



**SPECIAL MEETING
OF THE
BOARD OF COMMISSIONERS**

July 27, 2015 at 8:30 a.m.

Vantage Glen
Community Building
18100 107th Place S.E
Renton, WA 98055

A G E N D A

- I. Call to Order**
- II. Roll Call**
- III. Welcome to Vantage Glen**
- IV. Public Comment**
- V. Approval of Minutes**
 - Special Board Meeting Minutes – June 22, 2015 **1**
- VI. Approval of Agenda**
- VII. Consent Agenda**
 - A. Voucher Certification Reports for May 2015 **2**
- VIII. Resolutions for Discussion & Possible Action**
 - A. Resolution No. 5509: A Resolution authorizing the acquisition of the Woodcreek Lane Apartments **3**

IX. Briefings & Reports

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X. Study Session

A. Mobility and Geographic Choice	10
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XI. Executive Director's Report

XII. KCHA in the News **11**

XIII. Commissioner Comments

XIV. Tour of Vantage Point Construction Progress

XV. Adjournment

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

Next Board Meeting:

Monday, August 17, 2015

T A B N U M B E R

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

Monday, June 22, 2015

I. CALL TO ORDER

The special meeting of the Board of Commissioners of the King County Housing Authority was held on Monday, June 22, 2015, at Valli Kee, 23401 104th Avenue S.E., Kent, WA. There being a quorum, the meeting was called to order by Chair Doug Barnes at 8:33 a.m.

II. ROLL CALL

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

Excused: Commissioner Michael Brown (Vice-Chair)

Staff: Stephen Norman (Secretary), Bill Cook, Connie Davis, Dave Gashler, Megan Hyla, Burgandi McCurdy, Marsha Murphy, Jessica Olives, Nikki Parrott, Beth Pearson, Craig Violante, and Tim Walter

Guests: Jake Terzo, Account Manager (Johnson Controls)
Peter White, Area Manager (Johnson Controls)
Mike Heinisch, Executive Director (Kent Youth & Family Services)
Robert White, Programs Coordinator (Kent Youth & Family Services)

III. WELCOME TO VALLI KEE

Marsha Murphy, Southeast Property Manager, welcomed Board members, staff and guests to Valli Kee. Ms. Murphy provided background information on the facilities and introduced Dave Gashler as Property Manager.

IV. PUBLIC COMMENT

None.

V. APPROVAL OF MINUTES

On motion by Commissioner Stewart, seconded by Commissioner Palmer, the Board unanimously approved the minutes from the Board of Commissioners' meeting of May 18, 2015.

VI. APPROVAL OF AGENDA

On motion by Commissioner Welch, seconded by Commissioner Stewart, the Board unanimously approved the June 22, 2015 Board of Commissioners' agenda.

VII. CONSENT AGENDA

A. Voucher Certification Report for April 2015 (General and Bond Properties)

April 2015

GENERAL PROPERTIES

Bank Wires / ACH Withdrawals	8,300,794.366
<i>Subtotal</i>	<i>8,300,794.36</i>
Accounts Payable Vouchers	
Checks - #247884-#248508	4,720,194.50
<i>Subtotal</i>	<i>4,720,194.50</i>
Payroll Vouchers	
Checks - #83754-#83767 & #83773-#83783*	30,955.36
Direct Deposit	1,230,988.54
<i>Subtotal</i>	<i>1,261,943.90</i>
Section 8 Program Vouchers	
Checks - #609229-#609649	260,142.49
ACH - #308206-#311359	9,729,110.56
<i>Subtotal</i>	<i>9,989,253.05</i>
Purchase Card / ACH Withdrawal	176,346.48
<i>Subtotal</i>	<i>176,346.48</i>
GRAND TOTAL	<i>24,448,532.29</i>
* checks 83768-83772 were printed early dated 5/1/15	

BOND PROPERTIES

Bond Properties Total (30 different properties)	<i>4,182,690.33</i>
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B. Resolution No. 5507: Authorizing the Executive Director to enter into an Interlocal Agreement with the City of Seattle for the purchase of Cleaning Products

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

VIII. RESOLUTIONS FOR DISCUSSION AND POSSIBLE ACTION

- A. Resolution No. 5508: A Resolution of the Board of Commissioners of the Housing Authority of the County of King authorizing the issuance of a tax-exempt revenue note in the principal amount of, not to exceed, \$43,000,000 for the purpose of refinancing three existing multifamily housing projects; approving the sale of such note to Columbia State Bank in accordance with its offer to purchase; authorizing the Executive Director of

the Authority to execute such other documents as are necessary to issue the note

Tim Walter, Senior Director of Acquisitions and Asset Management presented Resolution No. 5508. Mr. Walter briefed the board and stated that approval of this Resolution would permit the Housing Authority issue a tax-exempt revenue note to refinance Gilman Square (Issaquah), Meadowbrook Apartments (Shoreline), and Windsor Heights Apartments (SeaTac) properties. Mr. Walter further explained the financial benefits and loan terms with Columbia Bank.

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

On motion by Commissioner Stewart, seconded by Commissioner Palmer, the Board approved Resolution No. 5508.

IX. BRIEFINGS & REPORTS

A. New Bank Accounts

Craig Violante, Director of Finance, reported that KCHA opened two new bank accounts (checking) for all bond-financed properties managed by Allied Residential.

B. Energy Performance Contract Update

Connie Davis, Deputy Executive Director, presented an update on Phase II of the Energy Performance Contract (EPC) currently being undertaken as a cross-Authority project by Administrative Services, Housing Management, Asset Management, Capital Construction and Weatherization. The benefits of this project will primarily accrue to the public housing program due to a special set of incentives provided by HUD, but all properties will be assessed for potential energy savings.

The next step in the EPC is an Investment Grade Audit (IGA) to be performed by Johnson Controls, Inc. who is KCHA's energy services partner. The final IGA, which is due in mid-September will detail what measures will be installed on a property by property basis and include construction costs. The Board will continue to be updated as the project unfolds, particularly regarding the sources of financing, internal and external, needed to install the measures and monitor performance.

Jake Terzo, Regional Account Manager with Johnson Controls, provided an overview of the company's structure and its past experience working on Energy Performance Contracts with Public Housing Authorities.

C. Overview of Valli Kee

Nikki Parrot, Director of Capital Construction along with Heath MacCoy, Capital Construction Program Manager provided an overview of the improvements that have been made at Valli Kee, and construction plans for this year and next.

Jennifer Ramirez Robson, Director of Resident Services, provided an overview of the services provided to residents on-site and within the community. Ms. Ramirez Robson also briefed the board on the demographics of the residents at Valli Kee. Ms. Ramirez Robson introduced Robert White with Kent Youth and Family Services, one of the service partners for Valli Kee residents.

Robert White, Program Coordinator with Kent Youth and Family Services, thanked KCHA for the partnership and briefed the board on the programs provided by KYFS.

X. EXECUTIVE DIRECTOR'S REPORT

Stephen Norman provided an update on the status of the HUD Appropriations Bill. Mr. Norman also briefed the Board on the ongoing negotiations with HUD to extend the Moving To Work contract. Mr. Norman asked Tim Walter to provide an update on the Vantage Point Project.

XI. KCHA in the News

None.

XII. COMMISSIONER COMMENTS

None.

XII. ADJOURNMENT

On motion by Commissioner Welch, seconded by Commissioner Palmer, the Board adjourned the meeting at 10:05 a.m.

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

DOUGLAS J. BARNES, Chair
Board of Commissioners

STEPHEN J. NORMAN
Secretary

T A B N U M B E R



To: Board of Commissioners

From: Linda Riley, Controller

Date: June 23, 2015

Re: **VOUCHER CERTIFICATION FOR MAY 2015**

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
June 23, 2015

Bank Wires / ACH Withdrawals		4,956,574.47
	<i>Subtotal</i>	4,956,574.47
Accounts Payable Vouchers		
Checks - #248509-#249211		3,922,843.91
	<i>Subtotal</i>	3,922,843.91
Payroll Vouchers		
Checks - #83768-#83772 & #83784-#83806*		34,852.32
Direct Deposit		1,226,157.32
	<i>Subtotal</i>	1,261,009.64
Section 8 Program Vouchers		
Checks - #609650-#610072		323,906.42
ACH - #311360-#314467		9,757,743.88
	<i>Subtotal</i>	10,081,650.30
Purchase Card / ACH Withdrawal		195,411.97
	<i>Subtotal</i>	195,411.97
	GRAND TOTAL	20,417,490.29

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

FROM: Wen Xu

SUBJECT: VOUCHER CERTIFICATION FOR MAY 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.



Wen Xu
Director, Managed Assets
June 18, 2015

Property	Wired to Operating Accounts for Obligations of Property			Notes:
May-15	Date	\$	Claim	
Bellepark East	5/7/2015	\$11,586.15	A/P	
	5/14/2015	\$7,088.10	A/P & Payroll	
	5/21/2015	\$37,325.54	A/P	
	5/28/2015	\$21,037.31	A/P & Payroll	
Colonial Gardens	5/7/2015	\$3,395.41	A/P	
	5/14/2015	\$6,839.20	A/P & Payroll	
	5/21/2015	\$7,795.13	A/P	
	5/28/2015	\$7,270.31	A/P & Payroll	
Cottonwood	5/7/2015	\$5,778.36	A/P	
	5/14/2015	\$9,866.51	A/P & Payroll	
	5/21/2015	\$8,080.93	A/P	
	5/28/2015	\$14,122.40	A/P & Payroll	
Cove East	5/7/2015	\$14,946.70	A/P	
	5/14/2015	\$26,678.99	A/P & Payroll	
	5/21/2015	\$13,518.61	A/P	
	5/28/2015	\$22,822.74	A/P & Payroll	
Landmark	5/7/2015	\$25,975.96	A/P	
	5/14/2015	\$36,202.08	A/P & Payroll	
	5/21/2015	\$37,829.27	A/P	
	5/28/2015	\$15,377.44	A/P & Payroll	
Timberwood	5/7/2015	\$63,060.89	A/P	
	5/14/2015	\$31,748.01	A/P & Payroll	
	5/21/2015	\$42,327.54	A/P	
	5/28/2015	\$27,740.79	A/P & Payroll	
Woodland North	5/7/2015	\$3,093.09	A/P	
	5/14/2015	\$8,590.62	A/P & Payroll	
	5/21/2015	\$14,864.84	A/P	
	5/28/2015	\$37,611.40	A/P & Payroll	
Woodside East	5/7/2015	\$26,604.13	A/P	
	5/14/2015	\$14,353.15	A/P & Payroll	
	5/21/2015	\$43,086.87	A/P	
	5/28/2015	\$37,157.66	A/P & Payroll	
Alpine Ridge	5/7/2015	\$1,719.62	Payroll & A/P	
	5/14/2015	\$1,501.09	A/P	
	5/21/2015	\$2,373.80	Payroll & A/P	
	5/28/2015	\$30,779.68	A/P	
Aspen Ridge	5/7/2015	\$5,588.44	Payroll & A/P	
	5/14/2015	\$12,458.00	A/P	
	5/21/2015	\$4,764.77	Payroll & A/P	
	5/28/2015	\$20,416.44	A/P	
Auburn Square	5/7/2015	\$7,940.57	Payroll & A/P	
	5/14/2015	\$26,377.95	A/P	
	5/21/2015	\$7,390.01	Payroll & A/P	
	5/28/2015	\$27,261.16	A/P	
Carriage House	5/7/2015	\$13,023.04	Payroll & A/P	
	5/14/2015	\$18,470.80	A/P	
	5/21/2015	\$10,658.73	Payroll & A/P	
	5/28/2015	\$35,534.76	A/P	
Cascadian	5/7/2015	\$14,611.02	Payroll & A/P	
	5/14/2015	\$44,393.46	A/P	
	5/21/2015	\$11,236.28	Payroll & A/P	
	5/28/2015	\$7,548.17	A/P	
Fairwood	5/7/2015	\$11,572.12	Payroll & A/P	
	5/14/2015	\$20,252.77	A/P	
	5/21/2015	\$13,105.91	Payroll & A/P	
	5/28/2015	\$42,781.09	A/P	
Heritage Park	5/7/2015	\$8,690.19	Payroll & A/P	
	5/14/2015	\$5,803.47	A/P	
	5/21/2015	\$5,112.15	Payroll & A/P	
	5/28/2015	\$41,197.14	A/P	
Laurelwood	5/7/2015	\$5,119.42	Payroll & A/P	
	5/14/2015	\$25,867.31	A/P	
	5/21/2015	\$5,758.44	Payroll & A/P	
	5/28/2015	\$12,481.99	A/P	
Meadows	5/7/2015	\$7,156.54	Payroll & A/P	
	5/14/2015	\$14,722.37	A/P	
	5/21/2015	\$10,375.08	Payroll & A/P	
	5/28/2015	\$16,279.56	A/P	
Newporter	5/7/2015	\$10,784.06	Payroll & A/P	
	5/14/2015	\$61,427.07	A/P	
	5/21/2015	\$9,649.33	Payroll & A/P	
	5/28/2015	\$30,528.21	A/P	
Parkwood	5/7/2015	\$4,263.88	Payroll & A/P	
	5/14/2015	\$14,217.97	A/P	
	5/21/2015	\$5,494.51	Payroll & A/P	
	5/28/2015	\$4,807.97	A/P	

