P & Payroll
<b>Heritage Park</b>	2/9/2015	\$235,000.00 Excess Cash to KCHA
	2/12/2015	\$20,905.76 A/P & Payroll
	2/26/2015	\$14,006.40 A/P & Payroll
<b>Laurelwood</b>	2/12/2015	\$17,915.17 A/P & Payroll
	2/26/2015	\$34,072.29 A/P & Payroll
<b>Meadows</b>	2/5/2015	\$ 11,379.56 A/P
	2/12/2015	\$ 12,681.26 A/P & Payroll
	2/26/2015	\$ 15,816.89 A/P & Payroll
<b>Newporter</b>	2/9/2015	\$100,000.00 Excess Cash to KCHA
	2/12/2015	\$289,643.68 A/P & Payroll
	2/26/2015	\$33,134.80 A/P & Payroll
<b>Parkwood</b>	2/9/2015	\$100,000.00 Excess Cash to KCHA
	2/12/2015	\$36,625.67 A/P & Payroll
	2/26/2015	\$26,765.33 A/P & Payroll
<b>Walnut Park</b>	2/9/2015	\$200,000.00 Excess Cash to KCHA
	2/12/2015	\$25,695.86 A/P & Payroll
	2/26/2015	\$30,845.50 A/P & Payroll
<b>Windsor Heights</b>	2/5/2015	\$60,047.50 Debt Service
	2/9/2015	\$50,000.00 Excess Cash to KCHA
	2/12/2015	\$68,760.41 A/P & Payroll

	2/26/2015	\$63,717.44	A/P & Payroll	
Woodridge Park	2/9/2015	\$210,000.00	Excess Cash to KCHA	
	2/12/2015	\$113,929.10	A/P & Payroll	
	2/26/2015	\$51,701.28	A/P & Payroll	
Meadowbrook	2/12/2015	\$22,420.06	A/P	
	2/26/2015	\$24,117.38	A/P	
Bellevue Manor	2/12/2015	\$17,191.28	A/P	
	2/26/2015	\$3,055.17	A/P	
Charter House	2/12/2015	\$6,958.51	A/P	
	2/26/2015	\$10,919.09	A/P	
Northwood Square	2/12/2015	\$10,374.82	A/P	
	2/26/2015	\$4,641.72	A/P	
Patricia Harris	2/12/2015	\$13,296.68	A/P	
	2/26/2015	\$11,895.72	A/P	
Vashon Terrace	2/12/2015	\$1,795.54	A/P	
	2/26/2015	\$1,883.87	A/P	
Rainier View I	2/10/2015	\$15,555.47	A/P	
	2/19/2015	\$12,449.69	A/P	
	2/26/2015	\$1,681.95	A/P	
Rainier View II	2/10/2015	\$10,968.38	A/P	
	2/19/2015	\$7,285.12	A/P	
	2/26/2015	\$780.34	A/P	
St View	2/10/2015	\$2,821.44	A/P	
	2/19/2015	\$9,642.58	A/P	
	2/26/2015	\$1,281.75	A/P	
Gilman Square	2/10/2015	\$5,078.63	Payroll	
	2/12/2015	\$15,822.06	A/P	
	2/24/2015	\$4,915.00	Payroll	
	2/26/2015	\$51,157.29	A/P	
Portfolio Total:		\$5,256,751.42		

# T A B N U M B E R

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**TO:** Board of Commissioners

**From:** John Eliason, Development Director

**Date** April 15, 2015

**Re:** **Resolution No. 5501: Authorization for the Executive Director to execute a purchase and sales agreement to sell and dispose of Property 7 (Lots 9-12 Greenbridge Division 2, Lots 3-11 Greenbridge Division 3 and Parcel Z-301 Greenbridge Division 3)**

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### **Executive Summary**

Resolution No. 5501 authorizes the Executive Director to enter into a purchase and sale agreement and to sell and dispose of Greenbridge Property 7 to BDR Homes LLC (BDR) for a purchase price of \$2,110,000. BDR plans to provide homeownership opportunities at Property 7 including 13 detached single family homes and 22 attached townhomes. The resolution authorizes the sale of this land to BDR on substantially the same terms outlined in a non-binding Letter of Intent (LOI) dated March 24, 2015 (attached). The resolution also allows the Executive Director to adjust the purchase price up to 10% to account for any unknown issues found during the feasibility period that could adversely affect the value of the property. The proposed sale is consistent with Resolution No. 4099, which was passed by the Board of Commissioners on April 11, 2005, authorizing the disposition and sale of all vacant land at Greenbridge.

### **Greenbridge Property 7 Background**

Property 7 includes Lots 9-12 Greenbridge Division 2, Lots 3-11 Greenbridge Division 3 and Parcel Z-301 Greenbridge Division 3. The 2.39-acre property consists of 13 finished lots and a bulk parcel. A plan with the location of the property is also attached. The property is located across the street from the Greenbridge Educare Center. The finished lots are located along 6<sup>th</sup> Ave SW and 6<sup>th</sup> Place SW. The bulk parcel is located adjacent to the SW 100<sup>th</sup> Street swale and trail. KCHA decided to offer this property earlier than originally planned in order to insure a continuous pipeline of home sales at Greenbridge. Once BDR waives feasibility, construction could start on some of the finished lots in Property 7 later this year while BDR continues to study the remaining bulk parcel.

### **Disposition Process**

In February of 2015, KCHA offered Property 7 to 25 of the top builders in the region. The offering document was also available on the KCHA web site. The due date for receipt of offers was set for March 19, 2015. Offers were received from BDR and Azure Northwest. KCHA staff reviewed the offers and recommends the BDR proposal. The BDR offer had the best price and proposes a single closing with a feasibility period of 45 days.

### **Profit Participation**

KCHA and BDR will enter into a profit participation agreement that is important in the event land and home values escalate after execution of the Purchase and Sale Agreement or market experience demonstrates higher values than the agreement anticipates. For all lots sold, BDR will pay KCHA 40% of the difference between the adjusted base price and the base price of the actual sale. If the properties sell at or below the base prices there will be no participation. The profit participation payment based on this formula will be paid at closing of each for sale home.

### **BDR Proposal**

BDR plans to permit and build an alley in the bulk parcel which will provide access to 22 attached alley loaded homes fronting the swale and trail on SW 100<sup>th</sup> Street. The alley will also provide access to 5 of the finished lots for construction of 5 alley loaded detached single family homes. The remainder of the finished lots will allow for construction of 8 single family front loaded detached homes. The purchase price of \$2,110,000 is broken down into 5 alley loaded finished lots at \$82,000 each for a total of \$410,000, 8 front loaded finished lots at \$87,500 for a total of \$700,000, and a bulk parcel with alley construction and 22 multifamily alley loaded homes for \$1,000,000.

The Azure Northwest proposal included 10 single family alley loaded homes on the alley facing the swale and trail on SW 100<sup>th</sup> Street. They included the same proposal for the 13 finished lots as did BDR. During a discussion with the principal of Azure Northwest, they confirmed that the company is specializing in single family homes and does not currently have a multifamily product line.

### **Property 7 Complexity**

BDR will need to permit, construct and plat the planned alley in the bulk parcel using the Greenbridge subdivision entitlement. BDR will need to make a significant upfront capital investment to pay for the engineering, construction and surveying needed to build and plat the alley. This is the most complex site development work that a builder has undertaken so far at either Greenbridge or Seola Gardens. The private alley will also contain utilities such as communications, power, water, sewer and storm drainage and separate developer extension agreements with the various utility providers will be needed for each.

### **Property 7 Independent Appraisal**

The company Kidder Mathews appraised the fair market value of this property for \$1,650,000 on March 23, 2015. The BDR offer is higher than the appraised value.

### **Risks**

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

**Market Risk:** A risk is the homes don't sell, sell more slowly than predicted, or sell at much lower prices than anticipated. This will result in potential revenue loss to BDR and indicate to other potential homebuilders, that the market for new homes in White Center is limited, which may delay further sales or depress prices.

This risk is mitigated by working with a strong, reputable, well financed, homebuilder who will build affordable homes priced appropriately for this market and conduct a strong marketing campaign. BDR shows in their proposal that preliminary pricing will range from \$299,000 to \$469,000. Staff believes the base prices at which the homes will be offered are reasonable and affordable. KCHA is selling the lots to BDR for between 18% and 20% of the estimated value of the homes of the finished lots. If the market rises, there is a provision for profit sharing. Finally, BDR will continue to test the market and continue to escalate pricing of the homes if possible. If the homes don't sell at the pace expected, BDR is likely to hold or reduce their pricing.

**Performance Risk:** Another related risk is that due to weak or deteriorating market conditions or higher than anticipated land development costs BDR fails either to waive contingencies or to close on the purchase. Failure to waive contingencies imposes no financial risk to KCHA other than potentially delaying land sales at Greenbridge. The risk that BDR fails to close after waiving contingencies is mitigated by a substantial earnest money deposit of \$100,000 and the potential to negotiate and sell to the second offering builder if they cannot close.

**Builder Capability Risk:** Property 7 requires BDR to permit, build and plat an alley that will contain utilities including communications, power, water and sewer. The risk is that the development could be slowed or stopped due to unanticipated costs or delays in obtaining needed permits and developer extension agreements. BDR may not want to invest all of the capital needed for land development and decide not to waive feasibility. This risk is mitigated by the familiarity that KCHA and BDR have with the site and the Greenbridge Master Plat. BDR has shown that they can permit and build an alley at Greenbridge in their first BDR-W8 project at Greenbridge. BDR has also shown that they can submit a plat to create 26 multifamily lots at their Property 3 Phase 1 project at Greenbridge. BDR has experienced development and entitlement staff that has demonstrated the ability to move complex development projects forward using the Greenbridge project entitlement subdivision approvals.



Another risk related to the builder's capability is that with the approval of Property 7, BDR will be in control of all of the property offered for home sales at Greenbridge. BDR is currently working on building and selling the remaining 24 homes in the W-7 and W-8 blocks at Greenbridge. BDR is processing the final plat to create 24 attached multifamily lots at Property 3 phase 1. They are also working on the feasibility study for the remainder of property 3 which is expected to have approximately 65 finished single family lots. BDR is dependent on outside investors and lenders to fund both their land development and home construction operations.

If BDR were to experience a slowdown in sales, downward pressure on sales prices, increases in construction costs or loss of investor confidence, they may be unable to proceed with the scheduled build-out of homes at Greenbridge. This risk of substantial schedule slippage is mitigated by a strong local for-sale housing market, BDR's development experience, and their commitment to add company resources to their sale efforts at Greenbridge. KCHA staff will monitor the progress of each of BDR's projects and look to add additional builders at Greenbridge in future property offers.

Passage of the resolution is recommended.



March 24, 2015

John Eliason, Development Director  
King County Housing Authority  
600 Andover Park West  
Tukwila, WA 98188

RE: Greenbridge Property Offering Letter of Intent

Dear Mr. Eliason:

This non-binding Letter of Intent sets forth the general terms and conditions which **BDR HOMES LLC AND/OR ASSIGNS** ("Purchaser") desires to enter into a binding Purchase and Sale Agreement ("REPSA") and related documents with the **KING COUNTY HOUSING AUTHORITY** ("KCHA") for the described property in the Greenbridge Master Planned Community:

<b>1 Property</b>	Lots 9-12 Greenbridge Division 2, Lots 3-11 Greenbridge Division 3. Lot Z-301 Greenbridge Division 3.				
<b>2 Proposed Development</b>	Attached and/or Detached homes ranging in square footage from 1,200 sq. ft. to 2,400 sq. ft.				
<b>3 Purchase Price</b>	Five alley loaded lots for a total of \$410,000 and eight front loaded lots for a total of \$700,000, for a total purchase price of \$1,110,000. 1.29 acre bulk parcel at \$1,000,000 for attached or detached home development.				
<b>4 Earnest Money</b>	\$100,000 promissory note held in escrow and converted to cash upon waiver of feasibility.				
<b>5 Feasibility Period</b>	45 days from date of mutual acceptance of the REPSA.				
<b>6 Closing Date</b>	Closing to occur on all property 60 days after waiver of Feasibility.				
<b>7 Title/Escrow</b>	Chicago Title Insurance Company				
<b>8 Profit Participation</b>	Purchaser agrees to profit participation on the sale of homes on purchased lots. KCHA shall be entitled to 40% of the difference between the listed price for profit participation below and the price at the time of the sale.				
	Home Type (Sq Ft)	Base Home Sales Price	Lot Premium	Inflation Buffer	Total Base Price for Profit Participation Calculation
	SAMPLE	\$325,000	\$500	\$2,500	\$328,000

**9 Additional  
Terms**

**Design Guidelines:** All of Purchaser's building plans, landscaping and improvements must be approved by KCHA based on the Greenbridge Design Guidelines. Purchaser must identify any Greenbridge Design Guidelines for which it requests a waiver or modification prior to waiver of feasibility.

**Owner-Occupancy Requirement:** Purchaser may not lease or rent units and shall sell finished housing units only to parties who agree, as consideration for their purchase of a housing unit, to occupy the housing unit for a minimum of eighteen months, unless such requirement is waived in writing by KCHA. The procedures for compliance with this requirement shall be set forth in the REPSA.

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

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

**Damage Deposit:** Purchaser shall post a damage deposit in the amount of \$10,000. The cash deposit will be placed in escrow at closing. The damage deposit will cover damage to KCHA constructed improvements in Greenbridge.

**Lot Repurchase:** Lots purchased by Purchaser shall have a resale restriction. Purchaser shall give KCHA first opportunity to repurchase lots at the original Purchase Price, or upon KCHA election not to repurchase, the lots may be sold to another KCHA approved builder and any net proceeds from such approved sale above the lot price Purchase paid KCHA shall be shared 50% to Purchaser 50% with KCHA.

This Letter of Intent is not binding on either party and merely identifies the basic terms and conditions of a proposed Purchase and Sale Agreement between the parties. Until such time as a Purchase and Sale Agreement is executed by the parties, the parties agree that KCHA has no obligation to sell and Purchaser has no obligation to buy the Property.

The parties agree to negotiate, in good faith, with the goal of reaching agreement on a Purchase and Sale Agreement, to be executed no later than 60 days after this letter is signed. Once this letter is fully signed, KCHA will direct its legal counsel to prepare a draft Purchase and Sale Agreement. Purchaser acknowledges that final approval of a Purchase and Sale Agreement requires approval of KCHA's Board of Commissioners. KCHA will endeavor to obtain such approval as promptly as possible.

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

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

**PURCHASER**

**BDR HOMES LLC**

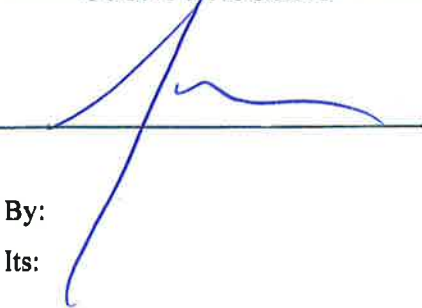
A handwritten signature in blue ink, appearing to read "Todd Bennett", is written over a horizontal line.

By: Todd Bennett

Its: Manager

**AGREED AND ACCEPTED:**

**KING COUNTY HOUSING AUTHORITY**

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By:

Its:





**2015 Offering - Property 7**

**THE HOUSING AUTHORITY OF THE COUNTY OF KING**

**RESOLUTION NO. 5501**

**AUTHORIZATION FOR THE EXECUTIVE DIRECTOR TO EXECUTE A  
PURCHASE AND SALES AGREEMENT TO SELL AND DISPOSE OF  
PROPERTY 7 (LOTS 9-12 GREENBRIDGE DIVISION 2, LOTS 3-11  
GREENBRIDGE DIVISION 3 AND PARCEL Z-301 GREENBRIDGE  
DIVISION 3)**

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

**WHEREAS**, KCHA has platted, and has provided utilities to Greenbridge for sale lots and for sale parcels; and,

**WHEREAS**, KCHA marketed a certain portion of the project known as Property 7 Lots 9-12 Greenbridge Division 2, Lots 3-11 Greenbridge Division 3 and Parcel Z-301 Greenbridge Division 3 (herein referred to as “the Property”) through an open public offering to developers and builders; and,

**WHEREAS**, BDR Homes LLC, a Bellevue based company who has a successful record of developing and building communities for ownership in the Puget Sound region, provided the highest and best offer to purchase the Property; and,

**WHEREAS**, KCHA has entered into a non-binding letter of intent with BDR Homes LLC, dated March 24, 2015 (herein referred to as “the LOI”) outlining the major terms of a sale of the Property; and,

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

1. The Executive Director, or his designee, is granted the authority to negotiate and execute a purchase and sale agreement to sell and dispose of the Property to BDR Homes LLC or an affiliate thereof on substantially the same terms as set forth in the LOI, provided the purchase and sale agreement does not include terms that would materially interfere with KCHA's objectives for homeownership as set forth in the HOPE VI Revitalization Plan or its amendments. The Executive Director, or his designee, is further authorized to adjust the price up to 10% for any unknown conditions identified during the feasibility period.

