



**MEETING
OF THE
BOARD OF COMMISSIONERS**

February 16, 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**
 - Board Meeting Minutes – January 19, 2016 **1**
- V. Approval of Agenda**
- VI. Consent Agenda**
 - A. Voucher Certification Reports for December 2015 **2**
- VII. Resolutions for Discussion & Possible Action**
 - A. **Resolution No. 5531:** Authorizing new Multi-Tiered Payment Standards for the Housing Choice Voucher Program **3**
- VIII. Briefings & Reports**
 - A. New Bank Accounts **4**
 - B. Fourth Quarter CY 2015 Procurement Report **5**
- IX. Study Sessions**
 - A. Real Estate Development Strategy (Continued) **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

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.

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

Tuesday, January 19, 2016

I. CALL TO ORDER

The meeting of the Board of Commissioners of the King County Housing Authority was held on Tuesday, January 19, 2016, 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 8:30 a.m.

II. ROLL CALL

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

Excused: Commissioner Michael Brown (Vice-Chair)

Staff: Stephen Norman (Secretary), Jeb Best, Knute Brinchmann, Andrew Calkins, Bill Cook, Connie Davis, John Eliason, Tonya Harlan, Sean Heron, Dan Landes, Jessica Olives, Jennifer Ramirez-Robson, Mike Reilly, Rhonda Rosenberg, Tim Walter, Dan Watson, Kristin Winkel, and Wen Xu

III. PUBLIC COMMENT

Chair Barnes announced that requests were submitted for public comment pertaining to Item IX A. Housing Choice Vouchers Multi-Tiered Payment Standards and allowed the comments to be heard later in the meeting before staff's presentation.

Linda Sanchez-Suwaneh, resident and Member of the Resident Advisory Committee, commented in favor of KCHA increasing payment standards in light of the rental market and suggested that an annual review be conducted by staff.

Tammi Morris, resident and Member of the Resident Advisory Committee, also commented in favor of the increase in payment standards and the impact on families who have to move because of rent increases.

Lillie Clinton, resident and Member of the Resident Advisory Committee, commented that landlords are less likely to rent to households with a Section 8 voucher as the rental market increases. Ms. Clinton voiced her concerns regarding the impact of the proposal on the Project Based Section 8 program, specifically the 509 developments.

IV. APPROVAL OF MINUTES

On motion by Commissioner Palmer, seconded by Commissioner Welch, the Board approved the minutes from the Board of Commissioners' meeting of December 14, 2015.

V. APPROVAL OF AGENDA

On motion by Commissioner Stewart, seconded by Commissioner Welch, the Board unanimously approved the January 19, 2016 Board of Commissioners' meeting agenda.

VI. CONSENT AGENDA

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

November 2015

GENERAL PROPERTIES

Bank Wires / ACH Withdrawals	3,129,833.54
<i>Subtotal</i>	<i>3,129,833.54</i>
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
<i>Subtotal</i>	<i>3,001,134.82</i>
Payroll Vouchers	
Checks - #84003 – #84033	35,961.27
Direct Deposit	1,258,969.40
<i>Subtotal</i>	<i>1,294,930.67</i>
Section 8 Program Vouchers	
Checks - #611879-#612184	183,473.98
ACH - #329876-#332782	9,615,008.80
<i>Subtotal</i>	<i>9,798,482.78</i>
Purchase Card / ACH Withdrawal	189,218.75
<i>Subtotal</i>	<i>189,218.75</i>
GRAND TOTAL	17,413,600.56

BOND PROPERTIES

Bond Properties Total (30 different properties)	3,208,722.20
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On motion by Commissioner Stewart seconded by Commissioner Palmer, the Board unanimously approved the consent agenda.

VII. RESOLUTIONS FOR DISCUSSION AND POSSIBLE ACTION

- A. Resolution No. 5530: A Resolution providing for the issuance of \$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

Tim Walter, Senior Director of Acquisitions and Asset Management presented Resolution No. 5530 and mentioned that Board approval would authorize the issuance of tax-exempt bonds in order to finance a low-income housing tax credit (LIHTC) project for the Summerfield Apartments in Bellevue. Mr. Walter explained that the property is owned and managed by the YWCA and proceeds for the bond would be used to finance rehabilitation of the property. Mr. Walter further explained that KCHA is the conduit for the financing and stated as there is no financial risk to the Housing Authority, it has no obligation for the repayment of the loan.

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

On motion by Commissioner Palmer seconded by Commissioner Stewart, the Board unanimously approved Resolution No. 5530.

VIII. BRIEFINGS & REPORT

- A. New Bank Accounts

Connie Davis, Deputy Executive Director, reported that KCHA opened one new full business checking account with Key Bank in relation to Seola Garden Endowment funds.