Somerset East	5/12/2015	\$5,139.18	Payroll & A/P	
	5/14/2015	\$6,309.93	A/P	
	5/19/2015	\$16,588.33	Debt Service	
	5/21/2015	\$4,598.70	Payroll & A/P	
	5/28/2015	\$17,099.31	A/P	
Somerset West	5/12/2015	\$6,267.79	Payroll & A/P	
	5/14/2015	\$7,292.67	A/P	
	5/19/2015	\$23,221.66	Debt Service	
	5/21/2015	\$6,559.94	Payroll & A/P	
	5/28/2015	\$30,256.44	A/P	
Walnut Park	5/7/2015	\$3,988.56	Payroll & A/P	
	5/14/2015	\$54,725.89	A/P	
	5/21/2015	\$7,524.46	Payroll & A/P	
	5/28/2015	\$37,373.85	A/P	
	5/5/2015	\$60,047.50	Debt Service	
Windsor Heights	5/7/2015	\$39,957.69	Payroll & A/P	
	5/14/2015	\$81,247.24	A/P	
	5/21/2015	\$6,955.60	Payroll & A/P	
	5/28/2015	\$62,014.99	A/P	
	5/28/2015	\$60,047.50	Debt Service	
Woodridge Park	5/7/2015	\$11,250.18	Payroll & A/P	
	5/14/2015	\$28,503.77	A/P	
	5/21/2015	\$6,908.78	Payroll & A/P	
	5/28/2015	\$44,371.95	A/P	
	5/7/2015	\$19,572.30	A/P	
Meadowbrook	5/21/2015	\$16,810.07	A/P	
	5/14/2015	\$24,599.93	A/P	
Bellevue Manor	5/28/2015	\$6,265.40	A/P	
	5/14/2015	\$8,666.02	A/P	
Charter House	5/28/2015	\$2,406.67	A/P	
	5/14/2015	\$8,311.39	A/P	
Northwood Square	5/28/2015	\$4,133.99	A/P	
	5/14/2015	\$12,141.03	A/P	
Patricia Harris	5/28/2015	\$5,680.16	A/P	
	5/14/2015	\$6,851.34	A/P	
Vashon Terrace	5/28/2015	\$34,505.00	A/P	
	5/14/2015	\$17,036.07	A/P	
Rainier View I	5/21/2015	\$12,528.45	A/P	
	5/14/2015	\$13,548.06	A/P	
Rainier View II	5/21/2015	\$8,097.22	A/P	
	5/14/2015	\$5,836.67	A/P	
Si View	5/21/2015	\$9,347.57	A/P	
	5/5/2015	\$4,731.33	Payroll	
Gilman Square	5/7/2015	\$10,090.51	A/P	
	5/19/2015	\$5,627.55	Payroll	
	5/21/2015	\$3,490.34	A/P	
	5/28/2015	\$12,491.81	A/P	
	Portfolio Total:	\$2,254,093.26		

T A B N U M B E R

3



TO: Board of Commissioners

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

Date July 20, 2015

Re: **Resolution No. 5509: Authorizing the Acquisition of the Woodcreek Lane Apartments**

Resolution No. 5509 authorizes the Executive Director to acquire the Woodcreek Lane Apartments in Woodinville upon review and satisfaction of the results of the due diligence inspections of the property. The complex is located at 18105 142nd Avenue Northeast in Woodinville and is adjacent to KCHA's 30 unit Wells Wood Apartments. The property was built in 1986 and consists of 20 two bedroom apartments: four two-bedroom one-bath units and 16 two-bedroom one and three quarter bath units. The property was renovated in 2014 with new appliances, countertops, kitchen and bath cabinets, carpet and vinyl, paint and new lighting fixtures. The purchase price is \$4,750,000 (\$237,000 per unit) and final agreement as to the purchase agreement is subject to an appraisal supporting the fair market value of the property. The negotiated purchase price is \$200,000 less than the seller's original asking price.

The acquisition of Wood Creek Apartments is consistent with KCHA's strategic objective to broaden geographic choice and provide housing for extremely low-income households in "high opportunity" neighborhoods. KCHA intends to provide rental assistance to new families moving into this community, which will make the units affordable to extremely low-income households while keeping rents at a level sufficient to support the debt service necessary to finance the acquisition. The property will be managed by KCHA's Property Management staff as part of the Juanita Trace portfolio in the Northeast Region. No existing tenants will be displaced and rental subsidies will also be provided on a voluntary basis for any current tenants who are eligible, have a significant shelter burden and request to participate in the program. Vacant units will be housed by qualified families from KCHA's wait list.

The acquisition of Woodcreek Lane Apartments will assist KCHA in expanding its inventory of housing for low-income households in the northeast part of the County where residents will have access to excellent schools and proximity to a range of local employment opportunities. This acquisition also reflects a growing focus under the Fair Housing Act on assuring equitable access to communities of opportunity. The total cost to the Authority is well below what it would cost KCHA to purchase vacant land and construct the same number of units in this location. As you are aware, KCHA has purchased several thousand units around the County, with a particular focus on opportunity neighborhoods, over the past 10 years using this approach

The attached Project Profile includes additional information about the property, operating projections, strategic rationale for acquiring the site, financing plans and primary risks associated with acquiring the site.

Staff recommends passage of Resolution No. 5509.

Woodcreek Lane Apartments Project Profile

The Woodcreek Lane Apartments is a 20-unit multifamily apartment community uniquely located adjacent to KCHA's 30-unit Wells Wood Apartments. Built in 1986, the development consists of one 2-story and one 3-story building and has a total of 20 two-bedroom units - 4 two-bedroom one-bath units and 16 two-bedroom, one and three quarter bath units. The interiors of all 20 of the units were upgraded in 2014.

Purchase Status

This property is currently owned by Boldstar Woodcreek, LLC. and is being marketed by the real estate brokerage firm Kidder Mathews. KCHA has been successful negotiating the terms of a proposed purchase and sale agreement and the seller has agreed to sell the property to KCHA.

The terms of the purchase and sale agreement contemplate a sales price of \$4,750,000 (\$237,500/unit), an earnest money deposit of \$200,000 and a due diligence inspection window of a minimum of 30 days to allow KCHA to complete a thorough review of title, physical condition and overall feasibility of the project. The anticipated closing date is September 30, 2015. The authorizing resolution limits KCHA to paying no more than 105% of the fair market appraisal in the event the appraised valuation is less than the proposed price.

Due Diligence Status

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

The property is currently managed by Coast Real Estate Services, a professional third party property management company based in Everett, Washington. Coast Real Estate Services has extensive experience in managing both affordable and conventional multifamily property. The property will become part of Housing Management's Northwest Region Juanita Trace portfolio. No existing tenants will be displaced and rental assistance will be activated on a voluntary basis for any current tenants who are eligible and experiencing significant shelter burden who request to participate in the program. Vacant units will be made available to qualified families from KCHA's wait list.

Property Description & Building Condition

Woodcreek Lane Apartments is a residential development located on a rectangular-shaped, 1.24 acre parcel with a street address of 18105 142nd Avenue NE in Woodinville. It is developed with multifamily residential use consistent with current zoning.

The development was built in 1986 as a 2-building apartment complex. After construction, the City of Woodinville decided to vacate a 28 foot wide strip of land along the entire eastern edge of the parcel where an extension of 142nd Avenue NE had been planned. The City's release of its rights to this land allows for the potential construction of additional units on the property. While the seller believes it would be possible to add between four to six additional units at the site, the

Housing Authority does not think it would be feasible or cost effective to add any additional units.

The existing development consists of 20 units in two multi-family buildings set in mature landscaped areas. The wood frame buildings provide approximately 19,310 square feet of gross square building space within two- and three-story, low rise structures with pitched composition roofs and painted cedar siding. The apartments have double pane vinyl windows, private balconies or patios, and extra storage for the tenants. The site includes 24 covered parking spaces and 4 surface spaces with newly resealed and striped surfaces. The unfinished portion of the site adjacent to the east border of Wells Wood provides for a significant amount of overflow parking and could easily be used for another purpose benefiting both sites such as additional play space for children. All of the units had interior unit upgrades in 2014. The improvements included all new countertops, kitchen and bath cabinetry, appliances, carpet and vinyl flooring, paint and new light fixtures. The units also have wood burning fireplaces, full size washer and dryers and dishwashers.

Based on an initial tour of the property, the roofs appear to be in good condition as well as most of the interior components that were not updated in the renovation (tubs, tub surrounds, washer/dryers, etc.). The interior stairwells are vinyl siding and painted to match the exterior cedar siding. Most of the siding is in decent condition although certain sections of the siding with direct southern exposure may need to be replaced within the next 2 - 5 years. The plumbing and electrical systems appear to be original but in good working condition. The current management is not aware of any systemic drainage issues or water pressure concerns.

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

Unit Configuration

Based on the marketing materials provided to KCHA, the unit mix includes:

- 4 two-bedroom, one bath units of approximately 920 square feet each,
- 16 two-bedroom, one and three quarter bath units of approximately 950 square feet.
- Two of these units are on grade and potentially convertible to handicapped accessible units if needed.

