MEETING OF THE BOARD OF COMMISSIONERS

November 20, 2017 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 **1**

A. Board Meeting Minutes – October 9, 2017

B. Special Board Meeting Minutes – October 31, 2017

V. Approval of Agenda

VI. Consent Agenda

A. Voucher Certification Reports for September 2017 **2**

B. **Administrative Correction to Resolution No. 5569:** Authorizing the submission of an application to the U.S. Department of Housing and Urban Development for the disposition of the Eastside Maintenance Warehouse in Kirkland, WA **3**

VII. Resolutions for Discussion & Possible Action

A. **Resolution No. 5574:** Authorizing the Sale and Disposition of Greenbridge Wind Rose Parcel Z-8 to Conner Homes or Subsidiary CHG SF, LLC or other Subsidiary of Conner Homes **4**

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

TAB NUMBER 1

MEETING MINUTES
OF THE
KING COUNTY HOUSING AUTHORITY
BOARD OF COMMISSIONERS

Monday, October 9, 2017

I. CALL TO ORDER

The meeting of the King County Housing Authority Board of Commissioners was held on Monday, October 9, 2017 at King County Housing Authority, 600 Andover Park West, 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 Susan Palmer, Commissioner TerryLynn Stewart and Commissioner John Welch

III. Public Comment

Lillie Clinton, resident of Wellswood Apartments provided public comment concerning her community.

IV. APPROVAL OF AGENDA

On motion by Commissioner Welch and seconded by Commissioner Stewart, the Board unanimously approved the October 9, 2017 Board of Commissioners' meeting agenda.

IV. CONSENT AGENDA

A. Voucher Certification Reports for August 2017

GENERAL PROPERTIES		
Bank Wires / ACH Withdrawals		3,395,285.49
	Subtotal	***3,395,285.49***
Accounts Payable Vouchers		
Key Bank Checks #311103-#311587		6,300,590.57
Tenant Accounting Checks #10429-#10456		6,645.24
Commerce Bank Direct Payment		42,161.15
	Subtotal	***6,349,396.96***

Payroll Vouchers		
Checks - #90580 – #90614		34,823.73
Direct Deposit		1,344,190.31
	Subtotal	***1,379,014.04***
Section 8 Program Vouchers		
Checks - #618738-#619072		207,766.92
ACH - #390710-#393493		12,057,602.26
	Subtotal	***12,265,369.18***
Purchase Card / ACH Withdrawal		213,454.39
	Subtotal	***213,454.39***
	GRAND TOTAL	***23,602,520.06***

BOND PROPERTIES	
Bond Properties Total (31 different properties)	***$3,772,159.90***

On motion by Commissioner Palmer and seconded by Commissioner Welch, the Board approved the consent item.

V. RESOLUTONS FOR DISCUSSION & POSSIBLE ACTION

A. **Resolution No. 5569:** Authorizing the submission of an application to the U.S. Department of Housing and Urban Development for the disposition of the Eastside Maintenance Warehouse in Kirkland WA

Connie Davis, Deputy Executive Director, presented Resolution No. 5569 and provided background information on the Warehouse. Ms. Davis mentioned that currently the City of Kirkland occupies the space and has approached KCHA to purchase the property.

Ms. Davis explained that HUD capital funds were used to acquire the property in 1991 and a Declaration of Trust was filed, which acknowledged HUD's interest in the property. Therefore, KCHA must obtain approval from HUD for the disposition. Additionally, Ms. Davis explained that Resolution No. 5569 is a requirement for the disposition application to HUD and the actual approval of the sale would be brought to the Board for consideration at a later date.

On motion by Commissioner Brown and seconded by Commissioner Palmer, the Board unanimously approved Resolution No. 5569.

B. **Resolution No. 5570**: Authorizing the acquisition of the Friendly Village Mobile Home Park in Redmond WA

Tim Walter, Senior Director of Development and Asset Management, presented Resolution No.'s 5570 and 5571. Mr. Walter explained the proposed acquisition and financing of the property.

On motion by Commissioner Welch and seconded by Commissioner Stewart, the Board unanimously approved Resolution No. 5570.

C. **Resolution No. 5571**: Authorizing the issuance of a note in the principal amount not to exceed $25,000,000, to finance the acquisition of Friendly Village Mobile Home Park and determining related matters

On motion by Commissioner Palmer and seconded by Commissioner Brown, the Board unanimously approved Resolution No. 5571.

D. **Resolution No. 5572**: Approval of the King County Housing Authority's Moving to Work Annual Plan for FY 2018

Katie Escudero, Moving to Work Policy Analyst, provided a briefing on the 2018 Annual Moving to Work Plan and presented new strategies proposed as well as gave an update on the public comment process.

On motion by Commissioner Stewart and seconded by Commissioner Welch, the Board unanimously approved Resolution No. 5572.

VI. BRIEFINGS AND REPORTS

A. New Bank Accounts
Connie Davis reported that KCHA had opened one new bank account related to Section 8 Family Self-Sufficiency Escrow.

B. Risk Management and Insurance Program: 2017 Update
Mark Abernathy, Risk Manager introduced his team members, Trinh Nguyen and Craig Bartlett along with Susan Stead, from Parker, Smith & Feek. Mr. Abernathy presented KCHA's 2017 Risk and Insurance Program annual review. Mr. Abernathy outlined KCHA's Risk Mitigation strategies, completed projects, future initiatives and history of claims as well as insurance costs.

X. EXECUTIVE DIRECTOR'S REPORT

Stephen Norman, Executive Director, provided an overview of the annual KCHA All Staff meeting that occurred in September and shared highlights of the day.

Mr. Norman mentioned that the HUD Cash Management audit has concluded, but that the results are not yet know. Once the results are published, they will be shared with the Commissioners'.

Mr. Norman also informed the Board that he gave a presentation to the King County Housing and Health Committee and that he expects the approval for additional credit enhancement by the County will occur this month.

An update was also provided by Tim Walter on the status of the Carriage House Apartments fire and its impact on residents.

XI. KCHA IN THE NEWS

XII. COMMISSIONER COMMENTS

The Board retreat dates were confirmed for January 25 and 26, 2018.

Commissioner Palmer appreciated the update on the KCHA All Staff event and commended staff.

XIII. ADJOURNMENT

On motion by Commissioner Stewart and second by Commissioner Brown, Chair Barnes adjourned the meeting at 10:07 a.m.

THE HOUSING AUTHORITY OF THE COUNTY OF KING, WASHINGTON

____
DOUGLAS J. BARNES, Chair
Board of Commissioners

____
STEPHEN J. NORMAN
Secretary

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

Tuesday, October 31, 2017

I. CALL TO ORDER

The meeting of the Board of Commissioners of the King County Housing Authority was held on Tuesday, October 31, 2017 via Conference Call and at King County Housing Authority, 700 Andover Park West, WA. There being a quorum, the meeting was called to order by Chair Doug Barnes at 10:37 a.m.

II. ROLL CALL

Participants:	Commissioner Doug Barnes (Chair), Commissioner Susan Palmer, Commissioner TerryLynn Stewart and Commissioner John Welch
Excused:	Commissioner Michael Brown (Vice-Chair)

III. Public Comment

None.

IV. RESOLUTIONS FOR DISCUSSION & POSSIBLE ACTION

A. **Resolution No. 5573:** Authorizing the acquisition of the Ballinger Commons Apartments

Stephen Norman, Executive Director, provided an overview of Resolution No. 5573.

Tim Walter, Senior Director of Development & Asset Management presented background information on the Ballinger Commons Apartments and explained the proposed acquisition process.

All questions raised by the Board of Commissioners were answered by staff.

On motion by Commissioner Stewart, the Board unanimously approved Resolution No. 5573.

XIV. ADJOURNMENT

Chair Barnes adjourned the meeting at 11:03 a.m.

THE HOUSING AUTHORITY OF THE
COUNTY OF KING, WASHINGTON

____
DOUGLAS J. BARNES, Chair
Board of Commissioners

____
STEPHEN J. NORMAN
Secretary

TAB NUMBER 2

King County Housing Authority

To: Board of Commissioners

From: Linda Riley, Controller

Date: October 27, 2017

Re: **VOUCHER CERTIFICATION FOR SEPTEMBER 2017**

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
October 27, 2017

Bank Wires / ACH Withdrawals		1,416,339.89
	Subtotal	***1,416,339.89***
Accounts Payable Vouchers		
Key Bank Checks - #311588-#312207		5,730,219.13
Tenant Accounting Checks - #10457-#10474		7,469.57
Commerce Bank Direct Payment		139,861.12
	Subtotal	***5,877,549.82***
Payroll Vouchers		
Checks - #90615-#90644		40,709.20
Direct Deposit		1,346,440.59
	Subtotal	***1,387,149.79***
Section 8 Program Vouchers		
Checks - #619073-#619400		265,948.22
ACH - #393494-#396270		12,027,647.16
	Subtotal	***12,293,595.38***
Purchase Card / ACH Withdrawal		252,011.24
	Subtotal	***252,011.24***
	GRAND TOTAL	***21,226,646.12***

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

FROM: Wen Xu

SUBJECT: **VOUCHER CERTIFICATION FOR SEPTEMBER 2017**

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

Tim Walter
Senior Director of Development and Asset Management
November 13, 2017

Property	Wired to Operating Account(s) for Obligations of Property			Notes:
Sep-17	Date	$	Claim	
Bellepark East	9/6/2017	$5,529.18	A/P	
	9/14/2017	$20,752.37	A/P & Payroll	
	9/20/2017	$28,861.07	A/P	
	9/27/2017	$9,677.94	A/P & Payroll	
Colonial Gardens	9/14/2017	$11,645.02	A/P & Payroll	
	9/20/2017	$14,620.15	A/P	
	9/27/2017	$4,093.45	A/P & Payroll	
Cottonwood	9/6/2017	$3,507.49	A/P	
	9/14/2017	$10,368.07	A/P & Payroll	
	9/20/2017	$12,140.63	A/P	
	9/27/2017	$6,898.15	A/P & Payroll	
Cove East	9/6/2017	$7,156.76	A/P	
	9/14/2017	$22,218.43	A/P & Payroll	
	9/20/2017	$3,673.92	A/P	
	9/27/2017	$20,917.98	A/P & Payroll	
Landmark	9/6/2017	$1,268.18	A/P	
	9/14/2017	$34,999.51	A/P & Payroll	
	9/20/2017	$92,783.46	A/P	
	9/27/2017	$10,639.66	A/P & Payroll	
Timberwood	9/6/2017	$115,557.74	A/P	
	9/14/2017	$60,501.60	A/P & Payroll	
	9/20/2017	$72,108.85	A/P	
	9/27/2017	$42,957.65	A/P & Payroll	
Woodland North	9/6/2017	$4,838.97	A/P	
	9/14/2017	$12,077.59	A/P & Payroll	
	9/20/2017	$5,953.98	A/P	
	9/27/2017	$6,470.79	A/P & Payroll	
Woodside East	9/6/2017	$16,918.59	A/P	
	9/14/2017	$40,064.47	A/P & Payroll	
	9/20/2017	$12,167.99	A/P	
	9/27/2017	$64,826.46	A/P & Payroll	
Alpine Ridge	9/7/2017	$2,848.18	Payroll	
	9/14/2017	$2,977.31	A/P	
	9/21/2017	$2,124.85	Payroll	
	9/28/2017	$10,615.05	A/P	
Arbor Heights	9/7/2017	$3,975.84	Payroll	
	9/14/2017	$17,823.94	A/P	
	9/21/2017	$4,153.98	Payroll	
	9/28/2017	$16,798.08	A/P	
Aspen Ridge	9/7/2017	$7,694.35	Payroll	
	9/14/2017	$29,955.33	A/P	
	9/21/2017	$4,768.47	Payroll	
	9/28/2017	$40,428.95	A/P	
Auburn Square	9/7/2017	$12,225.39	Payroll	
	9/14/2017	$56,012.68	A/P	
	9/21/2017	$9,754.55	Payroll	
	9/28/2017	$25,426.84	A/P	
Carriage House	9/7/2017	$15,412.52	Payroll	
	9/14/2017	$29,769.56	A/P	
	9/21/2017	$60,855.86	Payroll	
	9/28/2017	$51,232.23	A/P	
	9/29/2017	$42,850.00	A/P	
Cascadian	9/7/2017	$11,971.51	Payroll	
	9/14/2017	$66,502.77	A/P	
	9/21/2017	$12,286.98	Payroll	
	9/28/2017	$28,667.23	A/P	
Fairwood	9/7/2017	$16,898.21	Payroll	
	9/14/2017	$4,700.53	A/P	
	9/21/2017	$9,287.20	Payroll	
	9/28/2017	$49,211.91	A/P	

Heritage Park	9/7/2017	$7,133.51	Payroll	
	9/14/2017	$9,501.62	A/P	
	9/21/2017	$4,477.70	Payroll	
	9/28/2017	$17,775.79	A/P	
Laurelwood	9/7/2017	$7,484.33	Payroll	
	9/14/2017	$17,286.69	A/P	
	9/21/2017	$7,052.53	Payroll	
	9/28/2017	$21,832.69	A/P	
Meadows	9/7/2017	$3,533.73	Payroll	
	9/14/2017	$9,350.32	A/P	
	9/21/2017	$6,044.49	Payroll	
	9/28/2017	$22,975.41	A/P	
Newporter	9/7/2017	$8,093.04	Payroll	
	9/14/2017	$30,971.53	A/P	
	9/21/2017	$9,388.78	Payroll	
	9/28/2017	$28,321.76	A/P	
Overlake TOD	9/7/2017	$13,423.18	Payroll	
	9/14/2017	$139,257.97	A/P	
	9/15/2017	$13,671.40	A/P	
	9/21/2017	$17,617.50	Payroll	
	9/28/2017	$19,640.52	A/P	
Parkwood	9/7/2017	$4,572.80	Payroll	
	9/14/2017	$25,303.81	A/P	
	9/21/2017	$4,627.78	Payroll	
	9/28/2017	$15,115.36	A/P	
Somerset East	9/7/2017	$4,361.43	Payroll	
	9/14/2017	$30,170.85	A/P	
	9/21/2017	$5,830.24	Payroll	
	9/28/2017	$7,715.69	A/P	
Somerset West	9/7/2017	$5,367.91	Payroll	
	9/14/2017	$25,760.39	A/P	
	9/21/2017	$5,151.10	Payroll	
	9/28/2017	$7,211.54	A/P	
Southwood Square	9/7/2017	$7,484.12	Payroll	
	9/14/2017	$15,622.67	A/P	
	9/21/2017	$37,322.09	Payroll	
	9/28/2017	$5,148.42	A/P	
Walnut Park	9/7/2017	$6,863.72	Payroll	
	9/14/2017	$77,417.21	A/P	
	9/21/2017	$7,828.54	Payroll	
	9/28/2017	$11,454.90	A/P	
Windsor Heights	9/7/2017	$33,523.68	Payroll	
	9/14/2017	$52,737.75	A/P	
	9/21/2017	$17,366.36	Payroll	
	9/28/2017	$41,786.85	A/P	
Woodridge Park	9/7/2017	$14,651.53	Payroll	
	9/14/2017	$51,150.98	A/P	
	9/21/2017	$11,086.44	Payroll	
	9/28/2017	$38,079.78	A/P	
Gilman Square	9/20/2017	$28,265.14	A/P & Payroll	
	9/6/2017	$69,505.48	A/P & Payroll	
Meadowbrook	9/20/2017	$24,244.42	A/P & Payroll	
	9/6/2017	$32,372.64	A/P & Payroll	
Villages at South Station	9/20/2017	$42,489.65	A/P & Payroll	
	9/6/2017	$65,574.68	A/P & Payroll	
Rainier View I	9/21/2017	$11,520.27	A/P	
	9/15/2017	$4,418.63	A/P	
	9/7/2017	$11,247.00	A/P	
Rainier View II	9/21/2017	$5,268.92	A/P	
	9/15/2017	$2,282.47	A/P	
	9/7/2017	$10,150.15	A/P	
Si View	9/21/2017	$7,740.19	A/P	
	9/15/2017	$2,114.98	A/P	
	9/7/2017	$3,396.33	A/P	
Abbey Ridge	9/21/2017	$95,494.89	A/P & Payroll	
	9/7/2017	$26,741.98	A/P & Payroll	
Highland Village	9/21/2017	$8,756.18	A/P & Payroll	
	9/7/2017	$14,169.26	A/P & Payroll	
Vashon Terrace	9/14/2017	$4,389.57	A/P	
	9/7/2017	$5,191.99	A/P	
	Portfolio Total:	**$2,884,309.65**		

TAB NUMBER 3

TO: Board of Commissioners

FROM: Connie Davis, Deputy Executive Director

DATE: November 14, 2017

RE: **Administrative Correction to Resolution No. 5569:** Authorizing the submission of an application to the U.S. Department of Housing and Urban Development for the disposition of the Eastside Maintenance Warehouse in Kirkland, WA

Resolution No. 5569 was previously presented to the Board and passed at the October 9th, 2017 Board meeting. In order to submit an application for disposition of the warehouse, HUD requires a letter of support from the City of Kirkland and a Board Resolution that is dated after the City's letter of support. Because the City's letter of support is dated October 19th, we are requesting that the Board, as an administrative item, pass this Board Resolution again so the resolution has an effective date as of November 20, 2017.

THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5569

AUTHORIZING THE SUBMISSION OF AN APPLICATION TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR THE DISPOSITION OF THE EASTSIDE MAINTENANCE WAREHOUSE IN KIRKLAND WA

WHEREAS, KCHA owns a maintenance warehouse (Warehouse) located at 1129 8th Street, Kirkland WA 98033 and;

WHEREAS, the Warehouse was originally purchased using grant funds sourced from the U.S. Department of Housing and Urban Development (HUD) and is subject to a Declaration of Trust encumbering the property and,

WHEREAS, KCHA has adopted the HUD-mandated asset management model which decentralized the warehousing of maintenance materials and which rendered the Warehouse surplus to its core operations and,

WHEREAS, the sale of the Warehouse is included in the CY 2018 Moving to Work Annual Plan and,

WHEREAS, disposition of non-residential public housing projects requires approval from HUD which must be obtained by submitting a Disposition Application to the Special Applications Center and,

WHEREAS, proceeds from the sale of the Warehouse will be used for eligible purposes as described in the Section 18(a)(5) of the U.S. Housing Act of 1937 including the provision of low-income housing and,

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

1. The Warehouse located at 1129 8th Street, Kirkland WA is determined to be surplus to the Authority operations.
2. The submittal of a Disposition Application to the HUD Special Application Center is hereby approved.
3. The Executive Director or Deputy Executive Directors are hereby authorized to submit the Disposition Application to HUD and to submit and execute any related documents.

ADOPTED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING THIS 20th DAY OF NOVEMBER, 2017.

THE HOUSING AUTHORITY OF THE COUNTY OF KING, WASHINGTON

____
DOUGLAS J. BARNES, Chair

Attest:

____
STEPHEN J. NORMAN, Secretary

TAB NUMBER 4

T0: Board of Commissioners

From: John Eliason, Development Director

Date November 14, 2017

Re: **Resolution No. 5574:** Authorizing Sale and Disposition of Greenbridge Wind Rose Parcel Z-8 to Conner Homes or Subsidiary CHG SF, LLC or other Subsidiary of Conner Homes

---

Executive Summary

Resolution No. 5574 allows the Executive Director to enter into a purchase and sale agreement and to dispose of and sell Greenbridge Wind Rose Parcel Z-8 to Conner Homes. Conner Homes plans to provide homeownership opportunities including roadway infrastructure, trail and parks and 31 single family homes. The proposed purchase price is $4,805,000; however, the resolution further allows the Executive Director to adjust the purchase price up to 15% to account for any unknown issues found. The purchase price cannot be adjusted below the value of the fair market appraisal.

Background

The Greenbridge Wind Rose property consists of Parcel Z-8 of the Greenbridge Master Plat. KCHA has platted, and has provided utility service to the property boundaries. KCHA is offering the property with approved infrastructure permits. The 6.08 acre property is located on the northeast side of Greenbridge and features views of the valley and Cascade Mountains to the east. KCHA also plans to issue a construction easement on 1.9–acres of adjacent property called the Notch. The Notch property is planned to be graded and improved with utility stubs for sewer and drainage. The additional grading benefits the overall property by providing a soils management balanced site and advances development of this property by KCHA at a future date.

Disposition Process: The property was placed on the market in August of 2017. Proposals were due on October 12, 2017. Offers were received from BDR Homes, Pulte, Richmond American Homes and Conner Homes. Henley, Polygon, and Quadrant showed interest but did not submit proposals. Azure Homes showed interest but declined the week before proposals were due. KCHA staff reviewed offers received and recommends the Conner Homes proposal. The Conner Homes offer features the best purchase price of $4,805,000, $100,000 in cash earnest money, no feasibility period, 30-percent profit participation and home plans that meet the Greenbridge vision and design guidelines.

Wind Rose Independent Appraisal: Kidder Mathews appraised the fair market value of the bulk property on October 9, 2017. The Conner Homes offer was above the appraisal value. KCHA believes the strong offer from Conner Homes is due to low inventory in the for-sale market and lack of finished lots in their inventory. Also, the property is offered with complete infrastructure permitting, reducing risk for the project and allowing for a firm spring construction start date.

Risk of Closing: The primary risk to KCHA is that Conner will not ultimately close on the property or will attempt to negotiate a reduction in the price. The primary factors that mitigate this risk are the overall strength of the for-sale market, and Conner's desire to commence construction of infrastructure in the spring of 2018.

Market Risk: This risk could include factors such as softening of the residential market. This risk is mitigated by substantial earnest money cash at signing of the purchase and sale agreement with no feasibility period.

Unknown Site Conditions Risk: Another risk could be that an environmental issue or other unknown site condition is found on the property that would delay or prompt renegotiation of the terms of the deal. This risk is mitigated by KCHA having performed a complete Draft and Final EIS on the site with no environmental issues identified. This risk is further mitigated by our experience with a similar property, sold to BDR homes, which closed at full price in 2015 with no unknown site conditions identified.

Staff Recommendation

Conner Homes has been a quality and consistent builder in the northwest for the past 60 years. They have a good reputation for high quality homes and service. Staff believes that Conner Homes has made a strong offer for the Wind Rose Property. Approval of Resolution No. 5574 is recommended.

THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5574

AUTHORIZING THE DISPOSITION OF GREENBRIDGE WIND ROSE PARCEL Z-8 BY NEGOTIATED SALE TO CONNER HOMES, CHG SF, LLC OR A SUBSIDIARY OR RELATED ENTITY OF CONNER HOMES

WHEREAS, one objective of the King County Housing Authority's Greenbridge HOPE VI project in White Center is the provision of up to 400 new home ownership opportunities in the community; and,

WHEREAS, KCHA has platted, and has provided utility service to the property boundaries of the Greenbridge Wind Rose comprised of Parcel Z-8 within Greenbridge Master Plat; and,

WHEREAS, KCHA has offered this land for bulk sale through an open public offering to developers and builders of for-sale housing; and,

WHEREAS, Conner Homes has made an offer to purchase the Greenbridge Wind Rose Parcel Z-8 pursuant to the open public offering for a sales price of $4,805,000; and,

WHEREAS, Conner Homes has a successful record of developing land and building new homes in communities in the Puget Sound region for over 60 years; and,

WHEREAS, KCHA has entered into a nonbinding Letter of Intent with Conner Homes, dated October 19, 2017, setting forth the major terms of the sale; and,

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

1. Executive Director, or his designee, is hereby authorized to execute a purchase and sale agreement with Conner Homes or CHG SF, LLC or any other subsidiary or related entity of Conner Homes, pursuant to the terms of the

Agreement, its amendments and this Resolution, to sell and dispose of Greenbridge West Bulk Parcels for the price of $4,805,000. HUD restricted proceeds from this sale will be used to offset land development and carrying costs associated with the “for sale” land parcels at Greenbridge and other uses as may be approved by HUD. The Executive Director, or his designee, is authorized to adjust the price by up to 15 percent to account for unknown or unforeseen conditions so long as the final sales price is supported by a market rate appraisal.

2. The Executive Director, or his designee, is authorized, in his discretion to negotiate the specific provisions of the Purchase and Sale Agreement, based on the general terms and conditions set forth in the Letter of Intent referenced above, provided that the Executive Director, or his designee, shall not authorize changes to the Purchase and Sale Agreement that would materially interfere with KCHA’s objective for homeownership as set forth in the HOPE VI Revitalization Plan or its amendments.

ADOPTED AT A REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING THIS 20TH DAY OF NOVEMBER, 2017.

THE HOUSING AUTHORITY OF THE COUNTY OF KING, WASHINGTON

____
DOUGLAS J. BARNES, Chair
Board of Commissioners

TAB NUMBER 5

TO: Board of Commissioners

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

DATE: November 14, 2017

RE: **Resolution No. 5575:** Authorizing the acquisition and financing of the Ballinger Commons Apartments

---

Executive Summary

Resolution No. 5575 authorizes the acquisition and financing of the Ballinger Commons Apartments in Shoreline, Washington. Subject to final authorization of the Board and waiver of all feasibility contingencies, the closing date is anticipated to be December 15, 2017.

Background

At the October 31, 2017 Special Board meeting, Resolution No. 5573 was approved, which authorized the acquisition of the Ballinger Commons Apartments and in the event that KCHA was unable to negotiate a purchase with the seller, directed the Executive Director to use KCHA's statutory authority; including the exercise of the power of eminent domain, if necessary, to acquire the property.

At that time, staff committed to bringing this project back to Board with detailed information regarding the financing structure, results of KCHA's due diligence and a complete risk assessment for final Board review and approval.

The attached Project Profile provides detailed information about the property, results of KCHA's acquisition due diligence, the proposed short-term financing through a line of credit from KeyBank in the amount of $135 million including terms and conditions and the long-term financing plan.

Staff Recommendation

Resolution No. 5575 authorizes the acquisition of the site as well as the issuance of the short-term line of credit to finance the acquisition. Staff recommends approval of Resolution No. 5575.

Ballinger Commons Apartments
Project Profile

The Ballinger Commons Apartments is a 485-unit apartment complex located at 2405 N 202nd Pl in Shoreline, WA. The property was built in 1989 and consists of 185 one bedroom, 252 two bedroom and 48 three bedroom apartment homes. All of the units have full size kitchens, separate living and dining rooms and washers and dryers. The units range in size from 669 square feet (one bedroom), 884 – 908 square feet (two bedroom) and 1,208 square feet (3 bedroom). KCHA has completed its acquisition due diligence including title review, environmental review, and inspection of the property and its improvements.

Purchase Status

The property is currently owned by an affiliated entity of Essex Property Trust, a publically traded Real Estate Investment Trust, which focuses on multifamily property in the Seattle and California markets.

At the last Board of Commissioner's meeting, staff informed the Board about the purchase opportunity and that KCHA was working directly with Essex to attempt to negotiate a sale of the property to King County Housing Authority. Since that time, KCHA has been successful in negotiating a purchase agreement for the acquisition of the development. The negotiated purchase price is $133,350,000 ($274,950/unit) and the price will further be reduced at closing dollar for dollar with any reduction in the real estate excise tax (REET) exemption realized by the seller at closing. The estimated reduction in the purchase price related to the REET exemption is approximately $2,350,000 resulting in a net purchase price of approximately $131,000,000 ($271,100/unit). Subject to final authorization of the Board and waiver of all feasibility contingencies, the closing date is anticipated to be December 15, 2017.

Due Diligence Status

KCHA has ordered and received a title report, an appraisal, a Phase I Environmental assessment and a survey from third party consultants. The Phase I assessment shows no environmental concerns, the appraisal reflects an appraised value equal to the negotiated sale price and title has been reviewed and there are no unsatisfactory issues noted on the title. The survey revealed the site is slightly smaller than reflected on the County Assessor's website (72.5 acres vs. 77.7 acres).

KCHA has conducted a physical inspection of the site with a team of in-house construction and weatherization staff and has noted no material physical condition concerns. Specific attention was focused on buildings located in areas where storm water run-off would be most prevalent and no significant moisture issues were detected. Generally, the buildings were determined to be in well-kept condition. The most prevalent condition noted was that the majority of the units contained their original cabinets and countertops although they were in fairly good condition and not in need of immediate replacement.