IX. STUDY SESSIONS

- A. Housing Choice Vouchers Multi-Tiered Payment Standards

Following public comments on this item, Stephen Norman, Executive Director outlined the trade-offs related to the proposed increase of the HCV Payment Standards as raising individual subsidies might limit the number of people that can receive housing assistance. Mr. Norman thanked members of the Resident Advisory Committee for their comments.

Sarah Oppenheimer, Senior Research Analyst reminded the board that in July 2015 a Study Session on Mobility and Geographical Choice was given by Kyle Crowder, Professor at the University of Washington. Ms. Oppenheimer

provided an overview of the discussion held in July and mentioned how it ties into the HCV Multi-Tiered Payment Standards study session discussion.

Andrew Calkins, Administrative Program Manager, provided an overview of the maximum unit rent that can be subsidized under the HCV program, known as Payment Standards. Mr. Calkins explained the current Payment Standards system and staff recommendation to shift from a two tier structure to a five tier system based on ZIP codes. Mr. Calkins also discussed the fiscal impact to KCHA and the outreach to residents and stakeholders conducted by staff. Mr. Calkins also mentioned that staff would continue to collect input from residents and stakeholders. Mr. Calkins mentioned that the new payment standards proposal will be presented for consideration to the board at the next regular Board meeting.

B. Five Year Real Estate Development Strategy

Dan Watson, Deputy Executive Director and Tim Walter, Senior Director of Acquisitions and Asset Management provided the Board with an overview of KCHA's long-term strategy pertaining to Real Estate Development. Mr. Walter mentioned options in funding resources', as well as compared the benefits and challenges of partnerships, new construction and the acquisition of existing housing.

Per the Chair's request, continuation of this item will occur at the next regularly scheduled Board meeting.

X. EXECUTIVE SESSION

Chair Barnes called for an Executive Session at 10:16 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 10:28 a.m. by Chair Barnes.

XI. EXECUTIVE DIRECTOR'S REPORT

Stephen Norman, Executive Director, commented on the approval by Congress of the Appropriations Bill and provided a status update on the incorporation of specific language pertaining to the extension of the MTW agreement with HUD. Mr. Norman also explained some concerns regarding cash management and reserves. Mr. Norman acknowledged and recognized staff for their work on the recently executed Energy Performance Contract.

XII. KCHA IN THE NEWS

None.

XIII. COMMISSIONER COMMENTS

Chair Barnes commented on the Payment Standards and indicated that government advocacy might benefit the Housing Authority long-term to receive reasonable fair market value evaluations in order to continue to serve residents. Chair Barnes also asked staff to provide an update on any plans for a legislative trip to Washington D.C.

Commissioner Stewart asked staff to provide an update on the status of the public transit concerns at the Villages at Overlake Station.

XIV. ADJOURNMENT

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

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

DOUGLAS J. BARNES, Chair
Board of Commissioners

STEPHEN J. NORMAN
Secretary

T A B N U M B E R




To: Board of Commissioners

From: Linda Riley, Controller

Date: February 4, 2016

Re: **VOUCHER CERTIFICATION FOR DECEMBER 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
February 4, 2016

Bank Wires / ACH Withdrawals		2,716,530.58
	<i>Subtotal</i>	2,716,530.58
Accounts Payable Vouchers		
US Bank Checks - #252593-#252593		300.00
Key Bank Checks - #300021-#300636		5,768,994.03
Tenant Accounting Checks - #10012-#10028		2,011.68
Commerce Bank Direct Payment		56,743.63
	<i>Subtotal</i>	5,828,049.34
Payroll Vouchers		
Checks - #84034-#84073		53,157.36
Direct Deposit		2,009,061.54
	<i>Subtotal</i>	2,062,218.90
Section 8 Program Vouchers		
Checks - #612185-#612519		227,116.38
ACH - #332783-#336050		10,164,916.36
	<i>Subtotal</i>	10,392,032.74
Purchase Card / ACH Withdrawal		140,792.01
	<i>Subtotal</i>	140,792.01
	GRAND TOTAL	21,139,623.57