Neighborhood Description

Woodcreek Lane Apartments is located adjacent to KCHA's Wells Wood Apartments, a 30 unit public housing family development in Woodinville. Woodinville, located in northeast King County is approximately one mile south of State Route 522 and two miles east of the I-405 interchange. Situated in a quiet neighborhood comprised of primarily condominium and other residential multi-family apartments, Woodcreek Lane is two blocks away from the Woodinville Park and Ride, a significant bus hub, providing easy and excellent access to public transportation. Woodinville Town Center is approximately 6 blocks from the property and is rich in amenities such as grocery, pharmacy, restaurants, retail shops, services and entertainment. Woodinville is in the Northshore School District, which has a national recognition for excellence. Area schools include the Hollywood Hill Elementary School and Woodinville High School, each situated 1.5 miles from the property, and the Leota Junior High School, 2.4 miles away. Recreational activities include the Wilmot Gateway Park and Sports Field and the Woodinville Creek Park,

both along the Sammamish River and approximately 1.5 miles from the property, the 27 mile Burke-Gilman bicycle trail and the 11 mile Sammamish River Trail.

Strategic Rationale for Acquisition

The acquisition of Woodcreek Lane Apartments allows KCHA to achieve a number of strategic priorities set forth by the Board of Commissioners:

Expanding the number of housing units in KCHA's portfolio. The acquisition of Woodcreek Lane will add 20 units of family housing to KCHA's portfolio of affordable housing. The growth of our portfolio is of critical importance as the number of low income households in the region grows and private sector housing costs continue to rise at a far faster rate than either wages for entry level and low skilled jobs or fixed entitlements for elderly or disabled households.

Providing additional units for families with children in high opportunity areas. One key criterion for KCHA in evaluating potential real estate acquisitions is the opportunity to expand access for low-income families to 'high opportunity' neighborhoods. Woodcreek Lane is located in a neighborhood characterized by high performing schools, an expanding job market, easy access to public and highway transit, and a variety of shopping, recreational, cultural and other activities. Strong rental demand makes housing in these high opportunity neighborhoods some of the most expensive real estate in King County, and Woodinville is no exception. The average rent at this property for the existing residents is approximately \$1,425 per month for a two bedroom unit and the rents on recently rented units are in excess of \$1,500 per month. Few, if any, of the workers in the retail establishments in downtown Woodinville can now afford to live in the community they work in.

Addressing the high cost of housing acquisition in eastside markets through operational efficiencies realized by acquiring properties adjacent to existing KCHA communities. KCHA prioritizes acquiring property adjacent to existing public housing communities where the adjacencies provide economies of scale in spreading certain fixed costs of operation, such as existing site maintenance and management salaries, over more units. This reduces the increase in operational costs as the inventory expands. The savings in operating costs provides additional cash flow available to service the higher per unit debt service seen on the eastside. Properties in the 50 unit size range also enable broader options in terms of services that can be provided on-site.

Providing excellent access to public transportation - a critical need for low-income residents. The Woodcreek Lane Apartments are located two blocks from the Woodinville Park & Ride, which provides access to five Metro bus routes and an express bus to Seattle operated by Sound Transit, and just off of State Route 522 and the Interstate 405 junction, providing excellent access to arterial transportation routes. As a signatory to the Puget Sound Regional Council's Growing Transit Communities Compact, KCHA has committed to supporting 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.

Reducing the strain of rent increases on our limited federal funding by tying rental assistance to sites where we control costs and have the ability to limit rent increases to our actual expenses versus rent levels set by the market demand. The dramatic rise in rents in King County and especially north and east King County has placed tremendous pressure on KCHA's rental assistance programs to increase rent subsidies to off-set growing

shelter burdens. Increased subsidy costs on a per household basis within a fixed pool of funding reduces the overall number of households KCHA can serve.

At Woodcreek, KCHA intends to provide rental assistance for all 20 units. The rental assistance will be phased in on a voluntary basis for any current tenants who are eligible and experiencing significant shelter burden who request to participate in the program. Vacant units will be re-occupied with lower-income households off of KCHA's wait list. Provision of rental assistance will allow KCHA to charge rents based on the household's income while providing property income sufficient to support debt service associated with the acquisition. When KCHA provides rental assistance to a property it owns or controls, KCHA controls the rate at which the rents escalate and can increase the rents in step with inflation as opposed to rents tied to the private rental market. Over time, the property rents will be less than what the private sector would charge for the same unit type in this location, moderating necessary increases in rental assistance.

Acquiring units at a cost significantly lower than what it would cost KCHA to acquire land and construct new units in the same general market. The cost to acquire the project at \$4.75 million is significantly less than the total estimated development cost of \$6.8 million to purchase land in this location and construct 20 new two bedroom units of comparable size. This is consistent with the Board's general directive to pursue acquisition of existing housing as the first approach to expanding KCHA's inventory.

Helping meet local and regional goals of increasing the number of affordable housing units available for very low-income households in Woodinville and east King County. The City of Woodinville's Comprehensive Plan and draft 2015 Plan changes cite the importance of providing "opportunity locally for housing at all income levels, particularly very low-incomes" as well as identify that "the proportion of Woodinville households paying more than 30% of their income for housing costs has risen each decade since 1990." Furthermore, Woodinville's Comprehensive Plan Goal H-2 calls for Woodinville to "work in partnership with King County and other cities to promote providing a proportionate amount of the countywide need for very low-, low- and moderate-income households" and Policy H-6 to "focus efforts toward housing affordable to very low-income households (30% AMI), where the greatest need exists, and where funding and collaborative actions individually by Woodinville and collectively with other agencies are necessary."

Proposed Financing

Interim Financing - KCHA anticipates acquiring the property with proceeds from a draw on either its Bank of America or KeyBank general development lines of credit. Each of the individual lines of credit has sufficient capacity to finance the full purchase price. No additional action is necessary by the Board to secure the interim financing. Indicative interest rates on the lines of credit range from 1.2% to 2.2% depending on the individual line of credit interest rate formula.

Permanent Financing – KCHA intends to leave the debt financing for Woodcreek Lane outstanding on one or more of its lines of credit for the next four or five years at which time KCHA will have the opportunity to do another pooled refinance with other seasoned KCHA properties. With the relatively low interest rates on the lines of credit, KCHA believes it will be able to hyper amortize a portion of the debt during this interim time period.

Sources & Uses

USES

Acquisition	\$4,750,000
Closing	\$10,000
Immediate Replacements	\$50,000
Other (Due Diligence/Legal)	\$30,000
TOTAL	<u><u>\$4,840,000</u></u>

SOURCES

Line of Credit	<u><u>\$4,840,000</u></u>
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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 utilize its line(s) of credit for the initial acquisition financing.
- (Mitigation) KCHA's development lines of credit are established for the primary purpose of financing multifamily property acquisitions. While KCHA does need consent from the line of credit provider to advance funds on the line of credit for the purchase, KCHA has a number of different lines of credit it could draw from and neither KeyBank nor Bank of America has previously denied KCHA's request to make a draw for the purpose of acquiring property. KCHA will ensure it has received consent from the line of credit provider prior waiving contingency.
- (Risk) Short term interest rates spike or the line of credit is not renewed by the lender when it matures.
- (Mitigation) KCHA has other available lines of credit it could draw on. Moreover, KCHA has sufficient reserves to pay off the acquisition financing in full if necessary. Alternatively, KCHA could secure property specific financing and if the amount of debt the project cash flow could

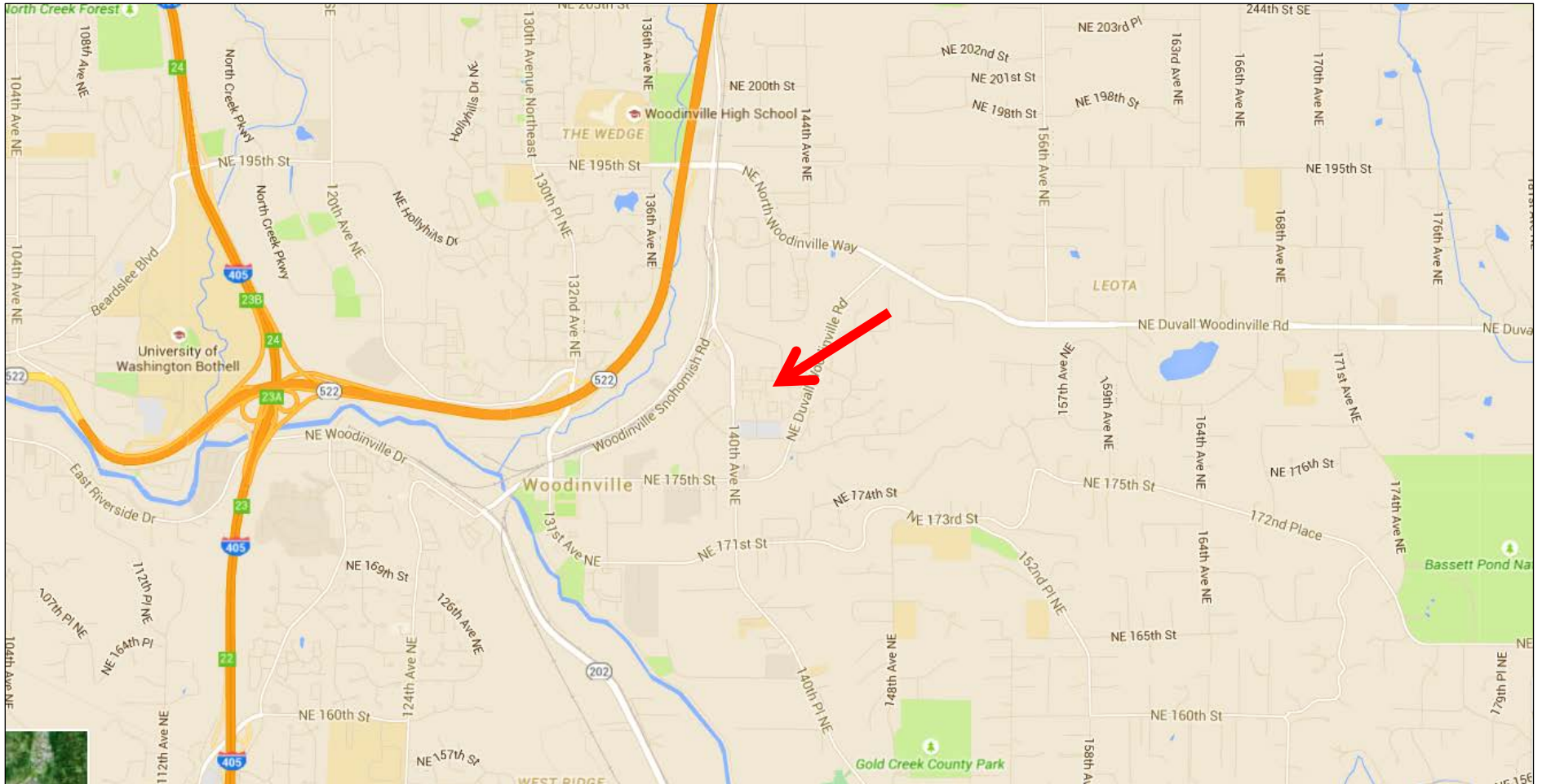
support was insufficient to refinance the full debt, KCHA could use its reserves to pay off the remaining increment or secure an alternative interim credit facility to finance the difference.

- (Risk) Cash flow from operation of the property is insufficient to cover basic costs, much less any spike in debt carrying charges.
- (Mitigation) There is overwhelming demand for affordable housing in the eastside and especially within the City of Woodinville. In addition, combining management operations of Woodcreek Lane into the management of Wells Wood will provide additional operating efficiencies and mitigate the possibility of insufficient cash flow to cover basic operating costs and provide a hedge against spikes in the carry cost of the debt.

