King County Housing Authority

MEETING
OF THE
BOARD OF COMMISSIONERS

January 19, 2016 at 8:30 a.m.

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

A G E N D A

I. Call to Order

II. Roll Call

III. Public Comment

IV. Approval of Minutes

Special Board Meeting Minutes – December 14, 2015 **1**

V. Approval of Agenda

VI. Consent Agenda

A. Voucher Certification Reports for November 2015 **2**

VII. Resolutions for Discussion & Possible Action

A. **Resolution No. 5530:** A Resolution providing for the issuance of $10,500,00 revenue bond of the Authority to make a loan to Summerfield Rehab LLLP, a Washington limited liability limited partnership, for the acquisition and rehabilitation of the Summerfield Apartments and delegating to the Executive Director the authority to determine the terms of the bond and to execute all necessary documents **3**

VIII. Briefings & Reports

A. New Bank Accounts **4**

IX. Study Sessions

A. Housing Choice Vouchers Multi-Tiered Payment Standards **5**

B. Five Year Real Estate Development Strategy **6**

X. Executive Session

A. To review the performance of a public employee (RCW 42.30.110 (1) (g))

XI. Executive Director's Report

XII. KCHA in the News **7**

XIII. Commissioner Comments

XIV. Adjournment

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

TAB NUMBER 1

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

Monday, December 14, 2015

I. CALL TO ORDER

The meeting of the Board of Commissioners of the King County Housing Authority was held on Monday, December 14, 2015, at the King County Housing Authority Offices, 700 Andover Park West, Tukwila, WA. There being a quorum, the meeting was called to order by Chair Doug Barnes at 8:31 a.m.

II. ROLL CALL

Present: Commissioner Doug Barnes (Chair), Commissioner Michael Brown (Vice-Chair), Commissioner TerryLynn Stewart (via conference Phone), and Commissioner Susan Palmer

Excused: Commissioner John Welch

Staff: Stephen Norman (Secretary), Bill Cook, Connie Davis, Tonya Harlan, Shawli Hathaway, Sean Heron, Megan Hyla, Gary Leaf, Jessica Olives, Nikki Parrott, Jennifer Ramirez-Robson, Mike Reilly, Rhonda Rosenberg, Craig Violante, Tim Walter, Dan Watson and Kristin Winkel Wen Xu, Ted LaFratta, Beth Pearson, Brian Hungate

III. PUBLIC COMMENT

Maria Hudson, Nia Lanier, and Thumaii Ducanda each requested to provide public comment over the phone. Attempts to contact the three individuals at the phone number provided were unsuccessful.

Resident Sharon Bosteder submitted public comments in writing, which were presented to the Board at the December 14, 2015 meeting. Ms. Bosteder's comments related to concerns about plans to install new heating and hot water systems.

Lillie Clinton, resident, provided public comments related to her multiple requests for information about controlling the air temperature from an air vent in the ceiling. Ms. Clinton also raised concerns about a notice she recently received about the planned installation of a heat pump in her unit and the inconvenience of having to keep re-arranging furniture in her unit to accommodate the work, especially during the holidays.

IV. APPROVAL OF MINUTES

On motion by Commissioner Brown, seconded by Commissioner Palmer, the Board approved the minutes from the Board of Commissioners' meeting of November 16, 2015.

V. APPROVAL OF AGENDA

On motion by Commissioner Brown, seconded by Commissioner Palmer, the Board unanimously approved the December 14, 2015 Board of Commissioners' meeting agenda.

VI. CONSENT AGENDA

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

October 2015

GENERAL PROPERTIES		
Bank Wires / ACH Withdrawals		3,647,949.94
	Subtotal	***3,647,949.94***
Accounts Payable Vouchers		
Checks - #251464-#252129		5,687,592.18
Commerce Bank Direct Payment		29,708.77
	Subtotal	***5,717,300.95***
Payroll Vouchers		
Checks - #83970 – #84002		39,999.68
Direct Deposit		1,247,865.56
	Subtotal	***1,287,865.24***
Section 8 Program Vouchers		
Checks - #611533-#611878		247,611.90
ACH - #323735-#326813		9,797,687.15
	Subtotal	***10,045,299.05***
Purchase Card / ACH Withdrawal		164,920.13
	Subtotal	***164,920.13***
	GRAND TOTAL	***20,863,335.31***
BOND PROPERTIES		
Bond Properties Total (30 different properties)		***5,909,723.50***

B. Resolution No. 5523: Evidencing the intent of the Housing Authority of the County of King to operate Patricia Harris Manor as housing for persons 55 years of age or older under the terms of the Housing for Older Persons Act

C. Resolution No. 5524: Authorizing the Executive Director to take actions that ensure the successful New Market Tax Credits unwind of the Greenbridge Early Learning Center Project

On motion by Commissioner Brown seconded by Commissioner Palmer the Board unanimously approved the consent items.

VII. RESOLUTIONS FOR DISCUSSION AND POSSIBLE ACTION

A. Resolution No. 5525: Authorizing approval of the Comprehensive Operating and Capital Budgets for Calendar Year beginning January 1, 2016

Craig Violante, Director of Finance, presented KCHA's 2016 Comprehensive Operating Budget. Mr. Violante summarized the core operations affecting the 2016 budget as well as discussed federal funding expectations and concerns.

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

On motion by Commissioner Palmer seconded by Commissioner Brown, the Board unanimously approved Resolution No. 5525.

B. Resolution No. 5526: Authorizing the Executive Director to negotiate and approve the execution on KCHA's behalf by the Washington State Department of Enterprise Services of an Energy Services proposal with Johnson Controls, Inc.

Connie Davis, Deputy Executive Director, announced and provided the Board with a revised version of Resolution No. 5526. Ms. Davis explained that the revision was minor in nature.

Ms. Davis introduced Jake Terzo, Project Manager and Christopher Schulkin, Regional Vice President (Northwest Region) as representatives of Johnson Controls, Inc. and recognized Beth Pearson, Director of Real Estate Initiatives for her hard work and collaboration on this project.

Ms. Davis summarized the benefits gained by KCHA and its Residents due to the project. Ms. Davis also provided an update on the progress of the Energy Performance Contract (EPC) and discussed financing, stakeholder outreach, specifications of the contract and next steps.

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

On motion by Commissioner Palmer, seconded by Commissioner Brown, the Board unanimously approved Resolution No. 5526 as revised.

C. Resolution No. 5527: Authorizing the issuance of a Revenue Bond of the Authority in a maximum principal amount of $5,500,000 to finance the acquisition and rehabilitation of the Corinthian Apartments; authorizing the execution of documents in connection with the Board; and determining related matters

Tim Walter, Senior Director of Acquisitions and Asset Management provided an overview of Resolution No. 5527 and 5528. Mr. Walter explained that these two Resolutions pertain to the bridge financing discussed at the last board meeting. Mr. Walter explained the financing process and details of the agreements.

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

On motion by Commissioner Brown, seconded by Commissioner Palmer, the Board unanimously approved Resolution No. 5527.

D. Resolution No. 5528: Authorizing the issuance of a Revenue Bond of the Authority in a maximum principal amount of $24,000,000 to finance the acquisition and rehabilitation of the Spiritwood Manor Apartments; authorizing the execution of documents in connection with the Bond; and determining related matters

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

On motion by Commissioner Brown, seconded by Commissioner Palmer, the Board unanimously approved Resolution No. 5528.

VIII. EXECUTIVE SESSION

Chair Barnes called for an Executive Session at 10:03 a.m. as authorized by RCW 42.30.110 (1) (g) – "To review the performance of a public employee".

The meeting of the Board of Commissioners resumed at 10:19 a.m. by Chair Barnes.

IX. RESOLUTIONS FOR DISCUSSION AND POSSIBLE ACTION

E. Resolution No. 5529: Extending the Executive Director's Employment Contract for up to 60 days.

On motion by Commissioner Brown, seconded by Commissioner Palmer, the Board unanimously approved Resolution No. 5529.

X. BRIEFINGS & REPORT

A. Commitments of Moving To Work – Working Capital Funds
Connie Davis, Deputy Executive Director, presented the annual status report on the commitments of Moving To Work working capital funds. Ms. Davis reiterated that the board had approved the commitment of MTW working capital to specified multi-year projects. Ms. Davis provided a summary on the three areas for which the board approved the working capital funds (Technology, Capital Construction and Sponsor Based Housing).

IX. EXECUTIVE DIRECTOR'S REPORT

Stephen Norman, Executive Director, provided a status update on the approval of the Federal Budget by congress, the Omnibus bill and expectations on the incorporation of specific language pertaining to the extension of the MTW agreement with the U.S. Department of Housing and Urban Development.

X. KCHA IN THE NEWS

None.

XII. COMMISSIONER COMMENTS

None.

XIII. ADJOURNMENT

On motion by Commissioner Brown, seconded by Commissioner Palmer, the Board adjourned the meeting at 10:24 a.m.