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

FROM: Wen Xu

SUBJECT: VOUCHER CERTIFICATION FOR DECEMBER 2015

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



Wen Xu
Director, Managed Assets
January 27, 2016

Property Dec-15	Wired to Operating Account(s) for Obligations of Property			Notes:
	Date	\$	Claim	
<u>Bellepark East</u>	12/3/2015	\$ 12,977.64	A/P	
	12/10/2015	\$ 9,040.52	A/P & Payroll	
	12/17/2015	\$ 10,264.45	A/P	
	12/21/2015	\$ 150,000.00	Cash to KCHA	
	12/22/2015	\$ 866.55	A/P	
	12/23/2015	\$ 6,502.29	Payroll	
	12/31/2015	\$ 18,343.02	A/P	
<u>Colonial Gardens</u>	12/3/2015	\$ 9,069.84	A/P	
	12/10/2015	\$ 18,187.04	A/P & Payroll	
	12/17/2015	\$ 3,980.73	A/P	
	12/22/2015	\$ 1,329.42	A/P	
	12/23/2015	\$ 2,500.00	Payroll	
	12/31/2015	\$ 2,090.32	A/P	
	12/3/2015	\$ 6,269.90	A/P	
<u>Cottonwood</u>	12/10/2015	\$ 11,350.40	A/P & Payroll	
	12/17/2015	\$ 4,895.39	A/P	
	12/21/2015	\$ 20,000.00	Cash to KCHA	
	12/23/2015	\$ 5,754.03	Payroll	
	12/31/2015	\$ 1,328.85	A/P	
	12/3/2015	\$ 15,375.65	A/P	
	12/10/2015	\$ 26,508.31	A/P & Payroll	
<u>Cove East</u>	12/17/2015	\$ 21,188.48	A/P	
	12/21/2015	\$ 150,000.00	Cash to KCHA	
	12/22/2015	\$ 1,514.62	A/P	
	12/23/2015	\$ 12,673.80	Payroll	
	12/31/2015	\$ 17,304.14	A/P	
	12/3/2015	\$ 10,392.49	A/P	
	12/10/2015	\$ 36,610.48	A/P & Payroll	
<u>Landmark</u>	12/17/2015	\$ 2,177.54	A/P	
	12/21/2015	\$ 200,000.00	Cash to KCHA	
	12/22/2015	\$ 1,132.32	A/P	
	12/23/2015	\$ 6,689.22	Payroll	
	12/31/2015	\$ 22,247.12	A/P	
	12/3/2015	\$ 18,355.17	A/P	
	12/10/2015	\$ 30,553.48	A/P & Payroll	
<u>Timberwood</u>	12/17/2015	\$ 23,493.82	A/P	
	12/21/2015	\$ 100,000.00	Cash to KCHA	
	12/22/2015	\$ 2,239.47	A/P	
	12/23/2015	\$ 12,027.35	Payroll	
	12/31/2015	\$ 54,995.21	A/P	
	12/3/2015	\$ 9,643.52	A/P	
	12/10/2015	\$ 14,012.33	A/P & Payroll	
<u>Woodland North</u>	12/11/2015	\$ 44,636.89	A/P	
	12/17/2015	\$ 10,960.21	A/P	
	12/23/2015	\$ 3,554.01	Payroll	
	12/23/2015	\$ 150,000.00	Cash to KCHA	
	12/31/2015	\$ 1,474.80	A/P	
	12/1/2015	\$ 44,636.89	A/P	
	12/3/2015	\$ 7,843.67	A/P & Payroll	
<u>Woodside East</u>	12/10/2015	\$ 78,667.02	A/P	
	12/17/2015	\$ 12,278.73	A/P	
	12/21/2015	\$ 100,000.00	Cash to KCHA	
	12/22/2015	\$ 1,850.70	Payroll	
	12/23/2015	\$ 18,044.80	A/P	
	12/31/2015	\$ 52,782.87	A/P	
	12/3/2015	\$ 240,736.46	Payroll & A/P	
<u>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</u>	12/3/2015	\$ 23,155.00	Debt Service	
	12/3/2015	\$ 16,588.33	Debt Service	
	12/4/2015	\$ 34,417.00	A/P	
	12/10/2015	\$ 700,000.00	A/P	
	12/10/2015	\$ 54,300.86	A/P	
	12/11/2015	\$ 10,694.39	A/P	
	12/11/2015	\$ 5,934.95	A/P	
	12/17/2015	\$ 143,070.70	Payroll	
	12/21/2015	\$ 750,000.00	Cash to KCHA	
	12/21/2015	\$ 750,000.00	Cash to KCHA	
	12/21/2015	\$ 78,000.00	Cash to KCHA	
	12/22/2015	\$ 247,977.55	A/P	
	12/23/2015	\$ 24,947.89	A/P	
	12/31/2015	\$ 204,987.11	Payroll & A/P	
	12/1/2015	\$ 4,768.06	Payroll	
<u>Gilman Square</u>	12/3/2015	\$ 7,164.74	A/P	
	12/15/2015	\$ 6,131.85	Payroll	