Property Description, Unit Mix & Building Condition

The Ballinger Commons Apartments is a 485 unit apartment complex located in Shoreline at 2405 N 202nd Pl. The property was built in 1989 and consists of 185 one bedroom, 252 two bedroom and 48 three bedroom apartment homes. All of the units have full size kitchens, separate living and dining rooms and washers and dryers. The units range in size from 669 square feet (one bedroom), 884 – 908 square feet (two bedroom) and 1,208 square feet (3 bedroom). Each unit comes with a covered carport parking space and there is ample parking throughout the site for an extra vehicle and/or visitors (510 covered and 481 uncovered spaces).

Current rents are approximately $1,200 – one bedroom, 1,630 – two bedroom/one bath, $1,750 – two bedroom/two bath and $2,100 – three bedroom/two bath apartment home. There are currently 19 Section 8 rent assisted households at the property. KCHA workforce housing developments have on average 10% - 15% of the property occupied by tenant based Section 8 voucher holders so we anticipate the number of Section 8 households to increase significantly after KCHA assumes ownership of the property.

The parcel is approximately 72.5 acres and has mature landscaping and numerous amenities for the residents including two community buildings, fitness center, playground, walking and jogging paths throughout the site and an outdoor picnic area. There is a trail located on the western edge of the property which has a public use easement allowing individuals and families from the larger Shoreline area to enjoy use of the trail.

Neighborhood Description

Ballinger Commons is centrally located within walking distance to grocery and numerous retail and other services. The Aurora Village Transit Center is approximately one quarter mile west of the property and the site is proximate to the new light rail stop planned for 185th street. The location is in a very high opportunity neighborhood with excellent schools. This is a sub-market with rapidly escalating rents. Overall rental costs in the area have increased by 24% over the last three years, and two bedroom rents specifically by 28%. The Shoreline apartment market vacancy rate is currently 2.6%.

Strategic Rationale for Acquisition

The owner of the property had listed the property for sale with the intention of closing a sale by the end of this calendar year. The property was marketed highlighting its "value add" opportunities. These are improvements, mostly cosmetic, that could enable a new owner with little outlay of capital to raise rents significantly. The prospectus states that "These additions could create monthly rental premiums in the range of $150 - $250 and, in some cases, up to $300 over in-place rents". Rents at the property are also currently 10% - 15% lower than comparable apartments in the area.

Market interest in this property is very strong and KCHA is very concerned about the loss of affordability in this many rental units in an area of the County where modest wage working families are increasingly being priced out of the market. Completion of light rail along this corridor will only exacerbate this trend.

Proposed Financing

Interim Financing – KCHA has received a proposal from KeyBank (through its subsidiary Key Government Finance Inc.) for a $135,000,000 line of credit to finance acquisition of the complex. The term of the loan is for 24 months although the line can be prepaid at any time. The interest rate would be a variable rate loan indexed to the one-month Libor rate. The current indicative rate is slightly under 1.5%. Interest payments are to be made quarterly and the principal due at maturity. Similar to KCHA's other credit facilities with KeyBank, the line of credit would require an annual overall Housing Authority debt service coverage ratio of 1.10. KCHA's debt service coverage ratio at September 30, 2017 was in excess of1.7. KCHA has been informed by KeyBank that the line of credit has been authorized by KeyBank's internal credit committee and is subject only to approval by KCHA's Board of Commissioners. The origination fee for the line of credit is .25% (25 bps).

Permanent Financing – KCHA has a number of different options for the permanent financing of the development. The three most likely scenarios include: 1) a public sale of KCHA municipal bonds in the full amount of the interim financing backed by a general revenue pledge of the Authority; 2) a private placement with KeyBank bonds in the full amount of the interim financing backed by a general revenue pledge of the Authority or 3) a public sale of the amount of governmental housing bonds that can be supported directly by the net rental revenues of the property (approximately $85 million) and the balance of the interim loan refinanced with a public sale of municipal bonds backed by a combination of a general revenue pledge of the Authority and a King County loan guarantee (as part of KCHA's new $200 million credit enhancement program with King County). All of the above financing structures would also rely on the AA credit rating from Standards & Poor's which KCHA received on November 9, 2017. It is KCHA's intention to put the permanent financing in place as soon as possible after closing. The financing terms in each of the three scenarios mentioned above assumes 30 year amortizing facility with a 15 year bullet maturity at an interest rate of 3.75%.

It is important to note that similar to other market rate acquisitions, the net rental income generated by the operations of the property can only support financing for approximately 70% of the purchase price. The debt service for the remainder of the purchase price will need to be covered either through an internal reallocation of net operating income from other Asset Management Department properties or through a direct payment of debt service by KCHA's corporate revenues. The annual amount of debt service not able to be covered by the property's net operating income that will need to be paid for from other revenues is estimated to be approximately $1,500,000 per year.

Risks & Mitigation

Acquisition Risks & Mitigation

- (Risk) The purchase price for the property is above its true market value and KCHA could risk overpaying for the property.

- (Mitigation) KCHA has received an appraisal which supports the full purchase price.

- (Risk) The condition of the property has title defects unforeseen/unknown.

- (Mitigation) KCHA has had both its internal and external legal advisors review the title and are comfortable there are no defects. In addition, KCHA has determined that, upon sale, KCHA will be able to obtain a full owners' policy insuring clean title with extended coverage.

- (Risk) The environment condition of the property has defects unforeseen/unknown.

- (Mitigation) KCHA has conducted a Phase 1 environmental assessment. There were no environmental issues identified at the site either currently or associated with any historical use of the site.

Financing Risk & Mitigation

- (Risk) KCHA does not have sufficient credit capacity within its line(s) of credit for the initial acquisition financing.

- (Mitigation) KCHA has received a proposal from KeyBank's Key Government Finance, Inc. division to finance the full acquisition price of the park. KCHA has further been informed by KeyBank that the line of credit has been authorized by KeyBank's internal credit committee and is subject only to approval by KCHA's Board of Commissioners.

- (Risk) Short term interest rates spike.

- (Mitigation) KCHA intends to refinance the property as soon as feasible after closing and expect a refinance to be completed by second quarter 2018. The short refinance window will help to mitigate interest rate risk exposure. The net cash flow of the property can currently carry an additional 150 basis point increase in the line of credit financing interest rate before it would require supplemental payments from KCHA.

- (Risk) KCHA is unable to secure permanent financing.

- (Mitigation) There is little question KCHA would be able to secure some amount of financing backed by the revenue and the new property itself (i.e. a traditional multifamily real estate loan). The question would be the amount. With the new King County credit enhancement available to KCHA, the AAA rating of the County would allow KCHA to secure financing for any amount of debt not otherwise financed by the property. The Housing Authority desires to minimize the amount of credit enhancement used to finance Ballinger Commons, because it reduces the balance of the credit enhancement facility which would otherwise be available to KCHA to acquire other new housing. Traditional multifamily real estate loans typically provide financing for up to 60-80% of the value of a property (a loan to value "LTV" of 60% - 80%). Conservatively, a 50% LTV would yield a loan of approximately $66 million leaving another $66 million that would need to be financed with King County credit enhancement. Currently, the new King County Credit Enhancement program dedicated to KCHA provides up to $200 million in County loan guarantees. If $66 million in credit enhancement was dedicated to Ballinger Commons (50% of the total financing), there would still be another $134 million in County loan guarantees available to KCHA.

- (Risk) The line of credit is short term and will need to be paid off within that period of time.

- (Mitigation) KCHA has a number of permanent financing options including use of the County's new KCHA Contingent Loan Agreement Program.

- (Risk) Long term interest rates increase significantly.

- (Mitigation) KCHA intends to refinance the property as soon as feasible after closing and expect a refinance to be completed by second quarter 2018. The short refinance window will help to mitigate interest rate risk exposure although every .25% increase in long-term interest rates results in an increase in financing costs to KCHA of $335,000 per year.

<u>Building Condition Risk & Mitigation</u>

- (Risk) Additional repair and improvement costs are needed beyond what is visible from due diligence inspections.

- (Mitigation) A team of eight KCHA seasoned construction and weatherization professionals conducted a thorough investigation of the site and inspected a representative sampling of the units. Consensus of the staff was that the property, while having had no major upgrades or improvements, was in generally good condition with no immediate large scale capital liabilities.

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5575

A RESOLUTION providing for the issuance of the Authority's Non-Revolving Line of Credit Revenue Note, 2017 (Ballinger Commons Project), in the principal amount of not to exceed $135,000,000, to finance the acquisition of and improvements to a 485-unit apartment complex located in Shoreline, Washington, known as Ballinger Commons; determining the form, terms and covenants of the note; creating a note fund; approving the sale and providing for the delivery of the note to Key Government Finance, Inc.; authorizing and directing appropriate officers of the Authority to negotiate, execute and deliver such other documents as are useful or necessary to the purposes of this resolution; and determining related matters.

Adopted November 20, 2017

This document was prepared by:

FOSTER PEPPER PLLC
1111 Third Avenue, Suite 3000
Seattle, Washington 98101
(206) 447-4400

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5575

A RESOLUTION providing for the issuance of the Authority's Non-Revolving Line of Credit Revenue Note, 2017 (Ballinger Commons Project), in the principal amount of not to exceed $135,000,000, to finance the acquisition of and improvements to a 485-unit apartment complex located in Shoreline, Washington, known as Ballinger Commons; determining the form, terms and covenants of the note; creating a note fund; approving the sale and providing for the delivery of the note to Key Government Finance, Inc.; authorizing and directing appropriate officers of the Authority to negotiate, execute and deliver such other documents as are useful or necessary to the purposes of this resolution; and determining related matters.

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

WHEREAS, RCW 35.82.070(2) provides that a housing authority may acquire and provide for the construction, reconstruction, improvement, alternation or repair of 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 "to provide decent, safe, and sanitary urban and rural dwellings, apartments, mobile home parks, or other living accommodations for senior citizens"; and

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

WHEREAS, RCW 35.82.070(1) permits a housing authority to “make and execute contracts and other instruments . . . necessary or convenient to the exercise of the powers of the authority”; and

WHEREAS, RCW 35.82.040 authorizes the Authority to “delegate to one or more of its agents or employees such powers or duties as it may deem proper”; and

WHEREAS, the Authority has entered into an agreement to purchase a 485-unit apartment complex located at 2405 North 202nd Place, Shoreline, Washington, known as the Ballinger Commons Apartments, to be a housing project of the Authority (the “Project”); and

WHEREAS, the location of the Project is within the area of operation of the Authority, as it is within the County and was not within the territorial boundaries of any city, including the City of Shoreline (incorporated in 1995), on the date on which the Authority was activated under the Act (as hereinafter defined); and

WHEREAS, the Board of Commissioners of the Authority has determined that it is necessary and advisable that the Authority issue the Note (as hereinafter defined), in a principal amount not to exceed $135,000,000 to finance all or a portion of the costs of acquiring and improving the Project; and

WHEREAS, Key Government Finance, Inc. (the “Lender”) has proposed to extend a non-revolving line of credit evidenced by a line of credit note of the Authority on the terms set forth in this resolution to provide money for that purpose; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING as follows:

Section 1. Definitions. As used in this resolution, the following words have the following meanings:

"Act" means chapter 35.82 of the Revised Code of Washington.

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

"Authorized Officers" means the Executive Director of the Authority and any Deputy Executive Director of the Authority.

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

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

"County" means King County, Washington.

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

"Lender" means Key Government Finance, Inc., as registered owner of the Note.

"Note" means the Authority's Non-Revolving Line of Credit Revenue Note, 2017 (Ballinger Commons Project).

"Note Fund" means the Authority's Non-Revolving Line of Credit Revenue Note Fund, 2017 (Ballinger Commons Project), created by this resolution for the purpose of paying principal of and interest on the Note.

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

"Note Registrar" means the Executive Director of the Authority.

"Project" means, depending on the context, (1) acquisition of and improvements to the apartment complex located at 2405 North 202nd Place, Shoreline, Washington, known as the Ballinger Commons Apartments, or (2) the Ballinger Commons Apartments.

"Proposal Letter" means the proposal letter to the Authority from the Lender provided on November 8, 2017, as it may be amended, proposing to purchase the Note on the terms set forth therein and herein.

Section 2. Authorization of the Project; Authorization and Description of the Note. The Board approves the acquisition of and improvements to the Project. The Board declares the Project to be a "housing project" of the Authority for purposes of the Act. The Authority shall issue the Note in a principal amount not to exceed $135,000,000 for the purpose of providing funds with which to pay and/or reimburse the Authority for all or part of the costs of the Project and pay costs of issuance. Such Note financing is declared and determined to be important for the feasibility of the Project. The Board finds that it is in the best interest of the Authority to issue the Note for the purpose set forth in this resolution.

Section 3 Description of the Note. The Note shall be called the Authority's Non-Revolving Line of Credit Revenue Note, 2017 (Ballinger Commons Project); shall be in a principal amount of not to exceed $135,000,000; shall be dated its date of delivery; shall be numbered R-1; and shall mature not more than two years from its date of issue. The Note shall bear interest payable on such dates and at such rate or rates selected by the Authority as described in the Proposal Letter (which may include, without limitation, a variable rate based London interbank offered rate), shall mature at such time (subject to the limitation set forth above), shall have such prepayment or redemption provisions and shall have such other provisions consistent with the purposes of this resolution as are set forth in the Note. The Authority finds that the fixing of the interest rate index described in the Proposal Letter is in the best interest of the Authority. Interest on the Note shall be computed on the basis on a 360 day year with twelve 30-day months.

The Note shall be subject to redemption, in whole, on dates set forth in the Note upon 30 days' prior notice (or such shorter period acceptable to the Lender), at a redemption price equal to par plus accrued interest.

If the Note is not paid when properly presented at its maturity date, the Authority shall be obligated to pay interest on the Note at then-applicable default rate of interest thereon from and after the maturity date until the Note, both principal and interest, is paid in full.

At the election of the Lender, the interest rate on the Note will increase by 400 basis points (4.00%) during the continuance of an Event of Default. Further, if an Event of Default occurs then, at the option of the Lender, the principal of and interest on the Note shall become immediately due and payable. "Event of Default" means the declaration by the Lender of an event of default as a result of a determination by the Lender that:

(i) there has been a failure to pay principal or interest on the Note when due, as provided in the Note;

(ii) there has been a failure by the Authority to comply with any of its obligations, or to perform any of its duties, under the Note, which failure continues, and is not cured, for a period of more than 60 days after the Lender has made written demand on the Authority to cure such failure;

(iii) there has been a material misrepresentation to the Lender by the Authority in the purchase of the Note, as reasonably concluded by the Lender after investigation and discussion with the Authority;

(iv) any event of default under any other debt or capital lease obligation with Lender or an affiliate of Lender under which the Authority is an obligor where there is outstanding, owing or committed an aggregate amount in excess of $500,000 has occurred, if such default continues, and is not cured, or otherwise waived by the Lender and such affiliate within 15 days after written demand is made on the Authority to cure such default;

(v) there has been the Authority shall (a) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of the Authority, or of all or a substantial part of the assets of the Authority, (b) be unable, fail or admit in writing its inability generally to pay its debts as they become due, (c) make a general assignment for the benefit of creditors, (d) have an order for relief entered against it under applicable federal bankruptcy law, or (e) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against the Authority in any bankruptcy, reorganization, moratorium or insolvency proceeding; or

(vi) an order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator for the Authority or of all or a substantial part of the assets of the Authority, in each case without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of 30 consecutive days.

Notwithstanding the foregoing, as to item (iv), if the default is not a payment default and is not associated with the Authority's material ability to pay, when due, its obligations to the Lender (or affiliate of Lender, if applicable), the Authority may have up to 180 days to cure such default by providing the Lender and the affiliate of Lender, if applicable, a written plan within 15 days after written notice of default is made to the Authority, describing the Authority's planned timeframe for the cure of the default. Item (iv) is not intended to preempt the terms set forth in any other agreement relating to borrowing money, lease financing of property, or provision of credit.

Section 4. Authorization for Extension and Modification of the Note. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority to negotiate the terms of one or more extensions of maturity date and/or modifications of the terms of the Note with the Lender. The Authorized Officers, and each of them acting alone, are authorized, without further action of the Board of the Authority, to extend the maturity date of the Note to any date on or before December 31, 2027, and/or to modify the interest rate or interest rate formula applicable to the Note, if such Authorized Officer determines that such extension and/or modification is in the best interest of the Authority, all so long as no other material terms of the Note is revised (unless otherwise authorized by the Board of the Authority). The Authorized Officers, and each of them acting alone, are authorized to do everything necessary for the execution and delivery of such documents as are useful or necessary to such extension of maturity and/or modification of interest rate or interest rate formula. An Authorized Officer's execution of documents in connection with the modification and/or extension of the Note will constitute conclusive evidence of his or her approval of the extensions, modifications and/or other terms described therein and the approval by the Authority of such extensions, modifications and/or other terms.

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

The Note shall be issued only in registered form as to both principal and interest and recorded on the Note Register. The Note may not be assigned or transferred by the Lender, except that the Lender may assign or transfer the Note to any successor to the business and assets of the Lender.

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

Section 7. Note Fund; Security for the Note. The Note Fund is hereby established as a special fund of the Authority and is to be known as the Non-Revolving Line of Credit Revenue Note Fund, 2017 (Ballinger Commons Project). The Note Fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Note. The Authority pledges to deposit General Revenues into the Note Fund in amounts sufficient to pay the principal of and interest on the Note when due. This pledge of General Revenues shall be valid and binding from the time when it is made. The General Revenues so pledged and thereafter received by the Authority shall immediately be subject to the lien of the pledge without any physical delivery thereof or further action, and lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the Authority, irrespective of whether the parties have notice thereof.

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

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

Neither the Authority (except to the extent of the pledge of its General Revenues) nor any of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the Note.

Section 8. Form and Execution of Note. Only a Note bearing a Certificate of Authentication in the following form, manually signed by the Note Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution:

CERTIFICATE OF AUTHENTICATION

This Note is the fully registered Non-Revolving Line of Credit Revenue Note, 2017 (Ballinger Commons Project), of the Authority described in the Note Resolution.

[specimen]
Executive Director of the Authority and Note Registrar

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

If any officer whose facsimile signature appears on the Note ceases to be an officer of the Authority authorized to sign notes before the Note bearing his or her facsimile signature is authenticated or delivered by the Note Registrar or issued by the Authority, the Note nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the Authority as though that person had continued to be an officer of the Authority authorized to sign notes. The Note also may be signed on behalf of the Authority by any person who, on the actual date of signing of the Note, is an officer of the

Authority authorized to sign notes, although he or she did not hold the required office on the date of issuance of the Note.

Section 9. Preservation of Tax Exemption for Interest on Note. The Authority covenants that it will take all actions necessary to prevent interest on the Note from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Note or other funds of the Authority treated as proceeds of the Note at any time during the term of the Note which would cause interest on the Note to be included in gross income for federal income tax purposes. The Authority also covenants that it will, to the extent the arbitrage rebate requirement of Section 148 of the Code is applicable to the Note, take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with the Note, including the calculation and payment of any penalties that the Authority has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Note from being included in gross income for federal income tax purposes.

Section 10. Authorization of Documents and Execution Thereof. The Authority authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in, the Note and this resolution and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the Note. The Board further authorizes the Authorized Officers, and each of them acting alone, to negotiate, approve, execute and deliver any credit agreement, loan agreement, and or such other instruments and agreements as may be necessary or desirable in connection with the sale of the Note to the Lender. The Executive Director of the Authority is authorized to execute the Note and the Authorized Officers, and each of them acting alone, are authorized to negotiate, execute and deliver documents reasonably required to be executed in connection with the issuance of the Note and to ensure the proper use and application of the proceeds of the Note, and to effect any extension of the maturity of the Note and modification of interest rate and/ or interest rate formula applicable to the Note as described in Section 4.

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

Section 11. Approval of Transaction. The Lender has offered to purchase the Note at a price of par, under the terms and conditions contained in this resolution and the Proposal Letter, including the payment of a fee to the Lender plus the fees and expenses of the Lender's legal counsel, and any other out-of-pocket costs incurred by the Lender, each payable at closing. The Board finds that the Lender's offer is in the best interest of the Authority and accepts such offer, and covenants that it will comply with all terms and conditions of the Proposal Letter.

Section 12. Reporting Requirements; Covenants. The Authority covenants and agrees for so long as the Note remains outstanding, and unless otherwise waived by the Lender, the Authority shall maintain a Debt Service Coverage Ratio of not less than 1.10 to 1.0, to be calculated at the end of each fiscal year of the Authority. "Debt Service Coverage Ratio" means, as of any applicable date, the sum of (a) the change in Authority (primary government) net assets, plus (b) interest expense, plus (c) depreciation expense, plus (d) amortization expense, plus (or minus) (e) the loss (or gain) on capital assets, plus (f) any non-cash charges to the extent deducted in determining the change in net assets, plus (g) payments from reserves or prior years' revenues for programs or facilities, including, without limitation, as examples, payments made to forestall evictions due to delayed Section 8 housing payments from the federal government, mission driven initiatives or non-capitalized payments from reserves for replacement costs related to facilities, plus (h) non-recurring, one-time costs and expenses, not to exceed $1,000,000 in any one fiscal year, minus (i) capital grants or contributions in any form; divided by the sum of interest expense and Scheduled principal payments made or incurred by the Authority during the preceding fiscal year, all as shown on the audited financial statements delivered to the Lender. "Scheduled" means all mandatory scheduled amortization payments (including without limitation mandatory redemptions) of outstanding indebtedness for borrowed money and excludes (a) voluntary prepayments, (b) revolver pay-downs , or (c) the refinance of existing debt.

The Authority further covenants and agrees for so long as the Note remains outstanding, and unless otherwise waived by the Lender, to shall provide financial information to the Lender as follows:

(A) the Authority's internally prepared financial statements for such fiscal year within 180 days after the fiscal year end, prepared in accordance with generally accepted accounting principles applicable to housing authorities, which shall be accompanied by a certificate regarding compliance with the Debt Service Coverage Ratio covenant set forth above;

(B) the Authority's audited financial statements within 10 days after receipt of the Washington State Auditor's opinion letter, but no later than 290 days after fiscal year end;

(C) the Authority's internally prepared quarterly financial statements within 45 days after fiscal quarter end;

(D) the Authority's annual budget or any material amendments thereto within 45 days of adoption; and

(E) such other information relating to the ability of the Authority to satisfy its obligations under the Note, as may be reasonably requested by the Lender from time to time.

Section 13. Acting Officers Authorized. Any action authorized by this resolution to be taken by the Executive Director of the Authority, may in his absence be taken by a duly authorized Deputy Executive Director of the Authority. Any action authorized by this resolution to be taken by a Deputy Executive Director, may in his or her absence be taken by a duly authorized acting Deputy Executive Director of the Authority.

Section 14. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

Section 15. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED by the Board of Commissioners of the Housing Authority of the County of King at an open public meeting this 20th day of November, 2017.

HOUSING AUTHORITY OF THE COUNTY OF KING

By:____
Chair

ATTEST:

____
Secretary-Treasurer

CERTIFICATE

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

1. That the attached Resolution No. 5575 (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 November 20, 2017, and duly recorded in the minute books of the Authority.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 20th day of November, 2017.

____
Executive Director of the Authority

TAB NUMBER 6

To: Board of Commissioners

From: Andrew Calkins, Senior Program Manager

Date: November 20, 2017

Re: **Resolution No. 5576:** Authorizing Higher Payment Standards for the Housing Choice Voucher Program

Executive Summary

Payment standards are a critical component of KCHA's work to ensure that the nearly 10,000 households using a tenant-based voucher through the Housing Choice Voucher Program (HCV or Section 8) can secure and maintain safe and affordable housing across the county.

Over the last two years, as the rate of rent increases in the Seattle-King County region have outpaced those of any other metropolitan region in the country, KCHA's payment standards have also risen substantially to keep pace with the private rental market. At the November Board of Commissioners meeting, staff will present high-level findings from this year's payment standards analysis and ask the Board to approve higher payment standards for the coming year.

The recommended amounts would substantially raise payment standards for many areas of the county and involve the creation of an additional payment standard tier. When combined with a modeled rent increase of 5% for voucher-level rents, the proposed higher payment standards will increase annualized housing assistance payments (HAP) within the Moving to Work block grant by $8.65 million.

Background

Payment standards represent the maximum amount that a housing authority will provide to a voucher holder to assist with rent and utilities. While housing authorities typically have a single payment standard set at a level between 90% and 110% of the area's Fair Market Rent, since 1999 KCHA has maintained multiple payment standards.

In 2016, the board expanded the two-tiered system of payments standards (which involved a regular standard and an "exception area" standard that covered East King County) to create a ZIP code-based multi-tiered structure with five payment standard levels. The board's adoption of multi-tiered payment standards recognized the need to more closely align payment standards to local rental sub-markets as a means of achieving three key aims: (1) increasing access to high opportunity areas; (2) containing costs by “right-sizing” subsidies in lower and middle cost markets; and (3) ensuring that new and existing voucher holders can secure and maintain their housing in competitive and increasingly costly rental markets.

2018 Payment Standards Review Process:
Staff has made a commitment to review payment standards at least on an annual basis to ensure that each ZIP code is placed in the tier that best matches its rental market, that the multi-tiered system continue to capture the full variability of rents across King County, and that standards are set at the 40th percentile level (the level at which 40% of the units within each area are affordable to a voucher holder) within each tier.

To determine the effectiveness of existing payment standards and to set amounts for 2018 staff reviewed multiple datasets from Dupre and Scott, HUD’s Small Area Fair Market Rent program, Apartment Insights, Zillow, and rents paid by existing and new voucher holders across ZIP codes. This year’s analysis also incorporated considerable feedback from over a dozen caseworkers and other members of the HCV team. The staff workgroup reviewed and responded to proposals to shift specific zip codes into different tiers, the validity of rental data points, and the recommended payment standard amounts. The active participation of a range of staff members markedly improved the recommended changes to the tier configuration and payment standard amounts, discussed below.

Analysis Findings:
Rental rates across the Seattle-King County region have risen dramatically in recent years in both high and low cost submarkets. According to Dupre and Scott, between March 2016 and 2017, average two bedroom rents rose 10.7% in Kent, 10.3% in Federal Way, 9.8% in Redmond, and 7.3% in Shoreline. Rents in lower cost areas of South King County have risen faster in percentage terms than in many of the more costly East King County sub-markets. At the ZIP code level, rents in some areas have outpaced their current tier, particularly within Tier 1. Staff will be discussing these cases further during the November meeting with proposed changes to the current tier structure.

Costs for tenant-based voucher holders reflect these trends in the wider rental marketplace. For voucher holders that received rent increases between June and November 2017, average rents increases ranged from 7.9% in Tier 5 up to 11.3% in Tier 2. As a result of continued rent escalation, the percentage of households paying more than 40% of income for rent and utilities has risen to 18.4% (and 23% for tenant-based vouchers) after falling earlier this year. Further, 45% of leased tenant-based vouchers are now renting above the existing payment standard amounts. For vouchers issued between April and June 2017, only 51% of households were able to find housing within four months. Without additional increases to the payment standards, shelter burden will continue to rise and households will spend more time looking for affordable housing.

Recommended Payment Standards:
In setting 2018 payment standards, staff is recommending movement of 17 Tier 1 ZIP Codes to a new payment standard tier (between Tier 1 and what was formerly Tier 2),

and the shift of five additional ZIP codes to other payment standard tiers (see Appendix A). The recommended payment standard amounts would also bring subsidy amounts closer to current 40th percentile rents in all sub-markets. Reflecting market realities, these new standards represent considerable increases from present levels for ZIP codes in Tiers 2, 3, and 4 and households using a three bedroom or greater vouchers.

Existing* vs. Recommended 2018 Payment Standards

	Studios	1 BR	2 BR	3 BR	4 BR
Tier 1	*$870* **$900**	*$1,065* **$1,085**	*$1,300* **$1,325**	*$1,650* **$1,725**	*$2,200* **$2,320**
Tier 2	*$870* **$960**	*$1,065* **$1,160**	*$1,300* **$1,420**	*$1,650* **$1,845**	*$2,200* **$2,345**
Tier 3	*$965* **$1,060**	*$1,155* **$1,210**	*$1,460* **$1,475**	*$1,875* **$1,920**	*$2,420* **$2,580**
Tier 4	*$1,005* **$1,100**	*$1,315* **$1,435**	*$1,530* **$1,670**	*$1,945* **$2,180**	*$2,525* **$2,840**
Tier 5	*$1,225* **$1,305**	*$1,500* **$1,620**	*$1,740* **$1,835**	*$2,340* **$2,385**	*$2,810* **$3,165**
Tier 6	*$1,620* **$1,630**	*$1,730* **$1,760**	*$2,040* **$2,065**	*$2,555* **$2,685**	*$3,280* **$3,405**

* Five and six bedroom payment standards are determined by applying a factor of 1.15 and 1.3 to the four bedroom payment standard.