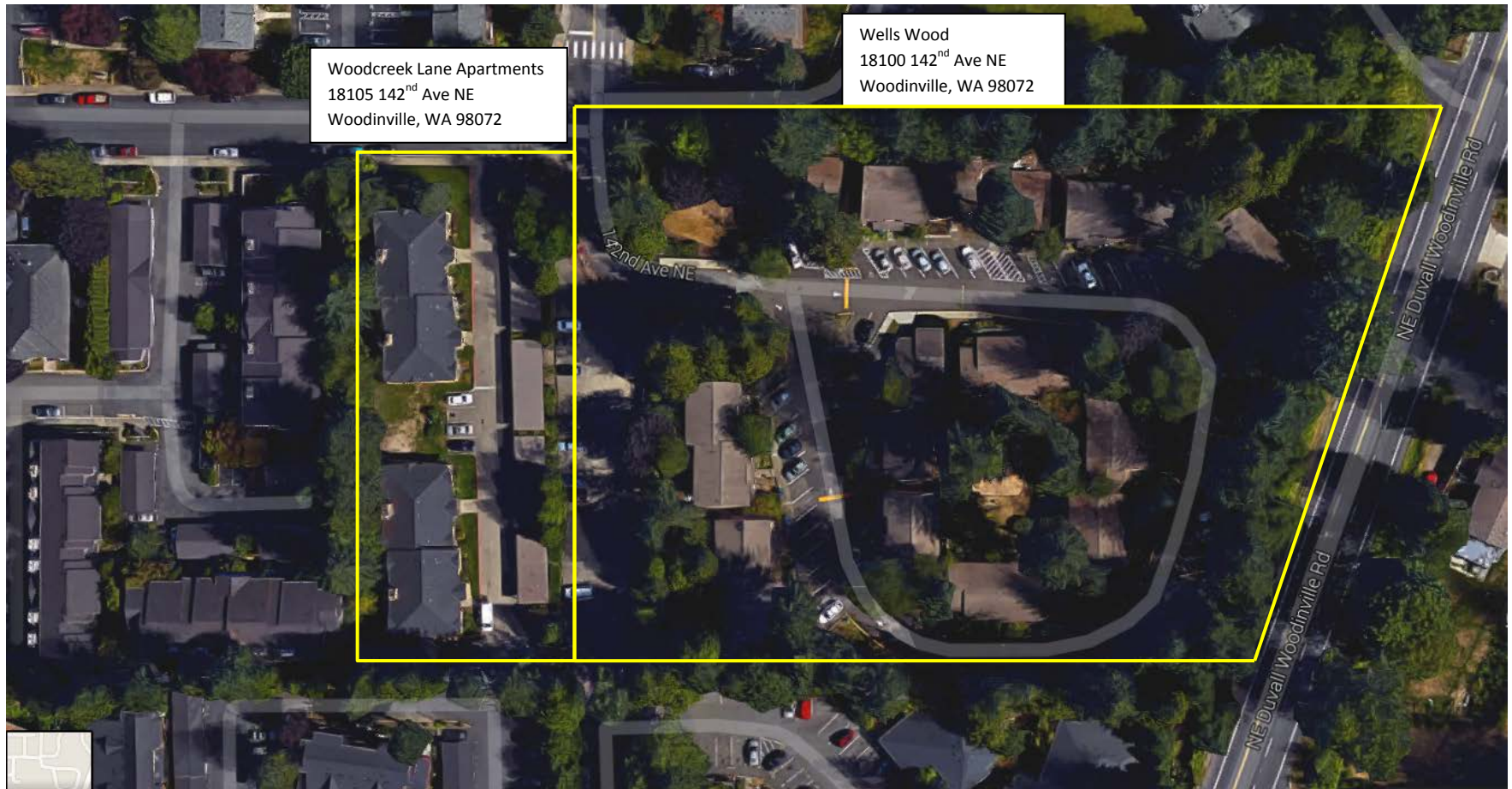
Rehab Risk & Mitigation

- (Risk) After purchase, 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 and staff has extensive experience in the assessment and upgrading of this type of property. Given the extensive interior renovations completed by the seller, unanticipated repairs and replacements are likely to be limited to general building systems which will be thoroughly evaluated during the due diligence inspection period. Staff estimates the property will require less than \$50,000 in repairs and has included a contingency for this amount in the acquisition budget. Unforeseen repairs not able to be paid from property operations would need to be funded from additional draws on a KCHA line of credit or from KCHA reserves.

Location Map
Woodcreek Lane Apartments
18105 142nd Avenue Northeast, Woodinville, WA



Site map showing relationship between Woodcreek Lane Apartments and Wells Wood



THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5509

**A RESOLUTION AUTHORIZING THE ACQUISITION OF
THE WOODCREEK LANE APARTMENTS**

WHEREAS, this resolution is adopted pursuant to RCW 35.82.070(2) which provides, in part, that a housing authority in Washington shall have the power to acquire housing projects within its area of operations; and

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 Woodcreek Lane Apartments (the “Property”) comprise 20 units of recently remodeled housing located at 18105 – 142nd Avenue Northeast, in Woodinville, Washington; and

WHEREAS, the Property lies immediately adjacent to the Housing Authority’s existing 30-unit Wells Wood project, resulting in economies of management and administration by combining the two complexes; and

WHEREAS, the cost of acquiring existing housing is significantly less expensive than acquiring land and constructing the same number of new units; and

WHEREAS, Woodcreek Lane is located in an high-opportunity area with excellent access to high-performing schools and other educational opportunities; and

WHEREAS, the property has excellent proximity to robust employment centers providing job opportunities to low-income households; and

WHEREAS, Woodinville has identified the need to address affordable housing as a priority within its Comprehensive Plan, stating in part the importance of providing “opportunity locally for housing at all income levels, particularly very low incomes,” and

WHEREAS, the proportion of Woodinville households paying more than 30% of their income for housing costs has risen each decade since 1990; and

WHEREAS, Woodinville’s Comprehensive Plan Goal H-2 calls for Woodinville to “work in partnership with King County and other cities to promote providing a proportionate amount of the countywide need for very low-, low- and moderate-income households” and Policy H-6 to “focus efforts toward housing affordable to very low-income households (30% AMI), where the greatest need exists, and where funding and collaborative actions individually by Woodinville and collectively with other agencies are necessary”; 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 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 that 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 inform the Board of Commissioners at the subsequent Board of Commissioner's meeting of the final determination he has made. If the Executive Director makes a final determination to proceed with acquisition of the Property, 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) \$4,750,000.00 (\$237,500.00 per unit), or (b) up to 105% of the fair market value of the Property as determined an appraisal to be 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, or in his absence or unavailability, Deputy Executive 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 27th DAY
OF JULY, 2015.**

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

DOUGLAS J. BARNES, Chair
Board of Commissioners

Attest:

STEPHEN J. NORMAN
Secretary

T A B N U M B E R



To: Board of Commissioners

From: Craig Violante, Director of Finance

Date: July 10, 2015

Re: **New Bank Accounts**

Since the last Board meeting KCHA has opened 7 new bank accounts.

- **Housing Authority of the County of King – Corinthian Depository**
- **Housing Authority of the County of King – Corinthian Operating**
- **Housing Authority of the County of King – Corinthian Security Deposit**

Bank: Bank of America

Purpose: The Authority opened three full business checking accounts that will be used to process transactions related to the operation of the Corinthian Apartments, which was acquired in June 2015.

The Operating Account will be used to pay operating expenses related to the property. The account will primarily receive wires from the Depository Account and issue checks. The Depository Account will be used to receive and hold property income. Wire transfers will be made to the Operating Account to pay for the property's operating expenses.

The Security Deposit Account will be used to hold tenant security deposits. Transactions will include and be limited to deposits from the depository account and transfers to the operating account for tenant refunds. KCHA policy requires tenant security deposits and the practice is to hold security deposits in separate bank accounts.

- **Housing Authority of the County of King – Villages at South Station Depository**

Bank: Bank of America

Purpose: The Authority opened a full business checking account that will be used to receive and hold property income for Villages at South Station, which was acquired in June 2015. Wire transfers will be made to the Operating Account to pay for the property's operating expenses.

- **Housing Authority of the County of King – Villages at South Station Operating**
- **Housing Authority of the County of King – Villages at South Station Security Deposit**

Bank: US Bank

Purpose: The Authority opened two full business checking accounts that will be used to process transactions related to Villages at South Station.

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

The Security Deposit Account will be used to hold tenant security deposits. Transactions will include and be limited to deposits from the depository account and transfers to the operating account for tenant refunds. KCHA policy requires tenant security deposits and the practice is to hold security deposits in separate bank accounts.

- **Housing Authority of the County of King – Parkway Residual Receipts**

Bank: KeyBank

Purpose: The Authority opened a full business checking account for residual receipts that are contractually required by the HUD preservation property program. This new account is part of the transition of the Authority's banking services to KeyBank and replaces the same account the Authority held with US Bank.

T A B N U M B E R

5



To: Board of Commissioners

From: Linda Riley, Accounting Manager

Date: July 16, 2015

Re: **Second Quarter 2015 Summary Write-Offs**

As expected, 2015 write-offs continue to be less than the same period in 2014 as the prior year included amounts written-off during the efforts to clean up old past-due accounts. There were six accounts sent to collections in the second quarter of 2015. Three accounts representing 68% are related to tenants who vacated in 2013 and 2014. The remaining 32% are from tenants who vacated in April and May of this year. A summary of the amounts written off is below.

	TOTAL 2 Q WRITE-OFFS	YTD WRITE-OFFS
Rent Balance Forward to Vacate Month	\$ 211.00	\$ 897.81
Retro Rent Write-offs	\$ -	\$ 1,467.39
<u>VACATE CHARGES:</u>		
Rent Delinquent in Vacate Month	\$ 1,268.21	\$ 2,169.66
Cleaning & Damages	5,451.14	20,269.61
Paper Service & Court Costs	490.49	1,070.98
Miscellaneous Charges	454.67	591.41
Total Charges	\$ 7,875.51	\$ 26,466.86
<u>CREDITS:</u>		
Security Deposits	\$ (750.00)	\$ (3,000.00)
Miscellaneous Payments & Credits	(189.42)	(828.20)
Total Credits	\$ (939.42)	\$ (3,828.20)
TOTAL	\$ 6,936.09	\$ 22,638.66
Public Housing	\$ 2,932.45	\$ 8,708.15
Valley Park	-	197.99
Green River II	3,339.36	4,524.81
Egis	664.28	946.59
Soosette Creek	-	8,261.12
	\$ 6,936.09	\$ 22,638.66

NET WRITE-OFFS			
	2014	2013	2012
January to March	40,825.34	5,427.11	14,364.63
April to June	23,983.44	11,417.43	23,231.03
July to September	19,120.45	23,457.12	44,645.46
October to December	19,003.22	41,413.64	36,720.43
TOTAL	102,932.45	81,715.30	118,961.55

NET COLLECTIONS			
	2014	2013	2012
January to March	1,175.65	530.51	1,647.38
April to June	2,013.79	1,029.32	699.56
July to September	966.30	1,073.05	297.50
October to December	1441.03	2,522.43	246.84
TOTAL	5,596.77	5,155.31	2,891.28

T A B N U M B E R

6



To: Board of Commissioners

From: Craig Violante, Director of Finance

Date: July 16, 2015

Re: **2015 Mid-Year Financial Forecast**

EXECUTIVE SUMMARY

The Board previously adopted the 2015 Operating and Capital Budget via Resolution No. 5490 on December 15, 2014. As a budget is a plan based on a set of assumptions that don't always match actual experiences during the execution phase, it is prudent to review the plan and make adjustments so that the plan is consistent with revised expectations.