	12/17/2015	\$ 45,426.95	A/P	
	12/21/2015	\$ 200,000.00	Cash to KCHA	
	12/29/2015	\$ 4,316.19	Payroll	
	12/31/2015	\$ 15,149.87	A/P	
Meadowbrook	12/1/2015	\$ 7,544.09	Payroll	
	12/3/2015	\$ 6,252.12	A/P	
	12/15/2015	\$ 10,104.65	Payroll	
	12/17/2015	\$ 15,651.92	A/P	
	12/21/2015	\$ 120,000.00	Cash to KCHA	
	12/29/2015	\$ 6,969.37	Payroll	
	12/31/2015	\$ 9,317.75	A/P	
Villages at South Station	12/1/2015	\$ 8,109.90	Payroll	
	12/3/2015	\$ 16,659.85	A/P	
	12/15/2015	\$ 12,491.25	Payroll	
	12/17/2015	\$ 53,912.94	A/P	
	12/21/2015	\$ 200,000.00	Cash to KCHA	
	12/29/2015	\$ 8,558.45	Payroll	
	12/31/2015	\$ 19,324.73	A/P	
Bellevue Manor	12/3/2015	\$ 6,623.20	A/P	
	12/17/2015	\$ 8,805.54	A/P	
	12/21/2015	\$ 400,000.00	Cash to KCHA	
	12/31/2015	\$ 10,107.60	A/P	
Charter House	12/3/2015	\$ 3,712.39	A/P	
	12/17/2015	\$ 11,537.13	A/P	
	12/21/2015	\$ 115,000.00	Cash to KCHA	
	12/31/2015	\$ 3,562.24	A/P	
Northwood Square	12/3/2015	\$ 2,335.80	A/P	
	12/17/2015	\$ 6,440.12	A/P	
	12/31/2015	\$ 4,326.78	A/P	
Patricia Harris	12/3/2015	\$ 8,195.45	A/P	
	12/17/2015	\$ 10,637.27	A/P	
	12/31/2015	\$ 13,023.92	A/P	
Vashon Terrace	12/17/2015	\$ 11,402.78	A/P	
	12/31/2015	\$ 6,955.56	A/P	
Rainier View I	12/10/2015	\$ 27,064.82	A/P	
	12/15/2015	\$ 15,916.00	A/P	
Rainier View II	12/10/2015	\$ 20,884.63	A/P	
	12/15/2015	\$ 14,391.74	A/P	
Si View	12/10/2015	\$ 14,341.69	A/P	
	12/15/2015	\$ 7,022.23	A/P	
	12/22/2015	\$ 2,775.88	A/P	
Portfolio Total:		\$ 6,398,343.19		

T A B N U M B E R

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To: Board of Commissioners

From: Andrew Calkins, Senior Program Manager

Date: February 16, 2016

Re: **Resolution No. 5531:** Authorizing New Multi-Tiered Payment Standards for the Housing Choice Voucher Program

Executive Summary:

At the January Board of Commissioners meeting, staff provided background on the new multi-tiered approach to structuring Housing Choice Voucher subsidy levels. At the February meeting staff will present proposed payment standards utilizing this approach. Since the January briefing staff has continued to engage with residents on the proposed changes and to refine the implementation work plan and timetable. At the upcoming meeting staff will provide an overview of resident outreach and feedback, update the board on plans for implementation, and request approval of Resolution No. 5531 authorizing the new payment standards as outlined in Appendix A.

Background:

At the January 19, 2016 Board meeting, staff presented on the following issues related to the multi-tiered payment standards proposal:

- The context for the multi-tiered structure and payment standard adjustments, including rapidly rising rents and the geographic distribution of current voucher holders;
- The process used to analyze and design the new payment standards system;
- The benefits and risks associated with moving to multi-tiered payment standards;
- The estimated impacts on shelter burden and housing assistance payments;
- Budgetary limitations due to HUD's revised methodology for determining Renewal Funding Inflation Factors (RFIF); and,
- Input from residents and stakeholders

Resident Outreach & Feedback:

Throughout the analysis process, staff has engaged residents and program partners on both the concept of a multi-tiered payment standard system based on ZIP codes and the proposed payment standard amounts. These efforts included a focus group of HCV households with children in November 2015, and a presentation and discussion with the Resident Advisory Committee (RAC) in December 2015. Since the briefing

for the Board in January, staff has re-engaged with the RAC and presented the recommended payment standards. The proposed payment standards were also posted on the KCHA website and shared with service providers. Three themes have emerged from these dialogues with residents and stakeholders:

- 1) A significant increase in the payment standards is necessary to keep pace with rising rents.** In each venue, residents have expressed a concern that rapid rent increases put them at risk of displacement and a significant increase in the payment standard amounts is required to allow access to private market rental units. The need for these increases has been reported in both low and high-cost areas of the county.
- 2) Payment standards continually lag the market and the proposed levels are too low in certain areas.** Residents have expressed concern that even the proposed payment standards will, by the time they are applied to many families' rent calculations, already lag behind the market. Staff understands this concern and will continue to monitor the impact of the payment standard changes on lease-up rates and shelter burden, and plans to review the payment standard amounts and ZIP code tier designations in late 2016.
- 3) ZIP code-based, multi-tiered payment standards are a sensible way to set subsidy levels around King County.** Feedback from residents has generally been positive with regards to using ZIP codes and adding additional tiers. At the focus group with eastside families, this approach was seen as a better way of capturing the drastic rent increases in very costly rental markets.

