



## **MEETING OF THE BOARD OF COMMISSIONERS**

**December 18, 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 – November 20, 2017
  - B. Special Board Meeting Minutes – December 7, 2017
- V. Approval of Agenda**
- VI. Consent Agenda**
  - A. Voucher Certification Reports for October 2017 **2**
- VII. Resolutions for Discussion & Possible Action**
  - A. **Resolution No. 5582:** Approval of the Authority's Comprehensive Operating and Capital Budgets for the Calendar Year beginning January 1, 2018 **3**
  - B. **Resolution No. 5583:** Commitment of CY 2017 excess savings from the Authority's Energy Performance Contract **4**

**VIII. Briefings & Reports**

A. New Bank Accounts 5

**IX. Board Retreat Discussion**

**X. Executive Director Report**

**XI. KCHA in the News** 6

**XII. Commissioner Comments**

**XIII. Adjournment**

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

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

**Monday, November 20, 2017**

**I. CALL TO ORDER**

The meeting of the King County Housing Authority Board of Commissioners was held on Monday, November 20, 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 8:33 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**

The record notes that there was no public present during the public comment period. However, two members of the public arrived, after the call for public comment, and requested to speak.

Trina Bush and Dina Braccio commented on Resolution No. 5576, addressing Higher Payment Standards for the Housing Choice Voucher Program.

**IV. APPROVAL OF MINUTES**

A. Board Meeting Minutes – October 9, 2017

On motion by Commissioner Stewart and seconded by Commissioner Palmer, the Board unanimously approved the October 9, 2017 Board of Commissioners' Meeting Minutes.

B. Special Board Meeting Minutes – October 31, 2017

On motion by Commissioner Stewart and seconded by Commissioner Welch, the Board unanimously approved the October 31, 2017 Board of Commissioners' Meeting Minutes.

**V. APPROVAL OF AGENDA**

By the request of the Chair, agenda item (E.) CY 2018 Budget Briefing was presented first, under Section VIII. Briefings & Reports.

On motion by Commissioner Palmer and seconded by Commissioner Stewart, the Board unanimously approved the November 20, 2017 Board of Commissioners' meeting agenda.

## VI. CONSENT AGENDA

### A. Voucher Certification Reports for September 2017

#### GENERAL PROPERTIES

Bank Wires / ACH Withdrawals	1,416,339.89
<i>Subtotal</i>	<b><i>1,416,339.89</i></b>
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
<i>Subtotal</i>	<b><i>5,877,549.82</i></b>
Payroll Vouchers	
Checks - #90615 – #90644	40,709.20
Direct Deposit	1,346,440.59
<i>Subtotal</i>	<b><i>1,387,149.79</i></b>
Section 8 Program Vouchers	
Checks - #619073-#619400	265,948.22
ACH - #393494-#396270	12,027,647.16
<i>Subtotal</i>	<b><i>12,265,369.18</i></b>
Purchase Card / ACH Withdrawal	252,011.24
<i>Subtotal</i>	<b><i>252,011.24</i></b>
<b>GRAND TOTAL</b>	<b>21,226,646.12</b>

#### BOND PROPERTIES

Bond Properties Total (31 different properties)	<b>\$2,884,309.65</b>
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### B. **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

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

## 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**

John Eliason, Development Director, presented Resolution No. 5569 and provided background information on the property. Mr. Eliason also explained the disposition process and mentioned some of the risks involved with the sale.

On motion by Commissioner Brown and seconded by Commissioner Palmer, the Board unanimously approved Resolution No. 5574.

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

Tim Walter, Senior Director of Development and Asset Management presented Resolution No. 5575. Mr. Walter explained the proposed acquisition and financing of the property.

On motion by Commissioner Stewart and seconded by Commissioner Palmer, the Board unanimously approved Resolution No. 5575.

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

Andrew Calkins, Administrative Program Manager presented Resolution No. 5576 and provided background information on the current Payment Standards structure. Mr. Calkins explained the proposed recommendation to change the 2018 Payment Standards and its financial impact as a result thereof.

On motion by Commissioner Welch and seconded by Commissioner Stewart, the Board unanimously approved Resolution No. 5571.

## **VIII. BRIEFINGS AND REPORTS**

A. **Third Quarter CY 2017 Financial Statements**

Mr. Violante briefed the Board on the Financial Statements for the third quarter in Calendar Year 2017.

B. **Third Quarter CY 2017 Financial Summary Write-Offs**

Mr. Violante presented the Write-Offs report for the Second Quarter of 2017.

C. **Third Quarter CY 2017 Executive Dashboard Report**

Mr. Calkins provided an update on the Executive Dashboard Report for the third quarter of CY 2017.

**D. Third Quarter CY 2017 Procurement Report**

Connie Davis, Deputy Executive Director, reported on the procurement activities for the period of July through September 2017. The report represents the activity involved in the award of contracts over the amount of \$100,000 and change orders that cumulatively exceed 10% of the original contract amount.

**E. CY 2018 Budget Briefing**

Ms. Davis also presented an overview of KCHA's CY 2018 Budget.

**F. Implications of proposed changes in the IRS Code on Somerset and Highland Village Syndications**

Dan Watson, Deputy Executive Director, outlined the impacts of the changes in the federal tax code currently proposed by Congress on the Low Income Housing Tax Credit (LIHTC), a key tool used nationally to build affordable housing.

Mr. Watson briefed the Board on a contingency plan to issue bonds for the Highland Village and Somerset projects in order to preserve approximately \$25 million in LIHTC equity.

**IX. EXECUTIVE DIRECTOR'S REPORT**

Stephen Norman, Executive Director, announced that the King County Council has approved \$200 million in credit enhancement authority for KCHA.

Mr. Norman also provided details on KCHA's AA rating issued by Standards and Poor's and commended staff for their efforts.

Additionally, Mr. Norman gave an update on regional and federal legislative activities.

**X. KCHA IN THE NEWS**

None.

**XI. COMMISSIONER COMMENTS**

Commissioner Welch requested that the Board and staff revisit a list of items identified throughout the year that could be discussion topics for the January Board retreat.

**XII. ADJOURNMENT**

On motion by Commissioner Stewart and second by Commissioner Palmer, Chair Barnes adjourned the meeting at 10:14 a.m.

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

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**DOUGLAS J. BARNES**, Chair  
Board of Commissioners

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**STEPHEN J. NORMAN**  
Secretary

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

**Thursday, December 7, 2017**

**I. CALL TO ORDER**

The special meeting of the King County Housing Authority Board of Commissioners was held on Thursday, December 7, 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 1:04 p.m.

**II. ROLL CALL**

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

**Excused:** Commissioner Michael Brown (Vice-Chair)

**III. Public Comment**

None.

**IV. RESOLUTIONS FOR DISCUSSION & POSSIBLE ACTION**

- A. **Resolution No. 5577:** A Resolution authorizing the formation of a Limited Liability Limited Partnership and the submission of a tax credit application to the Washington State Housing Finance Commission for Highland Village within King County, Washington, and determining related matters

Stephen Norman, Executive Director provided a brief overview and introduction of the proposed Resolutions.

Tim Walter, Director of Asset Management and Development provided detailed information and background on Resolutions 5577, 5578, 5579 and 5580.

On motion by Commissioner Stewart and seconded by Commissioner Palmer, the Board unanimously approved Resolution No. 5577.

- B. **Resolution No. 5578:** A Resolution providing for the issuance of the Authority's Revenue Note, 2017 (Highland Village Project), in a principal amount not to exceed \$25,000,000, to finance the acquisition, construction and rehabilitation of the Highland Village project; and determining related matters

On motion by Commissioner Stewart and seconded by Commissioner Palmer, the Board unanimously approved Resolution No. 5578.

- C. **Resolution No. 5579: A Resolution of the Housing Authority of the County of King authorizing the formation of a Limited Liability Limited Partnership and the submission of a tax credit application to the Washington State Housing Finance Commission for Somerset Gardens within King County, Washington, and determining related matters**

On motion by Commissioner Stewart and seconded by Commissioner Welch, the Board unanimously approved Resolution No. 5579.

- D. **Resolution No. 5580: A Resolution providing for the issuance of the Authority's Revenue Note, 2017 (Somerset Garden Project), in a principal amount not to exceed \$20,000,000, to finance the acquisition and rehabilitation of the Somerset Gardens project; and determining related matters**

On motion by Commissioner Stewart and seconded by Commissioner Welch, the Board unanimously approved Resolution No. 5580.

**V. COMMISSIONER COMMENTS**

Commissioners thanked staff for the detailed information and commended the team for their work on these projects.

**VI. ADJOURNMENT**

On motion by Commissioner Stewart and second by Commissioner Welch, Chair Barnes adjourned the meeting at 1:44 p.m.