THE HOUSING AUTHORITY OF THE COUNTY OF KING, WASHINGTON

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DOUGLAS J. BARNES, Chair
Board of Commissioners

____
STEPHEN J. NORMAN
Secretary

TAB NUMBER 2

To: Board of Commissioners

From: Linda Riley, Controller

Date: January 6, 2016

Re: **VOUCHER CERTIFICATION FOR NOVEMBER 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
January 6, 2016

Bank Wires / ACH Withdrawals		3,129,833.54
	Subtotal	***3,129,833.54***
Accounts Payable Vouchers		
US Bank Checks - #252130-#252592		2,924,796.52
Key Bank Checks - #300003-#300020		26,017.85
Tenant Accounting Checks - #10001-#10011		1,073.48
Commerce Bank Direct Payment		49,246.97
	Subtotal	***3,001,134.82***
Payroll Vouchers		
Checks - #84003-#84033		35,961.27
Direct Deposit		1,258,969.40
	Subtotal	***1,294,930.67***
Section 8 Program Vouchers		
Checks - #611879-#612184		183,473.98
ACH - #329876-#332782		9,615,008.80
	Subtotal	***9,798,482.78***
Purchase Card / ACH Withdrawal		189,218.75
	Subtotal	***189,218.75***
	GRAND TOTAL	***17,413,600.56***

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

FROM: Wen Xu

SUBJECT: **VOUCHER CERTIFICATION FOR NOVEMBER 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

Wen Xu
Director, Managed Assets
December 16, 2015

Property	Wired to Operating Account(s) for Obligations of Property			Notes:
Nov-15	Date	$	Claim	
Bellepark East	11/5/2015	$7,646.37	Payroll	
	11/12/2015	$10,059.08	A/P & Payroll	
	11/19/2015	$34,732.05	A/P	
	11/24/2015	$7,464.68	A/P & Payroll	
Colonial Gardens	11/5/2015	$3,565.06	Payroll	
	11/12/2015	$13,624.51	A/P & Payroll	
	11/19/2015	$53,433.20	A/P	
	11/24/2015	$4,157.72	A/P & Payroll	
Cottonwood	11/5/2015	$2,997.10	Payroll	
	11/12/2015	$7,312.87	A/P & Payroll	
	11/19/2015	$9,091.52	A/P	
	11/24/2015	$5,172.75	A/P & Payroll	
Cove East	11/5/2015	$14,364.30	Payroll	
	11/12/2015	$23,750.20	A/P & Payroll	
	11/19/2015	$13,794.25	A/P	
	11/24/2015	$16,286.05	A/P & Payroll	
Landmark	11/5/2015	$7,934.38	Payroll	
	11/12/2015	$18,839.68	A/P & Payroll	
	11/19/2015	$20,007.62	A/P	
	11/24/2015	$45,385.72	A/P & Payroll	
Timberwood	11/5/2015	$16,427.11	Payroll	
	11/12/2015	$45,742.03	A/P & Payroll	
	11/19/2015	$67,249.19	A/P	
	11/24/2015	$12,864.41	A/P & Payroll	
Woodland North	11/5/2015	$6,640.31	Payroll	
	11/12/2015	$77,653.27	A/P & Payroll	
	11/19/2015	$50,526.16	A/P	
	11/24/2015	$5,559.48	A/P & Payroll	
Woodside East	11/5/2015	$8,772.35	Payroll	
	11/12/2015	$75,574.54	A/P & Payroll	
	11/19/2015	$5,889.27	A/P	
	11/24/2015	$16,821.31	A/P & Payroll	
Alpine Ridge, Aspen Ridge, Auburn Square, Carriage House, Cascadian, Corinthian, Fairwood, Heritage Park, Laurelwood, Meadows, Newporter, Parkwood, Somerset East, Somerset West, Walnut Park, Windsor Heights, Woodridge Park	11/5/2015	$132,778.65	Payroll	
	11/10/2015	$467,340.75	A/P	
	11/10/2015	$23,155.00	SOW Debt Service	
	11/10/2015	$16,588.33	SOE Debt Service	
	11/13/2015	$528,755.20	SOE & SOW Replacement Reserve	
	11/19/2015	$161,167.08	Payroll	
	11/24/2015	$437,136.36	A/P	
Gilman Square	11/3/2015	$6,065.42	Payroll	
	11/5/2015	$11,490.36	A/P	
	11/17/2015	$6,410.23	Payroll	
	11/19/2015	$24,640.88	A/P	
Meadowbrook	11/3/2015	$ 7,686.93	Payroll	
	11/5/2015	$ 13,291.16	A/P	
	11/17/2015	$ 6,882.26	Payroll	
	11/19/2015	$ 13,927.18	A/P	
Villages at South Station	11/3/2015	$8,342.19	Payroll	
	11/5/2015	$32,228.24	A/P	
	11/17/2015	$11,070.42	Payroll	
	11/19/2015	$50,440.11	A/P	
Bellevue Manor	11/19/2015	$164,951.19	A/P	
Charter House	11/19/2015	$8,794.47	A/P	
Northwood Square	11/19/2015	$48,701.70	A/P	
Patricia Harris	11/19/2015	$161,909.41	A/P	
Vashon Terrace	11/19/2015	$84,114.59	A/P	
Rainier View I	11/12/2015	$20,319.33	A/P	
	11/19/2015	$7,554.77	A/P	
Rainier View II	11/12/2015	$14,209.89	A/P	
	11/19/2015	$3,569.57	A/P	
Si View	11/12/2015	$15,409.23	A/P	
	11/19/2015	$8,450.76	A/P	
	Portfolio Total:	$ 3,208,722.20		

TAB NUMBER 3

TO: Board of Commissioners

FROM: Tim Walter, Senior Director of Acquisitions & Asset Management

DATE: January 12, 2016

RE: **Resolution No. 5530:** Authorizing the issuance of a $10,500,000 revenue bond of the Authority to make a loan to Summerfield Rehab LLLP, a Washington limited liability limited partnership, for the acquisition and rehabilitation of the Summerfield Apartments and delegating to the Executive Director the authority to determine the terms of the bond and to execute all necessary documents

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KCHA has been asked by the YWCA of Seattle/King County/Snohomish County to issue private-activity tax-exempt bonds in an amount of up to $10,500,000in order to finance a 4% low-income housing tax credit (LIHTC) syndication of the YWCA's 52-unit Summerfield Apartments in Bellevue. The bond proceeds would be issued by KCHA and loaned to Summerfield Rehab LLLP, a newly formed LIHTC LLLP of which the YWCA or an entity controlled by the YWCA will be the managing general partner. As a conduit loan, KCHA takes no financial risk and makes no obligation for the repayment of the loan. The repayment of the loan is the sole obligation of the partnership and the bondholder's security will be a leasehold deed of trust in the property. KCHA routinely issues non-recourse conduit tax-exempt bonds to non-profits and low income housing tax credit partnerships to assist with the financing of low-income housing. KCHA currently has 14 conduit bond issues outstanding with an aggregate principal balance of approximately $81 million.

Summerfield Apartments is a 52-unit, apartment community located at 14710 NE 1st Pl in the City of Bellevue. The property consists of 22 one-bedroom and 30 two-bedroom units in seven separate two-story buildings. All 52 of the units will be rent and income restricted to households at or below 60% of the AMI. The project was originally built in 1977 and acquired the YWCA in 2005 with conduit financing provided by KCHA. The initial KCHA conduit loan was paid off by the YWCA in 2015.

The proceeds of the bonds will be used to finance a portion of the partnership's acquisition of the property from the YWCA and to make improvements at the property. The bonds are expected to be purchased by Banner Bank. It is anticipated that approximately $3,500,000 of the bond issue will be long-term permanent debt, while the balance will be short-term debt repaid with tax credit equity and other available proceeds.

As the bond issuer, KCHA will charge a one-time origination fee of .25% and an annual monitoring fee of approximately .125% of the long-term permanent debt. Attached is a Strategic Repositioning Plan for Summerfield prepared by the project's financial consultant, Brawner Real Estate Development and Consulting, which outlines in more detail project specifics, the proposed financing and the overall development budget.

Staff is recommending Board approval of Resolution No. 5530.

A Strategic Repositioning Plan for the Preservation of Affordable Housing

A 4% LIHTC Syndication

Summerfield Apartments
14710 NE 1st Place, Bellevue, WA

Prepared for:

Prepared by:

October 23, 2015

A STRATEGIC REPOSITIONING PLAN
FOR THE
SUMMERFIELD APARTMENTS

AN OUTLINE FOR FINANCIAL SUSTAINABILITY INCLUDING DELIVERY PLAN, FINANCIAL STRATEGIES AND ASSUMPTIONS

The purpose of this financing constructability review is to describe the project in a manner that key elements are defined, options are clear, risks are identified such that the decision makers are able to provide direction as to the final development strategy.

I. Project Summary

Introduction

The YWCA of Seattle • King County • Snohomish County is one of our region's most respected nonprofit providers of housing. The YWCA opens doors to opportunity and self-sufficiency for women and families facing poverty, violence and discrimination. With more than 100 years' experience, the YWCA is the leading organization for moving women and families out of crisis and empowering them to achieve lasting independence. The YWCA operates multiple housing projects throughout King and Snohomish County. One of these projects, Summerfield Apartments was developed in 1977 in Bellevue and acquired by the YWCA in 2005. The project consists of 52 units of housing, serving a diverse population. The YWCA is considering a tax credit re-syndication of the development. The YWCA plans on selling the project to a tax credit partnership in which the YWCA would be the General Partner of the LLLP.

The basic objective of this plan is to develop a workable plan to stabilize the property long-term, both financially and physically. The specific relief provided in this re-syndication plan is based on a thorough analysis of the project, considering the tenant mix, availability of funds to address the physical and financial needs of the project and examination of the project's market area. This restructuring plan attempts to address the following objectives:

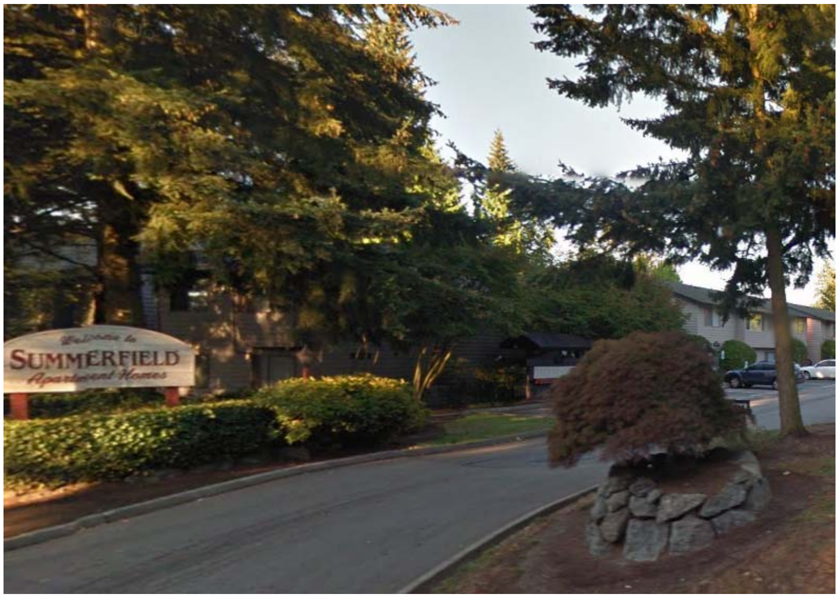
A. To protect the long-term financial interest of all interested parties and ensure that the project can continue to be a viable operation.