Staff will provide additional information on feedback received through resident engagement efforts at the February Board meeting.

Implementation Updates:

Implementation of the multi-tiered payment standards proposal was originally scheduled for March 2016. However, due to programming issues related to applying payment standards at interim reviews and rent recalculations, full implementation has now been scheduled for April 1, 2016. Housing Choice Voucher staff are working to identify standards for determining where the payment standards should be applied prior to that date to prevent household displacement or facilitate lease-up.

Budgetary Impact:

There is no change in the estimated budget impact of the proposed payment standards. Consistent with the discussion at the January Board meeting, 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 existing vouchers. The partial year cost of implementation in 2016 is estimated at \$1.6 million, as rental subsidy increases for individual households will be applied at their next full recertification, interim rent recalculation or hardship review.

The estimated cost stemming from the adoption of this payment standard levels was included in the 2016 budget adopted by the Board and no further appropriation is required.

Approval of Resolution No. 5531 is recommended.

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

	<i>Studios</i>	<i>1 BR</i>	<i>2 BR</i>	<i>3 BR</i>	<i>4 BR</i>	<i>5 BR</i>	<i>6 BR</i>
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

THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION No. 5531

**AUTHORIZING NEW MULTI-TIERED PAYMENT STANDARDS FOR THE
HOUSING CHOICE VOUCHER PROGRAM**

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

WHEREAS, the Housing Authority's Board of Commissioners last authorized adjustments to the payment standards by passing Resolution No. 5491 dated the 15th of December 2014; and

WHEREAS, it has been determined that a significant increase in the payment standards is necessary to keep pace with rapidly rising market rents and to ensure that new and existing voucher holders can secure and maintain quality housing on the private rental market; and

WHEREAS, it has been determined that a five-tiered payment standard system would more accurately align payment standards to local rental sub-markets; and

WHEREAS, a five-tiered payment standard system will also safeguard the public trust and ensure efficient expenditure of taxpayer dollars by matching payment standards to smaller submarkets; and,

WHEREAS, a five-tiered payment standard system will Affirmatively Further Fair Housing objectives by removing barriers to high opportunity neighborhoods in the Seattle Metropolitan region; and

WHEREAS, it has been determined that the proposed payment standards would grant new and existing voucher holders greater geographic choice and access to high opportunity areas; and

WHEREAS, the proposed payment standards would reduce shelter burdens for families living in rising rental markets across the county; and

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

The Payment Standards for the Housing Authority's Housing Choice Voucher program are hereby adjusted to a five-tiered ZIP code-based system in accordance with the proposed recommendations, set forth at the February 16th Board of Commissioners meeting and attached hereto, and effective immediately.

ADOPTED AT A REGULAR MEETING OF THE BOARD OF THE COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING THIS 16TH DAY OF FEBRUARY 2016.

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

DOUGLAS J. BARNES, Chair
Board of Commissioners

STEPHEN NORMAN
Secretary

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

	<i>Studios</i>	<i>1 BR</i>	<i>2 BR</i>	<i>3 BR</i>	<i>4 BR</i>	<i>5 BR</i>	<i>6 BR</i>
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

T A B N U M B E R



To: Board of Commissioners

From: Craig Violante, Director of Finance

Date: February 9, 2016

Re: **New Bank Accounts**

Since the last Board meeting KCHA has opened 11 new bank accounts.

Corinthian Apartments

- Allied Residential Inc. AAF, Housing Authority of the County of King – Depository
- Allied Residential Inc. AAF, Housing Authority of the County of King – Operating
- Allied Residential Inc. AAF, Housing Authority of the County of King – Security Deposits
- Corinthian TOD LLLP – Non-taxable Rehab
- Corinthian TOD LLLP – Taxable Rehab

Bank: Bank of America, KeyBank (Rehab accounts)

Purpose: The Housing Authority opened a full business checking account with Bank of America that will be used to receive and hold property income. The Depository Account will also wire funds to the Operating Account to fund operating expenses. New accounts are required as Corinthian is being acquired by a new tax credit partnership.

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

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

The taxable and non-taxable Rehab Accounts are full business checking accounts with KeyBank that will be used to pay for rehabilitation expenses. Current plans are

to issue checks for payment of expenses and to fund the account with draws from lines-of-credit.

Spiritwood Manor

- Spiritwood Manor – Operating Account
- Spiritwood Manor – Depository Account
- Spiritwood Manor – Security Deposits Account
- Spiritwood Manor - Non-taxable Rehab
- Spiritwood Manor – Taxable Rehab

Bank: KeyBank

Purpose: The Authority opened a full business checking account with Bank of America that will be used to receive and hold property income. The Depository Account will also wire funds to the Operating Account to fund operating expenses. New accounts are required as Spiritwood is being acquired by a new tax credit partnership.