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

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**DOUGLAS J. BARNES**, Chair  
Board of Commissioners

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**STEPHEN J. NORMAN**  
Secretary

# T A B N U M B E R




**To:** Board of Commissioners

**From:** Linda Riley, Controller

**Date:** November 27, 2017

**Re:** **VOUCHER CERTIFICATION FOR OCTOBER 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  
November 27, 2017

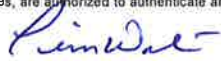
Bank Wires / ACH Withdrawals		7,094,769.72
	<i>Subtotal</i>	<i>7,094,769.72</i>
Accounts Payable Vouchers		
Key Bank Checks - #312208-#312787		8,733,807.95
Tenant Accounting Checks - #10475-#10489		14,561.09
Commerce Bank Direct Payment		49,819.96
	<i>Subtotal</i>	<i>8,798,189.00</i>
Payroll Vouchers		
Checks - #90645-#90673		30,001.08
Direct Deposit		1,353,659.14
	<i>Subtotal</i>	<i>1,383,660.22</i>
Section 8 Program Vouchers		
Checks - #619401-#619697		272,970.68
ACH - #396271-#399020		12,261,989.69
	<i>Subtotal</i>	<i>12,534,960.37</i>
Purchase Card / ACH Withdrawal		219,046.41
	<i>Subtotal</i>	<i>219,046.41</i>
	<b>GRAND TOTAL</b>	<b>30,030,625.72</b>

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

FROM: Wen Xu

SUBJECT: VOUCHER CERTIFICATION FOR OCTOBER 2017

I, Tim Walter, 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  
December 5, 2017

Property Oct-17	Wired to Operating Account(s) for Obligations of Property			Notes:
	Date	\$	Claim	
<b>Bellepark East</b>	10/4/2017	\$4,063.44	A/P	
	10/11/2017	\$12,119.30	A/P & Payroll	
	10/18/2017	\$4,343.02	A/P	
	10/25/2017	\$12,043.45	A/P & Payroll	
<b>Colonial Gardens</b>	10/4/2017	\$11,465.68	A/P	
	10/11/2017	\$14,934.17	A/P & Payroll	
	10/18/2017	\$9,141.13	A/P	
	10/25/2017	\$8,807.52	A/P & Payroll	
<b>Cottonwood</b>	10/4/2017	\$11,021.80	A/P	
	10/11/2017	\$16,567.16	A/P & Payroll	
	10/18/2017	\$3,320.11	A/P	
	10/25/2017	\$12,099.09	A/P & Payroll	
<b>Cove East</b>	10/4/2017	\$10,681.55	A/P	
	10/11/2017	\$30,433.86	A/P & Payroll	
	10/18/2017	\$14,134.22	A/P	
	10/25/2017	\$37,854.91	A/P & Payroll	
<b>Landmark</b>	10/4/2017	\$22,908.41	A/P	
	10/11/2017	\$16,411.30	A/P & Payroll	
	10/25/2017	\$40,189.39	A/P & Payroll	
<b>Timberwood</b>	10/4/2017	\$12,452.24	A/P	
	10/11/2017	\$53,822.25	A/P & Payroll	
	10/18/2017	\$12,301.03	A/P	
	10/25/2017	\$27,366.42	A/P & Payroll	
<b>Woodland North</b>	10/4/2017	\$5,395.09	A/P	
	10/11/2017	\$134,593.57	A/P & Payroll	
	10/18/2017	\$7,510.05	A/P	
	10/25/2017	\$8,571.18	A/P & Payroll	
<b>Woodside East</b>	10/4/2017	\$12,968.29	A/P	
	10/11/2017	\$19,249.53	A/P & Payroll	
	10/18/2017	\$20,193.38	A/P	
	10/25/2017	\$30,280.88	A/P & Payroll	
<b>Alpine Ridge</b>	10/5/2017	\$2,302.87	A/P & Payroll	
	10/12/2017	\$13,746.91	A/P & Debt Svc	
	10/19/2017	\$2,498.44	Payroll	
	10/26/2017	\$20,861.59	A/P & Debt Svc	
<b>Arbor Heights</b>	10/5/2017	\$5,461.28	A/P & Payroll	
	10/12/2017	\$12,214.28	A/P & Debt Svc	
	10/19/2017	\$6,408.06	Payroll	
	10/26/2017	\$44,955.33	A/P & Debt Svc	
<b>Aspen Ridge</b>	10/5/2017	\$9,210.70	A/P & Payroll	
	10/12/2017	\$7,559.63	A/P & Debt Svc	
	10/19/2017	\$4,592.10	Payroll	
	10/26/2017	\$45,154.18	A/P & Debt Svc	
<b>Auburn Square</b>	10/5/2017	\$15,605.89	A/P & Payroll	
	10/12/2017	\$41,237.88	A/P & Debt Svc	
	10/19/2017	\$9,215.62	Payroll	
	10/26/2017	\$23,364.39	A/P & Debt Svc	
<b>Carriage House</b>	10/5/2017	\$18,408.87	A/P & Payroll	
	10/12/2017	\$23,961.89	A/P & Debt Svc	
	10/19/2017	\$11,370.46	Payroll	
	10/20/2017	\$3,000.00	A/P	
<b>Cascadian</b>	10/26/2017	\$1,140.56	A/P & Debt Svc	
	10/5/2017	\$11,627.26	A/P & Payroll	
	10/12/2017	\$12,677.07	A/P & Debt Svc	
	10/19/2017	\$11,191.70	Payroll	
<b>Fairwood</b>	10/26/2017	\$99,331.37	A/P & Debt Svc	
	10/5/2017	\$13,890.44	A/P & Payroll	
	10/12/2017	\$29,531.79	A/P & Debt Svc	
	10/19/2017	\$6,609.38	Payroll	
	10/26/2017	\$115,171.30	A/P & Debt Svc	

<b>Heritage Park</b>	10/5/2017	\$4,881.74	A/P & Payroll	
	10/12/2017	\$39,391.90	A/P & Debt Svc	
	10/19/2017	\$5,065.04	Payroll	
	10/26/2017	\$11,466.09	A/P & Debt Svc	
<b>Laurelwood</b>	10/5/2017	\$7,464.04	A/P & Payroll	
	10/12/2017	\$33,188.78	A/P & Debt Svc	
	10/19/2017	\$7,813.45	Payroll	
	10/26/2017	\$26,444.33	A/P & Debt Svc	
<b>Meadows</b>	10/5/2017	\$20,243.73	A/P & Payroll	
	10/12/2017	\$12,317.73	A/P & Debt Svc	
	10/19/2017	\$5,846.68	Payroll	
	10/26/2017	\$56,527.68	A/P & Debt Svc	
<b>Newporter</b>	10/5/2017	\$7,892.51	A/P & Payroll	
	10/12/2017	\$56,550.36	A/P & Debt Svc	
	10/19/2017	\$10,447.16	Payroll	
	10/26/2017	\$37,151.93	A/P & Debt Svc	
<b>Overlake TOD</b>	10/5/2017	\$28,278.98	A/P & Payroll	
	10/12/2017	\$186,197.32	A/P & Debt Svc	
	10/19/2017	\$13,109.94	Payroll	
	10/26/2017	\$42,038.15	A/P & Debt Svc	
<b>Parkwood</b>	10/5/2017	\$5,388.55	A/P & Payroll	
	10/12/2017	\$40,404.22	A/P & Debt Svc	
	10/19/2017	\$5,154.36	Payroll	
	10/26/2017	\$96,268.77	A/P & Debt Svc	
<b>Somerset East</b>	10/5/2017	\$29,215.74	A/P & Payroll	
	10/12/2017	\$7,292.83	A/P & Debt Svc	
	10/19/2017	\$4,389.65	Payroll	
	10/26/2017	\$3,816.27	A/P & Debt Svc	
<b>Somerset West</b>	10/5/2017	\$30,634.47	A/P & Payroll	
	10/12/2017	\$6,287.49	A/P & Debt Svc	
	10/19/2017	\$5,528.36	Payroll	
	10/26/2017	\$9,625.42	A/P & Debt Svc	
<b>Southwood Square</b>	10/5/2017	\$6,554.35	A/P & Payroll	
	10/12/2017	\$28,350.51	A/P & Debt Svc	
	10/13/2017	\$230,997.69	Replacement Reserves	
	10/19/2017	\$5,895.99	Payroll	
	10/26/2017	\$10,200.27	A/P & Debt Svc	
<b>Walnut Park</b>	10/5/2017	\$11,604.40	A/P & Payroll	
	10/12/2017	\$79,710.36	A/P & Debt Svc	
	10/19/2017	\$11,731.92	Payroll	
	10/26/2017	\$28,313.62	A/P & Debt Svc	
<b>Windsor Heights</b>	10/5/2017	\$34,509.49	A/P & Payroll	
	10/12/2017	\$39,134.17	A/P & Debt Svc	
	10/19/2017	\$16,479.44	Payroll	
	10/26/2017	\$119,438.32	A/P & Debt Svc	
<b>Woodridge Park</b>	10/5/2017	\$11,080.09	A/P & Payroll	
	10/12/2017	\$41,595.22	A/P & Debt Svc	
	10/19/2017	\$11,946.50	Payroll	
	10/26/2017	\$48,640.14	A/P & Debt Svc	
<b>Gilman Square</b>	10/4/2017	\$151,595.13	A/P & Payroll	
	10/18/2017	\$55,407.55	A/P & Payroll	
<b>Meadowbrook</b>	10/4/2017	\$59,436.91	A/P & Payroll	
	10/18/2017	\$26,543.40	A/P & Payroll	
<b>Villages at South Station</b>	10/4/2017	\$32,036.66	A/P & Payroll	
	10/18/2017	\$45,631.97	A/P & Payroll	
<b>Rainier View I</b>	10/5/2017	\$4,260.30	A/P	
	10/12/2017	\$12,480.59	A/P	
	10/19/2017	\$8,323.70	A/P	
<b>Rainier View II</b>	10/5/2017	\$2,789.06	A/P	
	10/12/2017	\$10,543.86	A/P	
	10/19/2017	\$3,940.27	A/P	
<b>Si View</b>	10/5/2017	\$1,564.36	A/P	
	10/12/2017	\$4,994.36	A/P	
	10/19/2017	\$4,952.34	A/P	
<b>Abbey Ridge</b>	10/5/2017	\$47,391.64	A/P	
	10/19/2017	\$66,793.75	A/P	
<b>Highland Village</b>	10/5/2017	\$35,638.86	A/P	
	10/11/2017	\$31,200.00	A/P	
	10/19/2017	\$14,054.11	A/P	
<b>Vashon Terrace</b>	10/5/2017	\$13,588.42	A/P	
	10/18/2017	\$2,093.58	A/P	
<b>Portfolio Total:</b>		<b>\$3,487,311.63</b>		