**ADOPTED AT A MEETING OF THE BOARD OF COMMISSIONERS OF  
THE HOUSING AUTHORITY OF THE COUNTY OF KING THIS 20TH DAY  
OF APRIL, 2015.**

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

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**DOUGLAS J. BARNES**, Chair  
Board of Commissioners

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**STEPHEN NORMAN**  
Secretary

# T A B N U M B E R





**TO:** Board of Commissioners

**From:** Tim Walter, Sr. Director of Development & Asset Management

**Date** April 15, 2015

**Re:** **Resolution No. 5502: Authorizing the Acquisition of the Corinthian Apartments**

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During the October 2014 Board Retreat, the Board discussed in detail short-term and long-term strategies for real estate acquisitions. The Board emphasized that access to public transportation should be an over-arching consideration in reviewing all real estate acquisition and development opportunities, noting that nearby public transportation insures that seniors and low-income residents have reliable access to services, employment, shopping, school, cultural and other activities. The Board further identified land banking and partnering with private sector developers along planned mass transit corridors as key priorities. These policy approaches support the regional consensus regarding preservation and development of affordable housing opportunities along these emerging mass transit corridors.

KCHA has identified two Transit Oriented Development ("TOD") acquisition opportunities very close to the Tukwila light rail station. These potential acquisition sites will be discussed separately in this and the following memorandum and project description. The first property is the Corinthian Apartments, located on S 154<sup>th</sup> St. in Seatac less than .2 miles directly west of the rail station across International Boulevard.

The property was built in 1968 and consists of 14 studios, 55 one-bedroom units, 14 two-bedroom on-bath units and 12 two-bedroom two and one-half bath units. There are 95 total units. The parcel is 2.5 acres and the units are housed in five three story buildings. The common areas include a cabana, interior courtyard and a swimming pool. The units are average size ranging from 530 square feet (studios) to 1,000 square feet (two bedroom one and one-half bath units). The negotiated sales price is \$10,250,000 (\$107,895/unit).

KCHA proposes acquiring the Corinthian and converting the property to a 4% Low-Income Housing Tax Credit (LIHTC) development. The age of the property makes it an excellent candidate for moderate rehabilitation with the tax credit equity off-setting a portion of the purchase price and the cost of repairs and other needed improvements. The existing rents at the property and modest amenities have attracted a demographic that is generally consistent with the income targeting (60% of the area median income and below) for the 4% tax credit program. The property is also located in a Qualified Census Tract which provides the project with an additional 30% increase (basis boost) in the amount of tax credits available to the ownership. Staff estimates that the tax credits generated by the overall acquisition and rehabilitation costs will leverage approximately \$6,000,000 in investor equity.

The rents at the property are currently affordable to households between 45% - 55% of the area median income. These rents are \$250 - \$400 below rents at newer neighboring properties in the immediate vicinity, where rental costs have increased in some cases by more than 20% within the last 2 years. Transferring the Corinthian Apartments to Housing Authority control and financing the acquisition/rehab through the LIHTC financing program will enable us to ensure that these units remain viable and affordable over the long term for households at or below 60% of the area median income in a neighborhood in which we project continued rapid escalation of rental costs.

The Corinthian Apartments are within 1,000 feet of the Tukwila light rail station and in the heart of a public mass transportation corridor which has been identified by the Board as strategic short-term and long-term acquisition priority. KCHA is also a signatory to the Puget Sound Regional Council's Growing Transit Communities Compact that specifically calls for the provision of housing choices affordable to a full range of incomes near high-capacity transit including the use of a "full range of housing preservation tools to maintain the existing level of affordable housing within each transit community." Also, as an existing multifamily apartment complex, the acquisition/rehab cost is significantly less than the cost of acquiring property in the same locale, demolishing existing uses, and constructing new apartments. A description of the proposed financing is provided in the Project Profile.

Staff believes the Corinthian Apartments are an important acquisition opportunity given its location, current general demographic (lower income residents), our ability to preserve the existing affordable rents at the property and the project's eligibility for the 4% LIHTC program with an additional 30% basis boost given the property's location within a Qualified Census Tract. Additional project specific information is provided in the attached Project Profile.

# **Corinthian Apartments Project Profile**

The Corinthian Apartments are located in SeaTac approximately 1000 feet due west of the Tukwila light rail station. Built in 1968, the Corinthian Apartments provides 95 units in 4 three-story buildings, consisting of 14 studio, 55 one bedroom and 26 two bedroom apartment homes. The property is an excellent Low Income Housing Tax Credit acquisition/rehab development opportunity targeting affordable housing for low-income households at or below 60% of the area median income who would benefit from easy access to public light rail and bus transportation.

## **Purchase Status**

KCHA has entered into a purchase and sale agreement for the Corinthian Apartments with the current owner. The proposed terms of a purchase and sale agreement provide for a 30-day due diligence inspection window for KCHA to complete its review of the title, physical condition and overall feasibility of the project. The inspection and feasibility contingency expires on May 6, 2015. The purchase price is \$10,250,000 (\$107,895/unit).

Subject to approval of the acquisition by the Board of Commissioners and the satisfaction of the Executive Director with the results of KCHA's due diligence review, the sale would close on 6/1/15. KCHA also has the ability to extend the closing date from 6/1/15 to 6/30/15 by increasing the earnest money deposit from \$250,000 to \$350,000.

## **Due Diligence Status**

KCHA has ordered an appraisal, capital needs assessment, Phase I Environmental assessment and a survey from third party consultants. The due diligence inspection reports are expected to be completed and received by 4/30/15. Based on initial property inspections and assessments by KCHA staff, the property appears to be in average to above average condition but there are some immediate items needing repairs and/or replacements which are discussed below.

The property is owned by a subsidiary of Kauri Investments and is currently managed by Greystar Management Services.

## **Property Description & Building Condition**

The Corinthian Apartments is a multifamily development located at 3039 S. 154<sup>th</sup> Street in SeaTac. The property consists of two irregularly-shaped parcels totaling 2.45 acres. It is developed for multifamily residential use consistent with its Urban High-High Density zoning.

The development includes 4 three-story residential buildings with 69,511 rentable square feet, a one-story clubhouse/leasing office, an outdoor swimming pool, a sport court and landscaped areas. There are 30 covered and 95 surface parking spaces (1.32 spaces/unit, or just over 1 space per bedroom). The buildings provide secured entrances, common laundry facilities and extra storage for the tenants. Three of the residential buildings were built in 1968 and the fourth was added in 1976. They are wood frame construction with a brick veneer siding.

KCHA's Asset Management Construction staff has completed a sampling inspection of the interior

of the units. Conditions normal to buildings of this age were observed. Short term needs include new electrical panels, kitchen cabinet replacements, flooring upgrades, replacement of rotting deck timbers, new windows, exterior lighting upgrades, pool and pool deck resurfacing, roof coping repair and addressing site drainage issues. Many of the countertops have been refinished but very few of the counters and cabinetry have been replaced. Appliances are generally builder-grade appliances varying from “old” to “used”. Carpeting is generally in average condition. The roofs have been replaced recently. Staff anticipates the property will need approximately \$3,000,000 in improvements to address the above identified issues.

KCHA has contracted with a third party to do a thorough capital needs assessment of the site and buildings, and an inspection contingency is included in the purchase agreement. KCHA staff has reviewed a 2009 Phase I Environmental Site Assessment provided by the seller. The report indicates the possibility of asbestos containing materials and lead-based paint in the buildings, but it identified no recognized environmental conditions. KCHA has ordered its own Phase I environmental assessment as a part of its inspection contingency.

### **Unit Configuration**

The unit mix includes:

- 14 studio units with one bath of approximately 531 square feet each,
- 55 one-bedroom, one bath units of approximately 688 square feet,
- 14 two-bedroom, one bath units of approximately 936 square feet,
- 12 two-bedroom, one and one-half bath units of approximately 936 square feet.

### **Neighborhood Description**

The Corinthian Apartments are located in the City of SeaTac, just north of Highway 518 and one block west of International Boulevard (Highway 99) and are approximately 1000 feet from the Tukwila International Blvd Light Rail/Rapid Ride Station. The neighborhood currently consists of a mix of single family and multi-family uses, with retail, public and institutional uses congregated around International Boulevard. A parking facility serving SeaTac Airport is just to the east of the site and the Crystal Manor Apartments are across the street. The Rapid Ride F line stops on 154<sup>th</sup> St in front of the property and offers direct access to the retail hubs of Burien’s Town Center and Southcenter in Tukwila.

The site is located within the planning radius of the City of SeaTac’s South 154<sup>th</sup> St. Station Area Action Plan, which was adopted in December 2006. This plan calls for substantial redevelopment of the neighborhood:

The South 154th Street Station Area will be a vibrant, mixed use residential neighborhood that connects people of various backgrounds. The station area will be pedestrian-oriented, visually pleasing, easily accessible and integrated with high capacity transit.

The City of SeaTac envisions the South 154th Street Station Area to be a regional example of transit-oriented development that generates and encourages transit use. The station area will accommodate future growth by providing high quality residential and mixed use developments with good access to employment centers.

These attributes create a good place for families, an interesting place for visitors, a profitable place for businesses and a special gathering place to celebrate cultural diversity.

## **Strategic Rationale for Acquisition**

KCHA's Board of Commissioner's has identified the acquisition and development of affordable housing near or adjacent to light rail as a priority in order to address a shortage of affordable housing with access to transportation. The acquisition of Corinthian Apartments will allow KCHA to provide 95 units of affordable housing to households at or below 60% of the area median income less than 2/10's of a mile of the Tukwila light rail station.

In addition to Sound Transit's Central Link into Seattle, both the Rapid Ride A (to Federal Way) and Rapid Ride F (to Burien and Renton) lines stop at this station, offering all day frequent transit to most major employers in the region.

While the site is not within a "high opportunity neighborhood", an important criteria informing KCHA's property acquisition approach, Board direction has broadened acquisition criteria to include locations that are easily accessible to major employment centers and educational resources by mass transit. This site fits that criterion. Regional approaches to growth planning emphasize preservation and creation of affordable housing opportunities within mass transit corridors. This acquisition supports that policy approach. Current market trends show significant increases in rental costs around light rail stations and we anticipate that over time lower income working households and elderly individuals will be priced out of housing proximate to light rail stations. This acquisition is intended to lock in this affordability before rising rents put acquisition costs even higher.

The current ownership has maintained 10+ years of consistent ownership which qualifies the acquisition cost of the property for the 4% Low Income Housing Tax Credit program. In addition, the property is located in a Qualified Census Tract which further qualifies the project for a 30% boost in the amount of tax credits otherwise available. Staff estimates that the tax credits generated by the overall acquisition and rehabilitation costs will leverage approximately \$6,000,000 in tax credit investor equity. Since the Corinthian is an existing apartment complex, the acquisition/rehab cost is much less than the cost of acquiring property in the same locale, demolishing existing uses, and constructing new apartments.

## **Proposed Financing**

**Interim Financing** - KCHA anticipates acquiring the property with proceeds from a draw on a new line of credit from KeyBank. The line of credit would bear an indicative interest rate of 1.12% and be subject to changes in the monthly LIBOR rate. The terms of the line of credit are described in more detail in Resolution No. 5504.

**Permanent Financing** - KCHA would finance the acquisition and rehabilitation of the Corinthian by combining tax-exempt private activity bond financing, 4% Low Income Housing Tax Credits, and additional investment from KCHA. It is estimated that this project would generate close to \$6 million in tax credit investor equity and support between \$5-\$6 million in fully amortizing bond financing. KCHA would need to provide additional net financing of approximately \$4 million (\$6 million loan to the project less a \$2 million developer fee payment to KCHA) to insure sufficient funding sources for both the acquisition and a \$30,000 per unit renovation.

The estimated \$4 million in KCHA soft financing could be financed with either an internal or external (line of credit) interest only loan. In either structure, it is unlikely the loan would start amortizing principal repayments for at least 8 to 10 years at which point cash flow is anticipated to be able to support additional debt, or until the investor has exited and the underlying hard and soft debt can be refinanced. KCHA budgeted \$4 million in Central Office Cost Center (COCC) reserves

in the FY 2015 budget to cover equity gaps in property acquisitions. Accordingly, KCHA could also fund the projected equity gap with a draw on these budgeted COCC reserves.

### **Sources & Uses**

#### **USES**

Acquisition	\$10,250,000
Closing	\$52,120
Hard Renovation	\$2,850,000
Tax, Ins. & Contingency	\$570,000
Soft Costs	\$342,000
Financing Costs	\$225,000
Legal & Acct	\$75,000
Relocation	\$400,000
Other Cons.	\$75,000
Developer Fee	\$2,225,880
Reserves	\$185,000
TOTAL	<u><u>\$17,250,000</u></u>

#### **SOURCES**

Hard Perm. Debt	\$5,550,000
Tax Credit Equity	\$5,900,000
KCHA Subordinate Loan	\$5,800,000
TOTAL	<u><u>\$17,250,000</u></u>

### **Risks & Mitigation**

#### **Acquisition Risks & Mitigation**

- (Risk) The purchase price for the property is above its true market value and KCHA could risk overpaying for the property.
- (Mitigation) As part of the due diligence process, KCHA will obtain a market rate appraisal of the property performed by an MAI appraiser licensed to do business in the State of Washington and will limit the acquisition to no more than 105% of the appraised value.
- (Risk) The condition of the property has title or physical defects unforeseen/unknown.
- (Mitigation) KCHA is conducting due diligence with a title insurance company and is conducting extensive engineering and environmental due diligence on the property. KCHA has determined that, upon sale, KCHA will be able to obtain a full owners' policy insuring clean title with extended coverage. KCHA is conducting Phase 1 environmental assessments and, if necessary, will commission additional structural and mechanical engineering studies.

#### **Financing Risk & Mitigation**

- (Risk) KCHA has insufficient credit capacity within its line(s) of credit for the initial acquisition financing.

- (Mitigation) KCHA has received a proposal for a new two year renewable line of credit from KeyBank in an amount sufficient to cover the full cost of acquisition. Subject to Board approval to open the line of credit (Resolution No. 5022), funds would be available to KCHA by the closing date of the sale.
- (Risk) In purchasing the property, KCHA is inheriting the lease agreements with tenants who may or may not be eligible under certain demographic criteria such as income restrictions that would permit KCHA to maximize the 4% low income housing tax credits available to the project.
- (Mitigation) KCHA has budgeted \$400,000 for potential relocation expenditures.

#### Rehab Risk & Mitigation

- (Risk) Additional repair and improvement costs are needed beyond what is visible from due diligence inspections.
- (Mitigation) KCHA is in the process of completing the Phase 1 engineering studies. Based upon initial physical investigation of the property by KCHA construction personnel, we estimate investing between \$30,000 - \$35,000 per unit into repairs and improvements at the property. The renovation work will include repairs, replacements and/or upgrades to site drainage, exterior decks, lighting, electrical panels and unit interior improvements. KCHA will also add weatherization upgrades which will be overseen by KCHA's Weatherization Department. Unanticipated but necessary additional repairs and improvements will be addressed by reprioritizing the projected work, such as undertaking fewer unit upgrades as part of the initial rehab, or increasing the amount of the KCHA soft financing into the property. KCHA has extensive experience in the assessment and upgrading of this type of property.

**THE HOUSING AUTHORITY OF THE COUNTY OF KING**

**RESOLUTION NO. 5502**

**A RESOLUTION AUTHORIZING THE ACQUISITION OF  
THE CORINTHIAN APARTMENTS**

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This resolution is in accordance with (i) RCW 35.82.070(2) which provides, in part, that a housing authority shall have the power to acquire housing projects within its area of operations.

**WHEREAS**, there is an increasingly serious shortage of affordable housing in King County, which the King County Housing Authority is charged with addressing pursuant to its mission of providing quality affordable housing opportunities in King County; and

**WHEREAS**, the Corinthian Apartments (the “Property”) comprise 95 units of housing located at 3039 South 154th Street, in SeaTac, Washington, and less than one quarter mile from the Tukwila light rail station on International Boulevard (Highway 99) in South King County; and

**WHEREAS**, the Property presently houses low-income residents who may be displaced if the current owners of the Property sell the Property in the open market; and

**WHEREAS**, acquisition of the Property by the King County Housing Authority will preserve a uniquely situated transit-oriented development and will be considerably less expensive than the construction of the same number of new units at this location; and,



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

**Section 1:** Acquisition of the Property by the King County Housing Authority is necessary to address the need for additional transit-oriented housing for persons of low income in the region;

**Section 2:** The Executive Director is hereby vested with the authority, and with discretion in the exercise of such authority, to make a final determination after reviewing the results of inspection of the Property as to whether to proceed with the purchase of the Property if he deems it in the best interest of the Housing Authority and the region's housing goals to do so. The Executive Director shall certify to the Board of Commissioners in writing the final determination he has made. If the Executive Director makes a final determination to proceed, the Board of Commissioners hereby further authorizes the Executive Director, Stephen J. Norman, to take any and all actions necessary to acquire the Property, and authorizes, approves and/or ratifies the execution of a purchase and sale agreement, at a price of no more than (a) \$10,250,000.00 (\$107,894.74 per unit), or (b) 105% of the appraised value of the Property pursuant to an appraisal completed by a Washington State licensed MAI appraiser, whichever is less.