B. To stabilize the project's physical and financial hurdles to ensure that an acceptable living environment is maintained for the residents.

C. To provide the platform to support the investment of additional capital to address the project's physical and financial goals.

Physical Description

The Summerfield Apartments, located at 14710 NE 1st Place, Bellevue and includes 52-units which currently offers housing to a diverse population group. Unit mix consists of one and two-bedroom units in seven two story buildings. The project was constructed in 1977.



Unit Breakdown

Unit Type	No. of Units	Unit Mix % Total	Unit Sq. Ft.	Total Sq. Ft
ONE BDRM, 1 BATH	22	42.31%	631	13,882
TWO BDRM, 1 BATH	30	57.69%	971	29,130
Totals	52	100.00%		43,012

A detailed plan is a vital tool for the organized implementation of the general development plan. It effectively establishes a link between implementing policies of the general plan and the individual development proposals in a defined area. Specific plans and options related to various key development categories are described below.

II. Ownership Structure

The property is currently owned by Summerfield Housing LLC, in which the YWCA is the sole managing member. Under the proposed financing plan, the YWCA utilizing 4% LIHTC and private-activity bonds, is anticipating forming a tax credit partnership to acquire, own and operate the Summerfield project ("Project"). As consideration, the new LIHTC LLLP will pay the existing ownership an amount equal to the fair market value of the Project.

The LLLP will be a Washington limited liability limited partnership formed by YWCA. The partnership will be established with YWCA as the general partner. Upon closing, the LLLP's partnership agreement will be amended and restated to admit two new general partners and two new limited partners, as described below and illustrated on the following organization chart:

Investment Limited Partner – 99.99%. TBD, will be the investor in the transaction and will own a 99.99% interest in the LLLP. The investor will claim tax credits and losses based on its ownership interest.

Special Limited Partner – 0.00%. TBD, will be the LLLP's special limited partner and, in that capacity, will have certain decision-making authority with respect to the limited partners.

TBD GP LLC – 0.009%. TBD GP LLC (the "Project GP") is a Washington limited liability company that will be formed to serves as one of the LLLP's two general partners. It is envisioned that the Project GP will have the primary responsibility for the day-to-day operations of the LLLP. The Project GP will elect to be treated as a corporation for federal tax purposes. YWCA will own a 79% member interest in the Project GP and will manage the Project GP. An unrelated entity will own a 21% member interest in the Project GP.

YWCA is the overall sponsor of the deal, and typically would serve as the general partner of the LLLP. However, because YWCA will provide loans to the LLLP (both seller financing and a deferred development fee note), YWCA cannot serve as the LLLP's general partner if tax credits and losses are to be allocated to the investor.

Administrative GP – 0.001%. The project's operating projections assume the project will continue to qualify for property tax exemption under RCW 84.36.560. That statute provides a property tax exemption if, among other things, the general partner of the project owner is a 501(c)(3) organization. While YWCA is a 501(c)(3) organization, the Project GP will not be. To be able to claim the property tax exemption, a 501(c)(3) organization must be admitted to the LLLP as a general partner. The Administrative GP will have limited responsibilities. Its primary responsibility will be to make the necessary filings to obtain the property tax exemption. The Administrative GP will be entitled to collect an annual administrative services fee.

III. Affordability

Under the proposed 4% LIHTC financing plan, the LLLP would restrict occupancy to those households whose incomes do not exceed 60% of the area median income. Currently, 20 of the 52 units are receiving various rental subsidies and are expected to be income qualified at 60% of median income. The balance of the unit's house residents who are paying rents equal to if not slightly higher than 60% of median income. Correspondingly the rents in the financial model have been reduced from between $75 and $100 per unit from current rents to ensure that there is a "buffer" between 60% maximum rents and rents being charged to residents.

IV. Development Sources & Uses

Project Development Costs have been based on a combination of factors including those typical cost attributed with LIHTC transactions, preliminary capital needs assessments and those cost related to the issuance of bonds and other debt instruments.

SOURCES	Permanent Budget
Private Placement Permanent Bond	$3,450,000
Tax Credit Equity	$5,289,947
Cash Flow from Operations	$225,038
YWCA Seller Financing	$6,750,000
YWCA Deferred Developer Fee	$899,884
Funding Gap	$0

Total Budget Sources	$16,614,868
USES	**Permanent Budget**
Accounting	$12,500
Appraisal & Market Studies	$12,500
Architectural & Engineering	$201,611
Building Acquisition	$9,282,000
Builder's Risk	$36,656
Construction Consulting	$56,656
Construction Management	$87,500
Developer Administrative - General	$7,650
Developer Administrative - Overhead/Fee	$1,900,000
Environmental	$3,800
Financial Consulting	$135,000
Financing Cost - Other	$40,500
Interest Cost	$321,134
Legal - Debt	$75,000
Legal - Partnership	$75,000
Legal - Other	$100,000
Lender Loan Fees	$120,000
Marketing & Leaseup	$32,500
Multi-Family Construction	$3,665,646
Owner Contingency	$50,000
Permits & Fees - Vertical	$38,750
Pre-Construction Services	$22,500
Relocation	$175,000
Reserves - Project	$75,000
Surveys	$7,500
Tax Credit Fees	$51,500
Title & Closing	$28,965
Total Budgeted Cost	**$16,614,868**

Development Cost Guidelines

Projected cost associated with the development of the Project are based on budgeted allowances attributable to the type of financing being used, project size, location, tenant demographics and the property condition report.

Accounting:	An allowance of $12,500 has been budgeted for accounting related services, including general consulting, initial audit work and cost certification all of which is to be included in the partnership cost basis. The entire amount is estimated to be included in tax credit basis.
Appraisals & Market Studies:	An allowance of $12,500 has been assumed for appraisals and market studies. It is assumed that appraisals will ordered by the lender for financing purposes and also by YWCA to determine the fair market value for acquisition purposes. In addition, a market study to be provided as part of the tax credit application is assumed as well.
Architectural & Engineering:	A&E has been estimated at $201,000, which is approximately 5.50% of the hard repair/renovation cost. The A&E scope will be limited to specific work which will require design and/or engineering related work. In addition, A&E assistance will be

	required as part of the process to include energy efficient and green technology in the Project.
Building Acquisition:	The current estimated Fair Market value has been estimated at approximately $9,282,000. This valuation will be substantiated in a to-be completed appraisal.
Construction Management:	A fee of $87,500 has been set-aside for a third-party Owner's Representative consultant.
Construction Consulting:	This category includes an allowance for third-party monthly draw inspections by both the lender and the LIHTC investor. Additionally, approximately $36,000 in funds have been budgeted for other third-party consultants who would not be part of the A&E contract and would include but not be limited to roofing consultants, energy consultants, waterproofing consultants, mechanical consultants, etc.
Developer Administrative – General:	$7,650 as travel, plan reproduction, office supplies related to the Project, deliveries, etc.
Developer Administrative – Fee:	$1,900,000 has been estimated as the developer fee to be earned by YWCA. This amount represents approximately 14.10% of the development budget. 100% of the fee will be earned at completion of construction. Current model projections estimate that approximately $250,000 the total fee will be paid in cash to the YWCA at in the completion of construction. An additional payment estimated at $750,000 will be made with the final equity installment. The balance of the fee will be deferred and paid from available cash flow from operations within ten-years of the fee being earned.
Environmental:	Reports related to environmental surveys have been estimated at $3,800, which will be a requirement of both the lender and LIHTC investor.
Financial Consulting:	$135,000 has been budgeted for technical assistance with the development of the renovation work, of which 100% is assumed to be in basis. Work includes oversight with respect to the LIHTC, financing, investor liaison, lender requirements, partnership structuring, project cost tracking and modeling, cost certification and input related to renovation.
Interest Cost:	Interest on the construction loan, which excludes the permanent tax-exempt loan which is paid from project operations, is estimated at approximately $321,000. That interest which is paid up until the renovation is completed is capitalized and included in tax credit eligible basis, while the remaining interest through the equity pay-in is also capitalized in the budget but it is expensed for tax purposes and excluded from tax credit basis.
Legal:	Legal related work has been estimated at $200,000 and includes counsel related to partnership counsel; lender legal related to the construction and the permanent bonds.
Lender Loan Fees:	Lender loan fees have been budgeted at $105,000 and includes a 1.50% fee on the permanent bonds and the construction loan.

Multi-Family Construction:	The total construction budget is estimated at $3,665,000 and includes base construction cost, general conditions, contractor fees, 10% contingency and sales tax.
Owner Contingency:	Approximately $50,000 has been budgeted for unforeseen soft cost related to non-construction related work.
Permits:	An allowance of $15,000 has been set-aside for permits related to the project repairs.
Pre-Construction Services:	Pre-Construction Services include the cost related to the Physical Needs Assessment, third-party unit inspections, bidding and related work in the estimated amount of $30,000.
Relocation:	Expenses related to temporarily relocating residents due to interior unit renovations has been assumed in the development budget.
Reserves:	Operating reserves have not been included due to the YWCA's strong balance sheet and their ability to offer a operating deficit guarantee. A capitalized reserve of $75,000 is assumed for Replacement Reserves.
Tax Credit Fees:	Tax Credit Fees have been estimated at approximately $62,500 and include an application fee equal to $26 per housing unit and 12.53% of the total first year credit reservation amount.
Title & Closing:	Title and Closing have been estimated at $28,965 and include cost related to Owner's and Lender's title policy, endorsements required by the LIHTC investor and general closing cost.