# T A B N U M B E R

3



**TO:** Board of Commissioners

**From:** Craig Violante, Director of Finance

**Date:** December 13, 2017

**Re:** **Resolution No. 5582: Approval of the King County Housing Authority's Comprehensive Operating and Capital Budgets for the Calendar Year beginning January 1, 2018**

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Attached for your review are the 2018 Comprehensive Operating and Capital Budgets (Exhibits A and B, respectively). In an environment of weakened federal support for housing programs, the budget seeks to strike a balance between current uncertainties regarding 2018 funding levels and the growing regional need for housing, related assistance and the ongoing maintenance requirements of KCHA's housing stock. The budget makes significant investments in maintaining affordability and housing quality for current program participants while expanding housing opportunities across its programs. The Authority enters 2018 with 1,200 more households in our programs than at the beginning of 2017.

Below is a snapshot, in thousands of dollars, of the components of net income in the proposed 2018 budget vs. the 2017 budget:

	2017 Adopted Budget	2017 Midyear Budget	2018 Proposed Budget	Dollar Change	Percent Change
<b>Revenues</b>					
Tenant Revenue	\$81,390.7	\$81,390.7	\$93,389.5	\$11,998.8	14.7%
Operating Fund Subsidy from HUD	9,272.9	9,272.9	8,919.8	(353.1)	-3.8%
Section 8 Subsidy from HUD	128,128.4	130,841.4	143,118.8	14,990.4	11.7%
Other Operating Revenue	59,335.0	64,402.8	77,491.8	18,156.8	30.6%
Non-operating Revenue	17,552.3	17,552.3	24,300.2	6,747.9	38.4%
<b>Total Revenues</b>	<b>295,679.3</b>	<b>303,460.1</b>	<b>347,220.1</b>	<b>51,540.8</b>	<b>17.4%</b>
<b>Expenses</b>					
Salaries & Benefits	34,025.5	34,025.5	35,861.8	1,836.3	5.4%
Routine Maintenance, Utilities, Taxes & Insurance	29,525.3	29,525.3	31,983.7	2,458.4	8.3%
Direct Social Service Salaries & Benefits	2,469.3	2,469.3	2,742.9	273.6	11.1%
Other Social Service Support Expenses & HAP	151,242.9	156,901.9	169,811.6	18,568.7	12.3%
Administrative Support Expenses	19,187.2	19,187.2	19,881.7	694.5	3.6%
Non-operating Expenses	19,986.6	19,986.6	19,117.0	(869.6)	-4.4%
<b>Total Expenses</b>	<b>256,436.7</b>	<b>262,095.7</b>	<b>279,398.7</b>	<b>22,962.0</b>	<b>9.0%</b>
<b>Net Income</b>	<b>39,242.6</b>	<b>41,364.4</b>	<b>67,821.3</b>	<b>28,578.8</b>	<b>72.8%</b>

The 2018 budget includes a significant jump in revenue, reflecting an increase of \$43.8 million against the 2017 midyear budget. The most significant components of this bump include:

- \$12.3 million in additional HCV funding
- \$8.2 million in net new tenant rents-added Ballinger Commons and Friendly Village; removed Somerset Gardens and Highland Village
- \$2.6 million in rental increases in the workforce housing portfolio
- \$5.7 million accrual for developer fees for the Somerset Gardens and Highland Village projects; cash will be received in 2019 and later
- \$4.8 million in Greenbridge lot sales
- \$2.4 million in additional HCV port-in revenue

This budget assumes that KCHA will receive a 2018 Renewal Funding Inflation Factor (RFIF) adjustment for the MTW Housing Choice Voucher (HCV) program of 8%. Contrary to our observations of the local housing market which reflect quickly-rising rental rates, HUD's published 2-bedroom 2018 Fair Market Rent for King County actually showed a decline from 2017 to 2018 of 1.1%. As this metric is one of HUD's primary drivers of the RFIF, KCHA commissioned Washington State University to conduct a survey of area residents to determine the actual change in 2-bedroom rental rates in the local market. The results of the survey indicated a year-over-year increase of 19%. As HUD's past practice also includes factoring-in national rental trends, staff opted to use a more conservative forecast of 8%.

This estimated inflation factor, coupled with a funding prorate that is forecast to improve slightly next year from 97.0% to 97.6%, results in a budgeted \$9.6 million increase in 2018 HCV block grant funding. The estimated proration is roughly mid-way between the House version of the appropriations number, at 95.6%, and the Senate's, at 99%. This funding increase will be completely consumed by the estimated \$10.5 million increase in Housing Assistance Payment (HAP) expenditures resulting from changes in payment standards necessary to maintain affordability for the existing HCV program.

In addition to the above \$10.5 million bump in projected HAP costs, other significant components of the overall \$17.3 million increase in projected expenses are:

- \$2.4 million in additional HCV port-in HAP expense
- \$1.6 million in net new operating costs resulting from the addition of Ballinger Commons and Friendly Village, offset by the removal of Somerset Gardens and Highland Village
- \$1.5 million in personal service costs

KCHA's overall cash reserve levels, excluding restricted cash, are estimated to be \$124.2 million at 12/31/2018, down by \$8.2 million from projected 12/31/2017 balances.

Guiding this budget and the entire budgeting process are the main goals of KCHA as outlined by the Board:

- Preserve and expand the supply of affordable housing
- Help the region end homelessness
- Promote economic self-sufficiency for residents
- Strengthening the internal infrastructure of KCHA

To support KCHA's core mission, the 2018 budget includes:

- \$10.5 million toward the impact of the payment standards adopted by the Board in November 2017, the continued goal of housing additional families in the HCV program beyond HUD's baseline funding, and an increase of nearly 100 homeless veterans estimated to be housed by the end of 2018.
- \$20 million for the acquisition of new properties. This initiative assumes 100% debt-financing.
- \$5.4 million in development costs, primarily at Greenbridge and in Issaquah for the Trailhead Issaquah project.
- \$40.2 million for upgrades and repairs to preserve KCHA's existing housing stock, funded through a combination of Capital Fund Program (CFP) grants, operating cash flow, reserves, and borrowing proceeds.
- A funding commitment of \$2.9 million dedicated to a variety of locally designed homeless programs such as sponsor-based supportive housing, flexible rental assistance, and housing for domestic violence victims. These programs complement the extensive use of Housing Choice Vouchers to support the region's rehousing efforts.
- \$7.3 million for a wide array of resident service programs focused on educational outcomes for youth, student housing and classroom stability, economic mobility and self-sufficiency, and youth and senior services.