**Section 3:** The Board of Commissioners hereby authorizes the Executive Director to acquire the Property by condemnation through exercise of the Housing Authority's power of eminent domain if it is unsuccessful in acquiring the Property on satisfactory terms through negotiation and purchase in lieu of condemnation.

**Section 4:** The Board of Commissioners hereby authorizes the Executive Director, Stephen J. Norman, to execute any and all applications, agreements, certifications or other documents in connection with the submission of various funding and financing applications, to provide all or part of the interim and/or permanent financing of the Property.

**Section 5:** The Board of Commissioners hereby authorizes the Executive Director Stephen J. Norman, and in his absence, Deputy Director Daniel R. Watson or Deputy Executive Director Connie Davis to execute any and all contracts, agreements, certifications or other documents in connection with the acquisition of the Property.

**ADOPTED BY THE BOARD OF COMMISSIONERS OF THE HOUSING  
AUTHORITY OF THE COUNTY OF KING THIS 20TH DAY OF APRIL 2015.**

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

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**DOUGLAS J. BARNES**, Chair  
Board of Commissioners

Attest:

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**STEPHEN J. NORMAN**  
Secretary

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**TO:** Board of Commissioners

**From:** Tim Walter, Sr. Director of Development & Asset Management

**Date** April 16, 2015

**Re:** **Resolution No. 5503: Authorizing the Acquisition of the Villages at South Station Apartments**

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During the October 2014 Board Retreat, the Board discussed in detail short-term and long-term strategies for real estate acquisitions. The Board emphasized that access to public transportation should be an over-arching consideration in reviewing all real estate acquisition and development opportunities, noting that nearby public transportation insures that seniors and low-income residents have reliable access to services, employment, shopping, school, cultural and other activities. The Board further identified land banking and partnering with private sector developers along planned mass transit corridors as key priorities. These policy approaches support the regional consensus regarding preservation and development of affordable housing opportunities along these emerging mass transit corridors.

KCHA has identified a second Transit Oriented Development ("TOD") acquisition opportunity immediately adjacent to the Tukwila light rail station. The property is named the Villages at South Station apartments and is located on S 154<sup>th</sup> St. in Tukwila directly to the east of the rail station.

The community was built between 1984 and 1986 as two separate apartment complexes which were then acquired by a single ownership entity in the 1990's. The two developments have been operated as a single apartment complex since that time. The site consists of 12 multi-family buildings with a community clubhouse, outdoor playground/BBQ and swimming pool and landscaped areas. The wood frame buildings, totaling 133,070 square feet, are two-story, low rise structures with pitched roofs. The property includes an outdoor swimming pool, a separate picnic/BBQ area and a community center with small fitness center. The buildings provide secured entrances, common laundry facilities and extra storage for the tenants. All but 60 of the 191 units have had interior unit upgrades (countertops, appliances, carpet, paint and tub surrounds). The property consists of 40 studios, 62 one bedroom, 37 two bedroom one bath, 44 two bedroom two bath and 8 three bedroom 2 bath units. The negotiated sales price is \$29,300,000 (\$153,400/unit).

Given its proximity to the rail station, growing demand for housing within transit corridors and the general tightness of the rental market in the area, asking rents at the property have increased 20% since December, 2013. Per Kidder Mathews Valuation Advisors, vacancy rates in the immediate vicinity have averaged 3.6% over the last 5 years and were 2.6% as of March, 2015. The rents at the property have been rapidly losing affordability and are now pushing levels equal to what we would expect in certain parts of East King County. Asking rents at the property are currently averaging \$1,050 for the studios, \$1,200 for one-bedroom, \$1,300 for two-bedroom one-bath, \$1,500 for two-bedroom two-bath and \$1,600 for the 3

bedroom apartments. The rents are nearing levels that exceed affordability to households earning 80% of the area median income.

The property has not allowed Section 8 voucher holders to reside at the property for the last two years because of the rent rates exceeds KCHA's current payment standards for the area. (By way of example, KCHA's payment standard for a two bedroom unit in South County is \$1,060/month - \$240/month below new rents on this property) KCHA's acquisition of the property would ensure rents would remain affordable to households at or below 80% of the area median income and would allow the property to be a resource for KCHA's Section 8 voucher holders.

The Villages at South Station apartments are adjacent to the Tukwila light rail station and in the heart of a public mass transportation corridor which has been identified by the Board as strategic short-term and long-term acquisition priority. KCHA is also a signatory to the Puget Sound Regional Council's Growing Transit Communities Compact that specifically calls for the provision of housing choices affordable to a full range of incomes near high-capacity transit including the use of a "full range of housing preservation tools to maintain the existing level of affordable housing within each transit community." Also, as an existing multifamily apartment complex, the acquisition/rehab cost is significantly less than the cost of acquiring property in the same locale, demolishing existing uses, and constructing new apartments. A description of the proposed financing is detailed in the Project Profile.

Staff believes the Villages at South Station apartments are an important acquisition opportunity given its location, the gentrification of the neighborhood triggered by the mass transit corridor development and the resulting rapid loss of housing affordability. In addition, the property is strong candidate for King County's hotel motel tax TOD funding source when those funds become available. Further project specific information is provided in the attached Project Profile.

## **Villages at South Station Project Profile**

The Villages at South Station is a large multifamily transit oriented development (TOD) apartment community located in Tukwila immediately adjacent to the Tukwila light rail station. Built in two phases between 1984 and 1986, the development consists of 12 two-story buildings with 191 apartments (40 studio units with 1 bath, 62 one-bedroom units with 1 bath, 37 two-bedroom units with 1 bath, 44 two-bedroom units with two baths and 8 three-bedroom units), a leasing office/community building and swimming pool. KCHA has begun pre-acquisition diligence including title and physical condition of the buildings.

### **Purchase Status**

This property is currently owned by SP Southwicke LLC, an affiliate of the former owner of the Gilman Square Apartments in Issaquah which KCHA acquired in June, 2014. In March, 2015 KCHA approached the ownership to discuss our interest in acquiring the property. Through a series of negotiations, the ownership has agreed in principal to sell the property to KCHA subject to final negotiations of the specific terms of such agreement, approval by KCHA's the Board of Commissioners and the satisfaction of the Executive Director with the results of KCHA's due diligence review.

The proposed terms of a purchase and sale agreement contemplate a sales price of \$29,300,000 (153,400/unit) and a due diligence inspection window of at least 30 days in order for KCHA to complete a thorough review of title, physical condition and overall feasibility of the project. An earnest money deposit will be required by the seller. KCHA expects the seller to require a good faith earnest money deposit comparable to the Gilman Square sale in an amount of \$750,000. The anticipated closing date would be June 30, 2015 with the ability to extend the closing date an additional 30 days by increasing the earnest money deposit by an additional \$100,000.

### **Due Diligence Status**

KCHA has ordered an appraisal, capital needs assessment, Phase I Environmental assessment and a survey from third party consultants. The due diligence inspection reports are expected to be completed by mid-May. Based on initial property inspections and assessments by KCHA staff, the property appears to be in above average condition.

The property is currently managed by Madrona Ridge Residential LLC, an affiliate of the owner, and the deal terms contemplate this company continuing on as the property management agent after closing under contract with KCHA. Madrona Ridge Residential LLC currently manages the Gilman Square Apartments for KCHA and is doing an excellent job. In addition, as a condition of the seller to agree to the sale, Madrona Ridge Residential LLC would also assume management of KCHA's Meadowbrook Apartments in Shoreline. Property management fees provided by these properties will be in line with fees currently paid to other property management firms under contract to KCHA.

## **Property Description & Building Condition**

The Villages at South Station is a residential development located on a rectangular-shaped, 8.5 acre parcel, located at 3724 South 154<sup>th</sup> Street in Tukwila. It is developed for multifamily residential use consistent with current zoning.

The development was built between 1984 and 1986 as two separate apartment complexes which were then acquired by a single ownership entity in the 1990's. The two developments have been operated as a single apartment complex since that time. The property consists of 12 multi-family buildings with a community clubhouse, outdoor playground/BBQ and swimming pool and landscaped areas. The wood frame buildings, totaling 133,070 square feet, are two-story, low rise structures with pitched roofs. The property includes an outdoor swimming pool, separate picnic/BBQ area, and a community center with a small fitness center. The buildings provide secured entrances, common laundry facilities and extra storage for the tenants. All but 60 of the 191 units have had significant interior unit upgrades (countertops, appliances, carpet, paint and tub surrounds).

KCHA's Capital Construction and Asset Management Construction staff, along with third party consultants, will be performing an environmental review of the property and inspections of the buildings, including interior inspections of residential units. These reports will allow us to gauge the extent of short and longer term improvements anticipated to be necessary, and the approximate cost of these improvements.

## **Unit Configuration**

The unit mix includes:

- 40 studio, one bath units of approximately 500 square feet each,
- 60 one-bedroom, one bath units of approximately 600 square feet each,
- 2 one-bedroom, one bath units of approximately 660 square feet each,
- 37 two-bedroom, one bath units of approximately 750 square feet,
- 44 two-bedroom, two bath units of approximately 900 square feet,
- 8 three bedroom, two bath units of approximately 1,050 square feet.

## **Neighborhood Description**

The property is located in Tukwila, one block east of International Boulevard (Highway 99) and immediately adjacent to the Tukwila International light rail station. The site shares a neighborhood comprised of single family and multi-family residential homes, with retail, business and public uses located along International Boulevard. The parking facility that serves the Tukwila light rail station abuts the Villages' western boundary (divided by a high brick wall) with additional multi-family townhomes to the south, east and north of the site. The metro bus lines stop on 154<sup>th</sup> St in front of the property and offers direct access to the retail hubs of Burien's Town Center and Southcenter in Tukwila.

While technically within the city limits of Tukwila, the site is located close to the planning radius of the City of SeaTac's South 154<sup>th</sup> St. Station Area Action Plan, which was adopted in December 2006. This plan calls for substantial redevelopment of the neighborhood:

The South 154th Street Station Area will be a vibrant, mixed use residential neighborhood that connects people of various backgrounds. The station area will be pedestrian-oriented, visually pleasing, easily accessible and integrated with high capacity transit.

The City of SeaTac envisions the South 154th Street Station Area to be a regional example of transit-oriented development that generates and encourages transit use. The station area will accommodate future growth by providing high quality residential and mixed use developments with good access to employment centers.

These attributes create a good place for families, an interesting place for visitors, a profitable place for businesses and a special gathering place to celebrate cultural diversity.

### **Strategic Rationale for Acquisition**

KCHA's Board of Commissioner's has identified the acquisition and development of affordable housing near or adjacent to light rail (transit oriented development "TOD") as a priority in order to address a shortage of affordable housing with easy access to reliable public transportation.

While the site is not within a "high opportunity neighborhood" - an important criteria informing KCHA's property acquisition approach - Board direction has broadened acquisition criteria to include locations that are easily accessible to major employment centers and educational resources by mass transit. This site fits that criterion. Regional approaches to growth planning emphasize preservation and creation of affordable housing opportunities within mass transit corridors. This acquisition supports that policy approach. Current market trends show significant increases in rental costs around light rail stations and we anticipate that over time lower income working households and elderly individuals will be priced out of housing proximate to light rail stations. This acquisition is intended to lock in this affordability before rising rents put acquisition costs even higher

Given its proximity to the rail station, growing demand for housing within transit corridors and the general tightness of the rental market in the area, asking rents at the property have increased 20% since December, 2013. Per Kidder Mathews Valuation Advisors, vacancy rates in the immediate vicinity have averaged below 5% over the last 10 years, 3.6% over the last 5 years and were 2.6% as of March, 2015. The rents at the property have been rapidly losing affordability and are now pushing rent levels equal to what we would expect in certain parts of East King County. Asking rents at the property are currently averaging \$1,050 for the studios, \$1,200 for one-bedroom, \$1,300 for two-bedroom one-bath, \$1,500 for two-bedroom two-bath and \$1,600 for the 3 bedroom apartments. The rents are nearing affordability levels that exceed affordability to households earning 80% of the area median income. The property has not allowed Section 8 voucher holders to reside at the property for the last two years because of the rent rates exceeds KCHA's current payment standard for the area. KCHA's acquisition of the property would ensure rents would remain affordable to households at or below 80% of the area median income and would allow the property to be a resource for KCHA's Section 8 voucher holders.

### **Proposed Financing**

**Interim Financing** - KCHA anticipates acquiring the property with proceeds from a draw on a proposed line of credit from KeyBank which the Board will have the opportunity to review at the April 20, 2015 Board meeting (Resolution No. 5504). The line of credit would bear an indicative interest rate of .91% and be subject to changes in the monthly LIBOR rate. The terms of the line of credit are described in more detail in the briefing materials for Resolution No. 5504.

**Permanent Financing** – The project permanent financing would be a combination of tax-exempt bond financing (staff anticipates net operating revenue to support approximately \$22 million in permanent debt) and possible grant or loan proceeds from King County's hospitality tax revenue that will be available to fund, in part, TOD housing within .5 miles of a light rail station which



provides affordable housing for households earning under 80% of the area median income. State legislation approving the early initiation of this financing program passed out of both Houses this week and is currently on its way to the Governor's desk for signature.

Because of the extremely low short-term borrowing rates KCHA is able to secure, staff estimates the property will be able to pay-off between \$2 – 4 million of the line of credit financing over the next three years, leaving a net gap of \$4 - \$6 million the Housing Authority would attempt to secure from King County. If KCHA was unsuccessful in securing King County funding, we would assemble another financing pool (an addition 3 – 5 tax credit properties will likely exit their tax credit partnerships during this time creating a group of individual properties that could be refinanced in a collective pool) or roll this property into the 2013 \$85 million KeyBank pooled financing and reallocate the portion of the debt the Villages could not support to other properties in the pool. This is similar to how KCHA financed the Chausee portfolio within the 2013 KeyBank pooled financing.

### **Sources & Uses**

#### **USES**

Acquisition	\$29,230,000
Closing	\$70,000
Immediate Replacements	\$350,000
Other	\$100,000
<b>TOTAL</b>	<b>\$29,750,000</b>

#### **SOURCES**

KeyBank Line of Credit	\$29,750,000
<b>TOTAL</b>	<b>\$29,750,000</b>

### **Risks & Mitigation**

#### **Acquisition Risks & Mitigation**

- (Risk) The purchase price for the property is above its true market value and KCHA could risk overpaying for the property.
- (Mitigation) As part of the due diligence process, KCHA will obtain a market rate appraisal of the property performed by an MAI appraiser licensed to do business in the State of Washington and will limit the acquisition cost to no more than 105% of the appraised value.
- (Risk) The condition of the property has title or physical defects unforeseen/unknown.
- (Mitigation) KCHA is conducting due diligence with a title insurance company and is conducting extensive engineering and environmental due diligence on the property. KCHA has determined that, upon sale, KCHA will be able to obtain a full owners' policy insuring clean title with extended coverage. KCHA is conducting Phase 1 environmental assessments and a completing a survey of the property.

### Financing Risk & Mitigation

- (Risk) KCHA is unable to have sufficient credit capacity within its line(s) of credit for the initial acquisition financing.
- (Mitigation) KCHA has received a proposal for a new two year renewable line of credit from KeyBank in an amount sufficient to cover the full cost of acquisition. Subject to Board approval to open the line of credit (Resolution No. 5502), funds would be available to KCHA by the closing date of the sale.
- (Risk) Short term interest rates spike, the line of credit is not renewed in two years and KCHA is not able to secure an alternative LOC and/or King County does not provide any financial assistance for this project.
- (Mitigation) KCHA would accelerate rolling the Villages at South Station into a pooled housing refinance with other KCHA owned seasoned properties that have net cash flow sufficient to support the additional debt which cannot be carried by the Villages at South Station.

### Rehab Risk & Mitigation

- (Risk) Additional repair and improvement costs are needed beyond what is visible from due diligence inspections.
- (Mitigation) KCHA is in the process of completing its due diligence of the property. Staff estimates the property will require less than \$350,000 in short-term repairs and that routine repairs and replacements at the property can be made out of on-going property operations. Unforeseen repairs not able to be paid from property operations would be funded from additional draws on a KCHA line of credit or from KCHA reserves. KCHA has extensive experience in the assessment and upgrading of this type of property.