At current rent levels, the payment standards would reduce the number of tenant-based shelter burdened households spending more than 40% of their income on rent from 23% to 13%, and the number of households renting units over the payment standard from 45% to 26%.

Similar to 2016, staff is proposing to implement new payment standards on a rolling basis at a households' next interim or annual reexamination. Additionally, the new standards will be proactively applied to households experiencing a shelter burden greater than of 50% of their income and to households receiving a cost-of-living adjustment to their Social Security benefits during the second quarter of 2018.

Financial Impact

Increasing payment standards involves a substantial investment from the housing authority's budget. In addition to increasing the costs associated with current households and existing rent levels, higher payment standards also raise the ceiling on the amount of HAP that KCHA may incur as a result of future rent increases. When modeling the payment standard increase with voucher-level rent increases of 5% across the program, it is expected that HAP costs will increase by $8.65 million on an annualized basis. This represents $3.4 million directly attributable to the payment standards increase and $5.2 million attributable to higher voucher-level rents. Both costs are being assumed in the housing authority's 2018 budget.

Full implementation of the second quarter subsidy increases noted above, and consideration of possible additional market driven adjustments to payment standards will be contingent upon final HCV funding levels for 2018. The variables involved in this are more fully discussed in the 2018 Budget memo contained in this Board book.

Approval of Resolution No. 5576 is recommended.

APPENDIX A: 2018 Multi-Tiered Payment Standards

Tier Configuration*

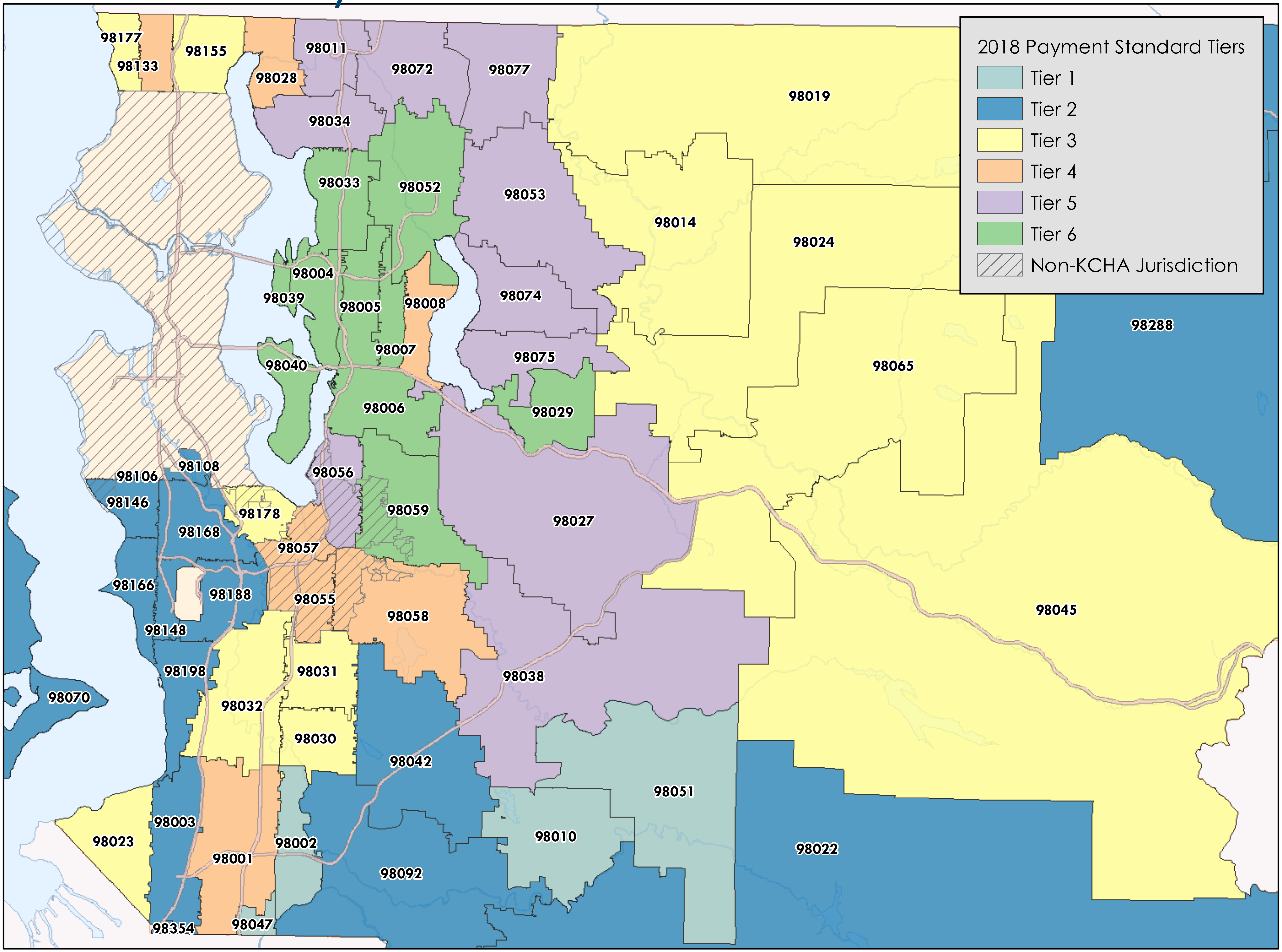
Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6
98047	**98070**	**98031**	98008	98056	**98059**
98002	**98108**	**98030**	98001	98038	**98007**
98010	**98022**	**98023**	98028	98074	98006
98051	**98042**	98065	98058	98075	98004
	98166	98045	98133	98053	98040
	98146	98032	98057	98072	98005
	98168	98024	98055	98027	98033
	98092	98019		98011	98029
	98148	98014		98034	98052
	98188	98177		98077	98039
	98198	98178			
	98003	98155			
	98106				
	98126				
	98354				
	98288				
	98224				

Payment Standards Amounts

	Studios	1 BR	2 BR	3 BR	4 BR
Tier 1	$900	$1,085	$1,325	$1,725	$2,320
Tier 2	$960	$1,160	$1,420	$1,845	$2,345
Tier 3	$1,060	$1,210	$1,475	$1,920	$2,580
Tier 4	$1,100	$1,435	$1,670	$2,180	$2,840
Tier 5	$1,305	$1,620	$1,835	$2,385	$3,165
Tier 6	$1,630	$1,760	$2,065	$2,685	$3,405

* **Bolded ZIP codes** represent those that are moving to a new or more costly payment standard tier.

2018 Multi-Tiered Payment Standards



THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION No. 5576

AUTHORIZING HIGHER PAYMENT STANDARDS FOR THE HOUSING CHOICE VOUCHER PROGRAM

WHEREAS, the Housing Choice Voucher payment standards are the maximum amount that a housing authority will provide to a voucher holder to assist with rent and utilities under the Housing Choice Voucher program; and

WHEREAS, the Housing Authority's Board of Commissioners authorized implementation of a multi-tiered payment standard system with five tiers by passing Resolution No. 5531 dated the 16th of February 2016; and

WHEREAS, the Housing Authority has committed to reviewing the multi-tiered payment standards system and the configuration of ZIP codes therein on an annual basis; and

WHEREAS, the Housing Authority last increased payment standards on the 19th day of December 2016; and

WHEREAS, it has been determined that an additional increase in payment standards and the creation of a sixth tier is necessary to keep pace with regional rental market trends, maintain voucher holder lease-up rates, and limit shelter burden; and

WHEREAS, it has been determined that the payment standard increases will more closely align subsidy levels with submarket rents and continue to ensure efficient expenditure of taxpayer dollars; and,

WHEREAS, based on the preliminary 2018 budget the Housing Authority has sufficient resources to fund higher payment standards; and,

WHEREAS, increased payment standard amounts will Affirmatively Further Fair Housing objectives in the Seattle Metropolitan region; and,

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

The Payment Standards for the Housing Authority's Housing Choice Voucher program are hereby adjusted in accordance with the proposed recommendations, set forth at the November 20th Board of Commissioners meeting and attached hereto, and effective immediately.

ADOPTED AT A REGULAR MEETING OF THE BOARD OF THE COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING THIS 20th DAY OF NOVEMBER 2017.

THE HOUSING AUTHORITY OF THE COUNTY OF KING, WASHINGTON

____
DOUGLAS J. BARNES, Chair
Board of Commissioners

____
STEPHEN NORMAN
Secretary

TAB NUMBER 7

To: Board of Commissioners

From: Craig Violante, Director of Finance

Date: November 14, 2017

Re: **Third Quarter 2017 Financial Statements**

EXECUTIVE SUMMARY

Third quarter financials remain on track with the mid-year budget re-forecast. While significant unbudgeted real estate transactions will be reflected in the fourth quarter statements, year-end cash flow and balances are expected to meet expectations.

Net Operating Income exceeded budget projections during the third quarter by $8.8 million. Of this total, $3.0 million is due to the receipt of Housing Choice Voucher block funds in excess of HUD's normal cash distribution amounts. Other significant reasons for this variance include:

- Tenant income at asset-managed properties is nearly $900,000 greater than budget due to lower than expected vacancy rates.
- Salaries and benefits, agency-wide, are $1.6 million below budget, due to a combination of open positions and re-filling certain positions less quickly and at a lower rate than anticipated in the budget. This variance is noted in most fund groups and is partially offset by higher-than-budgeted temporary employee expenses.
- Below-budget variances in maintenance and general administrative expenses aggregate to approximately $1.2 million. The variance in maintenance expenses, found predominantly in the asset-managed portfolio, is due to lower than anticipated vacancies and has resulted in fewer unit turns. Although additional expenses will be incurred during the fourth quarter, these categories are projected to end 2017 under budget.
- Due to a combination of events, Homeless Housing expenses are projected to end 2017 approximately $400,000 below budget.

The final 2017 HUD Public Housing Operating Fund Subsidy prorate will be 93.1%, significantly above the 86% included in the 2017 budget. Total subsidy received in 2017 is still projected to be very close to original projections as the budget inadvertently overstated the effect of some tenant energy incentives.

The Housing Choice Voucher (HCV) block grant and other special-purpose vouchers received a 2017 RFIF inflation factor adjustment of 2.6%, to which HUD applied a

97% prorate. The budget assumed no RFIF adjustment and a prorate of 97%, resulting in program funding of $3.3 million above the original budget forecast and essentially flat compared to 2016 receipts.

2017 average Housing Choice Voucher (HCV) Housing Assistance Payments (HAP) have trended much higher than anticipated in the budget. For all voucher types, the budget assumed average costs for the first nine months of $881.03 per voucher, while actual costs have been $921.05. Current projections show that total 2017 costs will be approximately $3.3 million higher than budgeted, consuming the incremental 2017 funding and consistent with the midyear financial re-forecast.

During the quarter, cash held in bank accounts controlled by third-party property management companies was reclassified from unrestricted to designated, matching the current operating practice where cash is not available for general KCHA use until transferred into the Masterfund bank account. As a result, quarterly working capital declined by $10 million. Exclusive of this accounting change, KCHA working capital (the difference between the agency's current assets and current liabilities) actually rose by $5.0 million during the quarter. The main drivers for this increase were the receipt of $2 million from King County for the Vantage Point project and the receipt of HCV block grant funds that have not yet been expended.

QUARTERLY HIGHLIGHTS

Work continued on the EPC project. The chart below reflects progress through the end of September.

Installed vs. Unit Scheduled	
Water Conserv.	98.0%
Lighting	77.3%
DHPs	85.6%
ERVs	70.4%
Bath Fans	79.1%

King County's participation in the Vantage Point project, a $2 million loan, was received during the quarter. As KCHA had already pre-loaned these proceeds to the partnership, this cash reimbursed the Authority.

Due to certain debt covenants, KCHA must maintain a debt service coverage ratio of 1.1 or better. The debt service coverage ratio is calculated by dividing net operating income by the annual required debt service payments and is a measure of the ability of a borrower to meet current debt obligations. A ratio of 1.0 or greater means the borrower has sufficient income to cover its obligations. Through the first nine months of 2017, KCHA's ratio is 1.67.

CASH AND INVESTMENT SUMMARIES

Overall cash balances were up slightly during the quarter, reflecting an increase of $3.4 million, led by the receipt of the $2.0 million from the County for Vantage Point. Below is a snapshot of cash and investments at 9/30/2017 along with current rates of return. For a complete report on KCHA's overall cash position at the end of the third quarter, please see page 10.

Investment Summaries (in millions)	Amount	Yield	% of Total
Invested in the Local Government Investment Pool & Masterfund	$68.5	1.13%	37.7%
Invested by KCHA	54.7	1.15%	30.1%
Cash held by trustees	15.7	0.10% *	8.6%
Cash held in checking and savings accounts	26.0	0.10% *	14.3%
Invested by KCHA	$164.9	0.97%	90.8%
Cash loaned for low income housing & EPC project purposes	16.6	4.98%	9.2%
Loaned by KCHA	16.6	4.98%	9.2%
Total	$181.6	1.33%	100.0%

*Estimate

The overall Return on Investment (ROI) on KCHA investments, including loans made for low income housing and EPC project purposes, was 1.33%, up from 1.29% last quarter. The Washington State Treasurer's Local Government Investment Pool (LGIP) average interest rate for the quarter was 1.13%.

Balances and quarterly activity for MTW and COCC cash reserves are:

Reserve Balances *(in millions of dollars)*	
MTW Cash, Beginning of Quarter	$26.3
Quarterly change:	
Standard Block Grant cash receipts from HUD	30.2
Quarterly Block Grant HAP payments	(24.3)
Quarterly Block Grant administrative fees paid to Section 8	(2.1)
Used for debt service	(2.8)
Additional subsidy transferred to Public Housing properties	(0.8)
Capital construction projects	(0.4)
Unit Upgrades	(0.2)
Direct social service expenses	(1.1)
Homeless Housing expenses	(0.3)
Administrative expenses	(0.2)
Other net changes	0.3
MTW Cash, End of Quarter	$24.6
Less Reserves:	
Restricted Reserve-Green River Collateral	(6.9)
HAP Reserve ($4.7 million is pledged as FHLB collateral)	(7.0)
Supportive Housing Reserve	(0.6)
Technology Reserve	(0.3)
MTW Available Cash, End of Quarter	$9.8
COCC Cash, Beginning of Quarter	$41.9
Quarterly change:	
Fee revenue	3.2
Transfer of excess cash to COCC	1.2
Interest income on investments and loans	0.5
Used for construction projects	(0.7)
Administrative expenses	(3.8)
Other net change	(0.2)
COCC Cash, End of Quarter	$42.1
Less Reserves:	
Liquidity Reserves for King County credit enhancement	(9.0)
Replacement reserves of former Section 8 New Construction properties	(0.4)
COCC Working Capital Cash, End of Quarter	$32.7

CAPITAL INVESTMENTS (Including tax credit partnerships)

The following schedule shows the budget versus actual costs of both KCHA-owned properties and KCHA-managed tax credit partnerships' capital projects through the third quarter.

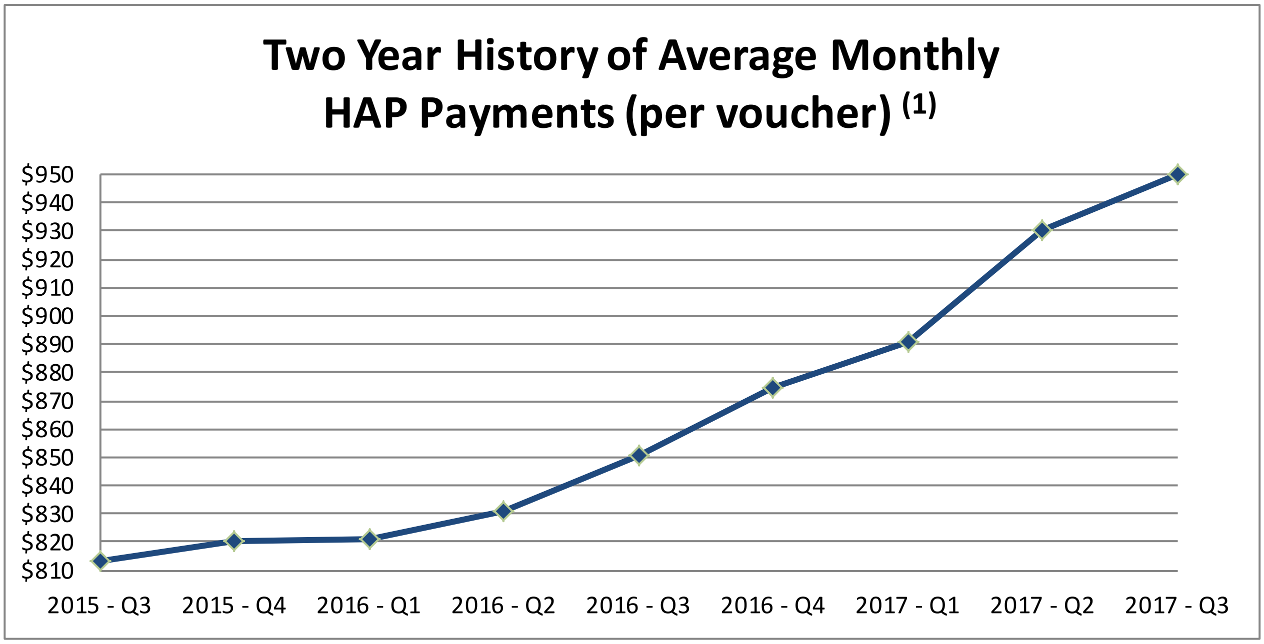
	Actuals Thru 9/30/2017		Budget Thru 9/30/2017	YTD Variance	Percent of Annual Budget	2017 Annual Budget
CONSTRUCTION ACTIVITIES						
Managed by Capital Construction Department						
Public Housing	$3,164,643	(1)	$7,313,156	($4,148,513)	39.0%	$8,115,639
509 Properties	870,926		1,135,780	(264,854)	61.0%	1,426,916
Other Properties	1,744,456		1,965,838	(221,382)	85.9%	2,031,351
	5,780,025		10,414,774	(4,634,749)	49.9%	11,573,906
Managed by Housing Management Department						
Unit Upgrade Program	2,973,101		2,937,215	35,886	75.9%	3,916,279
Energy Performance Contract	7,917,417		7,851,298	66,119	75.6%	10,476,305
Other Projects	959,066	(2)	3,050,159	(2,091,093)	25.1%	3,824,145
	11,849,585		13,838,672	(1,989,087)	65.0%	18,216,729
Managed by Asset Management Department						
Bond Properties-managed by KCHA staff	389,703		579,400	(189,697)	59.3%	656,650
Bond Properties-managed by external property mgt	7,657,253	(3)	11,701,997	(4,044,744)	54.3%	14,093,252
	8,046,955		12,281,397	(4,234,442)	54.6%	14,749,902
Subtotal Construction Activities	**25,676,565**		**36,534,843**	**(10,858,278)**	**57.6%**	**44,540,537**
DEVELOPMENT ACTIVITY						
Managed by Hope VI Department						
Greenbridge	989,327		1,190,883	(201,556)	64.2%	1,540,792
Notch	136,768		175,348	(38,580)	64.8%	211,200
Salmon Creek/Nia	7,597		291,346	(283,749)	1.4%	541,641
	1,133,692		1,657,577	(523,885)	49.4%	2,293,633
Managed by Development Department						
Spiritwood	67,030	(4)	1,269,638	(1,202,608)	5.3%	1,269,638
Other Projects	470,602		307,776	162,826	130.1%	361,664
	537,632		1,577,414	(1,039,782)	33.0%	1,631,302
Subtotal Development Activity	**1,671,324**		**3,234,991**	**(1,563,667)**	**42.6%**	**3,924,935**
TOTAL CONSTRUCTION & DEVELOPMENT	**$27,347,889**		**$39,769,834**	**($12,421,945)**	**56.4%**	**$48,465,472**
PROPERTY ACQUISITIONS & OTHER ASSETS						
Acquisitions	3,997,618					
Other Assets	228,440					
TOTAL PER WORKING CAPITAL REPORT	**$31,573,946**					

1) Timing. Several projects are starting later than anticipated in the budget. The Ballinger sewer line replacement is expected to go out to bid in the 4th quarter. Northridge envelope upgrades, Valli Kee site improvements, and water line replacement at Cascade Apartments were budgeted throughout the year but began construction in the 3rd quarter.
2) Elevator replacement project at Plaza Seventeen budgeted to occur in the 1st quarter has been delayed to the 4th quarter. Approximately $400k will be spent in 2018. Also, other capital work is expected to catch up by year-end.
3) Maintenance projects at bond properties that would occur after tenants vacate units were behind schedule as unit turnover was less than anticipated.
4) Some construction costs related to the Spiritwood Partnership development project that were budgeted for 2017 were actually incurred in late 2016. As a result, actual 2017 expenditures will be below budget.

PROGRAM ACTIVITIES

HOUSING CHOICE VOUCHERS

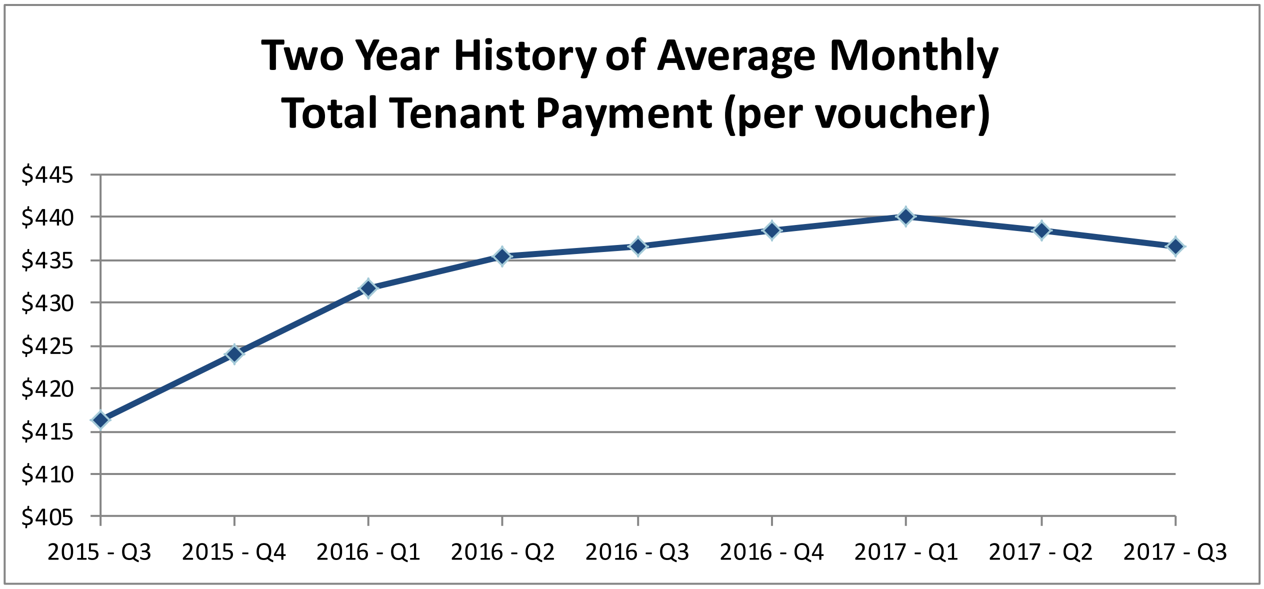
The average quarterly HAP payment to landlords for all HCV vouchers was $949.89, compared to $930.43 last quarter and $850.67 one year ago.



(1) Average HAP expenses from October 2015 through December 2015 include some extrapolated estimates as certain Tenmast data was not available

KCHA's average HAP cost has continued to rise. With rising market rents, continued low vacancy rates and KCHA's commitment to adequately sizing subsidy payments to enable program participants to reside in higher priced sub-markets, the increase in average HAP costs is expected to continue.

Total Tenant Payment (TTP) is the tenant's monthly contribution towards rent and utilities and is benchmarked at 28.3% of their income. The average TTP for the quarter fell for the second quarter in a row, finishing at $436.68, down from $438.40 in the second quarter and $440.17 in the first. These changes do not reflect decreases in tenant incomes but are driven by the new payment standards resulting in a slight decrease in the number of households with shelter burdens above 40%. TTP one year ago was $436.47.



The data below shows how the number of families who are paying more than 30%, 40% and 50% of their income towards rent has changed over the past year.

Families Paying More Than 30%		Families Paying More Than 40%		Families Paying More Than 50%	
Sep-16	Sep-17	Sep-16	Sep-17	Sep-16	Sep-17
2,087	2,738	851	1,113	951	1,057

MTW PROGRAM

In the *MOVING TO WORK (MTW) FUND*, KCHA combines certain HUD Public Housing revenues with Housing Choice Vouchers (HCV) Block Grant funding. Out of these aggregated revenues, there are five distinct uses:

1. *Transfers to the Section 8 program to pay for Housing Assistance Payments to landlords and administrative expenses*

Through the first nine months, block grant payments from HUD have been received at a brisker pace than anticipated in the budget as HUD now factors-in non-HAP expenditures made in the prior year when calculating the amount of monthly disbursements.

(In thousands of dollars)	Actual	Budget	Variance	%Var	
HCV Block Grant Revenue	90,238.9	85,073.5	$5,165.4	6.1%	(1)
Funding of HAP Payments to Landlords	(69,641.3)	(67,859.3)	1,782.0	(2.6%)	
Funding of Section 8 Administrative Costs	(6,138.4)	(6,211.7)	(73.3)	1.2%	
Excess of HCV Block Grant Funding over Expenses	$ 14,459.2	$ 11,002.5	$ 3,456.7	31.4%	

1) Receiving block grant payments from HUD is a three stage process. First, HUD must issue budget authority to housing authorities, which it does on a periodic basis. Second, cash is advanced to each PHA based on prior year expense levels. Finally, additional cash is requested from HUD when sufficient budget authority exists and KCHA has a need for additional cash. Accordingly, quarterly cash receipts vary but total annual funding will not.

2. *Payments to Public Housing sites to subsidize the difference between operating costs and tenant revenue*

Through the first nine months, the transfer of MTW funds to subsidize Public Housing operations has a bit below target as Public Housing program expenses have also lagged budget projections.

(In thousands of dollars)	Actual	Budget	Variance	%Var
Additional Transfers to PH AMPs Based on Need	($2,332.9)	($2,756.5)	($423.6)	15.4%
Net Flow of Cash(from)/to MTW from/(to) PH	($2,332.9)	($2,756.5)	($423.6)	15.4%

3. *Expenditures for homeless and resident service programs*

MTW dollars support nearly all resident service programs and various initiatives designed to alleviate and prevent homelessness:

(In thousands of dollars)	Actual	Budget	Variance	%Var	
Public Housing Subsidy earmarked for resident services	$298.2	$302.3	($4.1)	(1.4%)	
Homeless Initiatives	(1,137.4)	(1,860.4)	$723.0	(38.9%)	(1)
Resident Services	(4,111.4)	(4,174.7)	$63.3	(1.5%)	
Use of MTW Funds for Special Programs	($4,950.6)	($5,732.7)	$782.2	(13.6%)	

1) Service providers have been slow in billing the Authority. The Highline School District Rapid Rehousing Program is under budget ($159K) due to slow billing by the service provider as well as the level of rehousing being less than anticipated. Additionally, the Flat Rent Project-based Assistance program was budgeted but will not be implemented in 2017 ($251K). It is expected that that Homeless Housing program expenses will end 2017 approximately $400,000 below budget.

4. *Other uses of MTW funds*

MTW working capital is used for a variety of other purposes. Year-to-date expenditures include:

(In thousands of dollars)	Actual	Budget	Variance	%Var	
Construction Activity & Management Fees	$1,456.64	$4,660.28	($3,203.6)	(68.7%)	(1)
Misc. Other Uses	4,734.5	2,066.8	2,667.7	129.1%	(2)
	$6,191.1	$6,727.1	($536.0)	(8.0%)	

1) The Ballinger water line project is not slated to go to bid until the 4th quarter. Also, in order to draw down an expiring Capital Funds Program grant, CFP funds were used for capital work in lieu of budgeted MTW funds in the 2nd quarter.
2) MTW funds were used for the Birch Creek debt payment instead of cash reserve draws as originally anticipated.