This Mid-Year Financial Forecast includes seven proposed adjustments that result in a combined projected increase in cash at December 31, 2015 of \$9,969,431. This includes adjustments to the beginning cash balance as of January 1. There were three other adjustments that had no net effect on cash. A summary of the changes are on page two, a revised financial forecast for all of KCHA is found on page five and a revised summary cash forecast on page six.

PURPOSE AND SCOPE

In 2015, revised internal policies were put in place to: (1) define the purpose of the midyear financial forecast; (2) provide more guidance to staff regarding the types of midyear adjustments that should be proposed; and (3) relieve the administrative burden on all participating employees. The significant components of these new internal policies include:

- Defining the purpose of the midyear financial forecast as a tool to provide the Board and executive management with an overall synopsis of the current and near-term fiscal outlook for KCHA
- Limiting the scope of the proposed changes to:
 - Those with an aggregated impact of \$1 million or greater
 - Those that affect MTW and have an aggregated impact of \$500,000 or greater
 - Those significant enough to include even though neither dollar threshold is met

- Eliminating formal Board approval and instead presenting the Board a cash-based, midyear financial forecast incorporating known adjustments. Formal approval of the mid-year reforecast is not a legal requirement but has instead been a previously recommended practice; however, such a detailed technical revision places a significant administrative burden on staff at the very time the following year's budget process is launched. The attached format was chosen in lieu of the standard working capital format as the cash basis is better for very short-term analysis.
- Reflecting changes to the number of employees, known as Full Time Equivalents (FTEs), in the report to the Board, but not including their fiscal impact unless their exclusion materially impacts the forecast.

SUMMARY OF CHANGES IN CASH BALANCES

The following table shows cash balance changes as a result of the mid-year budget adjustments. Note that in addition to the total Authority impact, impacts on the two primary areas of interest, Moving to Work (MTW) and Central Office Cost Center (COCC) are separately presented. The MTW funds reflect changes in our HUD-based operations while the COCC reflects changes in overhead-type balances. Major changes and comments follow in the Financial Forecast Highlights section below. (Note that the MTW and COCC columns do not total to the "All KCHA" amounts as there are other fund balances, in addition to MTW and COCC, that are not presented in this schedule.)

<i>Cash Reconciliation</i>	All KCHA	MTW	COCC
Ending cash in original 2015 budget	\$111,840,195	\$16,851,162	\$14,532,896
Change in beginning balance	(2,577,160)	1,385,845	1,409,894
Additional block grant	5,434,299	5,434,299	0
Additional HAP Expenses	(902,572)	(902,572)	0
Greenbridge lot sales	950,000	950,000	0
Reduction in Hope VI dept capital exp	1,028,500	0	748,500
Cash not used for acquisitions	4,000,000	0	4,000,000
Cash not used to pay Green River debt	2,036,364	0	0
Ending cash in revised 2015 financial projection	<u>\$121,809,626</u>	<u>\$23,718,734</u>	<u>\$20,691,290</u>

FINANCIAL FORECAST HIGHLIGHTS

INCREASES TO CASH

Housing Choice Voucher Block Grant

KCHA receives funding for 8,085 of its 9,236 of its Housing Choice Voucher (HCV) as a block grant and, although all of its public housing funds including operating and capital grants may also be used fungibly under the MTW program, the Authority has historically considered the HCV funds as the source for a number of initiatives, including HAP payments to landlords, Section 8

administrative fees, resident services, homeless programs, support of Public Housing operations and capital rehabilitation projects, and many other purposes.

When preparing the 2015 budget, KCHA adopted the preliminary recommendation of housing authority industry groups which had forecast a prorate of 96%, i.e. nationally each housing authority would receive 96% of the funding for which they were eligible. When actual funding for 2015 was released in February 2015, the final prorate was set as 101.25%, resulting in 2015 HCV block grant receipts \$5.4 million in excess of the original budget. Lower overall voucher leasing nationwide in 2014 resulted in more funds available for general distribution from FFY 2015 Appropriations.

Acquisitions

The original budget assumed total acquisitions in 2015 of \$14 million, with \$10 million being financed with debt and \$4 million from KCHA reserves. With purchases of the Corinthian Apartments and the Villages at South Station, the total cost of acquisitions will actually be \$39.4 million, and \$39.4 million of new debt will be issued. No KCHA equity is being utilized in these transactions at this time. Any additional acquisitions in 2015 are also anticipated to be initially funded from lines of credit, not equity. As a result, no KCHA reserves will be used for acquisitions in 2015 and therefore a proposed adjustment adds \$4 million back to expected cash balances at 12/31/2015. Adjustments are also being made for the higher level of acquisitions and debt issuance, but there is no net cash affect as the amounts offset.

Increased Greenbridge Lot Sales

The 2015 financial re-forecast includes the anticipated sale of 24 lots of Greenbridge bulk parcel 3 to BDR LLC who will construct market-rate single family homes. KCHA will use the proceeds of these lot sales to make a \$950,000 partial loan repayment to the MTW fund on the \$15 million loan MTW made to Greenbridge for infrastructure improvements.

Reduction in HOPE VI Department Capital Expenditures

The Hope VI department has lowered its projections for capital expenditures planned for 2015 by \$1,028,500. The most significant element is the removal of the \$748,500 budget for planned tenant improvements at Greenbridge which were to be funded from the COCC. Although it is still anticipated that tenant improvements will ultimately be made, it is now highly unlikely that such work will be performed in 2015. Timing will depend upon the identification of a suitable tenant. Other capital expenditures removed from the forecast include a combined \$260,000 of architectural, engineering and permitting expenses at Greenbridge and Windrose which is the result of a delay necessary to allow for careful review of the preliminary site design and infrastructure layout.

Reduction in Green River Debt Service Payments

When Green River Homes in Auburn was completely rehabilitated in 2010, one of the funding sources was a \$9.5 million loan from the Bank of America. To lower the interest rate on the loan, KCHA fully collateralized the loan by pledging \$9.5 million of MTW reserves. These reserves are held by a third-party trustee. As principal repayments are made, a like amount of collateral becomes unpledged and is returned to KCHA.

In 2014, a \$2.9 million lease payment received from the tax credit partnership that leases the property from KCHA was placed in a reserve intended to be used to make future principal payments. In the original 2015 budget, the entire \$2.9 million was slated to pay off debt. Since this would also result in a reduction in collateral needs, \$2.9 million of MTW cash would be returned to KCHA. Management is electing to make only the minimum debt service payment of \$863,636 required in 2015. This means that at the end of 2015, cash balances will be \$2,036,364 higher than originally budgeted, offset by a like increase in outstanding debt.

Vantage Point Construction

No budget adjustments were made for Vantage Point. The costs of construction are expected to be within the amounts approved by the Board in 2014

DECREASES FROM CASH

Housing Choice Voucher HAP Payments to Landlords

On December 15, 2014, the Board adopted resolution No. 5491 authorizing higher payment standards for the Housing Choice Voucher (HCV) program. Payment standards are the maximum rent level a HCV voucher will subsidize. If payment standards are set at an appropriate level, HCV vouchers allow households choice in the market and the ability to rent well-maintained units close to good schools, jobs and family. The original 2015 budget included \$750,000 towards the increased costs associated with the new payments standards. Based in part on rapidly escalating rental costs in the region, HCV staff has raised the estimated impact of these increases in payment standards on the 2015 budget to \$1,652,572, or \$902,572 more than was included in the original budget.

CHANGES IN BEGINNING CASH BALANCES

In early October 2014, year-end cash forecasts were prepared and included in the budget adopted by the Board in December. As actual results differed from these estimates, a change in budgeted beginning cash balances is included. Most variances from the forecast were the result of timing differences.

CASH NEUTRAL

Cash Collateralized with the Federal Home Loan Bank

In 2013, KCHA borrowed \$18 million from the Federal Home Loan Bank (FHLB) in its capacity as an Associate Member. KCHA fully-collateralized this loan by pledging investment securities, including some owned by both MTW and the COCC. The proceeds of this borrowing were then loaned to Moving King County Residents Forward (MKCRF) and were secured by a Note. In 2014 the Note was restructured so that it could be pledged with the FHLB in lieu of some previously-pledged investments. Although the goal was to have this note pledged by the end of 2014, the actual swap took place in 2015. Therefore, investments formerly pledged as collateral became unrestricted in 2015, and the midyear financial projection includes removing the restriction from \$8.8 million and \$1.0 million of investments owned by the COCC and MTW, respectively. Although this transaction removed the restriction on some KCHA investments, it had no overall effect on total cash.

CHANGES TO KCHA STAFFING LEVELS

- A new Director of Human Resources has been hired with a start date of September 1st. Therefore, there will be a four month overlap where there will be two staff filling the same role to allow for a smooth transition.
- The Policy and Intergovernmental Affairs Department will be hiring a new Senior Program Manager who will be responsible for a variety of initiatives relating to policy and research
- The Executive Department hired a limited-term Senior Administrative Program Manager specializing in process improvement
- Two Regional Maintenance Mechanic trainee positions were approved as part of the new Maintenance Mechanic Training Program.

KCHA
Cash Budget vs Actual
2015
Total Cash

Cash Balance, Beginning of Period

Current Year Block Grant Funding

	2015 Budget	Budget * Thru 5/31/2015	Actual * Thru 5/31/2015	Variance to Budget	% Actual to Annual Budget	Revised 2015 Projection	% of Original Budget
Cash Balance, Beginning of Period	\$134,374,912	\$134,374,912	\$131,797,752	(\$2,577,160)		\$131,797,752	
HCV Block Grant Revenue	\$99,370,033	\$41,390,454	\$45,093,130	\$3,702,676	45.4%	\$104,804,332	105.5%
Other HCV Revenue	9,564,033	3,893,037	3,958,743	65,706	41.4%	9,564,033	100.0%
Public Housing Operating Fund Subsidy	6,499,311	2,708,034	2,877,634	169,600	44.3%	6,499,311	100.0%
Tenant Revenue	61,211,031	25,326,750	24,940,804	(385,946)	40.7%	61,211,031	100.0%
Other Revenue	58,651,119	24,327,781	24,044,667	(283,114)	41.0%	59,601,119	101.6%
Total Net Resources	235,295,527	97,646,056	100,914,978	3,268,922	42.9%	241,679,826	102.7%