**THE HOUSING AUTHORITY OF THE COUNTY OF KING**

**RESOLUTION NO. 5503**

**A RESOLUTION AUTHORIZING ACQUISITION OF  
THE VILLAGES AT SOUTH STATION**

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**WHEREAS**, RCW 35.82.070(2) provides, in part, that a housing authority shall have the power to acquire housing projects within its area of operations, and RCW 35.82.070(5) authorizes a housing authority to acquire real property by exercise of the power of eminent domain; and

**WHEREAS**, there is an increasingly serious shortage of affordable housing in King County, which the King County Housing Authority (“Housing Authority”) is charged with addressing pursuant to its mission of providing quality affordable housing opportunities equitably distributed within King County; and

**WHEREAS**, it is a goal of local government and the Housing Authority to further fair housing in the region affirmatively, in part through preservation of existing affordable housing opportunities in areas with significantly appreciating housing costs; and

**WHEREAS**, there is a growing loss of affordable housing within transit corridors and around light rail stations in King County; and

**WHEREAS**, access to reliable public transportation is a critical resource for low-income households, providing access to work, services, school, shopping, cultural and other activities for these residents; and

**WHEREAS**, the Housing Authority has identified acquiring and developing housing along planned mass transit corridors as a strategic priority to

ensure the long-term availability of low-income housing near reliable public transportation; and

**WHEREAS**, the Villages at South Station (the “Property”) comprise 191 units of housing located at 3724 South 154th Street, in Tukwila, Washington, in an area of King County that is within a transit corridor and close to light rail where rents are increasingly unaffordable to low-income households; and

**WHEREAS**, acquisition of the Property by the Housing Authority will serve the mission of the Housing Authority and the housing goals of the region through an approach that is considerably less expensive than constructing the same number of new units; and

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

**Section 1:** Acquisition of the Property by the Housing Authority is necessary to preserve and provide housing for persons of low income that is equitably distributed in various areas of its operations, and in areas of rising rents, planned mass transit corridors and high housing market costs in particular.

**Section 2:** The Board of Commissioners hereby authorizes the Executive Director to acquire the Property by condemnation through exercise of the Housing Authority’s power of eminent domain, if it is unsuccessful in acquiring the Property on satisfactory terms through negotiation with and purchase from the owner in lieu of condemnation for a price anticipated to be approximately twenty nine million three hundred thousand dollars (\$29,300,000) (\$153,403.14

per unit) but which shall not exceed 105% of the appraised value of the Property pursuant to an appraisal completed by a Washington State licensed MAI appraiser. The Executive Director is hereby further vested with the authority, and with discretion in the exercise thereof, to give notice to the current owner of the Property of the Housing Authority's intention to acquire the Property by eminent domain if it is unsuccessful in acquiring the Property on satisfactory terms through negotiation and purchase in lieu of condemnation. The Executive Director shall certify to the Board of Commissioners in writing the final determination he has made, i.e., whether to acquire the Property (i) by condemnation through exercise of the Housing Authority's power of eminent domain, or (ii) through negotiation with and purchase from the owner of the Property in lieu of condemnation.

**Section 3:** The Executive Director is hereby vested with the authority, and with discretion in the exercise thereof, to attempt to negotiate purchase of the Property from the owner in lieu of condemnation. If the Executive Director is successful in negotiation of the purchase of the Property from the owner in lieu of condemnation for the price authorized above, then the Executive Director is hereby authorized (a) to sign a Purchase and Sale Agreement providing for the acquisition of the Property containing such terms and conditions as are customary in such transactions and as are deemed by the Executive Director to be in the best interests of the Housing Authority, and (b) to pay into the purchase escrow the earnest money deposit for the purchase of the Property provided for under the Purchase and Sale Agreement under terms that would permit the

earnest money to be forfeited to the seller as liquidated damages if the sale fails to close through no fault of the seller.

**Section 4:** The Executive Director is further hereby vested with the authority, and with discretion in the exercise of such authority, to make a final determination after reviewing the results of the due diligence of the Property as to whether to proceed with the purchase of the Property if he deems it in the best interest of the Housing Authority. The Executive Director shall certify to the Board of Commissioners in writing the final determination he has made. If the Executive Director makes a final determination to proceed, the Board of Commissioners hereby further authorizes the Executive Director, Stephen J. Norman, to take any and all actions necessary to consummate acquisition of the Property.

**Section 5:** The Board of Commissioners hereby elects pursuant to RCW 8.26.010(2) not to comply with the provisions of RCW 8.26.035 through RCW 8.26.115 in connection with the acquisition of the Property because no existing occupants of the Property will be displaced by reason of the acquisition.

**Section 6:** The Board of Commissioners hereby authorizes the Executive Director, Stephen J. Norman, to execute any and all applications, agreements, certifications or other documents in connection with the submission of various funding and financing applications, in order to provide all or part of the interim and/or permanent financing of the Property.

**Section 7:** The Board of Commissioners hereby authorizes the Executive Director, Stephen J. Norman, and in his absence, Deputy Executive Director Daniel R. Watson or Deputy Executive Director Constance C. Davis, to

execute any and all contracts, agreements, certifications or other documents in connection with the acquisition of Property.

**ADOPTED BY THE BOARD OF COMMISSIONERS OF THE  
HOUSING AUTHORITY OF THE COUNTY OF KING THIS 20<sup>th</sup> DAY OF  
APRIL, 2015.**

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

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**DOUGLAS J. BARNES, Chair**

Attest:

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**STEPHEN J. NORMAN, Secretary**

# T A B N U M B E R

6





**TO:** Board of Commissioners

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

**Date:** April 15, 2015

**Re:** **Resolution No. 5504: Authorization for the Executive Director to establish a \$50,000,000 Line of Credit with KeyBank for general development purposes and related actions including the issuance of the Authority's Revolving Line of Credit Revenue Notes, 2015; authorizing the execution and delivery of the notes and related documents; creating a note fund; and approving the sale of the notes to KeyBank National Association**

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Resolution No. 5504 authorizes the Executive Director to establish a \$50 million line of credit (LOC) with KeyBank. The King County Housing Authority (KCHA) would utilize the line of credit to finance property acquisitions, bridge tax credit investor equity payments, finance tax-credit and workforce housing rehabilitation projects and provide interim financing for soft loan and refinancing opportunities.

The primary terms of the line of credit are as follows:

Amount:	Not to exceed \$50,000,000
Maturity:	2 years from closing and renewable for successive 1 to 2 year terms upon credit approval of the Bank
Security:	General revenue pledge of the Housing Authority
Tax Status:	KCHA option to make either 'taxable' or 'tax-exempt' draws
Interest Rate:	<u>Indicative Rates</u> <b>Taxable:</b> (One-month LIBOR + .95%) = <b>1.12%</b> <b>Tax-Exempt:</b> (One-month LIBOR+1.23%)*65.01% = <b>0.91%</b> (Based on current one-month LIBOR rate of .17%)
Purpose:	Bridge financing for general development activities and the acquisition and/or rehabilitation of real estate

Unused Facility Fee:	.15% of the average unused balance of the LOC
Pre-Payment:	The LOC may be repaid in part or whole without penalty on any monthly LIBOR reset date
Interest Payments:	Due quarterly
Draw Requirements:	KCHA must provide written notification to the Bank evidencing that the purpose of the draw is for the acquisition, financing, refinancing, rehab or other capital improvements of real estate. The draw may not be used for general operating purposes of the Authority.
Covenant:	KeyBank requires a Debt Service Coverage Ratio of 1.10x. The Debt Service Coverage ratio shall be calculated as defined in the KCHA/KeyBank Pooled Housing Revenue and Refunding Note, 2013.

Traditionally, KCHA has established property specific lines of credit for individual property acquisitions or refinancing. This line of credit would provide a single larger warehouse line of credit with sufficient capacity to finance numerous transactions at any one time.

This expanded line of credit would allow KCHA immediate and guaranteed access to capital for acquisition opportunities and reduce the administrative and legal/bank costs associated with multiple individual financing transactions. This LOC would also be available to provide immediate acquisition financing for the two multi-family properties KCHA is currently considering purchasing. As with all development transactions, all new projects will be brought to the Board of Commissioners for review and approval prior to any draw on the line of credit.

The rates are extremely competitive and among the lowest, if not the lowest, KCHA has been able to procure from any of its lenders to date.

Passage of Resolution No. 5504 is recommended.



**King County Housing Authority**  
**KeyBank Financing Proposal**

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KeyBank National Association ("KeyBank") is pleased to present the following summary terms for financing alternatives used to support capital projects for the King County Housing Authority. The proposed obligation shall be subject to satisfaction of all the conditions contained herein and all documentation that is customarily undertaken in a credit transaction of this nature and is subject to the final credit authorization of KeyBank. The issuance of this proposal shall not prejudice KeyBank's rights of review and approval, including without limitation, of all documents and materials heretofore delivered to KeyBank by or on behalf of the Housing Authority.

**\$50,000,000 REVOLVING CREDIT FACILITY**

<b>LENDER:</b>	KeyBank National Association ("KeyBank" or "Lender")
<b>OBLIGOR:</b>	King County Housing Authority (the "Housing Authority")
<b>FACILITY:</b>	Up to \$50,000,000 Revolving Credit Facility (the "Facility")
<b>PURPOSE:</b>	To be used as bridge financing for general development and the acquisition and/or rehabilitation of real estate
<b>MATURITY:</b>	2 years from closing ("Maturity")
<b>SECURITY:</b>	General revenue pledge of the Housing Authority.
<b>TAX STATUS:</b>	Taxable and tax-exempt options
<b>INTEREST RATE:</b>	<p>The indicative taxable rates for borrowings under the Facility are as follows:</p> <p>Taxable: One-month LIBOR plus 0.95% = 1.12%</p> <p>Note: If the Housing Authority determines it is able to garner a tax-exempt opinion for draws under the Revolver, KeyBank can offer tax-exempt rates at the request of the Housing Authority.</p> <p>Tax-Exempt/Non-Bank Qualified: (One-month LIBOR + 1.23%) * 65.01% = 0.91%</p> <p>*All-in rates above are based upon LIBOR of 17 bps as of 3/27/2015</p>
<b>BASIS:</b>	Interest payments will be calculated on an actual/360 day basis
<b>COMMITMENT FEE:</b>	15 basis points per annum



***King County Housing Authority  
KeyBank Financing Proposal***

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The fees above represent an annual Commitment Fee charged against the average unused portion of the Facility, paid quarterly in arrears

***PREPAYMENT:***

There will be no fee or penalty for prepayment, provided that any principal payments shall be made on a LIBOR reset date. Principal payments made outside of this schedule may be subject to break-funding fees associated with the Bank's LIBOR funding

***RENEWAL:***

The Facility may be extended for additional one or two year periods, subject to credit approval.

***REPAYMENT TERMS:***

Interest due quarterly. Principal due at Maturity.

***DRAW REQUIREMENTS:***

The Housing Authority will be limited to four (4) draws per month in minimum amounts of \$250,000, up to a total of \$50,000,000

Prior to funding, the Bank will require written notification, regarding the purpose of the draw. Allowable purposes are limited to acquisition, financing, re-financing, rehabilitation or other capital improvements. Funding from the line of credit shall not be allowed for general operating purposes of the Authority.

***REPRESENTATIONS,  
WARRENTIES AND  
COVENANTS:***

Customary representations, warranties and covenants for a Facility of this nature

***COVENANTS:***

Debt Service Coverage of 1.10x. The Debt Service Coverage ratio ("DSC") shall be calculated in accordance with the debt service coverage ratio as defined in the KCHA Pooled Housing Revenue and Refunding Note, 2013.



**King County Housing Authority**  
**KeyBank Financing Proposal**

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**REPORTING**

**REQUIREMENTS:**

The Lender is to receive full-year audited financial statements from the Housing Authority within 10 days after receipt of the State Auditors Opinion letter, but no later than 290 days after year-end. Internally prepared financial statements within 180 days of Fiscal Year End. Internally prepared quarterly financial statements due 45 days after Quarter End. Annual financial budget due within 45 days after adoption.

**DOCUMENTATION:**

All documents relating to the Facility shall be attorney prepared and in form and substance acceptable to the Administrative Agent and its legal counsel, including legal opinions customary for transactions of this nature. Validity opinion as to the Bonds and an opinion of tax-exemption provided by nationally recognized bond counsel will be required.

**EXPENSES:**

The Housing Authority shall pay all costs and expenses related to the Lender's outside and in-house attorneys in connection with this Facility

**DEFAULT RATE:**

A rate per annum equal to three percent (3.0%) in excess of the rate otherwise applicable thereto

This proposal is issued in reliance upon the accuracy of all information presented by you to us and is contingent upon the absence of any material adverse change in your condition, financial or otherwise, from the condition as it was represented to us at the time of this proposal. This proposal is subject to our formal approval and the execution of documentation acceptable to each of us. It is not a commitment by us to engage in this transaction. (a) KeyBank National Association ("KeyBank") is not acting as an advisor to you and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to you with respect to the information and material contained in this communication; (b) KeyBank is acting for its own interests; and (c) you should discuss any information and material contained in this communication with any and all internal or external advisors and experts that you deem appropriate before acting on this information or material.

The foregoing is intended to summarize certain basic terms of the facilities. It is not intended to be a definitive list of all the terms and conditions of the facilities.

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5504

A RESOLUTION Authorizing the Executive Director to establish a \$50,000,000 Line of Credit with KeyBank for general development purposes and related actions including the issuance of the Authority's Revolving Line of Credit Revenue Notes, 2015; authorizing the execution and delivery of the notes and related documents; creating a note fund; and approving the sale of the notes to KeyBank National Association.

Adopted April 20, 2015

*This document was prepared by:*

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HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5504

A RESOLUTION Authorizing the Executive Director to establish a \$50,000,000 Line of Credit with KeyBank for general development purposes and related actions including the issuance of the Authority's Revolving Line of Credit Revenue Notes, 2015; authorizing the execution and delivery of the notes and related documents; creating a note fund; and approving the sale of the notes to KeyBank National Association.

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 35.82.070(2) provides that a housing authority may acquire and operate housing projects; and

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

WHEREAS, the Board of Commissioners of the Authority (the "Board") finds it necessary and advisable and in the best interest of the Authority to borrow money to finance and/or refinance the acquisition, construction and rehabilitation of housing and related facilities, and to pay costs of issuing the Notes (as hereinafter defined); and

WHEREAS, KeyBank National Association (the "Bank") has offered to extend a line of credit evidenced by two revolving line of credit notes of the Authority on the terms set forth in this resolution to provide money for such bridge financing; 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 KeyBank National Association, or an affiliate thereof, as registered owner of the Notes.

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

“Code” means the Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

“Draws” means incremental draws upon the Notes.

“General Revenues” means all revenues of the Authority from any source, but only to the extent that those revenues are available to pay debt service on the Notes and are not now or hereafter pledged, by law, regulation, contract, covenant, resolution, deed of trust or otherwise (including restrictions relating to funds made available to the Authority under the U.S. Housing Act of 1937), solely to another particular purpose.

“LIBOR” shall have the meaning set forth in the Notes.

“Note Fund” means the Authority’s Revolving Line of Credit Revenue Note Fund, 2015, created by this resolution for the purpose of paying principal of and interest on the Notes.



“Note Register” means the books or records maintained by the Note Registrar containing the name and mailing address of the registered owner of the Notes.

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

“Notes” means, together, the Taxable Note and the Tax-Exempt Note

“Project” means, depending on the context, (1) the acquisition, construction and/or rehabilitation of housing and related facilities; or (2) the housing and related facilities so acquired, constructed and/or rehabilitated.

“Proposal Letter” means the proposal letter with respect to the Notes provided to the Authority by KeyBank National Association, as it may be amended or supplemented.

“Taxable Note” means the Authority’s Revolving Line of Credit Revenue Note, 2015 (Taxable).

“Taxable Rate” means the rate per annum equal to LIBOR for a one-month period plus 0.95%.

“Tax-Exempt Note” means the Authority’s Revolving Line of Credit Revenue Note, 2015 (Tax-Exempt).

“Tax-Exempt Project” means the acquisition, construction and/or rehabilitation by the Authority of housing and related facilities, but specifically excluding the making of loans to non-governmental entities or the financing of housing or related facilities to be used in the trade or business of non-governmental entities unless the Authority has received written confirmation from its Bond Counsel to the effect that use of proceeds of Draws on the Tax-Exempt Note for such purpose will not cause interest on Draws on the Tax-Exempt Note to be included in gross income for federal income tax purposes.

“Tax-Exempt Rate” means the rate per annum equal 65.01% of the sum of LIBOR for a one-month period plus 1.23%.

Section 2. Authorization and Description of Notes. For the purpose of providing funds with which to finance or refinance all or part of the costs of the Project, including the Tax-Exempt Project, and to pay costs of issuing and interest on the Notes, the Authority may borrow money from time to time pursuant to a line of credit extended by the Bank under the terms of this resolution and the Proposal Letter, and shall issue the Notes in a combined principal amount of not to exceed \$50,000,000 at any one time outstanding.

The Notes shall be issued in registered form; shall be dated as of the date of delivery of the Notes to the Bank; and shall mature on the the date that is two years from the date of initial delivery of the Notes, unless extended in accordance with Section 3 (the “Maturity Date”).

The Authority may make Draws upon the Notes in any amount on any business day during the term of the Notes for the Note purposes identified above, subject to the terms of the Proposal Letter, and except that Draws on the Tax-Exempt Note shall be made only to pay costs of the Tax-Exempt Project and to pay interest on the Tax-Exempt Note and costs of issuing the Tax-Exempt Note. No Draw may exceed the total amount of the costs to be paid from such Draw, and the proceeds of each Draw shall be used immediately to pay those costs, or to reimburse the Authority for such costs paid by the Authority (except that proceeds of Draws on the Tax-Exempt Note may only be used to reimburse the Authority if such costs were paid no earlier than 60 days prior to the date of that Draw, or for costs incurred prior to that date to the extent such costs represent “preliminary expenditures” or are the subject of an “official declaration of intent to reimburse” as described in federal regulations under Section 147(f) of the Code). Draws shall be recorded in such form as the Authority and the Bank may agree. Draws

on the Notes shall be limited to an aggregate principal amount of \$50,000,000 outstanding at any one time.