Determination of Key Project Funding Revenues

Below is a schedule of the anticipated revenue sources and how those amounts have been determined.

Tax Credits The partnership anticipates that it will generate approximately $375,671 in annual low-income housing tax credits. The YWCA will seek competitive proposals from various tax credit investors to make an investment in the Project.

Eligible Basis:	The un-adjusted eligible basis for the project has been estimated at $11,559,110.
Ineligible Grants/Loans:	none
High Cost Area:	The project is not located in a Qualified Census Tract
Qualified Basis:	Based on the adjustments, the project has an adjusted qualified basis of $14,154,000
Applicable Percentages:	The applicable percentages used in the financial analysis are calculated at 3.25% for the 4% credit.
Credit Amount:	The assumed ten-year credit amount is equal to $4,600,000 or $460,000 per year over the ten year credit period.
Equity Contribution:	Estimated at approximately $5,290,000 or $1.08 per tax credit dollar for 99.99% of the total credit allocation.

Limited Partner Entry Date:	The Tax Credit Partner is expected to enter into the partnership at closing or approximately February 2016.
Contribution Timing:	The financial projections assume that the equity contribution is based on a staggered pay-in of $250,000 at closing; $750,000 two months after completion of renovations (PIS) and the balance in November of 2017.
Credit Delivery:	The Partnership projects to deliver tax credits to the Tax Credit Limited Partner as follows:

		Dollar Amount	Percent of Annual
Credits Delivered in	2016	$259,491	56.41%
Credits Delivered in	2017	$460,006	100.00%
Credits Delivered in	2018	$460,006	100.00%

Debt: To receive an allocation of 4% tax credits, a project must fund 50% of its adjusted project cost with private activity bonds. A local housing authority will issue the private activity bonds in the estimated amount of $8,750,000, which is approximately equal to 53% of the adjusted total project cost. To meet this 50% bond test, the partnership is anticipated to have the following debt structure. It is assumed that the bonds will be privately-placed and purchased by bank.

Construction Loan:

The construction loan to the partnership is made up of a combination of the long-term debt as well as bridging the tax credit equity pay-in. As stated earlier in the report, the majority of the tax credit investor equity is anticipated to be contributed after placed-in-service date. The purpose of this extended pay-in is to not only increase the amount of equity the investor partner is willing to contribute but to provide a mechanism by which additional tax exempt debt could be issued to meet the 50% test.

Issuer:	TBD
Lender:	To be determined
Amount:	$7,300,000
Term:	22-months with the ability to extend to 30-months
Amortization Period:	N/A, interest only
Interest Rate:	variable based on one-month LIBOR, assumed to be underwritten at 3.50% in model
Guarantee:	YWCA
Debt Coverage Ratio:	N/A

**Loan is assumed to be non-revolving. The loan is anticipated to be repaid with the conversion of a portion of the debt to permanent financing as well as tax credit equity after PIS in March 2017 and the balance with the final equity pay-in, November of 2017.*

Cash Collateral Loan:

To meet the 50% bond test it will be necessary to issue bonds in excess of the above construction loan amount. It is anticipated that to entice the lender to lend additional bonds to the partnership, the YWCA will deposit cash with the lender to collateralize such loan.

Issuer:	TBD
Lender:	To be determined
Amount:	$1,450,000
Term:	14-months with the ability to extend to 20-months
Amortization Period:	N/A, interest only
Interest Rate:	variable based on one-month LIBOR, assumed to be underwritten at 1.50% in model
Guarantee:	N/A
Debt Coverage Ratio:	N/A

Long-Term Tax-Exempt Debt

The financial projections assume that approximately $3,450,000 of the construction loan will convert to long-term, permanent debt. We reviewed other financing options including a HUD 233(f), and Fannie/Freddie instruments and feel that the private placement option allows the partnership the most flexibility to optimize the benefits of the tax credit syndication.

Amount:	$3,450,000
Term:	17-years with ability to prepay with no penalty in year 15
Amortization Period:	35 years
Interest Rate:	modeling assume 4.85%, fixed (current market rate is 4.40%)
Guarantee:	Non-Recourse
Conversion Date:	Anticipated to be March 2017, 3 months after construction completion
Stabilized DCR:	1.40

LLLC Seller Note:

Assuming an estimated acquisition payment related to the value of the project of approximately $7,850,000, the YWCA is anticipated to loan back to the partnership an amount equal to $5,000,000. At closing, the YWCA will lend approximately $4,100,000 of this amount with the remaining balance of $900,000 being loaned back to the partnership in January 2017 when the project is placed-in-service. The purpose of not lending the entire amount back at closing is to ensure that the bridge loan is large enough to meet the 50% bond test.

Lender:	YWCA
Amount:	$6,750,000
Term:	50-years
Amortization Period:	N/A, subject to available cash flow
Interest Rate:	fixed at the greater of 3.10% or AFR at time of closing
Guarantee:	N/A
Debt Coverage Ratio:	N/A

Deferred Developer Loan:

The YWCA is projected to earn approximately $1,900,000 in developer fees, which equates to 14.50% of the total development cost. It is estimated that the YWCA will receive approximately $1,000,000 in cash and defer the remaining balance which shall be paid from available cash flow.

Lender:	YWCA

Amount:	$910,000
Term:	N/A
Amortization Period:	N/A, subject to available cash flow
Interest Rate:	0%

**Based on current cash flow projections, deferred developer fee loan will be repaid by 2023 (10-years from date in which fee was earned).*

V. Construction

An in-depth inspection of the interior units and common areas have been completed by both the YWCA and their consultant, Brawner & Company to assess the initial scope and budget.

Construction/renovation is anticipated to take place over a 10-month period from March 2016 through December 2016.

The overall construction budget is estimated at $3,665,000, or $70,000 per unit, which includes general conditions, sales tax, profit and 10% contingency. The partnership will utilize a General Contractor to complete the construction under a guaranteed maximum price contract.

Based on initial inspections of the developments, the following is a schedule of repairs and upgrades to be completed as part of the renovation work.

Summerfield Apartments Development

Interior unit cabinets/counters
Interior unit carpet/vinyl
Interior unit electrical lighting upgrades
Upgrade kitchen appliances
New plumbing fixtures (kitchen and bath sink, low flow toilets, shower heads, kitchen and bath faucets)
New Windows
Exterior pedestrian lighting upgrades
Exterior Painting
Interior Unit Painting
Landscaping/Urban Forestry
Community Room Improvements
Attic/Crawl Space Insulation and Ventilation
Exterior Stair Replacement
Exterior Deck Replacement
Pavement Overlay
Sidewalk Improvements
Landscaping upgrades
Signage upgrades

VI. Development Time Lines

The determination of project time-lines are crucial in defining the overall financing plan for the development. The financial model in general has assumed the following key components of the development time line.

Submit Private Activity Bond Cap Application	30-Oct-15

Select Tax Credit Investor	18-Nov-15
Submit 4% Tax Credit Application	11-Dec-15
Select Permanent Lender	18-Nov-15
Receive 42(m) letter from WSHFC	28-Dec-15
Lender Commitment Letter issued	8-Jan-16
Construction Contract Executed	12-Feb-16
Close Tax Credit Partnership(s)	18-Feb-16
Begin Rehabilitation Work	1-Mar-16
Construction Completion	1-Dec-16
100% Qualified Occupancy	1-Dec-16

VII. Economic Assumptions and Project Operations

Income:

Rental income:

Unit Types	Number of Units	Average (SF)	Median Income	Rent	Annual Income
One Bdrm	22	631	60%	$875	$231,000
Two Bdrm (common area)	30	971	60%	$1,050	$378,900
Unit Total/Avg	**52**				**609,000**

Laundry and Other: current miscellaneous resident income is anticipated to equate to approximately $2,500 per annum, which is based on historic figures.

Other Income: income related parking and storage equate to approximately $5,000 per annum.

Vacancy Loss: this has been estimated at approximately 5% per year or roughly three units per month.

Operating Expenses:

Residential: The current projected operating expenses have been estimated at $295,858 per year or $5,690 per unit, per year. This cost includes approximately $387 per unit in mandatory replacement reserve set-asides; real estate taxes are anticipated to be $50,000 per year and paid from operations.

Net Operating Income:

The Project's Net Operating Income is estimated at $290,180 per year.

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5530

(Summerfield Apartments)

A RESOLUTION of the Board of Commissioners of the Housing Authority of the County of King providing for the issuance of a revenue bond of the Authority in the principal amount of not to exceed $10,500,000, the proceeds of which will be used to make a loan to Summerfield Rehab LLLP, a Washington limited liability limited partnership, for the purpose of providing all or a portion of the funds with which to finance the acquisition and rehabilitation of the Summerfield Apartments, to provide housing for low income residents in King County, Washington, and to pay costs of issuing the bond; delegating to the Executive Director the authority to determine the form, terms and covenants of the bond and to execute such documents as are useful or necessary to the purposes of this resolution.

ADOPTED January 19, 2016

This document was prepared by:

Pacifica Law Group LLP
1191 Second Avenue, Suite 2000
Seattle, Washington 98101

RESOLUTION NO. 5530

A RESOLUTION of the Board of Commissioners of the Housing Authority of the County of King providing for the issuance of a revenue bond of the Authority in the principal amount of not to exceed $10,500,000, the proceeds of which will be used to make a loan to Summerfield Rehab LLLP, a Washington limited liability limited partnership, for the purpose of providing all or a portion of the funds with which to finance the acquisition and rehabilitation of the Summerfield Apartments, to provide housing for low income residents in King County, Washington, and to pay costs of issuing the bond; delegating to the Executive Director the authority to determine the form, terms and covenants of the bond and to execute such documents as are useful or necessary to the purposes of this resolution.