Expenses

Admin Salaries/All Benefits	(27,442,629)	(11,493,849)	(10,926,843)	567,006	39.8%	(27,442,629)	100.0%
Administrative Costs	(8,157,377)	(3,351,166)	(2,950,548)	400,618	36.2%	(8,157,377)	100.0%
HAP Expenses	(118,170,254)	(48,802,616)	(48,825,029)	(22,413)	41.3%	(119,072,826)	100.8%
Resident Service Expenses	(5,774,455)	(2,417,430)	(2,200,722)	216,708	38.1%	(5,774,455)	100.0%
Occupancy Expenses	(39,715,936)	(15,034,149)	(13,458,970)	1,575,179	33.9%	(39,715,936)	100.0%
Program Expenses	(7,961,110)	(2,913,527)	(2,775,206)	138,321	34.9%	(7,961,110)	100.0%
Interest Expense	(10,421,425)	(4,381,457)	(3,963,356)	418,101	38.0%	(10,421,425)	100.0%
Other Expenses	(3,484,467)	(2,316,764)	(1,092,382)	1,224,382	31.4%	(3,484,467)	100.0%
Total Recurring Uses of MTW Funds	(221,127,653)	(90,710,958)	(86,193,056)	4,517,902	39.0%	(222,030,225)	100.4%

Net Excess/(Deficit) Recurring Sources vs. Uses	14,167,874	6,935,098	14,721,922	7,786,824	103.9%	19,649,601	138.7%
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Other Reconciling Items

Change in Short-term Assets	0	0	566,104	566,104	na	0	na
ST Loan to Vantage Point	(12,000,000)	(5,000,000)	(4,100,000)	900,000	34.2%	(12,000,000)	100.0%
Reimbursement from MKCRF	900,000	900,000	1,089,272	189,272	121.0%	900,000	100.0%
Change in Long-term Receivables	5,252,889	9,670,741	(433,454)	(10,104,195)	-8.3%	5,822,889	110.9%
Change in Capital Assets	(32,522,169)	(13,918,190)	(4,063,466)	9,854,724	12.5%	(56,913,669)	175.0%
Change in Other Long-term Assets	1,146,976	1,421,976	134,719	(1,287,257)	11.7%	1,146,976	100.0%
Change in Short-term Liabilities	0	0	(449,102)	(449,102)	na	0	na
Change in Long-term Debt	(1,363,460)	(5,154,713)	(5,473,264)	(318,551)	401.4%	30,092,904	-2207.1%
Change in Other Long-term Liabilities	1,147,631	228,178	(364,940)	(593,118)	-31.8%	577,631	50.3%
Change in Equity	610,000	610,000	53,275	(556,725)	8.7%	610,000	100.0%
Other	125,542	52,315	(25)	(52,340)	0.0%	125,542	100.0%
Other Reconciling Items	(36,702,591)	(11,189,693)	(13,040,881)	(1,851,188)		(29,637,727)	80.8%

Total Change in Cash	(\$22,534,717)	(\$4,254,595)	\$1,681,041	\$5,935,636		(\$9,988,126)	44.3%
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Cash Balance, End of Period	\$111,840,195	\$130,120,317	\$133,478,793	\$3,358,476		\$121,809,626	108.9%
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* Represents approximately 41% of the year on a straight pro-rata basis

Cash Projections

	Original 12/31/2015 Forecast Balance	Revised 12/31/2015 Forecast Balance
Unrestricted	\$27,954,488	\$37,819,943
Program-restricted	5,006,455	12,874,027
Committed*	43,176,129	45,212,493
Restricted	31,927,457	22,127,457
Debt Service Reserves	3,775,706	3,775,706
	<u>\$111,840,235</u>	<u>\$121,809,626</u>

* Includes amount committed via Board
resolution and amounts reserved by staff

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7



TO: Board of Commissioners

FROM: Tim Baker, Senior Management Analyst

DATE: July 13, 2015

RE: **Second Quarter 2015 Procurement Report**

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 April through June 2015 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, the 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 second quarter, there were 15 contracts awarded and valued at more than \$100,000, representing 85% of the contracts executed in the quarter. Several contracts were awarded separately to five single purpose trade contractors, each for \$250,000. These are task order term contracts that have no guarantee of work, so actual expenditures for this service may not reach the not-to-exceed amount awarded to each company. The largest contract executed for construction work was for \$382,990 awarded to Northshore Paving for asphalt replacement at multiple locations.

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 3 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 rate of expenditure for weatherization services being conducted by Arrow Insulation was being done at a pace much faster than anticipated when the contract was executed. In order not to interrupt this program, the contract was increased by \$1.5 million dollars to allow Arrow to continue providing this service.
2. The largest percentage increase (243%) was with GeoEngineers to conduct further analysis of the Windrose project at Greenbridge for retaining walls and capping of a dump area.

There were 3 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 Resident Services Department issued 2 change orders for a variety of social service programs they administer in assisting KCHA tenants. All the change orders were to extend the contracts as anticipated at their initial execution.
2. The Housing Management-Maintenance Department issued a change order for \$34,021 to Sound Landscape to continue landscaping services at the properties in Sedro-Woolley.

KING COUNTY HOUSING AUTHORITY

QUARTERLY PROCUREMENT REPORT

April-June 2015 (Second 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
Administrative Services	insurance and rick management consulting services	Parker Smith & Feek	\$420,000	\$360,000	\$720,000	RFP	5	consultant has provided similar services in the past for KCHA. Budget for first three years only
Asset Management	asphalt replacement at several locations	Lakeridge Paving	\$150,913	\$101,467	\$101,467	sealed bid	9	contractor provided prior similar services successfully for KCHA
Asset Management	Chaussee interior flooring	Sustainable Floors	\$96,288	\$117,749	\$117,749	sealed bid	1	second bid attempt. Contractor provided prior similar services for KCHA. WBE
Asset Management	Cascadian Bld D plumbing	Accord	\$249,789	\$267,593	\$267,593	sealed bid	3	contractor provided prior similar services successfully for KCHA
Asset Management	asphalt replacement at several locations	Northshore Paving	\$421,824	\$382,990	\$382,990	sealed bid	8	contractor provided prior similar services successfully for KCHA
Capital Construction/WX	Riverton Terrace ductless heat pumps	Resicon	\$90,000	\$123,526	\$123,526	sealed bid	3	Base bid within estimate. Alternatives were added increasing price.
Capital Construction/WX	Riverton Terrace office renovations	Dannako Const.	\$183,837	\$172,000	\$172,000	sealed bid	5	new contractor for KCHA
Housing Management-maint	Valley Park landscaper services	Brickman Group	\$378,000	\$80,438	\$162,252	sealed bid	3	contractor provided prior similar services successfully for KCHA
Housing Management-maint	Green River landscaper services	Brickman Group	\$378,000	\$143,471	\$286,170	sealed bid	3	contractor provided prior similar services successfully for KCHA
Housing Management-maint	task order painting services	Local Pros	\$250,000	\$250,000	\$500,000	RFP	10	new contractor for KCHA. Woman owned. Section 3 company.
Housing Management-maint	task order plumbing services	Holmberg	\$250,000	\$250,000	\$500,000	RFP	1	contractor provided prior similar services successfully for KCHA
Housing Management-maint	task order HVAC services	TRS Mechanical	\$250,000	\$250,000	\$500,000	RFP	3	new contractor for KCHA.
Housing Management-maint	task order landscaping services	Malone's	\$250,000	\$250,000	\$500,000	RFP	2	new contractor for KCHA
Housing Management-maint	task order water/fire restoration services	Superior/COIT	\$250,000	\$250,000	\$500,000	RFP	2	contractor provided prior similar services successfully for KCHA
Resident Services	Community Choice Program	Hopelink	\$114,621	\$114,621	\$458,484	sole source	n/a	non-profit has performed similar services as a subcontractor to this program in prior years
Total			\$3,733,272	\$3,113,855	\$5,292,231			

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)
Const-WX	Wells Wood roofing	Bates Roofing	\$348,000	\$40,459 (1)	\$388,486	12%	roof sheeting in poor condition and needing replacement
HOPE VI	geotechnical services for Wind Rose site	GeoEngineers	\$33,963	\$8,188 (7)	\$116,529	243%	additional work needed for analysis of retaining walls and cap of the dump area
Weatherization	weatherization services	Arrow Insulation	\$2,000,000	\$1,500,000 (2)	\$3,545,358	77%	rate of expenditure of funds higher than anticipated at contract execution
Total			\$2,381,963		\$4,050,373		

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)
Housing Management-maint	Sedro Woolley landscaping services	Sound Landscape	\$211,595	\$34,021 (3)	\$167,487	79%	fifth year extension as planned in original contract
Resident Services	Family Self Sufficiency case management	YWCA	\$678,465	\$105,002 (3)	\$425,340	63%	third year extension as planned in original contract
Resident Services	resident outreach and engagement	Refugee Women's Alliance	\$750,336	\$85,000 (4)	\$491,500	66%	fourth year extension as planned in original contract
Total			\$1,640,395		\$1,084,327		

*NTE = Not To Exceed

T A B N U M B E R

8



TO: Board of Commissioners

FROM: Dan Watson, Deputy Executive Director

DATE: July 10, 2015

RE: **2015 Mid-Year Capital Expenditure Report**

This report provides a detailed summary of construction related capital expenditures through mid-year.

The total amount budgeted in 2015 for capital construction projects planned and managed by various KCHA departments is \$37,127,869. The actual construction related capital expenditures to date is \$19,936,857 or 54% of budget. A summary of expenditures to date by the various categories of projects and for major projects in 2015 is as follows:

Dept.	Project Category	No. of projects	2015 Budget	2015 Revised Budget	2015 Mid-Year Expenditures*	% Expended
Construction	Public Housing	21	\$3,730,900	No change	\$1,395,197	37%
Construction	509 Properties	12	\$5,757,480	No change	\$2,495,831	43%
Construction	Other	9	\$1,928,400	No change	\$916,985	47%
	Subtotal	42	\$11,416,780	No change	\$4,808,013	42%
Development	Vantage Point	1	\$13,620,749	No change	\$9,048,829	66%
	Subtotal	1	\$13,620,749	No change	\$9,048,829	66%
HOPE VI*	Seola Gardens	1	\$215,668	\$195,668	\$113,043	58%
HOPE VI*	Greenbridge land dev.	1	\$806,117	\$546,117	\$127,177	23%
HOPE VI*	Retail TI	1	\$748,500	\$0	\$0	0%
	Subtotal	3	\$1,770,285	\$741,785	\$240,220	32%
Asset Mgmt.	Bond Properties	56	\$4,015,000	No change	\$3,232,306	81%
Asset. Mgmt.	Tax Credit Prop.	9	\$845,250	No change	\$281,137	33%
Asset Mgmt.	Nike	1	\$91,500	No change	\$87,000	95%
Asset Mgmt.	Homeownership	2	\$224,000	No change	\$0	0%
	Subtotal	68	\$5,175,750	No change	\$3,600,443	70%
Housing Mgmt.	Unit Upgrades	150	\$4,169,039	No change	\$2,024,724	49%
Housing Mgmt.	Small repairs	78	\$975,266	No change	\$214,628	22%
	Subtotal	228	\$5,144,305	No change	\$2,239,352	44%
All	Total Construction	342	\$37,127,869	\$36,099,366	\$19,936,857	55%

* HOPE VI budgeted and actual expenditures do not include capitalized staffing/payroll costs.

Capital Construction

The Capital Construction Department primarily handles major renovation projects and construction of community facilities within existing KCHA managed housing developments. The department is responsible for identifying, prioritizing, planning and scoping capital repairs and improvements for KCHA's federally assisted and locally owned housing inventory.