## **OPERATING BUDGET**

From a budgeting perspective, KCHA's operating budget can be broken out into three broad categories:

- MTW-Funded Properties and Programs
- Agency Overhead Aggregated in the Central Office Cost Center
- Non-MTW-Funded Properties and Programs

Of these three, the first two require the greatest levels of decision making during the budget process as they are either Federally-supported and thus dependent upon

uncertain congressional appropriations, or rely on the cash flows of other programs to sustain them. While the non-MTW-funded properties and programs are vitally important to KCHA as they pay a significant portion of agency overhead, they are self-sustaining and in many cases budget decisions are limited by agreements with bondholders and equity investors.

### **MTW-funded Properties and Programs**

KCHA entered the MTW Program in 2003. From a financial perspective, participation in the program gives KCHA three distinct benefits:

- 1) It allows the funding for the bulk of the vouchers in the Housing Choice Voucher (HCV) program (also known as the Section 8 program) to be received as a block grant
- 2) Since funding is received as a block grant, savings realized in Housing Assistance Payment (HAP) or Section 8 administrative costs can be retained, and in combination with revenues from the Public Housing program (Operating Fund Subsidy and Capital Fund grants), can be used for any purpose allowed under the MTW program
- 3) Full funding for all vouchers that are part of the block grant is automatically renewed each year, enabling KCHA to continue to receive the benefit of savings realized through efficiencies in program operations. This is in contrast to non-block-grant programs where renewal funding is limited to the actual cost of vouchers leased in the prior year.

Using a combination of 2018 program sources and existing reserves, funding for the range of programs and departments that utilize the MTW block grant will be sufficient in 2018 based on current assumptions. With the new Administration, adequacy of funding in 2019 and beyond remains a question mark. The Authority has begun to dial back its HCV block grant over-leasing initiative until at least April 2018 when the funding picture should become clearer.

The following table is presented on a cash basis and differs slightly from the working capital version found in the budget:

Projected Available MTW Resources, 1/1/2018	\$3,575,900	(1)
<i>Housing Choice Voucher Block Grant</i>		
Block Grant Eligibility, 2018	130,925,858	
Loss Due to Estimated Prorate	(3,142,220)	
Budgeted Block Grant Revenue	127,783,638	
<i>Other Available Resources</i>		
Resources Returned to MTW Program from Lending Activities	3,146,579	
Resources Returned to MTW Program from Collateral Activities	1,389,005	
Public Housing Operating Fund Subsidy for Resident Services	422,719	
Other Revenue Sources	935,787	
Total Other Available Resources	5,894,090	
Total Available Resources	137,253,628	
<i>Core Operating Uses</i>		
HAP Payments to Landlords	(104,898,355)	
Administrative Expenses of HCV Program	(8,607,514)	
Backfill of Underfunded Special Purpose HCV Vouchers	(1,019,165)	
Additional Support of Public Housing Operations	(2,334,327)	
Resident Services	(5,619,048)	
Homeless Programs	(2,476,666)	
Policy and Administrative Expenses	(1,409,587)	
Other Programmatic Uses	(532,291)	
Total Core Operating Uses	(126,896,953)	
Total Available Resources after Operations	10,356,675	
<i>Other Uses</i>		
Additional Support of Public Housing for Capital Needs	(10,226,414)	
Total Other Uses	(10,226,414)	
Projected Available MTW Resources, 12/31/2018	\$130,261	(1)
Net Change in Available Resources	(\$3,445,639)	

- 1) Excludes restricted cash pledged as collateral against borrowings used to fund rehabilitation projects, forecast to be \$10.3 million at 12/31/2017 and \$9.1 million at 12/31/2018

Properties and Programs that fall under the MTW umbrella include:

- Block-granted Housing Choice Vouchers
- Public Housing
- Resident Service programs
- Homeless Initiatives

**Block-granted Housing Choice Vouchers**

85% of the vouchers administered under of the Housing Choice Voucher Program are “Block Granted” and are part of the MTW program. With the addition of 104 Southwood Square tenant-protection vouchers to the program in February 2018, the Block Grant will include 8,253 vouchers with funding received from HUD in a monthly “block” of cash. Assuming the 8% RFIF inflation adjustment is awarded in 2018, KCHA will be eligible to receive \$130.9 million in funding. With a forecasted compromise between the Senate and the House appropriation bills resulting in slightly higher funding levels nationwide in 2018, KCHA has upped its prorated estimate from 97.0% to 97.6%.

Out of this revenue, KCHA subsidizes the rent of program participants by making monthly payments directly to landlords and pays the administrative costs of the program. Within the HCV program, the Authority uses its MTW authority in two key ways:

- KCHA currently supports more households than the baseline number of households for which it is funded. This “over-leasing” has been projected to ramp down throughout 2018 to approximately 42 vouchers by the end of 2018, meaning that KCHA will lease 100.5% of the HUD-funded voucher baseline by year end. When all locally-designed programs are factored in, KCHA anticipates housing 269 households above the number called for in the HUD baseline. The ramp down will be re-evaluated once 2018 appropriations and inflation adjustment numbers are known.
- KCHA has the flexibility to set different maximum values for vouchers, depending upon the number of bedrooms in the rental unit and its geographic location. These voucher values are known as Payment Standards. MTW allows KCHA to provide payment standards in high opportunity neighborhoods significantly above the regional Fair Market Rents. This expands geographic choice for program participants and supports KCHA’s goal of increasing the number of households living in these neighborhoods. The Board adopted a new six-tier payment standard in November 2017 with a resulting increase in the annualized costs of the program, when coupled with a generalized 5% increase in market rents, of approximately \$8.65 million when fully implemented. The year-long adequacy of current payment standards in this rapidly appreciating rental market is questionable. KCHA will also re-evaluate these standards once the year’s funding levels have been established and Spring market data is available.

To administer the HCV program, HUD pays a fee for every voucher leased based on pre-determined published rates. For non-block grant vouchers, these fees are received monthly after leasing information is reported to HUD. For MTW vouchers, fees are embedded as part of KCHA’s monthly block grant payment from HUD, and the revenue is recorded in the MTW fund. The Section 8 fund internally bills the MTW fund each month for MTW vouchers leased. The billing rate of this internal charge is determined by KCHA during the budget process and, as an operating metric, the value is compared to the non-block grant fee

rate. For 2018, it is estimated that HUD's published fee will be approximately \$90.00 per unit per month (PUM) while KCHA's internal rate is being set at \$83.50, meaning that KCHA is operating its Section 8 program within the cost parameters assumed by HUD although not necessarily within the actual funding provided by HUD, as the administrative fee for non-block grant vouchers has been subject to significant proration in recent funding cycles

### **Public Housing**

For 2018, it is projected that KCHA's **Public Housing** program is eligible, based on HUD's funding formula, to receive \$9.6 million of Operating Fund Subsidy. However, due to chronic congressional underfunding, it is estimated that only 90% of eligible funding, or \$8.7 million, will actually be received. Of this amount, \$423,000 is dedicated toward the cost of resident service programs, and \$1.6 million is being transferred to the Energy Performance Contract project pursuant to the HUD requirement that a minimum of 75% of annual energy savings must be spent on energy-saving initiatives (mostly through amortization of the debt incurred to pay for the installed measures). The remaining \$6.6 million will be used to partially offset the gap between the operating costs of the properties and the rents received from tenants, but a deficit of \$2.3 million will remain. A transfer of \$3.6 million from the Section 8 Block Grant revenue stream will backfill this shortfall and provide \$1.3 million in additional funds for extraordinary maintenance projects to be performed by members of KCHA's Central Maintenance crew.

### **Resident Services**

The Resident Services department has budget authority for 37.33 full-time equivalent (FTE) employees in 2018. It has an overall department budget of \$7.3 million, of which 80.6% is funded from the MTW block grant, 5.8% from Public Housing Operating Fund subsidy, 10.2% from the Gates Foundation (limited-term funding) and the remainder from various grants and partner agencies. There will be a continued focus on education, housing stability and workforce development in 2018.

Key program groups being funded include:

- \$2.3 million for after school/educational initiatives
- \$1.5 million for workforce development
- \$1.8 million for elderly and family services
- \$1.7 million for other purposes, including relocation, reasonable accommodations, Section 8 resident outreach and general administration

### **Homeless Initiatives**

KCHA's Public Housing and Section 8 programs continue their focus on ending regional homelessness. In 2016, (the most recent year for which data is available) more than 50% of new housings went to formerly homeless households. The Homeless Housing Initiatives (HHI) department both oversees use of Section 8 vouchers in partnership with regional efforts and develops innovative new initiatives serving those who, for a variety of reasons, cannot use traditional federal programs. HHI's 2018

budget of \$2.9 million includes a wide array of locally designed rental assistance programs. Highlights of the 2018 work plan include:

- Increasing sponsor-based utilization rates. Homeless Housing will focus efforts on out-of-the box strategies to help support our sponsor's efforts with landlord recruitment and retainage with the goal of increasing overall utilization rates to at least 90%.
- Pursue and secure all new federal voucher resources (Mainstream, VASH and FUP vouchers) made available by HUD during 2018.
- Deepen the partnerships supporting high-need households through KCHA's special purpose voucher programs. As part of this initiative, housing stability metrics for participants will be analyzed to help identify opportunities to better support the most vulnerable households served by KCHA.