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

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

WHEREAS, RCW 35.82.070(5) provides that a housing authority may, among other things and if certain conditions are met, "make ... loans for the ... acquisition, construction, ... rehabilitation, improvement ... or refinancing of land, buildings, or developments for housing for persons of low income"; and

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

WHEREAS, the Young Women's Christian Association of Seattle-King County-Snohomish County (the "YWCA"), a Washington nonprofit corporation, is a member and the manager of Summerfield Admin GP LLC (the "General Partner"), and is the initial limited partner of Summerfield Rehab LLLP (the "Borrower"), and has applied to the Authority for financial assistance in the principal amount of up to $10,500,000 for the purpose of providing all or a portion of the funds with which to finance the acquisition and rehabilitation of a 52-unit housing project, known as Summerfield Apartments, located at 14710 NE 1st Place in Bellevue, Washington, to provide housing for low-income persons in the County (the "Project"); and

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

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

WHEREAS, the Board of Commissioners of the Authority deems it necessary and advisable and in the best interest of the Authority to issue the Bond, in a principal amount not to exceed $10,500,000, the proceeds of which will be lent to the Borrower for the purposes described herein; and

WHEREAS, the Board of Commissioners anticipates that it will receive an offer to purchase the Bond from a financial lending institution and the schedule of Board meetings may make timely acceptance of the offer by the Board impractical; and

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

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

Section 1. Definitions. As used in this resolution, unless a different meaning clearly appears from the context, the following words have the following meanings:

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

"Bank" means a national banking association or state chartered financial institution with experience in similar transactions, as the Registered Owner of the Bond, and any subsequent Registered Owner.

"Board" means the Board of Commissioners of the Authority.

"Bond" means the Housing Authority of the County of King Revenue Bond, 2016 (Summerfield Apartments Project), issued pursuant to, under the authority of and for the purposes provided in this resolution.

"Business Day" means any day, other than a Saturday or Sunday, on which banking institutions are open in the state of Washington.

"Bond Fund" means the Authority's Revenue Bond Fund, 2016 (Summerfield Apartments Project).

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

"Bond Registrar" the Executive Director of the Authority.

"Borrower" means Summerfield Rehab LLLP, a Washington limited liability limited partnership.

"Code" means the Internal Revenue Code of 1986, as amended.

"County" means King County, Washington.

"Draws" means incremental draws on the Bond.

"Executive Director" means the Executive Director of the Authority, or his or her designee.

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

"Loan Documents" means the Bond Loan Agreement, the Regulatory Agreement and any other documents related to the Loan to be executed by the Borrower.

"Project" means, depending on the context, (1) the acquisition and rehabilitation of the 52-unit housing project known as Summerfield Apartments located at 14710 NE 1st Place in Bellevue, Washington, or (2) the Summerfield Apartments housing project.

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

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

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

Section 2. Authorization of Bond and Application of Proceeds. For the purpose of providing all or part of the money required to accomplish the Project and to pay costs of issuing the Bond, the Authority shall issue its Revenue Bond, 2016 (Summerfield Apartments Project), in the maximum principal amount of not to exceed $10,500,000. Such Bond financing is declared and determined to be important for the feasibility of the Project. All proceeds of the Draws shall be lent to the Borrower for those purposes. The Board finds that it is in the best interests of the Authority to issue the Bond for the purposes set forth in this resolution.

Section 3. Description of Bond. The Bond shall be called the Revenue Bond, 2016 (Summerfield Apartments Project), of the Authority; shall be in a principal amount not to exceed $10,500,000; shall be dated its date of delivery; and shall be numbered R-l. The Bond shall be dated such date, shall bear interest payable on such dates and at such rates (which may include variable rates based on the prime rate and/or fixed rates), shall mature at such times and in such amounts, shall have such prepayment or redemption provisions and shall have such other provisions consistent with the purposes of this resolution as are approved by the Executive Director.

Section 4. Draws on the Bond. Draws on the Bond shall be made in accordance with the terms and provisions as approved by the Executive Director and to be set forth in the Loan Documents. Draws shall be recorded in such form as the Borrower and the Bank may agree. Draws shall be limited to a maximum aggregate principal amount of $10,500,000.

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

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

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

<u>Section 7</u>. <u>Bond Fund; Security for the Bond</u>. The Bond Fund is hereby established as a special fund of the Authority designated the Revenue Bond Fund, 2016 (Summerfield Apartments Project). The Bond Fund shall be drawn upon for the sole purpose of paying the

principal of and interest on the Bond. The Authority irrevocably obligates and binds itself to set aside and pay into the Bond Fund any money received by it for such purpose under the Loan Documents to make payments required to be made under the Bond, and no other payments into the Bond Fund shall be required.

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

The Registered Owner shall not charge the Authority, in its capacity as issuer of the Bond, and, in such capacity, the Authority shall not be obligated to pay to the Registered Owner, any fees for or costs of collection and application of principal and interest payments under the Loan Documents or the Bond, including any fees for or costs of collecting such payments or exercising the power of sale or any other power under a deed of trust, nor shall the Authority be obligated to pay for the application of such payments to the payment of principal of and interest on the Bond. If the Bond is assigned and transferred to a new Registered Owner, the security interest in the Loan Documents shall be assigned to such new Registered Owner, and such new

Registered Owner shall have the rights to carry out all of the duties of the prior Registered Owner as set forth in this resolution, including the duty to collect principal and interest payments under the Loan Documents and apply the same to the payment of principal of and interest on the Bond.

The Bond shall not be a debt of the County, the State of Washington or any political subdivision thereof, and the Bond shall so state on its face. Neither the County, the State of Washington nor any political subdivision thereof shall be liable for payment of the Bond nor in any event shall the principal of and interest on the Bond be payable out of any funds or assets of the Authority other than the Bond Fund. The Bond shall be secured solely by payments received by or on behalf of the Authority from the Borrower under the terms of the Loan Documents, and the Registered Owner shall have no recourse to any fund of the Authority other than the Bond Fund, or to any receipts, revenues or properties of the Authority other than payments under the terms of the Loan Documents. The Authority has no taxing power.

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

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

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

CERTIFICATE OF AUTHENTICATION

This Bond is the fully registered Revenue Bond, 2016 (Summerfield Apartments Project) of the Authority described in the Bond Resolution.

[Specimen]
Executive Director of the Authority and
Bond Registrar

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

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

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

<u>Section 9</u>. <u>Preservation of Tax Exemption of Interest on Bond</u>. Subject to the last paragraph of this section, the Authority covenants that it will take all actions necessary to prevent interest on the Bond from being included in gross income for federal income tax purposes and it

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

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

Section 10. Delegation; Authorization of Documents and Execution Thereof. The Board hereby delegates to the Executive Director the authority to approve forms of a Bond Loan Agreement, the Regulatory Agreement, and No Arbitrage Certificate, with such changes as the Executive Director of the Authority shall deem necessary or appropriate and in the best interest of the Authority. The Authority authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in, the Bond, Bond Loan Agreement, the Regulatory Agreement, the No Arbitrage Certificate and this resolution and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the Bond.

The Executive Director of the Authority is further authorized and directed to execute and deliver, on behalf of the Authority, any other documents that may be useful or necessary in connection with the issuance of the Bond and to ensure the proper use and application of the proceeds from the sale of the Bond. Any action required by this resolution to be taken by the Chairperson, Vice Chairperson or Executive Director of the Authority may, in the absence of such person, be taken by the duly authorized acting Chairperson, acting Vice Chairperson or acting Executive Director of the Authority, respectively.

The delegation to the Executive Director set forth in this resolution shall include setting the final principal amount, maturity date, principal and interest payment dates, redemption provisions and interest rates for the Bond, in consultation with the Authority's Financial Advisor; *provided* that (a) the aggregate principal amount of the Bond does not exceed $10,500,000, (b) the final maturity of the Bond shall not exceed forty years, and (c) the interest rate on the Bond does not exceed 6.00%.

The authority granted to the Executive Director by this Section 10 shall expire 90 days after the date of final approval of this resolution. If the Bond does not close 90 days after the date of final approval of this resolution, the authorization for the issuance the Bond shall be rescinded, and the Bond shall not be issued nor its sale approved unless the Bond shall have been re-authorized by resolution of the Board of Directors. The resolution re-authorizing the issuance and sale of such Bond may be in the form of a new resolution repealing this resolution or may be in the form of an amendatory resolution approving a sale or establishing terms and conditions for the authority delegated under this Section 10.

Section 11. Approval of Sale of Bond to Bank. The Board finds that the sale of the Bond to a Bank selected by the Borrower is in the best interest of the Authority, and therefore authorizes and delegates to the Executive Director of the Authority to accept an offer on behalf of the Authority from a Bank selected by the Borrower. The Bond will be delivered to the Bank with the approving legal opinion of Pacifica Law Group LLP, bond counsel of Seattle, Washington.

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

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

Section 14. Severability. If any provision in this resolution is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provision of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bond.

Section 15. Legal Action. Any legal action concerning the enforcement of the terms of this resolution or the Bond may be brought only in the Superior Court of King County, Washington, or in the United States District Court for the Western District of Washington. In any such legal action (including any arbitration, appeal, or insolvency proceeding), the nonprevailing party shall pay or reimburse the prevailing party for the reasonable attorneys' fees and other expenses incurred.

Section 16. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED by the Board of Commissioners of the Housing Authority of the County of King at a regular meeting thereof this 19th day of January, 2016.

HOUSING AUTHORITY OF THE
COUNTY OF KING

By ___________________________________
Chair

ATTEST:

____
Executive Director

CERTIFICATE

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

1. That the attached Resolution No. 5530 (the “Resolution”) is a true and correct copy of the resolution of the Board of Commissioners (the “Board”) of the Authority, as adopted at a meeting of the Authority held on January 19, 2016, and duly recorded in the minute books of the Authority.