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

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

The taxable and non-taxable Rehab Accounts are full business checking accounts with KeyBank that will be used to pay for rehabilitation expenses. Current plans are to issue checks for payment of expenses and to fund the account with draws from lines-of-credit.

Seola Gardens

- King County Housing Authority Seola Gardens Endowment

Bank: KeyBank

The Authority opened a full business checking account that will hold Seola Gardens Endowment funds when they are received upon the maturation of Certificates of Deposit. The endowment funds will be transferred to the Authority's Masterfund Account.

T A B N U M B E R

5



TO: Board of Commissioners

FROM: Tim Baker, Senior Management Analyst

DATE: January 25, 2016

RE: Fourth Quarter CY 2015 Procurement Report

In order to update the Board concerning KCHA's procurement activities, staff is presenting the attached Quarterly Procurement Report. This report covers all procurement activities from October through December 2015 that involved the award of contracts valued over the amount of \$100,000 and change orders that have cumulatively exceeded 10% of the original or not to exceed contract amount.

Awarded Contracts Over \$100,000:

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

In the third quarter, there were 14 contracts awarded and valued at more than \$100,000, representing 95% of the contracts executed in the quarter. The largest contract executed for construction work was for \$797,000 awarded to Road Construction Northwest for the Firwood Circle site improvement project. The largest non-construction contracts executed were for \$1 million each to five architectural firms for task order A&E work.

Contract Change Orders Exceeding 10%:

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

the projected total amount of the contract once all the foreseen change orders are completed.

There was one “field condition” change or “scope change” order on a contract whose total value had exceeded 10% of the initial contract amount. This change order was issued by the Resident Services Department to the Center for Human Services (CHS) for the administration of the after school and summer learning programs. The CO was needed because CHS was short staffed due to the loss of the KCHA Americorps Program, which had previously supported some of the program activities.

There was one anticipated change order involving the expansion of the scope of work as allowed in the original contract. The CO was issued to allow Neighborhood House to increase the number of families participating in the Student Family Stability Initiative (SFSI) rapid rehousing demonstration program.

KING COUNTY HOUSING AUTHORITY
QUARTERLY PROCUREMENT REPORT
October-December 2015 (Fourth Quarter)

Awarded Contracts Over \$100,000

Issuing Department	Contract type	Contract Awarded to	Estimate/Budget Amount	Initial Contract Amount	NTE with extensions	Procurement Process	# of bids	Notes
Asset Management	Corinthian A&E services	Innova	\$111,426	\$125,759	\$125,759	RFQ	6	company has performed similar work at KCHA properties
Asset Management	Spiritwood A&E services	SMR Architects	\$290,000	\$211,600	\$211,600	RFQ	10	new firm for KCHA
Construction-WX	Northridge bridge replacement	Accord	\$155,139	\$115,498	\$115,498	sealed bid	10	contractor has worked on numerous KCHA projects. Section 3 contractor
Construction-WX	Lake House site improvements	Allied Construction	\$575,249	\$271,725	\$271,725	sealed bid	8	contractor self performing most work, keeping costs lower than estimated
Construction-WX	Burndale site improvements	DPK	\$1,341,762	\$674,544	\$674,544	sealed bid	13	contractor has worked on numerous KCHA projects with success. Lowest 3 bids w/i 10%
Construction-WX	Firwood Circle site improvements	Road Construction NW	\$1,292,276	\$797,000	\$797,000	sealed bid	13	contractor has worked on numerous KCHA projects with success. Lowest 3 bids w/i 5%
Construction-WX	architectural services	ARC	\$1,000,000	\$1,000,000	\$1,000,000	RFQ	7	task order contract, KCHA not obligated to spend contract amount
Construction-WX	architectural services	Environmental Works	\$1,000,000	\$1,000,000	\$1,000,000	RFQ	7	task order contract, KCHA not obligated to spend contract amount
Construction-WX	architectural services	Lawhead	\$1,000,000	\$1,000,000	\$1,000,000	RFQ	7	task order contract, KCHA not obligated to spend contract amount; minority owned firm
Construction-WX	architectural services	Rice-Fergus-Miller	\$1,000,000	\$1,000,000	\$1,000,000	RFQ	7	task order contract, KCHA not obligated to spend contract amount
Construction-WX	architectural services	SHKS	\$1,000,000	\$1,000,000	\$1,000,000	RFQ	7	task order contract, KCHA not obligated to spend contract amount
Housing Management-Maint	Pepper Tree fire alarm upgrades	Simplex Grinnell	\$30,000	\$116,003	\$116,003	sole source	n/a	cooperative purchase. Shoreline FD required expanded scope from original estimate
Housing Management-Maint	bed bug treatments	Custom Bedbug	\$250,000	\$250,000	\$500,000	RFP	5	company has performed similar work at KCHA properties
Housing Management-Maint	street sweeping and vactor truck services	Best Parking Lot Cleaning	\$250,000	\$250,000	\$500,000	RFP	2	new contractor for KCHA. Task order contract needed KCHA street sweeper was surplused
			\$9,295,852	\$7,812,129	\$8,312,129			