Each Draw on the Tax-Exempt Note shall bear interest at the Tax-Exempt Rate, subject to adjustment upon default as set forth in the Proposal Letter and the Tax-Exempt Note. Each Draw on the Taxable Note shall bear interest at the Taxable Rate, subject to adjustment upon default as set forth in the Proposal Letter and the Taxable Note. Interest on each Draw shall accrue from the date of that Draw and shall be computed on the principal amount of the Draw outstanding on the basis of a 360-day year for the actual number of days the principal amount of the Draw is outstanding.

Interest on the Notes shall be payable quarterly in arrears as set forth in the Notes. Draws may be used for the purpose of making interest payments on the Notes; provided, however, that Draws on the Tax-Exempt Note shall not be used to pay interest on the Taxable Note. Principal of the Notes, together with all accrued and unpaid interest thereon, is payable on the Maturity Date.

If the Notes are not paid when properly presented at their Maturity Date, the Authority shall be obligated to pay interest on the Notes at the applicable rates of interest thereon from and after the Maturity Date until the Notes, both principal and interest, are paid in full.

Section 3      Authorization for Extension and Modification of Notes. The Executive Director is authorized, without further action of the Board but with the consent and approval of the Bank, to extend the Maturity Date of the Notes beyond the Maturity Date specified in Section 2 to any date on or before December 31, 2022, and to modify the interest rate formulae applicable to Draws on the Notes, if the Executive Director determines that such extension and/or modification is in the best interest of the Authority, all as long as no other terms of the

Notes or this resolution are revised. The Executive Director is authorized to do everything necessary for the execution and delivery of such documents as are useful or necessary to such extension of maturity and modification of interest rate formulae. The Executive Director's execution of documents in connection with the modification or extension of the Notes as described herein will constitute conclusive evidence of his or her approval of the extensions and/or modifications described therein and the approval of the Authority of such extensions and/or modifications.

Section 4. Designation of Officers to Make Draws. The Board authorizes the Executive Director or his or her designee to make Draws against the Notes in such amounts, at such times as he or she may determine hereafter, those Draws to be made in accordance with the terms and provisions set forth herein and in the Proposal Letter.

Section 5. Note Registrar; Registration and Transfer of the Notes. The Executive Director of the Authority shall serve as Note Registrar for the Notes. The Note Registrar shall keep, or cause to be kept, at his or her office in Tukwila, Washington, sufficient books for the registration of the Notes (the "Note Register"), which shall contain the name and mailing address of the registered owner of the Notes. The Note Registrar is authorized, on behalf of the Authority, to authenticate and deliver the Notes in accordance with the provisions of the Notes and this resolution, to serve as the Authority's paying agent for the Notes and to carry out all of the Note Registrar's powers and duties under this resolution.

The Notes shall be issued only in registered form as to both principal and interest and recorded on the Note Register. The Notes may not be transferred by the Bank without the prior written consent of the Authority (which consent shall not be unreasonably withheld), except that the Bank may assign or transfer the Note, in whole, to a successor to the business and assets of

the Bank, to an affiliate of the Bank or to another financial institution that is a “qualified institutional buyer” or an “accredited investor” as defined in the Securities Act of 1933 and the regulations thereunder, in any such case upon completion and delivery to the Authority of the assignment form and certificate of transferee attached to the Note.

Section 6. Place, Manner and Medium of Payment. Both principal of and interest on the Notes shall be payable in lawful money of the United States of America solely out of the Note Fund. Payment of interest on each interest payment date, and of principal at maturity or prepayments of principal, shall be paid by check or draft of the Authority mailed or by immediately available funds delivered on or before each interest payment date or the maturity or prepayment date to the registered owner at the address appearing on the Note Register on the last day of the month preceding the payment date. Upon the final payment of principal of and interest on the Notes, the registered owner shall surrender the Notes at the principal office of the Note Registrar in Tukwila, Washington, for destruction or cancellation in accordance with law.

Section 7. Optional Prepayment of the Notes. The Authority reserves the right to prepay all or a portion of the principal of the Notes at any time, subject to the payment of break-funding fees as set forth in the Proposal Letter and the Notes. Written notice to the Bank of any intended prepayment or redemption of the Notes shall not be required. Interest on the Notes or the portion thereof so prepaid shall cease to accrue on the date of such prepayment. Principal may be reborrowed until the Maturity Date.

Section 8. Note Fund; Security for the Notes. The Note Fund is created as a special fund of the Authority and is to be known as the Revolving Line of Credit Revenue Note Fund, 2015. The Note Fund shall be drawn upon for the sole purpose of paying the principal of and interest

on the Notes. The Authority pledges to deposit General Revenues into the Note Fund in amounts sufficient to pay the principal of and interest on the Notes when due.

The Authority reserves without limitation the right to issue other obligations, the principal of and interest on which are to be paid from the General Revenues on a parity with payments on the Notes. At its option, the Authority may pledge any portion of the General Revenues to the payment of other obligations of the Authority, such payments to have priority over the payments to be made on the Notes with respect to that portion of the General Revenues so pledged.

The Notes shall not be a debt of King County, the State of Washington or any political subdivision thereof, and the Notes shall so state on their face. Neither King County, the State of Washington nor any political subdivision thereof (except the Authority from the sources specified herein) shall be liable for payment of the Notes nor in any event shall principal of and interest on the Notes be payable out of any funds other than the Note Fund. The owner of the Notes shall not have recourse to any other fund of the Authority other than the Note Fund, or to any other receipts, revenues or properties of the Authority other than as described herein and in the Notes. The Authority has no taxing power.

None of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the Notes.

Section 9. Form and Execution of Notes. The Notes shall be prepared 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 Executive Director of the Authority and shall be impressed with the seal of the Authority or shall bear a facsimile thereof.

To be valid or obligatory for any purpose or entitled to the benefits of this resolution, the Notes shall bear a Certificate of Authentication in the following form, manually signed by the Note Registrar:

#### CERTIFICATE OF AUTHENTICATION

This Note is the fully registered Authority's Revolving Line of Credit Revenue Note, 2015 [(Taxable)/(Tax-Exempt)], of the Authority described in the Note Resolution.

\_\_\_\_\_  
[specimen]  
Executive Director of the Authority and Note Registrar

The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Note 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 a Note ceases to be an officer of the Authority authorized to sign notes before that Note is authenticated or delivered by the Note Registrar or issued by the Authority, the Note nevertheless may be authenticated, delivered and issued and, when authenticated, issued and delivered, shall be as binding on the Authority as though that person had continued to be an officer of the Authority authorized to sign notes. A Note also may be signed on behalf of the Authority by any person who, on the actual date of signing of the Note, is an officer of the Authority authorized to sign notes, although he or she did not hold the required office on the date of issuance of the Note.

Section 10. Preservation of Tax Exemption for Interest on the Tax-Exempt Note. The Authority covenants that it will take all actions necessary to prevent interest on the Tax-Exempt Note 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 Tax-Exempt Note or other funds

of the Authority treated as proceeds of the Tax-Exempt Note at any time during the term of the Tax-Exempt Note which would cause interest on the Tax-Exempt Note to be included in gross income for federal income tax purposes. The Authority also covenants that it will, to the extent the arbitrage rebate requirement of Section 148 of the Code is applicable to the Tax-Exempt Note, take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with the Tax-Exempt Note, 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 Note from being included in gross income for federal income tax purposes.

Section 11. Proposal Letter Reporting Requirements; Covenants. The Authority covenants and agrees for so long as the Notes remain outstanding, and unless otherwise waived by the Bank, to deliver to the Bank the financial information and statements described in the Proposal Letter and to maintain a minimum Debt Service Coverage Ratio as set forth in the Proposal Letter.

Section 12. Authorization of Documents and Execution Thereof. The Authority authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in, the Notes, the Proposal Letter (including the covenants set forth therein), this resolution, any loan agreement entered into in connection with the Notes between the Authority and the Bank (the “Loan Agreement”), and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the Notes. The appropriate Authority officials are authorized and directed to do everything necessary for the issuance, execution and delivery of the Notes. The Chair of the Board and



Executive Director of the Authority are authorized to execute the Notes, the Executive Director of the Authority, as Note Registrar, is authorized to authenticate the Notes, and the Executive Director of the Authority is authorized to execute the Loan Agreement and any other documents reasonably required to be executed in connection with the issuance of the Notes and to ensure the proper use and application of the proceeds of the Notes, and to effect any extension of the maturity or modification of the Notes as described in Section 3.

The Notes will be prepared at the Authority's expense and will be delivered to the Bank together with the approving legal opinion of Foster Pepper PLLC, municipal bond counsel of Seattle, Washington, regarding the Notes.

Section 13. Approval of Transaction. The Bank has offered to purchase the Notes at a price of par, under the terms and conditions contained in this resolution and the Proposal Letter, including the payment of fees and expenses of the Bank's legal counsel and an unused commitment fee to the Bank. The Board finds that the Bank's offer is in the best interest of the Authority and accepts such offer, and covenants that it will comply with all terms and conditions of the Proposal Letter.

Section 14. 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 a Deputy Executive Director of the Authority, respectively.

Section 15. 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 16.    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 this 20<sup>th</sup> day of April, 2015.

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. 5504 (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 regular meeting of the Authority held on April 20, 2015, 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 20<sup>th</sup> day of April, 2015.

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Executive Director of the Authority

# T A B N U M B E R

7



**To:** Board of Commissioners

**From:** Craig Violante, Director of Finance

**Date:** April 15, 2015

**Re:** **2014 Investment Recap**

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**Executive Summary**

In December 31, 2014, KCHA had \$137.3 million in cash and investments, split between (1) the Washington State Local Government Investment Pool (LGIP), (2) the KCHA Internal Pool (the Internal Pool), (3) cash held by trustees and cash in traditional checking and savings accounts and (4) loans to housing partners. Below is a snapshot of the portfolio at year end:

	<u>Amounts</u>	<u>Yield @</u> <u>12/31/2014</u>
Cash Invested in Internal KCHA Pool	\$44,868,108	0.97%
Cash Held in the LGIP	55,997,260	0.10% (1)
Cash Held by KCHA & Outside Trustees	30,932,384	0.10% (2)
Loans to Housing Partners	5,474,820	5.29%
	<u>\$137,272,572</u>	0.591%

- 1) 0.10% was also the average rate for all of 2014
- 2) Estimate

For all of 2014, KCHA's Internal Pool average yield was **0.86%** while the LGIP's was **0.10%**. The higher return from the Internal KCHA Pool increased the agency's total investment return by \$337,000.

While the Board has authorized an allocation of up to 60% of investable cash in the Internal Pool, short-term liquidity and forecasted cash needs affect how much is actually invested in the Pool. As a result, 44% of investable cash was in the Internal Pool at the end of 2014.

### **Historical Context**

In 2002, The Board of Commissioners adopted Resolution No. 3161 establishing an Investment Policy for the Authority. Prior to 2002, the Authority followed HUD guidelines for the investment of funds. Subsequent modifications to the Investment Policy were adopted in 2010 and 2012 via Resolution Nos. 5284 and 5376 respectively.

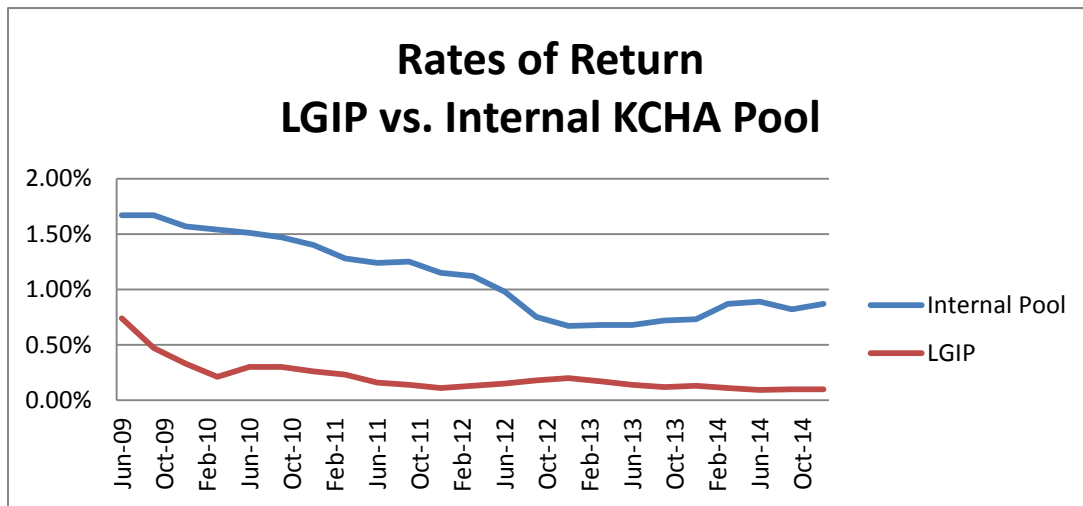
According to the Policy the primary objectives, in priority order, of the Authority's investment activities shall be:

- **Legality:** Conforms with all applicable Federal, state and local government requirements.
- **Safety:** Safety of the principal is the foremost objective of the investment program. Investments of KCHA shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To obtain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- **Liquidity:** the Authority's investment portfolio will remain sufficiently liquid to enable KCHA to meet all operating requirements that might be reasonably anticipated.
- **Return on Investment:** the Authority's investment portfolio shall be designated with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the Authority's investment risk constraints and the cash flow characteristics of the portfolio.

At the beginning of 2009, KCHA invested most excess funds in the Local Government Investment Pool. The LGIP is an investment vehicle operated by the State Treasurer, and is open to all local governments. Its strength lies in its combination of liquidity and security. It has a policy of purchasing AAA-rated securities and maintaining a weighted average maturity of 60 days or less.

With the goal of increasing investment yields, in March 2009, KCHA embarked on a strategy of investing in securities outside of the Local Government Investment Pool. These securities could have a maturity of up to three years and were comprised primarily of securities from Government Sponsored Entities (GSEs) such as the Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC—also known as Freddie Mac), Government National Mortgage Association (GNMA—also known as Ginnie Mae) and the Federal National Mortgage Association (FNMA—also known as Fannie Mae).

From 2009 through 2011, the KCHA Internal Pool performed exceptionally well, beating the LGIP by an average of 114 basis points (1.14%). Starting in 2012, the Federal Reserve's monetary policy of Quantitative Easing, intended to keep medium and long-term rates low and stimulate the economy, had a deleterious effect on KCHA's Internal Investment Pool and the gap between the Internal Pool and the LGIP narrowed. Beginning in 2014, the gap began to widen again, with the Internal Pool beating the LGIP by 77 basis points, compared to 56 basis points in 2013.



At the time KCHA embarked on this strategy, it was projected that there would be a marginal increase in investment returns over a six-year horizon (2009-2014) of \$530,000 and that the internal pool would beat the LGIP by an average of 32 basis points. Built into these projections was the assumption that rates would rise sometime over those six years. Because rates have not risen over this period of time, actual results have been substantially better: the Internal Pool beat the LGIP by an average of 90 basis points, yielding an additional \$1.78 million of investment revenue over the six year period.

### **Total Rate of Return Investing**

In late 2013, KCHA began managing the Internal Pool using Total Rate of Return principles. Prior to this change in philosophy, all investments were held to maturity or until they were called, regardless of their interest rates. Under Total Rate of Return investing, certain portfolio investments are swapped for new investments, i.e. sold and replaced with new securities. This is usually done to secure profits, increase investment yields, extend the life of investments with favorable rates, or rid the portfolio of under-performing investments, selling at a loss but re-investing at higher rates.

Below is a history of all Total Rate of Return trades made in 2014:

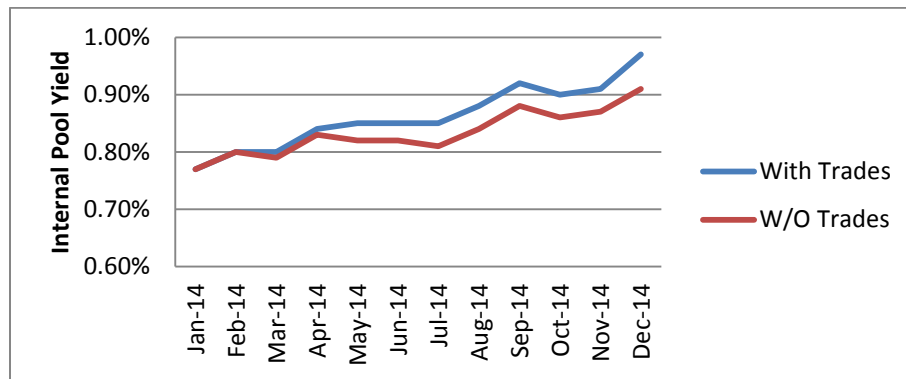
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Trade Date	Coupon Amount	Old Yield	New Yield	Days Extended*	Gain/ (Loss)
3/12/2014	\$1,000,000	0.659%	0.780%	733	\$4,537
3/19/2014	\$1,000,000	0.500%	1.000%	610	\$5,750
5/6/2014	\$1,000,000	0.411%	0.850%	542	\$1,320
5/6/2014	\$1,000,000	0.283%	0.550%	630	\$711
5/12/2014	\$1,000,000	0.986%	0.990%	130	\$4,062
7/7/2014	\$1,000,000	0.625%	0.960%	305	\$1,266
12/22/2014	\$1,000,000	0.429%	1.125%	863	\$457
12/23/2014	\$1,000,000	0.875%	1.046%	374	\$2,053
12/30/2014	\$1,000,000	0.750%	1.250%	364	(\$850)
Total Gain					<b>\$19,306</b>

\* The number of additional days the newly purchased investment will be outstanding vs. the sold investment

In addition to the gain of \$19,306, which is the difference between the net carrying value of the investment and its sale price, each trade also resulted in an increased market yield and generally higher future cash flows.