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

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of January, 2016.

____
Executive Director of the Authority

TAB NUMBER 4

To: Board of Commissioners

From: Craig Violante, Director of Finance

Date: January 12, 2016

Re: **New Bank Accounts**

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

- King County Housing Authority – Seola Gardens Endowment

Bank: KeyBank

Purpose: The Authority has opened a full business checking account with KeyBank that will be used to hold Seola Garden Endowment funds received from matured certificates of deposit. Transactions will be limited to reimbursement of qualified KCHA expenses paid out of the Authority's Masterfund.

TAB NUMBER 5

To: Board of Commissioners

From: Andrew Calkins, Senior Program Manager

Date: January 12, 2016

Re: **Study Session - Housing Choice Vouchers Multi-Tiered Payment Standards**

Executive Summary:

The payment standard, or the maximum unit rent amount that can be subsidized under the Housing Choice Voucher (HCV) program, is a central component of a household's ability to lease new housing and stay in their existing unit. Over the last three years, the two bedroom 40th percentile rent in King County has increased by 15%, a trend that has had serious impacts on families participating in the HCV program (or Section 8). While KCHA raised its payment standards in December of 2014, these increases have been outpaced by the rising market. Many new voucher holders are unable to find housing and existing program participants have taken on an increased shelter burden, with 30% of tenant-based voucher holders now spending more than 40% of their income on rent and utilities. In an effort to address the increasing rental costs staff are proposing additional adjustments to payment standards, to be effective in March 2016. The estimated cost of these proposed changes to the payment standards was incorporated into the 2016 budget adopted by the Board last month.

While the HUD Housing Choice Voucher program typically provides a single payment standard for each Housing Authority program, KCHA has for the past ten years utilized its MTW flexibility to provide a two tiered payment standard that reflected the significantly differing rental market costs in south and east county. This has allowed KCHA to both avoid leading the market in South County while providing subsidy levels that were realistic for securing housing in the higher priced east county market. This latter approach is a critical element in our efforts to broaden geographic choice and provide access to high opportunity neighborhoods for low income households. In order to more closely align subsidy levels with local market conditions staff has analyzed and is recommending shifting from a two tier structure to a five tier system based on ZIP codes. This approach would assist in more closely calibrating subsidy levels to local market conditions, simultaneously relieving household shelter burden, expanding choice and containing costs over the long term.

Staff will provide an overview of the multi-tiered payment standards structure and the proposed new payment standards at the January 19, 2016 Board meeting. Board approval will be requested at the February 2016 meeting.

Background:
Within King County, KCHA's HCV program serves approximately 11,880 households, including port-ins from other housing authorities. KCHA's payment standards, or the maximum gross rent amount that KCHA can subsidize for a given bedroom size, apply to all voucher holders in KCHA's jurisdiction. The payment standard includes both the contract rent and the energy assistance supplement.

<u>KCHA's Current Payment Standards System:</u>
KCHA currently maintains two sets of payment standards: one set for north and south King County and another higher set for the eastside exception area. The exception area generally encompasses the cities of Issaquah, Kirkland, Bellevue, Redmond, Bothell, Sammamish, Woodinville, Newcastle, and Mercer Island. The exception area includes much of King County's high and very high opportunity areas as defined by the Kirwan Institute.

Typically, housing authorities must set their payment standards between 90% and 110% of the Fair Market Rent (FMR). However, in 2007, KCHA used its Moving to Work authority to decouple the payment standards from the HUD FMR in order to more closely match the diverging rental markets within King County.

KCHA has historically set the payment standards at levels at which 40% of units are affordable (the 40^{th} percentile rent) in each of the respective payment standard areas. KCHA last raised payment standards in December 2014, making moderate increases for voucher holders in both King County and the exception area. These moderate increases were made in anticipation of the move to a multi-tiered payment standards system and have been outpaced by increases in the rental market.

Current Payment Standards (Effective December, 2014)

	Studio	***1 BR***	***2 BR***	***3 BR***	***4 BR***	***5 BR***	***6 BR***
King County	$745	$915	$1,060	$1,485	$1,990	$2,220	$2,540
Exception Area	$1,090	$1,215	$1,460	$1,845	$2,440	$2,755	$3,160

Setting the payment standards at the appropriate level of an area's rental market impacts voucher holders and KCHA's underlying housing assistance payment (HAP) costs. When the payment standards are set too high, they can place upward pressure on local rental markets, raising costs for all low-income households. Payment standards that are too high result in higher HAP costs and fewer families served as a result. When the payment standards are too low, households must take on a larger total tenant payment (TTP) as their rental costs increase, putting them at risk of displacement. Further, payment standards that are too low limit access to more expensive high opportunity areas and serve to concentrate poverty.

While KCHA's current two-tiered payment standard system does allow for higher subsidies in the exception area, there are still considerable variations within submarkets. Rental costs in West Bellevue, for instance, can be hundreds of dollars higher than in East Bellevue. Only having two sets of payment standards limits KCHA's ability to appropriately align the subsidy levels to the rental costs of various submarkets.

Recommendation:

Staff has analyzed implementing a multi-tiered payment standard system and is recommending a five-tiered payment standard system based on ZIP codes, using the following payment standard amounts:

Proposed Payment Standards

	Studios	*1 BR*	*2 BR*	*3 BR*	*4 BR*	*5 BR*	*6 BR*
Tier 1	$795	$980	$1,175	$1,560	$2,090	$2,340	$2,665
Tier 2	$880	$1,065	$1,240	$1,675	$2,230	$2,595	$2,900
Tier 3	$905	$1,215	$1,445	$1,770	$2,340	$2,695	$3,035
Tier 4	$1,225	$1,430	$1,655	$2,005	$2,605	$2,995	$3,385
Tier 5	$1,390	$1,570	$1,925	$2,235	$2,990	$3,545	$3,885

If approved, the payment standards would be implemented in March, 2016. ZIP codes and their corresponding payment standards are outlined in Appendix A.

Benefits of Implementing Multi-Tiered Payment Standards:

The adoption of multi-tiered payment standards recognizes the need to align the payment standards with local rental sub-markets as a means of providing increased access to high opportunity areas, of "right-sizing" subsidies in lower cost markets, and ensuring that voucher holders can maintain their housing in rapidly increasing rental markets.

Under a two-tiered system, KCHA's payment standards lack the purchasing power necessary to rent on the private market in costly high opportunity submarkets. KCHA is working towards the goal of increasing the percentage of subsidized households with children living in high opportunity areas from 24% to 30% by 2020, and multi-tiered payment standards is one of the key strategies for achieving this. By way of increasing access to high opportunity areas, a multi-tiered payment standard system also affirmatively furthers fair housing goals and contributes to the de-concentration of poverty in King County.

A five-tiered payment standard system will also ensure that many of the households living in high opportunity areas of rapid rental market growth will continue to be able to stay in their unit and continue to benefit from the amenities of their neighborhood, including access to high quality schools, transportation, employment centers and support networks.

At current rent levels, the updated payment standards are expected to have a considerable impact on reducing shelter burdens. The percentage of tenant-based vouchers paying more than 40% of their income on rent would decline from 30% to 15% at current rent levels.

<u>The Process for Designing Multi-Tiered Payment Standards:</u>
To design a new multi-tiered payment standard system based on ZIP codes, the central analytical questions involve the number of tiers in a new system, the payment standard level in each tier, and the ZIP codes that should fall into each tier. To arrive at the five-tiered recommendation, staff engaged in an iterative process that involved consulting multiple data sources and gathering feedback from frontline HCV staff.

Each year, KCHA commissions a report from a local real estate research firm, Dupre Scott, which determines the 40th percentile rent for each ZIP code in King County. While this report served as the basis for determining the payment standards and the ZIP code groupings, staff also utilized data from an additional real estate research firm, Apartment Insights, the HUD Small Area Fair Market Rent estimates, and recent tenant lease-up data from KCHA's HCV program.

After consideration of a variety of ZIP code groupings and tiers, staff determined that five tiers of payment standards would be simple enough to administer efficiently, while providing sufficient specificity to minimize costs and increase access to high opportunity areas. The payment standard amounts for each tier were generally determined based on the weighted average of the 40th percentile rent estimates of the ZIP codes within each tier.

<u>Gathering Input from Residents and Stakeholders:</u>
Staff also solicited feedback from residents on the multi-tiered payment standards concept. In November, staff conducted a focus group with HCV households with children who live in the eastside exception area, to share the concept of ZIP code based payment standards and receive feedback on any potential concerns. The response from participants was generally positive, with many residents noting that the current standards are lagging behind the market in many eastside neighborhoods.

The proposed payment standard system was also shared with the Resident Advisory Committee (RAC) on December 16, 2015, and the concept received unanimous approval from members. RAC members expressed their desire to see the payment standard amounts before they are implemented and staff will return to the RAC in early February 2016, prior to the Board Meeting at which the Commissioners will be asked to approve these standards, to present the final proposal. In addition, the proposed payment standard changes will be posted on KCHA's website and shared with service provider partners to solicit their feedback. All stakeholder feedback will be shared with the Board at the February meeting.

<u>Additional Considerations:</u>
Implementing the proposed multi-tiered payment standard system will be easier under our new software system, Tenmast, but will still prove challenging. Concerns

surrounding implementation involve the complexity of training staff on the new payment standards, implementing the standards in the new software system, and revising procedures and forms. These risks will be mitigated by engaging staff in the implementation planning process, thorough training, and close coordination with Tenmast.

There is also the potential concern that the increase in payment standards does not fully address increases in the private rental market. However, current funding levels have limited the degree to which payment standards can be raised at this time. While HUD's FMR for the region increased 36% between 2014 and 2016, actual funding has been stagnant. In 2012, HUD adopted a new formula for determining yearly inflation increases (the Replacement Funding Inflation Factor or RFIF) which relies on national data rather than local market conditions. As a result, despite the large FMR increases in Seattle and King County, funding from HUD has not increased accordingly.