### **Central Office Cost Center (COCC)**

Expenses for most administrative departments are aggregated in the COCC, and the costs are then recovered through a series of fees charged to properties and programs, plus the transfer of excess cash flow from workforce housing properties. The COCC covers most activities within the Human Resources, Information Technology, Administrative Services, Communications and Executive departments, as well as certain functions within Asset Management, Housing Management and Capital Construction.

A summary of the core COCC budget is below, and excludes the activities of the Central Maintenance and Vehicle funds as those are not considered part of KCHA's general overhead activities. It also differs from the working capital budget as it presented on a cash basis. Although the budget reflects a net reduction in available resources of \$3.1 million, \$2.5 million of the reduction is from the \$2.5 million in loans to Greenbridge and HomeSight. There are sufficient reserves to cover any additional shortfalls.

Projected Available COCC Resources, 1/1/2018	\$47,505,281
<i>Operating Resources</i>	
Fees and Other Revenue	9,640,592
Cash from Asset-Managed Properties	6,200,079
Total Operating Resources	15,840,671
<i>Other Resources</i>	
Resources Returned to COCC from Lending Activities	657,660
Total Other Resources	657,660
Total Available Resources	64,003,612
<i>Core Operating Uses</i>	
Operating Expenses	(14,744,858)
Support of Ballinger Commons	(1,400,000)
Support of Local Properties	(182,067)
Support of Wx Program	(148,000)
Total Operating Uses	(16,474,925)
Total Available Resources after Operations	47,528,687
<i>Other Uses</i>	
Greenbridge/HomeSight Loans Made from COCC	(2,543,819)
Funding Capital Projects	(550,917)
Total Other Uses	(3,094,736)
Projected Available COCC Resources, 12/31/2018	44,433,951
Net Change in Available Resources	(\$3,071,330)

77% of COCC costs are attributable to personnel, making it a challenge to reduce costs. The complexity of the organization generally requires the staff size the Authority maintains. KCHA will need to continue to identify operational efficiencies or additional sources of revenue in future years to support operations at this level.

### **Non-MTW-funded Properties and Programs**

In its **Workforce Housing** portfolio, which includes properties under the ownership of tax credit investors but excludes the mobile home and Nike portfolio, KCHA currently has 37 separate properties with 5,330 apartments. These properties are managed by outside fee-based property management companies. All properties have some form of debt outstanding, and the servicing of this debt comes from the cash flow of each of the properties. In addition, each property makes monthly contributions to replacement reserve accounts and annually self-funds capital repair and rehabilitation projects. The net cash flow for these properties, projected to be \$6.2 million in 2018, also supports general KCHA overhead via the payment of fees and transfers to the COCC.

The **Weatherization and Housing Repair program** provides energy conservation improvements to low income residents of King County living in single family residences, mobile homes, and multifamily housing. It also provides repairs to

single-family homes through the City of Bellevue Housing Repair program. The 2018 budget includes construction activity of \$4.5 million to weatherize or repair 420 housing units and is funded through six separate federal, state and local grants and contracts.

## CAPITAL BUDGET

Below is a summary of the capital budget. Full detail can be found on Attachment B.

Category	Budgeted Amount	Managed by	Funding Sources
Rehabilitation of existing properties	\$14,883,935	Capital Construction Department	MTW, CFP grant, COCC, MKCRF reserves and cash flow
	\$8,100,186	Housing Management Department	MTW, Operating Fund subsidy, site cash flow, QECB bond proceeds
	\$16,377,877	Asset Management Department	Replacement reserves and site cash flow
Development Activities	\$2,300,000	Development Department	COCC
Acquisition of new properties	\$24,727,250	Development Department	New debt, sale of Eastside Maintenance Building, grants
Work at Greenbridge site	\$3,071,035	Development Department	Internal loans
Other	\$230,355	Various	Various
<b>Total</b>	<b>\$69,690,638</b>		

Not included in the capital budget are project expenditures for Somerset Gardens or Highland Village, estimated at \$7,373,000 and \$20,800,000, respectively. KCHA does not include capital or operating budgets for properties owned by Low Income Housing Tax Credit partnerships and not managed by the Authority.

Highlights of the capital budget include:

- \$40.2 million for construction and A & E costs for a variety of projects, including
  - \$5.9 million as part of the Energy Performance Contract
  - \$3.3 million for 120 unit upgrades to be completed at various portfolios
  - \$7.7 million at Public Housing Properties
  - \$3.6 million at Moving King County Residents Forward properties
  - \$15.0 million at workforce housing properties
  - \$4.7 million at other properties
- \$20.0 million for the acquisition of new properties
- \$4.7 million for the acquisition of the Houghton property
- \$2.9 million in pre-development activities
- \$1.9 million in other activities including internal personnel and relocation costs

## THE INVESTMENT IN KCHA'S EMPLOYEE INFRASTRUCTURE

### ***Employee Count***

The 2018 budget includes 407 full-time equivalent (FTE) positions, a net increase of 5.6 positions over 2017.

The following positions have been added since the adoption of the 2017 budget:

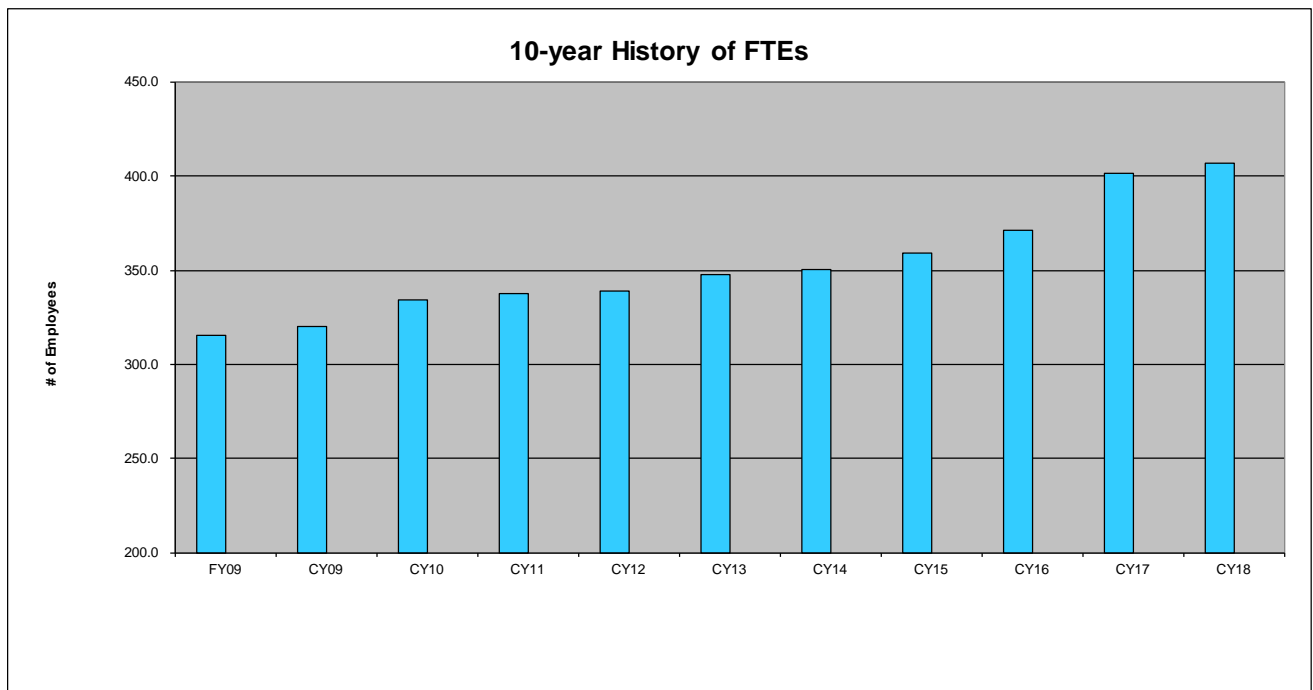
- A Trainer in the Human Resources department
- Six employees in the Homeownership program
  - Four via the acquisition of Friendly Village
  - Two from bringing the management of Wonderland Estates in-house
- One Construction Manager
- One Construction Coordinator

The following positions are being proposed in the 2018 budget:

- Three part-time interns in Housing Management-equal to 1.5 FTEs
- A Resident Services Coordinator (bringing the duties in-house that a contractor currently performs)

Offsetting these additions is the elimination of the following:

- Two positions temporarily assigned to the EPC project
- Two positions temporarily assigned to the Tenmast conversion
- A technical writer position
- One vacant FTE in the Section 8 Department



***Personal Service Costs***

A Board-approved Cost of Living Adjustment (COLA) wage increase of 3.2% was awarded to non-represented employees in November 2017. An estimated COLA of 2.5% has been factored into the budget for November, 2018.