The chart below shows the difference between the actual yield of the Pool each month, including the Total Rate of Return trades, vs. what the return would have been had the trades not been made:



KCHA currently purchases three main types of investment structures:

- Investments that can be redeemed at pre-determined times at the option of the issuer. These investments are called “callables”. The bond issuer typically must offer slightly higher rates of return for the option of calling the bonds.
- Investments that increase interest payments at pre-set amounts and at pre-set times. These bonds, called “steps”, almost always carry call features in addition to the step features.



- Investments that cannot be called, either because they were issued that way, or because the call options were not exercised by the issuer. These investments are known as “bullets”.

All of these types of investments can be bought and sold on the secondary market, i.e. after the bonds are initially offered for sale by the issuer. When a bond is offered for sale, the broker will take many factors into consideration and come up with an offer price. In general, the more uncertainty surrounding the bond, the lower the offering price.

Of the three investment types KCHA purchases, steps have the most uncertainty as the purchaser doesn't know if and when the bonds will be called, and therefore doesn't ultimately know the long-term investment yield. Standard callables have less uncertainty as the interest rate is known, but the length of time the bonds will be outstanding is still unknown. Bullets have the least uncertainty as the purchaser knows the exact interest rate they will be receiving and for how long. It is for this reason that bullets are the best investments for a portfolio practicing Total Rate of Return investing.

### **Portfolio Management**

While bullets are the preferred bonds for Total Rate of Total investing, they are not the only type of investment that should be included in a well-balanced portfolio. Although bullets offer purchasers less uncertainty, they carry slightly lower rates than comparable callable bonds (generally 5-10 basis points), and when rates rise, they will lose value more quickly than steps. Therefore, KCHA's portfolio at the end of December 2014 contains a mix of all three investment types:

	Amt Invested	% of Portfolio	Average Yield
Callable	\$9,998,600	22.3%	1.03%
Step*	\$14,350,200	32.0%	0.97%
Bullet	\$20,519,308	45.7%	0.95%
	<u>\$44,868,108</u>	<u>100.0%</u>	<u>0.97%</u>

\* Step bonds are also callable; the Board has authorized up to 50% of the portfolio to be step investments

### **Strategy for 2015**

At the March 2015 Federal Open Market Committee meeting, the committee said that it was unlikely they would raise rates at the April meeting, but removed the word “patient” from their guidance on when they may begin to raise rates. Most analysts are now expecting rates to start rising in June. If this happens, KCHA will enter a phase where the gap between the Internal Pool and the LGIP will narrow sharply, and the Internal Pool could temporarily underperform against the LGIP.

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KCHA's investment strategies for 2015 related to the Internal Pool contain no significant changes to its risk profile:

- Continue to invest up to 60% of investible cash in the Internal Pool, but watch closely if rates rise more quickly than forecast
- Maintain the level of 5-year steps in the portfolio between 30% and 50%.
- Purchase approximately 50% of investments without call features, allowing for increased Total Rate of Return investing opportunities

# T A B N U M B E R

8



**To:** Board of Commissioners

**From:** Craig Violante, Director of Finance

**Date:** April 15, 2015

**Re:** **New Bank Accounts**

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In 2014, the Authority issued a Request for Proposal for general corporate banking services. Three proposals were received and, after a thorough review of all proposals, staff selected Key Bank to replace US Bank. The selection of Key Bank was made primarily on pricing and the level of customized services that will be provided. The Asset Management department will continue to use the Bank of America for their banking needs.

In March 2015, 35 accounts were opened with KeyBank. The accounts are all commercial checking accounts with the exception of the Security Deposit accounts which are interest-bearing money-market accounts. Additional Key Bank accounts will be opened on an as-needed basis and will be reported monthly to the Board.

**CORE BANK ACCOUNTS:** The following four accounts are considered the “core” bank accounts of the Authority:

- King County Housing Authority – Master Fund
- King County Housing Authority – Payroll
- King County Housing Authority – Tenant Accounting
- King County Housing Authority – Section 8

The Master Fund is KCHA’s main checking account. It is used to pay expenses related to the Authority and receives funds from various funding sources. The account sends and receives wire transfers and receives and issues checks.

The Payroll account is used to pay the Authority’s employees. Employees are paid via direct deposit and check issuance. Funds for payroll are transferred from the Master Fund.

The Tenant Accounting account is used to collect rent payments from the Authority’s tenants at properties managed by KCHA. Checks are processed through a lockbox and funds are transferred to the Master Fund.

The Section 8 account is used to receive Section 8 funds from HUD, receive and make payments involving portability transactions with other housing authorities, and make payments to Section 8 landlords. The account issues and receives checks and sends and receives wire transfers.

**TAX CREDIT OPERATING ACCOUNTS:** As the property manager for tax credit-owned properties, KCHA must maintain separate operating accounts for each entity.

- Egis Housing Limited Partnership – Operating
- Fairwind Apartments LLLP – Operating
- Green River Homes LLC – Operating
- Green River Homes 2 LLC – Operating
- Harrison House Apartments LLC – Operating
- Soosette Creek LLC – Operating
- Zephyr Apartments LLLP – Operating

The Operating accounts are used to pay operating expenses related to the KCHA-managed tax credit properties. Transactions include lockbox deposits and transfers to and from the Reserve and Security Deposit accounts. The accounts will primarily receive wires and issue checks.

**SECURITY DEPOSIT ACCOUNTS:** Most tenant security deposits from KCHA-managed properties are held in the Master Fund and accounted for separately in the general accounting system. However, tax credit properties and Parkway Apartments require separate interest-bearing bank accounts due to contractual stipulations.

- Egis Housing Limited Partnership – Security Deposit
- Fairwind Apartments LLLP – Security Deposit
- Green River Homes LLC – Security Deposit
- Green River Homes 2 LLC – Security Deposit
- Harrison House Apartments LLC – Security Deposit
- Soosette Creek LLC – Security Deposit
- Zephyr Apartments LLLP – Security Deposit
- King County Housing Authority – Parkway Security Deposit

The Security Deposit accounts are used to hold tenant security deposits for KCHA-managed tax credit properties. Transactions include and are limited to deposits and transfers to the operating account for tenant refunds. Partnership agreements require tenant security deposits to be held in separate bank accounts.

**REPLACEMENT RESERVE ACCOUNTS:** Certain properties have contractual requirements to hold replacement reserves in separate bank accounts.

- Egis Housing Limited Partnership – Replacement Reserve
- Fairwind Apartments LLLP – Replacement Reserve
- Green River Homes LLC – Replacement Reserve
- Green River Homes 2 LLC – Replacement Reserve
- Harrison House Apartments LLC – Replacement Reserve
- Soosette Creek LLC – Replacement Reserve
- Zephyr Apartments LLLP – Replacement Reserve
- King County Housing Authority – Parkway Replacement Reserve

These accounts hold replacement reserves for KCHA-managed tax credit properties and for Parkway Apartments. Transactions are limited to deposits from and transfers to the operating account. KCHA practice is to hold non-KCHA replacement reserve deposits in a separate bank account.

**OPERATING RESERVE ACCOUNTS:** As property manager for Egis, Harrison House and Valley Park (owned by Green River Homes LLC), KCHA is required to maintain an Operating Reserve account for each entity.

- Egis Housing Limited Partnership – Operating Reserve
- Harrison House Apartments LLC – Operating Reserve
- Green River Homes LLC – Operating Reserve

The accounts are used to hold Operating Reserves for the Egis, Harrison House and Green River Homes tax credit properties. Transactions are limited to deposits from and transfers to the operating account. Operating reserve accounts are required by financing agreements between King County and the tax credit partnerships.

**OTHER BANK ACCOUNTS:** Other bank accounts have been opened for specific purposes

- Fairwind Apartments LLLP – Special Purpose Reserve. This account holds funds remaining from permanent loans and investor capital contributions after completion of construction, the closing of the permanent loan, and the stabilization of operations. KCHA as General Partner is able to use these funds to pay for operating expenses or any other partnership expenditures subject to any restrictions in the partnership agreement. Transactions would include and be limited to transfers to the operating account.
- Egis Housing Limited Partnership – General Partner Reserve. This account will be used to hold reserves for use at Egis properties as determined by the Authority in its role as General Partner. Transactions would include and be limited to transfers to the operating account.
- Zephyr Apartments LLLP – ACC Reserve. This account will be used to hold reserves for use at Zephyr Apartments in the event that Zephyr one day ceases to receive Operating Subsidy from HUD. This account is required by the partnership agreement.
- Vantage Point Apartments LLC – Development Account. This account will be used to pay construction expenses of the Vantage Point Apartment Building. Expenses will be paid with weekly check runs. The account will also hold funds loaned from KCHA and/or drawn from a Bank of America Line of Credit.
- King County Housing Authority – Greenbridge Endowment. The Greenbridge Endowment account will be used to hold the annual operating portion of the Greenbridge Endowment Funds. Transactions include quarterly transfers to the KCHA Master Fund for reimbursement of allowable expenses. This account was required in the Greenbridge Endowment Agreement between KCHA and HUD.

# T A B N U M B E R



**TO:** Board of Commissioners

**FROM:** Tim Baker, Senior Management Analyst

**DATE:** March 17, 2015

**RE:** **Fourth Quarter CY 2014 Procurement Report**

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In order to update the Board concerning KCHA's procurement activities, staff is presenting the attached Quarterly Procurement Report. This report covers all procurement activities from October through December 2014 that involved the award of contracts valued over the amount of \$100,000 and change orders that have cumulatively exceeded 10% of the original or not to exceed contract amount.

**Awarded Contracts Over \$100,000:**

The awarded contracts section of the report lists the issuing department, contract type, company awarded the contract, the award and estimate/budgeted amounts, procurement process involved, the number of bids received and notes about the procurement.

In the fourth quarter, there were 12 contracts awarded and valued at more than \$100,000, representing 92% of the contracts executed in the quarter. The largest contract was awarded to Bates Roofing for \$1,125,500 for the Pickering Court exterior upgrades project.

**Contract Change Orders Exceeding 10%:**

KCHA's internal procedures require heightened oversight and review once a contract has incurred change orders valued at more than 10% of the original contract amount. The change order section of the report includes the issuing department, contract type, company awarded the contract, the original amount awarded, as well as the number of change orders, the amounts of the total change orders to date expressed both in dollars and percentages above the original contract value, and notes about the procurement. Per the Board's request, this section was divided between change orders issued in response to unforeseen field conditions or expanded project scopes, and change orders which were foreseen at the time the initial contract was let (primarily through contract extensions on multi-year contracts). The not-to-exceed total for the "foreseen" change order section is the projected total amount of the contract once all the foreseen change orders are completed.



There were 5 total “field condition” change or “scope change” orders on contracts whose total value had exceeded 10% of the initial contract amount.

A discussion of the most notable ones follow:

1. The change order with Geo Education & Research (\$50,000) is to extend the contract 12 months to conduct a detailed evaluation of the Rapid Rehousing pilot project.
2. The largest percentage increase (128%) was with the YWCA for the Client Assistance fund due to unanticipated increased demands on the program that drew down contract funds faster than budgeted. The amount of the change order was \$14,000.
3. The largest change order (\$97,150) was with Neighborhood House who is conducting a Rapid Rehousing pilot project. The change order is to assist 15 new families and to extend the contract for an additional 12 months.

There were 2 anticipated change orders involving contract extensions as allowed in the original contract. A discussion of the most notable changes in foreseen change orders follows:

1. The change order with Valley Cities Counseling for the Sponsor Based Supportive Housing program was to extend the contract for 36 months as anticipated.
2. The change order with Neighborhood House is for administering the Career Development Center at the Kent Family Center. The contract was extended to sync up with KCHA fiscal year 2014 for easier financial monitoring of the contract. A new contract for 2015 has been executed.

KING COUNTY HOUSING AUTHORITY  
QUARTERLY PROCUREMENT REPORT  
October-December 2014 (Fourth Quarter)

Awarded Contracts Over \$100,000

Issuing Department	Contract type	Contract Awarded to	Estimate/Budget Amount	Initial Contract Amount	NTE with extensions	Procurement Process	# of bids	Notes
Capital Construction	Evergreen Court site drainage	Accord Const.	\$223,311	\$214,950	\$214,950	sealed bid	4	contractor has performed many successful projects for KCHA
Capital Construction	Island Crest deck replacements	Road Const	\$374,796	\$289,500	\$289,500	sealed bid	5	estimate assumed subcontracted work, general to do 100%
Capital Construction	Wells Wood building envelope	Bates Roofing	\$561,666	\$348,000	\$348,000	sealed bid	6	estimate assumed subcontracted work, general to do majority of work
Capital Construction	Hidden Village fire alarm upgrades	Mike Werlech Const.	\$355,465	\$377,011	\$377,011	sealed bid	2	contractor has performed many successful projects for KCHA
Capital Construction	King's Court indoor air quality improvements	CDK	\$717,597	\$414,400	\$414,400	sealed bid	2	estimate included work that will not be performed or was completed prior to bid
Capital Construction	Cedarwood envelope upgrades	Construction Enterprises	\$968,483	\$795,705	\$795,705	sealed bid	5	estimate accounted for higher general overhead costs than what was bid
Capital Construction	Forest Grove building envelope	CDK	\$1,024,386	\$1,056,164	\$1,056,164	sealed bid	3	contractor has performed many successful projects for KCHA
Capital Construction	Pickering Court exterior upgrades	Bates Roofing	\$1,030,264	\$1,125,500	\$1,125,500	sealed bid	3	contractor has performed many successful projects for KCHA
Housing Management-maint	Elevator service and testing	Olympic Elevator	\$1,300,000	\$1,070,438	\$1,070,438	sealed bid	2	new contractor for KCHA. Six year term contract.
Housing Management-maint	Appliance replacement and install	General Electric	\$750,000	\$750,000	\$750,000	sole source	n/a	company procured by the State of WA. Cooperative purchase agreement.
Weatherization	Avon Villa heat pumps	Energy Const.	\$146,025	\$136,710	\$136,710	sealed bid	2	contractor has performed on prior KCHA projects
Weatherization	Refrigerators	Albert Lee	\$160,500	\$170,000	\$170,000	RFP	3	contractor supplied refrigerators to KCHA from 2008-11
Total			\$7,612,493	\$6,748,378	\$6,748,378			

Contracts exceeding 10% cumulative change order-Condition Changes

Issuing Department	Contract type	Contract awarded to	Initial Contract Amount/NTE*	Change Order Amount & No. This Quarter	Total Contract Value to Date	% Change from Original	Notes (Current Quarter Change Orders)
Homeless Housing	Rapid rehousing pilot	Neighborhood House	\$250,000	\$97,150 (1)	\$347,150	39%	extending & increasing contract to assist 15 new families
Homeless Housing	Rapid rehousing pilot	Geo Education & Research	\$60,000	\$50,000 (1)	\$110,000	83%	extends contract 12 months to conduct detailed evaluation of the pilot program
Housing Management	Housing management software	Tenmast	\$9,900	\$1,500 (1)	\$11,400	15%	modifying the existing online application module to accept applications for Public Housing
Resident Services	Client assistance funds	YWCA	\$50,000	\$14,000 (2)	\$114,000	128%	unanticipated increased demands drew down contract faster than budgeted
Total			\$369,900		\$582,550		

Contracts with contract extensions or other foreseen change orders

Issuing Department	Contract type	Contract awarded to	Initial Contract Amount/NTE*	Change Order Amount & No. This Quarter	Current Contract Value	% of NTE*	Notes (Current Quarter Change Orders)
Homeless Housing	Sponsor based supportive housing	Valley Cities Counseling	\$2,706,671	\$1,140,185 (3)	\$2,706,671	100%	extends contract 36 months as planned
Resident Services	Kent Family Center career development center	Neighborhood House	\$255,000	\$31,415 (1)	\$286,415	112%	extends contract 5 months to sync up with KCHA 2014 fiscal year
Total			\$2,961,671		\$2,993,086		








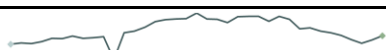





\*NTE = Not To Exceed

# T A B N U M B E R

10

# King County Housing Authority Executive Dashboard

4th Quarter Dashboard: October 1 - December 31, 2014

	actuals dec 11 - dec 14	dec 2014	target	3-yr avg	3-yr high	3-yr low
<b>Finance</b>						
LGIP Rate		0.10%	0.12%	0.14%	0.24%	0.09%
Non-LGIP Investment Rate		0.86%	0.65%	0.81%	1.17%	0.67%
Revenue to Budget <sup>1</sup> (Budgeted \$210.1m)		101%	100%	99%	102%	93%
Expenditures to Budget <sup>1</sup> (Budgeted \$187.0m)		98%	100%	97%	99%	93%
<b>Property Management</b>						
Public Housing Occupancy Rate (3,047 units)		98.9%	98.0%	98.5%	99.1%	97.9%
Local Program Occupancy Rate (4,893 units)		98.4%	96.5%	98.5%	100.0%	97.6%
KCHA Units Owned Online		9,007	9,007 <sup>2</sup>	8,728	9,007	8,523
<b>Section 8 Operations</b>						
Utilization Rate <sup>3</sup> (Vouchers Leased: 9,272)		101%	103%	102%	106%	96.2%
Shopping Success Rate (New vouchers issued 3rd Q '14: 154)		83%	>85%	87%	100%	75%
Households Paying >40% Income to Rent (n = 2,639)		23%	<25%	20%	23%	18%
<b>Exit Data</b>						
Positive Exits		35%	>25%	33%	64%	15%
Negative Exits		15%	<20%	21%	31%	9%
Total Monthly Exits		26	–	61	113	26

● Denotes indicators of interest

<sup>1</sup> Not reflective of mid-year adjustments

<sup>2</sup> Projected total units by 12/31/14

<sup>3</sup> Adjusted for 12-month incremental lease-up of new vouchers

# T A B N U M B E R

# **KCHA IN THE NEWS**

# A Greater Good: How One Landlord Helps Low-Income Renters

Posted: 04/16/2015 1:54 pm EDT Updated: 4 hours ago

When I first called Charles Lane, I expected to learn about his experience as a landlord working with low-income renters. I wanted to hear stories about people who had turned their lives around after being given a chance at housing.