Contracts exceeding 10% cumulative change order-Condition Changes

Issuing Department	Contract type	Contract awarded to	Initial Contract Amount/NTE*	Change Order Amount & No. This Quarter	Total Contract Value to Date	% Change from Original	Notes (Current Quarter Change Orders)
Resident Services	after school & summer learning programs	Center for Human Services	\$61,105	\$11,625 (1)	\$72,730	119%	loss of program support through AmeriCorps
Total			\$61,105		\$72,730		

Contracts with contract extensions or other foreseen change orders

Issuing Department	Contract type	Contract awarded to	Initial Contract Amount/NTE*	Change Order Amount & No. This Quarter	Current Contract Value	% of NTE*	Notes (Current Quarter Change Orders)
Homeless Housing	Case Management for rapid rehousing program	Neighborhood House	\$4,053,298	\$134,796 (3)	\$817,946	20%	Six year contract. 2016 allocation increased to house additional families
Total			\$4,053,298		\$817,946		

*NTE = Not To Exceed

T A B N U M B E R

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5-Year “Stretch” Development Plan

(Add 2,250 additional units to KCHA's existing inventory by 2020)



Buy, Build or Partner?

Target Populations

- Very Low Income (Subsidized) (12-18% AMI)
- Tax Credit/9% (30% - 45% AMI)
- Tax Credit/4% (50% - 60% AMI)
- Workforce (50% @ 80% AMI)
- Combination of above
- Special Needs (Assisted Living/Vet's/Homeless, Etc.)

Household Size	30% AMI	80% AMI
Individual	\$18,840	\$50,240
Family of four	\$26,880	\$71,680

Location Strategies

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- High Opportunity Areas
- Transit Oriented Development (“TOD”)
- Adjacent to KCHA's existing portfolio
- Preservation
- KCHA-owned land
- Other targets/opportunistic purchases

Types of Partnerships

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- Public sector RFP for land disposition
- Joint Venture with public sector
 - Sound Transit
 - Local City
 - King County
- Joint Venture with for-profit developer
- Joint Venture with non-profit developer
- KCHA initiates and spins off project

Project Example: High Opportunity Areas

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Gilman Square, Issaquah
Workforce Housing: Acquisition

Project Example: Partnership/TOD

7



Overlake Village, Redmond
Tax Credit/4%: New Constr Partnership (with King County)

Project Example: Adjacent to KCHA's existing portfolio

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Woodcreek Lane, Woodinville
Very Low Income: Acquisition

Project Example: Preservation/TOD

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Corinthian Apartments, Seatac
Tax Credit/4%: Acquisition/Rehab

Project Example: Preservation/Federal Subsidies

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Project Example: KCHA-owned land

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Vantage Point Apartments, Renton
Tax Credit/9% with State and County funding: New Construction

Project Example: Other target/opportunistic purchase

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Resources

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- Debt (Taxable)
- Debt (Tax-Exempt)
- Tax credit equity
- Public funder (Loans/Grants/Operating Funds)
 - - HUD (Section 8, public housing operating funds)
 - - State Housing Trust Fund (“HTF”)
 - - County Housing Finance Program, incl. Lodging Tax for TOD
 - - County (Credit Enhancement)
 - - ARCH (Eastside funders – A Regional Coalition of Housing)
 - - Cities (CDGB/HOME/Local Funds/One-time contributions).
 - - Publicly-owned sites
 - - Sound Transit (ST3)
- KCHA equity



Considerations

- Declining cap rates result in growing funding gaps
- Some financing strategies limit long-term flexibility
- Public development funds are limited and very competitive
- Access to private capital growing more difficult
- Need King County credit enhancement



Partnership Benefits

- Public sector involvement leads to public sector funding
- For-profit developers have better development cost structure
- Partners can provide market rate residential and commercial
- Non-profit developers can manage special needs and homeless housing



Partnership Challenges

- Involvement of partners adds complexity to development
- Increased public sector involvement can add costs
- Priorities/interests of partners may conflict
- Less control over financing/schedule
- Joint Ventures may be riskier



New Construction Benefits

- High Quality
- No Immediate Capital Needs
- Energy Efficient
- Tailored to demographic
- Only option in some TOD corridors

New Construction Challenges

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- High Cost of Construction
- High land cost/little KCHA owned land left
- Low/Moderate rents can't support much debt/large equity gap
- Requires significant public funds
 - Highly competitive
 - Projects must address funder priorities
 - Likely only 1 HTF grant every 2 biennial cycles
- May require significant KCHA equity