5. *Costs to administer the MTW program*

Administrative costs are primarily salaries and benefits of those who manage or analyze MTW-funded programs, with year-to-date expenses of $723,245 or 0.80% of program gross revenues. Expenses are below the year-to-date budget of $802,746 due mainly to timing issues.

AGENCY OVERHEAD

The Central Office Cost Center (COCC) aggregates overhead costs for the Authority. The COCC is supported by fees charged to both Federal and non-Federal programs and housing properties, and by transfers of excess cash from non-Federal housing programs. KCHA continues to administer its programs in a fiscally-prudent manner and within HUD guidelines. The chart below reflects a summary of COCC activity, excluding Regional Maintenance crews, as Regional Maintenance activity is accounted for in a separate fund and is not considered part of KCHA's general overhead.

Revenues	YTD Actual	YTD Budget	Variance	%Var	
Management fees	6,208.0	6,197.3	$10.7	0.2%	
Cash transferred-in from local properties	2,784.9	3,965.0	(1,180.2)	(42.4%)	(1)
Investment income	1,513.4	1,420.6	92.8	6.1%	
Other income	928.8	884.7	44.1	4.7%	
	$11,436.1	$12,467.7	($1,031.6)	(9.0%)	
Expenses					
Salaries & Benefits	7,333.4	7,850.1	($516.7)	(7.0%)	
Administrative Expenses	1,677.4	2,348.3	(670.9)	(40.0%)	(2)
Occupancy Expenses	142.9	193.4	(50.5)	(35.3%)	(3)
Other Expenses	569.0	564.1	4.8	0.8%	
	$9,722.6	$10,955.9	($1,233.3)	(12.7%)	
Net Change in Available COCC Resources	$1,713.4	$1,511.7	$201.7		

1) Excess cash of $1.6 million was budgeted to be transferred from the Overlake general partner to the COCC; instead the excess cash was transferred to a different fund group to pay down the Abbey Ridge line of credit. This amount was offset by an unbudgeted reimbursement from Puget Sound Energy for work related to the Energy Performance Contract ($500K).
2) Various administrative categories are under target.
3) Primarily due to salaries for temporary employees being budgeted but not utilized through the 3rd quarter.

REPORTS TABLE OF CONTENTS

King County Housing Authority
Consolidated Cash Report
As of 9/30/2017

Unrestricted	Total Cash 9/30/2017	Total Cash 6/30/2017	Cash of Other Entities 9/30/2017
COCC	$ 32,506,696	$ 32,351,169	$ -
Other Funds	5,345,161	3,967,130	3,636,336
Total	37,851,857	36,318,299	3,636,336
For Program Use Only			
MTW	9,787,450	11,247,247	0
Public Housing	4,983,954	3,807,210	2,703,548
Section 8	(606,685)	(865,887)	0
Other Funds	11,118,276	21,592,773	0
Total	25,282,994	35,781,343	2,703,548
Set Aside for Short-term Debt Service			
Other Funds	3,431,886	3,113,948	0
Total	3,431,886	3,113,948	0
Dedicated for Specific Purposes			
MTW	2,990,736	3,321,446	0
Public Housing	0	0	268,919
Section 8	17,846	17,846	0
COCC	9,570,552	9,559,277	0
Other Funds	56,601,874	46,052,484	241,803
Total	69,181,007	58,951,052	510,722
Restricted			
MTW	11,793,108	11,770,821	0
Public Housing	255,692	252,484	1,558,009
Section 8	1,622,603	1,531,091	0
Other Funds	14,902,828	13,148,946	1,425,849
Total	28,574,231	26,703,341	2,983,858
TOTAL CASH BALANCES	$ 164,321,976	$ 160,867,983	$ 9,834,464

Dedicated for Specific Purposes		
Excess Cash Reserves	9,388,000	9,388,000
Exit Tax Reserves (Designated)	6,052,827	6,052,827
HAP Reserves	2,113,882	2,113,882
Program Income from Hope VI loans	983,834	1,083,291
Revenue Reserves	21,117,775	10,658,767
Program Income from Hope VI Lot Sales	6,325,567	6,325,257
Restricted Interest	151,054	132,101
Replacement Reserves	13,014,593	12,844,017
Operating Reserves	75,529	75,529
Technology Reserves	279,138	344,117
Liquidity	9,006,732	9,006,732
Supportive Housing Reserves	597,716	863,447
HASP	17,846	17,846
State Gas Tax Rebate	56,515	45,240
	$ 69,181,007	$ 58,951,052

Restricted		
Excess Cash Reserves	$ 637,519	$ 553,711
Project Reserves	2,408,798	1,001,497
Endowment Reserves	28,298	71,032
Replacement Reserves	8,927,734	8,612,058
Operating Reserves	144,796	144,717
Bond Reserves-1 year payments	163,196	159,676
Residual Receipt Reserves	564,899	564,899
FSS Reserves	1,091,381	977,582
Collateral Reserves	6,909,091	6,909,091
HAP Reserves-Also collateral	4,742,605	4,742,605
HAP Reserves - Non-Block Grant vouchers	672,634	672,634
Security Deposit	2,283,281	2,293,839
	$ 28,574,231	$ 26,703,341

KING COUNTY HOUSING AUTHORITY
Statements of Financial Position
(In $1,000's; excludes non-KCHA-managed component units)
For the Period Ended September 30, 2017

	FEDERALLY-SUPPORTED PROGRAMS (managed by KCHA)						LOCAL PROGRAMS						
	Public Housing		Other Housing		Other Programs		KCHA	Outside	Tax Credit				Memo:
ASSETS	KCHA	Outside	KCHA	Outside	Section 8	MTW	Owned	Owned	Gen Prtnr	Develop			**KCHA**
Working Capital Assets	Owned	Owned	Owned	Owned	Program	Program	Housing	Housing	Activity	Activity	Other	COCC	**COMBINED**
Cash-Unrestricted	$ 98.9	$ 1,452.6	$ 4,838.5	$ 5,978.7	$ -	$ -	$ (4,971.3)	$ 451.0	$ (93.3)	$ 114.5	$ 988.5	$ 32,506.7	$ 41,364.6
Cash-Restricted Within Program	4,615.6	2,711.9	-	$ -	(606.7)	9,787.4	$ -	(8.3)	-	1,954.4	9,529.4	0.0	27,983.7
Cash-Restricted for WC Purposes	-	-	-	2,487.5	0.0	0.0	546.4	-	398.0	-	-	-	3,431.9
Accounts Receivables	570.5	1,196.3	(3.4)	2,407.5	606.8	601.3	261.8	286.4	8,402.5	397.5	821.1	1,235.5	16,783.8
Prepaid Assets & Inventory	1.7	13.7	1.0	21.1	4.6	(0.3)	188.6	(0.0)	(1.3)	(0.0)	$24.6	7.7	261.4
Total Working Capital Assets	5,286.7	5,374.5	4,836.1	10,894.8	4.7	10,388.4	(3,974.6)	729.1	8,705.9	2,466.4	11,363.5	33,749.9	89,825.3
Liabilities Offsetting Working Capital Assets													
Accounts Payable	(136.3)	(158.8)	(276.7)	(517.4)	11.7	(15.2)	(541.2)	(22.1)	(1.5)	(0.0)	(464.0)	(39.8)	(2,161.5)
Payroll Liabilities	(336.1)	(148.9)	(70.7)	(233.1)	(669.3)	(376.5)	(60.1)	(17.3)	(26.4)	(6.2)	(672.8)	(1,554.8)	(4,172.2)
Accrued Liabilities	(4.3)	(147.9)	(19.7)	(1,462.8)	(72.6)	(542.1)	(234.1)	(20.1)	(123.1)	(201.1)	(1,779.1)	(36.89)	(4,643.7)
Deferrals	(0.0)	(8.0)	(81.7)	-	(14.8)	-	(122.9)	-	(121.9)	-	(479.0)	-	(828.3)
Current Portion of Long-term debt	-	(215.0)	(290.8)	(8,996.8) (1)	-	-	(5,353.0) (2)	-	(305.0)	-	-	(900.0)	(16,060.6)
Total Offsetting Liabilities	(476.7)	(678.7)	(739.7)	(11,210.1)	(745.1)	(933.8)	(6,311.2)	(59.5)	(577.9)	(207.3)	(3,394.9)	(2,531.5)	(27,866.3)
Working Capital	4,809.9	4,695.8	4,096.4	(315.3)	(740.4)	9,454.7	(10,285.8)	669.6	8,128.0	2,259.1	7,968.6	31,218.4	61,959.0
Other Assets													
Cash-Designated	129.27	3,300.6	1,378.9	13,021.8	17.8	2,990.7	31,579.8	-	-	7,460.5	-	9,570.6	69,449.9
Cash-Restricted	269.2	1,579.0	1,276.4	1,038.4	1,622.6	11,793.1	10,094.1	285.9	637.5	88.3	2,408.8	-	31,093.3
Receivables	-	128,495.9	0.0	71,184.8	-	21,944.0	505.3	17,472.8	79,936.9	423.8	209.6	32,301.4	352,474.7
Capital Assets	103,387.3	107,915.4	40,267.0	203,326.4	-	-	225,707.7	5,391.0	-	2,767.2	-	14,596.3	703,358.3
Work-in-Process	6,162.1	414.8	3,597.2	2,813.2	2.5	0.0	628.9	-	(32.1)	12,793.9	12,548.8	2.5	38,931.6
Suspense	-	-	0.0	-	0.3	-	14.7	-	-	-	(107.4)	(29.4)	(121.8)
Other Assets	-	2,035.9	-	963.0	-	-	(1,591.5) (3)	19.2	24.3	49.6	-	-	1,500.4
Total Other Assets	109,947.8	243,741.6	46,519.5	292,347.6	1,643.2	36,727.9	266,939.0	23,168.9	80,566.7	23,583.1	15,059.8	56,441.3	1,196,686.5
TOTAL ASSETS (net of WC offsets)	$ 114,757.8	$ 248,437.4	$ 50,615.9	$ 292,032.3	$ 902.8	$ 46,182.6	$ 256,653.2	$ 23,838.5	$ 88,694.7	$ 25,842.3	$ 23,028.4	$ 87,659.7	$ 1,258,645.5
LIABILITIES & EQUITY													
Other Liabilities													
Deferrals-Related to Restr Cash	$ 189.0	$ 89.1	$ 65.5	$ 166.5	$ 926.9	$ 141.4	$ 1,900.0	$ 16.8	$ -	$ 60.0	$ -	$ -	3,555.2
Debt	-	95,238.7	11,969.2	155,137.6	-	-	220,686.6	9,292.4	50,223.0	19.8	0.0	23,952.4	566,519.9
Other Liabilities	1.2	9,471.7	963.4	2,621.1	-	-	709.7	1,030.5	345.9	9,551.1	21,236.7	-	45,931.4
	190.2	104,799.5	12,998.1	157,925.2	926.9	141.4	223,296.4	10,339.8	50,568.9	9,631.0	21,236.7	23,952.4	616,006.5
Equity													
Equity	114,567.6	143,637.9	37,617.8	134,107.1	(24.1)	46,041.2	33,356.9	13,498.7	38,125.8	16,211.3	1,791.7	63,707.3	642,639.0
	114,567.6	143,637.9	37,617.8	134,107.1	(24.1)	46,041.2	33,356.9	13,498.7	38,125.8	16,211.3	1,791.7	63,707.3	642,639.0
TOTAL LIAB & EQ (net of curr liab)	$ 114,757.8	$ 248,437.4	$ 50,615.9	$ 292,032.3	$ 902.8	$ 46,182.6	$ 256,653.2	$ 23,838.5	$ 88,694.7	$ 25,842.3	$ 23,028.4	$ 87,659.7	$ 1,258,645.6

1) $3.6M Spiritwood developer fee note, $2.1M Birch Creek bonds; $1.6M Birch Creek Lease; $864K Green River Homes II bonds; $270 K Green River Homes notes, and $583K MKCRF-KCHA note. Expected sources of repayments include some combination of CFP, Replacement Housing Factor (RHF) grants, MTW revenue, site operations and current reserves.
2) Current portion of bond payments; source of funding will be P & I reserves.
3) Fair market value of derivatives is a negative $1.6M -required by Generally Accepted Accounting Principles (GAAP) and calculated at the end of each year. This is not a cash transaction.

KING COUNTY HOUSING AUTHORITY
Working Capital Statements
(In $1,000's; excludes non-KCHA-managed component units)
For the Period Ended September 30, 2017

	FEDERALLY-SUPPORTED PROGRAMS (managed by KCHA)						LOCAL PROGRAMS						
	Public Housing		Other Housing		Other Programs								Memo:
	KCHA	Outside	KCHA	Outside	Section 8	MTW	KCHA Owned	Outside Owned	Tax Credit Gen Prtnr	Develop			KCHA
Revenues	Owned	Owned	Owned	Owned	Program	Program	Housing	Housing	Activity	Activity	Other	COCC	**COMBINED**
Tenant Revenue	$4,081.3	$1,583.1	$2,924.2	$10,990.6	$69.6	$0.0	$41,506.6	$503.4	$0.0	$0.0	$0.0	$0.0	$61,658.9
Operating Fund Subsidy from HUD	3,376.1	1,709.9	49.7	-	-	298.2	-	-	-	-	1,473.8	-	6,907.7
Section 8 Subsidy from HUD	-	-	292.2	-	86,419.6	14,459.2	-	-	-	-	-	-	101,171.0
Other Operating Revenue	25.7	3,416.2	324.0	2,036.6	26,904.1	37.5	171.5	90.0	264.1	19.8	4,685.4	9,342.5	47,317.4
Non-operating Revenue	3,015.1	5,104.8	54.2	1,051.9	0.3	731.6	619.2	413.4	1,994.5	114.9	108.6	1,530.9	14,739.3
Total Revenues	10,498.1	11,814.0	3,644.3	14,079.1	113,393.6	15,526.5	42,297.3	1,006.7	2,258.6	134.7	6,267.9	10,873.4	231,794.2
Expenses													
Salaries & Benefits	1,794.2	787.1	319.1	1,271.6	4,917.5	1,420.9	3,320.3	130.0	108.4	364.7	895.0	8,186.6	23,515.6
Routine Maintenance, Utilities, Taxes & Insurance	3,773.8	1,880.0	979.1	2,745.9	199.3	0.4	9,673.9	219.8	3.7	-	48.9	1,376.9	20,901.7
Direct Social Service Salaries & Benefits	-	-	-	-	94.3	1,609.0	-	-	-	1.6	82.9	-	1,787.8
Other Social Service Support Expenses & HAP	85.7	4,117.8	22.7	2.0	105,520.4	2,614.9	224.2	-	0.1	-	2,890.6	8.7	115,487.1
Administrative Support Expenses	1,920.7	744.8	285.7	1,001.8	2,733.7	389.5	3,690.6	72.9	329.8	116.8	120.2	1,855.3	13,261.8
Non-operating Expenses	(10.8)	2,025.3	289.5	5,333.9	0.3	-	4,495.8	266.0	768.7	0.3	0.6	562.8	13,732.4
Total Expenses	7,563.6	9,555.0	1,896.0	10,355.2	113,465.5	6,034.7	21,404.8	688.8	1,210.7	483.5	4,038.2	11,990.3	188,686.4
Net Income	2,934.5	2,259.0	1,748.3	3,723.9	(71.8)	9,491.8	20,892.5	317.9	1,048.0	(348.8)	2,229.7	(1,117.0)	43,107.9
Other Sources/(Uses) of Working Capital													
(Increase) in Restricted/Designated Cash	(42.2)	(172.4)	(70.7)	(298.0)	(213.4)	(84.1)	(11,660.0) **(3)**	(20.9)	(260.6)	(615.4)	.0	(30.7)	(13,468.4)
Decrease in Restricted/Designated Cash	26.0	.5	.0	12.6	.0	869.6	274.7	427.63	1,616.2	102.4	7,916.8	.0	10,819.2
(Increase) in LT Receivables	-	(2,223.5)	-	(199.3)	-	.0	.0	(144.2)	(13,170.0) **(1)**	(5.0)	-	(1,669.8) **(8)**	(17,411.7)
Decrease in LT Receivables	-	959.0	-	1,751.3	-	4,848.6	.0	115.4	17,661.4 **(7)**	30,371.33	-	615.9	25,982.0
Acquisition of Capital Assets	(4,420.7)	(962.4)	(2,705.6)	(1,580.3)	(3.1)	(.0)	(12,507.2) **(4)**	(101.7)	1.3	(1,157.8)	(7,917.4)	(219.0)	(31,573.9)
Disposition of Capital Assets	-	-	.0	-	-	-	.0	-	.0	4,362.5	-	9.1	4,371.6
Change in Suspense	-	.0	.0	.0	(.3)	-	(14.7)	-	-	-	107.4	31.6	124.0
Change in Other Assets	-	.0	-	(0.00)	-	-	.1	0.00	-	.0	-	-	0.1
Change in Deferrals	(18.3)	14.7	(4.8)	1.4	190.3	84.1	34.1	(.4)	.0	(15.0)	-	.0	286.1
Increase in LT Debt	-	2,000.0	.0	12,490.5 **(1)**	-	-	3,399.6	-	.0	.0	.0	.0	17,890.2
(Decrease) in LT Debt	.0	(185.9)	(217.6)	(16,011.9) **(2)**	-	-	(7,371.2) **(5)**	(386.0) **(6)**	(15,505.0) **(7)**	.0	-	(675.0)	(40,352.6)
Change in Other Liabilities	.0	1,197.4	(65.3)	437.5	-	-	15.6	35.1	8.8	(2,716.3)	(471.5)	-	(1,558.7)
Other Non-Working Capital Inc/Exp	-	-	-	-	-	-	.0	-	.0	.0	-	-	-
Non Income/Expense Change in Equity	-	.0	.0	.0	-	-	597.7	-	(670.2)	.0	145.3	112.7	185.5
Total Other Sources/(Uses) of Working Capital	(4,455.2)	627.4	(3,063.9)	(3,396.0)	(26.4)	5,718.2	(27,231.5)	(502.3)	(10,318.2)	(14.2)	(219.4)	(1,825.2)	(44,706.7)
Transfer In from (Out to) Other Funds													
Transfers In from Other Funds	1,454.9	4,396.3	1,854.4	3,831.1	-	-	1,844.1	-	1,141.0	513.7	848.1	2,793.7	18.7
Transfers Out to Other Funds	(7.7)	(513.7)	-	(1,079.8)	-	(7,738.1)	(2,227.7)	-	(1,755.3)	-	(2,349.8)	(3,005.1) **(8)**	(18.7)
Net Transfer In/(Out)	1,447.3	3,882.6	1,854.4	2,751.3	-	(7,738.1)	(383.6)	-	(614.3)	513.7	(1,501.8)	(211.4)	-
Net Change in Working Capital	(73.4)	6,769.0	538.8	3,079.2	(98.3)	7,471.8	(6,722.7) **(5)**	(184.4) **(6)**	(9,884.6) **(1)**	150.7	508.5	(3,153.6) **(8)**	(1,598.9)
Working Capital, 12/31/2016	4,883.3	(2,073.2)	3,557.6	(3,394.5)	(642.1)	1,982.8	(3,563.1)	854.0	18,012.6	2,108.4	7,460.1	34,372.0	63,557.9
Working Capital, 9/30/2017	4,809.9	$4,695.8	$4,096.4	$(315.3)	$(740.4)	$9,454.7	$(10,285.8)	$669.6	$8,128.0	$2,259.1	$7,968.6	$31,218.4	$61,959.0

1) Primarily due to an $12.5M subordinate loan due to KCHA from the Spiritwood Manor tax credit partnership.
2) Due to an $11.7M payment on the Spiritwood Manor line-of-credit by the tax credit partnership as well as a $2.2M payment on Birch Creek bonds and a $1.5M payment by the Birch Creek tax credit partnership on notes payable to KCHA .
3) Recoded all management depository accounts as "designated cash". Unbudgeted.
4) Primarily due to addition of Southwood Square assets acquired upon the exit of the tax credit partnership.
5) Due to various payments on debt including the 2013 Bond Pool ($2.2M), Abbey Ridge LOC ($1.7M), and 2005 Bond Pool ($1.1M), 2015 Bond Pool ($715K), and Village at South Station LOC ($650K).
6) Due to a payment by the New Market Tax Credit partnership on a KeyBank line-of-credit.
7) Primarily due to the receipt of $11.7M from the Spiritwood Manor tax credit partnership and the related payment of the same amount by KCHA on the Key Bank Line-of-Credit. Also , a $3M receivable from the Southwood Square tax credit partnership was written off as well as $6.7M of Southwood Square long-term debt.
8) Due to an $1.4M internal loan to Development as well as transfers out for Capital Construction projects and a $1.1M transfer for the Corinthian subordinate loan.

KCHA Combined
Working Capital Budget vs. Actual Report
For the Period Ended 9/30/2017

	Quarter Ended September 30, 2017				Year-to-Date				2017 Annual	Remainder to Receive/	(n/m= not meaningful) Percent of Annual	
Revenues	Actual	Budget	$ Var	% Var	Actual	Budget	$ Var	% Var	Budget	Spend	Budget	
Tenant Revenue	$19,945,562	$20,493,148	($547,586)	(2.7%)	$61,658,873	$60,863,168	$795,705	1.3%	$81,390,738	$19,731,865	75.8%	
Operating Fund Subsidy from HUD	2,510,837	2,318,220	192,617	8.3%	6,907,677	6,954,690	(47,013)	(0.7%)	9,272,913	2,365,236	74.5%	
Section 8 Subsidy from HUD	33,902,061	31,972,892	1,929,169	6.0%	101,170,996	95,826,364	5,344,632	5.6%	128,128,381	26,957,385	79.0%	
Other Operating Revenue	16,396,342	15,062,020	1,334,322	8.9%	46,145,699	44,163,146	1,982,553	4.5%	59,106,800	12,961,101	78.1%	
Non-operating Revenue	5,165,121	6,942,411	(1,777,290)	(25.6%)	15,910,982	15,204,594	706,388	4.6%	17,780,465	1,869,484	89.5%	
Total Revenues	77,919,923	76,788,691	1,131,232	1.5%	231,794,226	223,011,962	8,782,264	3.9%	295,679,297	63,885,071	78.4%	
Expenses												
Salaries & Benefits	7,519,514	8,032,989	(513,475)	(6.4%)	23,515,561	25,044,721	(1,529,160)	(6.1%)	34,025,474	10,509,913	69.1%	
Routine Maintenance, Utilities, Taxes & Insurance	7,069,685	7,233,473	(163,788)	(2.3%)	20,901,654	21,628,328	(726,674)	(3.4%)	29,525,330	8,623,676	70.8%	
Direct Social Service Salaries & Benefits	581,502	569,831	11,671	2.0%	1,787,766	1,804,474	(16,708)	(0.9%)	2,469,280	681,514	72.4%	
Other Social Service Support Expenses & HAP	40,057,647	38,138,504	1,919,143	5.0%	115,487,120	112,209,205	3,277,915	2.9%	151,242,898	35,755,778	76.4%	
Administrative Support Expenses	4,746,842	4,820,502	(73,660)	(1.5%)	13,261,821	14,446,225	(1,184,404)	(8.2%)	19,187,155	5,925,334	69.1%	
Non-operating Expenses	5,125,152	5,451,953	(326,801)	(6.0%)	13,732,443	14,947,897	(1,215,454)	(8.1%)	19,986,605	6,254,162	68.7%	
Total Expenses	65,100,342	64,247,252	853,090	1.3%	188,686,365	190,080,850	(1,394,485)	(0.7%)	256,436,742	67,750,377	73.6%	
Net Income	12,819,581	12,541,439	278,142	2.2%	43,107,861	32,931,112	10,176,748	30.9%	39,242,555	(3,865,306)	109.8%	
Other Sources/(Uses) of Working Capital												
(Increase) in Restricted/Designated Cash	(10,585,785)	(615,960)	(9,969,825)	1618.6%	(13,468,375)	(2,612,395)	(10,855,980)	415.6%	(3,356,491)	10,111,884	401.3%	(1)
Decrease in Restricted/Designated Cash	2,025,860	4,507,590	(2,481,730)	(55.1%)	10,819,189	13,780,568	(2,961,379)	(21.5%)	18,167,633	7,348,444	59.6%	(2)
(Increase) in LT Receivables	(1,058,891)	(1,700,277)	641,386	(37.7%)	(17,411,741)	(20,053,926)	2,642,185	(13.2%)	(20,432,605)	(3,020,864)	85.2%	(3)
Decrease in LT Receivables	426,515	4,079,040	(3,652,525)	(89.5%)	25,982,014	26,027,648	(45,634)	(0.2%)	40,090,636	14,108,622	64.8%	(4)
Acquisition of Capital Assets	(9,687,560)	(15,733,238)	6,045,678	(38.4%)	(31,573,946)	(43,968,933)	12,394,987	(28.2%)	(52,698,325)	(21,124,379)	59.9%	(5)
Disposition of Capital Assets	57,289	3,511,955	(3,454,666)	(98.4%)	4,371,629	4,017,434	354,195	8.8%	4,017,434	(354,195)	108.8%	(6)
Change in Suspense	66,107	-	66,107	n/m	124,048	-	124,048	n/m	-	(124,048)	n/m	
Change in Other Assets	0	0	0	n/m	100	0	100	n/m	(1,082,088)	(1,082,188)	n/m	
Change in Other Deferrals	44,278	-	44,278	n/m	286,081	-	286,081	n/m	-	(286,081)	n/m	
Increase in LT Debt	2,000,181	232,584	1,767,597	760.0%	17,890,163	18,530,146	(639,983)	(3.5%)	17,435,081	(455,082)	102.6%	(7)
(Decrease) in LT Debt	(2,363,520)	(2,266,042)	(97,478)	4.3%	(40,352,630)	(38,883,177)	(1,469,453)	3.8%	(71,759,556)	(31,406,926)	56.2%	
Change in Other Liabilities	627,158	(2,674,170)	3,301,328	n/m	(1,558,734)	(830,316)	(728,418)	87.7%	(280,878)	1,277,856	555.0%	(6)
Other Non-Working Capital Income/Expense Items	-	-	-	n/m	0	-	0	n/m	-	0	n/m	
Non Income/Expense Change in Equity	0	0	0	n/m	185,455	(20,735)	206,190	n/m	16,382,353	16,196,898	1.1%	
Total Other Sources/(Uses) of Working Capital	(18,448,368)	(10,658,518)	(7,789,850)	73.1%	(44,706,748)	(44,013,686)	(693,062)	1.6%	(53,516,806)	(8,810,058)	83.5%	
Transfer In from (Out to) Other Funds												
Net Transfer In/(Out)	0	0	0	n/m	0	0	0	n/m	0	0	n/m	
Net Change in Working Capital	($5,628,787)	$1,882,921	($7,511,708)	n/m	($1,598,887)	($11,082,574)	$9,483,687	(85.6%)	($14,274,251)	($12,675,364)	11.2%	
Working Capital, Beginning of Period	67,587,798				63,557,900							
Working Capital, 9/30/2017	$61,959,011				$61,959,013							

1) Recoded all management depository accounts as "designated cash". Unbudgeted.
2) A $1M draw from the Egis exit tax reserve was inadvertently budgeted as the funding source for the Egis elevator projects. These projects will actually be funded as part of the EPC project. Also, the Birch Creek debt payment was budgeted to be financed using excess cash reserve draws instead it was decided to use MTW funds.
3) $2.5M was budgeted to be loaned to the Corinthian tax credit partnership from the general partner fund in order to make a payment on a line-of-credit. Instead a $3M loan of Transit-Oriented Development funds was received from the County, and this internal loan was not made.
4) Repayment on the MTW internal loan to Greenbridge from lot sale proceeds was budgeted for the 3rd quarter but occurred in the 2nd quarter.
5) Various capital projects are under target and beginning later than anticipated in the budget. The Northridge envelope project began construction in the 2nd quarter but a majority of the budgeted funds will be spent in the 4th quarter. The Nia tenant improvement project, Ballinger water lines, and elevator projects at Munro Manor and Plaza Seventeen aren't expected to occur until the 4th quarter. Also, maintenance work at various properties that depends on unit turnover (decks, carpets, doors and cabinets) is under target as turnover has been less than anticipated while other projects (Carpentry, Siding, Paving) are expected to catch up later in the year. Additionally, some capital projects at Spiritwood budgeted for 2017 were actually completed in 2016. Finally, the Cascade water lines project will be completed for less than budgeted due to a favorable bid.
6) Sale of Greenbridge lots to Conner Homes and related payment on the MTW loan from sale proceeds were budgeted for the 3rd quarter but occurred in the 2nd quarter.
7) A $2M loan from King County for Vantage Point was originally budgeted to be received in two installments: $500K at the end of 2016 and $1.5M in the first quarter of 2017. However, the entire $2M was received in August 2017