As it turned out, Charles' own story was the most inspiring of all.

Charles was born and raised on a plantation in Arkansas, one of 12 children in a poverty-stricken family. He left to join the military in 1969, then ended up in Seattle working at Boeing. In 1982, he started investing in rental properties, and he has been renting solely to low-income renters ever since. "One reason I rent mainly to low-income people is we didn't have that. Where I came from there was no such thing [as housing vouchers]... I think about my blessing, and I think if I can help somebody, I don't have a problem with it."



Photos by ADAM COHN

In King County, where Charles has his rental properties, one out of five households are below the federal poverty level. And that number is closer to one in three rental households nationally, according to Zillow internal data. "I began to see that there were people in worse shape than I

[http://www.huffingtonpost.com/rebekah-bastian/how-one-landlord-is-fight\\_b\\_7036162.html](http://www.huffingtonpost.com/rebekah-bastian/how-one-landlord-is-fight_b_7036162.html)

am," said Charles, "and that's what helped me to be more appreciative of the opportunities that I have."

There are government programs that provide low-income renters with housing vouchers -- but the demand outpaces the supply. At any given time in King County, [1,000 low-income renters have access to these vouchers](#), and yet many of them cannot find housing due to the area's highly competitive rental market and limited inventory. There's no shortage of interested -- and more financially stable -- renters in King County, so most landlords have little need or incentive to work with low-income residents. Charles, however, has found that he can still earn money from his properties while living out his personal commitment to helping others.

"I believe that if you [are] in a position where you can help, or you can do something for somebody ... you will get your blessings," Charles told me. Thanks to programs such as the [One Home](#) campaign, offered by the [Committee to End Homelessness in King County](#), landlords can get that same satisfaction that Charles speaks of without taking a financial risk. The program offers financial protection, social services and other incentives to make renting to low-income renters less of a gamble.



Due to the high demand for rental units that accept housing vouchers, Charles only advertises his rental vacancies with the agencies that connect low-income renters with housing, such as the [Seattle Housing Authority](#), [King County Housing Authority](#), and [Shelter Plus Care](#). He screens potential tenants using Rental Research, and even tries to check out their current living situation when possible. But given the background of most of these tenants, he does not rely solely on credit scores. "A person [might have had] some downfalls, maybe has a bad credit history,



doesn't mean it's going to be bad all the time. We all deserve a chance. I would tell landlords: If you can, give a person a chance."

With 6,000-7,000 homes for rent each month in King County, and over 65,000 nationally according to [Zillow Real Estate Research](#), so many landlords have that opportunity to help a low-income or homeless person get a new chance in life. And with the One Home program backing them, as well as similar programs in many other U.S. cities, such as [EveryOneHome](#) in Alameda and [How's Nashville](#) in Nashville, that chance doesn't have to be a liability for the landlord.

It is encouraging to see more landlords following Charles' path, and like Charles, finding that "I get my return not only in money, because if I get a good tenant, that lets me know that I've done a good deed."

*Originally published on [Zillow for Pros](#) blog*



# A Letter to the Investor Buying Our Apartment Building

Earlier this month, William McHalfey died quietly in his small studio apartment. A few days later, neighbor Janice Harper sent us this letter.

By Janice Harper Tue., Mar 24 2015 at 08:15PM

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• Stir



*The Beachwood Apartments in West Seattle. Photo by Kyu Han*

Dear Landlord,

Last week they took Bill's body away. You never knew him. He'd lived here for over 25 years, a quarter-century that saw him slowly decline from an excited young man who loved James Joyce, the Seahawks, and a good bottle of beer to a decrepit old man who hobbled on crutches and



Now



still loved James Joyce, the Seahawks, and a cheap case or two of beer.

Bill's life wasn't worth much; no one in their right mind would have ever hired him, and few would think to rent to him. He was just this side of homeless, but our landlords, Eve and Charles, couldn't throw him out. They knew he had no options, so year after year, they let him stay on, even though he couldn't pay any rent. They're good-hearted people who had bought the building as an investment, inheriting him from the previous owners, like a quirk in the building you grow to love even if it makes you grumble and groan.

Bill got by on about \$660 a month in disability, some food stamps, and the security of his single small room. He was always happy to see his neighbors, always had a small gift to share, whether a poem he had written, a recipe from his mom, or a flower he'd picked on his walk. He drove us crazy, and we drove him places after bus service was cut in our neighborhood. Year by year, Bill lost what little he had—his ability to walk; the bus that took him to museums, parks, and the grocery store; most recently his food stamps. But he always had his little room, so he felt safe and secure in this unsafe and insecure world.

Until the day Eve and Charles told us they were putting the property up for sale. Who could blame them? The building is a century old and so much work went into maintaining it, especially for a couple of people who, also, are aging. But it's prime real estate, right on the water with a view that would make even Donald Trump drool. So we had a good idea of what would happen after the sale went through. Skyrocketing rents and a landlord we'd never see, much less ever know.

Our fears were fanned by a recent *Seattle Times* article noting that old "mom and pop" buildings are being bought up by investors who are raising rents in our area by as much as 130 percent. Another article noted that rents in Seattle are increasing faster than almost any other place in the country. In the last five years, rents have gone up 32 percent in Seattle, a trend that places our city second only to New York. That's good news for you, as a landlord, because it means that investing in buildings like ours will bring you a steady flow of passive income. All you had to do is come up with a down payment and a management company

to collect our rents. As our monthly rent checks roll in, we will provide you with the money to pay

*Let's be honest.  
You aren't just in  
the real-estate  
business. You're in  
the business of  
creating  
unaffordable  
housing.*

Th



Fri

your mortgage, your taxes, your insurance, and your maintenance, and likely secure a considerable income for you as well.

But for us tenants, the increasing rents tell a different story. If we can't afford high rent increases, we will have to move, regardless of how long we've lived in our homes, or how limited our resources.

Moving, of course, requires not just the cost of renting a truck and workers to move the heavy furniture, but first and last months' rent, fees for credit checks and pets, and non-refundable cleaning and pet deposits. Moving costs us thousands of dollars, which we often don't have. And for those who are unemployed or underemployed, have bad or no credit, high credit-card debt, or are living on disability, as Bill was, there's just no point in a credit check. They're simply out of luck.

That's likely how Bill felt when he killed himself last week, telling me just the day before he did it that he knew the sale, which is scheduled to close on April 15, would not be stopped and that, as Eve had already told him, he'd have to move. Tears rolled down his face as he said that he had lived in his room for 25 years and had no place to go. He said maybe he'd move back to Wisconsin where he'd grown up as a child—a pipe dream for a man on crutches with not a penny to his name.

As they were cleaning out his apartment, you happened to come by with some of your friends to show them the building. It was then that I told you of his suicide and how he was on disability and had no place else to go. In response, you simply said, "Oh, there's lots of places for people on disability to go."

Yet a 2012 report of rents nationwide released by the Consortium for Citizens With Disabilities found that rent for a studio apartment consumes on average 90 percent of the income of a person on disability. "Nowhere in the United States can people with disabilities receiving SSI find a safe, decent place to live," Kevin Martone, executive director of the Technical Assistance Collaborative, concluded.

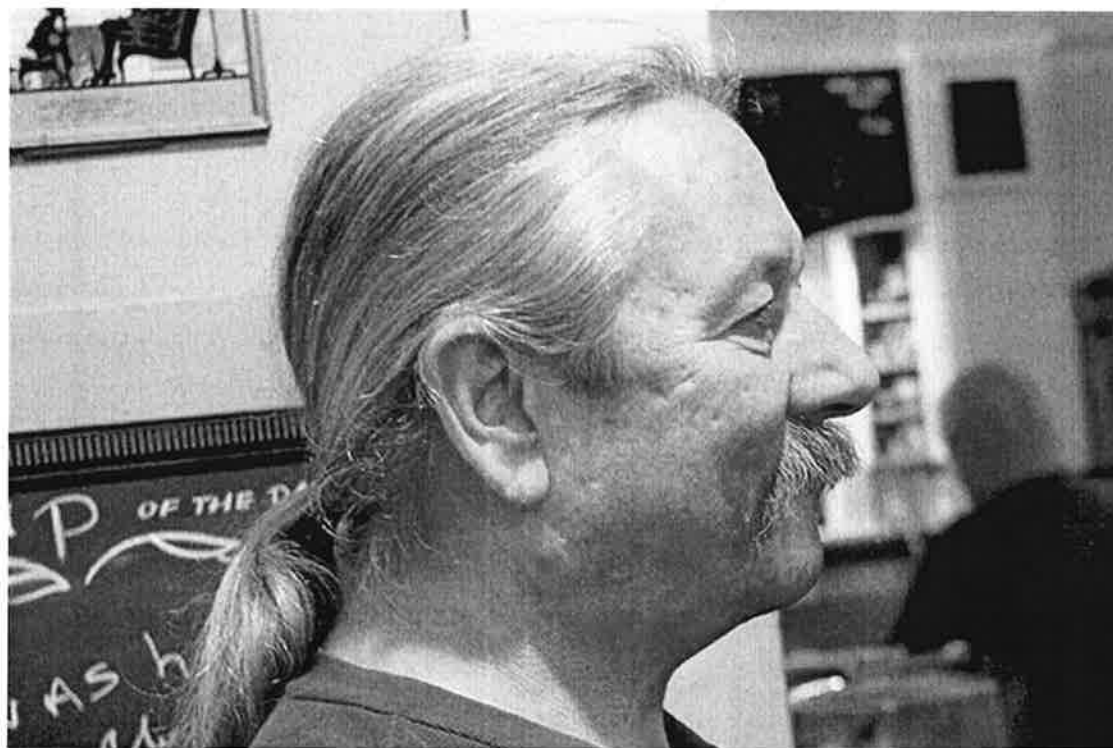
So let's take a look at just what happens to a disabled senior in Seattle making \$660 a month. Where can he go in King County?

The King County Housing Authority offers vouchers for low-income residents like Bill. But their website states, "Because the demand for vouchers is very high, the waiting list is most often closed to new applications." The good news is that every two or three years they open that list. The bad news is that it stays open only a couple of weeks, and as one housing specialist told me, the last

time they opened the list there were nearly 22,000 applications for 2,500 apartments. But just in case, I called them. The recording told me the waiting list is currently closed.

Bill would have had a slightly better chance at getting into low-income senior housing, but according to the website for the Seattle Housing Authority, “Your wait may be as short as two weeks or as long as several years.”

I decided to see whether Bill could have gotten on one of those two-week wait lists, so I called them. I told them I was looking for housing for a friend who was over 60 and disabled. I was told that there were some places in Seattle where the wait list is under a year, but there has been so much recent interest that it will now probably be longer than that. I inquired what might happen if he was given only a 30-day notice of a rent increase—which is all that is currently required by state law—or even 90 days? Could they find anything for him?



*William McHaffey in happier times. Photo by Chuck Socha*

“For his situation,” I was told, “it would be primarily transitional housing or shelter housing.” Shelter housing, of course, means living in a homeless shelter, where residents must hit the streets at dawn and not return until evening.

But what about that transitional housing? Surely that could have helped Bill. So I called the number and was told, “There’s actually a crisis with affordable housing in King County right now,” and referred to Housing Search Northwest. I called that number, and learned that there is

currently one transitional housing unit available in all of Seattle, but it is for women only. There was, however, another one in Burien for men. Undaunted, I called them. Could Bill have found a safe place to stay with them?

The answer, I promptly learned, was no. They would not accept someone on crutches or who required a walker, because the hill leading up to the home is not navigable by anyone with ambulatory problems.

After that point, every number I was referred to and called got me back to a number I'd already called. It was clear that the housing options available to a disabled man in his 60s with no money are nil.

So you were wrong about Bill, dear landlord. But what about the rest of us? Surely we'll be fine, I'm sure you've already concluded.

The truth is that after years of paying rents of \$1,600 to \$2,000 a month, few of us can pay more, nor have we been able to save much money to move. Still, many of us will have to do so now. We will move to smaller, more expensive apartments.

For the younger among us, it's something they'll get over. But what of us who are older? What about the 63-year-old woman on a limited income who has lived in her apartment for 20 years, and has already paid over a quarter-million dollars in rent to do so? How will having to move at this point in her life affect her? What about the 64-year-old woman who is recovering from heart surgery? Do you have any idea what the anxiety of a pending rent increase that she can't afford is doing to her? Did you know she worries whether she'll even be healthy enough to move from the home she has cherished for years? And what would you have done about the 93-year-old man who had lived here more than 25 years if he hadn't died last year? Would you have raised his rent to "market" rates and evicted him if he could not have paid them?

No one begrudges your interest in a profit. After all, spending millions on a building is no small thing; you should indeed expect a sound return on your investment. But if that means that low-income, older tenants who have lived in the same place for decades must leave their homes, and likely their city, in search of affordable rents, then let's be honest. You aren't just in the real-estate business. You're in the business of creating unaffordable housing.

So I am writing to you now to ask you to think long and hard about the assumptions you make and the decisions you make as you buy up older buildings, do some cosmetic repairs, hike up the rents to ensure you'll make a healthy profit, and move existing tenants out, as is your history. When you assume we will be fine, stop yourself. The truth is, the older we are, the more disabled we are, and

the lower our incomes, the more likely we will not be fine. Chances are we will suffer severe hardships.

If you assume that there is nothing you can do to change the fact that your tenants will suffer the collateral damage of your investment, think again. Management companies not only provide a service to landlords, they also provide a buffer between you and your tenants so that you can distance yourself not just from them, but from the impact of your actions on their lives. Respect the human impact of your business. Get to know your tenants. We are the ones who pay your mortgage and provide you with an income. Ask about our lives, how long we've lived in our homes you now own, and what our options are. Give long-term, low-income tenants lower rents, but go ahead and increase rents to new tenants. Give tenants who must move at least 90 days' notice so that they have time to pack and find a place and adjust to the drastic change. And consider providing relocation costs to those long-term, low-income tenants who must move so that you can make more money.

If those are actions you won't take because the law doesn't require you to do so, all right. But stop telling yourself the comforting lies that there are plenty of places for us to go, that we'll be fine, that there's nothing else that you can do, and that this is progress. Tell yourself the truth. You're investing in unaffordable housing; you are contributing to homelessness and poverty as you drive rents up and people out, and sometimes those people kill themselves because they have no place else to go.

Sincerely,  
Unit 7

*Janice Harper is a cultural anthropologist and writer. She is a regular contributor to The Huffington Post and Psychology Today and is the author of Mobbed! A Survival Guide to Adult Bullying and Mobbing. She is a resident of West Seattle, where she has lived in her current apartment for five years.*

**UPDATE:** Read the open letter send by local property manager Brain E. Robinson in response to Janice Harper's letter [here](#).

AROUND THE WEB

WHAT'S THIS?

Monday, April 13, 2015 | Overcast, light rain, 46.4 °F

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Front Page

News

Sports

Opinion

Police Blotter

**Suspect identified in SeaTac hate-crime incident** By Tim Clifford  
Less than 12 hours after



**SLIDESHOW: Kennedy Catholic outlasts Southwest Titans in a boys lacrosse scoring**

**LETTER: South King Fire & Rescue Bond Issue** I urge a yes vote on the April 28th election of

**Pedestrian in critical condition after being struck by suspected drunk driver** Pedestrian

#### NEWS

Duwamish Alive! celebrates volunteers and river clean up efforts April 18

What a life! Goats are busy eaters

Worker trapped in cargo hold of Alaskan Airlines plane

Detectives Searching for Armed Home Invasion Suspect

I TOOK A BITE OUT of BURien!