The Public Employees Retirement System (PERS) contribution rate hit 12.7% on July 1, 2017 up from 11% in the prior year. It is projected this rate will remain unchanged through 2018. The average health insurance cost per employee is rising from \$14,143 to \$14,323, a modest 1.3% increase.

**CASH BALANCES**

Below is the 2018 cash budget:

	Projected Cash 12/31/2017	Budgeted 2018 Activity	Projected Cash 12/31/2018
Unrestricted	\$62,463,428	(\$11,287,472)	\$51,175,956
Designated & Program-restricted	69,922,576	3,092,933	73,015,509
Restricted	74,518,724	(46,467,376)	28,051,348
Set-aside to pay short-term debt	3,942,816	0	3,942,816
	<u>\$210,847,544</u>	<u>(\$54,661,915)</u>	<u>\$156,185,629</u>

Significant 2018 changes in cash include:

- Use of the restricted proceeds from the \$45 million Private Activity Bonds issued in December 2017 for the Highland Village and Somerset Gardens projects
- Use of \$5.9 million of debt proceeds for Energy Performance Contract upgrades
- Loan of \$2.5 million into Greenbridge/HomeSight
- Use of \$2.3 million for pre-development purposes

KCHA is also awarded annual Capital Fund Program grants. These grants are on a reimbursement-only basis and thus are not shown as an asset of KCHA. However, it is forecast that as of the end of 2018, \$11.7 million of untapped grant awards will be available for capital purposes.

**THE HOUSING AUTHORITY OF THE COUNTY OF KING**

**RESOLUTION NO. 5582**

**APPROVAL OF THE COMPREHENSIVE OPERATING BUDGET FOR  
CALENDAR YEAR BEGINNING JANUARY 1, 2018**

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**WHEREAS**, the Executive Director has submitted a Comprehensive Operating Budget for the Calendar Year beginning January 1, 2018 (Calendar Year 2018); and

**WHEREAS**, the Board of Commissioners has determined that the proposed expenditures are necessary for the efficient and economical operation of the Housing Authority for the purpose of serving low-income families; and

**WHEREAS**, the Budget indicates sources of funding adequate to cover all proposed expenditures; and

**WHEREAS**, all proposed rental charges and expenditures will be consistent with provisions of the Washington State Housing Authority Law (RCW 35.82) and the Annual Contributions Contract (where applicable); and

**WHEREAS**, the Authority hereby certifies that no employee of the Housing Authority is serving in a variety of positions which will exceed 100% of his/her time. This certification includes the proration of an employee's time between the various programs administered by the Housing Authority of the County of King; and

**WHEREAS**, the Authority certifies that none of the funds in the budget authorized under Section 8 (only with respect to the tenant-based rental assistance program) and Section 9 of the United States Housing Act of 1937 will be used for any amount of salary for any employee that exceeds the annual rate of basic pay payable for a position at Level IV of the Federal Executive Schedule; and

**WHEREAS**, the Authority certifies that a drug-free workplace is provided to employees as required by the Drug-Free Workplace Act of 1988; and

**WHEREAS**, the Authority certifies that no Federally appropriated funds will be paid on behalf of the Housing Authority to any person for influencing or attempting to influence an officer or employee of any agency, a Member of

Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan or cooperative agreement; and

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

SECTION 1: The following expenditures are hereby authorized for the Calendar Year beginning January 1, 2018:

Fund Groups	Total Expenditures	Other Uses of Working Capital	Total
Public Housing, KCHA-owned	\$11,847,999	\$13,331,319	\$25,179,318
Public Housing, other ownership	13,760,939	6,290,836	20,051,775
Other Federal housing, KCHA-owned	2,290,739	2,151,823	4,442,562
Other Federal housing, other ownership	17,115,577	12,692,280	29,807,857
Section 8 program	165,397,771	0	165,397,771
MTW program	9,585,301	279,371	9,864,672
Local housing, KCHA-owned	39,209,369	53,492,835	92,702,204
Local housing, other ownership	948,995	251,594	1,200,589
Tax credit properties	(8,226,470)	80,819,295	72,592,825
Development program	722,447	31,040,545	31,762,992
Other funds	8,023,850	6,610,167	14,634,017
Central Services	18,722,220	4,838,176	23,560,396
Total 2018 Expenditures	<u>\$279,398,737</u>	<u>\$211,798,241</u>	<u>\$491,196,978</u>

SECTION 2: The Detail of Budgeted Revenues and Expenses as found in Exhibit A are hereby incorporated into this resolution.

**ADOPTED AT A REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING THE 18<sup>TH</sup> DAY OF DECEMBER, 2017**

**THE HOUSING AUTHORITY OF  
THE**

**COUNTY OF KING, WASHINGTON**

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**Doug Barnes**, Chair  
Board of Commissioners

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**Stephen J. Norman**  
Secretary-Treasurer

# T A B N U M B E R



**To:** Board of Commissioners

**From:** Connie Davis, Deputy Executive Director

**Date:** December 13, 2017

**Re: Resolution No. 5583: Commitment of CY 2017 Excess Savings from the Energy Performance Contract**

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**Executive Summary**

Under the U.S. Housing and Urban Development (HUD) regulations, KCHA is allowed to retain up to 25% of the savings generated by its Energy Performance Contract. The debt service, monitoring and verification, replacement reserves and administrative costs, must use at least 75% of the savings. Should KCHA's retainage of savings exceed 25%, the difference is subject to recapture by HUD. Resolution 5583 commits any excess savings incurred in 2017 to elevator upgrades in up to 10 high rise public housing buildings during 2018.

**Background**

KCHA entered into its Energy Performance Contract with Johnson Controls, Inc. (JCI) and the Washington State Department of Enterprise Systems (DES) in January 2016. In general terms, JCI performed energy audits on KCHA's public housing inventory and specified an assortment of energy conservation measures to be installed in these buildings. KCHA internally lent \$11.7 million and borrowed an additional \$10.4 million using Qualified Energy Efficiency Bonds (QEGBs) to finance installation of these measures. The savings from these measures, earned over a period of 20 years, are designed to support project costs with a maximum of 25% of savings retained by KCHA for non-energy related purposes. The project is not yet finished and the final tally of measures and savings are not completed.

In CY 2017 KCHA requested \$4.0 million in energy reimbursements, based on a frozen baseline, from HUD. Given an actual utility expense of \$1.8 million, this netted a savings of \$2.2 million. Preliminary estimates show that close to 75% of these savings were utilized for allowable energy related purposes. Should final calculations show actual expenditures to be lower, than \$1.65 million (75% of the savings), KCHA might find itself in a recapture situation. On the advice of JCI, the Board is being asked to commit any excess savings to an eligible CY 2018 energy related project, namely the upgrade of elevators in its public housing high rises.

As background on the elevator project, KCHA has 22 high rise public housing buildings, most of which are more than 40 years old. The useful life of these elevators is drawing to a close and significant work will be needed on them in the next few years. Fortunately, upgrades to the elevator systems generate enough energy savings to qualify them as energy conservation measures as defined by the EPC program. Over the past few months, the Capital Construction Department has contracted with an engineering firm to assess the condition of and design upgrades for 10 elevators. They are now entering into a contract with another firm to perform the actual work. This is a very long lead time project, with roughly six months required between procurement and the start of construction due to fabrication requirements. The CY 2018 budget contains funding for upgrades to 4 elevators and with another 6 having been designed; the department could move forward with more work should excess savings from the EPC project be available to support it.

When the JCI portion of the project is completed in early 2018, staff will provide another update to the Board on the entire EPC project. At that time, staff will verify the actual amount committed under this resolution, if any. There is also a strong probability that additional funds to support elevator upgrades or other measures will be lent to the EPC project, at that time, in order to increase the project scope, provide for addition energy savings, and reduce the possibility of future recaptures.

**Staff Recommendation**

Passage of Resolution No. 5583 is recommended.

