King County Housing Authority

MEETING OF THE BOARD OF COMMISSIONERS

February 19, 2019 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 – December 17, 2018

V **Approval of Agenda**

VI **Consent Agenda** 2

A. Voucher Certification Reports for November 2018 and December 2018

B. **Resolution No. 5618 -** Tax Credit Investor Exit – Valley Park East & West

C. **Resolution No. 5619** – Tax Credit Investor Exit - Egis (Pool of 8 Public Housing Senior Properties)

VII **Resolutions for Discussion & Possible Action**

A. **Resolution No. 5620**– A RESOLUTION authorizing modification of documents pertaining to the Authority's Pooled Housing Revenue and Refunding Revenue Note, 2013; providing for the issuance of additional notes in connection with the Authority's Pooled Housing Revenue and Refunding Revenue Note, 2013; and determining related matters. 3

VIII Briefings & Reports

A. Fourth Quarter Procurement Report **4**

B. Fourth Quarter 2018 Summary Write Off Report **5**

C. 2018 Year End Investment Report **6**

D. Capital Report Briefing **7**

E. New Bank Accounts **8**

F. Q4 2018 Executive Dashboard **9**

G. Study Session Creating Moves To Opportunity **10**

H. Workforce Housing Acquisition Briefing **11**

IX Executive Director Report

X Executive Session

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

XI KCHA in the News **12**

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 in writing at 600 Andover Park West, Seattle, WA 98188 or by calling 206-574-1198 prior to the meeting date.

TAB NUMBER 1

MEETING MINUTES
OF THE
KING COUNTY HOUSING AUTHORITY
BOARD OF COMMISSIONERS

Monday, December 17, 2018

I. CALL TO ORDER

The meeting of the King County Housing Authority Board of Commissioners was held on Monday, December 17, 2018 at 700 Andover Park West, Tukwila, WA 98188. 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, Commissioner Susan Palmer, Commissioner TerryLynn Stewart, and Commissioner John Welch

Excused:

III. Public Comment

None.

IV. APPROVAL OF MINUTES

A. Board Meeting Minutes –November 19, 2018

On motion by Commissioner Susan Palmer and seconded by Commissioner John Welch, the Board unanimously approved the November 19, 2018 Board of Commissioners' Meeting Minutes.

V. APPROVAL OF AGENDA

On motion by Commissioner John Welch and seconded by Commissioner Michael Brown, the Board unanimously approved the December 17, 2018 Board of Commissioners' meeting agenda.

VI. CONSENT AGENDA

A. Voucher Certification Reports for October 2018

On motion by Commissioner John Welch and seconded by Commissioner TerryLynn Stewart, the Board unanimously approved the consent agenda.

VII. RESOLUTONS FOR DISCUSSION & POSSIBLE ACTION

A. **Resolution No. 5614** - Authorizing the Issuance of the Authority's Non-Revolving Line of Credit Revenue Note, 2019 (Riverstone Apartments) to Finance Acquisition of the Riverstone Apartments

Tim Walter, Senior Director of Development and Asset Management, provided an overview of the Resolution to formally authorize the short term financing of the Riverstone Apartments.

Questions of Commissioners' were answered by Tim Walter.

On motion by Commissioner Welch and seconded by Commissioner Stewart, the Board unanimously approved Resolution No. 5614.

B. **Resolution No. 5615** – Authorizing Higher Payment Standards for the Housing Choice Voucher Program

Andrew Calkins, Administrative Program Manager, and Jeb Best, Director of Housing Choice Vouchers, provided an overview from their market analysis to support their recommendation in favor of Authorizing Higher Payment Standards.
We will be reviewing this twice a year, again in June 2019.

Questions of Commissioners' were answered by staff.

On motion by Commissioner Welch and seconded by Commissioner Brown, the Board unanimously approved Resolution No. 5615.

C. **Resolution No. 5616** –Authorizing Approval of the Comprehensive Operating and Capital Budgets for Calendar Year beginning January 1, 2019

Craig Violante, Director of Finance, presented the Operating and Capital Budgets for 2019 including the history of growth as well as what is being done to respond to increases that are needed for core programs.

Rebecca Stapleton, Administrative Program Manager, gave an overview of the housing programs and what they have been doing to implement strategies to help certain populations.

Jeb Best added details regarding voucher utilization and how we are working with partners and service providers to strengthen support.

Questions of Commissioners' were answered by staff.

On motion by Commissioner Palmer and seconded by Commissioner Stewart, the Board unanimously approved Resolution No. 5616.

D. **Resolution No. 5617** – Renewal of the Executive Director's Contract for three years, starting January 1, 2019.

On motion by Commissioner Palmer and seconded by Commissioner Brown, the Board unanimously approved Resolution No. 5617.

VIII. BRIEFINGS AND REPORTS

A. Risk Management Update
Mark Abernathy, Risk Manager, gave a presentation regarding the work of our risk management team and our Insurance Programs. Since 2013, our insurance rates have remained relatively stable and consistent.

B. New Bank Accounts

This agenda item postponed to a future meeting.

C. Third Quarter Executive Dashboard

This agenda item postponed to a future meeting.

IX. EXECUTIVE DIRECTOR'S REPORT

Pamela Patenaude, Deputy Secretary of HUD gave her resignation. Her replacement has not been announced. She is leaving at the end of the month.

X. EXECUTIVE SESSION

A. To review the performance of a public employee (RCW 42.30.110 (1) (g))
Chair Barnes announced the start of the Executive Session at 9:45 a.m.

The meeting of the Board of Commissioners was reconvened at 10:15 a.m. by Chair Barnes.

X. KCHA IN THE NEWS

None.

XI. COMMISSIONER COMMENTS

None.

XII. ADJOURNMENT

Chair Barnes adjourned the meeting at 10:40 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

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King County Housing Authority

To: Board of Commissioners

From: Linda Riley, Controller

Date: January 31, 2019

Re: **VOUCHER CERTIFICATION FOR DECEMBER 2018**

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

Linda Riley
Controller
January 31, 2019

Bank Wires / ACH Withdrawals		8,830,319.42
	Subtotal	***8,830,319.42***
Accounts Payable Vouchers		
Key Bank Checks - #319837-#320288		6,522,597.39
Tenant Accounting Checks - #10754-#10778		5,376.61
Commerce Bank Direct Payment		83,229.84
	Subtotal	***6,611,203.84***
Payroll Vouchers		
Checks - #91266-91313		58,909.33
Direct Deposit		1,513,174.35
	Subtotal	***1,572,083.68***
Section 8 Program Vouchers		
Checks - #623811-#624142		207,355.72
ACH - #434532-#437244		13,776,360.04
	Subtotal	***13,983,715.76***
Purchase Card / ACH Withdrawal		215,705.19
	Subtotal	***215,705.19***
	GRAND TOTAL	***$31,213,027.89***

King County Housing Authority

To: Board of Commissioners

From: Linda Riley, Controller

Date: December 31, 2018

Re: **VOUCHER CERTIFICATION FOR NOVEMBER 2018**

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
December 31, 2018

Bank Wires / ACH Withdrawals		6,588,778.45
	Subtotal	***6,588,778.45***
Accounts Payable Vouchers		
Key Bank Checks - #319270-#319836		6,842,361.85
Tenant Accounting Checks - #10731-#10753		21,847.93
Commerce Bank Direct Payment		58,327.19
	Subtotal	***6,922,536.97***
Payroll Vouchers		
Checks - #91193-91265		82,441.87
Direct Deposit		2,226,149.79
	Subtotal	***2,308,591.66***
Section 8 Program Vouchers		
Checks - #623454-#623810		257,171.26
ACH - #431718-#434531		14,003,517.79
	Subtotal	***14,260,689.05***
Purchase Card / ACH Withdrawal		276,819.60
	Subtotal	***276,819.60***
	GRAND TOTAL	***$ 30,357,415.73***