Potential New Construction Projects

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<u>Location</u>	<u>Units</u>
Cascadian addition	24
TOD – Bel Red Corridor	89
TOD – Shoreline	89
Windrose	65

Acquisition of Existing Housing Benefits

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- Existing product identifiable
- Adds additional housing immediately
- Lower cost per unit than new construction
- Efficient access to financing markets
- May work better in some TOD station areas

Acquisition of Existing Housing Challenges

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- Limited number of projects of desirable size, bedroom mix and location within existing market inventory
- May need rehab (typical contractor grade construction)
- Cost per unit still high
- Still need some gap financing
- Not as competitive for public funds (HTF/LIHTC)
- Large scale acquisition typically limited to workforce housing which can support debt

Potential Acquisition Projects

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<u>Location</u>	<u>Units</u>
Plum Court	66
Properties adjacent to KCHA properties	120
Acquisitions in high opportunity areas	875
Acquisitions of existing TOD units	600



Strategies/Opportunities

- Acquire existing developments with short-term debt/roll into public housing portfolio and/or workforce housing portfolio
- Secure King County credit enhancement to ensure access to capital and flexible financing terms
- Prioritize public funder resources around TOD as public priority
- Refinance/resyndicate existing properties as a strategy to raise capital for KCHA equity gap



5 – Year Strategy

- **Workforce acquisitions** in high opportunity areas and of existing TOD (1,761 units)
- **TOD** new construction. Take full advantage of potential public funds to acquire land/develop with existing public resources (178 units)
- **New Construction** development of KCHA owned land – Windrose/Cascadian (89 units)
- **Preservation** – Existing subsidized properties (82 units)
- Acquisitions **adjacent to KCHA** – take advantage as opportunities become available (140 units)

5 Year Plan

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<u>Properties</u>	<u>Type</u>	<u>Units</u>	<u>Total Cost</u>	<u>3rd Party Financing</u>	<u>KCHA Equity</u>
Villages at South Station	Existing	191	\$ 29,318,500	\$ 24,817,819	\$ 4,500,681
Corinthian	Existing	95	\$ 17,050,000	\$ 17,950,000	\$ (900,000)
Woodcreek Lane	Existing	20	\$ 4,665,460	\$ 2,857,250	\$ 1,808,210
Vashon Terrace	Pres	16	\$ 1,600,000	\$ 1,095,162	\$ 504,838
Cascadian	New Const.	24	\$ 8,398,954	\$ 6,343,792	\$ 2,055,162
TOD - Bel Red	New Const.	89	\$ 34,970,000	\$ 32,970,000	\$ 2,000,000
TOD - Shoreline	New Const.	89	\$ 33,210,000	\$ 31,210,000	\$ 2,000,000
Windrose	New Const.	65	\$ 19,601,895	\$ 20,383,927	\$ 325,000
Plum Court	Pres	66	\$ 9,875,000	\$ 8,500,000	\$ 1,375,000
Acquisition - Adjacent	New Acq.	60	\$ 9,000,000	-	\$ 9,000,000
Acquisition - Adjacent (High Opp)	New Acq.	60	\$ 13,500,000	\$ 8,267,753	\$ 5,232,247
Acquisition - High Opp	New Acq.	875	\$ 196,875,000	\$ 120,571,404	\$ 76,303,596
Acquisition - Existing TOD	New Acq.	600	\$ 96,000,000	\$ 65,709,727	\$ 30,290,273
Total		2,250	\$ 474,647,337	\$ 340,152,329	\$ 134,495,008

Potential Sources of Financing for KCHA Equity Gap

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Refi & reamortize 2005 Pool	\$28,593,049
Hyperamortize while on LOC	\$5,000,000
Approx. value of KC CLA (50bps)	\$15,000,000
Approx. value of KC CLA (35 yr amort)	\$22,000,000
Future Resyndication (Southwood/Arbor Heights?)	\$5,000,000
MTW (for Acquisitions adj to PH)	\$16,040,457
Write off Plum Court receivable	\$1,375,000
RAD developer fee	?
Raise rents to increase NOI of existing portfolio	?
KCHA other funds	<u>\$41,161,501</u>
Total	<u>\$134,495,008</u>
Total KCHA Funds	<u>\$58,576,958</u>



Development Priorities

- King County credit enhancement
- Buy existing properties in best locations
- Complete Spiritwood/Corinthian development
- Maximize financing while managing interest rate risk
- Pursue preservation of subsidized properties

Additional Brainstorming/Potential Opportunities & Strategies

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- General Land banking
- Acquire GP interests in other Tax Credit properties
- Turnkey acquisitions
- New construction of higher income rental housing
- 1 property by each light rail station in King County
- New Market Tax Credit developments
- Conduit financing (KCHA capital?)
- Internal capital equity fund
- Redevelop existing low-density real estate
- Other: