



**MEETING
OF THE
BOARD OF COMMISSIONERS**

March 21, 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 – February 16, 2016 **1**
- V. Approval of Agenda**
- VI. Consent Agenda**
 - A. Voucher Certification Reports for January 2016 **2**
- VII. Resolutions for Discussion & Possible Action**
 - A. Resolution No. 5532: A Resolution of the Housing Authority of the County of King authorizing the transfer of the Harrison House project from Harrison House Apartments LLC (the Company) to the Housing Authority, including, but not limited to, the acquisition of the investor member interest in the Company's obligations, subsequent dissolution of the Company and all related matters **3**
- VIII. Briefings & Reports**
 - A. 2015 Year End Investment Report **4**
 - B. 2015 Year End Capital Expenditure Report & 2016 Budget **5**

C. Fourth Quarter Dashboard Report	6
D. 2015 Moving To Work Report	7
IX. Study Session	
E. Seola Gardens & Greenbridge Market Rate Land Development	8
X. Executive Session	
A. To review a performance of a public employee (RCW 42.30.110 (1) (g))	
XI. Executive Director's Report	
XII. KCHA in the News	9
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.

T
A
B

N
U
M
B
E
R

1

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

Tuesday, February 16, 2016

I. CALL TO ORDER

The meeting of the Board of Commissioners of the King County Housing Authority was held on Tuesday, February 16, 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 Michael Brown (Vice-Chair), Commissioner TerryLynn Stewart, Commissioner Susan Palmer, and Commissioner John Welch

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

III. PUBLIC COMMENT

None.

IV. APPROVAL OF MINUTES

On motion by Commissioner Palmer, seconded by Commissioner Stewart, the Board approved the minutes from the Board of Commissioners' meeting of January 19, 2016.

V. APPROVAL OF AGENDA

On motion by Commissioner Brown, seconded by Commissioner Stewart, the Board unanimously approved the February 16, 2016 Board of Commissioners' meeting agenda.

VI. CONSENT AGENDA

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

December 2015

GENERAL PROPERTIES

Bank Wires / ACH Withdrawals	2,716,530.58
<i>Subtotal</i>	<i>2,716,530.58</i>
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>	<i>5,828,049.34</i>
Payroll Vouchers	
Checks - #84034 – #84073	53,157.36
Direct Deposit	2,009,061.54
<i>Subtotal</i>	<i>2,062,218.90</i>
Section 8 Program Vouchers	
Checks - #612185-#612519	227,116.38
ACH - #332783-#336050	10,164,916.36
<i>Subtotal</i>	<i>10,392,032.74</i>
Purchase Card / ACH Withdrawal	140,792.01
<i>Subtotal</i>	<i>140,792.01</i>
GRAND TOTAL	21,139,623.57

BOND PROPERTIES

Bond Properties Total (30 different properties)	6,398,343.19
---	---------------------

On motion by Commissioner Palmer seconded by Commissioner Stewart, the Board unanimously approved the consent agenda.

VII. RESOLUTIONS FOR DISCUSSION AND POSSIBLE ACTION

A. Resolution No. 5531: Authorizing new Multi-Tiered Payment Standards for the Housing Choice Voucher Program

Andrew Calkins, Administrative Program Manager, provided a brief overview of the proposed multi-tiered payment standards, an update on the community outreach and feedback received by staff since the presentation was provided to the Board at the meeting in January.

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

On motion by Commissioner Stewart seconded by Commissioner Palmer, the Board unanimously approved Resolution No. 5531.

VIII. BRIEFINGS & REPORT

A. New Bank Accounts

Staff reported that KCHA opened 11 new bank accounts related to Corinthian Apartments, Spiritwood Manor and Seola Gardens.

B. Fourth Quarter CY 2015 Procurement Report

Staff reported on the procurement activities for the period of October through December 2015. The report represents the activity involved in the award of contracts over the amount of \$100,000 and change orders that cumulatively exceed 10% of the original contract amount.

IX. STUDY SESSIONS

A. Real Estate Development Strategy (Continued)

As requested by the Chair at the previous board meeting; Dan Watson, Deputy Executive Director and Tim Walter, Senior Director of Acquisitions and Asset Management facilitated a continuation of the discussions in regard to KCHA's long-term strategy pertaining to Real Estate Development.

X. EXECUTIVE SESSION

Chair Barnes called for an Executive Session at 10:10 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 was reconvened at 10:30 a.m. by Chair Barnes.

Chair Barnes called for the consideration of Resolution No. 5532; pertaining to the renewal of the Executive Directors' employment contract for two years and ten months for the boards' consideration.

Resolution No. 5532: Renewal of the Executive Director's contract for two years and ten months

On motion by Commissioner Palmer seconded by Commissioner Stewart, the Board unanimously approved Resolution No. 5532.

XI. EXECUTIVE DIRECTOR'S REPORT

Stephen Norman, Executive Director, provided an update on proposed state legislation related to Fire Benefit Charges and the extension of the Moving To Work agreement with HUD. Mr. Norman acknowledged and recognized staff for their work on the new multi-tiered payment standards adopted for the Housing Choice Voucher Program.

XII. KCHA IN THE NEWS

None.

XIII. COMMISSIONER COMMENTS

Commissioner Palmer commended staff for the overall success and performance of the Housing Authority's this past year. Chair Barnes and Commissioner Stewart concurred.

XIV. ADJOURNMENT

On motion by Commissioner Brown, seconded by Commissioner Stewart, the Board adjourned the meeting at 10:55 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

2



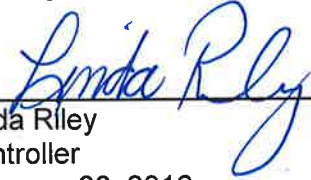
To: Board of Commissioners

From: Linda Riley, Controller

Date: February 26, 2016

Re: **VOUCHER CERTIFICATION FOR JANUARY 2016**

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 26, 2016

Bank Wires / ACH Withdrawals		1,504,295.49
	<i>Subtotal</i>	1,504,295.49
Accounts Payable Vouchers		
Key Bank Checks - #300637-#301201		4,304,917.91
Tenant Accounting Checks - #10029-#10042		2,599.76
Commerce Bank Direct Payment		37,928.15
	<i>Subtotal</i>	4,345,445.82
Payroll Vouchers		
Checks - #84074-#90013		36,144.86
Direct Deposit		1,297,184.06
	<i>Subtotal</i>	1,333,328.92
Section 8 Program Vouchers		
Checks - #612520-#612901		251,727.13
ACH - #336051-#339087		10,008,307.99
	<i>Subtotal</i>	10,260,035.12
Purchase Card / ACH Withdrawal		179,812.04
	<i>Subtotal</i>	179,812.04
	GRAND TOTAL	17,622,917.39

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

FROM: Wen Xu

SUBJECT: VOUCHER CERTIFICATION FOR JANUARY 2016

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
February 25, 2016

Property Jan-16	Wired to Operating Account(s) for Obligations of Property			Notes:
	Date	\$	Claim	
Bellepark East	1/7/2016	\$ 7,989.80	A/P & Payroll	
	1/14/2016	\$ 20,772.89	A/P	
	1/21/2016	\$ 17,434.06	A/P & Payroll	
	1/28/2016	\$ 979.12	A/P	
Colonial Gardens	1/7/2016	\$ 6,526.61	A/P & Payroll	
	1/14/2016	\$ 3,643.51	A/P	
	1/21/2016	\$ 21,002.73	A/P & Payroll	
	1/28/2016	\$ 2,024.12	A/P	
Cottonwood	1/7/2016	\$ 8,399.69	A/P & Payroll	
	1/14/2016	\$ 3,093.34	A/P	
	1/21/2016	\$ 14,922.97	A/P & Payroll	
	1/28/2016	\$ 848.28	A/P	
Cove East	1/7/2016	\$ 21,045.03	A/P & Payroll	
	1/14/2016	\$ 5,512.86	A/P	
	1/21/2016	\$ 26,830.35	A/P & Payroll	
	1/28/2016	\$ 3,896.67	A/P	
Landmark	1/8/2016	\$ 168,915.00	A/P	
	1/7/2016	\$ 31,334.09	A/P & Payroll	
	1/14/2016	\$ 1,498.75	A/P	
	1/21/2016	\$ 67,657.50	A/P & Payroll	
Timberwood	1/7/2016	\$ 17,232.58	A/P & Payroll	
	1/14/2016	\$ 43,314.72	A/P	
	1/21/2016	\$ 73,662.28	A/P & Payroll	
	1/28/2016	\$ 40,227.97	A/P	
Woodland North	1/7/2016	\$ 11,833.69	A/P & Payroll	
	1/14/2016	\$ 316.36	A/P	
	1/21/2016	\$ 11,002.44	A/P & Payroll	
	1/28/2016	\$ 7,623.39	A/P	
Woodside East	1/7/2016	\$ 69,899.83	A/P & Payroll	
	1/14/2016	\$ 43,071.38	A/P	
	1/21/2016	\$ 58,269.64	A/P & Payroll	
	1/28/2016	\$ 218.30	A/P	
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	1/7/2016	\$ 24,400.00	A/P	
	1/7/2016	\$ 23,155.00	Debt Sevice	
	1/7/2016	\$ 5,131.02	Debt Sevice	
	1/14/2016	\$ 457,765.66	A/P & Payroll	
	1/28/2016	\$ 602,631.92	A/P & Payroll	
Gilman Square	1/14/2016	\$ 23,348.51	A/P & Payroll	
	1/27/2016	\$ 30,647.56	A/P & Payroll	
Meadowbrook	1/14/2016	\$ 35,375.91	A/P & Payroll	
	1/27/2016	\$ 22,286.71	A/P & Payroll	
Villages at South Station	1/14/2016	\$ 53,007.23	A/P & Payroll	
	1/27/2016	\$ 21,642.87	A/P & Payroll	
Bellevue Manor	1/14/2016	\$ 26,527.02	A/P	
Charter House	1/14/2016	\$ 11,336.22	A/P	
Northwood Square	1/14/2016	\$ 17,399.82	A/P	
Patricia Harris	1/14/2016	\$ 16,881.88	A/P	
Vashon Terrace	1/14/2016	\$ 8,165.37	A/P	
Rainier View I	1/14/2016	\$ 25,049.75	A/P	
	1/21/2016	\$ 9,059.19	A/P	
Rainier View II	1/14/2016	\$ 13,626.45	A/P	
	1/21/2016	\$ 6,081.84	A/P	
Si View	1/14/2016	\$ 6,588.91	A/P	
	1/21/2016	\$ 9,683.32	A/P	
Portfolio Total:		\$ 2,258,792.11		

T A B N U M B E R

3



To: Board of Commissioners

From: Tim Walter, Senior Director of Acquisitions and Asset Management

Date: March 15, 2015

Re: Resolution No. 5532: A Resolution of the Housing Authority of the County of King authorizing the transfer of the Harrison House project from Harrison House Apartments, LLC (the Company) to the Housing Authority, including, but not limited to, the acquisition of the investor member interest in the Company's obligations, subsequent dissolution of the Company and all related matters

The attached resolution authorizes the Executive Director to take all actions necessary for KCHA to acquire the investor member's interests in Harrison House Apartments, LLC, which owns Harrison House Apartments in Kent. KCHA is the sole managing member in this tax credit limited liability company. The exit of the investor member results in the termination of their involvement in company and reconveys full ownership of the apartment complex back to KCHA.

KCHA currently serves or has served as the managing general partner or managing member of 28 different tax credit partnerships and limited liability companies. KCHA forms these entities to generate equity from the sale of the low income housing tax credits to help finance the development of affordable housing. The tax credit equity has been an invaluable tool without which the Housing Authority would not have been able to develop most of the housing it has developed or redeveloped over the last 22 years.

The tax credit model is structured to pass through tax credits and tax deductions to passive investors in exchange for their investment of capital into affordable housing. The tax credits are generally distributed over a 10 to 15 year window and it is over this time period the investor expects to receive their full investment return. The basic assumption in the "non-profit managing general partner" investment model is that the investor will step in on day one, make their investment up front, a non-profit managing general partner will operate the property for 15 years over which time the investor will claim their tax benefits and after the 15 year window, the primary investment return will be realized and the investor will deed the property over to the non-profit general partner ("GP").

Unfortunately, while from the non-profit GP's perspective this is how these transactions should work, there are numerous technical tax and legal issues and investment motives that complicate the ability of a non-profit managing partner to step in and take over the property without incurring significant costs.

In general, for a real estate transaction to be arm's length, partners cannot negotiate up front to sell the property to one or more of the partners at a future point in time at a below market price without creating negative tax consequences to the partnership. There is an exception, however, in the current tax code for non-profit and government general partners to acquire tax credit properties back from their limited partners ("LP") at no cost other than the simple assumption of the partnership's debt plus a payment to the investor sufficient to cover any tax liability they may incur by exiting. This exemption is not an absolute right of the GP but may be agreed to by the partners and is generally negotiated at the time the partnership agreement is originally executed.

The investor in Harrison House Apartments, LLC is an investment fund managed by the tax credit syndicator, NEF Assignment Corporation. The proposed structure of the transfer of the property to KCHA is consistent with the terms of KCHA's prior transactions with NEF. KCHA anticipates the transfer to occur on or around June 1, 2016. By transferring the property back to KCHA, in Year 13 of the compliance period instead of Year 16 as originally planned, KCHA will save \$580,000 in tax liability due to NEF. In addition we will retain approximately \$450,000 in cash and replacement reserve funds when the investor exits.

Staff recommends passage of Resolution No. 5532

THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5532

(Project Transfer Resolution - Harrison House)

A RESOLUTION of the Housing Authority of the County of King (the “Authority”) authorizing (i) the transfer of the Harrison House project (the “Project”) to the Authority; (ii) the submission to the Washington State Housing Finance Commission of a request for consent to transfer the Project; (iii) the assignment and assumption by the Authority of the obligations of Harrison House Apartments LLC, a Washington limited liability company (the “Company”), under the Financing Lease pertaining to the Harrison House project; (iv) the subsequent termination of the leasehold interest of the Company in the Project; (v) the assumption of the other obligations and liabilities of the Company with respect to the Project, including without limitation the Housing Assistance Payments Contract (“HAP Contract”); (vi) the acquisition of the investor member interest in the Company by the Authority and subsequent dissolution of the Company; and (vii) the Executive Director to approve, execute and deliver all documents necessary to effectuate the foregoing.

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 within King County, Washington; and

WHEREAS, RCW 35.82.070(2) provides that a housing authority may, among other things, “prepare, carry out, acquire, lease and operate housing projects; . . .” 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, “own, hold, and improve real or personal property;” and “sell, lease, exchange, transfer, assign, pledge, or dispose of any real or personal property or any interest therein;” and

WHEREAS, RCW 35.82.080(1) provides that a housing authority may, among other things, “make and execute contracts and other instruments, . . . necessary or convenient to the exercise of the powers of the authority; . . . ;” and

WHEREAS, the Authority is the managing member (the “Managing Member”) of Harrison House Apartments LLC, a Washington limited liability company (the “Company”), and NEF Assignment Corporation, an Illinois not-for-profit corporation, is the investor member of the Company (“Investor-Member”); and

WHEREAS, the Authority is the fee owner of the real property located at 615 West Harrison Street, Kent, King County, Washington (the “Property”), and pursuant to the terms of a Financing Lease between the Authority and the LLC dated as of May 27, 2004 (the “Lease”), the Company has a leasehold interest in that certain 94-unit senior low-income apartment complex located on the Property commonly known as Harrison House (the “Project”); and

WHEREAS, the Project was financed in part with low income housing tax credits (“LIHTC”) ; and

WHEREAS, the Project has been operating as “qualified low income housing” pursuant to Section 42 of the Internal Revenue Service Code (“Code”) and, as such, the Company has been receiving LIHTC during the compliance period pursuant to the Code (“Compliance Period”); and

WHEREAS, the Compliance Period for the Project will soon expire; and

WHEREAS, the Authority desires to own the Project and continue its operation as affordable low income housing project; and

WHEREAS, the Authority has determined that the Investor Member is willing to transfer its interest in the Company (the “Investor Member Interests”) to the Authority and it is in

the best interest of the Authority to acquire such Investor Member Interests and/or to acquire the Company's leasehold interest in the Project; and

WHEREAS, the Authority, in its own capacity and as managing member of the Company, desires to take such steps as are reasonably necessary to acquire the leasehold interest of the Company in the Project, or in the alternative, to acquire the Investor Member Interests, for sole consideration of the assumption of the debt encumbering the Project(the "Debt"); and

WHEREAS, the Authority, in its own capacity and as managing member of the Company, desires to take such steps as are reasonably necessary to obtain consents necessary to effect the Authority's assumption of the Debt, and to negotiate, execute and deliver such documents as may be required in connection with the foregoing, including, without limitation, any loan assumption documents; and

WHEREAS, the Authority, in its own capacity and as managing member of the Company, desires to take such steps as are reasonably necessary to obtain consent of the Authority, in its capacity as a public housing authority (the "PHA"), to the Authority's assumption of the Company's interest in the Housing Assistance Payments Contract No. 2005-LP-0001("HAP Contract"), and to negotiate, execute and deliver such documents as may be required by the PHA in connection with the foregoing; and

WHEREAS, the Washington State Housing Finance Commission ("Commission") must approve the transfer of the Project from the Company to the Authority; and

WHEREAS, the Authority, in its own capacity and as managing member of the Company desires to take such steps as are reasonably necessary to acquire the Investor Member Interests and cause the dissolution of the Company upon transfer of the Project to the Authority; and

WHEREAS, the Authority, in its own capacity and as managing member of the Company desires to take such steps, make such reasonable expenditures, including, but not limited to attorney's fees and costs, and to ratify all steps already taken, as are reasonably necessary to transfer the leasehold interest and the Project from the Company to the Authority; to take such steps that are reasonably necessary to obtain the Commission's approval of the transfer of the Project from the Company to the Authority; cause the Authority to assume the Company's leasehold interest in the Project; cause the Authority to assume the Debt and remaining assets of the Company, including the HAP Contract; cause the Authority to assume the interest of the Investor Member in the Company and cause the dissolution of the Company upon transfer of the Project to the Authority; and

WHEREAS, in the alternative, the Authority, desires to take such steps, make such reasonable expenditures, including, but not limited to attorney's fees and costs, and to ratify all steps already taken, as are reasonably necessary to transfer the Investor Member Interests to the Authority; to take such steps that are reasonably necessary to obtain the required consents necessary to transfer the Investor Member Interests; and

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

RESOLUTIONS

RESOLVED, that the Authority, in its own capacity and as managing member of the Company is authorized, empowered and directed to take such steps that are reasonably necessary to effectuate the transfer of the leasehold interest and the Project from the Company to the Authority, or in the alternative, to acquire the Investor Member Interest, and to negotiate,

execute, and deliver such documents as may be reasonably required to effectuate the Project transfer;

RESOLVED, that the Authority, in its own capacity and as managing member of the Company, is authorized, empowered and directed to make any reasonable expenditures, including, but not limited to, attorney's fees and costs necessary or required in conjunction with the transfer of the leasehold interest in the Project from the Company to the Authority, or in the alternative, to acquire the Investor Member Interests;

RESOLVED, that the Authority, in its own capacity and as managing member of the Company, is authorized, empowered and directed to take such steps as may be necessary or desirable for the Authority to assume all of the Company's obligations with respect to the Debt;

RESOLVED, that the Authority, in its own capacity and as managing member of the Company, is authorized, empowered and directed to make any amendments to the Lease or any other documents as may be necessary or desirable in connection with the transactions contemplated by this resolution;

RESOLVED, that the Authority, in its own capacity and as managing member of the Company, is authorized, empowered and directed to take such steps as may be necessary or desirable to obtain consent of the lenders of the Debt or other necessary parties, and to negotiate, execute and deliver such documents as may be required by the lenders of the Debt in connection with the foregoing, including, without limitation, any loan assumption documents;

RESOLVED, that the Authority in its own capacity and as managing member of the Company, is authorized, empowered and directed to take such reasonable steps as may be necessary to obtain the consent of the PHA to the Authority's assumption of the HAP Contract,

and to negotiate, execute and deliver such documents as may be required by the PHA in connection with the foregoing;

RESOLVED, that the Authority in its own capacity and as managing member of the Company, is authorized, empowered and directed to take such reasonable steps as may be necessary to obtain the Commission's approval of the transfer of the Project from the Company to the Authority, and to negotiate, execute and deliver such documents as may be required by the Commission in connection with the foregoing, including, without limitation, submitting a request to the Commission for the Commission's consent to transfer the Project from the Company to the Authority, and paying the requisite transfer fee to the Commission of approximately \$2,500.00;

RESOLVED, that any and all documents in connection with the foregoing, which are authorized to be executed by or on behalf of the Authority, in its own capacity and as managing member of the Company, are authorized to be executed by the Executive Director of the Authority;

RESOLVED, that the Executive Director of the Authority, is authorized, empowered and directed to take such further action on behalf of the Authority, in its own capacity and as managing member of the Company, to cause to be done all other acts and to take all further steps and actions, and to deliver all agreements, documents and instruments, and make such reasonable expenditures, as the Executive Director of the Authority, shall deem necessary or desirable to carry out the foregoing resolutions; and

RESOLVED, that all steps or actions heretofore taken and/or documents heretofore executed with respect to the foregoing by the Authority, in its own capacity and as managing member of the Company, as contemplated the transactions herein are hereby ratified and affirmed.

Resolution No. 5532 Harrison House
March 21, 2016 Board Meeting

RESOLVED, that any action required by this resolution to be taken by the Executive Director of the Authority may in the absence of such person may be taken by a duly authorized acting Deputy Executive Director of the Authority.

[CERTIFICATE FOLLOWS ON NEXT PAGE]

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 foregoing Resolution No. __5532__ (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on March 21, 2016, and duly recorded in the minute books of the Authority.

2. That such meeting was duly convened and held in all respect in accordance with the law, 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 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.

DATED: _____2016.

Stephen J. Norman,
Executive Director of the Authority

T A B N U M B E R



To: Board of Commissioners

From: Craig Violante, Director of Finance

Date: March 14, 2016

Re: **2015 Year End Investment Report**

Executive Summary

As of December 31, 2015, KCHA had \$131.2 million in cash and investments, split between (1) the KCHA Internal Pool (the Internal Pool), (2) the Washington State Local Government Investment Pool (LGIP), (3) cash held by trustees and cash in traditional checking and savings accounts and (4) loans to housing partners. Below is a snapshot of the portfolio at year end:

Snapshot at 12/31/2015 for year-end investment report:

	<u>Amounts</u>	<u>Yield @ 12/31/2015</u>
Cash Invested in Internal KCHA Pool	\$51,882,100	1.07%
Cash Held in the LGIP	35,237,758	0.25% (1)
Cash Held by KCHA & Outside Trustees	38,344,178	0.15% (2)
Loans to Housing Partners	5,745,530	4.87%
	<u>\$131,209,565</u>	0.760%

- 1) 0.16% was the average rate for all of 2015
- 2) Estimate

For all of 2015, KCHA's Internal Pool average yield was **1.06%** while the LGIP's was **0.16%**. The higher return from the Internal KCHA Pool increased the agency's total investment return by \$431,000.

Out of the total portfolio of \$131.2 of cash, investments and loans, \$95.6 million is considered "investable", while the remainder is in the form of loans or is held by trustees or management agents. Although the Board has authorized an allocation of up to 60% of investable cash in the Internal Pool, short-term liquidity and forecasted cash needs affect how much is actually invested in the Pool. As a result, 54% of investable cash was in the Internal Pool at the end of 2015.

Historical Context

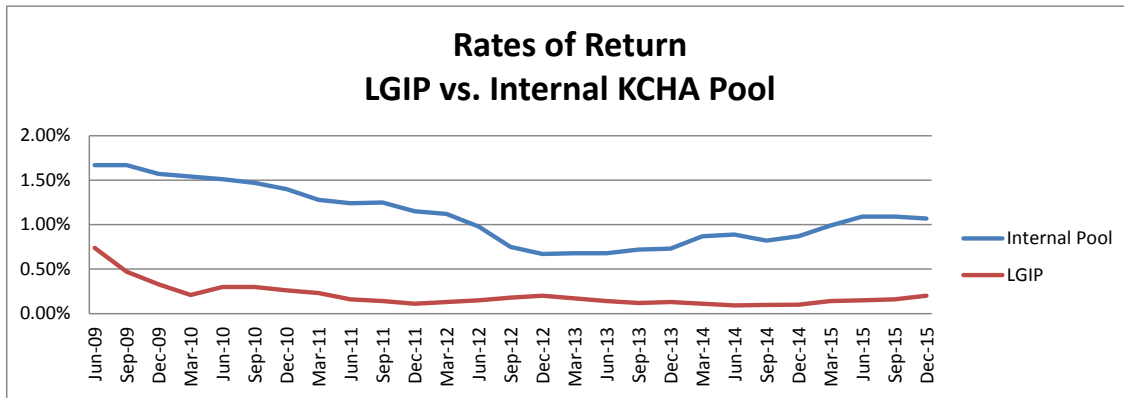
The Board of Commissioners adopted an Investment Policy in 2005 and several updates have since been adopted. According to the policy the primary objectives, in priority order, of the Authority's investment activities are:

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

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

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

From 2009 through 2011, the KCHA Internal Pool performed exceptionally well, beating the LGIP by an average of 114 basis points (1.14%). Starting in 2012, the Federal Reserve's monetary policy of Quantitative Easing, intended to keep medium and long-term rates low and stimulate the economy, had a deleterious effect on KCHA's Internal Investment Pool and the gap between the Internal Pool and the LGIP narrowed. Beginning in 2014, the gap began to widen again, with the Internal Pool beating the LGIP by 77 basis points, and this trend continued into 2015 with the Internal Pool beating the LGIP by 90 basis points.



Since inception of the Internal Pool in 2009, over \$2.2 million of additional investment income has been earned compared to what would have been earned had the funds been in the LGIP.

Total Rate of Return Investing

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

Below is a history of all Total Rate of Return trades made in 2015:

Trade Date	Coupon Amount	Old Yield	New Yield	Days Extended*	Gain/ (Loss)
2/27/2015	\$1,000,000	1.120%	0.903%	88	\$7,527
3/12/2015	\$1,000,000	0.744%	1.140%	376	\$7
3/12/2015	\$1,000,000	0.820%	1.150%	355	\$114
3/13/2015	\$1,000,000	0.747%	1.130%	380	(\$27)
3/13/2015	\$1,000,000	0.550%	0.958%	558	\$959
4/30/2015	\$1,000,000	0.512%	1.150%	612	\$947
4/28/2015	\$1,000,000	1.126%	0.874%	55	\$8,246
7/20/2015	\$1,000,000	0.910%	1.000%	284	\$3,253
12/21/2015	\$1,000,000	0.780%	1.400%	660	(\$2,203)
Total Gain					\$18,823

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

Aggregate profits since the inception of Total Rate of Return investing are \$38,129. Each trade also resulted in an increased market yield and generally higher future cash flows.

Portfolio Management

KCHA currently purchases three main types of investment structures:

- Investments that can be redeemed at pre-determined times at the option of the issuer. These investments are called “callables”. The bond issuer typically must offer slightly higher rates of return for the option of calling the bonds.
- Investments that increase interest payments at pre-set amounts and at pre-set times. These bonds, called “steps”, almost always carry call features in addition to the step features.
- Investments that cannot be called, either because they were issued that way, or because the call options were not exercised by the issuer. These investments are known as “bullets”.

While bullets are the preferred bonds for Total Rate of Return investing, they are not the only type of investment that should be included in a well-balanced portfolio. Although bullets offer purchasers more certainty, they carry slightly lower rates than comparable callable bonds (generally 5-10 basis points), and when rates rise, they will lose value more quickly than steps. KCHA’s internal investment portfolio at the end of December 2015 contains a mix of all three investment types:

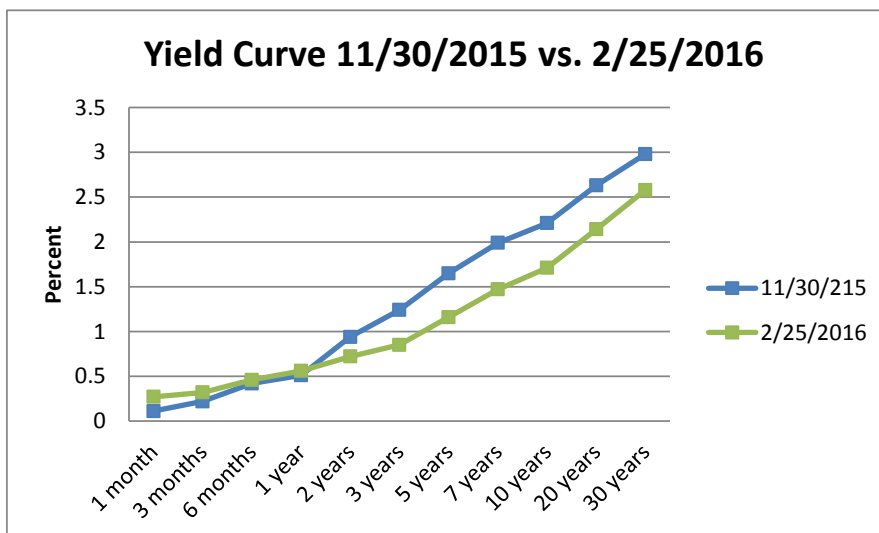
	Amt Invested	% of Portfolio	Average Yield
Callable	\$21,933,700	42.3%	1.16%
Step*	\$9,980,780	19.2%	0.94%
Bullet	\$19,967,620	38.5%	1.06%
	<u>\$51,882,100</u>	<u>100.0%</u>	<u>1.07%</u>

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

Strategy for 2016

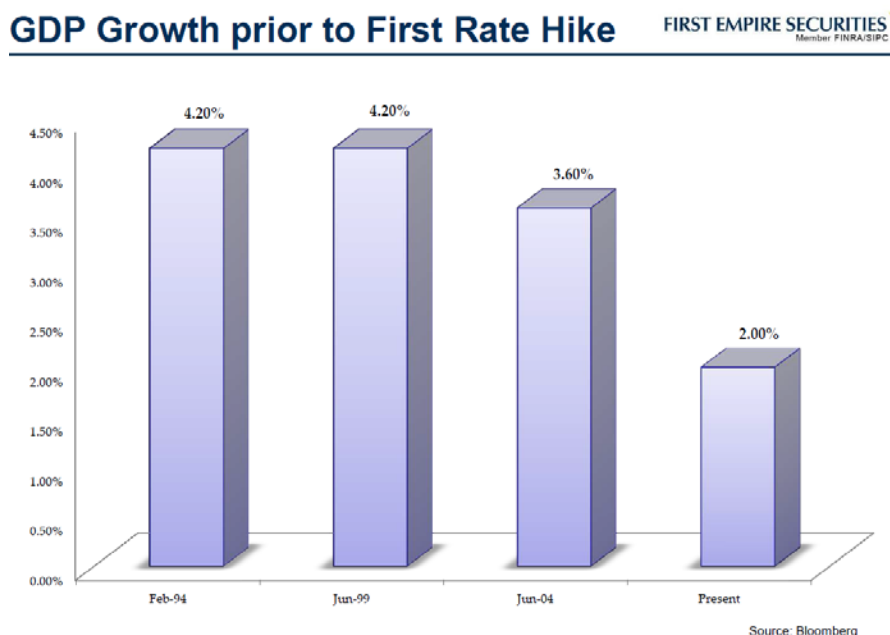
At its December 16, 2015 meeting, the Federal Open Market Committee (FOMC, the “Fed”), raised the target federal funds rate for the first time in nearly a decade, from a range of zero to 0.25% to a range of 0.25% to 0.50%. At the time, the general assumption was that rates would continue to rise over the next two years.

The chart below shows the “yield curve” (a curve on a graph in which the yield of fixed-interest securities is plotted against their time to maturity) both before and after the rate increase:



Short-term rates (less than six months) rose as expected but, paradoxically, mid and longer-term investment yields declined. This yield curve reaction implies that the market does not believe rate hikes over the near term will be significant.

One of the factors driving the Fed's December increase was their fear that an over-heated economy could drive inflation above their 2% target. Raising interest rates is a tool they have to moderate growth and the resulting inflation. However, as the next chart shows, the US economy is not as strong as the other times they have raised rates in the past 20 years.



This analysis points to the likelihood of some cautious rate increases over the next two years, but not a sustained increase like seen during other rate-hike cycles.

2015 Investment Recap
March 21, 2016 Board Meeting
Page 6 of 6

KCHA's strategy for 2016 will include:

- Continue to invest up to 60% of investible cash in the Internal Pool, but watch closely if rates rise more quickly than forecast.
- Increase the level of step investments in the portfolio to approximately 30%, focusing on 3-year steps. Due to their shorter maturity, 3-year steps are more attractive from a Total Rate of Return perspective than their 5-year counterparts.
- Of the remaining securities that will be purchased, approximately 2/3 will have call features to take advantage of the higher yields they offer. During a period of moderately-rising rates, they won't be called and will therefore maintain a higher yield to maturity than non-callable investments.

T
A
B

N
U
M
B
E
R

5



TO: Board of Commissioners

FROM: Dan Watson, Deputy Executive Director

DATE: March 14, 2016

RE: **2015 Year End Capital Expenditure Report & 2016 Budget**

This report provides a detailed summary of construction related capital expenditures in 2015 as well as information about budgeted activity for 2016.

The total amount budgeted in 2015, as revised at midyear, for capital construction projects planned and managed by various KCHA departments was \$36,477,320. The actual construction related capital expenditures totaled \$37,327,504 or 102% of the budgeted amount. A summary of expenditure by the various categories of projects in 2015 is as follows:

Dept.	Project Category	No. of projects	2015 Budget	2015 Revised Budget	2015 Year End Expenditures*	% Expended
Construction	Public Housing	21	\$3,730,900	No change	\$3,837,843	103%
Construction	509 Properties	12	\$5,757,480	No change	\$4,137,747	72%
Construction	Other	9	\$1,928,400	No change	\$2,801,055	145%
	Subtotal	42	\$11,416,780	No change	\$10,776,645*	94%
Development	Vantage Point	1	\$13,620,749	No change	\$15,621,805	115%
	Subtotal	1	\$13,620,749	No change	\$15,621,805	115%
HOPE VI*	Seola Gardens	1	\$215,668	\$195,668	\$122,656	63%
HOPE VI*	Greenbridge land dev.	1	\$806,117	\$546,117	\$413,984	76%
HOPE VI*	Retail TI	1	\$748,500	\$0	\$4,547	0%
	Subtotal	3	\$1,770,285	\$741,785	\$541,187**	73%
Asset Mgmt.	Bond Properties	56	\$4,015,000	No change	\$4,271,911	106%
Asset. Mgmt.	Tax Credit Prop.	9	\$845,250	No change	\$473,586	56%
Asset Mgmt.	Nike	1	\$91,500	No change	\$91,223	100%
Asset Mgmt.	Homeownership	2	\$224,000	No change	\$347,892	155%
	Subtotal	68	\$5,175,750	No change	\$5,184,612***	100%
Housing Mgmt.	Unit Upgrades	152	\$4,254,190	No change	\$4,179,140	98%
Housing Mgmt.	Other Projects	78	\$1,268,066	No change	\$1,024,115	81%
	Subtotal	228	\$5,522,256	No change	\$5,203,255	94%
All	Total	342	\$37,505,820	\$36,477,320	\$37,327,504	102%

* Construction dept. includes \$1,386,849 in expenditures using unbudgeted weatherization funds that supplanted other KCHA capital sources

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

*** Asset Mgmt. expenditure total includes expenditures on unbudgeted capital projects in bond, tax credit and homeownership portfolios

2015 Year End Capital Expenditure Report & 2016 Budget

March 21, 2016 Board Meeting

Page 2 of 6

Capital Construction – Completed Projects

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

Projects completed in 2015 include:

Project	Project Cost
Avondale Sewer Project	\$56,257
Birch Creek Head Start Playground	\$340,954
Burien Park Drainage	\$362,358
Burndale Food Bank/Office Upgrades	\$173,704
Burndale PSE Lighting	\$152,173
Burndale Gas Line Replacement	\$187,980
Campus Court Water Infiltration	\$29,090
Cedarwood Envelope	\$700,565
EPC Asbestos Containing Materials Reports	\$3,188
Evergreen Court Site Work	\$89,825
Firwood PSE Lighting	\$345,520
Forest Grove Envelope	\$712,095
Green River II Signage	\$13,520
Hidden Village Fire Alarm System & Hallway Ceilings	\$389,643
Hillview Roofing	\$72,030
Island Crest Walkways	\$200,784
Kirkland Place Electrical	\$60,352
Northridge Parking lot, patio, sidewalks	\$787,338
Park Royal Stairways	\$116,803
Pickering Court Building Envelope	\$524,871
Riverton Terrace Management Office Building Envelope	\$218,932
Valli-Kee PSE Gas Distribution System	\$737,633
Wellswood Building Envelope – Phase I	\$498,068

Projects beginning construction in 2015 to be completed in 2016:

Project	% Complete
Burndale Parking, Sidewalks, Curb, & Fencing	25%
Firwood Circle Gas Distribution System	90%
Firwood Circle Parking, Sidewalks, Curb, & Fencing	25%
Northridge Pedestrian Bridge	68%
Peppertree Roof Improvements	95%
Westminster Backflow	10%
Valli-Kee PSE Lighting	40%

Projected vs. Planned Expenditures in 2015

The Capital Construction Department's overall 2015 construction related expenditures of \$10,776,645 equals 94% of the aggregate budgeted amount based on the 2015 budget when added weatherization funds are included. Most planned projects finished on time but actual expenditures were less than budgeted due to favorable bid conditions and scope of work changes resulting in lower bid prices than originally estimated. Also, several multi-year projects accomplished more work in 2014 than expected resulting in lower expenditures in 2015.

2015 Year End Capital Expenditure Report & 2016 Budget

March 21, 2016 Board Meeting

Page 3 of 6

Capital Construction – 2016 Projects

In 2016, Capital Construction is budgeting design or construction work for 57 projects totaling \$11,296,363. Of these, 20 projects are major new projects, where no construction has yet to take place. Seven major projects are already underway, and will finish up in 2016.

Major new projects planned for 2016 are as follows:

Project	Project Cost
Briarwood Site Work—repair replace sidewalks and asphalt	\$232,506
College Place Site Work – ADA ramps, new mailbox enclosures	\$93,678
College Place- Weatherization Work	TBD
Kirkland Place- Gutters, Downspouts, Windows	\$391,243
Kirkland Place -Weatherization Work	TBD
Juanita Trace – roofs, gutters and downspouts	\$293,999
Juanita Trace- Weatherization Work	TBD
Greenleaf – roofs, gutters, and downspouts	\$394,115
Forest Glen – waste and waterline replacement	\$1,146,810
Lake House – parking lot, sidewalk and lighting	\$593,536
Lake House – deck repair	\$100,249
Peppertree – door replacement and new key scan system	\$113,990
Evergreen Court – roofs, gutters, downspouts, siding, doors & windows	\$823,590
Hidden Village – roofs, gutters, downspouts, siding, doors, & windows	\$900,760
Hidden Village – Weatherization Work	TBD
Burndale – gutters, downspouts, siding, doors, doors & windows	\$883,956
Firwood – roofs, gutters and downspouts	\$493,193
Shelcor – roofs, gutters, downspouts, siding, doors, & windows	\$423,102
Shelcor – Weatherization Work	TBD
Valli-Kee Site Work – Phase 1 – parking lots, streets & drainage	\$1,214,109

HOPE VI - 2015 Activities

Virtually all of the HOPE VI costs are capitalized for accounting purposes even though HOPE VI did not directly undertake any major construction projects in 2015. HOPE VI instead focused on planning and development of vacant land parcels, facilitating lot sales, and overseeing homebuilding activity. The Department continues to design and eventually construct, in 2016, a portion of the tenant improvements needed to attract a viable retail tenant to the Nia ground level retail space.

At Greenbridge, HOPE VI closed the sale of 24 multifamily lots within Parcel 3 to BDR Homes. The transaction brought in \$920,000 in land sales revenue to KCHA. In addition, HOPE VI monitored the construction and sale of 24 homes built by BDR in 2015. Property 7, a bulk parcel featuring lots for 22 attached units located on an alley and 13 single family homes was offered to the builder market, which resulted in a sales contract for \$2,110,000 with BDR that is expected to close in 2016. The Department also completed initial plat design and submitted for permits for the development of the Wind Rose property, which is the northeast 10 acres of Greenbridge. This parcel is being planned and subdivided for the development of 31 single family homes and an 80 unit multifamily building. At Greenbridge, 77% of the budgeted funds were expended with the shortfall primarily due to management decisions to defer build out of the Nia tenant improvements and to more carefully consider the site design for Windrose before moving forward with engineering and permits.

At Seola Gardens only 63% of the budgeted funds were spent primarily due to savings resulting from lower than anticipated costs for bridge loan interest, financial consulting, engineering and

2015 Year End Capital Expenditure Report & 2016 Budget

March 21, 2016 Board Meeting

Page 4 of 6

other budgeted third party costs. HOPE VI monitored the construction and sale of 14 homes on the 54 lots sold to Richmond American Homes in 2014 that resulted in \$48,234 in price participation revenue to KCHA in 2015. HOPE VI also completed the close-out of the Zephyr site permit with King County, which involved the final acceptance of public right-of-way infrastructure, roadway, landscaping, and parks.

HOPE VI – 2016 Budget

HOPE VI's capital budget for 2016 is \$1,430,645. Although comparable to last year, the 2016 budget includes no capitalized costs for Seola Gardens since the project is nearing completion and now involves only noncapital administrative expenses. Capital expenditures at Greenbridge will increase and will involve \$208,200 in construction of selected Nia tenant improvements within the retail space, \$450,000 for design, engineering and other land development costs for Wind Rose and \$375,000 for initial design and engineering for the plat of Parcels 9, 10, and 11 along 4th Ave SW. A HomeSight Phase 3 project is planned for 5 lots with expected sales revenue of \$350,000. KCHA will provide HomeSight with construction financing and technical support for design, construction and sales of 5 single family homes on lots located adjacent to Greenbridge.

Asset Management – 2015 Projects

The Asset Management Department has a three person construction management staff that typically oversees smaller repair jobs such as roof replacement, siding replacement, deck repairs, painting, asphalt/concrete repair, plumbing upgrades and similar repairs and replacements within the Asset Management Department portfolios. However in 2016, Asset Management will be managing two major renovation projects: Spiritwood and the Corinthian.

In 2015, Asset Management expended \$5,184,612 or 100% of its capital budget. Completed projects included:

Project	Project Cost
Bond Program	
Aspen Ridge Asphalt	\$39,520
Auburn Square Pool	\$24,950
Bellepark East Asphalt	\$17,331
Bellevue Manor HVAC	\$23,803
Bellevue Manor Elevator	\$289,447
Carriage House Decks	\$28,000
Carriage House Retaining Wall	\$97,000
Carriage House Asphalt	\$39,575
Cascadian Asphalt	\$69,095
Cascadian Plumbing	\$272,910
Colonial Gardens HVAC	\$12,240
Colonial Gardens Electrical Panels	\$49,146
Cottonwood Fireplaces	\$33,694
Cove East Roofing	\$72,970
Cove East Fire Places	\$57,478
Fairwood Asphalt	\$47,045
Gilman Square Roofing	\$96,870
Gilman Square Painting	\$28,500
Heritage Park Painting	\$48,500
Harrison House Fire Alarm System	\$32,621
Landmark Asphalt	\$10,324
Laurelwood Gardens Asphalt	\$25,855
Meadowbrook Asphalt	\$62,350
Meadows at Lea Hill Exterior Paint	\$43,842

2015 Year End Capital Expenditure Report & 2016 Budget

March 21, 2016 Board Meeting

Page 5 of 6

Project	Project Cost
Newporter Asphalt	\$59,115
Newporter Roof	\$125,160
Northwood Asphalt	\$25,367
Northwood HVAC	\$14,420
Parkwood Windows	\$20,670
Patricia Harris Manor - HVAC	\$15,258
Patricia Harris Manor Elevators	\$402,129
Patricia Harris Manor Windows	\$69,600
Rainier View Roofing	\$21,778
Timberwood Asphalt	\$41,791
Timberwood HVAC	\$18,288
Timberwood Fire Alarm	\$217,910
Vashon Terrace HVAC	\$9,485
Vashon Terrace Decks and Handrails	\$80,270
Walnut Park Asphalt	\$38,355
Walnut Park Building Envelope	\$1,030,771
Windsor Heights Asphalt	\$38,565
Woodland North Building Envelope	\$146,824
Woodland North HVAC	\$12,880
Woodridge Park Asphalt	\$25,865
Woodridge Park Waste Lines	\$69,690
Woodridge Park Roof	\$92,890
Woodside East Asphalt	\$35,402
Woodside East Pool	\$19,513
Woodside East Pool Fence	\$20,179
Woodside East Site Fencing	\$25,410
Tax Credit Program	
Arbor Heights Exterior Paint	\$84,450
Arbor Heights HVAC	\$102,000
Valley Park Exterior Paint	\$42,568
Nike	
Nike Roof, Siding, HVAC	\$91,223
Homeownership	
Vantage Glen Sunroom	\$48,961
Vantage Glen Unit Upgrades	\$298,931

In 2015, a large volume of small projects were scheduled and completed although 8 projects were re-evaluated, postponed or cancelled after more thorough inspection. Unbudgeted projects, totaling \$328,398 to address immediate or emerging needs, were substituted and made up any potential shortfall.

Asset Management – 2016 Budget

In 2016, Asset Management is shifting gears to undertake the \$10,096,676 substantial renovation of Spiritwood Manor and the \$5,705,368 renovation of the Corinthian, while also budgeting \$3,347,000 for more typical repair and upgrade projects in the balance of the portfolio. Overall this is a 370% increase in spending compared to 2015 but results in a 35% reduction in portfolio wide small repair and replacement investment in other properties. \$2,850,000 is budgeted to be spent on the bond properties, \$97,000 at Nike, and \$400,000 in KCHA's tax credit portfolio. Due to the high priority in completing the Spiritwood and Corinthian projects by the end of 2016, staff capacity may be potentially impacted, with the possibility of some unplanned deferral of less urgent repair and upgrade projects to 2017.

2015 Year End Capital Expenditure Report & 2016 Budget

March 21, 2016 Board Meeting

Page 6 of 6

In addition to the Spiritwood Manor and the Corinthian substantial rehabs, other major 2016 projects with budgets of \$100,000 or more include:

Project	2016 Budget
Carriage House Fire Alarm System	\$250,000
Walnut Park Building Envelope	\$1,200,000
Windsor Heights Fire Alarm System	\$200,000
Woodland North Building Envelope	\$500,000
Harrison House Exterior Paint	\$100,000
Seola Crossing Exterior Paint	\$300,000

Housing Management – 2015 Projects

In 2015, Housing Management expended \$5,203,255 or 94% of its budgeted funds. Upgrades were completed on 152 units at a cost of \$28,361 per unit. With increased staff capacity, Housing Management completed all 78 of the planned small projects. The projects were completed well below the budgeted amounts, which allowed the new small projects force account crew to paint 102 vacated units and complete a variety of other unbudgeted small projects that supported preparation for REAC inspections. KCHA achieved an excellent overall REAC score of 97.4%, due in part to the increased capacity to undertake these special projects. This work is accounted for as extraordinary maintenance expense and is in addition to the capital expenses referenced above.

Housing Management – 2016 Budget

For 2016, Housing Management has budgeted an additional 150 unit upgrades at a projected cost of \$4,053,279 or \$27,022 per unit. With increased staff capacity, the Department is projecting to undertake 99 small projects at cost of \$1,828,835, a substantial 44% increase in its small projects spending. Examples of the projects planned for 2016 are:

- Catch basin cleaning at multiple sites
- New playground installations
- Multiple parking lots repairs/resurfacing
- Exterior lighting upgrades
- Tree trimming
- Signage installs
- Replacing intercom/Keyscan systems at several buildings
- Birch Creek Cabinet Replacement





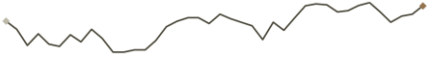







In addition, the Housing Management Department will coordinate and monitor the installation of energy and water saving improvements planned for KCHA's public housing portfolio pursuant to the Energy Performance Contract (EPC) with Johnson Controls. Approximately \$13 million in energy and water saving measures are expected to be completed in 2016.

T A B N U M B E R

6

King County Housing Authority Executive Dashboard

4th Quarter Dashboard: October 1 - December 31, 2015

	actuals oct 12 - dec 15	December 2015	target	3-yr avg	3-yr high	3-yr low
Finance						
LGIP Rate		0.16%	0.41%	0.13%	0.24%	0.09%
Non-LGIP Investment Rate		1.06%	0.65%	0.85%	1.10%	0.67%
Revenue to Budget (Budgeted \$235,803,118)		105%	100%	100%	105%	93%
Expenditures to Budget (Budgeted \$203,509,087)		100%	100%	98%	100%	97%
Property Management						
Public Housing Occupancy Rate (3,360 units)		99.2%	98.0%	98.6%	99.3%	97.9%
Local Program Occupancy Rate (5,703 units)		99.4%	96.5%	98.6%	100.0%	97.8%
KCHA Units Owned Online		9,390	9,293 ¹	8,915	9,390	8,647
Section 8 Operations						
Utilization Rate ² (Vouchers Leased: 9,356)		102%	102%	103%	106%	99.7%
Households Paying >40% Income to Rent (n = 2,405)		21%	<25%	20%	23%	18%
Exit Data						
Positive Exits		31%	>25%	33%	64%	15%
Negative Exits		12%	<20%	20%	31%	9%
Total Monthly Exits		38	–	58	113	26

 Denotes indicators of interest

¹ Projected total units by 12/31/15

² Adjusted for 12-month incremental lease-up of new vouchers

T
A
B

N
U
M
B
E
R

7



To: Board of Commissioners

From: Katie Escudero, Moving To Work Policy Analyst

Date: March 21, 2015

Re: **2015 Moving to Work Report**

As a participant in the Department of Housing and Urban Development's (HUD) Moving to Work (MTW) demonstration program, the King County Housing Authority is required to submit an annual report. Following the format prescribed by HUD, the 2015 MTW Report (attached) outlines the agency's goals, provides an overview of operational information for the MTW program, and summarizes the status of previously approved initiatives. The introductory section titled the '*Year in Review*' provides a concise summary of the year's activities and accomplishments.

At the March Board of Commissioners meeting, staff will provide an overview of the 2015 MTW Report and be available to answer any questions. No action is required of the Board.



Moving to Work

FY 2015 ANNUAL REPORT

King County Housing Authority

Board of Commissioners

Doug Barnes, Chair

Michael Brown

Susan Palmer

TerryLynn Stewart

John Welch

Executive Director

Stephen J. Norman

KCHA Senior Management

Jeb Best

Bill Cook

Connie Davis

John Eliason

Sean Heron

Megan Hyla

Kristy Johnson

Judi Jones

Donna Kimbrough

Gary Leaf

Nikki Parrott

Mike Reilly

Jenn Ramirez Robson

Rhonda Rosenberg

Craig Violante

Tim Walter

Dan Watson

Kristin Winkel

Wen Xu

PREPARED BY: KATIE ESCUDERO

PHOTO CREDIT: WILLIAM WRIGHT PHOTOGRAPHY

DESIGN: SW CREATIVES

SUBMITTED: MARCH 31, 2016

Table of Contents

YEAR IN REVIEW	7
SECTION I: INTRODUCTION	20
A. OVERVIEW OF SHORT-TERM MTW GOALS AND OBJECTIVES	20
B. OVERVIEW OF LONG-TERM MTW GOALS AND OBJECTIVES	26
SECTION II: GENERAL HOUSING AUTHORITY OPERATING INFORMATION	28
A. HOUSING STOCK INFORMATION	28
New Housing Choice Vouchers that were Project-based During the Fiscal Year	
Other Changes to the Housing Stock that Occurred During the Fiscal Year	
General Description of Actual Capital Fund Expenditures During the Plan Year	
Overview of Other Housing Owned and/or Managed by the PHA at Fiscal Year-end	
Federally Subsidized Housing Owned and/or Managed by the PHA at Fiscal Year-end	
B. LEASING INFORMATION	34
Actual Number of Households Served at the End of the Fiscal Year	
Reporting Compliance with Statutory MTW Requirements: 75% of Families Assisted are Very Low-income	
Reporting Compliance with Statutory MTW Requirements: Maintain Comparable Mix	
Description of Any Issues Related to Leasing of Public Housing, Housing Choice Vouchers or Local, Non-traditional Units and Solutions at Fiscal Year-end	
Number of Households Transitioned to Self-sufficiency by Fiscal Year-end	

C. WAIT LIST INFORMATION	40
Wait List Information at Fiscal Year-end	
Description of Other Wait Lists	

SECTION III: PROPOSED MTW ACTIVITIES **41**

SECTION IV: APPROVED MTW ACTIVITIES **42**

A. IMPLEMENTED ACTIVITIES **42**

ACTIVITY 2015-2: Reporting on the Use of Net Proceeds from Disposition Activities

ACTIVITY 2014-1: Stepped-down Assistance for Homeless Youth

ACTIVITY 2014-2: Revised Definition of "Family"

ACTIVITY 2013-1: Passage Point Prisoner Re-entry Housing Program

ACTIVITY 2013-2: Flexible Rental Assistance²⁸

ACTIVITY 2012-2: Community Choice Program

ACTIVITY 2009-1: Project-based Section 8 Local Program Contract Term

ACTIVITY 2008-1: Acquire New Public Housing

ACTIVITY 2008-10 and 2008-11: EASY and WIN Rent Policies

ACTIVITY 2008-21: Public Housing and Section 8 Utility Allowances

ACTIVITY 2007-6: Develop a Sponsor-based Housing Program

ACTIVITY 2007-14: Enhanced Transfer Policy

ACTIVITY 2007-18: Resident Opportunity Plan (ROP)

ACTIVITY 2005-4: Payment Standard Changes

ACTIVITY 2004-2: Local Project-based Section 8 Program

ACTIVITY 2004-3: Develop Site-based Waiting Lists

ACTIVITY 2004-5: Modified HQS Inspection Protocols

ACTIVITY 2004-7: Streamlining Public Housing and Section 8 Forms and Data Processing

ACTIVITY 2004-9: Rent Reasonableness Modifications

ACTIVITY 2004-12: Energy Service Companies (ESCo) Development

ACTIVITY 2004-16: Section 8 Occupancy Requirements

B. NOT YET IMPLEMENTED ACTIVITIES **78**

ACTIVITY 2015-1: Flat Subsidy for Local, Non-traditional Housing Programs

ACTIVITY 2010-1: Supportive Housing for High-need Homeless Families

ACTIVITY 2010-9: Limit Number of Moves for a Section 8 Participant

ACTIVITY 2010-10: Implement a Maximum Asset Threshold for Program Eligibility

ACTIVITY 2010-11: Incentive Payments to Section 8 Participants to Leave the Program

ACTIVITY 2008-5: Allow Limited Double Subsidy between Programs (Project-based
Section 8/Public Housing/Housing Choice Vouchers)

ACTIVITY 2008-3: FSS Program Modifications

ACTIVITY 2008-17: Income Eligibility and Maximum Income Limits

C. ACTIVITIES ON HOLD	82
D. CLOSED-OUT ACTIVITIES	83
ACTIVITY 2013-3: Short-term Rental Assistance Program	
ACTIVITY 2012-4: Supplemental Support for the Highline Community Healthy Homes Project	
ACTIVITY 2011-2: Redesign the Sound Families Program	
ACTIVITY 2011-1: Transfer of Public Housing Units to Project-based Subsidy	
ACTIVITY 2010-2: Resident Satisfaction Survey	
ACTIVITY 2009-2: Definition of Live-in Attendant	
ACTIVITY 2008-4: Combined Program Management	
ACTIVITY 2008-6: Performance Standards	
ACTIVITY 2007-4: Section 8 Applicant Eligibility	
ACTIVITY 2007-9: Develop a Local Asset Management Funding Model	
ACTIVITY 2007-8: Remove Cap on Voucher Utilization	
ACTIVITY 2006-1: Block Grant Non-mainstream Vouchers	
ACTIVITY 2005-18: Modified Rent Cap for Section 8 Participants	
ACTIVITY 2004-8: Resident Opportunities and Self-Sufficiency (ROSS) Grant Homeownership	
SECTION V: SOURCES AND USES OF MTW FUNDS	86
A. SOURCES AND USES OF MTW FUNDS	86
Actual Sources and Uses of MTW Funding for the Fiscal Year	
Activities that Used Only MTW Single-fund Flexibility	
B. LOCAL ASSET MANAGEMENT PLAN	89
SECTION VI: ADMINISTRATIVE	90
A. HUD REVIEWS, AUDITS OR PHYSICAL INSPECTION ISSUES	90
B. RESULTS OF LATEST KCHA-DIRECTED EVALUATIONS	90
APPENDIX	92
APPENDIX A: KCHA'S LOCAL ASSET MANAGEMENT PLAN	92
APPENDIX B: KING COUNTY HOUSING AUTHORITY 2015–2018 RESEARCH AGENDA	94

King County Housing Authority At-A-Glance



number of households
served since 2003

2003: 11,260 HOUSEHOLDS SERVED
2015: 15,706 HOUSEHOLDS SERVED



transitional and
supportive housing
units since 2003

SERVING MORE VULNERABLE HOUSEHOLDS



of households
served are very low-
income



42%

entering households
are homeless

MAINTAINING OPERATIONAL EXCELLENCE



METRIC	2003	2015
HOUSING CHOICE VOUCHERS ISSUED ABOVE BASELINE	0	220
HOUSING CHOICE VOUCHER UTILIZATION	99%	101%
PUBLIC HOUSING OCCUPANCY	99%	99.8%
PUBLIC HOUSING INSPECTION SCORE	93.3%	97.4%



**1 MILLION
KILOWATT-HOURS**

saved by retrofitting lighting systems and
leveraging energy saving rebates



35%

of KCHA's residents
live in high opportunity
neighborhoods

ACCUMULATED SAVINGS SINCE 2003



\$16.48
MILLION SAVED



**MORE THAN
58,000 STAFF
HOURS
SAVED**



1,204
UNITS RENOVATED



Year in Review

The year 2015 was a tale of two communities in King County.

The Puget Sound region has rebounded strongly from the Great Recession, with King County's population growing by 36,000 households in 2015, mostly due to in-migration by families eager to capitalize on the region's strong job growth. While many have benefited from the robust job market, lower-income households have not shared in the spoils, as they continue to struggle in areas of employment, education and housing stability.

In this tale of two communities, one community saw median income rise to \$73,000, the economy add 52,000 jobs and unemployment drop to 4 percent. In the other community, 7.5 percent of households remain below the poverty line.

The gap between average median incomes for African American/Black and White households stands at a staggering \$38,650. Further, while on-time graduation rates in many school districts in the more affluent Eastside exceed 90 percent, rates in South King County's Highline and Tukwila school districts are at 62 percent and 57 percent respectively.

Regional growth has spawned an urgent affordable housing crisis. While a strong rental market drove construction of more than 12,000 new housing units in 2015, the development of these mostly higher-end units resulted in the demolition of many older and more affordable units. Despite increased supply, 2015 saw vacancy rates fall to 3.6 percent across King County and average rents rise by 11.2 percent. With a limited supply of affordable housing, low-income families are left feeling the brunt of the tight housing market:



- **HOUSING INSTABILITY:** Homelessness continues to rise across the region. The county's One Night Count in 2015 documented more than 3,722 unsheltered individuals, a 21 percent spike from a year prior. An additional 6,275 individuals were living in shelters or transitional facilities on the night of the count.
- **SHELTER BURDEN:** For families that have found housing, the percentage of low-income households who are shelter burdened grew to 70 percent.
- **GEOGRAPHIC SEGREGATION:** The lowest-income families have continued to move to lower-income suburbs in South King County, increasing commuting times and further separating low-income workers from higher paying jobs in downtown Seattle and in the growing Eastside cities of Bellevue and Kirkland.

The public and our region's leadership are increasingly recognizing the diverging paths of King County's two communities and the worsening housing crisis. At the close of 2015, King County Executive Dow Constantine and Seattle Mayor Ed Murray jointly declared that the region's homelessness epidemic constituted a state of emergency.

Against this backdrop of growing economic and geographic disparities, two Harvard economists, Raj Chetty and Nathaniel Hendren, recently published a landmark study, *The Effects of Neighborhoods on Intergenerational Mobility: Childhood Exposure Effects and County Level Estimates*, that confirmed what we already knew intuitively:

NEIGHBORHOOD QUALITY MATTERS.

The economists' research affirms the approaches of the King County Housing Authority (KCHA) to address the region's challenges and pushes us to redouble our efforts to effectively use our MTW flexibility. In this 2015 MTW Report, we outline an array of initiatives that build on our core housing mission to link housing to overarching community outcomes.

Using the frame of place-conscious strategies for expanding economic mobility, we took important steps forward in 2015 to:

- Increase the supply of affordable housing.
- Preserve the quality and affordability of existing housing stock.
- Eliminate barriers to housing and reduce homelessness.
- Expand geographic choice.
- Improve the quality of underserved neighborhoods.
- Support successful educational outcomes.
- Increase our efficiency and ability to measure effectiveness.

Increase the Supply of Affordable Housing

Throughout 2015, KCHA supported 21,000 households through an array of programs that included emergency, transitional, subsidized, supportive and workforce housing. With property acquisitions and construction activities in 2015, KCHA's own properties now support almost 9,400 households—roughly half of this total.

In 2015, KCHA took steps to preserve and increase the region's supply of affordable and workforce housing through acquisitions, new construction and flexible project-basing of rental subsidies. As part of this strategy, KCHA:

- Completed the construction of the Vantage Point Apartments, a 77-unit Public Housing community serving the region's rapidly growing population of extremely low-income senior households.
- Purchased two apartment complexes along the region's emerging light-rail corridors: the Corinthian Apartments and the Villages at South Station. This investment helps to ensure that low-income families benefit from new light-rail services.
- Expanded access to high-opportunity areas by acquiring the Woodcreek Lane Apartments in Woodinville, a high-opportunity Eastside city.
- Leveraged banked Public Housing subsidies at the Island Crest and Shelcor properties to expand the supply of housing affordable to extremely low-income residents.

In addition to the expansion of our housing inventory, KCHA has continued to use MTW flexibility to serve more households in partnership with private owners. At year's end, KCHA was housing 9,352 households through the Housing Choice Voucher program—*more than 200 above HUD's baseline.*

Yet while rents and program costs continue to rise, HUD funding for KCHA's Housing Choice Voucher program has been insufficient. This stagnant funding comes despite unprecedented increases in the region's Fair Market Rents, which rose 26 percent between 2014 and 2015 and another 7.6 percent between 2015 and 2016. Despite this explicit acknowledgement of the region's rental crisis in 2015, HUD provided a Renewal Funding Inflation Factor (RFIF) period of exactly zero in years 2012 through 2015, due to a revised RFIF methodology that reflects national data rather than local market costs. The lack of an accurate inflation factor has forced KCHA to serve fewer households than otherwise would have been possible. While HUD provided a positive inflation factor for 2016, it does not fully account for the lack of increases in prior years.



12,978
families housed
in 2015



KCHA's portfolio
averaged
97.4%
in a national
assessment
of real estate
quality

Preserve the Quality and Affordability of Existing Housing Stock

KCHA continues to maintain high quality and long-term viability of the housing we own and operate. In 2015, we invested \$22 million of public and private financing in repairs and system replacements in our federally subsidized inventory, and in 2016 we are planning an additional \$15 million in investments across our properties. In 2015, KCHA also:

- Upgraded 152 subsidized units using journeyman-level, in-house construction teams, which offer considerable savings over the use of outside contractors. In total, 45 percent of KCHA's subsidized units now have been redeveloped or received substantial interior upgrades.
- Completed a Real Estate Assessment Center (REAC) inspection cycle with an average score of 97.4 percent—one of the highest scores in the nation for a large public housing authority. Fourteen of our 24 sites scored in 2015 received individual scores of 99 percent or higher.

- Executed an initial contract with Johnson Controls to extend and expand existing Energy Performance Contracts (EPC) providing energy efficiency improvements to the Public Housing inventory. Through this initiative, we will leverage up to \$21.9 million in new investments to reduce both KCHA's ongoing operating costs and tenant out-of-pocket expenses.

Eliminate Barriers to Housing and Reduce Homelessness

The regional increase in homeless families reflects the affordability gap for low-income households and the growing challenge that a low-vacancy rental market poses for applicants with disabilities, poor credit and rental histories, or criminal backgrounds. KCHA is committed to ensuring that every family has access to housing. In 2015, KCHA continued working with community partners to advance these goals through programs such as the Housing Access and Services Program (HASP) for households with disabilities, the Family Unification Program (FUP) for homeless families engaged with Child Protective Services, and sponsor-based housing approaches for homeless youth and chronically homeless individuals. As a result of these efforts, 42 percent of households entering KCHA's federally subsidized housing in 2015 were homeless at entry.

Reflecting local priorities, KCHA redoubled efforts with its partners this year to address these critical populations:

- **VETERANS:** One of the most urgent challenges facing the region is ending homelessness for disabled veterans. In 2015, KCHA received 91 additional HUD-Veterans Affairs Supportive Housing (HUD-VASH) vouchers and is working closely with the U.S. Department of Veterans Affairs and local governments to achieve full lease-up. KCHA is prioritizing placement of HUD-VASH voucher holders in its work-force-housing inventory and has developed a series of incentives for private landlords, including expedited inspections, security and utility deposit guarantees, unit holding fees and payment of application fees to facilitate lease-up. At the end of 2015, 100 percent of KCHA's HUD-VASH vouchers had been issued with 83 percent of participating veterans leased-up and in housing.
- **HOMELESS SCHOOLCHILDREN:** School districts in King County reported a total of 6,448 homeless students in 2014—a 78 percent increase compared to 2010. KCHA's Student and Family Stability Initiative (SFSI), operated in partnership with the Highline School District, is driven by the well-documented link between stable housing and successful educational outcomes. SFSI successfully re-housed

"As I was preparing to leave transitional housing, I didn't really know what I was going to do about my living situation because I didn't make enough to live on my own and I didn't have a rental history. I'm very grateful to have found the Next Step program—it has provided me a place to live and has helped guide my educational and career goals in a positive direction. Because of this program, I have a greater chance at succeeding and becoming financially independent."

NELLY, NEXT STEP PARTICIPANT

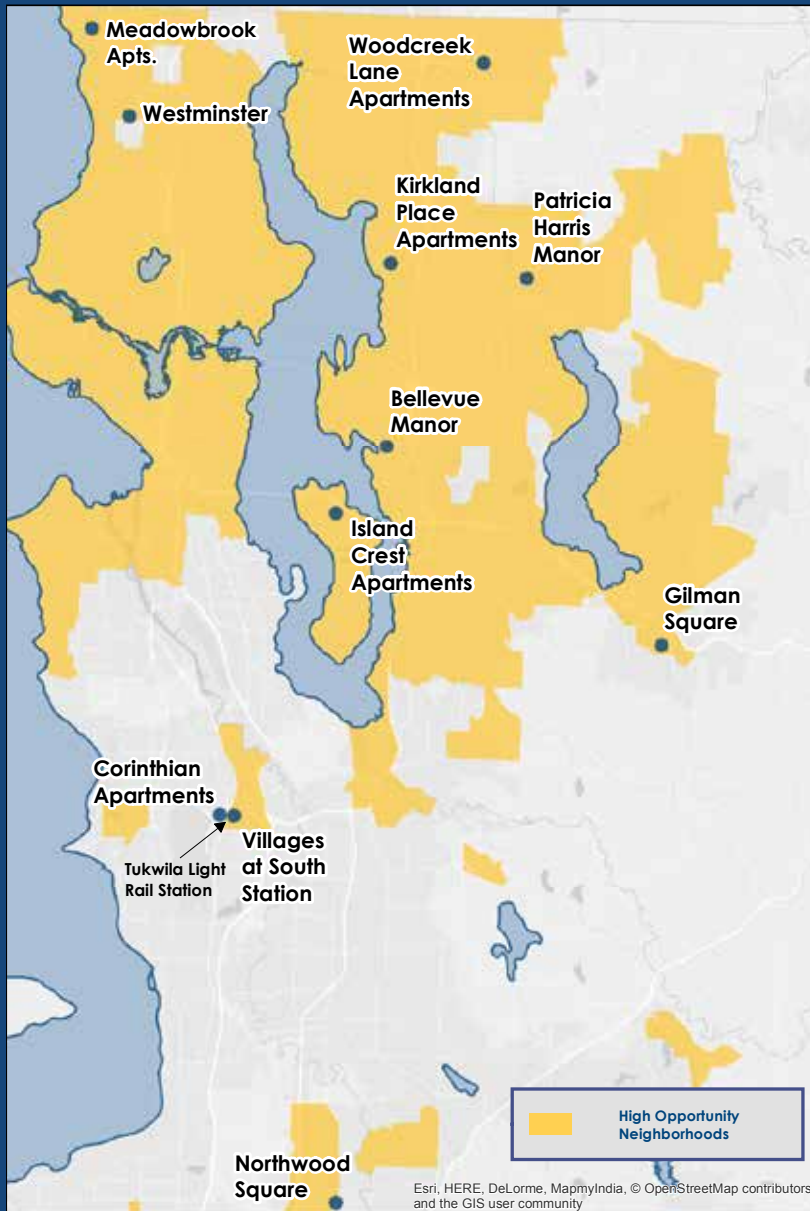


44 households with 108 children during the 2014–15 school year. The program is set to double in size this coming year. The Urban Institute has been retained to evaluate the program’s effectiveness.

- **DOMESTIC VIOLENCE SURVIVORS:** A similar Rapid Re-housing initiative was pioneered in 2015 for survivors of domestic violence. KCHA has traditionally reserved a pool of vouchers for domestic violence survivors referred by local service providers. In 2015, KCHA initiated a new program to test the effectiveness of a flexible, short-term approach to providing housing assistance that would enable providers to successfully serve more survivors. The first year of full program operations will be in 2016. The Bill & Melinda Gates Foundation has funded a third-party evaluation to determine whether this type of short-term assistance is a cost-effective approach that should be expanded.

Expand Geographic Choice

As a regional housing authority spanning a wide range of cities, local economies and school districts, KCHA is in a unique position to affirmatively further fair housing. In 2010, KCHA partnered with the Puget Sound Regional Council to map the region's high-opportunity neighborhoods, and since then, we have looked at how MTW flexibility can be used to broaden geographic choice.



2011–2015
KCHA ACQUISITIONS

In 2015, KCHA continued to promote mobility through targeted property acquisitions, strategic project-basing of rental subsidies, a housing choice counseling initiative for households with young children, and a two-tiered payment standard, which made available significantly higher subsidies for households interested in moving to high-opportunity (and therefore costlier) neighborhoods.

- **PROJECT-BASING VOUCHERS IN HIGH OPPORTUNITY NEIGHBORHOODS:** In 2015, KCHA project-based 25 Housing Choice Voucher subsidies at the Gilman Square workforce housing property in Issaquah and acquired the Woodcreek Lane Apartments in Woodinville with the intent to project-base subsidies for 20 households at this property. The Issaquah and Northshore school districts, where these properties are located, have free and reduced meal rates of 9 percent and 15 percent respectively.
- **CONTINUING PARTNERSHIP WITH A REGIONAL COALITION ON HOUSING (ARCH):** KCHA continued in 2015 to work with ARCH, a partnership of King County's Eastside cities, committing 24 additional voucher subsidies to new projects being developed by community-based nonprofits in high-opportunity neighborhoods. A total of 138 units developed over the past decade through this partnership received ongoing funding support.
- **MULTI-TIERED PAYMENT STANDARDS:** As 2015 closed, KCHA prepared to transition to a five-tier payment standard, which will significantly raise subsidies in higher opportunity neighborhoods and promote greater geographic choice.

At the end of 2015, 25 percent of KCHA's public housing residents and voucher holders with children lived in our region's high-opportunity neighborhoods. KCHA has committed to using its MTW flexibility to increase this percentage to 30 percent by the end of 2020.



Improve the Quality of Underserved Neighborhoods

While expanding geographic choice is a central KCHA goal, improving the quality of the neighborhoods in which many low-income households currently live remains an equally important priority. Even if our mobility policies and programs prove extremely successful, the majority of these households in the region, including the thousands on our waiting lists, will still live outside high-opportunity neighborhoods. Turning existing underserved neighborhoods into communities of opportunity themselves is another important KCHA priority.

In 2015, KCHA continued to focus on White Center, one of the most diverse neighborhoods in the region. As part of our vision for creating a mixed-income neighborhood, 36 market-rate, single-family homes and townhomes were completed and sold on KCHA's two Hope VI sites, and an additional 57 lots were sold or placed under contract to homebuilders. These homes provide the first newly built homeownership opportunities in the White Center community since the 1960s.

KCHA also has continued to work closely with the Highline School District and community partners to coordinate a collective impact approach to improving educational outcomes for the district's youth. KCHA's Resident Services staff worked closely with the community to coordinate educational programming at a range of KCHA-supported venues, including an elementary school, three early learning centers, the Greenbridge and Seola Gardens Community Centers, a public health clinic, an employment counseling center, and the Greenbridge library.

Support Successful Educational Outcomes

KCHA supports more than 14,000 children each night through its federally subsidized housing programs. These children are some of the lowest-income in the region and face significant obstacles to succeeding in school. Many come from refugee and immigrant backgrounds, live in households where English is not spoken at home and were homeless or unstably housed prior to entering KCHA's programs. Compounding these challenges, as poverty increasingly migrates to the suburbs, many of these children live in neighborhoods that lack the community facilities and programs essential to supporting educational success. KCHA has responded by creating a network of 15 youth centers and three Head Start facilities on its properties. These programs, funded in part through MTW resources, supported more than 1,795 children in 2015. Over the past year, after-school and summer programs have focused on increasing the "dosage" or frequency of attendance, on sharpening the educational focus of our community-based providers, and on fostering closer coordination between teachers, parents, and after-school provider staff.

In 2015, KCHA advanced its programmatic partnerships with three school districts where significant numbers of KCHA children live. Utilizing Race to the Top funding, additional support was put into place at local elementary schools serving major Public Housing communities. Complementary funding from the Gates Foundation enabled the launch of three new programs: the Greenbridge Learning and Education Advocacy (GLEA) Baby Academy in White Center with the Highline School District; a STEAM Academy at Birch Creek with the Kent School District; and *Club 678*, a middle-school academic support program with the Bellevue Boys and Girls Club. Through data-sharing agreements with school districts, KCHA and its partners are measuring the impacts of these efforts on academic performance.



In 2015, KCHA's educational
programs reached

**over 1,795 youth
and children**

Turning Savings into Investments



EFFICIENCY

Allowed contracts to extend up to 15 years
20 HOURS SAVED

Simplified the rent calculation
5,416 HOURS SAVED

Created a regionally specific formula to calculate utility allowances
291 HOURS SAVED

Established local rules for the Project-based Section 8 Program
45 HOURS SAVED

Developed responsive, efficient wait list protocols
162 HOURS SAVED

Reduced the number of unnecessary, repeat HQS inspections
2,831 HOURS SAVED

Streamlined forms and data processing
2,000 HOURS SAVED

Eliminated unessential annual rent reviews
1,000 HOURS SAVED

Permitted Section 8 residents to stay in a unit when they exceed the occupancy limit by just one family member
498 HOURS SAVED

SAVINGS

12,263 hours?

(equivalent to \$428,758)

REINVESTMENT

Issued
220 SECTION 8 VOUCHERS
above the baseline

Served
49 FORMERLY HOMELESS HOUSEHOLDS
in our local Rapid Re-Housing programs

Helped
39 FAMILIES
maintain their housing through our Housing Stability Fund

Implemented place-based initiatives to ensure the academic success of the
14,000 CHILDREN
we house

Housed
151 FORMERLY HOMELESS FAMILIES
and individuals in our sponsor-based housing program

Performed necessary unit or property work to preserve up to
4,800 RESIDENT HOMES

Served
1,795 YOUTH
and children in our educational initiatives

Assisted
407 HOUSEHOLDS
in our locally designed self-sufficiency programs



Increase Our Efficiency and Ability to Measure Effectiveness

Congress conceived MTW as a demonstration program to pilot and evaluate new approaches in three areas: delivering housing support; advancing a broader agenda that supports enhanced economic mobility for low-income households; and identifying operational efficiencies in the administration of federal housing programs. In 2015, KCHA's efforts to fulfill this mandate drove two important new initiatives: migration to a new software platform that provides more efficient support for core business processes and allows for more robust evaluation of program outcomes; and the establishment of KCHA's first research and evaluation agenda.

SOFTWARE CONVERSION: Our new software program, WinTen2+, provides significant improvements over the decades-old program it replaces, including further automating workflow, integrating case management with online document management, and helping to streamline core business processes. These efficiencies are particularly critical against the backdrop of continued underfunding of administration costs for the Housing Choice Voucher Program and the need to free-up staff resources to maintain landlord partnerships, provide mobility counseling and assure adequate administrative oversight to safeguard the public trust.

RESEARCH AND EVALUATION: The new software system will support KCHA's efforts to provide data that can inform the national conversation. Our research and evaluation agendas recognize the critical role KCHA can play as an MTW agency in helping support data-driven policy and program decision-making on the national level. Efforts are already underway to connect our residents' data with local school districts, the Seattle-King County Department of Health, and the State of Washington's integrated database to help assess the impact of program innovations on a comprehensive set of resident outcomes. Careful attention is being paid at all times to protecting the privacy rights of our tenants. The database crosswalk will support key elements of the research agenda, including understanding the characteristics and needs of KCHA residents, identifying the impact of new rent assistance models, and exploring the intersections between housing, education, and health. In 2015, we began working with outside research partners, including the University of Washington and the Urban Institute, to support growing internal competencies at KCHA around data management and evaluation.

KCHA looks forward to contributing to the national discussion regarding program and policy innovation as the expansion of the MTW program commences.



INTRODUCTION

A. OVERVIEW OF SHORT-TERM MTW GOALS AND OBJECTIVES

In 2015, the King County Housing Authority (KCHA) continued to focus on ensuring that our housing assistance reached those with the greatest need, and on investing in policy and program approaches designed to provide increased educational and economic opportunities for our residents and program participants. This past year, we:

- **INCREASED THE NUMBER OF EXTREMELY LOW-INCOME HOUSEHOLDS WE SERVED.** KCHA employed multiple strategies this year to expand our reach: property acquisitions; new housing construction; use of banked Annual Contributions Contract (ACC) authority; project-based rental assistance in partnership with nonprofit developers and service providers; lease-up of new incremental vouchers; over-leasing of our existing Section 8 baseline; and expansion of flexible, rapid and stepped subsidies programs for special needs populations. In 2015, KCHA provided assistance to 12,978 households in its federally subsidized programs, more than 1,700 households above what we were serving when we entered the MTW program in 2003.



- **EXPANDED OUR PORTFOLIO OF HOUSING DEDICATED TO LOW-INCOME HOUSEHOLDS.** KCHA continued to actively seek out property acquisitions in strategic areas of King County, including current and emerging high-opportunity neighborhoods, and transit-oriented development (TOD) sites. This year we completed the construction of Vantage Point, an affordable housing community that provides homes to 77 senior and disabled households; purchased three existing properties to preserve affordability in rising markets; and attached banked ACC authority to two additional sites, thereby increasing access for extremely low-income households. In total, KCHA added 135 new federally subsidized and 286 workforce units to its housing inventory in 2015.
- **FOSTERED PARTNERSHIPS THAT ADDRESSED THE MULTI-FACETED NEEDS OF THE MOST VULNERABLE POPULATIONS IN OUR REGION.** Of all households that entered into our federally assisted programs in 2015, 42 percent were homeless at the time of entry. This figure includes a diverse population with varying needs: disabled veterans; individuals living with a chronic mental illness who often cycle among the street, the criminal justice system and hospital emergency rooms; youth who are homeless or transitioning out of foster care; and high-need homeless families with children engaged with the child welfare system. KCHA continued to partner with service providers, the U.S. Department of Veterans Affairs, and the behavioral health care system to meet our community's supportive housing needs and advance regional goals for ending homelessness.

In 2015,
KCHA served
1,700
more
households than
when the agency
entered the
MTW program.

"Moving into Auburn Square has changed my life. I've been blessed. And I want to continue to help other homeless veterans."

**KEVIN, VASH
VOUCHER HOLDER**

- **EXPANDED ASSISTANCE TO HOMELESS AND AT-RISK HOUSEHOLDS THROUGH FLEXIBLE RENTAL ASSISTANCE PROGRAMS.**

In addition to expanding our service partnerships, KCHA is experimenting with new ways to effectively use housing assistance dollars to successfully address the needs of our region's burgeoning homeless population. We continue to partner with the Highline School District and its McKinney-Vento liaisons to implement a Rapid Re-housing approach that addresses the growing number of homeless students in our public schools. This program successfully re-housed 44 homeless families with 108 children this year through short-term rental assistance. Building on what we have learned, KCHA has partnered with local domestic violence agencies to explore a similar program for survivors of domestic violence. This new program will test the effectiveness of a short-term, flexible approach to providing housing assistance that successfully re-houses these households while enabling our partners to support more households.

- **INCREASED HOUSING CHOICES IN HIGH-OPPORTUNITY NEIGHBORHOODS.**

This multi-pronged initiative includes the use of tiered payment standards, mobility counseling and new property acquisitions combined with placement of project-based rental subsidies in targeted high-opportunity neighborhoods within King County. Currently, 25 percent of KCHA's HUD-subsidized households with children live in high- or very high-opportunity neighborhoods, a slight increase from 2014 but significantly above national averages. We are committed to increasing this number to 30 percent by the end of 2020.

- **DEEPEDED PARTNERSHIPS WITH PARENTS AND LOCAL SCHOOL DISTRICTS WITH THE GOAL OF IMPROVING EDUCATIONAL OUTCOMES.**

More than 14,000 children live in KCHA's federally subsidized housing. Their academic success is the cornerstone of our efforts to prevent multi-generational cycles of poverty and promote social mobility. KCHA continued to make successful educational outcomes an integral element of our core mission and actively partnered with local education stakeholders around shared outcomes. These include improved attendance, better academic performance and higher graduation rates. We focused this year on multiple approaches for achieving grade-level competency while also supporting improved educational outcomes for older youth through after-school programs, parental engagement and mentoring.





- **STRENGTHENED OUR RESEARCH AND EVALUATION CAPACITY.** Over the past year, KCHA increased its internal capacity and began developing external partnerships in order to conduct more rigorous program evaluation, advance a long-term research agenda, and partner effectively in large regional and national studies. KCHA has developed its first-ever research agenda, a plan that identifies priority research areas and provides a foundation for applied research efforts. In 2015, we secured a research partnership with the University of Washington that will elucidate our residents' mobility patterns and geographic choices. These actions support the intent of the MTW program to explore new approaches to effectively and efficiently address the housing needs and life outcomes of our communities' extremely low-income residents.
- **SUPPORTED FAMILIES IN GAINING GREATER ECONOMIC SELF-SUFFICIENCY.** During 2015, KCHA assisted more than 300 Public Housing and Section 8 households in the Family Self-Sufficiency program. This program advances families toward economic self-sufficiency through individualized case management, supportive services and program incentives. We are continuing to explore new strategies for promoting improved economic outcomes among residents by engaging local service provider partners in a strategic planning process.

- INVESTED IN THE ELIMINATION OF ACCRUED CAPITAL REPAIR AND SYSTEM REPLACEMENT NEEDS IN OUR FEDERALLY SUBSIDIZED HOUSING INVENTORY.** In 2015, KCHA invested \$22 million in public and private financing toward our five-year, \$54 million capital plan, more than \$14 million of which is from the capital fund.¹ This investment improved housing quality, reduced maintenance costs and energy consumption, and extended the life expectancy of our federally assisted housing stock. In 2015, we averaged a score of 97.5 percent on property inspections performed by HUD's Real Estate Assessment Center (REAC).
- CREATED MORE COST-EFFECTIVE PROGRAMS BY STREAMLINING BUSINESS PROCESSES, DIGITIZING CLIENT FILES AND IMPLEMENTING A NEW SOFTWARE PLATFORM FOR CORE BUSINESS FUNCTIONS.** In 2015, KCHA converted to a new integrated software system, WinTen2+. Combined with online access to tenant files, this MTW-funded investment in state-of-the-art software provides for improved operational and reporting efficiencies, allowing for continually improving customer service, expanded program evaluation and enhanced quality controls.
- REDUCED THE ENVIRONMENTAL IMPACT OF KCHA'S PROGRAMS AND FACILITIES.** Our Five-Year Resource Management Plan completed its fourth year of implementation in 2015. The plan includes goals for reduced energy and water consumption, diversion of materials from the waste stream, safe handling and reductions in hazardous waste, and the promotion of conservation awareness in our residents. In 2015 alone, KCHA saved an estimated 1 million kilowatt-hours by retrofitting lighting systems, with installations costs partially offset through rebates from local utility companies. In addition, we reviewed the performance of our existing Energy Performance Contract (EPC)—a financing tool that enables housing authorities to finance needed energy upgrades of their Public Housing stock—and conducted a comprehensive energy audit that extends the term of the existing EPC to 20 years and sets the foundation for a second EPC that will be executed early in 2016. By extending the EPC through 2037, we will be able to leverage \$21 million in additional energy improvements in our Public Housing portfolio.

¹ \$22 million in private and public financing invested in our accrued capital needs, \$14 million of which is federal funding (reported on page 7).



B. OVERVIEW OF LONG-TERM MTW GOALS AND OBJECTIVES

Through participation in the MTW program, KCHA is able to address a wide range of affordable housing needs in the Puget Sound region. We use the single-fund and regulatory flexibility offered through MTW to support our overarching strategic goals:

Strategy 1

Continue to strengthen the physical, operational, financial and environmental sustainability of our portfolio of nearly 9,400 affordable housing units.

Strategy 2

Increase the supply of housing in the region that is affordable to extremely low-income households—those earning below 30 percent of Area Median Income (AMI)—through developing new housing, preserving existing housing, and expanding the size and reach of our rental subsidy programs. Currently, more than 85 percent of the households served through our Public Housing and Section 8 programs have incomes below 30 percent of AMI.

Strategy 3

Provide greater geographic choice for low-income households—including disabled residents and elderly residents with mobility impairments—so that our clients have the opportunity to live in neighborhoods with high-performing schools and convenient access to services, transit and employment.

Strategy 4

Coordinate closely with behavioral health care and other social service systems to increase the supply of supportive housing for people who have been chronically homeless or have special needs, with the goal of ending homelessness.

Strategy 5

Engage in the revitalization of King County's low-income neighborhoods, with a focus on housing and other services, amenities, institutions and partnerships that create strong, healthy communities and promote social mobility.

Strategy 7

Expand and deepen partnerships with school districts, Head Start programs, after-school program providers, public health departments, community colleges, the philanthropic community, and our residents, with the goal of eliminating the achievement gap, and improving educational and life outcomes for the low-income children and families we serve.

Strategy 9

Continue to develop institutional capacity and operational efficiencies to make the most effective use of federal resources and provide extraordinary service to our clients and partners.

Strategy 11

Develop our capacity as a learning organization that uses research and evaluation to drive decisions that shape policies and programs.

Strategy 6

Work with King County, regional transit agencies and suburban cities to support sustainable and equitable regional development by integrating new affordable housing into regional growth corridors aligned with mass transit.

Strategy 8

Promote greater economic self-sufficiency for families and individuals in subsidized housing by addressing barriers to employment and facilitating access to training and education programs, with the goal of enabling moves to market-rate housing at the appropriate time.

Strategy 10

Continue to reduce KCHA's environmental footprint through energy conservation, renewable energy generation, waste stream diversion, green procurement policies, water usage reduction, fleet management practices and tenant education.



GENERAL HOUSING AUTHORITY OPERATING INFORMATION

A. HOUSING STOCK INFORMATION

New Housing Choice Vouchers that were Project-based During the Fiscal Year

PROPERTY NAME	ANTICIPATED NUMBER OF NEW VOUCHERS TO BE PROJECT-BASED	ACTUAL NUMBER OF NEW VOUCHERS THAT WERE PROJECT- BASED	DESCRIPTION OF PROJECT
August Wilson Place	0	8	HOPE VI Replacement Housing
August Wilson Place	0	8	Permanent Supportive Housing for Homeless Veterans
Federal Way Veterans Program	33	44	Permanent Supportive Housing for Homeless Veterans

PROPERTY NAME	ANTICIPATED NUMBER OF NEW VOUCHERS TO BE PROJECT-BASED	ACTUAL NUMBER OF NEW VOUCHERS THAT WERE PROJECT- BASED	DESCRIPTION OF PROJECT
John Gabriel House	0	8	HOPE VI Replacement Housing
Patricia Harris Manor	0	41	Local Preservation Program
Phoenix Rising	24	24	Non-time Limited Supportive Housing for Homeless Young Adults
Ronald Commons	0	8	Permanent Supportive Housing
TOTAL NUMBER OF NEW PROJECT- BASED VOUCHERS	57	141	

	ANTICIPATED	ACTUAL
TOTAL NUMBER OF PROJECT- BASED VOUCHERS COMMITTED AT THE END OF THE FISCAL YEAR	2,487 ²	2,496
TOTAL NUMBER OF PROJECT- BASED VOUCHERS LEASED UP OR ISSUED TO A POTENTIAL TENANT AT THE END OF THE FISCAL YEAR	2,456 ³	1,922 ⁴

² AHAP and HAP

³ HAP only

⁴ Due to development delays, the Federal Way Veterans Program and Phoenix Rising were not able to lease-up to new residents in 2015. These projects are slated to open in mid- to late 2016. Additionally, KCHA's former opt-out developments are only able to lease-up when a current resident moves out, resulting in a low leasing rate. Parkway.

Other Changes to the Housing Stock that Occurred During the Fiscal Year

Due to the flexibilities provided by the MTW program, KCHA was able to add 73 additional project-based units to its housing inventory by leveraging local partnerships and seizing project-basing opportunities when they arose.

General Description of Actual Capital Fund Expenditures During the Plan Year

KCHA continued to improve the quality and long-term viability of our aging affordable housing inventory by investing more than \$28 million in capital repairs, unit upgrades, capital construction and non-routine maintenance. These investments ensure that our housing stock is available and livable for years to come.

- **VANTAGE POINT (\$13,700,000).** KCHA used \$13.7 million in capital funds to complete construction of our new development, Vantage Point, which opened in November 2015. Vantage Point provides 77 units of new Public Housing targeted to extremely low-income seniors and people with disabilities.
- **UNIT UPGRADES (\$5,440,413).** Internal KCHA “force account” crews completed \$3,944,473 in upgrades to 152 units at 37 federally subsidized housing sites. Additionally, KCHA performed almost \$1,495,940 in non-routine maintenance that was categorized as capital expenditures.
- **SITE IMPROVEMENTS (\$3,620,000).** Gas mains and distribution lines were replaced at Valli Kee (Kent), Firwood Circle (Auburn), and Burndale Homes (Auburn). Additionally, at Firwood Circle and Burndale Homes, new site lighting was installed and additional site improvements, including new paving, sidewalks, and other miscellaneous projects began.
- **BUILDING ENVELOPE AND RELATED COMPONENTS UPGRADES (\$990,000).** The planned work to upgrade the envelope and replace the decks at Island Crest Apartments (Mercer Island) was completed and the stairway at Park Royal (Bothell) was replaced. New ventilation was installed at Hidden Village (Bellevue) and fall protection was added at Peppertree (Shoreline).

KCHA invested more than
\$28 million
in its capital,
ensuring that our
housing stock
is available for
years to come.



- **SEWER, STORM WATER, DOMESTIC WATER AND WASTE LINES, AND OTHER UTILITY SYSTEM UPGRADES (\$974,000).** Storm water projects were completed at Burien Park (Burien) and Campus Court (Des Moines). Fire protection improvements were made at Hidden Village (Bellevue) and the electrical system at Kirkland Place (Kirkland) was upgraded.
- **"509" INITIATIVE IMPROVEMENTS (\$3,390,000).** In 2015, significant capital improvements were completed at the properties included in the 2013 conversion of 509 scattered-site Public Housing units to Section 8 subsidies. Major work undertaken this year included: building envelope upgrades at Riverton Terrace (Tukwila), Cedarwood (Kirkland), Wells Wood (Woodinville), Pickering Court (Snoqualmie), and Forest Grove (Redmond); sewer work at Avondale Manor (Redmond); site upgrades at Evergreen Court (Federal Way); and indoor air quality improvements at Kings Court (Federal Way). In total, \$21.6 million of upgrades had been completed at these properties at year's end, more than fulfilling the commitment made to HUD at the time of conversion.
- **COMMUNITY BUILDINGS AND FACILITIES IMPROVEMENTS (\$362,000).** This year, we completed ongoing improvements to our network of community facilities including work at the Burndale Homes Food Bank and KCHA Management Office (Auburn), and the Firwood Circle (Auburn) and Valli Kee (Kent) Afterschool Centers.

Overview of Other Housing Owned and/or Managed by the PHA at Fiscal Year-end

HOUSING PROGRAM	TOTAL UNITS	OVERVIEW OF THE PROGRAM
Preservation Program ⁵	41	This program maintains affordable housing opportunities in highly desirable King County neighborhoods.
Home Ownership Program ⁶	431	Offers qualified low-income individuals, families and seniors the opportunity to own a manufactured home located on a leased lot in one of four housing communities.
Bond-Financed Program ⁷	4,144	Workforce housing (for households earning 80% of AMI or below) that does not receive operating subsidy from the federal government. Includes properties formerly in the Low-Income Housing Tax Credit program when the investor has left the partnership. This program is a key strategy for acquiring housing in high-opportunity areas.
Low-Income Housing Tax Credit Program (LIHTC) ⁸	1,111	Owned by separate limited partnerships, these units typically are available to households earning 60% of AMI or below. KCHA remains a general partner in the ownership of these units. Like bond-financed properties, LIHTC acquisitions are targeted to low-poverty markets.
Local Programs ⁹	136	This inventory is made up of emergency and transitional housing units. Some of the programs offer supportive services to homeless veterans, victims of domestic violence and people with special needs.
TOTAL OTHER HOUSING OWNED AND/OR MANAGED	5,863	

⁵ Rainier View Mobile Homes, Tall Cedars, Vantage Glen, Wonderland Estates.

⁶ Alpine Ridge, Aspen Ridge, Auburn Square, Bellepark East, Carriage House,

⁷ Cascadian, Charter House (Chausee Bremerton), Colonial Gardens, Corinthian, Cottonwood, Cove East, Fairwood Apartments, Gilman Square, Heritage Park, Landmark, Laurelwood, Meadowbrook Apartments, Meadows at Lea Hill, Newporter, Parkwood, Rainier View I, Rainier View II, Si View, Somerset Gardens East, Somerset Gardens West, Timberwood, Vashon Terrace (Chausee), Villages at South Station, Walnut Park, Windsor Heights, Woodland North, Woodridge Park, Woodside East.

⁸ Arbor Heights, Eastbridge, Harrison House, Nia, Overlake, Salmon Creek, Seola Crossing I, Southwood Square, Valley Park.

⁹ 301 SW Roxbury, 520 SW 102nd St., Anita Vista, Avondale House (Pinecrest), Brookside, Burien Vet's House, Campus Green, Echo Cove, Federal Way Duplexes, Harbour Villa, Holt Property, Nike, Slater Park, Sunnydale.



Federally Subsidized Housing Owned and/or Managed by the PHA at Fiscal Year-end

HOUSING PROGRAM	TOTAL UNITS	OVERVIEW OF THE PROGRAM
Public Housing ¹⁰	2,150	KCHA's Public Housing program serves those with the most limited incomes, including seniors, people with disabilities, and families. Many of our Public Housing properties offer on-site services to meet the residents' unique and varied needs.
Project-based Section 8 ¹¹	1,385	Similar to Public Housing, Project-based Section 8 housing targets the county's lowest income households and, in some cases, includes site-specific supportive services.
TOTAL OTHER HOUSING OWNED AND/OR MANAGED	3,535	

¹⁰ Ballinger/Pepper Tree, Boulevard Manor, Briarwood, Brittany Park, Burndale, Casa Juanita, Casa Madrona, Cascade Apartments, Cedar Grove, College Place, Eastside Terrace, Fairwind, Firwood Circle, Forest Glen, Gustaves Manor, Hillsview, Island Crest Apartments, Kirkland Place Apartments, Lake House, Mardi Gras, Munro Manor, Northridge, Pacific Court, Paramount, Park Royal, Plaza Seventeen, Riverton Terrace-Senior, Shelcor, Sixth Place Apartments, Southridge, Valli Kee, Vantage Point, Wayland Arms, Westminster, Yardley Arms, Zephyr.

¹¹ Avondale, Bellevue 8, Bellevue Manor (Chaussee), Birch Creek, Burien Park, Campus Court, Campus Court II, Cedarwood, Eastridge House, Evergreen Court, Federal Way 3, Forest Grove, Glenview Heights, Green River II, Greenleaf, Hidden Village, Juanita Court, Juanita Trace, Kings Court, Kirkwood Terrace, Newport Apartments, Northlake House, Northwood, Northwood Square (Chaussee), Patricia Harris Manor (Chaussee), Pickering Court, Riverton Terrace-Family, Shoreham, Spiritwood, Victorian Woods, Vista Heights, Wells Wood, Woodcreek Lane Apartments, Young's Lake.

B. LEASING INFORMATION

Actual Number of Households Served at the End of the Fiscal Year

HOUSING PROGRAM	NUMBER OF HOUSEHOLDS SERVED	
	PLANNED	ACTUAL
Number of Units that were Occupied/Leased through Local Non-traditional MTW Funded Property-based Assistance Programs	0	0
Number of Units that were Occupied/Leased through Local Non-traditional MTW Funded Tenant-based Assistance Programs ¹²	198	214
Port-in Vouchers (not absorbed) ¹³	N/A	2,739
TOTAL PROJECTED AND ACTUAL HOUSEHOLDS SERVED	198	2,953
HOUSING PROGRAM	UNIT MONTHS OCCUPIED/LEASED	
	PLANNED	ACTUAL
Number of Units that were Occupied/Leased through Local Non-traditional MTW Funded Property-based Assistance Programs	0	0
Number of Units that were Occupied/Leased through Local Non-traditional MTW Funded Tenant-based Assistance Programs	2,376	2,568
Port-in Vouchers (not absorbed) ¹⁴	N/A	32,868
TOTAL PROJECTED AND ANNUAL UNIT MONTHS OCCUPIED/LEASED	2,376	35,436
	AVERAGE NUMBER OF HOUSEHOLDS SERVED PER MONTH	TOTAL NUMBER OF HOUSEHOLDS SERVED DURING THE YEAR
Households Served through Local Non-traditional Services Only	0	0

¹² Sponsor-based Supportive Housing (151), Next Step (14), Student Family Stability Initiative (44), and Domestic Violence Housing First (5).

¹³ Not projected in the 2015 Plan

¹⁴ Not projected in the 2015 Plan.



Reporting Compliance with Statutory MTW Requirements: 75% of Families Assisted are Very Low-income

FISCAL YEAR:	2012	2013	2014	2015
Total Number of Local, Non-traditional MTW Households Assisted	162	153	247	214
Number of Local, Non-traditional MTW Households with Incomes Below 50% of AMI ¹⁵	162	153	247	214
Percentage of Local, Non-traditional MTW Households with Incomes Below 50% of AMI	100%	100%	100%	100%

¹⁵ All program admissions are assumed at or below 50% of AMI.

Reporting Compliance with Statutory MTW Requirements: Maintain Comparable Mix

BASELINE FOR THE MIX OF FAMILY SIZES SERVED

FAMILY SIZE (IN PERSONS)	1	2	3	4	5	6+	TOTAL
Occupied Number of Public Housing Units by Household Size when PHA Entered MTW	1,201	674	476	360	250	246	3,207
Utilized Number of Section 8 Vouchers by Household Size when PHA Entered MTW	1,929	1,497	1,064	772	379	344	5,985
Non-MTW Adjustments to the Distribution of Household Sizes	2,003	X	X	X	X	X	2,003
Baseline Number of Household Sizes to be Maintained	5,133	2,171	1,540	1,132	629	590	11,195
Baseline Percentages of Family Sizes to be Maintained	45.85%	19.39%	13.76%	10.11%	5.62%	5.27%	100%
EXPLANATION FOR BASELINE ADJUSTMENTS TO THE DISTRIBUTION OF HOUSEHOLD SIZES UTILIZED	Between 2003 and 2014, King County experienced a 64 percent increase of unsheltered single adults. To account for this, we adjusted the baseline for the one-person household to reflect the demographic change [(1,201 + 1,929) x 64% = 2,003]. ¹⁶						

¹⁶ 2003 One Night Count (1,899 persons): http://homelessinfo.org/resources/one_night_count/2004_ONC_Report.pdf; 2014 One Night Count (3,772 persons): http://homelessinfo.org/resources/one_night_count/2014_ONC_Street_Count_Summary.pdf.



MIX OF FAMILY SIZES SERVED

FAMILY SIZE (IN PERSONS)	1	2	3	4	5	6+	TOTAL
Baseline Percentages of Household Sizes to be Maintained	45.85%	19.39%	13.76%	10.11%	5.62%	5.27%	100%
Number of Households Served by Family Size this Fiscal Year	5,552	2,921	1,740	1,253	709	803	12,978
Percentages of Households Served by Household Size this Fiscal Year	42.78%	22.51%	13.41%	9.65%	5.46%	6.19%	100%
Percentage of Percentage Change	-6.70%	16.08%	-12.56%	-4.50%	-2.79%	17.41%	0%
Percentage Change	3.07%	-3.12%	0.35%	0.46%	0.16%	-0.92%	0%

JUSTIFICATION AND EXPLANATION FOR FAMILY SIZE VARIATIONS OF OVER 5% FROM THE BASELINE PERCENTAGES

KCHA has maintained its mix of family sizes served.

Description of Any Issues Related to Leasing of Public Housing, Housing Choice Vouchers or Local, Non-traditional Units and Solutions at Fiscal Year-end

HOUSING PROGRAM	DESCRIPTION OF LEASING ISSUES AND SOLUTIONS
Public Housing	The program did not encounter leasing issues in 2015.
Housing Choice Vouchers	<p>King County has one of the most competitive rental markets and lowest vacancy rates in the nation, making it difficult for our voucher holders to compete for units with unsubsidized households. Our HUD-VASH, FUP and HASP voucher holders have even greater barriers to housing and are even more so impacted by market conditions.</p> <p>KCHA has been challenged by the lack of an inflation factor for Housing Choice Voucher funding since 2012. Under the terms of our MTW Agreement, we receive no adjustment based upon actual annual costs – adjustments are provided only through the adjustment factor. Despite a 34% increase in fair market rates, the HUD inflation factor has been zero. At the close of 2014, we increased our existing payment standards for the first time in several years. This provided some temporary relief; however, the market is still producing inflated rents. Failure of HUD funding levels to keep up with market costs is increasing participant shelter burden, reducing shopping success rates, impeding efforts to affirmatively further fair housing and will, unless corrected, force KCHA to begin reducing the number of households we serve.</p>
Local, Non-traditional	Successfully leasing an apartment in a tightening rental market with a population that already faces multiple barriers remained a challenge for our local, non-traditional programs in 2015. Alongside our partners, we continued to explore the use of additional resources, such as landlord engagement, housing search navigation services, and housing stability support to encourage lease-up among participants.

Number of Households Transitioned to Self-sufficiency by Fiscal Year-end

ACTIVITY NAME/#	NUMBER OF HOUSEHOLDS TRANSITIONED	AGENCY DEFINITION OF SELF-SUFFICIENCY
Stepped-down Assistance for Homeless Youth (2014-1)	26	Maintain housing
Passage Point Prisoner Re-entry Housing Program (2013-1)	11	Positive move to Public Housing or other independent housing
EASY & WIN Rent (2008-10, 2008-11)	271	Positive move from KCHA
Develop a Sponsor-based Housing Program (2007-6)	111	Maintain housing
Resident Opportunity Plan (2007-18)	13	Positive move from KCHA
Households Duplicated Across Activities/Definitions ¹⁷	25	
ANNUAL TOTAL NUMBER OF HOUSEHOLDS TRANSITIONED TO SELF-SUFFICIENCY		407

Our MTW policies and programs assisted **407** individuals & families transition to self-sufficiency in 2015.

In 2015, 557 households moved on from KCHA's federally subsidized housing, 271 of which achieved self-sufficiency by moving to non-subsidized housing and 136 of which maintained stable housing after experiencing homelessness or incarceration.

¹⁷ ROP (13 households) and Coming Up (12 households).

C. WAIT LIST INFORMATION

Wait List Information at Fiscal Year-end

HOUSING PROGRAM	WAIT LIST TYPE	NUMBER OF HOUSEHOLDS ON WAIT LIST	WAIT LIST OPEN, PARTIALLY OPEN OR CLOSED	WAS THE WAIT LIST OPENED DURING THE FISCAL YEAR?
Section 8 Housing Choice Voucher ¹⁸	Community-wide	2,150	Closed	Yes
Public Housing	Other: Regional	6,383	Open	Yes
Public Housing	Site-based	6,170	Open	Yes
Project-based	Other: Regional	2,171	Open	Yes
Public Housing—Conditional Housing	Program-specific	34	Open	Yes

Description of Other Wait Lists

PUBLIC HOUSING, OTHER: Applicants are given the choice among three regions, each with their own wait list. The applicant is able to choose two of the three regions. KCHA uses a rotation system among this applicant pool and those who enter through a specialized program, such as our transitional housing program, when assigning a unit to a household in its region of choice.

PROJECT-BASED, OTHER: This wait list mirrors the process for the Public Housing regional wait list described above. An applicant is given the opportunity to apply for a number of KCHA's project-based properties. KCHA may pre-screen a cluster of applicants prior to receiving notice of available units from an owner in order to ensure eligibility and increase occupancy.

¹⁸ As selected by lottery from the 22,000 households that applied during a two-week application period in early 2015.



PROPOSED MTW ACTIVITIES



There are no proposed activities in this report.



IV

APPROVED MTW ACTIVITIES

A. IMPLEMENTED ACTIVITIES

The following table provides an overview of KCHA's approved activities, the statutory objectives they aim to meet, and the page number in which more detail can be found.

YEAR- ACTIVITY #	MTW ACTIVITY	STATUTORY OBJECTIVE	PAGE
2015-2	Reporting on the Use of Net Proceeds from Disposition Activities	Cost-effectiveness	44
2014-1	Stepped-down Assistance for Homeless Youth	Self-sufficiency	45
2014-2	Revised Definition of "Family"	Housing Choice	48
2013-1	Passage Point Prisoner Re-entry Housing Program	Housing Choice	49
2013-2	Flexible Rental Assistance	Housing Choice	51
2012-2	Community Choice Program	Housing Choice	52

YEAR- ACTIVITY #	MTW ACTIVITY	STATUTORY OBJECTIVE	PAGE
2009-1	Project-based Section 8 Local Program Contract Term	Housing Choice	54
2008-1	Acquire New Public Housing	Housing Choice	55
2008-10 & 2008-11	EASY and WIN Rent Policies	Cost-effectiveness	56
2008-21	Public Housing and Section 8 Utility Allowances	Cost-effectiveness	58
2007-6	Develop a Sponsor-based Housing Program	Housing Choice	60
2007-14	Enhanced Transfer Policy	Cost-effectiveness	61
2007-18	Resident Opportunity Plan (ROP)	Self-sufficiency	63
2005-4	Payment Standard Changes	Housing Choice	65
2004-2	Local Project-based Section 8 Program	Cost-effectiveness	66
2004-3	Develop Site-based Waiting Lists	Housing Choice	69
2004-5	Modified Housing Quality Standards (HQS) Inspection Protocols	Cost-effectiveness	71
2004-7	Streamlining Public Housing and Section 8 Forms and Data Processing	Cost-effectiveness	73
2004-9	Rent Reasonableness Modifications	Cost-effectiveness	75
2004-12	Energy Services Company (ESCO) Development	Cost-effectiveness	76
2004-16	Section 8 Occupancy Requirements	Cost-effectiveness	77

ACTIVITY 2015-2: Reporting on the Use of Net Proceeds from Disposition Activities

MTW STATUTORY OBJECTIVE: Increase Cost-effectiveness

APPROVAL: 2015

IMPLEMENTED: 2015

DATA SOURCE: Administrative Data

CHALLENGE: The reporting process for the use of net proceeds from KCHA's disposition activities is duplicative and burdensome, taking up to 160 hours to complete each year. The reporting protocol for the MTW program aligns with the Section 18 disposition code reporting requirements, allowing for an opportunity to simplify this process.

SOLUTION: KCHA reports on the use of net proceeds from disposition activities in the annual MTW report. This streamlining activity allows us to realize time-savings and administrative efficiencies while continuing to adhere to the guidelines outlined in 24 CFR 941 Subpart F of Section 18 demolition and disposition code.

We use our net proceeds from the last HOPE VI disposition, Seola Gardens, in some of the following ways, all of which are accepted uses under Section 18(a)(5):

1. Repair or rehabilitation of existing ACC units.
2. Development and/or acquisition of new ACC units.
3. Provision of social services for residents.
4. Implementation of a preventative and routine maintenance strategy for specific single-family scattered-site ACC units.
5. Modernization of a portion of a residential building in our inventory to develop a recreation room, laundry room or day-care facility for residents.
6. Funding of a HUD-approved homeownership program authorized under Section 32, 9, 24 or any other Section of the Act, for assistance to purchasers, for reasonable planning and implementation costs, and for acquisition and/or development of homeownership units.
7. Leveraging of proceeds in order to partner with a private entity for the purpose of developing mixed-finance Public Housing under 24 CFR 905.604.

We report on the proceeds' uses, including administrative and overhead costs, in the MTW reports. The net proceeds from this project are estimated to be \$5 million.

PROGRESS AND OUTCOMES: KCHA did not expend any net proceeds in 2015, eliminating the need to report on the use of these funds. This activity only reports outcomes related to savings when expenditures occur over a fiscal year.

HUD METRICS

MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK	OUTCOME	BENCHMARK ACHIEVED?
Reduce costs and achieve greater cost-effectiveness	CE #1: Total cost of task in dollars	\$0 saved	\$11,840 ¹⁹ saved	\$0 saved	N/A
Reduce costs and achieve greater cost-effectiveness	CE #2: Total time to complete task in staff hours	0 hours saved	160 hours saved	0 hours saved	N/A

ACTIVITY 2014-1: Stepped-down Assistance for Homeless Youth

MTW STATUTORY OBJECTIVE: Increase Self-sufficiency

APPROVAL: 2014

IMPLEMENTED: 2014

DATA SOURCE: Service Provider Partner

CHALLENGE: During the January 2015 point-in-time homeless count in King County, 824 youth were identified as homeless or unstably housed, a 6 percent increase over 2014.²⁰ Local service providers have identified the need for a short-term, gradually diminishing rental subsidy structure to meet the unique needs of these youth.

SOLUTION: KCHA has implemented a flexible, “stepped-down” rental assistance model in partnership with local youth service providers. Our service provider partners find that a short-term rental subsidy, paired with supportive services, is the most effective way to serve homeless youth as a majority of these young adults do not require extended tenure in a supportive housing environment. By providing limited-term rental assistance and promoting graduation to independent living, more youth can be served effectively through this program model. As part of this initiative, KCHA currently partners with the YMCA to administer Next Step, and Valley Cities Counseling and Consultation to provide the Coming Up

“A year later I am preparing to sign another lease at my apartment and am employed in an even better job. I really have a plan for success in my life and the Next Step program helped me get to where I am today.”

SHAKERA, NEXT STEP PARTICIPANT

¹⁹ This figure was calculated by multiplying the median hourly wage and benefits (\$74) of the staff member who oversees this activity by the number of hours saved. This number represents a hypothetical estimate of the dollar amount that could be saved in staff hours by implementing this activity.

²⁰ Count Us In 2015: King County's Point-in-Time Count of Homeless & Unstably Housed Young People. <http://www.kingcounty.gov/socialservices/Housing/ServicesAndPrograms/Programs/Homeless/HomelessYouthandYoungAdults.aspx>.

program. These programs offer independent housing opportunities to young adults (ages 18 to 25) who are either exiting homelessness or currently living in service-rich transitional housing. Participants secure their apartment, sign a lease and work with a resource specialist to assure longer-term housing stability.

PROGRESS AND OUTCOMES: The Coming Up program is in the process of migrating all current participants from an income-based rent model to a stepped-down rent assistance model that increases over time. In 2015, 12 of the 30 households enrolled in this program were participating in the stepped-down rent model. Once the year-notification period for current residents concludes, all will be enrolled in this rent model.

The Next Step program housed 14 young adults with 11 paying 30 percent or more of the contract rent, more than doubling the number of participants paying this amount in 2014.

HUD METRICS					
MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK	OUTCOME	BENCHMARK ACHIEVED?
Increase self-sufficiency	SS #1: Average earned income of households affected by this policy	\$0/month	Next Step: \$777/month Coming Up: \$200/month	Next Step: \$1,041/month Coming Up: \$260/month	Exceeded
Increase self-sufficiency	SS #3: Employment status for heads of household ²¹	(1) Employed Full-time 0 participants	5 participants	9 participants	Partially Achieved
		(2) Employed Part-time 0 participants	10 participants	20 participants	
		(3) Enrolled in an Educational Program 0 participants	5 participants	8 participants	
		(4) Enrolled in Job-training Program 0 participants	2 participants	4 participants	
		(5) Unemployed 0 participants	0 participants	7 participants	
		(6) Other 0 participants	0 participants	0 participants	

²¹ This only includes data for the Next Step program. VCCC will start collecting employment outcomes in 2016.



HUD METRICS

MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK	OUTCOME	BENCHMARK ACHIEVED?
Increase self-sufficiency	SS #5: Number of households receiving services	0 households	45 households	63 households	Exceeded
Increase self-sufficiency	SS #7: Tenant rent share	0 households	Next Step: 4 households at 30% of contract rent Coming Up: 10 paying \$50 towards contract rent	Next Step: 4 households at 60% of contract rent 7 households at 30% of contract rent Coming Up: 11 paying \$50 towards contract rent	Exceeded
Increase self-sufficiency	SS #8: Households transition to self-sufficiency ²²	0 households	45 households	26 households	Not Achieved

²² Self-sufficiency for this activity is defined as securing and maintaining housing. One participant is currently shopping for a unit.

ACTIVITY 2014-2: Revised Definition of “Family”

MTW STATUTORY OBJECTIVE: Increase Housing Choice

APPROVAL: 2014

IMPLEMENTED: 2014

DATA SOURCE: Wait List and KCHA Resident Database (MST, Tenmast)

CHALLENGE: On Jan. 22, 2015, 3,069 parents and their children were living in emergency or temporary housing in King County.²³ Thousands more elderly and disabled people, many with severe rent burdens, are on our wait lists with no new federal resources anticipated.

SOLUTION: This policy directs KCHA's limited resources to populations facing the greatest need: elderly, near-elderly and disabled households; and families with children. We modified the eligibility standards outlined in the Public Housing Admissions and Continued Occupancy Policy (ACOP) and Section 8 Administrative Plans to limit eligible households to those that include at least one elderly or disabled individual or a minor/dependent child. The current policy affects only admissions and does not affect the eligibility of households currently receiving assistance. Exceptions will be made for participants in programs that target specialized populations such as domestic violence victims or individuals who had been chronically homeless.

PROGRESS AND OUTCOMES: KCHA applied this policy to new applicants starting in December 2014. In February 2015, KCHA opened its Housing Choice Voucher wait list for the first time in nearly four years and determined applicants' eligibility based on this revised definition.

HUD METRICS

MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK	OUTCOME	BENCHMARK ACHIEVED?
Increase housing choices	HC #3: Average applicant time on wait list (in months)	29 months	25 months	25 months	Achieved
Increase housing choices	HC #4: Number of households at or below 80% AMI that would lose assistance or need to move	0 households	0 households	0 households	Achieved

²³ HUD's 2015 Continuum of Care Homeless Assistance Programs Homeless Populations and Subpopulations (WA-500). https://www.hudexchange.info/resource/reportmanagement/published/CoC_PopSub_CoC_WA-500-2015_WA_2015.pdf.

ACTIVITY 2013-1: Passage Point Prisoner Re-entry Housing Program

MTW STATUTORY OBJECTIVE: Increase Housing Choice

APPROVAL: 2013

IMPLEMENTED: 2013

DATA SOURCE: Service Provider Partner and KCHA Resident Database (MST, Tenmast)

CHALLENGE: IN 2015, 1,416 individuals in King County returned to the community after a period of incarceration.²⁴ Nationally, more than half of all inmates are parents who will face barriers to securing housing and employment upon release due to their criminal record or lack of job skills.²⁵ Without a home or employment, many of these parents are unable to reunite with their children.

SOLUTION: Passage Point is a unique supportive housing program that serves parents trying to reunify with their children following a period of incarceration. KCHA provides 46 project-based Section 8 vouchers while the YWCA provides property management and supportive services. YWCA identifies eligible individuals through outreach to prisons and correctional facilities. In contrast to typical transitional housing programs that have strict 24-month occupancy limits, Passage Point participants may remain in place until they have completed the reunification process, are stabilized in employment and can demonstrate their ability to succeed in a less service intensive environment. Passage Point participants who complete the program and regain custody of their children may apply to KCHA's Public Housing program and receive priority placement on the wait list.

PROGRESS AND OUTCOMES: In 2015, 51 households were living and participating in services at Passage Point. Of those being served, 11 program participants reunited with their children and graduated to permanent housing.

11 formerly incarcerated parents were reunited with their children and graduated to permanent housing.

²⁴ Washington State Department of Corrections. Number of Prison Releases by County of Release. <http://www.doc.wa.gov/aboutdoc/docs/msAdmissionsandReleasesbyCounty.pdf>

²⁵ Glaze, L E and Maruschak, M M (2008). Parents in Prison and Their Minor Children. <http://www.bjs.gov/index.cfm?ty=pbde-tail&iid=823>

HUD METRICS					
MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK	OUTCOME	BENCHMARK ACHIEVED?
Reduce costs and achieve greater cost-effectiveness	CE #4: Amount of funds leveraged in dollars	\$0	\$500,000	\$650,000	Exceeded
Increase housing choices	HC #5: Number of households able to move to a better unit ²⁶	0 households	40 households	51 households	Exceeded
Increase housing choices	HC #7: Number of households receiving services aimed to increase housing choice	0 households	40 households	51 households	Exceeded
Increase self-sufficiency	SS #1: Average earned income of households affected by this policy	\$0	\$3,584	\$5,620	Exceeded
Increase self-sufficiency	SS #3: Employment status for heads of household	(1) Employed Full-time 0 participants	15	15	Partially Achieved
		(2) Employed Part-time 0 participants	15	15	
		(3) Enrolled in an Educational Program 0 participants	15	16	
		(4) Enrolled in Job Training Program 0 participants	12	12	
		(5) Unemployed 0 participants	0	5	
		(6) Other 0 participants	19	19	
Increase self-sufficiency	SS #8: Number of households transitioned to self-sufficiency ²⁷	0 households	5 households	11 households	Exceeded

²⁶ Better unit is defined as stable housing.

²⁷ Self-sufficiency in this activity is defined as graduating to Public Housing or other independent housing.

ACTIVITY 2013-2: Flexible Rental Assistance²⁸

MTW STATUTORY OBJECTIVE: Increase Housing Choice

APPROVAL: 2013

IMPLEMENTED: 2013

DATA SOURCE: Service Provider Partner

CHALLENGE: The one-size-fits-all approach of traditional housing programs does not provide the flexibility needed to quickly and effectively meet the needs of low-income individuals facing distinct housing crises, such as homelessness and domestic violence. In many of these cases, a short-term rental subsidy paired with responsive, individualized case management can help a family out of a crisis situation and into safe, stable housing.

SOLUTION: This activity, developed with local service providers, offers flexible housing assistance to families in crisis. KCHA provides flexible financial assistance, including time-limited rental subsidy, security deposits, rent arrears and funds to cover move-in costs, while our partners provide individualized services. Participants work with a caseworker during the program and beyond to secure and maintain housing. Two housing programs make up this initiative. The first is the Student and Family Stability Initiative (SFSI) that pairs short-term rental assistance with housing stability and employment connection services for families experiencing or on the verge of homelessness. School-based McKinney-Vento liaisons identify and connect these families with community-based service providers while caseworkers have the flexibility to determine the most effective approach to quickly stabilize participants in housing. The second program quickly identifies and secures housing for survivors of domestic violence. Like SFSI, a case manager works with families to determine and administer support that addresses their most immediate needs.

PROGRESS AND OUTCOMES: In 2015, SFSI helped 44 families secure housing, resulting in 108 formerly homeless children having a safe, stable place to call home during the school year.

The Housing First domestic violence program was launched in August 2015 and by the end of the year, had assisted five families in securing safe housing using the flexible financial assistance provided through the program.

Through the
Student and
Family Stability
Initiative

108
children

have a safe,
stable place
to call home.

²⁸ This activity has been combined with Activity 2013-3: Short-term Rental Assistance Program as the program models are similar and enlist the same MTW flexibilities.

HUD METRICS					
MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK	OUTCOME	BENCHMARK ACHIEVED?
Increase housing choices	HC #5: Number of households able to move to a better unit	0 households	20 households	49 households ²⁹	Exceeded
Increase housing choices	HC #7: Number of households receiving services aimed to increase housing choice	0 households	20 households	125 households ³⁰	Exceeded

ACTIVITY 2012-2: Community Choice Program

MTW STATUTORY OBJECTIVE: Increase Housing Choice

APPROVAL: 2012

IMPLEMENTED: 2013

DATA SOURCE: CCP Master Spreadsheet

CHALLENGE: Research increasingly demonstrates that people's health, employment status and educational success are influenced enormously by where they live. Only 30 percent of KCHA's tenant-based Housing Choice Voucher holders live in the high-opportunity neighborhoods of King County that can help promote positive outcomes. High-opportunity neighborhoods are characterized by lower poverty rates, better educational and employment opportunities, and proximity to major transportation hubs. These neighborhoods also have higher rents and a more limited supply of rental housing. For a wide variety of reasons, low-income families are more likely to live in communities that have higher poverty rates and less access to these benefits.

SOLUTION: This initiative aims to encourage and enable Housing Choice Voucher households with young children to relocate to areas of the county with higher achieving school districts. In addition to formidable barriers accessing these neighborhoods, many households are not aware of the link between location and educational and employment opportunities. Through collaboration with local nonprofits and landlords, the Community Choice Program offers one-on-one counseling to households making the decision of where to live, along with ongoing support once a family moves to a new neighborhood.

PROGRESS AND OUTCOMES: In 2015, 64 households were participating in the Community Choice program with 10 having successfully moved to a high-opportunity neighborhood. As the program becomes more established, we anticipate seeing more positive gains for the program's participating households.

²⁹ SFSL: 44 families housed; DVHF: 5 families housed.

³⁰ SFSL: 96 households served; DVHF: 29 households served.

**high
opportunity
neighborhood**

=

**educational
opportunity**

+

**economic
health**

+

**housing
quality**

+

transportation

+

**neighborhood
health**

HUD METRICS

MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK	OUTCOME	BENCHMARK ACHIEVED?
Increase housing choices	HC #5: Number of households able to move to a better unit and/or neighborhood of opportunity	0 households move	20 households move	10 households move	Not Achieved
Increase housing choices	HC #7: Number of households receiving services aimed to increase housing choice	0 households	35 households	64 households	Exceeded

ACTIVITY 2009-1: Project-based Section 8 Local Program Contract Term

MTW STATUTORY OBJECTIVE: Increase Housing Choice

APPROVAL: 2009

IMPLEMENTED: 2009

DATA SOURCE: Leased Housing Department

CHALLENGE: Prior to 2009, our nonprofit development partners faced difficulties securing private financing for the development and acquisition of affordable housing projects. Measured against banking and private equity standards, the Housing Assistance Payments (HAP) contract term set by HUD is too short and hinders our partners' ability to underwrite debt on affordable housing projects.

SOLUTION: This activity extends the length of the allowable term for Section 8 project-based contracts up to 15 years. This change in term assists our partners in underwriting and leveraging private financing for development and acquisition projects. The longer-term commitment from KCHA signals to lenders and underwriters that these partner agencies have sufficient resources to take on the debt acquired through the new development of affordable housing units.

PROGRESS AND OUTCOMES: KCHA saves 20 hours per each 15-year contract.

HUD METRICS					
MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK	OUTCOME	BENCHMARK ACHIEVED?
Reduce costs and achieve greater cost-effectiveness	CE #1: Total cost of task in dollars	\$0 saved	\$880 saved	\$880 saved ³¹	Achieved
Reduce costs and achieve greater cost-effectiveness	CE #2: Total time to complete task in staff hours	0 hours saved per contract	20 hours saved per 15-year contract	20 hours saved per 15-year contract	Achieved

³¹ This figure was calculated by multiplying the median hourly wage and benefits (\$44) of the staff member who oversees this activity by the number of hours saved. This number represents a hypothetical estimate of the dollar amount that could be saved in staff hours by implementing this activity. It is a monetization of the hours saved through the implementation of this program.



ACTIVITY 2008-1: Acquire New Public Housing

MTW STATUTORY OBJECTIVE: Increase Housing Choice

APPROVAL: 2008

IMPLEMENTED: 2008

DATA SOURCE: Housing Management Department

CHALLENGE: In King County, nearly half of all renter households spend more than 30 percent of their income on rent.³² Countywide, fewer than 15 percent of all apartments are considered affordable to households earning less than 30 percent of AMI.³³ In the context of these challenges, KCHA's Public Housing wait lists continue to grow. Given this gap between available affordable housing and the number of low-income renters, KCHA must continue to increase the inventory of units affordable to extremely low-income households.

SOLUTION: KCHA's Public Housing ACC is currently below the Faircloth limit in the number of allowable units. These "banked" Public Housing subsidies allow us to add to the affordable housing supply in the region by acquiring new units. This approach is challenging, however, because Public Housing units cannot support debt. We continue our innovative use of MTW working capital, with a particular focus on the creation or preservation of units in high-opportunity neighborhoods.

PROGRESS AND OUTCOMES: In 2015, KCHA completed construction of Vantage Point, a 77-unit property that provides housing opportunities to senior and disabled households, and converted an additional 38 units to Public Housing.

³² US Census Bureau, ACS 2014 5-year estimates: 47.9% of King County renter households pay 30% or more of household income on gross rent. http://factfinder.census.gov/bkmk/table/1.0/en/ACS/14_5YR/DP04/0500000US53033.

³³ US Census Bureau, ACS 2013 5-year estimates: 14.4% of King County rental units have gross rents under \$750. http://factfinder.census.gov/bkmk/table/1.0/en/ACS/14_5YR/DP04/0500000US53033. HUD FY2013 Income Limits Documentation System: 30% AMI for a household of four is \$26,450. For a household making \$26,450 per year, spending no more than 30% of income on rent translates to \$661.25 or less in asking rent.

HUD METRICS					
MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK	OUTCOME	BENCHMARK ACHIEVED?
Increase housing choices	HC # 1: Number of new housing units made available for households at or below 80% AMI	0 units (2004)	700 units (cumulative through 2018)	115 units ³⁴ (269 cumulative)	In Progress
Increase housing choices	HC #2: Number of housing units at or below 80% AMI that would not otherwise be available	0 units	700 units (cumulative through 2018)	115 units (269 cumulative)	In Progress
Increase housing choices	HC #5: Number of households able to move to an opportunity neighborhood	0% of new units	50% of new units	26% of new units	In Progress

ACTIVITY 2008-10 and 2008-11: EASY and WIN Rent Policies

MTW STATUTORY OBJECTIVE: Increase Cost-effectiveness

APPROVAL: 2008

IMPLEMENTED: 2008

DATA SOURCE: KCHA Resident Database, Leased Housing Department, KCHA MTW Rent Reform Final Impact Analysis Report (Seasholtz)

CHALLENGE: The administration of rental subsidy under existing HUD rules can be complex and confusing to the households we serve. Significant staff time was being spent complying with federal requirements that do not promote better outcomes for residents, safeguard program integrity or save taxpayer money. The rules regarding deductions, annual reviews and recertifications, and income calculations were cumbersome and often hard to understand, especially for the elderly and disabled people we serve. These households live on fixed incomes that change only when there is a Cost of Living Adjustment (COLA), making annual reviews superfluous. For working households, HUD's rent rules include complicated earned-income disregards that can manifest as disincentives to income progression and advances in employment.

SOLUTION: KCHA has two rent reform policies. The first, EASY Rent, simplifies rent calculations and recertifications for elderly and disabled households that derive 90 percent of their income from a fixed source (such as Social Security, Supplemental Security Income [SSI] or pension benefits), and are enrolled in our Public Housing, Housing Choice Voucher or project-based Section 8 programs. Rents are calculated at 28 percent of adjusted income with deductions for medical- and disability-related expenses in \$2,500 bands and a cap on deductions at \$10,000.

³⁴ Island Crest (30 units), Shelcor (8 units), and Vantage Point (77 units).



EASY Rent streamlines KCHA operations and simplifies the burden placed on residents by reducing recertification reviews to a three-year cycle and rent adjustments based on COLA increases in Social Security and SSI payments to an annual cycle.

The second policy, **WIN RENT**, was introduced in FY 2010 to encourage increased economic self-sufficiency among households where individuals are able to work. WIN Rent is calculated on a series of income bands and the tenant's share of the rent is calculated at 28.3 percent of the lower end of each income band. This tiered system—in contrast to existing rent protocols—does not punish increases in earnings, as the tenant's rent does not change until household income increases to the next band level. Additionally, recertifications are conducted biennially instead of annually, allowing households to retain all increases in earnings during that time period without an accompanying increase to the tenant's share of rent. The WIN Rent structure also eliminates flat rents, income disregards and deductions (other than childcare for eligible households), and excludes the employment income of household members under age 21. Households with little or no income are given a six-month reprieve during which they are able to pay a lower rent or, in some cases, receive a credit payment. Following this period, the household pays a minimum rent of \$25 regardless of income calculation.

In addition to the changes to the recertification cycle, we also have streamlined processing and reviews. For example, we limit the number of tenant-requested reviews to reduce rent to two occurrences in a two-year period. We estimate that these policy and operational modifications have reduced the relevant administrative workloads in the Section 8 and Public Housing programs by 20 percent.

PROGRESS AND OUTCOMES: KCHA continued to realize significant savings in staff time and resources through the simplified rent calculation protocol, saving close to 6,000 hours in 2015.

KCHA redirected
6,000
hours
of staff
time
by simplifying
rent calculation
protocols.

HUD METRICS					
MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE ³⁵	BENCHMARK	OUTCOME	BENCHMARK ACHIEVED?
Reduce costs and achieve greater cost-effectiveness	CE #1: Total cost of task in dollars	\$0 saved	\$113,248 saved ³⁶	\$181,952 saved	Exceeded
Reduce costs and achieve greater cost-effectiveness	CE #2: Total time to complete task in staff hours	0 hours saved	3,087 HCV staff hours saved; 452 PH staff hours saved	4,523 HCV staff hours saved; 1,163 PH staff hours saved	Exceeded
Increase self-sufficiency	SS #1: Average earned income of households (EASY)	HCV: \$10,617 PH: \$10,514	2% increase	HCV: \$12,077 PH: \$11,138	Exceeded
Increase self-sufficiency	SS #1: Average earned income of household (WIN)	HCV: \$7,983 PH: \$14,120	3% increase	HCV: \$12,823 PH: \$14,928	Exceeded
Increase self-sufficiency	SS #8: Households transition to self-sufficiency ³⁷	0 households	25 households	271 households	Exceeded

ACTIVITY 2008-21: Public Housing and Section 8 Utility Allowances

MTW STATUTORY OBJECTIVE: Increase Cost-effectiveness

APPROVAL: 2008

IMPLEMENTED: 2010

DATA SOURCE: Housing Management Department

CHALLENGE: KCHA would spend almost \$22,000 annually in additional staff time to administer utility allowances under HUD's one-size-fits-all national guidelines. HUD's national approach fails to capture average consumption levels in the Puget Sound area.

³⁵ 2010 earned income baseline from Rent Reform Impact Report, John Seasholtz.

³⁶ This figure was calculated by multiplying the median hourly wage and benefits (\$32) of the staff members who oversee this activity by the number of hours saved. This number represents an estimate of the dollar amount that could be saved in staff hours by implementing this activity. It is a monetization of the hours saved through the implementation of this program.

³⁷ Self-sufficiency is defined as a positive move from subsidized housing.

SOLUTION: This activity simplifies the HUD rules on Public Housing and Section 8 Utility Allowances by applying a universal methodology that reflects local consumption patterns and costs. Before this policy change, allowances were calculated for each individual unit and household type with varied rules under the Section 8 and Public Housing programs. Additionally, HUD required an immediate update of the allowances with each cumulative 10 percent rate increase made by utility companies. Now, KCHA provides allowance increases annually when the Consumer Price Index produces a change of over or under 10 percent rather than each time an adjustment is made to the utility equation. Additionally, we worked with data from a Seattle City Light study completed in late 2009, allowing us to identify key factors in household energy use and therefore project average consumption levels for various types of units in the Puget Sound region. We used this information to set a new utility schedule that considers various factors: type of unit (single vs. multi-family), size of unit, high-rise vs. low-rise units, and the utility provider. We also modified allowances for units where the resident pays water and/or sewer charges. KCHA's Hardship Policy, adopted in July 2010, allows KCHA to respond to unique household or property circumstances and documented cases of financial hardship, including utility rate issues.

PROGRESS AND OUTCOMES: KCHA continued to set utility allowances with the streamlined regional utility schedule, allowing us to save close to 300 hours of staff time each year.

HUD METRICS

MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK	OUTCOME	BENCHMARK ACHIEVED?
Reduce costs and achieve greater cost-effectiveness	CE #1: Total cost of task in dollars	\$0 saved	\$21,825 saved ³⁸	\$21,825 saved	Achieved
Reduce costs and achieve greater cost-effectiveness	CE #2: Total time to complete task in staff hours	0 hours saved	291 hours saved	291 hours saved	Achieved
Reduce costs and achieve greater cost-effectiveness	CE #2: Total time to complete task in staff hours	0 minutes saved per HCV file and 0 minutes saved per PH file	2.5 minutes saved per HCV file and 5 minutes saved per PH file	2.5 minutes saved per HCV file and 5 minutes saved per PH file	Achieved

³⁸ This figure was calculated by multiplying the median hourly wage and benefits (\$75) of the staff member who oversees this activity by the number of hours saved. This number represents a hypothetical estimate of the dollar amount that could be saved in staff hours by implementing this activity. It is a monetization of the hours saved through the implementation of this program

John experienced his first psychotic episode as a young man while serving in the Navy. In an effort to drown out the voices, he turned to crack cocaine and alcohol. After years cycling between the streets and drug treatment facilities, he was referred to the PACT program. PACT, a sponsor-based supportive housing program, provides housing, treatment, and wraparound services to formerly homeless individuals like John. When John first started the program, he repeated his old pattern, which began with a period of sobriety, followed by relapse, and eventually, psychiatric hospitalization. The PACT team never gave up on John—they enrolled him in an intensive therapy program to help with his psychosis and found him a medication with fewer side effects, all while providing him with a stable home. He soon found that the voices were becoming easier to manage and he no longer had the strong urge to self-medicate. This past year, John had his longest period of sobriety since his teen years and was able to land a job with Federal Express and reconnect with his family.

ACTIVITY 2007-6: Develop a Sponsor-based Housing Program

MTW STATUTORY OBJECTIVE: Increase Housing Choice

APPROVAL: 2007

IMPLEMENTED: 2007

DATA SOURCE: Homeless Housing Initiatives Department

CHALLENGE: According to a 2015 point-in-time count, 823 individuals in King County were chronically homeless.³⁹ Many landlords are hesitant to sign a lease with an individual who has been chronically homeless, usually due to that person's spotty rental history, lack of consistent employment or criminal background. Additionally, most people who have been chronically homeless require additional support, beyond rental subsidy, to secure and maintain a safe, stable place to live.

SOLUTION: In the sponsor-based housing program, KCHA provides housing funds directly to service provider partners, including Sound Mental Health, Navos Mental Health Solutions, and Valley Cities Counseling and Consultation. These providers use the funds to secure private market rentals that are then subleased to program participants. The programs operate under the "Housing First" model of supportive housing, which couples quick placement in permanent, scattered-site housing with intensive, individualized services that help a resident maintain long-term housing stability. Recipients of this type of support are referred from the mental health and criminal justice systems, street outreach teams, and youth providers serving homeless young adults referred through King County's Coordinated Entry and Assessment system. Once a resident is stabilized and ready for a more independent living environment, KCHA may offer transition to a tenant-based Section 8 subsidy.

PROGRESS AND OUTCOMES: KCHA continued to serve hard-to-house populations through our Housing First model that facilitates coordination among the housing, mental health and criminal justice systems. This program provided safe and stable housing to 151 households that were exiting years of homelessness.

³⁹ CoC Dashboard Report (WA-500). 2015 Continuum of Care Homeless Assistance Programs Homeless Populations and Subpopulations. https://www.hudexchange.info/resource/reportmanagement/published/CoC_PopSub_CoC_WA-500-2015_WA_2015.pdf

HUD METRICS					
MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK	OUTCOME	BENCHMARK ACHIEVED?
Increase housing choices	HC #1: Number of new units made available for households at or below 80% AMI	0 units	137 units	122 units	Not Achieved ⁴⁰
Increase housing choices	HC #5: Number of households able to move to a better unit	0 households	124 households	151 households	Exceeded
Increase self-sufficiency	SS #5: Number of households receiving services aimed to increase self-sufficiency	0 households	124 households	151 households	Exceeded
Increase self-sufficiency	SS #8: Number of households transitioned to self-sufficiency ⁴¹	0 households	100 households	111 households	Exceeded

ACTIVITY 2007-14: Enhanced Transfer Policy

MTW STATUTORY OBJECTIVE: Increase Cost Effectiveness

APPROVAL: 2007

IMPLEMENTED: 2007

DATA SOURCE: Housing Management Department

CHALLENGE: HUD rules restrict a resident from moving from Public Housing to Section 8 or from Section 8 to Public Housing, which hamper our ability to meet the needs of our residents. For example, project-based Section 8 residents may need to move if their physical abilities change and they no longer can access their second story, walk-up apartment. A Public Housing property may have an accessible unit available. Under traditional HUD regulations, this resident would not be able to move into this available unit.

SOLUTION: Under existing HUD guidelines, a resident cannot transfer between the Section 8 and Public Housing programs, regardless of whether a more appropriate unit for the resident is available in the other program. This policy allows a resident to transfer among KCHA's various subsidized programs and expedites access to Uniform Federal Accessibility Standards (UFAS)-rated units for mobility-impaired households. In addition to mobility needs, a household might grow in size and require a larger unit with more bedrooms. The enhanced transfer

⁴⁰ A portion of the Coming Up program participants were enrolled through attrition in the stepped-down rent model in 2015. Their outcomes are reported in Activity 2014-1.

⁴¹ Self-sufficiency is defined as stabilizing in housing.



policy allows a household to move to a larger unit when one becomes available in either program. In 2009, KCHA took this one step further by actively encouraging over-housed or under-housed residents to transfer when an appropriately sized unit becomes available. The flexibility provided through this policy allows us to swiftly meet the needs of our residents by housing them in a unit that suits their situation best, regardless of which federal subsidy they receive.

PROGRESS AND OUTCOMES: In 2015, thirteen households that would not have been eligible for a unit change were able to move to a more suitable unit.

HUD METRICS

MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK	OUTCOME	BENCHMARK ACHIEVED?
Increase housing choices	HC # 5: Number of households able to move to a better unit and/ or opportunity neighborhood	0 households	10 households	13 households ⁴²	Exceeded

⁴² Two households transferred from project-based Section 8 to Public Housing; two households transferred from Public Housing to Section 8; one transferred from project-based Section 8 to Section 8; one transferred from Section 8 to Public Housing; and seven households received an incentive payment.

ACTIVITY 2007-18: Resident Opportunity Plan (ROP)

MTW STATUTORY OBJECTIVE: Increase Self-sufficiency

APPROVAL: 2007

IMPLEMENTED: 2010

DATA SOURCE: ROP Master Spreadsheet, DSHS, TAAG; compiled and analyzed by Resident Services Department

CHALLENGE: For every household receiving housing subsidy, another one-and-a-half households are estimated to be in need of assistance.⁴³ To serve more households with limited resources, households receiving subsidies need to be supported in their efforts to achieve economic self-sufficiency and cycle out of the program. HUD's Family Self-Sufficiency (FSS) program may not offer the full range of services to support greater self-sufficiency and graduation from assisted housing.

SOLUTION: An expanded and locally designed version of FSS, ROP's mission is to advance families toward self-sufficiency through the provision of case management, supportive services and program incentives, with the goal of positive transition from Public Housing or Section 8 into private market rental housing or home ownership. KCHA implemented this five-year pilot in collaboration with community partners, including Bellevue College and the YWCA. These partners provide education and employment-focused case management, such as individualized career planning, a focus on wage progression and asset-building assistance. In lieu of a standard FSS escrow account, each household receives a monthly deposit into a savings account, which continues throughout program participation. Deposits to the household savings account are made available to residents upon graduation from Public Housing or Section 8 subsidy.

PROGRESS AND OUTCOMES: 2015 was the final year of the five-year pilot. After reviewing the mixed outcomes from the multi-year evaluation, KCHA decided to close out the program and re-evaluate the best ways to assist the families we serve in achieving economic independence.

HUD METRICS

MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK	OUTCOME	BENCHMARK ACHIEVED?
Increase self-sufficiency	SS #1: Average earned income of households in dollars	\$0	\$19,678	\$34,297	Exceeded
Increase self-sufficiency	SS #2: Average amount of savings/escrow in dollars	\$0	\$5,000	\$7,445	Exceeded

⁴³ Worst Case Housing Needs 2015: Report to Congress, page viii. https://www.huduser.gov/portal/publications/affhsg/wc_HsgNeeds15.html

HUD METRICS					
MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK	OUTCOME	BENCHMARK ACHIEVED?
Increase self-sufficiency	SS #3: Employment status for heads of household	(1) Employed Full-time 23 participants	35 participants	36 participants	Partially Achieved
		(2) Employed Part-time 25 participants	10 participants	11 participants	
		(3) Enrolled in an Educational Program 13 participants	35 participants	22 participants	
		(4) Enrolled in Job Training Program 2 participants	5 participants	10 participants	
		(5) Unemployed 5 participants	0 participants	2 participants	
		(6) Other 1 participants	0 participants	0 participants	
Increase self-sufficiency	SS #5: Households assisted by services that increase self-sufficiency	0 households	50 households	49 households	Not Achieved
Increase self-sufficiency	SS #6: Average amount of Section 8 subsidy per household	\$0	\$774	\$720	Not Achieved
Increase self-sufficiency	SS #7: Tenant rent share, in dollars	\$0	\$417	\$539	Exceeded
Increase self-sufficiency	SS #8: Households transitioned to self-sufficiency ⁴⁴	0 households	5 households	13 households	Exceeded

⁴⁴ Self-sufficiency is defined as successful transition to unsubsidized housing.

ACTIVITY 2005-4: Payment Standard Changes

MTW STATUTORY OBJECTIVE: Increase Housing Choice

APPROVAL: 2005

IMPLEMENTED: 2005

DATA SOURCE: Leased Housing Department

CHALLENGE: Only 30 percent of KCHA's tenant-based voucher households live in high-opportunity areas of King County, which means 70 percent are unable to reap the benefits that come with living in such a neighborhood. These benefits include improved educational opportunities, increased access to public transportation and greater economic opportunities.⁴⁵ Not surprisingly, high-opportunity neighborhoods have more expensive rents. According to recent market data, a two-bedroom rental unit at the 40th percentile in East King County—typically a high-opportunity area—costs \$503 more than the same unit in South King County, which includes several high-poverty neighborhoods.⁴⁶ To move to high-opportunity areas, voucher holders need sufficient resources, which are not available under current payment standards. Conversely, broadly applied payment standards that encompass multiple housing markets—low and high—result in Section 8 rents “leading the market” in lower priced areas.

SOLUTION: This initiative develops local criteria for the determination and assignment of payment standards to better match the local rental market, with the goals to increase affordability in high-opportunity neighborhoods and ensure the best use of limited financial resources. We develop our payment standards through an ongoing analysis of local submarket conditions, trends and projections. This approach means that we can provide subsidy levels sufficient for families to afford the rents in high-opportunity areas of the county and not have to pay market-leading rents in less expensive neighborhoods. As a result, our residents are not squeezed out by tighter rental markets, and we can increase the number of voucher tenants living in high-opportunity neighborhoods. In 2005, KCHA began applying new payment standards at the time of a resident's next annual review. In 2007, we expanded this initiative and allowed approval of payment standards of up to 120 percent of Fair Market Rent (FMR) without HUD approval. In early 2008, we decoupled the payment standards from HUD's FMR calculations entirely so that we could be responsive to the range of rents in Puget Sound's submarkets.

PROGRESS AND OUTCOMES: In 2015, KCHA undertook the necessary planning for a multi-tiered, ZIP code based payment standard system. Staff analyzed recent tenant lease-up records, consulted local real estate data, held forums with residents and staff, reviewed other small area fair market rent payment standard systems that have been implemented by other housing authorities, and conducted financial analyses to arrive at a recommendation of a five-tiered payment standard system. In designing this new approach, we sought to have enough tiers to account for submarket variations but not so many tiers that the new system becomes burdensome to staff and residents and potentially exceeds the limits of our software system. Staff is bringing forward this recommendation to KCHA's Board of Commissioners in early 2016 with an anticipated implementation date of spring 2016.

⁴⁵ *Neighborhood opportunity designations are from the Puget Sound Regional Council and Kirwan Institutes' Opportunity Mapping index (<http://www.psrc.org/growth/growing-transit-communities/regional-equity/opportunity-mapping/>).*

⁴⁶ *Dupree & Scott, 2015 King County Rental Data*

HUD METRICS					
MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK	OUTCOME	BENCHMARK ACHIEVED?
Reduce costs and achieve greater cost-effectiveness	CE #1: Total cost of task in dollars	\$0	\$0	\$0	Achieved
Reduce costs and achieve greater cost-effectiveness	CE #2: Total time to complete the task in staff hours	0 hours	0 hours	0 hours ⁴⁷	Achieved
Increase housing choices	HC # 5: Number of households able to move to an opportunity neighborhood	21% of tenant-based Section 8 households live in high-opportunity neighborhoods	30% of tenant-based Section 8 households live in high-opportunity neighborhoods	30% of tenant-based Section 8 households live in high-opportunity neighborhoods	Achieved

46%
of KCHA's
Project-based
units are
located in high
opportunity
neighborhoods.

ACTIVITY 2004-2: Local Project-based Section 8 Program

MTW STATUTORY OBJECTIVE: Increase Cost Effectiveness

APPROVAL: 2004

IMPLEMENTED: 2004

DATA SOURCE: Project-based Assistance Spreadsheet, Internal Time Audit; compiled and analyzed by Leased Housing and Housing Management

CHALLENGE: Current project-basing regulations are cumbersome and present multiple obstacles to serving high-need households, partnering effectively and efficiently with nonprofit developers, and promoting housing options in high-opportunity areas. Some private-market landlords refuse to rent to tenants with imperfect credit or rental history, especially in tight rental markets such as ours. In many suburban jurisdictions in King County, it is legal to refuse to rent to Section 8 voucher holders, as these jurisdictions have not enacted legislation prohibiting discrimination based on source of income.

Meanwhile, nonprofit housing acquisition and development projects that would serve extremely low-income households require reliable sources

⁴⁷ This activity is net neutral in terms of hours or dollars saved. Workload remained the same, however the staff changed the timing of when they were applying payment standards.

of rental subsidies. The reliability of these sources is critical for the financial underwriting of these projects and successful engagement with banks and tax-credit equity investors.

SOLUTION: The ability to streamline the process of project-basing Section 8 subsidies is an important tool for addressing the distribution of affordable housing in King County and coordinating effectively with local initiatives. KCHA places project-based Section 8 subsidies in high-opportunity areas of the county in order to increase access to these desirable neighborhoods for low-income households. We also partner with nonprofit community service providers to create housing targeted to special needs populations, opening new housing opportunities for chronically homeless, mentally ill or disabled individuals, and homeless young adults and families who traditionally have not been served through our mainstream Public Housing and Section 8 programs. Finally, we are coordinating with county government and suburban jurisdictions to underwrite a pipeline of new affordable housing developed by local nonprofit housing providers. MTW flexibility granted by this activity has helped us implement the following policies.

CREATE HOUSING TARGETED TO SPECIAL-NEEDS POPULATIONS BY:

- Assigning Project-based Section 8 (PBS8) subsidy to a limited number of demonstration projects not qualifying under standard policy in order to serve important public purposes. (FY 2004)
- Modifying the definition of “homeless” to include overcrowded households entering transitional housing to align with entry criteria for nonprofit-operated transitional housing. (FY 2004)

SUPPORT A PIPELINE OF NEW AFFORDABLE HOUSING BY:

- Prioritizing assignment of PBS8 assistance to units located in high-opportunity census tracts, including those with poverty rates lower than 20 percent. (FY 2004)
- Waiving the 25 percent cap on the number of units that can be project-based on a single site for transitional, supportive or elderly housing, and for sites with fewer than 20 units. (FY 2004)
- Allocating PBS8 subsidy non-competitively to KCHA-controlled sites and transitional units, or using an existing local government procurement process for project-basing Section 8 assistance. (FY 2004)
- Allowing owners and agents to conduct their own construction and/or rehab inspections, and having the management entity complete the initial inspection rather than KCHA, with inspection sampling at annual review. (FY 2004)
- Modifying eligible unit and housing types to include shared housing, cooperative housing, transitional housing and high-rise buildings. (FY 2004)
- Allowing PBS8 rules to defer to Public Housing rules when used in conjunction with a mixed finance approach to housing preservation or when assigned to a redeveloped former Public Housing property. (FY 2008)

IMPROVE PROGRAM ADMINISTRATION BY:

- Allowing project sponsors to manage project wait lists as determined by KCHA. (FY 2004).
- Using KCHA's standard HCV process for determining Rent Reasonableness for units in lieu of requiring third-party appraisals. (FY 2004)



- Allowing participants in “wrong-sized” units to remain in place and pay the higher rent, if needed. (FY 2004)
- Assigning standard HCV payment standards to PBS8 units, allowing modification with approval of KCHA where deemed appropriate. (FY 2004)
- Offering moves to Public Housing in lieu of a Section 8 HCV exit voucher. (FY 2004)
 - » Exception: Tenant-based HCV could be provided for a limited period as determined by KCHA in conjunction with internal Public Housing disposition activity. (FY 2012)
- Allowing KCHA to modify the HAP contract to ensure consistency with MTW changes. (FY 2004)
- Using Public Housing preferences for PBS8 units in place of HCV preferences. (FY 2008)
- Allowing KCHA to inspect units at contract execution rather than contract proposal. (FY 2009)
- Modifying the definition of “existing housing” to include housing that could meet Housing Quality Standards within 180 days. (FY 2009)
- Allowing direct owner referral to a PBS8 vacancy when the unit has remained vacant for more than 30 days. (FY 2010)
- Waiving the 20 percent cap on the amount of HCV budget authority that can be project-based, allowing KCHA to determine the size of our PBS8 program. (FY 2010)

PROGRESS AND OUTCOMES: KCHA continued to see efficiencies through streamlined program administration and modified business processes, saving and redirecting an estimated 45 hours per contract for each issued RFP.

HUD METRICS					
MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK	OUTCOME	BENCHMARK ACHIEVED?
Reduce costs and achieve greater cost-effectiveness	CE #1: Total cost of task in dollars	\$0 saved per contract	\$1,980 saved per contract ⁴⁸	\$1,980 saved per contract	Achieved
Reduce costs and achieve greater cost-effectiveness	CE #2: Total time to complete task in staff hours	0 hours saved per contract for RFP	45 hours saved per contract for RFP	45 hours saved per contract for RFP	Achieved
Increase housing choices	HC #3: Average applicant time on wait list in months (decrease)	0 months	29 months	14 months	Exceeded
Increase housing choices	HC #5: Number of households able to move to a better unit and/or neighborhood of opportunity	0 households	45% of project-based units in high-opportunity neighborhoods	46% of project-based units in high-opportunity neighborhoods	Exceeded

ACTIVITY 2004-3: Develop Site-based Waiting Lists

MTW STATUTORY OBJECTIVE: Increase Cost Effectiveness and Housing Choice

APPROVAL: 2004

IMPLEMENTED: 2004

DATA SOURCE: Wait List Data, Internal Time Audit

CHALLENGE: Under traditional HUD wait list guidelines, an individual can wait more than two-and-a-half years for a Public Housing unit. For many families, this wait is too long. Once a unit becomes available, it might not meet the family's needs or preferences, such as proximity to a child's school or access to local service providers.

⁴⁸ This figure was calculated by multiplying the median hourly wage and benefits (\$44) of the staff member who oversees this activity by the number of hours saved. This number represents a hypothetical estimate of the dollar amount that could be saved in staff hours by implementing this activity. It is a monetization of the hours saved through the implementation of this program.

SOLUTION: Under this initiative, we have implemented a streamlined waitlist system for our Public Housing program that provides applicants additional options for choosing the location where they want to live. In addition to offering site-based wait lists, we also maintain regional wait lists and have established a list to accommodate the needs of graduates from the region's network of transitional housing facilities for homeless families. In general, applicants are selected for occupancy using a rotation between the site-based, regional and transitional housing applicant pool, based on an equal ratio. Units are not held vacant if a particular wait list is lacking an eligible applicant. Instead, a qualified applicant is pulled from the next wait list in the rotation.

PROGRESS AND OUTCOMES: This activity continued to provide increased housing choice to new applicants with 48 percent housed through the regional wait lists. In addition to the gains in improved choice, the streamlined process saved an estimated 162 hours.

HUD METRICS					
MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK	OUTCOME	BENCHMARK ACHIEVED?
Reduce costs and achieve greater cost-effectiveness	CE #1: Total cost of task in dollars	\$0 saved	\$4,176 saved ⁴⁹	\$4,698 saved	Exceeded
Reduce costs and achieve greater cost-effectiveness	CE#2: Total time to complete task in staff hours	0 hours saved	144 hours saved	162 hours saved	Exceeded
Increase housing choices	HC #3: Average applicant time on wait list in months	0 months	28 months	24 months	Exceeded
Increase housing choices	HC #5: Number of households able to move to a better unit and/or opportunity neighborhood	0% of applicants	33% of applicants housed from site-based waiting lists	48% of applicants housed from site-base waiting lists	Exceeded

⁴⁹ This figure was calculated by multiplying the median hourly wage and benefits (\$29) of the staff member who oversees this activity by the number of hours saved. This number represents a hypothetical estimate of the dollar amount that could be saved in staff hours by implementing this activity. It is a monetization of the hours saved through the implementation of this program

ACTIVITY 2004-5: Modified HQS Inspection Protocols

MTW STATUTORY OBJECTIVE: Increase Cost Effectiveness

APPROVAL: 2004

IMPLEMENTED: 2004

DATA SOURCE: Internal Audit; Compiled and Analyzed by the Leased Housing Department

CHALLENGE: HUD's HQS inspection protocols often require multiple trips to the same neighborhood, the use of third-party inspectors, and blanket treatment of diverse housing types, adding more than \$93,000 in annual administrative costs. Follow-up inspections for minor "fail" items impose additional burdens on landlords, who in turn may resist renting to families with Section 8 vouchers.

SOLUTION: Through a series of Section 8 program modifications, we have streamlined the HQS inspection process to simplify program administration, improve stakeholder satisfaction and reduce administrative costs. Specific policy changes include: (1) allowing the release of HAP payments when a unit fails an HQS inspection due to minor deficiencies (applies to both annual inspections and initial move-in inspections); (2) geographically clustering inspections to reduce repeat trips to the same neighborhood or building by accepting annual inspections completed eight to 20 months after initial inspection, allowing us to align inspection of multiple units in the same geographic location; and (3) self-inspecting KCHA-owned units rather than requiring inspection by a third party. KCHA also piloted a risk-based model that places well-maintained, large apartment complexes with 20 or more Section 8 vouchers on a biennial inspection schedule. We are monitoring the outcomes from this pilot and, depending on results, may consider moving all apartment units to the two-year cycle.

PROGRESS AND OUTCOMES: Our streamlined inspection processes continued to save significant resources and staff time, allowing the HQS inspection staff to dedicate additional time to landlord relations and new move-ins. The biennial inspection pilot saved KCHA an additional 1,800 inspections in its first year of implementation. Overall, KCHA saved and redirected an estimated 2,831 hours of staff time.

KCHA saves
close to
3,000
hours
annually by
streamlining
inspection
protocols.



HUD METRICS

MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK	OUTCOME	BENCHMARK ACHIEVED?
Reduce costs and achieve greater cost effectiveness	CE #1: Total cost of task in dollars	\$0	\$58,000 saved ⁵⁰	\$93,423 saved	Exceeded
Reduce costs and achieve greater cost effectiveness	CE #2: Total time to complete task in staff hours	0 hours saved	1,810 hours saved	2,831 saved	Exceeded

⁵⁰ This figure was calculated by multiplying the median inspector hourly wage and benefits (\$33) by the number of hours saved. These positions are not eliminated so this is a hypothetical estimate of the dollar amount that could be saved in staff hours by implementing this activity. Inspectors will instead undertake more auditing and monitoring inspections, assist the fraud investigator, provide landlord trainings, and speed up the timeline for new move-in inspections. It is a monetization of the hours saved through the implementation of this program.

ACTIVITY 2004-7: Streamlining Public Housing and Section 8 Forms and Data Processing

MTW STATUTORY OBJECTIVE: Increase Cost Effectiveness

APPROVAL: 2004

IMPLEMENTED: 2004

DATA SOURCE: Internal Time Audit; Compiled and Analyzed by the Housing Management Department

CHALLENGE: Duplicative recertifications, complex income calculations and strict timing rules cause unnecessary intrusions into the lives of the people we serve and expend limited resources for little purpose.

SOLUTION: After analyzing our business processes, forms and verification requirements, we have eliminated or replaced those with little or no value. Through the use of lean engineering techniques, KCHA continues to review office workflow and identify ways that tasks can be accomplished more efficiently and intrude less into the lives of program participants, while still assuring program integrity and quality control. Under this initiative, we have made a number of changes to our business practices and processes for verifying and calculating tenant income and rent.

CHANGES TO BUSINESS PROCESSES:

- Modify Section 8 policy to require notice to move prior to the 20th of the month in order to have paperwork processed during the month. (FY 2004)
- Allow applicant households to self-certify membership in the family at the time of admission. (FY 2004)
- Modify HQS inspection requirements for units converted to project-based subsidy from another KCHA subsidy, and allow the most recent inspection completed within the prior 12 months to substitute for the initial HQS inspection required before entering the HAP contract. (FY 2012)
- Modify standard PBS8 requirements to allow the most recent recertification (within last 12 months) to substitute for the full recertification when tenant's unit is converted to a PBS8 subsidy. (FY 2012)
- Allow Public Housing applicant households to qualify for a preference when household income is below 30 percent of AMI. (FY 2004)
- Streamline procedures for processing interim rent changes resulting from wholesale reductions in state entitlement programs. (FY 2011)
- Modify the HQS inspection process to allow streamlined processing of inspection data. (FY 2010)
- Establish a local release form that replaces the HUD form 9986 and is renewed every 40 months. (FY 2014)

CHANGES TO VERIFICATION AND INCOME CALCULATION PROCESSES:

- Exclude payments made to a landlord by the state Department of Social and Health Services (DSHS) on behalf of a tenant from the income and rent calculation under the Section 8 program. (FY 2004)
- Allow Section 8 residents to self-certify income of \$50 or less received as a pass-through DSHS childcare subsidy. (FY 2004)
- Extend to 180 days the term over which verifications are considered valid. (FY 2008)
- Modify the definition of “income” to exclude income from assets with a value less than \$50,000, and income from Resident Service Stipends that are less than \$500 per month. (FY 2008)
- Apply any decrease in Payment Standard at the time of the next annual review or update, rather than using HUD’s two-year phase-in approach. (FY 2004)
- Allow Section 8 residents who are at \$0 HAP to self-certify income at the time of review. (FY 2004)

PROGRESS AND OUTCOMES: By streamlining these processes, KCHA estimates saving 2,000 hours of staff time each year.

HUD METRICS					
MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK	OUTCOME	BENCHMARK ACHIEVED?
Reduce costs and achieve greater cost-effectiveness	CE #1: Total cost of task in dollars	\$0	\$58,000 saved ⁵¹	\$58,000 saved	Achieved
Reduce costs and achieve greater cost-effectiveness	CE #2: Total time to complete the task in staff hours	0 hours saved	2,000 hours saved	2,000 hours saved	Achieved

⁵¹ This figure was calculated by multiplying the median Property Management Specialist hourly wage and benefits (\$29) by the number of hours saved. This position was not eliminated so this is a hypothetical estimate of the dollar amount that could be saved in staff hours by implementing this activity. It is a monetization of the hours saved through the implementation of this program.

ACTIVITY 2004-9: Rent Reasonableness Modifications

MTW STATUTORY OBJECTIVE: Increase Cost Effectiveness

APPROVAL: 2004

IMPLEMENTED: 2004

DATA SOURCE: Leased Housing Department

CHALLENGE: Under current HUD regulations, a housing authority must perform an annual Rent Reasonableness review for each voucher holder. If a property owner is not requesting a rent increase, however, the rent does not fall out of federal guidelines and does not necessitate a review.

SOLUTION: KCHA now saves close to 1,000 hours of staff time annually by performing Rent Reasonableness determinations only when a landlord requests an increase in rent. Under standard HUD regulations, a Rent Reasonableness review is required annually in conjunction with each recertification completed under the program. After reviewing this policy, we found that if an owner had not requested a rent increase, it was unlikely the current rent fell outside of established guidelines. In response to this analysis, KCHA eliminated an annual review of rent levels. By bypassing this burdensome process, we intrude in the lives of residents less and can redirect our resources to more pressing needs. Additionally, KCHA performs Rent Reasonableness inspections at our own properties, rather than contracting with a third party, allowing us to save additional resources.

PROGRESS AND OUTCOMES: With the elimination of this non-essential HUD regulation, KCHA has been able to impose a policy that is less disruptive to residents while saving an estimated 1,000 staff hours each year.

HUD METRICS

MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK	OUTCOME	BENCHMARK ACHIEVED?
Reduce costs and achieve greater cost-effectiveness	CE #1: Total cost of task in dollars	\$0 saved	\$33,000 saved ⁵²	\$33,000 saved	Achieved
Reduce costs and achieve greater cost-effectiveness	CE #2: Total time to complete task in staff hours	0 staff hours saved	1,000 staff hours saved	1,000 staff hours saved	Achieved

⁵² This figure was calculated by multiplying the median Inspector hourly wage and benefits (\$33) by the number of hours saved. These positions are not eliminated so this is a hypothetical estimate of the amount that could be saved in staff hours by implementing this activity. Inspectors will instead undertake more auditing and monitoring inspections, assist the fraud investigator, provide landlord trainings, and perform new move-in inspections. It is a monetization of the hours saved through the implementation of this program.

Over the course of 20 years, KCHA will leverage up to **\$21.9 million** in energy efficiency improvements that will reduce operating costs and tenant out-of-pocket expenses.

ACTIVITY 2004-12: Energy Service Companies (ESCO) Development

MTW STATUTORY OBJECTIVE: Increase Cost-effectiveness

APPROVAL: 2004

IMPLEMENTED: 2004

DATA SOURCE: Finance Department

CHALLENGE: KCHA could recapture up to \$4 million in energy savings per year if provided the upfront investment necessary to make efficiency upgrades to its aging housing stock.

SOLUTION: KCHA employs energy conservation measures and improvements through the use of an Energy Performance Contract (EPC)—a financing tool that allows PHAs to make needed energy upgrades without having to self-fund the upfront necessary capital expenses. The energy services partner (in this case, Johnson Controls [JCI]) identifies these improvements through an investment grade energy audit that is then used to underwrite loans to pay for the measures. Project expenses, including debt service, are then paid for out of the energy savings while KCHA and its residents receive the long-term savings and benefits. Upgrades may include installation of energy-efficient light fixtures, solar panels, and low-flow faucets, toilets and showerheads; upgraded appliances and plumbing; and improved irrigation and HVAC systems.

PROPOSED CHANGES TO ACTIVITY: In 2015, we began the planning necessary to implement both a new 20-year EPC with JCI and extended the existing EPC for a full 20 years from its current 12-year term. JCI conducted an investment-grade energy audit, identified the measures with the highest returns, held a number of resident consultations, and provided employee education and training. JCI also reviewed the performance of our existing EPC, resulting in a number of improvements that increased the energy incentives to \$882,000 per year.

HUD METRICS

MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK	OUTCOME	BENCHMARK ACHIEVED?
Reduce costs and achieve greater cost-effectiveness	CE #1: Total cost of task in dollars	\$0 saved	\$800,000 saved	\$882,000 saved	Exceeded

ACTIVITY 2004-16: Section 8 Occupancy Requirements

MTW STATUTORY OBJECTIVE: Increase Cost-effectiveness

APPROVAL: 2004

IMPLEMENTED: 2004

DATA SOURCE: Leased Housing Department

CHALLENGE: More than 29 percent of tenant-based voucher households move two or more times while receiving subsidy. Moves can be beneficial if they lead to gains in neighborhood or housing quality for the household, but moves also can be burdensome to residents because they incur the costs of finding a new unit through application fees and other moving expenses. KCHA also incurs additional costs in staff time through processing moves and working with families to locate a new unit.

SOLUTION: Households may continue to live in their current unit when their family size exceeds the standard occupancy requirements by just one member. For example, under standard guidelines, a seven-person household living in a three-bedroom unit would be considered overcrowded and thus be required to move to a larger unit. Under this modified policy, the family may remain voluntarily in their current unit, avoiding the costs and disruption of moving. This initiative reduces the number of processed annual moves, increases housing choice among these families, and reduces our administrative and HAP expenses.

PROGRESS AND OUTCOMES: By eliminating this burdensome federal rule, KCHA has saved an estimated 498 hours while helping families avoid the disruption of moving.

HUD METRICS

MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK	OUTCOME	BENCHMARK ACHIEVED?
Reduce costs and achieve greater cost-effectiveness	CE #1: Total cost of task in dollars	\$0	\$8,613 saved ⁵³	\$16,434 saved	Achieved
Reduce costs and achieve greater cost-effectiveness	CE #2: Total time to complete task in staff hours	0 hours saved per file	87 hours saved	498 hours saved ⁵⁴	Exceeded
Increase Housing Choices	HC #4: Number of households at or below 80% AMI that would lose assistance or need to move	150 households	0 households	0 households	Achieved

⁵³ This dollar figure was calculated by multiplying the median Property Management Specialist hourly wage and benefits (\$33) by the number of hours saved.

⁵⁴ According to current program data, 166 families currently exceed the occupancy standard. At three hours saved per file, we estimate that KCHA continues to save 498 hours annually.



B. NOT YET IMPLEMENTED ACTIVITIES

Activities listed in this section are approved but have not yet been implemented.

ACTIVITY 2015-1: Flat Subsidy for Local, Non-traditional Housing Programs

APPROVAL: 2015

This activity provides a flat, per-unit subsidy in lieu of monthly Housing Assistance Payments (HAP) and allows the service provider to dictate the terms of the tenancy (such as length of stay and the tenant portion of rent). The funding would be block-granted based on the number of units authorized under contract and occupied in each program. This flexibility would allow KCHA to better support a “Housing First” approach that places high-risk homeless populations in supportive housing programs tailored to nimbly meet an individual’s needs. The policy faced a delay in implementation in 2015 on behalf of the service provider partner and should be fully implemented in 2016.

MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK
Reduce costs and achieve greater cost-effectiveness	CE #1: Total cost of task in dollars	\$0 saved	\$13,266 saved ⁵⁵
Reduce costs and achieve greater cost-effectiveness	CE #2: Total time to complete task in staff hours	0 hours saved	402 hours saved
Reduce costs and achieve greater cost-effectiveness	CE #3: Average error rate in completing a task as a percentage	TBD	TBD
Reduce costs and achieve greater cost-effectiveness	CE #4: Amount of funds leveraged in dollars	\$0 leveraged	TBD
Increase housing choice	HC #7: Number of households receiving services aimed to increase housing choice	0 households	67 households
Increase self-sufficiency	SS #8: Households transition to self-sufficiency	0 households	TBD

ACTIVITY 2010-1: Supportive Housing for High-need Homeless Families

APPROVAL: 2010

This activity is a demonstration program for up to 20 households in a project-based Family Unification Program (FUP)-like environment. The demonstration program currently is deferred, as our program partners opted for a tenant-based model this upcoming fiscal year. It might return in a future program year, however.

MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK
Increase self-sufficiency	SS #8: Number of households transitioned to self-sufficiency ⁵⁶	0 households	75% have maintained housing for one year or longer
Increase housing choices	HC #5: Number of households able to move to a better unit and/or neighborhood	0 households	20 households

⁵⁵ This figure was calculated by multiplying the median hourly wage and benefits (\$33) of the staff member who oversees this activity by the number of hours saved. This number represents a hypothetical estimate of the dollar amount that could be saved in staff hours by implementing this activity.

⁵⁶ Self-sufficiency is defined as maintaining housing for a significant period of time.

ACTIVITY 2010-9: Limit Number of Moves for a Section 8 Participant

APPROVAL: 2010

This policy aims to increase family and student classroom stability and reduce program administrative costs by limiting the number of times an HCV participant can move per year or over a set time. Reducing household and classroom relocations during the school year is currently being addressed through a counseling pilot. This activity is currently deferred for consideration in a future year, if the need arises.

MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK
Reduce costs and achieve greater cost effectiveness	CE #1: Total cost of task in dollars	\$0 saved	TBD
Reduce costs and achieve greater cost effectiveness	CE #2: Total time to complete the task in staff hours	0 hours saved	TBD

ACTIVITY 2010-10: Implement a Maximum Asset Threshold for Program Eligibility

APPROVAL: 2010

This activity limits the value of assets that can be held by a family in order to obtain (or retain) program eligibility. We are deferring for consideration in a future year, if the need arises.

MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK
Increase self-sufficiency	SS #8: Number of households transitioned to self-sufficiency	0 households	24 households

ACTIVITY 2010-11: Incentive Payments to Section 8 Participants to Leave the Program

APPROVAL: 2010

KCHA may offer incentive payments to families receiving less than \$100 per month in HAP to voluntarily withdraw from the program. This activity is not currently needed in our program model but may be considered in a future fiscal year.

MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK
Increase self-sufficiency	SS #8: Number of households transitioned to self-sufficiency ⁵⁷	0 households	TBD

ACTIVITY 2008-5: Allow Limited Double Subsidy between Programs (Project-based Section 8/Public Housing/Housing Choice Vouchers)

APPROVAL: 2008

This policy change facilitates program transfers in limited circumstances, increases landlord participation and reduces the impact on the Public Housing program when tenants transfer. Following the initial review, this activity was placed on hold for future consideration.

MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK
Increase housing choices	HC #4: Number of households at or below 80% AMI that would lose assistance or need to move	0 households	TBD

ACTIVITY 2008-3: FSS Program Modifications

APPROVAL: 2008

KCHA may explore possible changes to increase incentives for resident participation and income growth, and decrease costs of program management. This activity was on hold in 2015 but changes to the program are planned for 2016.

⁵⁷ Self-sufficiency is defined as successful transition to unsubsidized housing.

MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK
Increase self-sufficiency	SS #1: Average earned income of households in dollars	TBD	TBD
Increase self-sufficiency	SS #2: Average amount of savings/escrow in dollars	TBD	TBD
Increase self-sufficiency	SS #3: Employment status for heads of household	TBD	TBD
Increase self-sufficiency	SS #4: Number of households receiving TANF assistance	TBD	TBD
Increase self-sufficiency	SS #5: Households assisted by services that increase self-sufficiency	TBD	TBD
Increase self-sufficiency	SS #6: Average amount of Section 8 and/or Section 9 subsidy per household	TBD	TBD
Increase self-sufficiency	SS #7: Tenant rent share	TBD	TBD
Increase self-sufficiency ⁵⁸	SS #8: Households transitioned to self-sufficiency	TBD	TBD

ACTIVITY 2008-17: Income Eligibility and Maximum Income Limits

APPROVAL: 2008

This policy would cap the income that residents may have and also still be eligible for KCHA programs. Income limits might be considered in future years if the WIN Rent policy does not efficiently address client needs.

MTW STATUTORY OBJECTIVE	UNIT OF MEASUREMENT	BASELINE	BENCHMARK
Increase housing choices	HC #5: Number of households able to move to a better unit and/or neighborhood	0 households	TBD

C. ACTIVITIES ON HOLD

None

⁵⁸ Self-sufficiency is defined as successful transition to unsubsidized housing.

D. CLOSED-OUT ACTIVITIES

Activities listed in this section are closed out, meaning they never have been implemented, that we do not plan to implement them in the future, or that they are completed or obsolete.

ACTIVITY 2013-3: Short-term Rental Assistance Program

MTW STATUTORY OBJECTIVE: Increase Housing Choice

APPROVAL: 2013

CLOSEOUT YEAR: 2015

In partnership with the Highline School District, KCHA implemented a program called the Student and Family Stability Initiative (SFSI), a Rapid Re-housing demonstration program. Using this evidence-based approach, our program pairs short-term rental assistance with housing stability and employment connection services for families experiencing or on the verge of homelessness. This activity has been combined with Activity 2013-2: Flexible Rental Assistance as the program models are similar and enlist the same MTW flexibilities.

ACTIVITY 2012-4: Supplemental Support for the Highline Community Healthy Homes Project

APPROVAL: 2012

CLOSEOUT YEAR: 2012

This project provided supplemental financial support to low-income families not otherwise qualified for the Healthy Homes project but who required assistance to avoid loss of affordable housing. This activity is completed. An evaluation of the program by Breyse *et al* was included in KCHA's 2013 Annual MTW Report.

ACTIVITY 2011-2: Redesign the Sound Families Program

APPROVAL: 2011

CLOSEOUT YEAR: 2014

KCHA developed an alternative model to the Sound Families program that combines HCV funds with DSHS funds. The goal was to continue the support of at-risk, homeless households in a FUP-like model after the completion of the Sound Families demonstration. This activity is completed and the services have been incorporated into our existing conditional housing program.

ACTIVITY 2011-1: Transfer of Public Housing Units to Project-based Subsidy

APPROVAL: 2011

CLOSEOUT YEAR: 2012

By transferring Public Housing units to Project-based subsidy, KCHA preserved the long-term viability of 509 units of Public Housing. By disposing these units to a KCHA-controlled entity, we were able to leverage funds to accelerate capital repairs and increased tenant mobility through the provision of tenant-based voucher options to existing Public Housing residents. This activity is completed.

ACTIVITY 2010-2: Resident Satisfaction Survey

APPROVAL: 2010

CLOSEOUT YEAR: 2010

KCHA developed an internal Satisfaction Survey in lieu of a requirement to comply with the Resident Assessment Subsystem portion of HUD's Public Housing Assessment System. *Note: KCHA continues to survey Public Housing households, Section 8 households and Section 8 landlords on an ongoing basis.*

ACTIVITY 2009-2: Definition of Live-in Attendant

APPROVAL: 2009

CLOSEOUT YEAR: 2014

In 2009, KCHA considered a policy change that would redefine who is considered a "Live-in Attendant." This policy is no longer under consideration.

ACTIVITY 2008-4: Combined Program Management

APPROVAL: 2008

CLOSEOUT YEAR: 2009

This activity streamlined program administration through a series of policy changes that ease operations of units converted from Public Housing to project-based Section 8 subsidy or those located in sites supported by mixed funding streams. *Note: KCHA may further modify our combined program management to streamline administration and increase tenant choice.*

ACTIVITY 2008-6: Performance Standards

APPROVAL: 2008

CLOSEOUT YEAR: 2014

In 2008, KCHA investigated the idea of developing performance standards and benchmarks to evaluate the MTW program. We worked with other MTW agencies in the development of the performance standards now being field-tested across the country. This activity is closed out as KCHA continues to collaborate with other MTW agencies on industry metrics and standards.

ACTIVITY 2007-4: Section 8 Applicant Eligibility

APPROVAL: 2007

CLOSEOUT YEAR: 2007

This activity increased program efficiency by removing eligibility for those currently on a federal subsidy program.

ACTIVITY 2007-9: Develop a Local Asset Management Funding Model

APPROVAL: 2007

CLOSEOUT YEAR: 2007

This activity streamlined current HUD requirements to track budget expenses and income down to the Asset Management Project level. This activity is completed.

ACTIVITY 2007-8: Remove Cap on Voucher Utilization

APPROVAL: 2007

CLOSEOUT YEAR: 2014

This initiative allows us to award Section 8 assistance to more households than permissible under the HUD-established baseline. Our savings from a multi-tiered payment standard system, operational efficiencies, and other policy changes have been critical in helping us respond to the growing housing needs of the region's extremely low-income households. Despite ongoing uncertainties around federal funding levels, we intend to continue to use MTW program flexibility to support housing voucher issuance levels above HUD's established baseline. This activity is no longer active as agencies are now permitted to lease above their ACC limit.

ACTIVITY 2006-1: Block Grant Non-mainstream Vouchers

APPROVAL: 2006

CLOSEOUT YEAR: 2006

This policy change expanded KCHA's MTW Block Grant by including all non-mainstream program vouchers. This activity is completed.

ACTIVITY 2005-18: Modified Rent Cap for Section 8 Participants

APPROVAL: 2005

CLOSEOUT YEAR: 2005

This modification allowed a tenant's portion of rent to be capped at up to 40 percent of gross income upon initial lease-up rather than 40 percent of adjusted income. *Note: KCHA may implement a rent cap modification in the future to increase mobility.*

ACTIVITY 2004-8: Resident Opportunities and Self-Sufficiency (ROSS) Grant Homeownership

APPROVAL: 2004

CLOSEOUT YEAR: 2006

This grant funded financial assistance through MTW reserves with rules modified to fit local circumstances, modified eligibility to include Public Housing residents with HCV, required minimum income and minimum savings prior to entry, and expanded eligibility to include more than first-time homebuyers. This activity is completed.



V

SOURCES AND USES OF MTW FUNDS

A. SOURCES AND USES OF MTW FUNDS

Actual Sources and Uses of MTW Funding for the Fiscal Year

In accordance with the requirements of this report, KCHA has submitted our unaudited information in the prescribed FDS file format through the Financial Assessment System—PHA (FASPHA). The audited FDS will be submitted in September 2016.

Activities that Used Only MTW Single-fund Flexibility

KCHA aimed to make the very best and most creative use of our single-fund flexibility under MTW, while adhering to the statutory requirements of the program. Our ability to blend funding sources gave us the freedom to implement new approaches to program delivery in response to the varied and challenging housing needs of low-income people in the Puget Sound region. MTW enabled us to become a leaner, more nimble and financially stronger agency. With MTW flexibility, we assisted more of our county's households—and, among those, more of the most vulnerable and poorest households—than would have been possible under HUD's traditional funding and program constraints.

KCHA's MTW initiatives, described below, demonstrate the value and effectiveness of single-fund flexibility in practice:

- **KCHA'S SPONSOR-BASED PROGRAM.** Formerly known as provider-based, this program was implemented in 2007 and gives the county's most vulnerable households access to safe, secure housing with wraparound supportive services. This population includes people with chronic mental illness, people with criminal justice involvement and homeless young adults. These households likely would not find success under traditional subsidized program structures and rules or, in all likelihood, landlord acceptance. In 2015, KCHA invested \$1,577,239 of MTW funds in this program.
- **RESIDENT OPPORTUNITY PLAN (ROP).** Approved for implementation by the KCHA Board of Commissioners in 2009, ROP aims to help residents gain the tools to move up and out of subsidized housing. KCHA provided \$351,156 in support of the pilot in 2015, its final year. To date, 27 households have graduated from the five-year ROP program. After evaluating the program's mixed outcomes, KCHA has decided to close out the program and re-evaluate the best ways to assist the families we serve in achieving economic independence.
- **HOUSING STABILITY FUND.** This fund provides emergency financial assistance to qualified residents to cover housing costs, including rental assistance, security deposits and utility support. Under the program design, a designated agency partner disburses funding to qualified program participants, screening for eligibility according to the program's guidelines, which were revisited and re-established in 2015. We assisted 39 households and awarded emergency grants totaling \$20,426 through the Housing Stability Fund in 2015. As result of this assistance, all 39 families were able to maintain their housing, avoiding the far greater safety net costs that would have occurred if they became homeless.
- **REDEVELOPMENT OF DISTRESSED PUBLIC HOUSING.** With MTW's single-fund flexibility, KCHA continues to undertake the repairs necessary to preserve more than 1,500 units of Public Housing over the long-term.⁵⁹ This flexibility enables effective use of the initial and second five-year increments of Replacement Housing Factor (RHF) funds from the former Springwood and Park Lake I and II developments, and the disposition of 509 scattered site Public Housing units for the redevelopment of Birch Creek and Green River. Following HUD disposition approval in 2012, KCHA is addressing successfully the substantial deferred maintenance needs of 509 former Public Housing units in 22 different communities. Utilizing MTW flexibility, we have transitioned these properties to the Project-based Section 8 program and used the cash flow to leverage \$18 million from the Federal Home Loan

KCHA invested more than
\$1.5 million
 in supportive housing programs that serve King County's most vulnerable households.

⁵⁹ Sites with significant revitalization activity: Park Lake I and II, Springwood, the Egis senior developments, 509 scattered sites, and Green River.

In 2015, we acquired two properties near the light-rail corridor and one property in a high-opportunity area of the county, providing the low-income residents we serve improved access to transportation services, and employment and educational opportunities.

Bank (FHLB) on extremely favorable terms. As the FHLB requires such loans be fully collateralized by cash, investments and/or the underlying mortgage on the properties, we continue to use a portion of our MTW working capital as collateral for this loan. At the end of 2015, \$22 million in capital activities had been completed at these developments.

- **ACQUISITION AND PRESERVATION OF AFFORDABLE HOUSING.** We have used MTW resources to preserve affordable housing that is at risk of loss to for-profit redevelopment. We also have used MTW funds to acquire additional housing in proximity to existing KCHA properties in high-opportunity neighborhoods where banked Public Housing subsidies can be utilized. In 2015, we acquired two properties near the light-rail corridor and one property in a high-opportunity area of the county, providing the low-income residents we serve improved access to transportation services, and employment and educational opportunities.
- **DEVELOPMENT OF VANTAGE POINT. IN 2015,** KCHA seeded approximately \$13.7 million to complete the construction of Vantage Point, an affordable housing community that provides homes to 77 senior and disabled households.
- **RAPID RE-HOUSING.** We continued to partner with the Highline School District and its McKinney-Vento liaisons to implement a Rapid Re-housing approach for addressing the growing number of homeless students in our public schools. This program provided short-term rental assistance to successfully re-house 44 homeless families with 108 children. The program was the subject of an ongoing evaluation that measures the effectiveness of this approach to ending homelessness.
- **ENSURING LONG-TERM VIABILITY OF OUR PORTFOLIO.** KCHA used our single-fund flexibility to reduce outstanding financial liabilities and protect the long-term viability of our inventory. KCHA used MTW funds to finance approximately \$13.3 million at Greenbridge as bank loans were required to be repaid; the loan had been outstanding for longer than originally planned due to the slow rebound in the local market for new homes. MTW working capital provided a backstop for these liabilities, addressing risk concerns of lenders and enabling KCHA continued access to private capital markets.

- **REMOVE CAP ON VOUCHER UTILIZATION.** This initiative allowed us to award Section 8 assistance to more households than permissible under the HUD-established baseline. Our savings from a two-tiered payment standard, operational efficiency, and other policy changes have been critical in helping us respond to the growing housing needs of the region's extremely low-income households. Despite ongoing uncertainties around federal funding levels, we continued to use MTW program flexibility to support housing voucher issuance levels above HUD's established baseline.

B. LOCAL ASSET MANAGEMENT PLAN

Has the PHA allocated costs within statute during the plan year?	No
Has the PHA implemented a Local Asset Management Plan (LAMP)?	Yes
Has the PHA provided a LAMP in the appendix?	Yes

In FY 2008, as detailed in the MTW Annual Plan for that year and adopted by our Board of Commissioners under Resolution No. 5116, KCHA developed and implemented our own local funding model for Public Housing and Section 8 using our MTW block grant authority. Under our current agreement, KCHA's Public Housing Operating, Capital and Section 8 HCV funds are considered fungible and may be used interchangeably. In contrast to 990.280 regulations, which require transfers between projects only after all project expenses are met, KCHA's model allows budget-based funding at the start of the fiscal year from a central ledger, not other projects. We maintain a budgeting and accounting system that gives each property sufficient funds to support annual operations, including allowable fees. Actual revenues include those provided by HUD and allocated by KCHA based on annual property-based budgets. As envisioned, all block grants are deposited into a single general ledger fund.



VI

ADMINISTRATIVE

A. HUD REVIEWS, AUDITS OR PHYSICAL INSPECTION ISSUES

The results of HUD's monitoring visits, physical inspections and other oversight activities have not identified any deficiencies.

B. RESULTS OF LATEST KCHA-DIRECTED EVALUATIONS

KCHA expanded and enhanced our internal research and evaluation capacities in 2015. We developed a 2016-19 Research Agenda that identifies priority research areas and provides a foundation for applied research partnerships moving forward (Attachment B). KCHA was the first housing authority to develop a Research Agenda and since its development, the agenda has been vetted by a multidisciplinary advisory group of University of Washington faculty, as well as by other external colleagues (Abt Associates, Urban Institute, University of Southern California, Ohio State University). KCHA also established new data-sharing partnerships with the University of Washington (to explore residents' mobility and geographic patterns) and with the Seattle-King County Public Health Department (to understand health and housing intersections). We continued work related to our data sharing agreement with the State of Washington's, Department of Social and Health Services Research and Data Analysis Division (RDA), developing a dashboard tool that identifies health and service characteristics by housing authority and housing program type. It will be published in 2016. This collaboration also supported the 2015 publication of a statewide report on the service characteristics of subsidized housing residents.

KCHA also collaborated with other area PHAs to execute a Memorandum of Understanding (MOU) with the Urban Institute to provide targeted assistance on social science research and program/policy evaluations. This MOU is one element within a broader effort led by KCHA to establish a regional research collaborative comprised of Northwest Housing Authorities to identify common research and evaluation themes and efforts.



Certification of Statutory Compliance

On behalf of the King County Housing Authority (KCHA), I certify that the Agency has met the three statutory requirements of the Restated and Amended Moving to Work Agreement entered into between the Department of Housing and Urban Development (HUD) and KCHA on March 13, 2009. Specifically, KCHA has adhered to the following requirements of the MTW demonstration during FY 2015:

- At least 75 percent of the families assisted by KCHA are very low-income families, as defined in section 3(b)(2) of the 1937 Act;
- KCHA has continued to assist substantially the same total number of eligible low-income families as would have been served absent participation in the MTW demonstration; and
- KCHA has continued to serve a comparable mix of families (by family size) as would have been served without MTW participation.

STEPHEN J. NORMAN
Executive Director

March 21, 2016

DATE



KCHA's LOCAL ASSET MANAGEMENT PLAN

As detailed in KCHA's FY 2008 MTW Annual Plan and adopted by the Board of Commissioners under Resolution No. 5116, KCHA has implemented a Local Asset Management Plan that considers the following:

- KCHA will develop its own local funding model for Public Housing and Section 8 using its block grant authority. Under its current agreement, KCHA can treat these funds and CFP dollars as fungible. In contrast to 990.280 regulations, which require transfers between projects after all project expenses are met, KCHA's model allows budget-based funding at the start of the fiscal year from a central ledger, not other projects. KCHA will maintain a budgeting and accounting system that gives each property sufficient funds to support annual operations, including allowable fees. Actual revenues will include those provided by HUD and allocated by KCHA based on annual property-based budgets. As envisioned, all block grants will be deposited into a single general ledger fund. This will have multiple benefits.
 - » KCHA gets to decide subsidy amounts for each public housing project. It's estimated that HUD's new funding model has up to a 40% error rate for individual sites. This means some properties get too much, some too little. Although funds can be transferred between sites, it's simpler to determine the proper subsidy amount at the start of the fiscal year rather than when shortfalls develop. Resident services costs will be accounted for in a centralized fund that is a sub-fund of the single general ledger, not assigned to individual programs or properties.
 - » KCHA will establish a restricted public housing operating reserve equivalent to two months' expenses. KCHA will estimate subsidies and allow sites to use them in their budgets. If the estimate exceeds the actual subsidy, the difference will come from the operating reserve. Properties may be asked to replenish this central reserve in the following year by reducing expenses, or KCHA may choose to make the funding permanent by reducing the unrestricted block grant reserve.
 - » Using this approach will improve budgeting. Within a reasonable limit, properties will know what they have to spend each year, allowing them autonomy to spend excess on "wish list" items and carefully watch their budgets. The private sector doesn't wait until well into its fiscal year to know how much revenue is available to support its sites.
- Reporting site-based results is an important component of property management and KCHA will continue accounting for each site separately; however, KCHA, as owner of the properties will determine how much revenue will be included as each project's subsidy. All subsidies will be properly accounted for under the MTW rubric.

- Allowable fees to the central office cost center (COCC) will be reflected on the property reports, as required. The MTW ledger won't pay fees directly to the COCC. As allowable under the asset management model, however, any subsidy needed to pay legacy costs, such as pension or terminal leave payments and excess energy savings from the Authority's ESCO, may be transferred from the MTW ledger or the projects to the COCC.
- Actual Section 8 amounts needed for housing assistance payments and administrative costs will be allotted to the Housing Choice Voucher program, including sufficient funds to pay asset management fees. Block grant reserves and their interest earnings will not be commingled with Section 8 operations, enhancing budget transparency. Section 8 program managers will become more responsible for their budgets in the same manner as public housing site managers.
- Block grant ledger expenses, other than transfers out to sites and Section 8, will be those that support MTW initiatives, such as the South County Pilot or resident self-sufficiency programs. Isolating these funds and activities will help KCHA's Board of Commissioners and its management keep track of available funding for incremental initiatives and enhances KCHA's ability to compare current to pre-MTW historical results with other housing authorities that do not have this designation.

In lieu of multiple submissions of Operating Subsidy for individual Asset Management Projects, KCHA may submit a single subsidy request using a weighted average project expense level (WAPEL) with aggregated utility and add-on amounts.

KING COUNTY HOUSING AUTHORITY 2015–2018 RESEARCH AGENDA

PURPOSE AND OBJECTIVES

The 2016–2019 KCHA Research Agenda identifies the agency’s research priorities for the coming years, providing a roadmap for key research questions to be asked in this period and the expected program/policy implications of this focus. The Research Agenda is a cross-departmental resource that aligns with both KCHA’s overarching mission and with broader scientific and policy dialogues on affordable housing and homelessness. It is intended to be broad enough to absorb new research and learning opportunities that may emerge in 2016–2019, while at the same time, to provide guidance and alignment for KCHA’s research activities. Ultimately, this and future Research Agendas will support KCHA in advancing an intentional, thoughtful, and comprehensive research strategy, as well as support internal and external collaborations in this work.

The Research Agenda is laid out according to four central foci:

1. Understanding characteristics and needs of KCHA residents
2. Identifying the impact of innovative housing assistance on housing outcomes and income
3. Exploring intersections between housing and education
4. Exploring intersections between housing, health, and wellness

These four focus areas are described in greater detail below, including clarification of guiding research questions, program and policy implications, and concrete examples of how evidence from this work may directly impact agency operations.

Focus 1. Understanding characteristics and needs of KCHA residents

MOTIVATION: There is a foundational need for KCHA to use existing administrative data to identify the characteristics and needs of persons eligible for and served by its housing programs. These descriptive analyses can then be used to inform future research studies including potential longitudinal tracking and more explicit comparison group analyses, as well as to indicate more immediate population trends (including gaps) that KCHA programs and policies should take into account.

RESEARCH AREA A. WHAT ARE THE DEMOGRAPHIC, FAMILY COMPOSITION, AND SOCIOECONOMIC CHARACTERISTICS OF KCHA RESIDENTS?

- How do these patterns vary by housing program type?
- How do these patterns vary by geographic area, and in particular, between opportunity index areas?
- How do these patterns vary across time?

PROGRAM/POLICY IMPLICATIONS: Information from this work will provide information on who KCHA is serving, and whether household characteristics differ by program, geography, and/or time. This data will be used to justify and direct data-driven program design and service targeting. This foundational data will be communicated in a systematic manner that is accessible and useful across all agency programs and departments. It will provide key insights about who KCHA serves so as to increase data-driven decision-making and programming.

- **EXAMPLE:** Differences in the family composition of Housing Choice Voucher (HCV) residents as compared to public housing residents may warrant further investigation of why this pattern is occurring and/or opportunities for service development to match current program composition.

RESEARCH AREA B. HOW DO CURRENT RESIDENTS' DEMOGRAPHIC, FAMILY COMPOSITION, AND SOCIOECONOMIC CHARACTERISTICS COMPARE WITH THOSE OF A) ALL KING COUNTY RESIDENTS; B) KCHA WAITLIST APPLICANTS; C) RESIDENTS IN OTHER AREA PHA PROGRAMS; AND D) HOMELESS SERVICE USERS IN KING COUNTY?

PROGRAM/POLICY IMPLICATIONS: These results will provide an indication of who KCHA programs are not serving and if inconsistent with other population trends, whether this is a potential indicator of unintended policy consequences and/or a need for targeting strategies to engage underserved groups.

- **EXAMPLE:** If KCHA is serving disproportionately fewer limited English proficiency (LEP) households, it may warrant further exploration as to why this is (e.g., is this a consequence of current outreach and enrollment policies?) and/or service strategies to better engage this population.

RESEARCH AREA C. WHO ARE KCHA LEAVERS AND WHAT HAPPENS AFTER THEY EXIT KCHA HOUSING ASSISTANCE?

PROGRAM/POLICY IMPLICATIONS: To supplement current exit data, studies in this area will take a deeper look at the characteristics and experiences of KCHA leavers (both 'positive' and 'negative' leavers). Administrative data will provide information on who leavers are and their residency and income patterns prior to exit. Comparisons may be made between leavers and stayers and/or between positive and negative leavers. Additional data to be collected (surveys, qualitative interview data, etc.) will provide new information on why families describe leaving as well as their location and circumstances related to housing stability and self-sufficiency after exit.

- **EXAMPLE:** This data may provide an indication of how KCHA can better support positive exits, and conversely, prevent negative exits (e.g., transition assistance, eviction prevention). These results will also provide an

indication of how informative 'positive' and 'negative' exit categorizations are for understanding the longer-term circumstances of leavers.

RESEARCH AREA D. WHAT ARE THE CHARACTERISTICS AND CIRCUMSTANCES OF KCHA MOVERS?

- Are serial movers more likely to reflect specific demographic, family composition, and/or socioeconomic characteristics? How do these compare to one-time and non-mover households?
- What are the geographic patterns of program movers? How do move patterns track across opportunity neighborhoods?

PROGRAM/POLICY IMPLICATIONS: These results will provide a clearer picture on the characteristics of both one-time and serial movers within KCHA housing programs, including where movers go, the frequency and timing of moves, the reasons that households move, and the extent to which moves are an indicator of housing instability. Given national policy momentum on understanding the implications of housing instability on health and education outcomes, this data will provide an indication of how much housing authorities should focus on (and potentially intervene in) residents' move patterns.

- **EXAMPLE:** This data will provide a preliminary indication of how KCHA services can be developed to support positive moves and prevent destabilizing moves.

Focus 2. Identifying the impact of innovative housing assistance on housing outcomes and income

MOTIVATION: Results from this focus area will identify best practices and potential target populations to be served by innovative housing program models, as well as potential impacts and efficiencies of these initiatives. Though the majority of KCHA housing assistance is in the form of long-term rental subsidies, recently the agency has begun experimenting with provision of short-term rental assistance in the form of rapid rehousing and stepped rental assistance programs. There is a need to better understand which populations this type of assistance may be most appropriate for as well as the long-term impacts of short-term assistance on housing stability and economic outcomes. Additionally, KCHA is implementing multi-tiered payment standards as a strategy to accurately reflect diverse rental markets and to support voucher-holders' access to opportunity areas.

RESEARCH AREA A. DO HOUSEHOLDS THAT RECEIVE SHORT-TERM HOUSING ASSISTANCE EXPERIENCE LONG-TERM HOUSING STABILITY?

- Do these outcomes vary by household characteristics (including prior housing status)?
- Do these outcomes vary by service engagement levels?
- How does long-term housing stability among short-term rental assistance recipients compare with housing outcomes for recipients of long-term subsidized housing and/or KCHA housing applicants?

PROGRAM/POLICY IMPLICATIONS: Information from this work will provide insights into whether short-term assistance supports long-term housing stability; this evidence is critical to both agency-level and national dialogues on the efficacy of short-term assistance models. It will also help to illustrate whether and how short-term approaches should be targeted toward particular populations. Evaluation of the relative impacts of short-term assistance on housing outcomes as compared to long-term housing assistance will also indicate which elements of short-term rental assistance models are key and whether continued service engagement plays a role in long-term housing stability.

- **EXAMPLE:** If 3-year follow-up from KCHA's rapid rehousing program indicates positive housing stability for formerly doubled-up families, it is suggestive of how this model could be scaled-up as an alternative assistance option for doubled-up waitlist applicants.

RESEARCH AREA B. WHAT PROPORTION OF HOUSEHOLDS THAT RECEIVE SHORT-TERM HOUSING ASSISTANCE RETURN TO HOMELESSNESS?

PROGRAM/POLICY IMPLICATIONS: Results from this study area will provide evidence on the effectiveness of short-term assistance in ending homelessness (another key debate in both local and national dialogues on the efficacy of short-term assistance). This information also provides a key opportunity for linking PHA and HMIS data which has important regional implications for demonstrating the utility of data linkages.

- **EXAMPLE:** If we see that a significant proportion of households in the youth stepped rental assistance program eventually return to using homeless services, it will provide new evidence on what may not be working about the stepped rental assistance model and will warrant additional needs assessment to tailor subsequent program development to prevent such churn.

RESEARCH AREA C. DO HOUSEHOLDS THAT RECEIVE SHORT-TERM HOUSING ASSISTANCE DEMONSTRATE INCOME STABILITY/INCREASES OVER TIME?

- Do these outcomes vary by household characteristics (including prior housing status)?
- Do these outcomes vary by service engagement levels?
- How do economic outcomes among short-term rental assistance recipients compare with economic outcomes for recipients of long-term subsidized housing?

PROGRAM/POLICY IMPLICATIONS: Similar to the results from the housing stability questions, this evidence will provide insights into whether short-term assistance recipients demonstrate particular trends in income stabilization/growth. If so, this information may be complementary to data on housing stability and will provide new insights into the role of short-term housing assistance in supporting economic self-sufficiency.

- **EXAMPLE:** If we see that KCHA rapid rehousing program recipients that engage in employment services have better income/employment outcomes than those that do not, KCHA should consider how to build these services into future short-term housing assistance models.

RESEARCH AREA D. WHAT ARE THE PROCESS, GEOGRAPHIC, HOUSING, AND COST IMPLICATIONS OF KCHA'S SHIFT TO SMALL AREA PAYMENT STANDARDS?

- How did KCHA implement small-area payment standards and what lessons were learned through this process?
- How did the shift to small-area payment standards impact: a) residents' geographic location, b) residents' move patterns, c) shopping success rates, and d) overall housing assistance payments?

PROGRAM/POLICY IMPLICATIONS: This evidence will detail how KCHA implemented a broad policy shift involving multiple stakeholders, and will provide evidence on how to communicate about opportunity neighborhoods and housing assistance options with diverse groups. Additionally, these analyses will provide insights into the preliminary influence of revised payment standards on agency costs, and on residents' geographic choices; this has implications for subsequent agency strategies related to mobility and housing assistance.

- **EXAMPLE:** If we see that personalized texts are the most effective means to prompt opportunity moves, subsequent agency communication strategies will reflect this approach.

Focus 3. Exploring intersections between housing and education

MOTIVATION: Housing is increasingly understood as a key component of and platform for improved educational outcomes; inversely, educational outcomes are tied to economic self-sufficiency and the need for housing assistance. Research questions within this focus area take a deeper look at the effectiveness of current educational initiatives, as well as provide foundational evidence as to the intersections between housing and education that can be used to guide future policies and programs.

RESEARCH AREA A. HOW DO EDUCATIONAL OUTCOMES OF KCHA STUDENTS RESIDING IN HIGH-OPPORTUNITY AREAS COMPARE WITH THOSE OF KCHA STUDENTS RESIDING IN LOWER-OPPORTUNITY AREAS?

- Do these outcomes vary by neighborhood tenure?

PROGRAM/POLICY IMPLICATIONS: These results will provide important baseline information as to how educational outcomes (according to a variety of metrics) vary by families' residence in opportunity neighborhoods.

Example: If differences are more pronounced for some outcomes (e.g., disciplinary action rates are higher (or lower) for students in high-opportunity neighborhoods as compared to those in lower-opportunity neighborhoods) this suggests the need for future work to understand how neighborhood and school effects are tied to these outcomes and also where there are opportunities to develop more targeted services and policies to support positive outcomes.

RESEARCH AREA B. ARE EDUCATIONAL OUTCOMES OF STUDENTS RECEIVING PLACE-BASED SUPPORTS BETTER THAN THOSE OF STUDENTS THAT DO NOT RESIDE IN AREAS WITH PLACE-BASED EDUCATIONAL INITIATIVES?

- How do educational outcomes vary across KCHA's place-based initiatives sites?

PROGRAM/POLICY IMPLICATIONS: Though KCHA has preliminary trend data on student outcomes in place-based initiatives districts, these results will provide more compelling evidence on the impact of place-based initiatives on student participants. This work will also provide new evidence that could support cross-sector collaborations between KCHA and school districts, including possible cost-sharing opportunities.

- •+ Because place-based initiatives are being administered by different service providers, if the results indicate varied outcome by site, it could provide evidence on the effectiveness of some place-based models over others (and in turn, which program elements should be scaled-up or expanded on).

RESEARCH AREA C. HOW DO FAMILIES DESCRIBE THEIR DECISIONS AROUND WHERE TO MOVE AND TO WHAT EXTENT IS SCHOOL QUALITY AND/OR SCHOOL STABILITY A PART OF THIS DECISION?

PROGRAM/POLICY IMPLICATIONS: Results from this research will provide important context on families' perceptions on why they move and whether/how school quality and/or school stability plays a part in these choices. This work will contribute to broader scientific dialogue around neighborhood selection. It will also provide evidence in debates on the intersections between mobility and education and will provide a tighter conceptual framework to undergird KCHA's future program/policy development in this area.

- EXAMPLE: If families identify school stability as being more important than moving to higher quality school districts, it could help to explain possible move 'resistance' among KCHA residents as well as emphasize the need for place-based (over mobility) initiatives.

Focus 4. Exploring intersections between housing, health, and wellness

MOTIVATION: Similar to the motivation for exploring intersections between housing and education, there is a need to better understand the nexus between housing, health, and wellness. This is a particularly salient research area as seniors and younger disabled persons are increasingly reflected in subsidized housing services. It will also speak to broader dialogue about housing as a critical social determinant of health and on possible programming and services that housing authorities may adopt to improve health and wellness among its residents.

RESEARCH AREA A. WHAT ARE THE HEALTH NEEDS AND HEALTH SERVICE USE PATTERNS AMONG KCHA'S SENIOR AND YOUNGER DISABLED POPULATIONS?

- Do health needs and service use vary by length of housing assistance?
- Do health needs and service use vary by household characteristics?

PROGRAM/POLICY IMPLICATIONS: Given expected growth in senior residents over the next decade, it is important to consider this group's health needs and service use patterns. This research will provide critical baseline evidence for KCHA to make data-informed decisions about current and future service needs for enhancing residents' health, quality of life, and ability to age in place. While this particular area focuses on seniors and younger disabled residents, it will also establish a framework and metrics for exploring health and housing intersections among other resident populations in future studies.

- **EXAMPLE:** Should the data show that depression rates are pronounced among disabled populations who have been in public housing for two years or longer, it suggests the need for more targeted programming to address mental health in this population subgroup (including considerations of Medicaid-supported service models).

RESEARCH AREA B. WHAT ARE THE NEIGHBORHOOD HEALTH CHARACTERISTICS IN AREAS OF KING COUNTY WHERE KCHA RESIDENTS RESIDE?

- What is the spatial distribution of physical neighborhood attributes (and possible correlations with physical health outcomes)?
- What is the spatial distribution of social/community neighborhood attributes (and possible correlations with stress and psychosocial outcomes)?
- What is the spatial distribution of provider and service networks (and possible correlations with service options and utilization)?
- How do neighborhood health characteristics vary according to high- and lower-opportunity neighborhood areas?

PROGRAM/POLICY IMPLICATIONS: This evidence will fit with broader work around opportunity neighborhoods and more specific debates about neighborhood effects on health. KCHA's suburban location makes it a particularly compelling case; evidence from this work has implications for thinking about property siting, mobility counseling/assistance, and potential partnership opportunities as part of place-based initiatives.

- **EXAMPLE:** Should the evidence show mental health provider shortages in areas with a high proportion of KCHA residents, it may help to explain possible service under-utilization patterns as well as a potential opportunity for KCHA to foster new partnerships to expand these service networks. Maps of area health characteristics could also be used as an important outreach and mobility resource for residents.

MTW IN 2015

9 cost-saving initiatives



saved \$429,000



EQUIVALENT TO HOUSING SUPPORT FOR
44 families



T A B N U M B E R

8



TO: Board of Commissioners

FROM: John E. Eliason, Development Director, HOPE VI

DATE: March 14, 2016

RE: Study Session: Seola Gardens & Greenbridge Market Rate Land Development

At the March Board meeting, staff will lead a study session on the current status of land sales and homeownership development at the Greenbridge and Seola Gardens mixed income communities. The study session will provide the Board with a brief history and then focus on a revised physical design and marketing strategy for the undeveloped bulk parcels at Greenbridge between 4th and 6th Avenues. Alan Grainger, a Founding Principal at GGLO, the master planning architect for these projects, will lead a discussion on revisions to the street layout and housing typologies.

The planning for this parcel, which, at approximately 18.2 acres, is the largest remaining undeveloped element of Greenbridge, emphasizes the design principles used throughout the community, including a walkable, pedestrian friendly community, “eyes on the street” environmental sustainability and the de-emphasis of garages along the streetscape.

In addition, strong connections to the surrounding community are provided through trail connections to transit and existing pathways. The study session will conclude with an update on the financial status of the two HOPE VI projects and the projected schedule for completion of the build-out.

T
A
B

N
U
M
B
E
R

9

KCHA IN THE NEWS

Low, moderate income residents feeling housing squeeze in east King

by AARON KUNKLER, Kirkland Reporter Reporter

Jan 22, 2016 at 8:00AM



Rising real estate prices are squeezing low and moderate income people out of the Eastside.

— *image credit: Reporter file photo*

Housing in King County is in high demand and low to moderate income residents are feeling the crunch.

East King County, stretching from Kenmore to Issaquah to Bellevue, has seen a dramatic increase in living costs during the past decade, according to 2015 data from A Regional Coalition for Housing (ARCH). This increase is due largely to an increase in those looking for housing, as the area emerges from the Great Recession, a housing deficit and stagnant wages for many working people.

During the past three decades, East King County has gone from having a surplus of housing to employing a workforce that requires 25 percent more housing than is available. The situation is only expected to get worse over the next 20 years with the addition of a projected 133,000 jobs, requiring some 95,000 additional housing units, according to ARCH. Currently, there are only 60,500 housing units planned, according to the data.

ARCH is an organization which was created in 1992 through an inter-local agreement between East King County cities to address affordable housing concerns. The organization works with the cities to preserve and expand affordable housing, but with real estate costs nearly doubling since its inception, and funding commitments from cities holding steady and falling well below inflation, it is struggling to meet the area's housing needs, particularly for low income residents.

"It takes so much to get from the market all the way down to low income," ARCH director Arthur Sullivan said. "To get to low income, it's always needed direct assistance."

The organization uses three main routes to encourage the creation of affordable housing.

The first is trying to create diversity through the private sector where cities zone to allow more flexibility in the creation of multi-family housing, including apartments, duplexes and backyard cottages.

Second is by offering incentives to private contractors through actions like requiring new developments to retain a portion of new units for affordable housing, waiving permit fees and other direct incentives.

Third is direct assistance through funds donated by member cities into an ARCH trust fund, coupled with county, state and federal dollars to directly construct new housing, purchase land and acquire existing housing.

The first two options generally benefit residents who make 50 to 80 percent of the area's median annual income of around \$70,600, according to ARCH.

Seattle's annual median income is \$62,000, and \$70,567 county-wide.

Fifty-four percent of households in East King County earn more than \$84,700, while nearly one-third of Eastside residents fail to earn 80 percent of the area's median income.

However, income levels overall have declined in recent years, with half of the Eastside's workers falling below the 40th percentile of area earners, reflecting a national trend of income inequality.

Of those making \$35,300 or less, 75 percent are cost-burdened, meaning they spend more than one-third of their income on housing. Of these, there are 25,000 households in East King County which are extremely cost-burdened, meaning they pay more than 50 percent of their income for housing, and are often younger residents or seniors on fixed income.

According to ARCH data, average monthly rent in Eastside cities was \$1,362 in 2013, the most recent year available, as compared with \$1,173 county-wide.

In a nutshell, this means ever-increasing numbers of Eastside residents are having a harder time paying for housing.

For low and very low income residents, ARCH and local cities use direct funds to try and help, but even still, only seven percent of housing is affordable to households making less than \$21,200 annually, compared with 15 percent county-wide, according to ARCH.

Since 1993, more than \$42 million in East King County city funds have been made available through various funding sources, and ARCH has funded more than 3,000 housing units, although the number

of housing units cities actually created was much lower, and heavily skewed toward households earning between 50 to 80 percent of the median income.

According to ARCH data, between 1993 and 2002, Eastside cities created only 36 percent of 445 planned affordable housing units for households making less than \$35,300 annually, this fell to a paltry 18 percent of 445 between 2003 and 2012.

In contrast, these cities created 361 housing units, or nearly 115 percent of their goal of 315 units, for households earning between \$35,300 to \$56,499 annually from 1993 to 2002.

This also dropped during 2003 to 2012, with only 225 of some 315 anticipated units being constructed.

Other institutions are also trying to address ever-increasing rents and stagnant wages.

The Low Income Housing Institute Director Sharon Lee thinks cities could be doing more.

"I think there's a lot of talk about how unaffordable the Eastside is," she said. "I think ARCH should do a bigger (funding) ask, and the elected mayors and city councilmembers should be making affordable housing a high priority."

She said that with area growth, cities could implement a fee on new developments to be put directly towards creating or acquiring low-income housing.

Her organization also works at acquiring property to develop low income housing in the greater Seattle area. There are two on the Eastside, in Kenmore and Bellevue.

Section 8 vouchers are also used to help low income earners find housing. These vouchers use federal dollars, and are managed by the King County Housing Authority.

"We're acutely aware of the skyrocketing rents both in North King County and East King County areas," Deputy Executive Director Dan Watson said.

While rents have been rising, Section 8 funding from Washington D.C. has not increased in recent years.

"It's been a very challenging situation in the last several years because of the increases in private market rents, and the costs to the program to try and keep up with those rents," he said.

Section eight vouchers are awarded through application to a lottery process. Lottery winners are placed on a waiting list to receive one of the 11,400 vouchers available county-wide outside the city

of Seattle, and only become available when a voucher holder relinquishes them to the county, or the county deems they don't need further assistance.

A section eight voucher ideally allows a renter to pay only 30 percent of their income towards rent, with the county picking up the rest.

But with no federal funding increases and higher rents, many voucher holders end up paying more than 30 percent of their income towards rent.

Watson said his department has to choose between this or reducing service.

"One of the consequences of not increasing the assistance in proportion to the increase in rents that we're seeing is that people have to pay out of their own pockets," he said.

The section eight voucher lottery was opened in January 2015, but the county doesn't know when it will open again since many people are still on the waiting list.

Stagnant wages are one of the major factors keeping affordable housing out of reach for many people, and while Seattle passed a \$15 minimum wage and has discussed rent control, Watson said he's not sure if these approaches will be effective on the Eastside.

"I think that the more realistic approach is both trying to create economic opportunities, and making sure that there is a path and a trajectory for people to grow their incomes," he said.

According to a study by the Workforce Development Council of Seattle-King County, updated in 2015, a single adult in East King County needs an annual income of \$33,135 to be self-sufficient, covering only basic living costs, requiring an hourly wage of nearly \$16.

Minimum wage in Washington State is \$9.47 an hour, clocking in around only \$25,000 annually.

Sixty percent of workers, or more than 183,000 people employed in East King County, work in service industries, where they generally earn between \$30,000 to \$55,000 annually, with three Eastside areas paying considerably more, according to ARCH data.

The next largest sector is retail, employing 27,692 and a median annual income of \$32,500, just below a self-sufficient income level.

Many of these employees work in the cities where they live.

"It makes sense for the cities to invest in affordable housing for their own residents," Lee said.

Further solutions could come by way of Eastside cities setting aside portions of new developments for affordable housing, as Bellevue and Redmond do, levying a development tax on new construction like Seattle or licensing a tax on AirB&B units like the city of Portland.

As for Sullivan, he thinks affordable housing isn't just a problem for very low to moderate income earners, but one that affects the entire region.

"The more stress on the people and their jobs, and your economy eventually suffers," he said.

tukwila reporter

Man, about 30, receives life-threatening gunshot wound early Thursday

by DEAN RADFORD, Tukwila Reporter Editor

Mar 3, 2016 at 9:00AM updated at 5:03PM

UPDATE: The shooting occurred in the south parking lot of the 30-unit Riverton Terrace II apartments operated by the King County Housing Authority. Rhonda Rosenberg, a spokeswoman for the housing authority, said it's believed the victim, who is not a tenant in the complex, was visiting a tenant who is in the process of being evicted for drug-related activity. However, that relationship has not been confirmed, she said.

ORIGINAL STORY:

A man, approximately 30 years old, received life-threatening injuries in a shooting at an apartment complex at about 6 a.m. Thursday in the 14400 block of 41st Avenue South, according to the Tukwila Police Department.

Three schools – Foster, Showalter and Thorndyke – were locked down temporarily but at that time of day there were few students and staff on campus, according to Sara Niegowski, a Tukwila School District spokeswoman.

The schools were locked down until the shooting scene was secured and a search for the suspect was made, which occurred before the start of school.

A suspect wasn't immediately located. Officers had only a minimal description of the suspect, according to police. Tukwila officers and detectives were at the scene interviewing witnesses and continuing the investigation, according to police.

The victim was taken to Harborview Medical Center in Seattle.

DEAN RADFORD, Tukwila Reporter Editor

dradford@tukwilareporter.com or 425-255-3484 ext. 5150

<http://www.tukwilareporter.com/news/370944141.html>

Governor appoints DaCorsi to Washington State Affordable Housing Advisory Board



For the Reporter

Gov. Jay Inslee has appointed Auburn City Councilmember Claude DaCorsi to a four-year term on the Washington State Affordable Housing Advisory Board, which advises the Department of Commerce on housing and housing-related issues.

The board's 22 members represent housing interests throughout the state.

"Being appointed to the Board is important for Auburn as we now have a seat at the table that helps drive housing policy and recommendations," DaCorsi said. "Affordable housing needs cross all income levels: some families may be severely under housed while others are significantly rent burdened, paying 40 percent or more of their income for rent. Others may be priced out of the home buyer market while desiring to become homeowners.

"While some believe affordable housing relates only to subsidized housing, the reality is that a significant number of our state citizens are facing an affordable housing crisis," DaCorsi said. "We are impacted in Auburn and need to keep our focus on this issue.

“My objective as a board member is to bring my years of hands-on, affordable housing experience to help shape the future of affordable housing needs in our community and in communities across our entire state.”

All of the issues the board will address center on the 2015 Housing Needs Assessment, which collected and analyzed federal, state and housing authority data on affordable housing in Washington state.

The 2015 HNA includes:

- Baseline state housing indicators – future studies will replicate and compare this data.
- Rental supply analysis, including an inventory of publicly-funded housing units in our state.
- Analysis of how much of the public portfolio is at risk to conversion to market-rate housing.
- Home ownership analysis that includes financing trends, mortgage rates, and foreclosures.

“We are pleased to share Councilmember DaCorsi’s expertise on affordable housing with the Governor’s advisory board,” said Auburn Mayor Nancy Backus. “His leadership will be immensely valuable to the residents of Washington.”

DaCorsi began his term on the City Council in January 2014. He has more than 20 years of experience in public works procurement and contract administration. In 2015 he retired as the director of Capital Construction for the King County Housing Authority.

He was the former director of construction and development for the Grant County Housing Authority. He has more than 40 years of construction management and executive management experience.

DaCorsi has a master's degree in Public Administration with a specialization in government from Seattle University and a bachelor's degree in business management magna cum laude from Northwest University.