Budgetary Impact:
The estimated annual cost of transitioning to the proposed multi-tiered payment standards is $4.48 million, which represents the projected annualized difference in HAP payments for KCHA vouchers if implemented at current rent levels (excludes port-ins). The cost of implementation in 2016 is estimated at $1.6 million, as increases to rental subsidies for individual households will be applied at their next full or interim rent recalculation. The estimated cost of the increase in payment standards was included in the 2016 budget adopted by the Board.

APPENDIX A: Proposed Multi-Tiered Payment Standards

ZIP Codes & Payment Standard Tiers										
ZIP Code	**Tier**		**ZIP Code**	**Tier**		**ZIP Code**	**Tier**		**ZIP Code**	**Tier**
98001	3		**98027**	4		**98052**	5		**98108**	1
98002	1		**98028**	3		**98053**	4		**98126**	1
98003	1		**98029**	5		**98055**	3		**98133**	3
98004	5		**98030**	1		**98056**	4		**98146**	1
98005	5		**98031**	1		**98057**	3		**98148**	1
98006	5		**98032**	2		**98058**	3		**98155**	2
98007	4		**98033**	5		**98059**	4		**98166**	1
98008	3		**98034**	4		**98065**	2		**98168**	1
98010	1		**98038**	4		**98070**	1		**98177**	2
98011	4		**98039**	5		**98072**	4		**98178**	2
98014	2		**98040**	5		**98074**	4		**98188**	1
98019	2		**98042**	1		**98075**	4		**98198**	1
98022	1		**98045**	2		**98077**	4		**98224**	1
98023	1		**98047**	1		**98092**	1		**98288**	1
98024	2		**98051**	2		**98106**	1		**98354**	1

Proposed Payment Standards							
	Studios	***1 BR***	***2 BR***	***3 BR***	***4 BR***	***5 BR***	***6 BR***
Tier 1	$795	$980	$1,175	$1,560	$2,090	$2,340	$2,665
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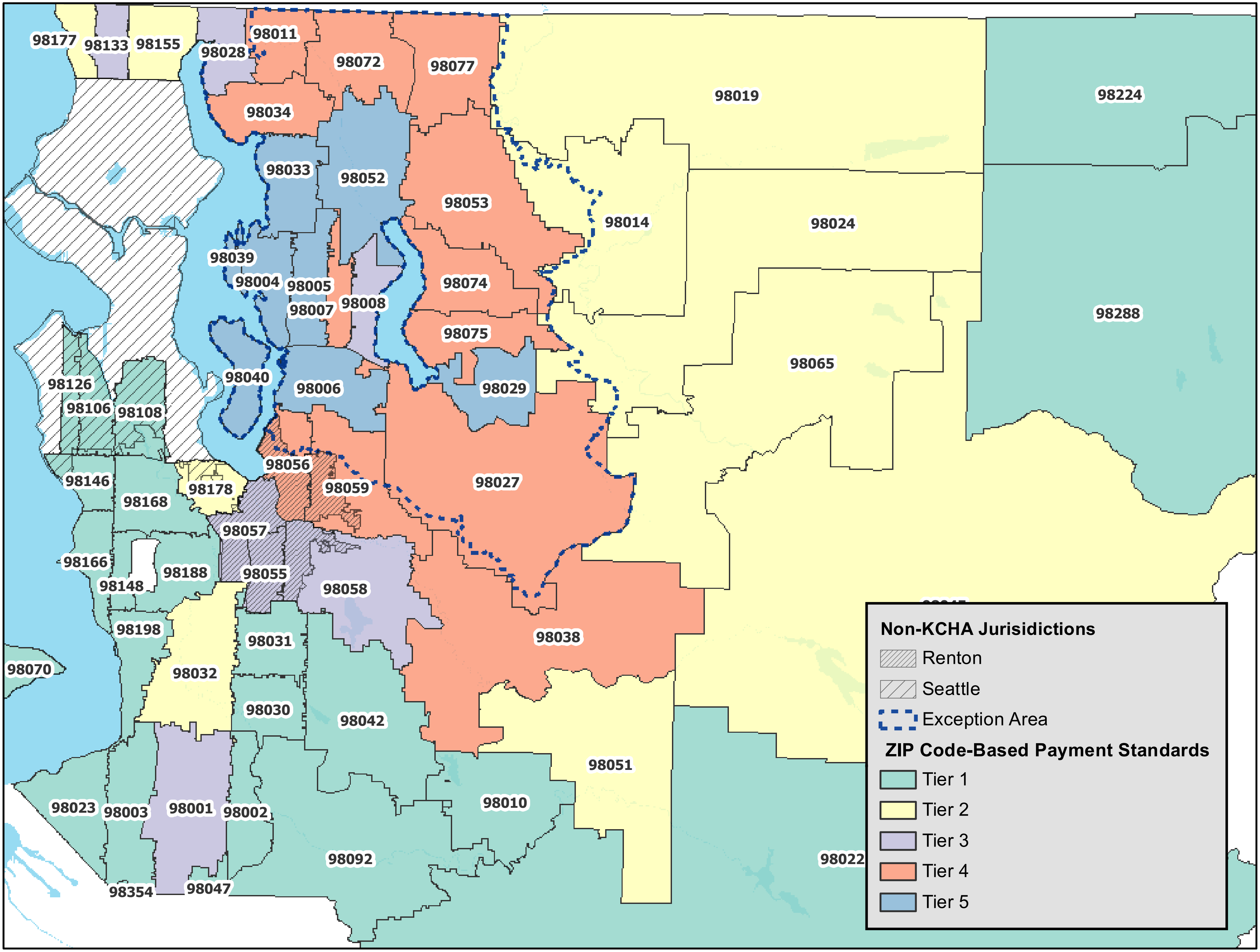
Tier 4	$1,225	$1,430	$1,655	$2,005	$2,605	$2,995	$3,385
Tier 5	$1,390	$1,570	$1,925	$2,235	$2,990	$3,545	$3,885

Multi-Tiered Payment Standards Recommendation



TAB NUMBER 6

TO: Board of Commissioners

FROM: Dan Watson, Deputy Executive Director

DATE: January 12, 2016

RE: **Board Study Session – 5 Year Real Estate Development Strategy**

The purpose of the study session is to present, for discussion purposes, long term strategies for achieving the "stretch" goal of expanding KCHA's inventory of owned housing by approximately 2200 units over the next 5 years. We will review a framework that outlines various approaches, projects the capital costs associated with each strategy and discusses the internal and external resources to implement various plan options.

Some of the fundamental questions that need to be addressed are:

- What is the appropriate mix of acquisition and new development strategies?
- What is the potential for partnerships with third parties such as transit agencies, local government, nonprofits or for-profit developers?
- What populations should be prioritized: e.g. very low income families, elderly/disabled, workforce, or mixed income populations?
- What geographic areas should be targeted: e.g. high opportunity areas, gentrifying communities, transit corridors, KCHA or other publicly owned sites?
- What sources of financing are available?
- How much is the funding gap for various types of development projects?
- What external resources are available to fill the funding gaps?
- How much KCHA equity will be needed to accomplish this ambitious stretch goal?
- What strategies can KCHA employ to raise the necessary equity?

Since there are no single answers to many of these questions, this working session is intended to solicit the Board's thoughts, ideas, values and reactions as we consider opportunities that present themselves in the local market.

TAB NUMBER 7

KCHA IN THE NEWS

Rental Units Urgently Needed to End Veterans Homelessness in King County

By Kristy Johnson, Director of Homeless Initiatives, King County Housing Authority

Over the last several months, a variety of local agencies—including the King County Housing Authority (KCHA), the U.S. Veterans Administration, nonprofits serving veterans and their families in Seattle/King County, King County Veterans Department, and the Seattle Housing Authority have been collaborating to address the housing needs of veterans in our community.

Working in partnership with the United States departments of Veterans Affairs and Housing and Urban Development, the KCHA administers nearly 500 housing choice vouchers dedicated to homeless veterans and their families. In addition to rental subsidies provided by KCHA, eligible veterans get help with certain move-in expenses, such as deposits and application fees. Veterans also receive case management and ongoing supportive services from the VA Puget Sound Health Care System.

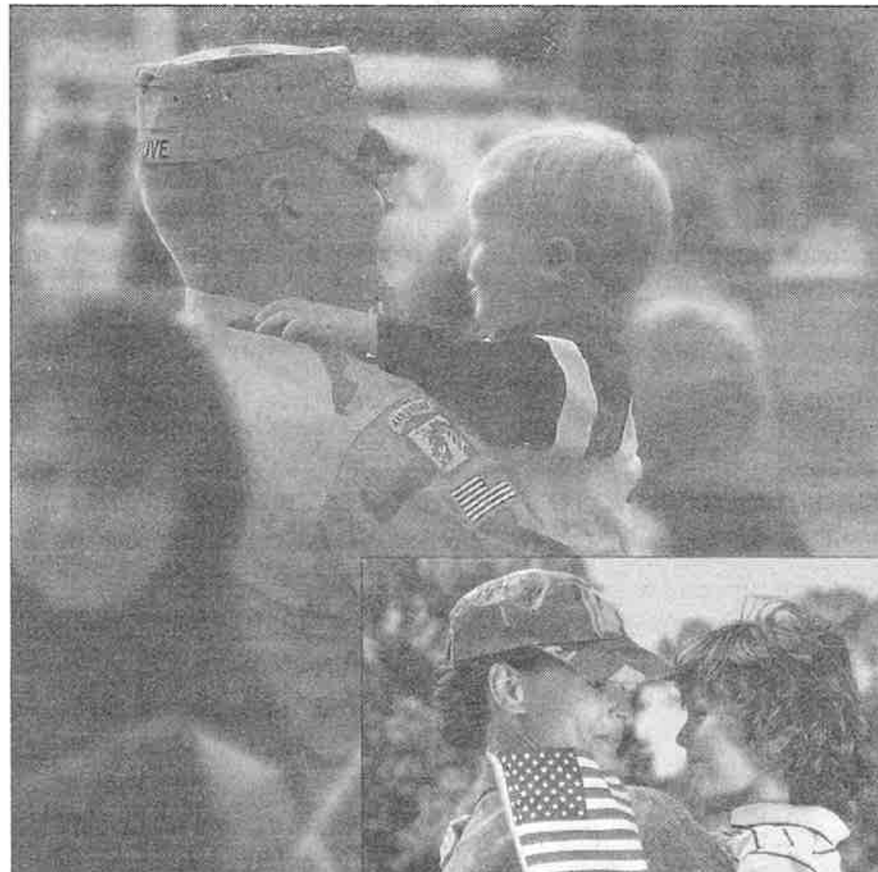
Despite resources available from multiple partners in our community, there is a lack of available and affordable rental units in King County to help achieve the regional goal to end veteran homelessness.

The landlord community holds the key to solving veteran homelessness in our community. If you are a landlord or property manager willing to rent units to veterans or are interested in more information about these special voucher programs for veterans, please contact Jim Green, KCHA's veteran landlord liaison, at jamesg@kcha.org or 206-957-2257. Information can also be found at: www.kcha.org/landlords/veterans/.

Nobody who has served our country should be homeless in our county. In addition to the satisfaction of helping a veteran, landlords who commit rental units through these programs get:

- Fair market value for rental units.
- Stabilized occupancy rates
- Guaranteed, timely rental payments for stable operating income
- Expedited initial unit inspection plus ongoing annual inspections to ensure your unit is being maintained.

Thank you for doing your part to help end veteran homelessness in King County.



Capitol Hill Times

Committee approves affordable housing interlocal agreement

By: Contributing Writer
December 2, 2015
Community news Politics

By Genesee Martin

The Seattle City Council's Planning, Land Use and Sustainability Committee took the first step toward making an affordable housing initiative a reality on Tuesday, approving an interlocal agreement to secure housing sites, as well as administration of funds for that purpose.

The interlocal agreement execution for the Seattle area is expected to be approved by other municipalities and counties in the coming months, and the first projects are expected to start next year, with reports to follow in 2017 as the initiative rolls out.

The interlocal agreement includes King, Pierce and Snohomish counties as well as the cities of Bellevue, Issaquah, Kenmore, Kirkland, Mercer Island, Redmond and Woodinville. The agreement has to go to the full city council for final approval.

"It's taken a number of years to get there but we have actually gotten there," said council central staff Traci Ratzliff, when asked if she thought the city could get everyone to agree on the affordable housing initiative. "Over a year ago, the city council adopted a resolution that committed the city to financial participation in the Regional Equity Development Initiative Fund, the REDI Fund is what we refer to."

Ratzliff said the resolution follows a $1 million allotment in both the 2015 and 2016 budget, funds that were not to be touched until an interlocal agreement was developed and approved by the city council.

"So, we are here today with legislation that would authorize the office of housing to sign and administer that agreement," Ratzliff said.

Seattle Office of Housing Deputy Director Miriam Roskin said the idea behind the REDI Fund was to leverage public monies to create a regional loan fund in order to secure sites for affordable housing with access public transportation.

Roskin reported the department had secured $5 million in public funds, which now could be used along with private investments for the the construction or creation of affordable housing. National nonprofit Enterprise Community

Partners had been selected as the administering agent for the fund, and to organize the business plan and soliciting of private investment for the last year.

"A lot of the work we've done over the summer is to develop the interlocal agreement that's before you today," Roskin told the committee.

Enterprise representative Devin Culbertson said the fund would provide loans with 7-year terms at an interest rate of 3.5-4 percent. The REDI Fund amount totals $21 million, with Enterprise Community Partners being a major contributor, providing $10.5 million of the total fund.

"Enterprise is a national nonprofit, and we do a lot of things around our mission of ending housing insecurity," Culbertson said. "We are also acting as a lender into the fund. While the public investment is really the catalytic piece that allows this fund to happen, the easiest way to think about the capital structure is to start with the senior debt. Most senior lenders and institutions are comfortable doing about 50 percent of an acquisition. The goal is to fill the gap, so that the fund could close on 100 percent of the cost of a site."

He also reported the organization raised capital from both the King County Housing Authority and Living Cities to make up a good portion of the funding. Public investment monies make up the balance, Culbertson said.

The first five years would be the origination period, in which one- to three-year loans would be made, giving funds a chance to revolve within the REDI Fund, which was limited to a 10-year lifespan. The Seattle area would be the recipient of 38 percent or $8 million of the total fund, with target areas outlined as within a half-mile walking distance from light rail and commuter stations and a quarter-mile walking distance from bus rapid transit and street car stops.

December 25, 2015

Vantage Point provides an affordable home to seniors

BY DEAN A. RADFORD

dradford@rentonreporter.com

Kathleen Aerts' story is the reason why Vantage Point exists as an affordable place for low-income senior citizens to live in Renton.

She raised her two children, Julie and Jason, alone, working in support roles for law offices for more than four decades and then temporary jobs. There was no money left over to save for retirement. Today, she lives on $1,037 a month in Social Security benefits.

But every time life seemed darkest, an "earthly angel" would come into their lives, she said.

"When things have been really bad in our lives, there was always an earthly angel who appeared and did something amazing and wonderful. And that is how I feel about King County Housing Authority. I mean that with all my heart."

In early November, Aerts, 67, moved into a one-bedroom apartment at Vantage Point, a 77-unit complex operated by the housing authority behind the North Benson Shopping Center on 108th Avenue Southeast near the Fred Meyer store.

The $18 million Vantage Point is now full, after about 18 months of construction. The housing authority and the community will celebrate its grand opening next spring.

"There are truly no words in any language to tell you how thankful and grateful I am. I can make it now," she said.

In 2009 she received her last paycheck and spent the next several years doing temporary jobs and occasionally contract legal work. "Try getting hired when you're 63 or 64," she said.

Her rent of $850 a month was unaffordable, so her now daughter-in-law Du Anne offered to rent her a room for $700 a month, which included everything but electricity. Still little money was left over for food once other bills were paid.

Then her son Jason, who worked in construction, learned about the Section 8 housing program while working at a job and he urged her to get on the list.

"The light bulb came on. 'Mom, you need help,'" her son told her.

Her children had helped her pay for food, "but that made me feel terrible. You don't want to be a burden to them."

She had never asked for a handout. "I've always worked hard and did the best I could for my kids," she said.

Then, on Oct. 2 the call came. A 540-square-foot, one-bedroom apartment was available at Vantage Point. Her rent is $260; she cooks her meals in a handy kitchen and has a big closet in her bedroom.

Kathleen Aerts lives in an affordable one-bedroom apartment at Vantage Point in Renton. DEAN A. RADFORD, *Renton Reporter*

"I am so thankful. I can buy food. I don't need to bother anyone. I don't have to ask, 'Can I please borrow 20 bucks,'" she said.

She'd like to save money for a small car and maybe even get a dog.

Vantage Point helps the housing authority reach its long-term goal of expanding high-quality housing that's affordable for low-income seniors 55 and older and younger individuals with disabilities who meet income qualifications, according to Rhonda Rosenberg, a housing authority spokeswoman

"There is a growing crisis in affordable housing for seniors," she said. "It is especially difficult for people living on low, fixed incomes to be able to afford housing in our region."

By 2025, one in four King County residents will be 65 years or older and 54,000 of these seniors will be living in poverty, she said, many with list more than a Social Security payment to live on, she said.

Applications and eligibility information about Vantage Point and the housing authority's subsidized housing program are available online at http://www.kcha.org/housing/subsidized/apply

RENTON REPORTER.com FOUNDED 1995

The King County Housing Authority has overseen the construction of a new playground at the Kent Family Center, one of the community centers that bookends its Birch Creek apartment community. COURTESY PHOTO, *William Wright Photography*

Preschoolers get early learning boost at new Kent Family Center playground

FOR THE REPORTER

Preschoolers run, climb, jump and slide in the new playground at the Kent Family Center. But they're also doing something even more important: learning.

Countless studies emphasize the importance of giving preschoolers every opportunity to stretch their minds and their bodies. It's why the King County Housing Authority recently built the playground that features not only fun-filled play structures, but also ways to develop their young brains.

"This playground is just one example of how the Authority is advancing its goal of helping kids succeed in school and in life," said KCHA Executive Director Stephen Norman. "Designed especially for 3- to 5-year-olds, this new play area provides an environment that encourages preschoolers to explore, interact with nature and each other, and develop new skills."

For the preschoolers, the playground is magical and exciting.

Mustapha, says he enjoys the challenge of climbing up the colorful "big toy" play structure, then whooshing down the slide. Leo loves being able to run and play tag. And Halma scrambles to the top of the rock tunnel climber to get to the part she likes best: jumping off.

"It gives the kids an opportunity to develop their gross motor skills, manipulate their bodies, stretch their imaginations, and challenge their limits," said Morningside Howard, a lead Head Start/Early Childhood Education and Assistance Program (ECEAP) teacher at the center.

The Kent Family Center – owned by KCHA and located at its Birch Creek apartment community – houses four Head Start and ECEAP classrooms serving about 150 preschoolers. Kent Youth and Family Services

[more PLAYGROUND page 4]

PLAYGROUND
from page 3

oversees the programs.

Among other features, the playground incorporates live plants, trees and naturalistic elements where once there was Astroturf and concrete. That's an important feature for kids whose primary exposure to the outdoor environment may be the walk from the front door of their apartment to their parent's car.

"Play is a really important part of a child's life and development," said Page Meyer, director of early learning for the Kent School District.

"Having this high-quality environment is important for supporting children's social, emotional and physical development, and is critical to ensuring kindergarten readiness."

To learn more, visit kcha.org.