Public Housing (KCHA)
Working Capital Budget vs. Actual Report
For the Period Ended 9/30/2017

	Quarter Ended September 30, 2017				Year-to-Date				2017 Annual Budget	Remainder to Receive/ Spend	Percent of Annual Budget	
Revenues	Actual	Budget	$ Var	% Var	Actual	Budget	$ Var	% Var				
Tenant Revenue	$ 1,364,380	$ 1,290,025	$ 74,355	5.8%	$ 4,081,260	$ 3,870,073	$ 211,187	5.5%	$ 5,160,087	$ 1,078,827	79.1%	
Operating Fund Subsidy from HUD	1,231,489	1,140,900	90,589	7.9%	3,376,091	3,422,715	(46,624)	(1.4%)	4,563,615	1,187,524	74.0%	
Section 8 Subsidy from HUD	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Other Operating Revenue	903	-	903	n/m	25,666	-	25,666	n/m	11,766	(13,900)	218.1%	(1)
Non-operating Revenue	1,486,195	3,308,658	(1,822,463)	(55.1%)	3,015,079	5,578,031	(2,562,952)	(45.9%)	6,352,428	3,337,349	47.5%	(2)
Total Revenues	4,082,967	5,739,583	(1,656,616)	(28.9%)	10,498,095	12,870,819	(2,372,724)	(18.4%)	16,087,896	5,589,801	65.3%	
Expenses												
Salaries & Benefits	593,315	643,198	(49,883)	(7.8%)	1,794,187	2,004,141	(209,954)	(10.5%)	2,721,686	927,499	65.9%	(3)
Routine Maintenance, Utilities, Taxes & Insurance	1,294,780	1,272,389	22,391	1.8%	3,773,762	3,841,949	(68,187)	(1.8%)	5,380,024	1,606,262	70.1%	
Direct Social Service Salaries & Benefits	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Other Social Service Support Expenses & HAP	33,308	25,729	7,579	29.5%	85,729	77,186	8,543	11.1%	102,911	17,182	83.3%	
Administrative Support Expenses	945,181	614,806	330,375	53.7%	1,920,720	2,172,391	(251,671)	(11.6%)	2,708,060	787,340	70.9%	(4)
Non-operating Expenses	50,258	1,510	48,748	3228.3%	(10,795)	4,543	(15,338)	n/m	6,056	16,851	n/m	(5)
Total Expenses	2,916,841	2,557,632	359,209	14.0%	7,563,603	8,100,210	(536,607)	(6.6%)	10,918,737	3,355,134	69.3%	
Net Income	1,166,125	3,181,951	(2,015,826)	(63.4%)	2,934,492	4,770,609	(1,836,117)	(38.5%)	5,169,159	2,234,667	56.8%	
Other Sources/(Uses) of Working Capital												
(Increase) in Restricted/Designated Cash	(14,024)	(16,719)	2,695	(16.1%)	(42,197)	(50,157)	7,960	(15.9%)	(66,876)	(24,679)	63.1%	
Decrease in Restricted/Designated Cash	(360)	-	(360)	n/m	25,965	-	25,965	n/m	-	(25,965)	n/m	(6)
(Increase) in LT Receivables	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Decrease in LT Receivables	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Acquisition of Capital Assets	(1,711,578)	(4,710,194)	2,998,616	(63.7%)	(4,420,663)	(9,839,880)	5,419,217	(55.1%)	(11,445,142)	(7,024,479)	38.6%	(7)
Disposition of Capital Assets	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Suspense	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Other Assets	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Deferrals	360	-	360	n/m	(18,302)	-	(18,302)	n/m	-	18,302	n/m	
Increase in LT Debt	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
(Decrease) in LT Debt	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Other Liabilities	-	(9,249)	9,249	(100.0%)	-	(27,758)	27,758	(100.0%)	(37,011)	(37,011)	0.0%	
Other Non-Working Capital Income/Expense Items	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Non Income/Expense Change in Equity	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Total Other Sources/(Uses) of Working Capital	(1,725,602)	(4,736,162)	3,010,560	(63.6%)	(4,455,198)	(9,917,795)	5,462,597	(55.1%)	(11,549,029)	(7,093,831)	38.6%	
Transfer In from (Out to) Other Funds												
Transfers In from Other Funds	569,761	1,836,688	(1,266,927)	(69.0%)	1,454,948	5,092,841	(3,637,893)	(71.4%)	6,379,870	4,924,922	22.8%	(8)
Transfers Out to Other Funds	-	-	-	n/m	(7,663)	-	(7,663)	n/m	-	7,663	n/m	
Net Transfer In/(Out)	569,761	1,836,688	(1,266,927)	(69.0%)	1,447,285	5,092,841	(3,645,556)	(71.6%)	6,379,870	4,932,585	22.7%	
Net Change in Working Capital	$ 10,284	$ 282,477	$ (272,193)	(96.4%)	$ (73,420)	$ (54,345)	$ (19,075)	35.1%	$ -	$ 73,420	n/m	
Working Capital, Beginning of Period	4,799,646				4,883,350							
Working Capital, 9/30/2017	$ 4,809,929				$ 4,809,929							

1) Brookside rental revenue received from Sound Mental Health was budgeted as Tenant Income but recorded as Other Operating Income. Also, as Brookside was transitioned to the MTW Service Unit program at the end of 2016, rental revenue is no longer due from Sound Mental Health. KCHA is currently negotiating with Sound Mental Health for uses of the funds paid to KCHA during 2017.
2) Various projects are under budget resulting in fewer draws on capital grants. Ballinger Homes water lines were budgeted throughout the year. However, the project is being redesigned to mitigate the needs for tenant relocation and will be bid in the 4th quarter. Construction on the Valli Kee site improvements, Northridge envelope upgrades and Cascade water line replacement began in the 3rd quarter while being budgeted throughout the year .
3) Primarily due to unfilled open positions and other positions being filled by temporary employees who don't qualify for benefits at Burien Park, Ballinger, Firwood Circle, Casa Juanita, and College Place.
4) Construction management fees on MTW-funded projects are under budget as some construction activity has been delayed to the 4th quarter.
5) Through the end of September, casualty loss insurance receipts for fires at Forest Glen exceeds the cost of internal KCHA crews to repair the damages.
6) Burien Park, Northwood, and Northlake House transferred Replacement Reserves to the COCC upon becoming public housing properties.
7) Several projects are beginning later than anticipated in the budget. The Northridge Envelope project began construction in the 2nd quarter and the bulk of the budgeted funds will be spent by year end. The Ballinger water lines project will be completed in two phases. The first phase will spend $760K in 2017 with the balance of the budget carried over and spent on the second phase in 2018. Due to a favorable bid, the Cascade Water Lines project will be completed for less than budgeted. The project is expected to be completed by year end.
8) It was anticipated that MTW funding of unit upgrades at Ballinger would occur during the tenant relocation related to the water line replacement project. As that project has been delayed, transfers of MTW funds are under target. The Burndale building

Public Housing (Other)
Working Capital Budget vs. Actual Report
For the Period Ended 9/30/2017

	Quarter Ended September 30, 2017				Year-to-Date				2017 Annual Budget	Remainder to Receive/ Spend	Percent of Annual Budget	
Revenues	Actual	Budget	$ Var	% Var	Actual	Budget	$ Var	% Var				
Tenant Revenue	$ 535,622	$ 499,458	$ 36,164	7.2%	$ 1,583,118	$ 1,498,369	$ 84,749	5.7%	1,997,817	414,699	79.2%	
Operating Fund Subsidy from HUD	614,856	561,713	53,143	9.5%	1,709,916	1,685,153	24,763	1.5%	2,246,869	536,953	76.1%	
Section 8 Subsidy from HUD	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Other Operating Revenue	1,119,656	1,122,978	(3,322)	(0.3%)	3,416,197	3,413,564	2,633	0.1%	3,488,301	72,104	97.9%	
Non-operating Revenue	1,077,259	1,035,773	41,486	4.0%	5,104,793	3,109,750	1,995,043	64.2%	4,144,700	(960,093)	123.2%	(1)
Total Revenues	3,347,393	3,219,922	127,471	4.0%	11,814,024	9,706,836	2,107,187	21.7%	11,877,687	63,663	99.5%	
Expenses												
Salaries & Benefits	255,252	263,655	(8,403)	(3.2%)	787,056	823,456	(36,400)	(4.4%)	1,119,479	332,423	70.3%	
Routine Maintenance, Utilities, Taxes & Insurance	647,951	634,768	13,183	2.1%	1,880,023	1,938,909	(58,886)	(3.0%)	2,692,413	812,390	69.8%	
Direct Social Service Salaries & Benefits	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Other Social Service Support Expenses & HAP	1,376,795	1,367,685	9,110	0.7%	4,117,791	4,103,103	14,688	0.4%	5,485,432	1,367,641	75.1%	
Administrative Support Expenses	227,998	242,978	(14,980)	(6.2%)	744,788	713,773	31,015	4.3%	937,248	192,460	79.5%	
Non-operating Expenses	666,209	666,664	(455)	(0.1%)	2,025,316	1,999,997	25,319	1.3%	2,666,656	641,340	75.9%	
Total Expenses	3,174,205	3,175,750	(1,545)	(0.0%)	9,554,974	9,579,238	(24,264)	(0.3%)	12,901,228	3,346,254	74.1%	
Net Income	173,188	44,172	129,016	292.1%	2,259,050	127,598	2,131,451	1670.4%	(1,023,541)	(3,282,591)	n/m	
Other Sources/(Uses) of Working Capital												
(Increase) in Restricted/Designated Cash	(67,568)	(52,416)	(15,152)	28.9%	(172,430)	(157,248)	(15,182)	9.7%	(209,664)	(37,234)	82.2%	
Decrease in Restricted/Designated Cash	234	249,999	(249,765)	(99.9%)	534	749,997	(749,463)	(99.9%)	1,000,000	999,466	0.1%	(2)
(Increase) in LT Receivables	(735,829)	(743,812)	7,983	(1.1%)	(2,223,461)	(2,231,434)	7,973	(0.4%)	(2,975,237)	(751,776)	74.7%	
Decrease in LT Receivables	(7,988)	-	(7,988)	n/m	959,033	735,947	223,086	30.3%	850,947	(108,086)	112.7%	(3)
Acquisition of Capital Assets	(81,160)	(254,321)	173,161	(68.1%)	(195,716)	(291,346)	95,630	(32.8%)	(541,641)	(345,925)	36.1%	
Maintenance Projects	(244,845)	(649,100)	404,255	(62.3%)	(766,716)	(1,852,525)	1,085,809	(58.6%)	(2,403,198)	(1,636,482)	31.9%	
Acquisition of Capital Assets	(326,005)	(903,421)	577,416	(63.9%)	(962,432)	(2,143,871)	1,181,439	(55.1%)	(2,944,839)	(1,982,407)	32.7%	(4)
Disposition of Capital Assets	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Suspense	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Other Assets	0	-	0	n/m	0	-	0	n/m	-	(0)	n/m	
Change in Deferrals	14,925	-	14,925	n/m	14,650	-	14,650	n/m	-	(14,650)	n/m	
Increase in LT Debt	2,000,000	-	2,000,000	n/m	2,000,000	1,500,000	500,000	33.3%	1,500,000	(500,000)	133.3%	(5)
(Decrease) in LT Debt	-	(274)	274	(100.0%)	(185,938)	(105,824)	(80,114)	75.7%	(221,098)	(35,160)	84.1%	
Change in Other Liabilities	399,146	396,632	2,514	0.6%	1,197,438	1,189,900	7,538	0.6%	1,586,532	389,094	75.5%	
Other Non-Working Capital Income/Expense Items	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Non Income/Expense Change in Equity	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Total Other Sources/(Uses) of Working Capital	1,276,916	(1,053,292)	2,330,208	n/m	627,395	(462,533)	1,089,928	n/m	(1,413,359)	(2,040,754)	n/m	
Transfer In from (Out to) Other Funds												
Transfers In from Other Funds	783,702	1,031,966	(248,264)	(24.1%)	4,396,337	3,674,293	722,044	19.7%	4,702,237	305,900	93.5%	(6)
Transfers Out to Other Funds	-	-	-	n/m	(513,740)	(325,000)	(188,740)	58.1%	(325,000)	188,740	158.1%	(7)
Net Transfer In/(Out)	783,702	1,031,966	(248,264)	(24.1%)	3,882,597	3,349,293	533,304	15.9%	4,377,237	494,640	88.7%	
Net Change in Working Capital	$ 2,233,805	$ 22,846	$ 2,210,959	9677.7%	$ 6,769,042	$ 3,014,358	$ 3,754,684	124.6%	1,940,337	(4,828,705)	348.9%	
Working Capital, Beginning of Period	2,462,036				(2,073,200)							
Working Capital, 9/30/2017	$ 4,695,842				$ 4,695,842							

1) Received $1.9M grant from Washington State for the construction of Vantage Point. This cash receipt was expected to be received late in 2016 and was therefore not budgeted in 2017.
2) A $1M draw from Egis exit tax reserve was inadvertently budgeted as the funding source for the Egis elevator projects. These projects will actually be funded as part of the EPC project.
3) Repayments to KCHA of loans made to various tax credit partnerships was higher than anticipated in the budget as the partnerships finished 2016 with higher net cash flow than originally anticipated
4) An elevator replacement project at Plaza Seventeen was budgeted evenly throughout but did not begin until the 4th quarter. Appoximately $400,000 of the project is being carried over to 2018. Also, the budgeted Nia tenant improvement project isn't expected to occur until the 4th quarter
5) A $2.0M loan from King County for Vantage Point was originally budgeted to be received in two installments: $500K at the end of 2016 and $1.5M in the first quarter of 2017. However, the entire $2M was received in August 2017.
6) $1M was transferred from the EPC fund to Egis in order to fund the elevator replacement project. Unbudgeted.(See Note #2). This is partially offset by budgeted Nia tenant improvement transfer of $291K expected to occur in the 4th quarter.
7) Interest from HOPE VI grant proceeds loaned to the various partnerships is transferred to the Development fund, and was greater than anticipated in the budget.

Other Federally-supported (KCHA)
Working Capital Budget vs. Actual Report
For the Period Ended 9/30/2017

	Quarter Ended September 30, 2017				Year-to-Date				2017 Annual Budget	Remainder to Receive/ Spend	Percent of Annual Budget	
Revenues	Actual	Budget	$ Var	% Var	Actual	Budget	$ Var	% Var				
Tenant Revenue	$ 970,881	$ 1,027,671	$ (56,790)	(5.5%)	$ 2,924,198	$ 3,083,012	$ (158,814)	(5.2%)	$ 4,110,678	$ 1,186,480	71.1%	
Operating Fund Subsidy from HUD	18,116	16,783	1,333	7.9%	49,664	50,349	(685)	(1.4%)	67,132	17,468	74.0%	
Section 8 Subsidy from HUD	100,473	103,443	(2,970)	(2.9%)	292,211	310,331	(18,120)	(5.8%)	413,775	121,564	70.6%	
Other Operating Revenue	108,409	76,120	32,289	42.4%	324,001	280,301	43,700	15.6%	358,537	34,536	90.4%	(1)
Non-operating Revenue	25,855	6,641	19,214	289.3%	54,227	25,065	29,162	116.3%	31,710	(22,517)	171.0%	(2)
Total Revenues	1,223,734	1,230,658	(6,924)	(0.6%)	3,644,302	3,749,058	(104,756)	(2.8%)	4,981,832	1,337,530	73.2%	
Expenses												
Salaries & Benefits	89,668	125,769	(36,101)	(28.7%)	319,083	392,933	(73,850)	(18.8%)	534,284	215,201	59.7%	(3)
Routine Maintenance, Utilities, Taxes & Insurance	332,237	328,274	3,963	1.2%	979,148	999,644	(20,496)	(2.1%)	1,354,685	375,537	72.3%	
Direct Social Service Salaries & Benefits	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Other Social Service Support Expenses & HAP	8,694	4,350	4,344	99.9%	22,678	13,050	9,628	73.8%	17,400	(5,278)	130.3%	
Administrative Support Expenses	100,853	83,131	17,722	21.3%	285,675	254,915	30,760	12.1%	337,715	52,040	84.6%	(4)
Non-operating Expenses	94,198	85,936	8,262	9.6%	289,454	257,812	31,642	12.3%	343,749	54,295	84.2%	(5)
Total Expenses	625,649	627,460	(1,811)	(0.3%)	1,896,038	1,918,354	(22,316)	(1.2%)	2,587,833	691,795	73.3%	
Net Income	598,085	603,198	(5,113)	(0.8%)	1,748,263	1,830,704	(82,441)	(4.5%)	2,393,999	645,736	73.0%	
Other Sources/(Uses) of Working Capital												
(Increase) in Restricted/Designated Cash	(23,539)	(10,683)	(12,856)	120.3%	(70,688)	(32,049)	(38,639)	120.6%	(42,732)	27,956	165.4%	(6)
Decrease in Restricted/Designated Cash	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
(Increase) in LT Receivables	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Decrease in LT Receivables	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Acquisition of Capital Assets	(749,467)	(20,598)	(728,869)	3538.5%	(1,724,542)	(1,779,256)	54,714	(3.1%)	(1,779,256)	(54,714)	96.9%	
Maintenance Projects	(436,090)	(312,058)	(124,032)	39.7%	(981,033)	(701,787)	(279,246)	39.8%	(884,080)	96,953	111.0%	
Acquisition of Capital Assets	(1,185,557)	(332,656)	(852,901)	256.4%	(2,705,575)	(2,481,043)	(224,532)	9.0%	(2,663,336)	42,239	101.6%	(7)
Disposition of Capital Assets	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Suspense	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Other Assets	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Deferrals	(2,782)	-	(2,782)	n/m	(4,762)	-	(4,762)	n/m	-	4,762	n/m	
Increase in LT Debt	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
(Decrease) in LT Debt	(72,534)	(70,694)	(1,840)	2.6%	(217,575)	(212,082)	(5,493)	2.6%	(282,776)	(65,201)	76.9%	
Change in Other Liabilities	(21,750)	(21,750)	-	0.0%	(65,250)	(65,250)	-	0.0%	(87,000)	(21,750)	75.0%	
Other Non-Working Capital Income/Expense Items	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Non Income/Expense Change in Equity	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Total Other Sources/(Uses) of Working Capital	(1,306,162)	(435,783)	(870,379)	199.7%	(3,063,850)	(2,790,424)	(273,426)	9.8%	(3,075,844)	(11,994)	99.6%	
Transfer In from (Out to) Other Funds												
Transfers In from Other Funds	793,469	22,872	770,597	3369.2%	1,854,409	1,901,050	(46,641)	(2.5%)	1,903,325	48,916	97.4%	(8)
Transfers Out to Other Funds	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Net Transfer In/(Out)	793,469	22,872	770,597	3369.2%	1,854,409	1,901,050	(46,641)	(2.5%)	1,903,325	48,916	97.4%	
Net Change in Working Capital	$ 85,392	$ 190,287	$ (104,895)	(55.1%)	$ 538,823	$ 941,330	$ (402,507)	(42.8%)	$ 1,221,480	$ 682,657	44.1%	
Working Capital, Beginning of Period	4,010,984				3,557,553							
Working Capital, 9/30/2017	$ 4,096,376				$ 4,096,376							

1) Eastside maintenance building rent was budgeted for six months as the lease was not expected to be renewed due to the sale of the building. As the sale is delayed until 2018, the actual rental revenue will continue through the remainder of the year.
2) Higher than anticipated state pool interest income was allocated to Hidden Village and Newport apartments.
3) Salaries are under target due to open positions.
4) High due to tenant eviction legal fees at Woodcreek Lane and Northwood Square.
5) Primarily due to a technical accounting correction and interest expense on the Woodcreek Lane line-of-credit being greater than anticipated in the budget as rates have risen.
6) Additions to replacement reserves were inadvertently not budgeted for Bellevue Manor, Patricia Harris Manor and Northwood Square.
7) Four unit upgrades were budgeted evenly throughout the year. As of September, eleven unit upgrades were completed for a total cost of $373K. Unit availability was greater than anticipated at Newport, Hidden Village, and Patricia Harris Manor.
8) Transfers from the COCC to fund the Hidden Village envelope upgrade project are expected to catch up to budget during the 4th quarter.

Other Federally-supported (Other)
Working Capital Budget vs. Actual Report
For the Period Ended 9/30/2017

	Quarter Ended September 30, 2017				Year-to-Date				2017 Annual Budget	Remainder to Receive/ Spend	Percent of Annual Budget	
Revenues	Actual	Budget	$ Var	% Var	Actual	Budget	$ Var	% Var				
Tenant Revenue	$ 3,689,793	$ 3,735,203	$ (45,410)	(1.2%)	$ 10,990,629	$ 11,206,288	$ (215,659)	(1.9%)	$ 14,941,626	$ 3,950,997	73.6%	
Operating Fund Subsidy from HUD	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Section 8 Subsidy from HUD	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Other Operating Revenue	387,366	386,872	494	0.1%	1,165,669	1,160,618	5,051	0.4%	2,978,237	1,812,568	39.1%	
Non-operating Revenue	899,724	1,121,013	(221,289)	(19.7%)	1,922,809	2,065,891	(143,082)	(6.9%)	1,239,031	(683,778)	155.2%	
Total Revenues	4,976,882	5,243,088	(266,206)	(5.1%)	14,079,107	14,432,797	(353,690)	(2.5%)	19,158,894	5,079,787	73.5%	
Expenses												
Salaries & Benefits	417,687	399,074	18,613	4.7%	1,271,594	1,243,272	28,322	2.3%	1,688,273	416,679	75.3%	
Routine Maintenance, Utilities, Taxes & Insurance	1,007,873	900,243	107,630	12.0%	2,745,858	2,706,451	39,407	1.5%	3,775,777	1,029,919	72.7%	
Direct Social Service Salaries & Benefits	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Other Social Service Support Expenses & HAP	786	6,314	(5,528)	(87.6%)	2,001	18,970	(16,969)	(89.5%)	25,280	23,279	7.9%	
Administrative Support Expenses	341,495	334,970	6,525	1.9%	1,001,769	1,003,942	(2,173)	(0.2%)	1,335,730	333,961	75.0%	
Non-operating Expenses	2,169,611	2,400,437	(230,826)	(9.6%)	5,333,949	5,872,469	(538,520)	(9.2%)	7,754,452	2,420,503	68.8%	(1)
Total Expenses	3,937,452	4,041,038	(103,586)	(2.6%)	10,355,170	10,845,104	(489,934)	(4.5%)	14,579,512	4,224,342	71.0%	
Net Income	1,039,430	1,202,050	(162,620)	(13.5%)	3,723,937	3,587,693	136,244	3.8%	4,579,382	855,445	81.3%	
Other Sources/(Uses) of Working Capital												
(Increase) in Restricted/Designated Cash	365,951	(72,786)	438,737	n/m	(297,961)	(218,358)	(79,603)	36.5%	(291,144)	6,817	102.3%	(2)
Decrease in Restricted/Designated Cash	(439,012)	-	(439,012)	n/m	12,592	1,667,996	(1,655,404)	(99.2%)	1,807,996	1,795,404	0.7%	(3)
(Increase) in LT Receivables	(66,442)	(66,442)	-	0.0%	(199,325)	(199,325)	0	(0.0%)	(265,766)	(66,441)	75.0%	
Decrease in LT Receivables	-	-	-	n/m	1,751,337	1,751,337	-	0.0%	1,751,337	-	100.0%	
Acquisition of Capital Assets	(688,447)	(1,168,469)	480,022	(41.1%)	(1,580,274)	(3,194,251)	1,613,977	(50.5%)	(3,695,822)	(2,115,548)	42.8%	(4)
Disposition of Capital Assets	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Suspense	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Other Assets	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Deferrals	(34,571)	-	(34,571)	n/m	1,419	-	1,419	n/m	-	(1,419)	n/m	
Increase in LT Debt	181	232,584	(232,403)	(99.9%)	12,490,543	12,556,911	(66,368)	(0.5%)	11,461,846	(1,028,697)	109.0%	
(Decrease) in LT Debt	(147,059)	(154,987)	7,928	(5.1%)	(16,011,873)	(15,406,300)	(605,573)	3.9%	(28,324,925)	(12,313,052)	56.5%	
Change in Other Liabilities	180,681	66,442	114,239	171.9%	437,522	442,057	(4,535)	(1.0%)	265,766	(171,756)	164.6%	
Other Non-Working Capital Income/Expense Items	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Non Income/Expense Change in Equity	-	-	-	n/m	-	-	-	n/m	16,403,088	16,403,088	0.0%	
Total Other Sources/(Uses) of Working Capital	(828,719)	(1,163,658)	334,939	(28.8%)	(3,396,019)	(2,599,933)	(796,086)	30.6%	(887,624)	2,508,395	382.6%	
Transfer In from (Out to) Other Funds												
Transfers In from Other Funds	3,358,480	883,904	2,474,576	280.0%	3,831,137	1,352,718	2,478,419	183.2%	1,716,164	(2,114,973)	223.2%	(3)
Transfers Out to Other Funds	(607,190)	(883,904)	276,714	(31.3%)	(1,079,847)	(1,352,718)	272,871	(20.2%)	(1,716,164)	(636,317)	62.9%	(1)
Net Transfer In/(Out)	2,751,290	-	2,751,290	n/m	2,751,290	-	2,751,290	n/m	-	(2,751,290)	n/m	
Net Change in Working Capital	$ 2,962,002	$ 38,392	$ 2,923,610	7615.2%	$ 3,079,208	$ 987,760	$ 2,091,448	211.7%	$ 3,691,758	$ 612,550	83.4%	
Working Capital, Beginning of Period	(3,277,331)				(3,394,537)							
Working Capital, 9/30/2017	$ (315,329)				$ (315,329)							

1) Various site improvement and building envelope projects at MKCRF properties were less than anticipated in the budget.
2) Primarily due to a Spiritwood Partnership subordinate loan draw. Variance due to timing.
3) The Birch Creek debt payment was budgeted to be financed using excess cash reserve draws; instead, it was decided to use MTW funds.
4) Some capital projects at Spiritwood budgeted for 2017 were actually completed in 2016. Also, various site improvement and building envelope projects at MKCRF properties were less than anticipated in the budget. (See no te 1).

Section 8
Working Capital Budget vs. Actual Report
For the Period Ended 9/30/2017

	Quarter Ended September 30, 2017				Year-to-Date				2017 Annual Budget	Remainder to Receive/ Spend	Percent of Annual Budget	
Revenues	Actual	Budget	$ Var	% Var	Actual	Budget	$ Var	% Var				
Tenant Revenue	$ 19,389	$ 22,500	$ (3,111)	(13.8%)	$ 69,630	$ 67,500	$ 2,130	3.2%	$ 90,000	$ 20,370	77.4%	
Operating Fund Subsidy from HUD	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Section 8 Subsidy from HUD	29,953,900	28,664,036	1,289,864	4.5%	86,419,609	84,513,529	1,906,080	2.3%	114,001,921	27,582,312	75.8%	(1)
Other Operating Revenue	9,416,222	8,342,139	1,074,083	12.9%	26,904,065	25,012,193	1,891,872	7.6%	33,359,147	6,455,082	80.6%	(2)
Non-operating Revenue	314	3,255	(2,941)	(90.4%)	314	9,761	(9,447)	(96.8%)	13,016	12,702	2.4%	
Total Revenues	39,389,824	37,031,930	2,357,894	6.4%	113,393,617	109,602,983	3,790,634	3.5%	147,464,084	34,070,467	76.9%	
Expenses												
Salaries & Benefits	1,582,240	1,658,028	(75,788)	(4.6%)	4,917,541	5,194,974	(277,433)	(5.3%)	7,073,868	2,156,327	69.5%	
Routine Maintenance, Utilities, Taxes & Insurance	67,335	63,482	3,853	6.1%	199,286	191,683	7,603	4.0%	256,265	56,979	77.8%	
Direct Social Service Salaries & Benefits	30,957	29,484	1,473	5.0%	94,259	93,366	893	1.0%	127,764	33,505	73.8%	
Other Social Service Support Expenses & HAP	36,675,194	34,260,805	2,414,389	7.0%	105,520,381	101,062,341	4,458,040	4.4%	135,905,882	30,385,501	77.6%	(3)
Administrative Support Expenses	899,176	947,445	(48,269)	(5.1%)	2,733,716	2,917,337	(183,621)	(6.3%)	3,842,365	1,108,649	71.1%	
Non-operating Expenses	-	-	-	n/m	279	-	279	n/m	-	(279)	n/m	
Total Expenses	39,254,901	36,959,244	2,295,657	6.2%	113,465,461	109,459,701	4,005,760	3.7%	147,206,144	33,740,683	77.1%	
Net Income	134,923	72,686	62,237	85.6%	(71,845)	143,282	(215,127)	n/m	257,940	329,785	n/m	
Other Sources/(Uses) of Working Capital												
(Increase) in Restricted/Designated Cash	(91,513)	-	(91,513)	n/m	(213,357)	-	(213,357)	n/m	-	213,357	n/m	(4)
Decrease in Restricted/Designated Cash	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
(Increase) in LT Receivables	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Decrease in LT Receivables	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Acquisition of Capital Assets	(2,807)	(318)	(2,489)	782.6%	(3,092)	(15,953)	12,861	(80.6%)	(16,270)	(13,178)	19.0%	
Disposition of Capital Assets	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Suspense	(7,350)	-	(7,350)	n/m	(270)	-	(270)	n/m	-	270	n/m	
Change in Other Assets	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Deferrals	68,451	-	68,451	n/m	190,295	-	190,295	n/m	-	(190,295)	n/m	(4)
Increase in LT Debt	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
(Decrease) in LT Debt	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Other Liabilities	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Other Non-Working Capital Income/Expense Items	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Non Income/Expense Change in Equity	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Total Other Sources/(Uses) of Working Capital	(33,218)	(318)	(32,900)	10345.9%	(26,424)	(15,953)	(10,471)	65.6%	(16,270)	10,154	162.4%	
Transfer In from (Out to) Other Funds												
Transfers In from Other Funds	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Transfers Out to Other Funds	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Net Transfer In/(Out)	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Net Change in Working Capital	$ 101,705	$ 72,368	$ 29,337	40.5%	$ (98,268)	$ 127,329	$ (225,597)	n/m	$ 241,670	$ 339,938	n/m	
Working Capital, Beginning of Period	(842,108)				(642,135)							
Working Capital, 9/30/2017	$ (740,403)				$ (740,403)							

1) Reflects higher revenues from MTW fund due to higher than budgeted HAP costs.
2) Higher than budgeted income related to port-ins.
3) Higher HAP costs due to market rental rates continuing to rise faster than anticipated in the budget.
4) Change in FSS reserve account. Unbudgeted.

MTW
Working Capital Budget vs. Actual Report
For the Period Ended 9/30/2017

	Quarter Ended September 30, 2017				Year-to-Date				2017 Annual Budget	Remainder to Receive/ Spend	Percent of Annual Budget	
Revenues	Actual	Budget	$ Var	% Var	Actual	Budget	$ Var	% Var				
Tenant Revenue	$ -	$ -	$ -	n/m	$ -	$ -	$ -	n/m	$ -	$ -	n/m	
Operating Fund Subsidy from HUD	108,760	100,760	8,000	7.9%	298,161	302,282	(4,121)	(1.4%)	403,043	104,882	74.0%	
Section 8 Subsidy from HUD	3,847,688	3,205,413	642,275	20.0%	14,459,176	11,002,504	3,456,672	31.4%	13,712,685	(746,491)	105.4%	(1)
Other Operating Revenue	19,733	6,973	12,760	183.0%	37,526	20,918	16,608	79.4%	27,890	(9,636)	134.6%	
Non-operating Revenue	290,248	199,758	90,490	45.3%	731,611	617,335	114,276	18.5%	811,012	79,401	90.2%	(2)
Total Revenues	4,266,429	3,512,904	753,525	21.5%	15,526,474	11,943,039	3,583,435	30.0%	14,954,630	(571,844)	103.8%	
Expenses												
Salaries & Benefits	470,628	485,577	(14,949)	(3.1%)	1,420,943	1,512,191	(91,248)	(6.0%)	2,053,186	632,243	69.2%	
Routine Maintenance, Utilities, Taxes & Insurance	69	-	69	n/m	398	-	398	n/m	-	(398)	n/m	
Direct Social Service Salaries & Benefits	513,281	526,487	(13,206)	(2.5%)	1,608,988	1,667,216	(58,228)	(3.5%)	2,281,454	672,466	70.5%	
Other Social Service Support Expenses & HAP	940,322	1,168,846	(228,524)	(19.6%)	2,614,891	3,209,949	(595,058)	(18.5%)	4,549,591	1,934,700	57.5%	(3)
Administrative Support Expenses	176,532	196,690	(20,158)	(10.2%)	389,486	514,079	(124,593)	(24.2%)	701,705	312,219	55.5%	(4)
Non-operating Expenses	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Total Expenses	2,100,833	2,377,600	(276,767)	(11.6%)	6,034,706	6,903,435	(868,729)	(12.6%)	9,585,936	3,551,230	63.0%	
Net Income	2,165,597	1,135,304	1,030,293	90.8%	9,491,768	5,039,604	4,452,164	88.3%	5,368,694	(4,123,074)	176.8%	
Other Sources/(Uses) of Working Capital												
(Increase) in Restricted/Designated Cash	(22,287)	-	(22,287)	n/m	(84,141)	-	(84,141)	n/m	-	84,141	n/m	(5)
Decrease in Restricted/Designated Cash	330,710	452,226	(121,516)	(26.9%)	869,582	1,356,678	(487,096)	(35.9%)	2,672,540	1,802,958	32.5%	(6)
(Increase) in LT Receivables	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Decrease in LT Receivables	230,476	1,345,104	(1,114,628)	(82.9%)	4,848,631	1,598,948	3,249,683	203.2%	1,725,871	(3,122,760)	280.9%	(7)
Acquisition of Capital Assets	-	(163,809)	163,809	(100.0%)	(30)	(186,582)	186,552	(100.0%)	(252,095)	(252,065)	0.0%	(8)
Disposition of Capital Assets	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Suspense	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Other Assets	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Deferrals	22,287	-	22,287	n/m	84,141	-	84,141	n/m	-	(84,141)	n/m	(5)
Increase in LT Debt	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
(Decrease) in LT Debt	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Other Liabilities	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Other Non-Working Capital Income/Expense Items	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Non Income/Expense Change in Equity	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Total Other Sources/(Uses) of Working Capital	561,185	1,633,521	(1,072,336)	(65.6%)	5,718,183	2,769,044	2,949,139	106.5%	4,146,316	(1,571,867)	137.9%	
Transfer In from (Out to) Other Funds												
Transfers In from Other Funds	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Transfers Out to Other Funds	(4,149,333)	(2,622,483)	(1,526,850)	58.2%	(7,738,106)	(8,615,203)	877,097	(10.2%)	(10,688,025)	(2,949,919)	72.4%	(9)
Net Transfer In/(Out)	(4,149,333)	(2,622,483)	(1,526,850)	58.2%	(7,738,106)	(8,615,203)	877,097	(10.2%)	(10,688,025)	(2,949,919)	72.4%	
Net Change in Working Capital	$ (1,422,551)	$ 146,342	$ (1,568,893)	n/m	$ 7,471,845	$ (806,555)	$ 8,278,400	n/m	$ (1,173,015)	$ (8,644,860)	n/m	
Working Capital, Beginning of Period	10,877,245				1,982,849							
Working Capital, 9/30/2017	$ 9,454,694				$ 9,454,694							

1) Receiving block grant payments from HUD is a three stage process. First, HUD must issue budget authority to housing authorities, which it does on a periodic basis. Second, cash is advanced to each PHA based on prior year expense levels. Finally, additional cash is requested from HUD when sufficient budget authority exists and KCHA has a need for additional cash. Accordingly, quarterly cash receipts vary.
2) Due to increase in interest rates, income was higher than anticipated in the budget.
3) Homeless service providers have been slow in billing the Authority. Also, the Highline School District Rapid Rehousing Program is under budget ($159K) due to slow billing by the service provider as well as the level of rehousing being less than anticipated in the budget. Additionally, the Flat Rent BPA program was budgeted but has been put into abeyance.
4) Various categories are under target (Administrative contracts, Professional Services, Software maintenance).
5) Change in FSS reserve account. Unbudgeted.
6) Releases from HAP collateral reserves were budgeted monthly but actual releases will be booked later in the year.
7) Lots sales proceeds were originally budgeted to be used to partially pay off MTW and COCC internal loans, but a mid-year decision was made to direct the proceeds exclusively to the MTW loan.
8) $250K was budgeted as a placeholder for Architecture and Engineering project costs; actual costs were coded directly to projects.
9) Transfers from MTW for Capital Construction and Unit Upgrades are below target. In order to draw down Capital Fund Program grant availability, CFP funds were used for capital work in lieu of budgeted MTW funds in the 2nd quarter. Unit upgrades performed in concert with tenant relocation at Ballinger during the sewer line replacement project are anticipated to occur in the 4th quarter or early 2018 as the project has been delayed.

Local Properties (KCHA)
Working Capital Budget vs. Actual Report
For the Period Ended 9/30/2017

	Quarter Ended September 30, 2017				Year-to-Date				2017 Annual Budget	Remainder to Receive/ Spend	Percent of Annual Budget	
Revenues	Actual	Budget	$ Var	% Var	Actual	Budget	$ Var	% Var				
Tenant Revenue	$ 13,194,161	$ 13,747,791	$ (553,630)	(4.0%)	$ 41,506,640	$ 40,626,426	$ 880,214	2.2%	$ 54,408,530	$ 12,901,890	76.3%	
Operating Fund Subsidy from HUD	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Section 8 Subsidy from HUD	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Other Operating Revenue	19,960	26,396	(6,436)	(24.4%)	(129,258)	226,067	(355,325)	n/m	282,450	411,708	n/m	
Non-operating Revenue	151,561	56,210	95,351	169.6%	919,915	282,414	637,501	225.7%	452,447	(467,468)	203.3%	(1)
Total Revenues	13,365,682	13,830,397	(464,715)	(3.4%)	42,297,297	41,134,907	1,162,390	2.8%	55,143,427	12,846,130	76.7%	
Expenses												
Salaries & Benefits	1,013,599	1,193,908	(180,309)	(15.1%)	3,320,346	3,614,830	(294,484)	(8.1%)	4,847,019	1,526,673	68.5%	
Routine Maintenance, Utilities, Taxes & Insurance	3,168,090	3,411,840	(243,750)	(7.1%)	9,673,856	10,216,475	(542,620)	(5.3%)	13,625,863	3,952,008	71.0%	
Direct Social Service Salaries & Benefits	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Other Social Service Support Expenses & HAP	87,929	88,087	(158)	(0.2%)	224,245	250,817	(26,572)	(10.6%)	335,352	111,107	66.9%	
Administrative Support Expenses	1,127,267	1,248,476	(121,209)	(9.7%)	3,690,613	3,776,005	(85,392)	(2.3%)	4,937,533	1,246,920	74.7%	
Non-operating Expenses	1,605,409	1,594,464	10,945	0.7%	4,495,780	4,645,249	(149,469)	(3.2%)	6,300,084	1,804,304	71.4%	
Total Expenses	7,002,294	7,536,775	(534,481)	(7.1%)	21,404,840	22,503,376	(1,098,536)	(4.9%)	30,045,851	8,641,011	71.2%	
Net Income	6,363,388	6,293,622	69,766	1.1%	20,892,457	18,631,531	2,260,926	12.1%	25,097,576	4,205,119	83.2%	
Other Sources/(Uses) of Working Capital												
(Increase) in Restricted/Designated Cash	(10,840,700)	(375,633)	(10,465,067)	2786.0%	(11,660,023)	(1,663,482)	(9,996,541)	600.9%	(2,047,282)	9,612,741	569.5%	(2)
Decrease in Restricted/Designated Cash	(3,785)	1,115,000	(1,118,785)	n/m	274,699	1,565,000	(1,290,301)	(82.4%)	1,565,000	1,290,301	17.6%	(3)
(Increase) in LT Receivables	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Decrease in LT Receivables	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Acquisition of Capital Assets	(306,596)	(53,888)	(252,708)	469.0%	(4,442,031)	(4,023,909)	(418,122)	10.4%	(4,077,797)	364,234	108.9%	
Maintenance Projects	(2,791,644)	(5,390,064)	2,598,420	(48.2%)	(8,065,182)	(12,393,498)	4,328,316	(34.9%)	(14,879,237)	(6,814,055)	54.2%	
Acquisition of Capital Assets	(3,098,241)	(5,443,952)	2,345,711	(43.1%)	(12,507,213)	(16,417,407)	3,910,194	(23.8%)	(18,957,034)	(6,449,821)	66.0%	(4)
Disposition of Capital Assets	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Suspense	11,249	-	11,249	n/m	(14,743)	-	(14,743)	n/m	-	14,743	n/m	
Change in Other Assets	-	-	-	n/m	100	-	100	n/m	-	(100)	n/m	
Change in Deferrals	(24,742)	-	(24,742)	n/m	34,064	-	34,064	n/m	-	(34,064)	n/m	
Increase in LT Debt	-	-	-	n/m	3,399,620	4,473,235	(1,073,615)	(24.0%)	4,473,235	1,073,615	76.0%	(5)
(Decrease) in LT Debt	(1,918,927)	(1,645,087)	(273,840)	16.6%	(7,371,245)	(4,751,947)	(2,619,298)	55.1%	(7,807,482)	(436,237)	94.4%	(6)
Change in Other Liabilities	2,431	2,099	332	15.8%	15,572	6,299	9,273	147.2%	8,399	(7,173)	185.4%	
Other Non-Working Capital Income/Expense Items	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Non Income/Expense Change in Equity	1,081	-	1,081	n/m	597,678	-	597,678	n/m	-	(597,678)	n/m	(7)
Total Other Sources/(Uses) of Working Capital	(15,871,634)	(6,347,573)	(9,524,061)	150.0%	(27,231,490)	(16,788,302)	(10,443,188)	62.2%	(22,765,164)	4,466,326	119.6%	
Transfer In from (Out to) Other Funds												
Transfers In from Other Funds	45,108	49,480	(4,372)	(8.8%)	1,844,081	148,447	1,695,634	1142.2%	197,928	(1,646,153)	931.7%	(8)
Transfers Out to Other Funds	(734,760)	(757,917)	23,157	(3.1%)	(2,227,728)	(2,273,763)	46,035	(2.0%)	(3,031,678)	(803,950)	73.5%	
Net Transfer In/(Out)	(689,652)	(708,437)	18,785	(2.7%)	(383,647)	(2,125,316)	1,741,669	(81.9%)	(2,833,750)	(2,450,103)	13.5%	
Net Change in Working Capital	$ (10,197,898)	$ (762,388)	$ (9,435,510)	1237.6%	$ (6,722,680)	$ (282,087)	$ (6,440,593)	2283.2%	$ (501,338)	$ 6,221,342	1340.9%	
Working Capital, Beginning of Period	(87,915)				(3,563,132)							
							(6,414,026)					
Working Capital, 9/30/2017	$ (10,285,812)				$ (10,285,812)							

1) Gain on acquisition of assets from Southwood Square general partner fund. Unbudgeted.
2) Recoded all management depository accounts as "designated cash". Unbudgeted.
3) The budgeted draws from replacement reserve funds are expected to be made in the 4th quarter when the related projects are co mpleted.
4) Various maintenance work at various properties that depends on unit turnover (decks, carpets, doors and cabinets) is under ta rget ($1.3M) as turnover has been less than anticipated while other projects (Carpentry, Siding, Paving) are expected to catch u p later in the year ($2.4M). The budgeted Abbey Ridge drainage and HVAC upgrades are expected to be completed in the 4th quarter ($500K).
5) Debt transferred from Southwood Square was less than anticipated in the budget.
6) Made unbudgeted line of credit payments related to Village at South Station ($650K), Somerset ($580K) and Abbey Ridge ($1.7M) in order to increase borrowing capacity.
7) Southwood Square equity transferred from Fund Group 9 to Fund Group 7 as part of partnership exit.
8) Funds originally budgeted to be transferred from the Overlake General Partner fund to the COCC were instead transferred to th is fund group in order to pay down the Abbey Ridge line-of-credit ($1.7M).

Local Properties (Other)
Working Capital Budget vs. Actual Report
For the Period Ended 9/30/2017

	Quarter Ended September 30, 2017				Year-to-Date				2017 Annual Budget	Remainder to Receive/ Spend	Percent of Annual Budget	
Revenues	Actual	Budget	$ Var	% Var	Actual	Budget	$ Var	% Var				
Tenant Revenue	$ 171,336	$ 170,500	$ 836	0.5%	$ 503,397	$ 511,500	$ (8,103)	(1.6%)	$ 682,000	$ 178,603	73.8%	
Operating Fund Subsidy from HUD	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Section 8 Subsidy from HUD	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Other Operating Revenue	34,821	30,024	4,797	16.0%	89,972	119,729	(29,757)	(24.9%)	149,753	59,781	60.1%	(1)
Non-operating Revenue	137,968	137,399	569	0.4%	413,376	412,198	1,178	0.3%	549,596	136,220	75.2%	
Total Revenues	344,126	337,923	6,203	1.8%	1,006,745	1,043,427	(36,682)	(3.5%)	1,381,349	374,604	72.9%	
Expenses												
Salaries & Benefits	41,707	38,179	3,528	9.2%	130,046	119,566	10,480	8.8%	162,763	32,717	79.9%	
Routine Maintenance, Utilities, Taxes & Insurance	66,642	69,337	(2,695)	(3.9%)	219,806	206,931	12,875	6.2%	293,490	73,684	74.9%	
Direct Social Service Salaries & Benefits	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Other Social Service Support Expenses & HAP	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Administrative Support Expenses	19,675	29,912	(10,237)	(34.2%)	72,945	83,100	(10,155)	(12.2%)	109,829	36,884	66.4%	
Non-operating Expenses	125,874	90,410	35,464	39.2%	266,049	271,229	(5,180)	(1.9%)	361,637	95,588	73.6%	
Total Expenses	253,898	227,838	26,060	11.4%	688,847	680,826	8,021	1.2%	927,719	238,872	74.3%	
Net Income	90,228	110,085	(19,857)	(18.0%)	317,898	362,601	(44,703)	(12.3%)	453,630	135,732	70.1%	
Other Sources/(Uses) of Working Capital												
(Increase) in Restricted/Designated Cash	(7,726)	(6,951)	(775)	11.1%	(20,852)	(20,853)	1	(0.0%)	(27,804)	(6,952)	75.0%	
Decrease in Restricted/Designated Cash	428	-	428	n/m	428	-	428	n/m	50,000	49,572	0.9%	
(Increase) in LT Receivables	(48,060)	(44,860)	(3,200)	7.1%	(144,180)	(134,579)	(9,601)	7.1%	(179,438)	(35,258)	80.4%	
Decrease in LT Receivables	-	-	-	n/m	115,404	115,404	-	0.0%	115,404	-	100.0%	
Acquisition of Capital Assets	(50,845)	(56,000)	5,155	(9.2%)	(101,730)	(101,800)	70	(0.1%)	(124,000)	(22,270)	82.0%	
Disposition of Capital Assets	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Suspense	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Other Assets	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Deferrals	350	-	350	n/m	(425)	-	(425)	n/m	-	425	n/m	
Increase in LT Debt	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
(Decrease) in LT Debt	-	-	-	n/m	(386,000)	-	(386,000)	n/m	(200,000)	186,000	193.0%	(2)
Change in Other Liabilities	50,157	50,160	(3)	(0.0%)	35,067	35,075	(8)	(0.0%)	85,233	50,166	41.1%	
Other Non-Working Capital Income/Expense Items	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Non Income/Expense Change in Equity	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Total Other Sources/(Uses) of Working Capital	(55,696)	(57,651)	1,955	(3.4%)	(502,288)	(106,753)	(395,535)	370.5%	(280,605)	221,683	179.0%	
Transfer In from (Out to) Other Funds												
Transfers In from Other Funds	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Transfers Out to Other Funds	-	-	-	n/m	-	(91,281)	91,281	(100.0%)	(91,281)	(91,281)	0.0%	(3)
Net Transfer In/(Out)	-	-	-	n/m	-	(91,281)	91,281	(100.0%)	(91,281)	(91,281)	0.0%	
Net Change in Working Capital	$ 34,532	$ 52,434	$ (17,902)	(34.1%)	$ (184,390)	$ 164,567	$ (348,957)	n/m	$ 81,744	$ 266,134	n/m	
Working Capital, Beginning of Period	635,038				853,959							
Working Capital, 9/30/2017	$ 669,570				$ 669,570							

1) A reimbursement from YWCA for unit rehabilitation expenses was budgeted for 2017 but the revenue was accrued in 2016 and the cash received in 2017.
2) Pay down of the Wonderland Estates KeyBank LOC. Unbudgeted.
3) $91K of excess cash was budgeted to be transferred to the COCC from Valley Park in the 2nd quarter but is now planned for the 4th quarter.

Local Properties Tax Credit GP
Working Capital Budget vs. Actual Report
For the Period Ended 9/30/2017

	Quarter Ended September 30, 2017				Year-to-Date				2017 Annual Budget	Remainder to Receive/ Spend	Percent of Annual Budget	
Revenues	Actual	Budget	$ Var	% Var	Actual	Budget	$ Var	% Var				
Tenant Revenue	$ -	$ -	$ -	n/m	$ -	$ -	$ -	n/m	$ -	$ -	n/m	
Operating Fund Subsidy from HUD	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Section 8 Subsidy from HUD	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Other Operating Revenue	-	-	-	n/m	264,101	35,822	228,279	637.3%	35,822	(228,279)	737.3%	(1)
Non-operating Revenue	555,048	573,140	(18,092)	(3.2%)	1,994,544	1,695,208	299,336	17.7%	2,268,343	273,799	87.9%	(2)
Total Revenues	555,048	573,140	(18,092)	(3.2%)	2,258,646	1,731,030	527,616	30.5%	2,304,165	45,519	98.0%	
Expenses												
Salaries & Benefits	34,117	34,149	(32)	(0.1%)	108,380	107,467	913	0.8%	146,628	38,248	73.9%	
Routine Maintenance, Utilities, Taxes & Insurance	2,275	2,094	181	8.6%	3,715	6,303	(2,588)	(41.1%)	8,500	4,785	43.7%	
Direct Social Service Salaries & Benefits	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Other Social Service Support Expenses & HAP	54	-	54	n/m	102	-	102	n/m	-	(102)	n/m	
Administrative Support Expenses	109,912	98,817	11,095	11.2%	329,814	278,271	51,543	18.5%	366,986	37,172	89.9%	(3)
Non-operating Expenses	227,330	168,626	58,704	34.8%	768,656	549,408	219,248	39.9%	718,033	(50,623)	107.1%	(4)
Total Expenses	373,688	303,686	70,002	23.1%	1,210,666	941,449	269,217	28.6%	1,240,147	29,481	97.6%	
Net Income	181,360	269,454	(88,094)	(32.7%)	1,047,979	789,581	258,398	32.7%	1,064,018	16,039	98.5%	
Other Sources/(Uses) of Working Capital												
(Increase) in Restricted/Designated Cash	(0)	-	(0)	n/m	(260,605)	-	(260,605)	n/m	(200,000)	60,605	130.3%	(5)
Decrease in Restricted/Designated Cash	(83,807)	-	(83,807)	n/m	1,616,193	500,000	1,116,193	223.2%	500,000	(1,116,193)	323.2%	(6)
(Increase) in LT Receivables	-	(163,456)	163,456	(100.0%)	(13,170,000)	(15,409,595)	2,239,595	(14.5%)	(14,516,171)	(1,346,171)	90.7%	(7)
Decrease in LT Receivables	26,596	32,287	(5,691)	(17.6%)	17,661,358	18,315,699	(654,341)	(3.6%)	31,947,987	14,286,629	55.3%	
Acquisition of Capital Assets	-	-	-	n/m	1,266	-	1,266	n/m	-	(1,266)	n/m	
Maintenance Projects	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Acquisition of Capital Assets	-	-	-	n/m	1,266	-	1,266	n/m	-	(1,266)	n/m	
Disposition of Capital Assets	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Suspense	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Other Assets	-	-	-	n/m	-	-	-	n/m	(1,082,088)	(1,082,088)	0.0%	
Change in Deferrals	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Increase in LT Debt	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
(Decrease) in LT Debt	-	(170,000)	170,000	(100.0%)	(15,505,000)	(17,732,024)	2,227,024	(12.6%)	(34,023,275)	(18,518,275)	45.6%	(8)
Change in Other Liabilities	2,931	2,931	-	0.0%	8,793	8,794	(1)	(0.0%)	11,725	2,932	75.0%	
Other Non-Working Capital Income/Expense Items	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Non Income/Expense Change in Equity	(95,216)	-	(95,216)	n/m	(670,216)	(20,735)	(649,481)	3132.3%	(20,735)	649,481	3232.3%	(9)
Total Other Sources/(Uses) of Working Capital	(149,496)	(298,238)	148,742	(49.9%)	(10,318,210)	(14,337,861)	4,019,651	(28.0%)	(17,382,557)	(7,064,347)	59.4%	
Transfer In from (Out to) Other Funds												
Transfers In from Other Funds	-	-	-	n/m	1,141,000	-	1,141,000	n/m	2,948,855	1,807,855	38.7%	(10)
Transfers Out to Other Funds	-	-	-	n/m	(1,755,342)	(1,600,000)	(155,342)	9.7%	(9,010,710)	(7,255,368)	19.5%	
Net Transfer In/(Out)	-	-	-	n/m	(614,342)	(1,600,000)	985,658	(61.6%)	(6,061,855)	(5,447,513)	10.1%	
Net Change in Working Capital	$ 31,863	$ (28,784)	$ 60,647	n/m	$ (9,884,573)	$ (15,148,280)	$ 5,263,707	(34.7%)	$ (22,380,394)	$ (12,495,821)	44.2%	
Working Capital, Beginning of Period	8,096,156				18,012,592							
Working Capital, 9/30/2017	$ 8,128,019				$ 8,128,019							

1) Due to unbudgeted Spiritwood weatherization grant funds.
2) Interest income on Overlake Trustee account was higher than anticipated in the budget.
3) Distribution from Overlake net operating income deposited into the Interest Stabilization account was higher than anticipated in the budget resulting in higher than anticipated fees.
4) Overlake bond interest expenses were inadvertently not budgeted. The Southwood Square interest expenses were budgeted in Fund group 7 but the 1st quarter actuals are reported in fund group 9 as the partnership exit didn't occur until April 1st.
5) Deposit into Overlake Interest Stabilization account. Unbudgeted.
6) Draw from Overlake Stabilization account to pay down the Key bank line-of-credit was higher than anticipated in the budget.
7) Draws from KCHA subordinate loan to the Corinthian and Spiritwood Tax Credit Partnerships were less than expected in the budget. $2.5M was budgeted to be loaned to the Corinthian tax credit partnership from the general partner fund in order to make a payment on a line-of-credit; however, as a $3M loan from King County for Corinthian was received, this internal loan is no longer needed. Also, debt principal payment from Overlake NCF distribution was higher than anticipated in the budget.
8) The Southwood Square liabilities transferred to fund group 7 were less than anticipated in the budget by $737K . The Corinthian LOC payment of $1.6M was budgeted in the 1st quarter but expected to be made in the 4th quarter.
9) Southwood Square equity was transferred from fund group 9 to fund group 7 as part of partnership exit.
10) $2.9M of COCC funding of the Corinthian subordinate loan was budgeted to be transferred in the 4th quarter. However, $1.14M of this amount was transferred in June.