CALL TO GLASS ARTISTS

**MODEL HOME TO OPEN SATURDAY, APRIL 11 AT SEOLA GARDENS**

City Receives \$25,000 Out-of-School Time Grant

Public Hearing Scheduled

Discover Burien's "Clean Sweep"

Fire Station 45 Project is Underway

Learn about route and station options for extending light rail from SeaTac to Federal Way

CALL TO ARTISTS

Be the Match Bone Marrow Donor Drive

Make your voice heard! Take the 2015 SeaTac Resident Satisfaction Survey!

Free Tax Help from the United Way



## MODEL HOME TO OPEN SATURDAY, APRIL 11 AT SEOLA GARDENS

Second phase of construction will bring homeownership opportunities to 54 more families

04/10/2015

White Center – Prospective buyers on Saturday, April 11, will get their first look at the new single-family homes being built at Seola Gardens.

Richmond American Homes will unveil a furnished model home to kick off their second phase of construction consisting of 54 new homes, in the mixed-income community developed by the King County Housing Authority. Seola Gardens is located at 4th Avenue Southwest and Southwest 108th Street in White Center.

Prices for the three- and four-bedroom single-family homes range from about \$347,000 to \$390,000, subject to pricing release.



Receive updates on news and events in the Highline area via Twitter or Facebook!



Moshier Spring  
Pottery Sale Saturday,  
May 2nd 10 AM-3 PM

Think Through Math to  
honors  
student/teacher from  
Parkside Elementary

SeaTac City Council  
meeting summary for  
last meeting of March

Community Calendar  
week of 04/10/15

Burien Bites is April  
9th

Sea-Tac Airport  
Named Top 10 High  
Tech Airport by  
Fodor's Travel

Connor McClean is  
House page

White Center 5k

Georgie's View: stay in  
the mainstream, you  
hear?



"The grand opening of the phase two model home will provide a chance for prospective buyers to see the vibrant neighborhood growing to completion at Seola Gardens," said Stephen Norman, executive director of KCHA. "The first phase sold out very quickly. This second and final phase fulfills KCHA's vision and commitment to provide quality, market-rate homeownership in White Center as part of Seola Gardens."

This single-family homeownership community is adjacent to Lakewood Park and easily accessible to downtown Seattle. The site offers pocket parks and playgrounds, a community garden, public art, and a community center. Abundant educational opportunities, services and shopping are nearby.

Richmond American Homes, a national homebuilder, also developed the first phase of new homes at Seola Gardens. Four additional floor plans are being offered in phase two with homes ranging in size from 1,800 to 2,550 square feet. Each two-story home includes a two-car garage. Buyers may select from a number of options to customize their homes.

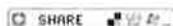
The first two homes are currently under construction with completion expected as early as June.

Seola Gardens is a Three-Star Built Green™ community with energy and water efficiency features integrated into every element of the design. In 2013, Seola Gardens won a Built Green Hammer Award from the Master Builders Association of King and Snohomish Counties. The award recognizes the development as an innovative and outstanding residential community that meets Built Green™ standards.

Initially a World War II public housing community known as Park Lake Homes II, Seola Gardens has been redeveloped as an attractive mixed-income community that features rent-subsidized and for-sale homes, as well as a mid-rise building for seniors operated by Providence Health & Services of Washington. With completion of this last phase of single-family homes, the 30-acre site will be home to approximately 300 owner and rental households.

KCHA, an independent municipal corporation established under state law, assists over 18,000 households in the Seattle metropolitan region on a daily basis. The Authority administers rental housing assistance, develops and manages affordable housing and works closely with community stakeholders to address local housing priorities.

The model home, which is located at 10934 4th Place Southwest, Seattle (White Center), will be open from 10 a.m. to 6 p.m. on April 11.



Like 1

We encourage our readers to comment. No registration is required. We ask that you keep your comments free of profanity and keep them civil. They are moderated and objectionable comments will be removed.

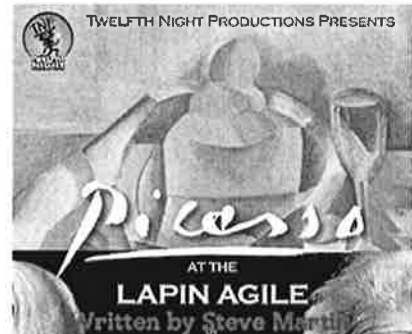
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## EDUCATION WEEK

Published Online: April 13, 2015

Published in Print: April 15, 2015, as **District Establishes Wi-Fi in Local Community**

### Blended Learning: Breaking Down Barriers

Complete Coverage ►

## District Extends Wi-Fi to Students in Public Housing

By Michelle R. Davis

Near the Ping-Pong and foosball tables, just steps from the gymnasium, where the sounds of bouncing basketballs echo down the hall, a strange contraption sits against the west wall of the Birch Creek Youth Center.

It looks like a cross between an old-school video-arcade console and a modern-day ATM—but it's actually a kiosk placed in the recreation hub by the **Kent school district**.

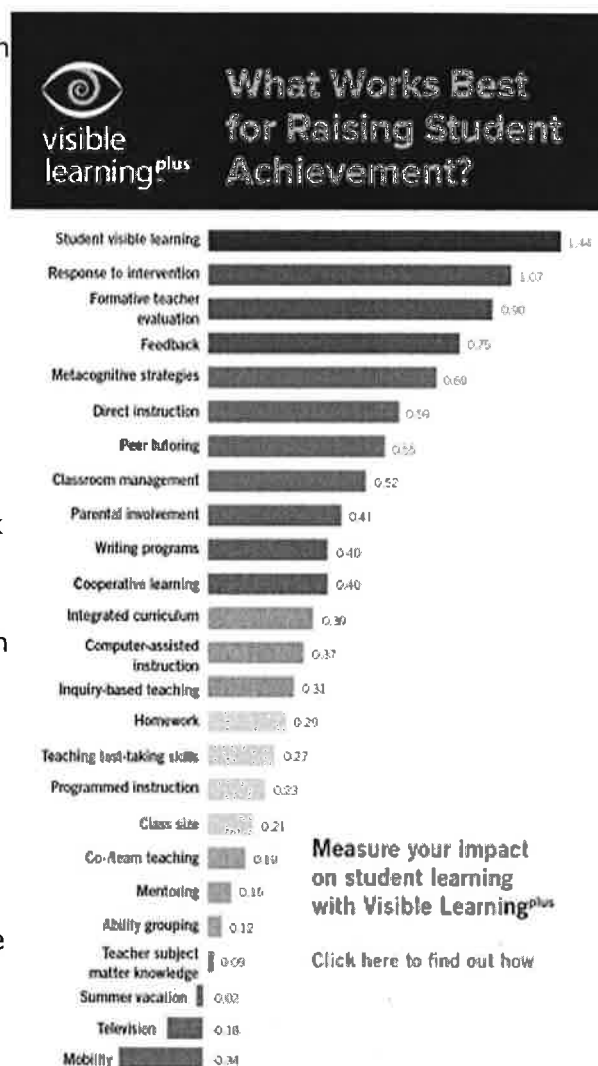
The kiosk emits free Wi-Fi in a 75-foot radius and features a 42-inch LED screen up top to display the latest district news. For many students who live in nearby public housing and go to school in the surrounding 27,400-student school system, the kiosk acts as a bridge between the digital connectivity they have through laptops and other devices at school and the lack of Internet access they cope with at home.

The Kent district has placed nine kiosks across the community, in three community centers and six district schools, and has coordinated with local businesses and organizations to establish a network of school-sponsored Wi-Fi hotspots. The district has used donations and partnerships to help defray some of the costs associated with the \$6,500 kiosks.

The idea is to make it easier for students, particularly those living in poverty, to access the Web away from school for homework and research after school hours. It's a goal shared by numerous school systems around the country, which have taken myriad approaches to boosting connectivity outside the classroom.

In addition to beaming free Wi-Fi, the Kent kiosks feature multiple languages for interaction and allow parents who don't have their own computers to log onto the district's

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### Blended Learning Special Report

District Extends Wi-Fi to Students in Public Housing

student information system, Skyward Family Access. The system provides them with a link to student grades, assignments, and the ability to communicate with teachers and other school officials.

In Kent, located just south of Seattle, the kiosks are also part of a broader effort to use technology to build stronger ties with students and parents, many of whom live in poverty and lack English language skills, said Thuan Nguyen, the chief information and digital strategy officer for the school system.

"More technology than ever is embedded in the instructional process," Mr. Nguyen said. "Making sure students have connectivity is more critical than ever."

**Districts Weigh Control Over Software Buying**

**Blended Learning Research Yields Limited Results**

**Ohio District Creates a Lab for Blended Learning**

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**K-12 Librarians' Roles Shift to Meet Digital Demands**

### **See Also: Creating an Out-of-School Wireless Community**

As K-12 districts become increasingly reliant on lessons that require technology, district leaders and policymakers have become increasingly concerned about many students' inability to get online outside the classroom.

According to the **Federal Communications Commission**, seven out of 10 teachers assign homework that requires high-speed Internet access, yet in some communities, only 1 in 3 students can access the Web at home.

More discouragingly, few districts appear to be making strides toward closing those gaps. A survey released last year by the Washington-based **Consortium for School Networking** found that 82 percent of school systems do not provide any off-campus broadband services to students. Only 10 percent of districts had identified community or business Wi-Fi hotspots for students, and an equally low number reported partnerships with Internet providers for low-cost home access.

While many advocates of increasing students' Internet access applaud initiatives like those underway in Kent, they also see limits to those programs' reach. Individual district efforts tend to address the lack of connectivity in relatively limited ways, said Evan C. Marwell, the CEO of EducationSuperHighway, a San Francisco-based nonprofit that tries to improve Web infrastructure in schools.

"To solve this problem, we're going to have to do things at scale," Mr. Marwell said.

### **Homework Goes Online**

On a recent March day, Deepeka Taya, a senior at Kentlake High School, was catching up on her homework using her school-issued laptop and the free Wi-Fi provided by the district kiosk at the Birch Creek Youth Center.

During her first two years of high school, the teenager had no Internet access in her home, located in the King County Housing Authority, so she spent a lot of time going online at the community center. Now, she said, her family has a home connection, but it's slow, so she's often drawn to the Wi-Fi kiosk, where connectivity comes at a much faster clip.

Ms. Taya's parents have also used the kiosk to access the district's Skyward program to track her academic progress, she said.

"Most of our assignments are online," she said. "If I didn't have the Internet after school, or had problems getting it, it would be hard."

The Kent district is just one of many K-12 systems that have taken creative steps aimed at closing the connectivity gap.

The **Coachella Valley district** in California, which has equipped school buses with Wi-Fi, parks one of those vehicles in a trailer park at night to provide Internet to students after hours. The Albemarle, Va., district is building its own broadband network with the goal of connecting directly to students' homes in rural areas. Other districts allow students to check out hotspots from school libraries.

Many districts work closely with Internet providers. **Comcast's Internet Essentials** program, for example, offers online access to qualifying families in its service area for \$9.95 per month. Since 2011, Comcast says it has connected 350,000 families through the program in 39 states and the District of Columbia.

As Kent expanded its use of technology over time, officials became determined to move aggressively to help students and families make use of new digital resources. Many students in the district come from poor backgrounds: More than half qualify for free or reduced-price lunches.

When the district launched a 1-to-1 student-to-device program districtwide during the 2008-09 school year, 30 percent of students didn't have access to reliable broadband. Since then, that number has fallen to about 4 percent, Mr. Nguyen said. Today, the district's 1-to-1 program extends across grades 7-12, and students are allowed to take their devices home.

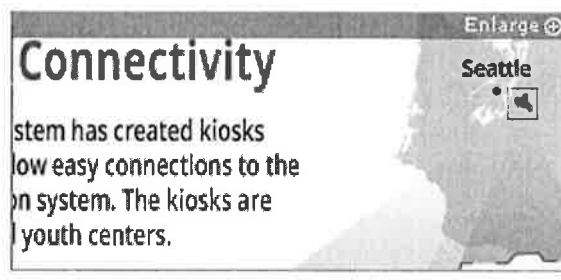
The Kent district developed the Student Technology Access & Resources, or STAR, program to address some connectivity issues, providing refurbished laptops to qualifying families and mapping out district Wi-Fi hotspots along with those offered by local organizations and businesses. Initially, many students' only options for finding Internet access amounted to heading out to a government building, a coffee shop, or a business that offered connectivity, said Mr. Nguyen. He saw those as stop-gap options.

"It's not realistic to expect them to walk miles and miles to a library, and no Starbucks is going to let students hang out there for hours without buying something," he said. "It's not a real, viable option for everyday and extended use."



### Mapping Out Connectivity

The Kent, Wash., school system has created kiosks that emit free Wi-Fi and allow easy connections to the district student-information system. The kiosks are placed in local schools and youth centers.



It hasn't all been smooth sailing with the kiosks. So far, there are only nine of them, with three placed in the community. Sometimes, the kiosks get unplugged by cleaning crews, and the machines have difficulty rebooting, leaving the Wi-Fi down for some period of time.

But in other respects, the placement of the kiosks is having the desired effect, Mr. Nguyen said. Data collected from the stations show both district-owned and nondistrict devices connecting on a regular basis.

The Kent district has made other efforts to improve online access across the community. It's a patchwork quilt that gives students a variety of options for getting on the Web.

The district created a shortcut to an online map on student devices highlighting nearby Wi-Fi options. It partnered with nearby businesses to permit student Wi-Fi use at a Safeway with a cafeteria, the Golden Steer restaurant's catering area, and in local churches. The system also tried a pilot program to pay for students' home Internet connections, but it didn't have the desired impact, Mr. Nguyen said.

### **Cost Barriers**

Boosting students' access to reliable, high-speed Internet service has been a priority among federal policymakers. Late last year, the FCC approved a broad swath of changes to the federal E-rate program, which supports Web connectivity in schools, including an annual boost of \$1.5 billion in the program's budget.

But those changes were not focused on expanding home Internet access. FCC Commissioner Jessica Rosenworcel is urging the federal agency to account for what she describes as the "homework gap" through revisions to the federal **Lifeline** program. Ms. Rosenworcel has proposed recasting the Lifeline program, created in 1985 to provide discounts on phone service to low-income customers, to give recipients flexibility to choose between phone service and home broadband access.

"We should take a hard look at that program and ask how we can evolve it so it's better suited for broadband," Ms. Rosenworcel said. Federal officials need to focus on "how we can get more households connected," she added, "especially those with school-age children."

For individual districts trying to increase out-of-school connectivity, one of the most obvious barriers is the high price tag, said Marie Bjerede, the project director for the Consortium for School Networking's Smart Education Networks by Design initiative, which supports districts' attempts to expand broadband.

With many K-12 efforts to bring Wi-Fi into home communities, the cost is often "so prohibitive, it hasn't been a conversation that has really hit the mainstream," she said.

In the Kent district, for example, much of its investment in digital technology has come from a series of technology bond measures approved by the community, Mr. Nguyen said. The district received a \$10,000 donation from wireless network company Meraki toward the kiosk project,

### **Closing the Out-of-School Connectivity Gap: Other Models**

- **District Loans Out Wireless Hubs to Bring Students Online**
- **Businesses Build Online Wi-Fi Network in Ga. School District**
- **Wi-Fi Hubs on Buses Connect Students in Transit**

and Absolute Software paid for one as well. Some organizations and partners, like the King County Housing Authority, pay for the Internet connection themselves, Mr. Nguyen said.

What's more, the placement of kiosks in community centers run by the King County Housing Authority has helped cement the relationship between its education programs and the school district, said Ted Dezember. He manages the housing authority's education initiatives, which include preschool and after-school programs.

"The kiosks are a physical presence of the school district inside the building," Mr. Dezember said. "It symbolizes a true partnership."

For educators like Cedar Heights Middle School Principal Heidi Maurer, maintaining that bond is critical.

Many of her students live in public housing and spend hours at the Birch Creek Youth Center. Some of her teachers provide weekly tutoring at the center and conduct outreach with parents to introduce them to the Wi-Fi systems and the Skyward Family Access system.

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"Our kids need to have access to the Internet and the tools associated with the Internet to function," Ms. Maurer said. "The kiosks help families access student information so they feel a part of what's going on."

*Coverage of "deeper learning" that will prepare students with the skills and knowledge needed to succeed in a rapidly changing world is supported in part by a grant from the William and Flora Hewlett Foundation, at [www.hewlett.org](http://www.hewlett.org). Education Week retains sole editorial control over the content of this coverage.*

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April 15, 2015

## King County Housing Authority

**John Welch** has been confirmed to serve as a commissioner for King County Housing Authority. Welch is superintendent of Puget Sound Educational Service District and was superintendent of Highline School District. He has also worked at South Seattle College and Federal Way Public Schools.



Welch

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