**THE HOUSING AUTHORITY OF THE COUNTY OF KING**  
**RESOLUTION NO. 5583**  
**COMMITMENT OF CY 2017 EXCESS SAVINGS FROM THE AUTHORITY'S**  
**ENERGY PERFORMANCE CONTRACT**

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**WHEREAS**, King County Housing Authority (KCHA) has entered into an Energy Performance Contract (EPC) with Johnson Controls, Inc. (JCI) as authorized by 24 CFR 995.185 and further described under the terms of its Moving to Work authorization; and,

**WHEREAS**, savings under an EPC are defined as the difference between the incentives provided by the U.S. Department of Housing and Urban Development (HUD) as requested by KCHA in its annual public housing operating subsidy filings and the amount of utility expenses in the base year used to request the subsidy; and,

**WHEREAS**, the amount to be retained by a housing authority is limited to 25% of the savings; and,

**WHEREAS**, excess savings are defined as any amount above the 25% limit which is not used for project costs such as debt service, Monitoring & Verification, replacement reserves and additional energy conservation measures (ECMs); and,

**WHEREAS**, HUD may recapture any amount of excess savings above the 25% limit; and,

**WHEREAS**, current analysis of Calendar Year 2017 indicates KCHA may have savings above the 25% limit; and,

**WHEREAS**, in CY 2018 additional ECMS have been identified by KCHA for the EPC, including elevator replacements in up to ten public housing high rises; and,

**WHEREAS**, elevator replacements are multi-year projects involving extensive engineering and fabrication of parts; and

**WHEREAS**, KCHA has contracted with an engineering firm to develop specifications for the upgrades of ten elevators; and

**WHEREAS**, commitment of funding for actual construction is contingent upon procurements that cannot take place until all engineering specification and bid documents have been completed; and

**WHEREAS**, KCHA may have additional excess savings in 2017 that will be available to help defray the cost of these projects where engineering work has already commenced; and

**WHEREAS**, such excess savings may be committed by the Board of Commissioners for completion of elevator replacement project work in 2018; and,

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

**Section 1.** Any CY 2017 excess savings resulting from the EPC is committed to elevator upgrades at up to 10 public housing high rise buildings.

**Section 2.** The Executive Director will report to the Board when the CY 2017 EPC savings calculation is complete to verify the amount, if any, of excess savings committed by this Resolution.

**ADOPTED BY THE BOARD OF COMMISSIONERS OF THE HOUSING  
AUTHORITY OF THE COUNTY OF KING THIS 18th DAY OF DECEMBER,  
2017.**

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

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**DOUGLAS J. BARNES, Chair**

Attest:

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**STEPHEN J. NORMAN, Secretary**

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**To:** Board of Commissioners

**From:** Craig Violante, Director of Finance

**Date:** December 13, 2017

**Re:** **New Bank Accounts**

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

Bank: Bank of America

- Housing Authority of the County of King – Colonial Gardens Depository
- Housing Authority of the County of King – Cottonwood Depository
- Housing Authority of the County of King – Cove East Depository
- Housing Authority of the County of King – Timberwood Depository
- Housing Authority of the County of King – Woodland North Depository

Bank: Umpqua Bank

- Housing Authority of the County of King – Cottonwood Operating
- Housing Authority of the County of King – Cottonwood Security Deposits
- Housing Authority of the County of King – Cove East Operating
- Housing Authority of the County of King – Cove East Security Deposits

Purpose: A new external property management company was selected off the Small Works Roster after a competitive bidding process to replace the existing management company at Colonial Gardens, Timberwood, Woodland North, Cottonwood, and Cove East resulting in the need for new bank accounts.

The Authority opened full business checking accounts with Bank of America that will be used to receive and hold property income. The Depository Accounts will also wire funds to the Operating Account to fund operating expenses.

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

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

Operating and Security Deposit accounts for Colonial Gardens, Timberwood, and Woodland North are expected to be opened by the new management company in December.

- Housing Authority of the County of King – Ballinger Commons Depository

Bank: Bank of America

Purpose: The Authority opened a full business checking account that will be used to receive and hold property income for Ballinger Commons. More accounts are expected to be opened when the property is acquired in December.

- Corinthian TOD LLLP Supplemental Reserve

Bank: Bank of America

Purpose: The Authority opened a full business checking account that will be used to hold excess development cash for use for future repairs. The Supplemental Reserve Account would transfer funds to the Operating Account to fund these expenses.

# T A B N U M B E R

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# **KCHA IN THE NEWS**

## **GSBA reflects on 2017**

The Greater Seattle Business Association capped off 2017 with an annual meeting where Business & Humanitarian Awards recipients were announced and local lawmakers gave an optimistic preview of the 2018 legislative session.

GSBA president Louise Chernin shared highlights from the past year, including how the state's largest LGBTQ chamber of commerce in 2017 raised \$950,000 in student scholarship funding. This year marked \$3 million in total awards to LGBTQ and allied students to pursue their leadership potential over four years.

"There is no one doing that," Chernin said, "so I just have to say that is really remarkable to stay with a student for four years."

This was also the first year the GSBA led a leadership academy with students from around the country.

Antioch University provost Benjamin Pryor said the school's partnership with GSBA has allowed the university to identify challenges for its LGBTQIA students and improve on its environmental education and mental health counseling. Antioch is also developing a post-graduate certificate for LGBTQIA counseling.

The chamber took a leadership position in the fight to oppose Initiative 1552, said GSBA chair Drew Ness, which failed to get enough signatures to make the November ballot this year. It would have restricted people to use the bathroom, locker room and other facilities that correspond with their biological gender.

Ness said GSBA also led the creation of LGBT Business Enterprise certification and an economic summit that included 17 cities and five states.

Chernin spoke about GSBA's involvement in the first LGBT cultural mission to Asia, which was organized with help from the Greater Seattle Chinese Chamber of Commerce. She lauded the coming together of the GSBA and Seattle's ethnic chambers of commerce.

Moderating a conversation with 43rd Legislative District lawmakers during Wednesday's GSBA luncheon was former state senator and current Seattle City Light chief of staff Calvin Goings, who noted the start of 2017 wasn't great.

"I think 2017 is closing strong," he said, citing progressive election victories that included Seattle Mayor Jenny Durkan and Manka Dhingra, who took the 45th Legislative District. "And, surprise of all surprises, Alabama," Goings referring to Doug Jones' victory in the Alabama Senate race against Roy Moore on Tuesday.

The 2018 legislative session convenes in Olympia on Jan. 8 for a short 60-day session.

"We are going to pass a capital budget, and we are going to do it quickly," said Sen. Jamie Pedersen.

Washington Democrats blame a stalled capital budget on Republicans refusing to vote on the matter until a Hirst water-rights agreement is reached.

Pedersen said the preferred solution is a compromise on water rights, and then passage of the capital budget. He said it's embarrassing that Washington currently doesn't have an approved capital budget, which is preventing projects from moving forward and people from getting jobs.

The Seattle senator also sees a bill banning conversion therapy sailing through the House and Senate this upcoming session. Seattle outlawed the practice last year.

One benefit to same-sex couples Pedersen believes will pass in the 2018 session are changes to the Uniform Parentage Act, where adoptions would be guaranteed legal in all states, and paying a surrogate mother would no longer be a class C felony; new regulations would be put in place to protect both parties, he said.

House Speaker Frank Chopp said he sees the Washington Legislature responding to a number of national issues, such as the "corrupt scandal" of Congress not funding the Children's Health Insurance Program (CHIP). In Washington state, that CHIP funding amounted to nearly \$250 million in 2017. A portion of that is directed to the state's own Apple Health/Medicaid coverage, Chopp said.

Rep. Nicole Macri said she's excited to see the roll out of paid family leave in Washington in 2019, with benefits taking effect in 2020.

One challenge she sees this upcoming session is stabilizing the market for individual health insurance for single contractors and small businesses.

Addressing gun violence through regulation has been impossible, Pedersen said, because Senate Republicans refused to pass anything not supported by the NRA. He is sponsoring a bill that would allow people experiencing a mental health crisis to put themselves on a do-not-sell list for firearms. He is also hopeful a bipartisan bill addressing bump stocks, which were used by Stephen Paddock in October to kill 58 people and injure 546 more at a Las Vegas concert, will pass next session. Bump fire stocks allow semi-automatic weapons to fire like automatics.

Being a chamber meeting, the topic of taxes did come up, with legislators optimistic new revenue options could be put on the table while others, such as the business and occupation tax and real estate excise tax, could be made more progressive.

Pedersen said a new capital gains tax would be one way to offset a property tax increase that takes effect in 2018 — up to \$2.60 per \$1,000 of assessed property value. The burden from local levies will go down, he added, but not until 2019.

Macri said the House last session did look at B&O reform, making REET more progressive, capital gains and rolling back tax exemptions. What did get passed, she said, was a bill that requires online retailers, such as Amazon, to collect and remit sales or use tax.

The representative will also be focused with Chopp on addressing housing affordability and supply in Washington, Macri saying rental costs have increased 22 percent in the state and 57 percent in Seattle in the past six years.

Chopp said the Legislature is now looking at acquiring properties in danger of being torn down and preserving them. He referred to the Highland Village property in Bellevue, which houses mostly new immigrants. That property was saved, he said, and is now owned by the King County Housing Authority.