Local-Development
Working Capital Budget vs. Actual Report
For the Period Ended 9/30/2017

	Quarter Ended September 30, 2017				Year-to-Date				2017 Annual Budget	Remainder to Receive/ Spend	Percent of Annual Budget	
Revenues	Actual	Budget	$ Var	% Var	Actual	Budget	$ Var	% Var				
Tenant Revenue	$ -	$ -	$ -	n/m	$ -	$ -	$ -	n/m	$ -	$ -	n/m	
Operating Fund Subsidy from HUD	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Section 8 Subsidy from HUD	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Other Operating Revenue	-	-	-	n/m	19,801	-	19,801	n/m	3,000	(16,801)	660.0%	
Non-operating Revenue	(17,519)	6,848	(24,367)	n/m	114,873	(82,029)	196,902	n/m	(63,225)	(178,098)	n/m	(1)
Total Revenues	(17,519)	6,848	(24,367)	n/m	134,674	(82,029)	216,703	n/m	(60,225)	(194,899)	n/m	
Expenses												
Salaries & Benefits	50,283	103,795	(53,512)	(51.6%)	364,739	326,704	38,035	11.6%	445,810	81,071	81.8%	(2)
Routine Maintenance, Utilities, Taxes & Insurance	-	100,000	(100,000)	(100.0%)	-	100,000	(100,000)	(100.0%)	200,000	200,000	0.0%	(3)
Direct Social Service Salaries & Benefits	-	-	-	n/m	1,646	-	1,646	n/m	-	(1,646)	n/m	
Other Social Service Support Expenses & HAP	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Administrative Support Expenses	19,488	64,588	(45,100)	(69.8%)	116,813	133,662	(16,849)	(12.6%)	313,951	197,138	37.2%	
Non-operating Expenses	115	-	115	n/m	319	-	319	n/m	50,000	49,681	0.6%	
Total Expenses	69,886	268,383	(198,497)	(74.0%)	483,517	560,366	(76,849)	(13.7%)	1,009,761	526,244	47.9%	
Net Income	(87,405)	(261,535)	174,130	(66.6%)	(348,843)	(642,395)	293,553	(45.7%)	(1,069,986)	(721,144)	32.6%	
Other Sources/(Uses) of Working Capital												
(Increase) in Restricted/Designated Cash	126,897	(71,772)	198,669	n/m	(615,379)	(452,248)	(163,131)	36.1%	(452,989)	162,390	135.8%	(4)
Decrease in Restricted/Designated Cash	(3,968)	71,032	(75,000)	n/m	102,430	71,032	31,398	44.2%	71,032	(31,398)	144.2%	(5)
(Increase) in LT Receivables	(206)	-	(206)	n/m	(4,982)	-	(4,982)	n/m	-	4,982	n/m	
Decrease in LT Receivables	30,371	-	30,371	n/m	30,371	-	30,371	n/m	-	(30,371)	n/m	
Acquisition of Capital Assets	(339,313)	(340,404)	1,091	(0.3%)	(1,157,806)	(1,566,231)	408,425	(26.1%)	(1,951,992)	(794,186)	59.3%	(6)
Disposition of Capital Assets	56,938	3,511,955	(3,455,017)	(98.4%)	4,362,504	4,017,434	345,070	8.6%	4,017,434	(345,070)	108.6%	
Change in Suspense	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Other Assets	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Deferrals	-	-	-	n/m	(15,000)	-	(15,000)	n/m	-	15,000	n/m	
Increase in LT Debt	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
(Decrease) in LT Debt	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Other Liabilities	156,428	(3,055,534)	3,211,962	n/m	(2,716,326)	(2,101,730)	(614,596)	29.2%	(1,690,917)	1,025,409	160.6%	(7)
Other Non-Working Capital Income/Expense Items	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Non Income/Expense Change in Equity	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Total Other Sources/(Uses) of Working Capital	27,146	115,277	(88,131)	(76.5%)	(14,189)	(31,743)	17,554	(55.3%)	(7,432)	6,757	190.9%	
Transfer In from (Out to) Other Funds												
Transfers In from Other Funds	-	-	-	n/m	513,740	325,000	188,740	58.1%	325,000	(188,740)	158.1%	(8)
Transfers Out to Other Funds	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Net Transfer In/(Out)	-	-	-	n/m	513,740	325,000	188,740	58.1%	325,000	(188,740)	158.1%	
Net Change in Working Capital	$ (60,259)	$ (146,258)	$ 85,999	(58.8%)	$ 150,708	$ (349,138)	$ 499,846	n/m	$ (752,418)	$ (903,126)	n/m	
Working Capital, Beginning of Period	2,319,392				2,108,424							
Working Capital, 9/30/2017	$ 2,259,132				$ 2,259,132							

1) Seola Gardens lot sales price participation was higher than anticipated in the budget.
2) Seola Gardens salary and benefits expense was budgeted evenly throughout the year. As the number of HomeSight III lots developed for sale was reduced from five to three (see note #6) less salary costs were capitalized to the development of projects than was expected. However, development of the three lots commenced in the 3rd quarter resulting in a lower level of expensed salary.
3) During the 3rd and 4th quarters, $200K was budgeted for repair work at the building expected to be purchased from the City of Kirkland upon the sale of the Eastside maintenance building. The sale is now expected to close during the 1st quarter of 2018 and repairs will not be made.
4) Interest from HOPE VI grant proceeds loaned to the various partnerships are transferred from the General Partner funds to the Development fund and were greater than anticipated in the budget. Additions to restricted cash from lot sale profit participation also exceeded budget.
5) Connor Homes earnest money deposit of $25K. Unbudgeted.
6) Greenbridge lot development project costs were less than anticipated due to (i) reduction of HomeSight III lots from five to three to protect a tree on the site and (ii) some construction projects being postponed to 2018.
7) Payment on MTW loan from lots sale proceeds were higher than expected in the budget ($350K). Also, draw on Greenbridge internal loan was less than anticipated as construction cost was below target (see note #6).
8) Interest from HOPE VI grant proceeds loaned to the various partnerships are transferred from the General Partner funds to the Development fund and were greater than anticipated in the budget.

Local-Other Funds
Working Capital Budget vs. Actual Report
For the Period Ended 9/30/2017

	Quarter Ended September 30, 2017				Year-to-Date				2017 Annual Budget	Remainder to Receive/ Spend	Percent of Annual Budget	
Revenues	Actual	Budget	$ Var	% Var	Actual	Budget	$ Var	% Var				
Tenant Revenue	$ -	$ -	$ -	n/m	$ -	$ -	$ -	n/m	$ -	$ -	n/m	
Operating Fund Subsidy from HUD	537,616	498,064	39,552	7.9%	1,473,845	1,494,191	(20,346)	(1.4%)	1,992,254	518,409	74.0%	
Section 8 Subsidy from HUD	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Other Operating Revenue	1,836,038	2,118,572	(282,534)	(13.3%)	4,685,446	4,687,684	(2,238)	(0.0%)	6,338,421	1,652,975	73.9%	
Non-operating Revenue	36,916	19,356	17,560	90.7%	108,588	67,885	40,703	60.0%	83,966	(24,622)	129.3%	(1)
Total Revenues	2,410,569	2,635,992	(225,423)	(8.6%)	6,267,880	6,249,760	18,120	0.3%	8,414,641	2,146,761	74.5%	
Expenses												
Salaries & Benefits	340,885	332,647	8,238	2.5%	895,003	1,044,415	(149,412)	(14.3%)	1,423,513	528,510	62.9%	(2)
Routine Maintenance, Utilities, Taxes & Insurance	42,680	2,879	39,801	1382.4%	48,865	8,738	40,127	459.2%	11,817	(37,048)	413.5%	(3)
Direct Social Service Salaries & Benefits	37,264	13,860	23,404	168.9%	82,874	43,892	38,982	88.8%	60,062	(22,812)	138.0%	(4)
Other Social Service Support Expenses & HAP	934,376	1,216,688	(282,312)	(23.2%)	2,890,646	3,473,789	(583,143)	(16.8%)	4,821,050	1,930,404	60.0%	(5)
Administrative Support Expenses	27,174	27,609	(435)	(1.6%)	120,191	91,311	28,880	31.6%	133,552	13,361	90.0%	
Non-operating Expenses	579	255,858	(255,279)	(99.8%)	631	783,045	(782,414)	(99.9%)	1,033,745	1,033,114	0.1%	(6)
Total Expenses	1,382,957	1,849,541	(466,584)	(25.2%)	4,038,211	5,445,190	(1,406,979)	(25.8%)	7,483,739	3,445,528	54.0%	
Net Income	1,027,613	786,451	241,162	30.7%	2,229,669	804,570	1,425,099	177.1%	930,902	(1,298,767)	239.5%	
Other Sources/(Uses) of Working Capital												
(Increase) in Restricted/Designated Cash	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Decrease in Restricted/Designated Cash	2,225,422	2,613,084	(387,662)	(14.8%)	7,916,766	7,851,118	65,648	0.8%	10,476,065	2,559,299	75.6%	
(Increase) in LT Receivables	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Decrease in LT Receivables	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Acquisition of Capital Assets	(2,226,172)	(2,613,144)	386,973	(14.8%)	(7,917,417)	(7,851,298)	(66,119)	0.8%	(10,476,305)	(2,558,888)	75.6%	
Disposition of Capital Assets	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Suspense	58,556	-	58,556	n/m	107,436	-	107,436	n/m	-	(107,436)	n/m	(7)
Change in Other Assets	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Deferrals	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Increase in LT Debt	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
(Decrease) in LT Debt	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Other Liabilities	(142,865)	(105,901)	(36,964)	34.9%	(471,550)	(317,703)	(153,847)	48.4%	(423,605)	47,945	111.3%	(8)
Other Non-Working Capital Income/Expense Items	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Non Income/Expense Change in Equity	-	-	-	n/m	145,340	-	145,340	n/m	-	(145,340)	n/m	(9)
Total Other Sources/(Uses) of Working Capital	(85,059)	(105,961)	20,902	(19.7%)	(219,425)	(317,883)	98,458	(31.0%)	(423,845)	(204,420)	51.8%	
Transfer In from (Out to) Other Funds												
Transfers In from Other Funds	326,285	332,835	(6,550)	(2.0%)	848,052	998,504	(150,452)	(15.1%)	1,331,338	483,286	63.7%	(2)
Transfers Out to Other Funds	(828,077)	(332,835)	(495,242)	148.8%	(2,349,844)	(998,504)	(1,351,340)	135.3%	(1,331,338)	1,018,506	176.5%	(2,10)
Net Transfer In/(Out)	(501,792)	-	(501,792)	n/m	$ (1,501,792)	$ -	$ (1,501,792)	n/m	-	1,501,792	n/m	
Net Change in Working Capital	440,762	680,490	(239,728)	(35.2%)	508,452	486,687	21,765	4.5%	$ 507,057	$ (1,395)	100.3%	
Working Capital, Beginning of Period	7,527,840				7,460,150							
Working Capital, 9/30/2017	7,968,602				$ 7,968,602							

1) Due to higher interest rates and greater than anticipated EPC cash balances.
2) Two vacant positions were budgeted starting January 2017 but the positions were not filled until the 3rd quarter.
3) Northridge II apartment asbestos abatement project. Unbudgeted.
4) Due to unbudgeted ROSS Service Coordinator grant.
5) Variance due to slow spending on the PSE grant. The grant draws are under target due to timing as the funds remain available until year-end.
6) The EPC MTW loan interest is capitalized as project cost instead of being expensed as budgeted.
7) Related to closing the HHS Weatherization grant. The amount was cleared in October.
8) Interest was accrued for only two months before the first quarterly payment was made on the MTW internal loan to the EPC proj ect resulting in a higher than budgeted amount being applied to the principal balance.
9) Prior period entry to adjust the 2016 EPC loan interest
10) $1M of cash was transferred to Egis (KCHA) from the EPC fund to finance elevator replacement. Unbudgeted. Also, Puget Sound E nergy EPC rebates totaling $501K was transferred to the COCC. Unbudgeted.

COCC
Working Capital Budget vs. Actual Report
For the Period Ended 9/30/2017

	Quarter Ended September 30, 2017				Year-to-Date				2017 Annual Budget	Remainder to Receive/ Spend	Percent of Annual Budget	
Revenues	Actual	Budget	$ Var	% Var	Actual	Budget	$ Var	% Var				
Tenant Revenue	$ -	$ -	$ -	n/m	$ -	$ -	$ -	n/m	$ -	$ -	n/m	
Operating Fund Subsidy from HUD	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Section 8 Subsidy from HUD	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Other Operating Revenue	3,453,234	2,951,946	501,288	17.0%	9,342,512	9,206,250	136,262	1.5%	12,073,476	2,730,964	77.4%	
Non-operating Revenue	521,553	474,360	47,193	9.9%	1,530,853	1,423,085	107,768	7.6%	1,897,441	366,588	80.7%	
Total Revenues	3,974,787	3,426,306	548,481	16.0%	10,873,366	10,629,335	244,031	2.3%	13,970,917	3,097,551	77.8%	
Expenses												
Salaries & Benefits	2,630,135	2,755,010	(124,875)	(4.5%)	8,186,641	8,660,772	(474,131)	(5.5%)	11,808,965	3,622,324	69.3%	
Routine Maintenance, Utilities, Taxes & Insurance	439,753	448,167	(8,414)	(1.9%)	1,376,939	1,411,245	(34,306)	(2.4%)	1,926,496	549,557	71.5%	
Direct Social Service Salaries & Benefits	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Other Social Service Support Expenses & HAP	190	-	190	n/m	8,656	-	8,656	n/m	-	(8,656)	n/m	
Administrative Support Expenses	752,091	931,080	(178,989)	(19.2%)	1,855,290	2,507,439	(652,149)	(26.0%)	3,462,481	1,607,191	53.6%	(1)
Non-operating Expenses	185,569	188,048	(2,479)	(1.3%)	562,804	564,145	(1,341)	(0.2%)	752,193	189,389	74.8%	
Total Expenses	4,007,737	4,322,305	(314,568)	(7.3%)	11,990,331	13,143,601	(1,153,270)	(8.8%)	17,950,135	5,959,804	66.8%	
Net Income	(32,950)	(895,999)	863,049	(96.3%)	(1,116,965)	(2,514,266)	1,397,301	(55.6%)	(3,979,218)	(2,862,253)	28.1%	
Other Sources/(Uses) of Working Capital												
(Increase) in Restricted/Designated Cash	(11,276)	(9,000)	(2,276)	25.3%	(30,742)	(18,000)	(12,742)	70.8%	(18,000)	12,742	170.8%	
Decrease in Restricted/Designated Cash	-	6,249	(6,249)	(100.0%)	-	18,747	(18,747)	(100.0%)	25,000	25,000	0.0%	
(Increase) in LT Receivables	(208,355)	(681,707)	473,352	(69.4%)	(1,669,793)	(2,078,993)	409,200	(19.7%)	(2,495,993)	(826,200)	66.9%	(2)
Decrease in LT Receivables	147,059	2,701,649	(2,554,590)	(94.6%)	615,880	3,510,313	(2,894,433)	(82.5%)	3,699,090	3,083,210	16.6%	(3)
Acquisition of Capital Assets	(58,596)	(871)	(57,725)	6627.4%	(218,979)	(170,617)	(48,362)	28.3%	(171,490)	47,489	127.7%	(4)
Disposition of Capital Assets	351	-	351	n/m	9,125	-	9,125	n/m	-	(9,125)	n/m	
Change in Suspense	3,652	-	3,652	n/m	31,624	-	31,624	n/m	-	(31,624)	n/m	
Change in Other Assets	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Change in Deferrals	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Increase in LT Debt	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
(Decrease) in LT Debt	(225,000)	(225,000)	-	0.0%	(675,000)	(675,000)	-	0.0%	(900,000)	(225,000)	75.0%	
Change in Other Liabilities	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Other Non-Working Capital Income/Expense Items	-	-	-	n/m	-	-	-	n/m	-	-	n/m	
Non Income/Expense Change in Equity	94,135	-	94,135	n/m	112,652	-	112,652	n/m	-	(112,652)	n/m	(5)
Total Other Sources/(Uses) of Working Capital	(258,029)	1,791,320	(2,049,349)	n/m	(1,825,234)	586,450	(2,411,684)	n/m	138,607	1,963,841	n/m	
Transfer In from (Out to) Other Funds												
Transfers In from Other Funds	1,237,680	757,917	479,763	63.3%	2,793,654	3,965,044	(1,171,390)	(29.5%)	12,133,669	9,340,015	23.0%	(6)
Transfers Out to Other Funds	(795,124)	(318,523)	(476,601)	149.6%	(3,005,088)	(2,201,428)	(803,660)	36.5%	(5,444,190)	(2,439,102)	55.2%	(7)
Net Transfer In/(Out)	442,556	439,394	3,162	0.7%	(211,434)	1,763,616	(1,975,050)	n/m	6,689,479	6,900,913	n/m	
Net Change in Working Capital	$ 151,577	$ 1,334,715	$ (1,183,138)	(88.6%)	$ (3,153,634)	$ (164,200)	$ (2,989,434)	1820.6%	$ 2,848,868	$ 6,002,502	n/m	
Working Capital, Beginning of Period	31,066,817				34,372,027							
Working Capital, 9/30/2017	$ 31,218,394				$ 31,218,394							

1) Various categories are under target (i.e. administrative contracts, agency-wide training, professional services).
2) Greenbridge internal loan was less than anticipated in the budget as construction cost was below target due to (i) Homesight lots being reduced from five to three and (ii) some construction projects being postponed to 2018.
3) The proceeds from lots sales was originally budgeted to be used to partially pay off internal loans from both the MTW and the COCC, but a mid-year decision was made to direct the proceeds exclusively to the MTW loan.
4) Six vehicles were budgeted to be purchased during 2017 but a total of nine vehicles were acquired as three section 8 vehicles were replaced due to maintenance issues.
5) Technical accounting entry to close the Charter House fund and move the Arbor Heights restricted cash to COCC.
6) Excess cash of $1.6M was budgeted to be transferred from Overlake to the COCC; instead $1.7M was transferred to a different fund group to pay down the Abbey Ridge LOC. This is partially offset by unbudgeted transfer of Puget Sound Energy EPC funding to the COCC ($501K) .
7) $2.9M of COCC funding of the Corinthian subordinate loan was budgeted to be transferred in the 4th quarter. However, $1.14M of this amount was transferred in June. This is partially offset as transfers to fund the Hidden Village envelope upgrade project was below target by $346K but expected to catch up in the 4th quarter.

TAB NUMBER 8

King County Housing Authority

TO: Board of Commissioners

FROM: Linda Riley, Controller

DATE: October 30, 2017

RE: **3rd Quarter 2017 Summary Write-Offs**

For the 3rd quarter of 2017, 16 accounts were written off with a total balance of $35,216, compared to $39,776 in the same period last year. Out of the 16 accounts, three large accounts totaling $24,107 accounted for 68% of the total write-offs. 57% of the amounts written off are for damage and cleaning charges. Property Management staff continue to aggressively collect outstanding balances from residents who have vacated their units and left either outstanding rent balances and/or significant cleaning and damage charges. A breakdown for accounts written off is listed below.

The net collections remitted from our collection agency are $588 or approximately $1510 less than this period last year.

	Total WRITE-OFFS	**YTD WRITE-OFFS**
Rent Balance Forward to Vacate Month	$ 4,455.72	$ 27,134.86
Retro Rent Write-offs	$ 11,316.00	$ 12,302.97
VACATE CHARGES:		
Rent Delinquent in Vacate Month	2,399.10	7,017.76
Cleaning & Damages	19,959.13	54,887.87
Paper Service & Court Costs	-	1,979.47
Miscellaneous Charges	582.71	2,189.15
Total Charges	22,940.94	66,074.25
Total All Charges	38,712.66	105,512.08
CREDITS:		
Security Deposits	(2,625.00)	(7,861.00)
Miscellaneous Payments & Credits	(871.45)	(4,036.45)
Total Credits	(3,496.45)	(11,897.45)
Total Net Write-offs	**$ 35,216.21**	**$ 93,614.63**
Net Write-offs by Portfolio		
KCHA	5,429.71	46,218.50
Green River	4,096.13	5,465.10
Green River II	-	5,026.73
Egis	9,176.41	11,540.58
Soosette Creek	11,569.96	14,272.96
Zephyr	-	-
Fairwind	4,944.00	4,944.00
Vantage Point	-	5,504.69
Spiritwood Manor	-	642.07
	$ 35,216.21	**$ 93,614.63**

TAB NUMBER 9

King County Housing Authority

KCHA Executive Dashboard

2017 Q3

July - October, 2017

Households Served

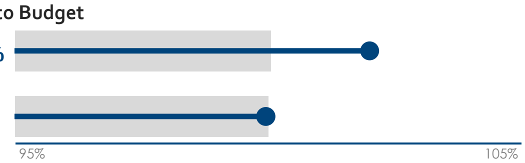
September 1, 2017

18,834

target

Finance

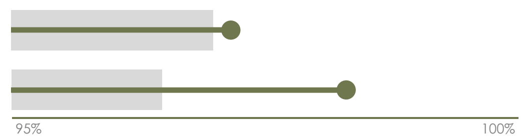
	Budgeted	Actual	Actual to Budget
Revenue year-to-date	$207,807,368	$215,871,851	103.9%
Expenditure year-to-date	$175,132,953	$174,953,923	99.9%



LGIP Rate Investments	0.50%	1.13%	+0.63%
Non-LGIP Investments	0.65%	1.15%	+0.5%

Housing Management

	Scope	Target	Sep '17
Public Housing Occupancy[1]	3,715 units	98.0%	98.7%
Local Programs Occupancy	5,776 units	96.5%	98.3%

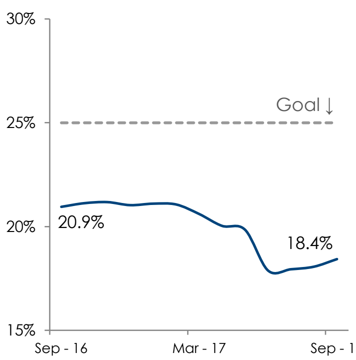


Total Units Online[2]	9,491 units	11,105	9,491

Housing Choice Voucher Program Operations

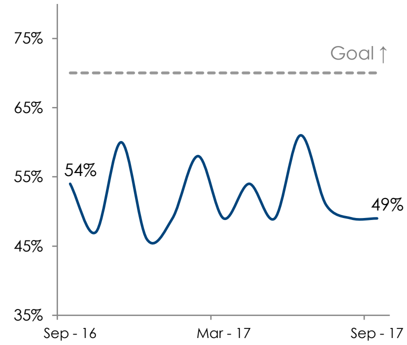
Shelter Burden

Households paying more than 40% income to rent.



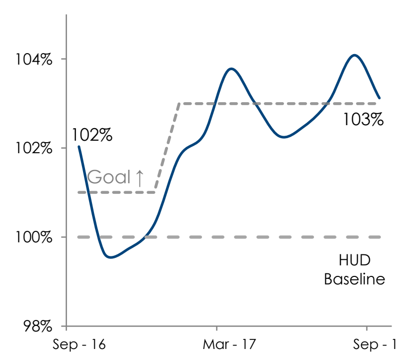
Shopping Success[3]

Lease-up within 120 days after voucher issuance by cohort.



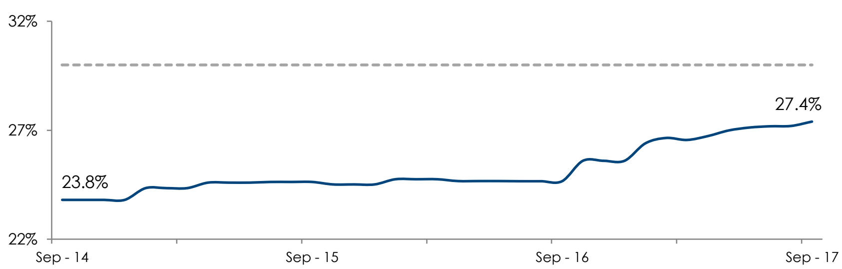
Utilization Rate[4]

Percentage of HUD ACC leased by month.



Increasing Access to Opportunity Areas

Percentage of federally-subsidized families with children living in high opportunity areas.[5]



Notes

1) Excludes 49 units in portfolio where turnover is not tracked monthly.

2) 11,105 represents the agency's acquisition stretch goal by the end of 2020.

3) Represents success of latest cohort to reach 120 days after voucher issuance. Averages only represent data from 5/2015 to present.

4) Adjusted for 12-month incremental lease-up of new vouchers.

5) High opportunity areas are based on the Kirwan Institute's definitions.

TAB NUMBER 10

TO: Board of Commissioners

FROM: Tim Baker, Senior Management Analyst

DATE: November 14, 2017

RE: **Third Quarter CY 2017 Procurement Report**

In order to update the Board concerning KCHA's procurement activities, staff is presenting the attached Quarterly Procurement Report. This report covers all procurement activities from April through June 2017 that involved the award of contracts valued over the amount of $100,000 and change orders that have cumulatively exceeded 10% of the original or not to exceed contract amount.

Awarded Contracts Over $100,000:
The awarded contracts section of the report lists the issuing department, contract type, the company awarded the contract, the award and estimate/budgeted amounts, procurement process involved, the number of bids received and notes about the procurement.

In the third quarter, there were 12 contracts awarded and valued at more than $100,000, representing 97% of the contracts executed in the quarter. The largest contract executed for construction work was for $859,000 awarded to Road Construction NW (RCNW) for the Valli Kee site improvements project. While the bid was well under the estimate, RCNW stated that they will be self-performing at least 50% of the work, they own their own equipment and get preferred pricing from their suppliers to keep their overall costs down.

Two solicitations for construction work only received one bid. The current construction market is very competitive, and many contractors are fully committed for the duration of the year. The bid amounts were close to the estimates and were from contractors who have successfully completed other KCHA projects.

The largest non-construction contracts executed were five for a total of $2 million for legal services. KCHA has maintained a roster of legal service firms which must be re-procured after no more than six years. Values assigned to the contracts reflect estimates for the next six years based on past usage. There is no guarantee of any work to any firm.

One contract for painting supplies was procured using a cooperative procurement process. KCHA is allowed by Federal and State laws to "piggyback" on to other governmental agencies procurement processes and enter into contract with companies that have been awarded contracts. KCHA is a member of several purchasing cooperatives.

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

There was one "field condition" change or "scope change" order on a contract whose total value had exceeded 10% of the initial contract amount. Two new grants from the Gates Foundation were available to fund after school programs administered by the SW Boys & Girls Club in White Center and those grants totaled $15,000, the change order amount.

There were 4 anticipated change orders involving the extension of the contract as allowed in the original contract. Two were issued by the Resident Services Department for education initiative projects and two were issued by Housing Management-maintenance Department for entry systems and pest control services.

KING COUNTY HOUSING AUTHORITY
QUARTERLY PROCUREMENT REPORT
July-September 2017 (Third Quarter)

Awarded Contracts Over $100,000

Issuing Department	Contract type	Contract Awarded to	Estimate/Budget Amount	Initial Contract Amount	NTE with extensions	Procurement Process	# of bids	Notes
Administrative Services	legal services	Montgomery Purdue	$800,000	$800,000	$800,000	RFP	5	firm has a long standing working relationship with KCHA
Administrative Services	legal services	Pacifica Law	$500,000	$500,000	$500,000	RFP	5	new firm for KCHA in municipal law; firm with a separate contract in finance law
Administrative Services	legal services	Foster Pepper	$300,000	$300,000	$300,000	RFP	5	firm has worked with KCHA for the past 6 years
Administrative Services	legal services	Ogden Murphy	$300,000	$300,000	$300,000	RFP	5	firm has worked with KCHA for the past 6 years
Administrative Services	legal services	Inslee Best	$100,000	$100,000	$100,000	RFP	5	new firm for KCHA in employment and landlord-tenant law; firm had prior contract in municipal law
Asset Management	Woodland North building envelope	Allied Construction	$392,462	$388,000	$388,000	sealed bid	1	contractor has done several successful projects for KCHA
Capital Construction/WX	Maple Lane Estates mechanical upgrades	UCONS	$103,435	$108,626	$108,626	sealed bid	2	contractor has done many successful projects for KCHA
Capital Construction/WX	Valli Kee site improvements	Road Const NW	$1,143,326	$859,000	$859,000	sealed bid	2	contractor has done several successful projects for KCHA
Capital Construction/WX	Cascade Homes waterline replacement	Accord Contractors	$675,568	$708,333	$708,333	sealed bid	2	contractor has done many successful projects for KCHA; Section 3 certified
Capital Construction/WX	Ballinger water and wasteline replacment	Accord Contractors	$652,290	$688,343	$688,343	sealed bid	1	contractor has done many successful projects for KCHA; Section 3 certified
Housing Management-maint	painting supplies	Sherwin Williams	$115,000	$115,000	$500,000	cooperative purchase	n/a	contractor hired from NJPA cooperative purchasing
HOPE VI	office tenant improvements	Mike Werlech Const.	$626,000	$639,000	$639,000	sealed bid	3	contractor has done several successful projects for KCHA
		Totals	**$5,708,081**	**$5,506,302**	**$5,891,302**			

Contracts exceeding 10% cumulative change order-Condition Changes

Issuing Department	Contract type	Contract awarded to	Initial Contract Amount/NTE*	Change Order Amount & No. This Quarter	Total Contract Value to Date	% of NTE*	Notes (Current Quarter Change Orders)
Resident Services	after school & summer reading programs	SW Boys & Girls Club	$816,882	$15,000 (3)	$425,798	52%	added funds from 2 new grants to expand the summer reading program
		Totals	**$816,882**		**$425,798**		

Contracts with contract extensions or other foreseen change orders

Issuing Department	Contract type	Contract awarded to	NTE*	Change Order Amount & No. This Quarter	Current Contract Value	% of NTE*	Notes (Current Quarter Change Orders)
Housing Mgmt-maint	pest control services	Sprague Pest Solutions	$1,000,000	$90,000 (2)	$315,000	32%	second extension to the contract, increased total value to $1 million
Housing Mgmt-maint	integrated technology services	Commercial Entry Systems	$1,000,000	$500,000 (1)	$750,000	75%	first extension to the contract, increased total value to $1 million
Resident Services	educational services	Bellevue Boys & Girls Club	$972,096	$197,500 (2)	$557,413	57%	second extension to the contract.
Resident Services	educational services	Kent Youth & Family Services	$675,635	$96,750 (6)	$578,885	86%	fifth extension to the contract.
		Totals	**$3,647,731**		**$2,201,298**		

***NTE = Not To Exceed**

TAB NUMBER 11

To: Board of Commissioners

From: Connie Davis, Deputy Executive Director

Date: November 14, 2017

Re: **CY 2018 Budget Context**

Executive Summary

At the November Board meeting staff will be discussing the broad outlines of the CY 2018 KCHA budget. The final budget will be presented for Board consideration at the December meeting.