Of the 42 projects planned for 2015, 34 involve construction activity while the remainder involve design and scope development for projects where construction will start in 2016. Twelve (12) of the 34 projects are complete at mid-year. Major completed projects include:

Project	Project Cost
Cedarwood Envelope Upgrade	\$744,459
Forest Grove Envelope Upgrade	\$876,388
Evergreen Court Site Upgrade	\$91,643
Kings Court Roofing and Indoor Air Quality Improvements	\$213,168
Hidden Village Ventilation	\$122,370
Island Crest Decks and Walkway Improvements	\$205,533
Burndale Homes Office/Food Bank Access Upgrade	\$159,293
Northridge Site Upgrades	\$829,681

Major projects still to be completed in 2015 are:

- Wellswood Roofing, Indoor Air Quality, and Envelope Upgrades
- Island Crest Building Envelope
- Hidden Village Fire Protection
- Burndale Homes Replacement of PSE Gas Lines and Site Lighting
- Firwood Circle Replacement of PSE Gas Lines and Site Lighting
- Valli Kee Replacement of PSE Gas Lines and Site Lighting

Projected vs. Planned Expenditures in 2015

Despite experiencing under-expenditures in some projects completed to date, the Capital Construction Department expects to expend most of its 2015 budget by year end, barring unforeseen delays in the remaining projects. The Cedarwood and Forest Grove Envelope Upgrade projects benefited from scope reductions and favorable bids saving approximately \$228,000 compared to budget. These two envelope projects, as well as Kings Court Roofing and Indoor Air Quality and the Riverton Terrace Envelope Upgrade projects also received approximately \$923,000 in discretionary Weatherization funds reducing KCHA's capital expenditures.

HOPE VI

Although virtually all of the HOPE VI Department's costs are capitalized for accounting purposes, unlike previous years, HOPE VI activities in 2015 do not involve capitalized construction costs and are primarily focused on closeout of infrastructure, vacant land development, subdivision entitlement, lot sales, and oversight of homebuilder construction of for-sale homes. Although construction of tenant improvements to the two retail spaces in Nia were budgeted, no strong retail tenants have emerged, so the TI budget is being zeroed out in the Mid-Year Budget.

At Seola Gardens, Richmond American Homes is in the process of building and marketing homes on the second 54 lot phase. Two homes have been sold and the model home is complete. Richmond American has 10 homes currently under construction with signed purchase and sale agreements for all 10.

At Greenbridge, BDR has sold 17 homes so far in 2015 bringing total sales to 40 homes. BDR has 9 remaining homes to construct and sell in their initial phase of development at Greenbridge and is continuing with the predevelopment work in connection with the 24 lots in bulk parcel 3 having have completed the subdivision of the 24 lots. BDR expects to close the lot purchase with KCHA in early September. BDR continues to move forward with engineering and feasibility work in connection with their purchase of the 35 lot bulk parcel 7.

The subdivision design and engineering for the northeast parcel known as E03/Windrose has been intentionally slowed down to allow time for careful review of the preliminary site design and infrastructure layout before proceeding to permit documents. The slowdown will result in a \$260,000 reduction in budgeted expenditures in 2015.

Asset Management

The Asset Management Department has a three person construction management staff that primarily oversees smaller repair jobs such as roof replacement, siding replacement, deck repairs, painting, asphalt/concrete repair, plumbing upgrades and similar repairs and replacements within the Asset Management Department portfolios.

Due to a quick start from the rollover of 2014 projects, Asset Management has already completed 29 of 68 planned projects at mid-year and has spent 70% of the budgeted funds. Major completed projects are as follows:

Project	Project Cost
Bond Program	
Cascadian Asphalt	\$69,095
Cove East Roofing	\$72,970
Gilman Square Roofing	\$96,870

Project	Project Cost
Meadowbrook Asphalt	\$62,350
Newporter Roofing	\$125,160
Windsor Heights Roofing	\$76,890
Nike	
Nike Roofing/Siding/ HVAC	\$87,000
Tax Credit	
Valley Park Exterior Paint	\$42,568

Major projects still to be completed in 2015 are:

- Bellevue Manor Elevator
- Cascadian Plumbing
- Patricia Harris Manor Elevator
- Walnut Park Building Envelope
- Arbor Heights HVAC

Based on a re-evaluation of the property conditions, Asset Management has deferred or canceled 5 planned projects totaling \$124,000 by determining that improvements such as the asphalt at Auburn Square and Cottonwood would be serviceable for a few more years. The bid environment also remains challenging for certain types of small projects such as the Carriage House Retaining Wall and the Seola Gardens Exterior Painting where there was little bidder interest.

Housing Management

The unit upgrade crew has completed interior upgrades in 78 of the planned 150 units putting them 3 units ahead of schedule at mid-year. The per unit cost is approximately \$1,800 less than projected due to a larger number of 1 bedroom units compared to past years' production. The upgrade units are determined by resident turnover which indicates that KCHA's 2 and 3+ bedroom units are turning over at slower rate than in the past. If the turnover trend remains unchanged, the lower per unit cost is expected to be offset by an overall increase in the number of units upgraded.

Housing management also completed 31 of the planned 78 small projects with 14 other projects currently in process. The costs of the planned projects are trending 38% below budgeted amounts. The new small projects force account crew has painted 71 vacated units and has completed a variety of other projects that supported KCHA's preparation for REAC inspections and helped raise the REAC score at some properties. KCHA's Small Capital Projects initiative was recently recognized for a NAHRO Award of Excellence.

T A B N U M B E R

9



To: Board of Commissioners

From: Shawli Hathaway, Assistant Director of Resident Services

Date: July 16, 2015

Re: Services for Seniors Living in Family Developments

At the July meeting, the Board of Commissioners will receive a briefing on a recent assessment of seniors living in KCHA's family developments. The Board received an initial briefing on this topic in January 2015 where a question was raised about the adequacy of services for this population of seniors. The recent assessment, which focused on the seniors living alone, included a survey conducted in person or over the phone and consultations with resident service coordinators and property management at the family sites.

KCHA has 28 family developments that house 5,886 residents, including 519 seniors (aged 62+) or approximately 9% of the total population at these sites. Of the population of 519 seniors:

- 111 live alone
- 143 live in 2-person households of similar age
- 81 live in 2-person households with an age gap of more than 20 years
- 184 live in 3+ Person Households with multiple generations (including 55 households with minor children)

The assessment found that the subpopulation of seniors living alone were generally connected to and taking advantage of services in their community. No specific gaps in programming were identified and current efforts at these sites, including community meetings, assistance with securing benefits and providing referrals, were meeting needs. The assessment highlighted the importance of ongoing cross training between staff, especially in the area of geriatric programming, and communication between resident services staff and onsite property management, which continues to be one of the most important mechanisms for identifying the needs of any specific household, including seniors living alone.

Staff will provide the Board with a more detailed summary of the assessment at the meeting and will be available to answer questions.

T A B N U M B E R

10



TO: Board of Commissioners

FROM: Sarah Oppenheimer, Senior Research Analyst

DATE: July 17, 2015

RE: **Study Session on Mobility and Geographic Choice**

At the July Board meeting the Board of Commissioners will have the opportunity to participate in a study session on the topic of mobility and geographic choice. This study session is intended to provide the KCHA Board with a better context for what is known about mobility, why KCHA is invested in mobility and geographic choice, and what our efforts in this area have been to date. The intent is that information shared during this session will support follow-up discussions about new strategies to understand and increase residents' access to high opportunity areas and ultimately, to support KCHA's goal of encouraging self-sufficiency.

A portion of the study session will be dedicated to presentation from Professor Kyle Crowder, Department of Sociology at the University of Washington, who will brief the Board on his research on residential mobility. In addition, attached to this briefing memo staff has provided additional background materials including executive summaries of two research papers authored by Raj Chetty and colleagues and two recent articles from the New York Times.

Why is residential mobility and geographic choice important?

Overwhelming research indicates that neighborhood quality has a significant impact on outcomes for educational attainment, income, health and more. This evidence has led to residential mobility and geographic choice becoming a key goal of US housing programs. Not only should housing assistance provide the means toward a place to live, but the structure of such assistance should give residents the option to live in low-poverty, high opportunity areas that will support success in education, health, and employment.

Discussion of mobility and geographic choice is particularly timely given recent research and the passage of fair housing rules by HUD and the Supreme Court. New evidence from Raj Chetty and colleagues shows that low-poverty neighborhoods are not just associated with positive outcomes, but significantly impact later economic success among children. In this study, young children who moved to lower-poverty neighborhoods had significantly higher earnings (as adults) as compared to persons who had grown up in public housing or with a Section 8 voucher in a high poverty area; this amounted to a \$302,000 increase in total lifetime earnings. This work clarifies that the

effects of mobility programs are most pronounced for young children and that policies to enhance residential mobility and geographic choice may be critical toward reducing intergenerational poverty. Additionally, HUD's final rule on Affirmatively Furthering Fair Housing and the Supreme Court ruling on disparate impact provide new momentum to policy discussions on neighborhood choice, segregation, and mobility patterns.

What are KCHA's strategies around residential mobility and geographic choice?

KCHA and the Board have long recognized the importance of mobility for resident wellbeing and have been committed to the development of innovative strategies to improve residents' geographic choice and access to high opportunity neighborhoods. These efforts include increasing the supply of units in high opportunity areas through project-basing Section 8 units, purchasing complexes in high opportunity neighborhoods to add to the public housing inventory, and creating a two-tiered payment system that allows for higher rent payments in more expensive, lower-poverty areas of the County.

Since 2012 KCHA has also enhanced mobility counseling for Housing Choice Voucher (HCV) holders to improve residents' awareness of and access to high opportunity areas in the county. The Community Choice Pilot Program is a strategic initiative in this area, providing families with young children with mobility counseling and other support services to move to high-performing school districts. In 2014, 45 households were assisted through the Community Choice Program. Moving forward, KCHA will explore the potential of smaller market payment standards to further strengthen residents' purchasing power in more expensive areas, and will continue with the acquisition of workforce housing and use of place-based subsidies in high opportunity neighborhoods.

How should KCHA consider mobility moving forward?

Currently, 1 in 4 KCHA households with children now live in high or very high opportunity neighborhoods. Though this percentage is greater than that in many other regions, KCHA is committed to increasing residents' access to high-opportunity areas even further. As established at the 2014 Strategic Retreat, by 2020, KCHA aims to have 30% of all families with children living in high or very high opportunity neighborhoods. To achieve this goal, we need to consider the current evidence-base on mobility and how KCHA's existing strategies and programs align with this research. We must consider the outcomes of our current initiatives and how this information, in concert with broader research findings and policy directions, informs KCHA's mobility focus and strategies.

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KCHA IN THE NEWS



King County Housing Authority Earns High Marks from HUD

June 26, 2015 05:20 PM Eastern Daylight Time

SEATTLE--([BUSINESS WIRE](#))--The King County Housing Authority (KCHA) has received a score of 97.5 out of a possible 100 points in an evaluation of the physical condition of its public housing portfolio by the Department of Housing and Urban Development. The rigorous evaluation is conducted by third-party inspectors and is intended to ensure that federally assisted families live in well-maintained, safe housing. KCHA's score places its portfolio among the best maintained public housing in the country. The average individual property Real Estate Assessment Center score nationally in 2014 was 82.6 points.

With the recent score, KCHA maintains its overall "high performer" designation, HUD's top performance rating for housing authorities. HUD has named KCHA a high-performing agency every year since it began evaluating public housing authorities in 1992.