The House Speaker has also been brokering a deal to acquire Seattle Central College's surplus South Annex property for a homeless youth opportunity center with housing. Chernin, who sits on the Seattle Colleges board, said she's excited about this future development in Capitol Hill.

# Impact of 'tax reform' on affordable housing would be devastating

By **STEPHEN NORMAN, ANDREW LOFTON AND KIM HERMAN**  
*Special to The Times*

**I**n the midst of a housing crisis, with rents escalating at record rates and working households being priced out of homes and apartments in the Puget Sound area, the U.S. House Republicans' Tax Cuts and Jobs Act eliminates one of the most effective tools for developing affordable housing nationwide — private activity bonds, and the accompanying low income housing tax credits.

Administered locally by the Washington State Housing Finance Commission since 1987, this program has financed more than 24,000 affordable housing units in King County and Seattle alone by using \$1.4 billion in bond proceeds to leverage \$1.2 billion in private equity investment. Statewide, more than 54,000 affordable apartment units have been built using this tool. Elimination of the program would cancel more than 2,000 affordable units planned for development across Washington state next year.

The private activity bond program was created as a part of the bipartisan Tax Reform Act of 1986 enacted during the Reagan administration and has long been viewed as a success, inducing private-sector investment in an important public good — affordable housing.

The program has had longstanding support from both sides of the political aisle but is now a prospective casualty, not because the program is ineffective, but only because the current tax bill's authors are seeking funding that can be diverted to tax cuts for corporations and the wealthy. The House Republicans' approach will effec-

tively kill the development of nearly 1 million rental units of affordable housing nationwide over the next 10 years.

The local impact of this "tax reform" on new affordable housing in Seattle and King County would be devastating. If this legislation were enacted today, six privately-driven housing developments with more than 1,100 new affordable apartments — four in Seattle, one in SeaTac and one in Snoqualmie — would not happen. And another 1,000 units of housing that would have been financed by the end of 2018 also would never happen.

Another casualty would be the city of Issaquah's 355-unit mixed-income transit-oriented development slated for construction next to the Issaquah Park and Ride and proposed Light Rail Station. This \$100 million project — a partnership involving the city of Issaquah, a private developer and the King County Housing Authority — would catalyze community development in central Issaquah and leverage investments in public transportation.

The award-winning redevelopment of Yesler Terrace, where the Seattle Housing Authority is rebuilding 561 units for extremely low-income residents and adding 290 more units for others with low incomes, will not be able to continue. That's \$100 million of private equity in affordable housing that will be lost, along with an estimated 4,000 construction jobs. All of these projects are dependent on private activity bonds in order to proceed.

The tax package's math is premised on the creation of jobs and increased economic activity. Ironi-

cally, the private activity bond program, unlike tax cuts, is a proven economic development tool which has created an estimated 39,000 living wage jobs, \$2.8 billion in economic activity and \$530 million in tax revenues in King County and Seattle.

Eliminating a proven and effective program that induces the private sector to invest in important community needs, creates jobs and stimulates the local economy is not rational. Additional affordable housing is needed in job centers in our region and around the country, and is a critical element of any job-creation strategy. Elimination of private activity bonds and housing tax credits will exacerbate the housing crisis. The Senate has recognized this and wisely proposed retaining these provisions in the tax code. The House's approach is shortsighted on every level, one that will hurt millions of people in our country. With GOP-led passage of the House version last week, let's reinforce to the Senate that this is not acceptable to America's communities.



Stephen Norman is executive director of the King County Housing Authority. Andrew Lofton is executive director of the Seattle Housing Authority. Kim Herman is executive director of the

Washington State Housing Finance Commission.

# Kent youth centers shape young immigrants' lives

**FRIENDSHIP AND GUIDANCE** | An after-school program of Kent Youth and Family Services made all the difference for a lonely refugee girl from Vietnam.

By **CHRISTINE WILLMSSEN**  
*Seattle Times staff reporter*

Sometimes knowing that you belong is enough, especially if you are a refugee.

Vy Tran, a Vietnamese refugee, found that sense among the people at the after-school program at King County Housing Authority's Birch Creek Apartments.

Shortly after moving to the United States at 5 years old, Tran started going to the youth center, run by Kent Youth and Family Services. Year after year, mentors guided her and friends supported her on lonely nights and weekends when no one was at home.

## **Kent Youth and Family Services**

Promotes healthy development of children, youth and families by providing professional counseling, education and support services in South King County. It has offered programs for more than four decades.

"I built relationships here that I didn't have at home," said Tran, 22.

Kent Youth and Family Services' work includes recreational and educational programs at three King County Housing Authority sites: Birch Creek, Cascade Apartments and Valli Kee Homes.

Founded more than four decades ago, the organization — which provides professional counseling, education and support services in South King County — is one of 12 nonprofits supported by reader donations to The Seattle Times Fund For The Needy.

Tran, who is now a part-time recreational attendant at the Birch Creek Youth Center, said her mother doesn't talk about the challenges of being a single parent and moving seven children from Vietnam to the United States. Along the journey, Tran was born in a Thailand refugee

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## < Fund

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camp. Once they arrived in Kent, her mother left her alone most of the time.

"She worked seven days a week," at a hair and nail salon, and her siblings were at school or work, she said.

During junior high she depended on tutors at the youth center to help her with homework because her mom spoke only Vietnamese.

Tran built friendships and took advantage of the many things offered at the youth center, like winter break parties, free school supplies, computer literacy with a free laptop and free food.

She also set a high goal, hoping to simultaneously earn a high-school diploma and an associate degree.

But she tore a ligament in her knee, forcing her to sit on the bench her senior year of basketball, and she was overwhelmed with attending college classes.

When she leaned on youth program director Cyoon McBride for help, he listened.

"I broke down," she said. "I cried in his office. I was so close to not having all the (college) credits. He said, 'You'll be OK.'"

### Lighting the fire

As a role model to many of the youth, McBride said,

### ABOUT THE SERIES

The Seattle Times Fund For The Needy raises money for 12 local charities that help children, families and senior citizens. You can donate online at [seattletimes.com/ffn](http://seattletimes.com/ffn).

To give by mail, send the coupon on page A18 along with a check, money order or credit-card information.

"The most important part of the job isn't to give an education, or how you are going to make them scientists. The first thing is to build a relationship. You have to love them. I tell the kids, 'All I do is light the fire, you keep the flame going.'"

Tran said she wasn't tempted by offers of marijuana by classmates, and while she became known as a "goody-goody," it was for a good reason.

"When people speak highly of you and you trust them, you don't want to disappoint the people here like (McBride) and my family," she added.

In 2014, Tran graduated from Kentlake High School and received her degree at Green River Community College. This year she graduated from the University of Washington-Tacoma with a major in psychology and minor in criminal justice.



COURTNEY PEDROZA / THE SEATTLE TIMES

Vy Tran helps a young computer user during recreation time at Birch Creek Youth Center. Tran found fun and support at the center's after-school programs while she was growing up. Now 22, she works there part-time.

Tran will start taking Arizona State University online classes in January as she works toward a master's degree.

This is the third year Tran has worked at the youth center, and she still lives in the apartment complex.

On a recent Saturday afternoon, she watched about 40 kids be signed in at the front desk of the youth center and peeked her head into the computer room, where some play Halo. She moni-

tored the gym, where some played half-court basketball and a young girl dressed in pink spun inside a hula hoop. "I can't imagine not having this place," she said.

The youth center has consistently felt like a home for teenagers. Shukri Olow still recalls the impact it had on her life starting about 20 years ago.

Before civil war broke out in Somalia, Olow's dad died in a car accident. She escaped to a Kenyan refugee

camp with her brother, sister and seven-month-pregnant mother. After being born, her new little sister died of malnutrition in the camp at age 2. The family moved to Kent when Olow was 10.

"We were on survival mode for a long time," she said.

While her mom worked two or three jobs, mainly cleaning houses late into the evening, Olow and her younger brother and sister found comfort at the youth

### Your dollars at work

Samples of what Kent Youth and Family Services can do with your donation:

**\$25:** Pays for two weeks of After School Program services.

**\$50:** Pays for two weeks of counseling services.

**\$100:** Buys two months of After School Program services.

For information: <http://kyfs.org/>

center as they made friends with young immigrants from Russia, Ethiopia and Ukraine.

"It was a teen center, homework center, a place where we made fun of each other and hung out," the 30-year-old added.

By many of society's markers, Olow has achieved success. She earned a college degree, works as a project manager for King County, bought a house and now has two children of her own.

She also is a board member of Kent Youth and Family Services, a perfect way, in her mind, to give back to the place that offered her so much when she needed it the most.

"The rec center was our lifeline," she said.

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