Key initiatives anticipated under this budget proposal include continued upgrades to our inventory, increased subsidy levels to reflect rising housing costs for our Housing Choice Voucher participants, continued focus on homeless, education and geographic mobility initiatives, new property acquisition and development, sale of additional land at Greenbridge, and on-going staff training and development.

There is currently no final CY 2018 Federal budget and there are material uncertainties related to it, which will be discussed at the meeting. It is likely that some of the assumptions presented in November will change prior to finalizing KCHA's budget and that the Authority will develop contingency plans, particularly around programs funded from KCHA's MTW block grant.

Our ability to sustain the Housing Choice Voucher program's current level of over-leasing, as further discussed below, will be contingent upon final funding decisions by HUD and Congress. In general, our financial picture remains strong, as evidenced by KCHA's AA rating issued by Standards and Poor's last week, significant cash reserves, and the quality and condition of our housing portfolio.

Background

The bulk of our MTW Block Grant funding is utilized to provide Housing Assistance Payments (HAP) to landlords under the Housing Choice Voucher (HCV) program. To the extent that program funding from HUD is in excess of HAP subsidies and HCV administrative costs this cash flow (MTW Block Grant Working Capital) is used to support a broad array of other mission-related activities. The Resident Services and Homeless Housing Initiatives departments are mostly funded from this source, as is a significant portion of capital expenditures for our public housing inventory.

Annually, block grant funding may be increased by HUD using an inflation factor based largely on national market trends. This national inflation simply does not reflect our market; in CY 2017 KCHA received a 2.6% inflation factor - clearly inadequate when compared to the 11% run up in rents.

The translation of the national inflation factor into individual local funding adjustments is partially based on the annual change in the HUD published Fair Market Rents (FMR) for each area. These local FMRs are calculated using dated market data and tend to be unreflective of current market conditions and trends. HUD's CY 2018 FMRs, released in August, were actually <u>lower</u> than the CY 2017 benchmark. Fortunately HUD allows housing authorities to conduct their own market surveys, which can be submitted to HUD along with an appeal to adjust the FMRs. KCHA conducted such a survey this summer which produced an FMR for two bedroom units of $1,839, $310 higher than HUD's original CY 2018 figure and 19% higher than the CY 2017 FMR.

In CY 2017, housing authorities with increases of this magnitude were awarded inflation adjustments of approximately 17%. HUD has indicated that their allocation methodology should not change in CY 2018, although that is not guaranteed. For purposes of the CY 2018 Operating Budget, we are electing to use a 10% inflation factor, which we hope is conservative. This number could be too high or too low: each percentage point adjusts our funding level by $1.159 million. We do not anticipate receiving HUD's inflation adjustment factor for our region before March 2018.

Another unknown is the proration which will be reflected in the final congressional appropriation level for 2018. The Senate and House versions of the THUD bill contain Housing Choice Voucher prorations of 99% and 95.6% respectively. There is also a possibility that Congress would fund the full year on a Continuing Resolution – which would yield an estimated proration of 94%.

Using a 10% inflation factor, and assuming a 95.6% Congressional proration on HCV funding, KCHA estimates that the value of the CY 2018 Block Grant will be $127.5 million, which should generate MTW working capital of approximately $12.6 million to fund non-HAP related expenses. Should there be a shortfall due to a lower HUD inflation factor or Congressional prorate, KCHA has reserves which can only be used for HUD programs including undrawn Capital Funds currently estimated at $13.5 million and HOPE VI program funds from land sales of former public housing property of $10.5 million (assuming the Conner Homes sales are completed). These can be used to bridge the funding gap while other steps, including freezing the wait list for general vouchers, reducing the value of each voucher across the board or deferring the effective date payment standard increases are applied, are taken. The Board will be kept closely apprised as the situation evolves.

Housing Choice Vouchers:

KCHA has contract authority for 9,699 vouchers. 8,253 vouchers are funded through the MTW block grant, and the balance funded as "special purpose vouchers" (SPVs) targeted towards specific populations. The largest portion of the SPVs is VASH vouchers used by homeless veterans. In 2017 the HCV department emphasized issuance and lease-up. Including vouchers repurposed when Burien Park, Northwood and Northlake converted to public housing, the HCV department successfully leased almost 650 incremental vouchers this year resulting in a total number of households assisted by the end of the year of about 9,861. The average HUD baseline is 9,653 meaning the program is forecast to be overleased by 208 units as of December 31, 2017. KCHA's status as an MTW housing authority allows it to help these additional families.

In 2017, the average HAP paid increased more than $100 per month when compared to 2016. This reflects a greater number of units subject to "street rents", which are rents charged to new move-ins, as well a tremendous number of landlord requested rent increases during the year. Only 25.8% of KCHA voucher holders have the same rent that they did a year ago.. We estimate that by 2017 year's end overall HAP costs will be $9 million higher than in 2016. Staff does not see this trend abating in CY 2018.

Staff will be presenting updated payment standards to the Board for review and consideration this month. These standards have been built into the HAP expense calculations for next year. Should rents increase such that all residents are paying the new payment standards, 2018 annual HAP paid from block grant funds will increase by $8.65 million to $105 million.

The draft 2018 budget also forecasts a gradual decrease in the number of utilized vouchers based on attrition. Cost projections assume that KCHA will have reduced the number of households served from 200 above HUD baseline to baseline by the end of the year. With less than .5% of households ending participation in the program each month, attrition will be very gradual. If the RFIF awarded in March is higher that the 10% projection, however, it is likely that we would ramp back up to a higher number of families served.

Subsidized Property Management:

The prorate for public housing is 90% based on House Appropriations and KCHA is budgeting receipt of $8.7 million. This includes roughly $1.7 million in incremental subsidy received as incentives for the Authority's Energy Performance Contract. A minimum of 75% of that amount must be used for energy-related costs.

As with all of our affordable programs, vacancy is very low. The Department expects to see some increases in rental income due to the 2% SSI adjustment awarded in January 2018 and on higher incomes received by working families as increases in minimum wages and some wage progression take place. Overall rental income is expected to climb about 4% over 2017 levels.

The Department will continue both its Unit Upgrade and Small Projects program. Currently, we estimate that 135 units will be upgraded at an average cost of $28 thousand per unit. This is slightly fewer units than in years past as some of the Authority's skilled maintenance workers will be deployed to a major toilet replacement project in the Asset Management portfolio. Installation of the .8 gallon toilet models utilized under public housing's Energy Performance Contract will expand water and sewer savings to the workforce portfolio. Funding for the Unit Upgrade program comes from a variety of sources with the largest, $2.5 million, coming from MTW. The Small Projects group will also undertake up to $1.8 million in contracted projects. This successful model brings an economy of scale to the procurement and management of projects which are too complex for site staff to undertake and too small for the Capital Construction department. Included in this total is $585 thousand for Parkway Apartments, which has significant HUD held reserves we are seeking to have released. Should HUD turn us down, these improvements will be deferred.

The Energy Performance Contract is nearly completed. Staff estimates that of the JCI performed work, only about $4.0 million remains to be expended in 2018. KCHA is planning on self performing several elevator upgrades costing about $400 thousand each, and funded from remaining or incremental loans from MTW or from projected future savings. The Board will receive an update on the status of this project at the December Board meeting.

Asset Management:
The Asset Management portfolio was significantly increased at the end of 2017 with the addition of Friendly Village and prospectively, Ballinger Commons. This last property would bring the total asset managed portfolio managed to 7,621 units. Neither property has been added to 2018 budget calculations as of this writing.

As with the subsidized portfolio, vacancy rates for workforce housing are very low. Physical occupancy as of October 2017 was 97.9%. Historically these properties see much higher turnover than public housing as tenants move for jobs or other reasons. Most recent statistics, however, show very low turnover with some developments at 5% or less per year. Rent increases generally are lower for existing residents. The Department is projecting an average weighted rent increase across the entire portfolio of 4.21%, with average rents affordable at 58% of median income. Virtually every property's rent is below market by double digits; unlike private sector owners the Authority's rent increases are designed to cover expenses but not match the market.

The Department is estimating that owned and managed properties will deliver $4.8 million in net cash flow to the Authority as compared to $4.3 million projected in 2017's budget. Net cash flow (NCF) includes $1.2 million charged to the properties for KCHA overhead. It also excludes amounts kept by the properties for needed capital work not covered by replacement reserves.

The tax credit portfolio delivers cash flow to KCHA in the year following; thus 2017 amounts will not be paid until the 2017 audits are completed in March 2018. The current estimate for the March payment is $6.7 million. The largest contributor of NCF among the tax credit properties is Birch Creek; its NCF can be used by KCHA to retire the property's outstanding debt.

Capital Expenditures:

Currently planned capital expenditures by department include:

Housing Management	$ 8,822,982
Capital Construction	14,619,259
Asset Management	15,917,956
Development	6,927,250
Hope VI	3,068,113
Other	282,355
Total Planned	$49,637,915

Major individual projects included in the above chart:

- Housing Management-Unit Upgrades-$4,051,535
- Capital Construction- Elevators-$2,687,995
- Capital Construction-Valli Kee Site Improvements-$2,277,320
- Development-Houghton Property-$4,727,250
- Capital Construction-509 Building Envelopes-$3,241,608
- Fee property managers-small projects across whole portfolio-$10,800,307
- Fee property manager-extraordinary maintenance across whole portfolio-$3,410,000

Excluding funds budgeted for development activities, including HOPE VI, the projected 2018 budget for capital upgrades to our inventory is $39.6 million. This compares to $38 million projected to have been expended in 2017 by year's end.

In addition, the Development department is assuming the acquisition of one property for $20 million.

Funding sources have been identified for all budgeted projects. They include capital grant funds, EPC financing and MTW working capital for the HUD funded inventory, property cash flow and replacement reserves for the asset managed properties, and new debt for property acquisitions. Not included in this budget are an estimated $25 million in rehabilitation work scheduled for two properties, Highland Village and Somerset Gardens through LIHTC syndications. There are material uncertainties at the moment as to when and how these projects will proceed due to proposed changes in tax law relating to Private Activity Bonds. We expect to incorporate an anticipated strategy into our presentation in December.

PERSONAL SERVICE COSTS

Aside from housing assistance payments, salaries and benefits are the single largest operating expense at KCHA. The baseline increase in personal service costs across the Authority is roughly 5.4% when compared to 2017 levels. The greatest drivers of this change are:

1. Cost of Living Adjustments. The 2017 COLA for the KCHA staff was approved by the Board in September. The 3.2% inflation adjustment, based on 100% of the CPI-W for our area, is the highest experienced by KCHA since 2008. We are also assuming a 2.5% increase in the budget in November 2018. Between represented and non-represented employees, this adds $987 thousand to payroll costs.
2. Medical Premiums. After significant increases in 2017, PEBB rates trended down to a more reasonable 4.3% for 2018. The employee census, however, shows a shift to fewer families and spouses covered, leading to an overall per employee cost per employee for 2018 of $13,947, an increase of only 1.3% over 2017's average of $13,371. Plan designs did not change.
3. Over the past 10 years, the cost of participating in the State pension system has gone up dramatically. In July 2017, the PERS rate climbed to 12.52% of covered wages, where it will remain throughout 2018. The state actuary has released an expected increase to 13.05% in July 2019.
4. KCHA continues to fund a 2% of eligible payroll merit pool. Employees not at the top of their range with "exceeds standards" ratings are eligible for a merit increase. Employees rated "outstanding" for two consecutive years who are at the top of their range may receive a one-time, 2% bonus which does not increase base pay.

KCHA has done an excellent job in recent years of managing its L&I experience rating. 2017's rate was .7996. We have recently been notified that 2018's rate will be .94, an increase which reflects claims from maintenance employees who had significant time loss charges.

Following the results of 2016's Employee Engagement and Satisfaction Survey, KCHA is continuing its ongoing emphasis on employee training, especially for middle managers. A Trainer will be hired shortly to lead this effort. Other initiatives proposed by the Human Resources department include improved on-boarding of new employees and expanded recruiting outreach efforts aimed at increasing the diversity of our applicant pool.

Few departments have requested additional personnel. None has been approved at this point. Additional approved FTEs, if any, will be discussed at the December meeting.

All departments were required to reflect a continuous improvement project in their initiatives in 2018. Projects undertaken in 2017 included use of the OnBase ECM product to electronically route documents containing employee changes such as merit awards or to deliver rent increase requests from Section 8 landlords. Both of these projects greatly enhanced customer service and decreased the "touches" required by staff to process work. The HCV Department has been a leader in continuous improvement techniques, a major reason for its lease-up success in 2017. Highlights of 2018 Continuous Improvement projects include:

- eProcurement and Contracting-use of OnBase to electronically route and store documents
- Optical scanning of vendor invoices directly into the financial software greatly, reducing manual data entry
- Provision of tablets to property managers used for both unit and property/curb appeal inspections as well as improved client services
- Implementation of an appointment and HQS inspection reminder system to reduce number of "no-shows" by 30%
- Implementation of Tenmast case management module in Resident Services, creating conformity of documentation and improving information security

As this complex budget continues to come together, staff will be working on the year end 2018 cash projections for the major MTW and COCC fund groups as well as tracking developments on the Congressional appropriations front. There will be preliminary estimates of these balances included in the presentation made at the November Board meeting.

TAB NUMBER 12

King County Housing Authority

To: Board of Commissioners

From: Dan Watson, Deputy Executive Director

Date: November 14, 2017

Re: **General Briefing on Financing Strategies for Somerset and Highland Village**

As you are aware, KCHA has been moving forward with substantial rehabilitation projects at the Highland Village and Somerset Gardens properties in Bellevue. These projects are intended to be financed through the issuance of Private Activity Bonds in conjunction with the use of 4% Low Income Housing Tax Credits (LIHTC).

The U.S House of Representatives' proposed tax reform plan eliminates both of these financing programs, effective at the end of December 2017. If enacted, this plan would eliminate over $25 million in planned tax investor equity into these projects, rendering both financially unfeasible. While the Senate's proposed version of the tax bill preserves these programs, the ultimate fate of these critical funding tools is completely uncertain at this point.

At the November Board meeting, staff will be briefing the Board of Commissioners on contingency plans to issue the bonds for the Highland Village and Somerset projects before the end of the current calendar year in order to lock in tax exempt financing and tax credits. If a decision is made to proceed with this strategy, staff anticipates bringing further financing details to the Board for consideration at either a special meeting or the regularly scheduled Board meeting in December.

T
A
B

N
U
M
B
E
R

13

KCHA IN THE NEWS

CISION
PR Newswire

In with Inclusivity, Out with Exclusivity: Building Equitable Cities, a New Book from the Urban Land Institute, Looks at Cities' Efforts to Promote Greater Economic Mobility for All Residents

ULI Urban Land Institute

NEWS PROVIDED BY
Urban Land Institute →
Oct 24, 2017, 18:55 ET

LOS ANGELES, Oct. 24, 2017 /PRNewswire-USNewswire/ -- *Building Equitable Cities*, a new publication from the Urban Land Institute (ULI), explores how an increasing number of cities are focusing on providing economic mobility for a greater number of residents, with the ultimate goal of creating more inclusive, equitable environments in which to live, learn, work and thrive.

The book maintains that prioritizing economic mobility – which is defined as the ability of an individual to move up the economic ladder – is in the best interest of cities, in that cities are more likely to be successful if their residents are able to realize their full economic potential. Published with support from JPMorgan Chase & Co., it was released this week at ULI's 2017 Fall Meeting in Los Angeles

"Engaging cities as leaders in a national strategy of combatting inequality is America's best hope for ensuring that our historic experience of progressively building a fairer society continues, and that our ongoing quest for a more equitable society will drive our future," says co-author Henry Cisneros, chairman of CityView in San Antonio, Texas, and former secretary of the U.S. Department of Housing and Urban Development.

The book points out that cities can best encourage greater economic mobility by using placed-based and people-based strategies to reduce income inequity, increase educational achievement and reduce racial and ethnic segregation:

- **Placed-based strategies** are designed to overcome the spatial inequities that constrain residents' opportunities due to the zip code in which they reside. Such strategies strengthen struggling neighborhoods and improve the quality of services they provide; and they also expand the availability of affordable housing in areas that already provide high-quality services and a resource-rich environment.
- **People-based strategies** focus on services not tied to a specific neighborhood, but which are instead delivered to anyone who needs assistance, regardless of where they live. These strategies target systems for strengthening the education, workforce and financial outcomes that play a key role in helping individuals realize their full economic potential.

"ULI has traditionally focused its mission through the lens of market-based capitalism guided by intelligent public policy. And in this case, there is a strong business case for the subject of this book -- equitable growth and inclusive prosperity," says Global Chief Executive Officer Patrick L. Phillips. "ULI members are eager to find and advance innovative, practical solutions that harness the power of entrepreneurs, in a framework of strategic public investment, to help break the cycles of disadvantage that perpetuate inequality in our communities."

"We know, now more than ever, the extent to which where you live impacts your economic circumstances," says Janis Bowdler, Head of Community Development Initiatives, JPMorgan Chase & Co. "That's why we must work together to ensure that the right policies are being put into place to give people the best chance possible at building a bright economic future for themselves and their families."

Building Equitable Cities includes several case studies of different types of place-based strategies:

- **Comprehensive community development**, which is an approach to revitalization that addresses multiple challenges simultaneously to achieve the scale of change necessary to alter a neighborhood's trajectory. **Centennial Place** and the **Villages of East Lake** in Atlanta, Georgia are offered as an example of this approach.
- **Community development spurred by anchor institutions**, which is an alternative approach that relies heavily on coordinated activities by one or more anchor institutions, such as a hospital or university. **Greater University Circle Initiative** in Cleveland, Ohio is profiled as an example of this approach.
- **Community benefits agreements**, which leverage large-scale private development to generate benefits for residents. **Park East Redevelopment Compact** in Milwaukee, Wisconsin is profiled for its successful use of an agreement.
- **Efforts to reduce disparities in education outcomes by neighborhood, income, race and ethnicity**, which involve the implementation of a citywide strategy to allocate resources and oversight to ensure that all schools meet the district's standards for a high-quality education. **Houston Independent School District** in Houston, Texas is offered as an example of this approach.
- **Efforts to increase affordable housing in more affluent areas**, which includes providing incentives to build more mixed-income developments. **Tysons Corner**, Virginia is profiled as an example of this approach. The book also lists strategies for public acquisition of land in gentrifying areas for future affordable housing development, including the creation of acquisition funds, dedication of publicly owned land for affordable housing, and holding land for redevelopment. **Sawmill Community Land Trust** in Albuquerque, New Mexico is cited as an example of these options. Rental assistance programs are also discussed, such as the profile of the tenant aid program offered by the **King County Housing Authority** in King County, Washington.

Case studies of four people-based strategies are also explored:

- **Comprehensive public education**, including early childhood education, elementary and secondary education, and support for college studies and completion. **StrivePartnership** in Cincinnati and Northern Kentucky is profiled as an example of this strategy.
- **Financial health**. An initiative by the **City of New York's Office of Financial Empowerment** to help low-income people save and manage money is cited as an example of this strategy.
- **Workforce skills and development**. **Carreras en Salud** in Chicago, which helps create career opportunities for low-income Latinos, is profiled as an example of this strategy.
- **Small business development**. A microfinance loan fund operated by **LiftFund** in San Antonio is cited as an example of providing support to small businesses in need of seed funding and expansion funding.

"America today is a more fair, open and upwardly mobile society than ever before. But modern forces such as globalism, technology, demographics and financial and economic shifts constantly create new realities," the book states. "In an era of notable city comebacks and breakthrough urban growth, the nation can harness the momentum of its cities, communities and regions to ensure that we stay the course toward a more perfect union."

***Building Equitable Cities*, (ISBN 9780-87420-410-0, hardback; ISBN 9780-87420-411-7, paperback) is available at the ULI Bookstore or for pre-order on Amazon. Hardback copies are $24.95; paperback copies are $14.95. ULI members receive a 25-percent discount.**

Note to editors and reporters: To obtain a complimentary copy of *Building Equitable Cities*, contact Trish Riggs, 202-624-7086; trisha.riggs@uli.org.

About the Urban Land Institute

The Urban Land Institute is a nonprofit education and research institute supported by its members. Its mission is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. Established in 1936, the institute has more than 40,000 members worldwide representing all aspects of land use and development disciplines. For more information, please visit uli.org or follow us on Twitter, Facebook, LinkedIn, and Instagram.

SOURCE Urban Land Institute

Related Links

http://www.uli.org

DAILY JOURNAL OF COMMERCE

Helping Business do Business Since 1893

October 25, 2017

County OKs help for KCHA projects

SEATTLE — The Metropolitan King County Council on Tuesday adopted a $200 million credit enhancement program for projects supported by the King County Housing Authority.

The program is expected to improve financing terms and lower interest rates for KCHA, which wants to acquire or preserve 2,200 units of affordable rental housing. Under the program, each project will be proposed, reviewed and approved based on its individual financial viability.

Credit enhancement guarantees that a third party will loan funds to the borrower if the borrower can't make its debt payments.

Friendly Village mobile home park in Redmond was recently bought by the King County Housing Authority and will remain as a park.
Aaron Kunkler/Redmond Reporter

Friendly Village to remain mobile home park, affordable

AARON KUNKLER (HTTPS://WWW.REDMOND-REPORTER.COM/AUTHOR/AARON-KUNKLER-2/) • Tue Nov 7th, 2017 2:01pm • NEWS (HTTPS://WWW.REDMOND-REPORTER.COM/NEWS/)

Friendly Village mobile home park will remain both a park and affordable for its residents following King County Housing Authority's recent purchase of the community.

The age 55-plus, 40-acre park at 18425 N.E. 95th St. in Redmond was put on the market several months back, before the Housing Authority purchased it.

The Housing Authority took over operations of the park on Nov. 1

Rhonda Rosenberg is the director of communications for the Housing Authority, and said the prior owners wanted to preserve the property as a mobile home park.

"What we're really delighted about is that they wanted to maintain it as a mobile home park for the people that were there instead of selling to a private developer," she said.

The Housing Authority paid $25 million for the park, which consists of 224 mobile home pads, putting the price of each pad at roughly $111,000.

Residents own their homes, but pay on average only $782 a month for a space in the park. That's far lower than rent elsewhere in Redmond and Puget Sound.

Rosenberg said if a private developer had bought it, even one that would keep it as a park, rent prices would have likely ballooned. This presents a problem for the seniors who live there, many of whom are on fixed incomes.

"We don't have a profit motive, like a for-profit private developer," Rosenberg said.

Long-time resident of the park Arthur Ingalls echoed those thoughts.

Ingalls has lived in the park for close to two decades, and was spending a sunny morning earlier this week clearing leaves from his walkways.

Many of his neighbors are on fixed incomes, he said. If they had been evicted, many wouldn't have had a place to go and local authorities would have a major housing problem.

"They'd have two or three hundred senior citizens on their hands," Ingalls said.

Because the former owners wanted to keep the property as a park, Ingalls said he wasn't too worried when he heard it was up for sale, but was worried that a new owner would begin hiking up rates.

Another woman, who wished to remain anonymous, said she was cautiously optimistic about the Housing Authority buying the park.

Nancy Fudge, manager for the park, said operations will continue as usual.

"It's been here a long time, and when it first came up for sale, a lot of people were very upset because they were afraid a developer was going to come in and get rid of them," she said.

The Marcus family, which had owned the park, was specific they wanted it preserved, Fudge said.

At one point, there was private interest in the park, Rosenberg said.

The residents of the Friendly Village park are luckier than those of the former Firwood Mobile Park in Kirkland.

Firwood was located in a prime location in Juanita. It was bought in 2015 by a private developer, which ripped out the affordable housing and replaced it with around 20 high-end homes.

The residents of Firwood were forced to relocate, and many of them couldn't move their homes due to safety concerns surrounding relocating old structures.

Rosenberg said mobile home parks, which provide relatively cheap housing for many low-and-fixed income earners, are disappearing as market pressures lead owners to sell and developers to create expensive houses, condos or apartments.

"These people would probably otherwise be homeless," Rosenberg said of the residents of Friendly Village had it been destroyed for development.

The Housing Authority took out a line of credit to finance the purchase of Friendly Village and in 2019 it will be pooled with other parks to be refinanced into a single rate, tax-exempt bond.

OPINION

We must invest in S. King County residents

South King County is the most underinvested and overlooked part of our region. It's time to take a fresh look at the tremendous assets available to leverage economic growth and create opportunities for those who live, learn, work and play there.

Home to the largest population growth in King County over the past 25 years, the area is poised to dynamically expand its job base and role in the regional economy. There is sizable opportunity to invest in these communities and leverage their many strengths, which include significant employers, a diverse population, light rail transportation and a growing spirit of entrepreneurship and optimism.

From 2010 to 2017, South King County added 52,000 residents, many of whom are immigrants and refugees, people of color and low-income people displaced from other parts of the county that have become increasingly unaffordable.

Those demographic shifts are one of South King County's great assets. By addressing the needs of this growing, diverse population, we can expand access to opportunity and remove barriers to employment by creating education and training pathways to stable, living-wage jobs.

Michael Brown is the vice president of community programs for the Seattle Foundation.

We can build upon local strengths by investing in small businesses and startup enterprises in underserved communities and supporting increased access to capital and loans. We can support efforts that improve job quality to create a stronger economy and help families weather economic changes.

One economic trend emerging from the rich diversity of residents is the growing incubation of food-based businesses that cater to the needs and tastes of multiple cultures and ethnicities. Partners in SeaTac and Tukwila are creating a Food Innovation Center with a shared community commercial kitchen where entrepreneurs can build small businesses around catering, food trucks or restaurants. Part of that effort includes a training program for "Community Food Advocates," who lead community dinners and healthy eating activities for kids.

There are initiatives like the Road Map Project, a collaboration aimed at dramatically improving student achievement in South King County and South Seattle, which is advocating for a full-service Kent Valley development that centralizes affordable housing, transit, health care, a charter school and a college campus or satellite location to meet community needs. Efforts like this can create a world of possibility, developing local jobs and training that decrease the need for commuting.

Another promising effort is Communities of Opportunity (COO), a partnership between King County and Seattle Foundation to create greater health, social, economic and racial equity in King County so that all people thrive and prosper, regardless of race or place. Focusing on the communities of Rainier Valley, Tukwila, White Center and SeaTac, where inequities are greatest, COO is driven by community-led strategies and solutions.

A key initiative of COO is to increase employment training and opportunities in South King County. One successful effort was a local hiring plan proposed by community organizations, which worked with Safeway and Harborview when each was opening new locations. Local residents secured 25 jobs.

In addition, the county has held three customized hiring events in COO communities, including for its parks department, leading to more than 50 jobs for residents. COO has also hosted career fairs and events in these communities, provided a coding class as part of a tech jobs training program, and started an iron worker pre-apprenticeship program at no cost to participants.

There is tremendous momentum and upside in South King County for economic growth, industry and employment. The call is clarion: South King County is a community of opportunity and it's time we invest in the people who live there.