The high quality of repairs and maintenance of KCHA's public housing was achieved despite the chronic underfunding of public housing over the past decade. Most recently, between 2012 and 2014, KCHA received \$2.96 million less in federal funding than HUD calculated was necessary to responsibly operate this housing. Additional budget cuts recently approved by the U.S. House of Representatives for next year will pose additional challenges for assuring the safety of the approximately 4,200 people who depend on public housing for a home in King County. Approximately, 28 percent of these residents are elderly, 29 percent are disabled and 28 percent are children.

"Budget and economic realities in recent years have forced federal, state and local agencies to find ways to do more with less," said HUD Northwest Regional Administrator Bill Block. "Thanks to the creativity of the King County Housing Authority's staff as well as the regulatory flexibility we have provided it under the Moving to Work (MTW) program, the Authority has been able to maintain an outstanding record of preserving and improving the quality of its physical assets despite the considerable financial pressures. We congratulate them on a job well and creatively done."

MTW is a program that allows a handful of high-performing public housing authorities to test new approaches, outside of rigid HUD rules, for operating its programs and assisting low-income families. With the administrative and regulatory flexibility afforded by MTW, KCHA has achieved operational efficiencies and cost reductions that have

<http://www.businesswire.com/news/home/20150626005805/en/King-County-Housing-Authority-Earns-High-Marks#.Va6qyf7bJZS>



allowed it to make significant capital improvements to its public housing inventory. Without this flexibility much of KCHA's portfolio would have been unable to meet basic quality standards.

"We are committed to providing the best possible housing for the residents and communities we serve. This score reflects the hard work of the housing authority staff and the close partnership between residents and KCHA," said Doug Barnes, KCHA board chair. "We are especially proud that we have been able to sustain this level of excellence in the face of ongoing federal funding cutbacks. Were it not for our status as a Moving to Work agency, this feat would have been very difficult to accomplish."

The housing authority owns and operates about 2,125 public housing units in King County. It owns or manages an additional 6,800 units of affordable housing and provides more than 11,600 households with rental assistance to enable them to rent housing from private landlords.

Scores of public housing inspected in the 2014-2015 inspection cycle by city. Points scored are in parentheses.

Auburn

Burndale Homes	50 units	(99)
Firwood Circle	50 units	(99)
Plaza Seventeen	70 units	(98)
Wayland Arms/Gustaves Manor	102 units	(99)

Bellevue

College Place/Eastside Terrace	101 units	(99)
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Boulevard Park

Boulevard Manor	70 units	(99)
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Burien

Yardley Arms/Munro Manor	127 units	(95)
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Federal Way

Southridge House	80 units	(100)
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<u>Kent</u>		
Cascade Apartments	108 units	(99)
Mardi Gras	61 units	(99)
Valli Kee	115 units	(99)
<u>Kirkland</u>		
Casa Juanita	80 units	(95)
Kirkland Place	9 units	(99)
<u>Olympia</u>		
Casa Madrona	70 units	(100)
<u>Redmond</u>		
Forest Glen	40 units	(96)
<u>Shoreline</u>		
Ballinger Homes/Pepper Tree	136 units	(94)
Briarwood/Lake House	140 units	(90)
Northridge II	140 units	(97)
Paramount House	70 units	(98)
<u>Tukwila</u>		
Riverton Terrace/Brittany Park/		
Pacific Court	105 units	(92)
<u>White Center</u>		
Nia Apartments	40 units	(99)
Eastbridge (at Greenbridge)	13 units	(97)
Salmon Creek (at Greenbridge)	50 units	(99)
Seola Crossing (at Greenbridge)	77 units	(99)
Average score:		97.5



Human rights leader receives Federal Way mayor's 'Key to the City'

Jul 13, 2015 at 11:32AM

Longtime Federal Way resident and human rights leader Harold G. Booker, Sr. received the Federal Way mayor's "Key to the City" on Thursday in front of a packed room of supporters, friends and family.

Booker received the award for his work promoting social justice and equality in Federal Way and the greater Puget Sound region.

Booker and his family moved to Federal Way in the 1960s and faced intense discrimination, from an attempt to block the purchase of their home to an unimaginable backlash for taking their family to a community pool. Rather than succumb to the negative treatment, Booker and his beloved wife Verda fought back. He helped organize and became president of the Federal Way Human Rights Committee, was active with the King County Housing Authority and served as president of the Federal Way school district School Naming Committee.

"Often the true test of one's character is how one responds when facing adversity. Harold Booker met adversity head-on and led the way forward, setting an example for generations to come," said Mayor Jim Ferrell. "He is a beacon of hope, shining a light on the shadows of intolerance and bigotry. Harold's actions helped to educate our community and his efforts resulted in increased equality and fair housing standards in our region.

"Harold understood that to change the injustice so many were facing, he had to change the hearts and minds of our community. He and his family moved forward with a steady hand guided by faith and love of thy neighbor. Sadly, the reality of racism is still very much with us today. Fortunately, so is Harold Booker and we are all better for it."

Now in retirement, Booker serves as a pro bono volunteer with the Washington State Bar Association, providing services to those with multiple needs and who require potentially costly legal support.

In addition to the Key to the City presentation, the mayor and council also recognized the founding members of the Federal Way Human Rights Committee for their "outstanding contribution" and for

<http://www.federalwaymirror.com/news/314655111.html>



“stepping courageously forward to create positive change in our community,” according to city officials.

“I am pleased that we are able to recognize the committee members who were here tonight, as well as those who were with us in spirit,” said Deputy Mayor Jeanne Burbidge, an active member of the committee. “Their willingness to step forward to serve their neighbor, regardless of race, or gender provided the opportunity for countless residents to be treated with fairness and dignity.”

Sunset area project among finalists for federal grant



An artist's rendering of the completed Sunset Area.
— image credit: Courtesy image

- Jul 21, 2015 at 3:32PM

Renton's Sunset Area Transformation Project is among the finalists selected to compete for a federal grant worth up to \$30 million that would help transform the Sunset Area neighborhood in northeast Renton.

The U.S. Department of Housing and Urban Development (HUD) announced Renton's Sunset Area Transformation Plan as one of nine finalists to compete for a 2014/2015 Choice Neighborhoods Initiative (CNI) Implementation grant. The project was selected from a pool of 33 applicants.

HUD has \$155 million in 2014/2015 CNI funds available to award this year with a maximum of \$30 million per applicant. HUD will conduct site visits of the finalists in the coming weeks and plans to announce the CNI grant awards in September.

"We are very excited to be a finalist for HUD's Choice Neighborhoods Initiative grant," Mayor Denis Law said in a press release. "Our vision for a renewed Sunset neighborhood is finally becoming a

<http://www.rentonreporter.com/news/317994211.html>

reality. When completed, the Sunset community will be transformed and include new housing units for low-income families, a new, state-of-the art library, quality market-rate multi-family housing complexes, a new inclusive playground and a 3.7 acre community park.

"The Sunset Area plan shows how public funds help spur private investment creating jobs and a beautiful, livable neighborhood with equal amenities for all," he continued. "Receiving the grant will be a game changer for Renton."

Building on the successes of HUD's HOPE VI Program, Choice Neighborhoods helps transform communities by revitalizing severely distressed public and/or assisted housing and by leveraging and investing in well-functioning services, high-performing public schools and education programs, early learning programs and services, crime prevention strategies, public assets, public transportation, and improved access to jobs.

"It is fantastic news that the King County and Renton Housing Authorities and the City of Renton have been named finalists for the Choice Neighborhoods grant, an important recognition of their hard work. This has the potential to make huge positive changes for low-income families in the region," said Senator Patty Murray. "I am proud to be a voice for Washington state families and fight for the federal investments that provide local communities extra tools to revitalize and grow neighborhoods like the Sunset Area, and to help our economy grow from the middle out, not the top down."

The Sunset neighborhood is a 269-acre area in northeast Renton. The award of a CNI grant would result in the redevelopment of the 100-unit Sunset Terrace public housing complex into energy-efficient, mixed-income housing. Overall, 364 affordable or mixed-income housing units will be built or rehabilitated.

In addition to the new and rehabilitated housing, the CNI grant would fund a new family service center; weatherization and critical repairs to existing housing; a new homeownership program; crime reduction efforts; job training and placement services; and enhanced access to quality education, health care, and other human services.

According to Congressman Adam Smith, "Seattle is one of the fastest-growing big cities in the U.S. At the same time, the suburban poor population in the greater Seattle area has grown much more rapidly than the urban poor population. A CNI grant would help address the region's growing affordable housing needs, while providing substantial resources to Renton, a suburb of Seattle, to help transform the Sunset Area neighborhood."

The Sunset Area Transformation Plan strategies are expected to spur private and public investments at the Sunset Terrace site, creating an additional 398 units of market-rate housing there as well as a new neighborhood park, and a safer, improved state highway linking the area with job centers throughout the region.

Local and regional partners have committed \$197 million to the Sunset Area Transformation Plan in addition to the CNI grant to invest in the housing, neighborhood improvements, and services if the grant is funded.

Led by the King County Housing Authority, the City of Renton and the Renton Housing Authority, 12 additional Renton and regional agencies will help provide education, jobs training, health, supportive services, and neighborhood improvements.

The Renton School District, Neighborhood House, Renton Technical College, King County Library System, HomeSight, UW Medicine/ Valley Medical Center, HealthPoint, Renton Salvation Army, The Boeing Company, Renton Chamber of Commerce, The Road Map Project, and Suburban King County Coordinating Council on Gangs will all participate in the effort.

Many Sunset housing units were built as World War II defense worker housing in the early 1940s and then sold to private owners in the 1950s. Sixty-six percent of the units in the neighborhood are now occupied by renters.

"I was glad to see first-hand the difference that a federal Choice Neighborhoods grant would make for the people of the Sunset area," said King County Executive Dow Constantine. "At a time when affordable housing is desperately needed throughout the region, the Sunset Area Transformation Project would breathe new life into a community long overdue for revitalization."

The King County Housing Authority (KCHA) owns and manages affordable and public housing communities throughout suburban King County, including a number of sites in Renton.

"KCHA welcomed the opportunity to partner with the city and the Renton Housing Authority to support this Plan and pursue Federal funding," said KCHA Executive Director Stephen Norman. "This partnership leverages KCHA's capacity and experience to help Renton revitalize the Sunset Area community, support positive outcomes for its residents and increase the supply of affordable housing in the region."

The transformation plan builds upon significant investments in the Sunset Area by the city, Renton Housing Authority, the Renton School District and the private sector over the past five years in

housing, neighborhood improvements, and education, including: relocation of all Sunset Terrace residents to affordable homes, replacement of 24 units of public housing, construction of a new early learning center and an accessible playground, acquisition of land for a new park, construction of 217 units of new market-rate rental housing, and creation of a major pedestrian connection from the Sunset Area to a new regional shopping center and major job center.

"The City of Renton's Housing Authority is honored to be recognized for its efforts to transform Sunset Terrace and the broader Sunset Area by being named to HUD's list of finalists for a potential \$30 million Choice Neighborhoods Initiative Implementation grant award," said Mark Gropper, RHA Executive Director. "Residents of this neighborhood are so deserving of the new and refurbished housing, civic amenities, and infrastructure that this grant will provide. And of equal importance, will be the resulting supportive services, health, education, job placement, and economic vitality that will enable people to thrive in this opportunity-filled community."

For more information regarding the Sunset Area community revitalization, see rentonwa.gov/sunsetarea.

-from a press release