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

FROM: Wen Xu, Director of Asset Management

SUBJECT: **VOUCHER CERTIFICATION FOR NOVEMBER 2018**

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

Wen Xu — Wen Xu   Date: 2/6/19

Property	Wired to Operating Account(s) for Obligations of Property			Notes:
Nov-18	Date	$	Claim	
Alpine Ridge	11/1/2018	$4,964.56	Payroll	
	11/13/2018	$13,121.60	A/P	
	11/15/2018	$4,141.63	Payroll	
	11/29/2018	$8,896.05	A/P & Payroll	
Arbor Heights	11/1/2018	$12,920.91	A/P & Payroll	
	11/13/2018	$18,319.56	A/P	
	11/15/2018	$5,653.35	Payroll	
	11/29/2018	$32,379.58	A/P & Payroll	
Aspen Ridge	11/1/2018	$1,491.00	To Walnut - Deposit Correction	
	11/1/2018	$4,468.99	Payroll	
	11/13/2018	$4,640.42	A/P	
	11/15/2018	$5,231.53	Payroll	
	11/29/2018	$17,778.00	A/P & Payroll	
	11/29/2018	$37,787.04	To Walnut - Deposit Correction	
Auburn Square	11/1/2018	$9,026.52	Payroll	
	11/13/2018	$54,394.95	A/P	
	11/15/2018	$8,738.89	Payroll	
	11/29/2018	$31,715.83	A/P & Payroll	
Carriage House	11/1/2018	$11,490.10	Payroll	
	11/13/2018	$10,474.77	A/P	
	11/15/2018	$11,635.60	Payroll	
	11/29/2018	$426,530.24	A/P & Payroll	
Cascadian	11/1/2018	$13,705.34	Payroll	
	11/13/2018	$52,003.91	A/P	
	11/15/2018	$12,941.19	Payroll	
	11/29/2018	$162,882.73	A/P & Payroll	
Colonial Gardens	11/1/2018	$5,178.04	Payroll	
	11/13/2018	$13,352.38	A/P	
	11/15/2018	$5,487.04	Payroll	
	11/29/2018	$25,404.18	A/P & Payroll	
	11/30/2018	$5,030.52	A/P	
Fairwood	11/1/2018	$7,056.38	Payroll	
	11/13/2018	$136,272.40	A/P	
	11/15/2018	$6,820.34	Payroll	
	11/29/2018	$41,235.89	A/P & Payroll	
Heritage Park	11/1/2018	$6,468.95	Payroll	
	11/13/2018	$17,473.30	A/P	
	11/15/2018	$6,991.26	Payroll	
	11/29/2018	$52,542.81	A/P & Payroll	
Laurelwood	11/1/2018	$8,518.46	Payroll	
	11/13/2018	$16,829.71	A/P	
	11/15/2018	$8,882.38	Payroll	
	11/29/2018	$29,876.38	A/P & Payroll	
Meadows	11/1/2018	$6,461.29	Payroll	
	11/13/2018	$37,853.57	A/P	
	11/15/2018	$6,155.51	Payroll	
	11/29/2018	$40,484.91	A/P & Payroll	
Newporter	11/2/2018	$8,953.69	Payroll	
	11/13/2018	$13,006.68	A/P	
	11/15/2018	$8,624.05	Payroll	
	11/29/2018	$43,076.22	A/P & Payroll	
Overlake TOD	11/7/2018	$207,810.50	Budget Based Funding	
Parkwood	11/1/2018	$5,084.35	Payroll	
	11/13/2018	$65,024.63	A/P	
	11/15/2018	$5,954.35	Payroll	
	11/29/2018	$22,394.00	A/P & Payroll	
Southwood Square	11/1/2018	$7,021.37	Payroll	
	11/13/2018	$122,321.31	A/P	
	11/15/2018	$6,725.87	Payroll	
	11/29/2018	$24,219.91	A/P & Payroll	
Timberwood	11/1/2018	$16,305.04	A/P & Payroll	
	11/13/2018	$49,927.79	A/P	
	11/15/2018	$13,334.15	Payroll	
	11/29/2018	$115,857.73	A/P & Payroll	

THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5618

(Valley Park Apartments- Transfer Resolution)

A RESOLUTION of the Housing Authority of the County of King (the "Authority") authorizing (i) the acquisition by the Authority of the investor member interest in Green River Homes LLC, a Washington limited liability company (the "Company"), which is the owner of the Valley Park Apartments project (the "Project"); (ii) the termination of the lease; (iii) the dissolution of the Company and the distribution and transfer of the Project to the Authority; (iv) the assumption of the other obligations and liabilities of the Company with respect to the Project; (v) the submission to the Washington State Housing Finance Commission for consent to transfer the Project and (vi) the Executive Director to approve, execute and deliver any and all such documents necessary to effectuate the foregoing.

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

WHEREAS, RCW 35.82.070(2) provides that a housing authority may, among other things, "prepare, carry out, acquire, lease and operate housing projects; . . ." and

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

WHEREAS, RCW 35.82.070(5) provides that a housing authority may, among other things, and if certain conditions are met, "own, hold, and improve real or personal property;" and "sell, lease, exchange, transfer, assign, pledge, or dispose of any real or personal property or any interest therein;" and

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

WHEREAS, the Authority is the managing member (the "Managing Member") of Green River Homes LLC, a Washington limited liability company (the "Company"), and NEF Assignment Corporation, an Illinois not-for-profit corporation, is the investor member of the Company ("Investor Member"); and

WHEREAS, the Authority is the fee owner of the real property located at 801-1108 L Place SE, Auburn, King County, Washington (the "Property"), and pursuant to the terms of a Financing Lease between the Authority and the Company dated as of June 29, 2004 which is evidenced by that certain Memorandum of Lease dated June 29, 2004 and recorded under King County recording number 20040630000605 and which was amended pursuant to that certain First Amendment to Memorandum of Lease dated May 31, 2011 and recorded under King County recording number 20110624000132 (as amended, the "Lease"), whereby the Company was granted a leasehold interest in that certain 60-unit low-income apartment complex and all assets thereto located on the Property commonly known as Valley Park Apartments (collectively the "Project"); and

WHEREAS, the Authority previously passed Resolution No. 5550 authorizing the transfer of the Project and/or transfer of the Investor-Member interest which transfer at such time was not consummated; and

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

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

WHEREAS, the Compliance Period for the Project expired on December 31, 2018; and

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

WHEREAS, the Authority desires to acquire the interests of the Investor Member in the Company (the "Investor Member Interests"); and

WHEREAS, the Authority, in its own capacity and as Managing Member of the Company, desires to take such steps as are reasonably necessary to terminate the Lease; and

WHEREAS, the Authority, in its own capacity and as Managing Member of the Company, desires to take such steps as are reasonably necessary to terminate and dissolve the Company and to distribute and transfer the Project to Authority for the sole consideration of the assumption of the debt encumbering the Project (the "Debt"); and

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

WHEREAS, the Authority, in its own capacity and as Managing Member of the Company desires to obtain the approval of the Washington State Housing Finance Commission ("Commission") to the transfer of the Project from the Company to the Authority; and

WHEREAS, the Authority, in its own capacity and as Managing Member of the Company, desires to take such steps as are reasonably necessary to assume the obligations of the Company with respect to the ownership and operation of the Project; and

WHEREAS, the Authority, in its own capacity and as Managing Member of the Company desires to take such steps, and make such reasonable expenditures, including, but not limited to attorney's fees and costs, and to ratify all steps already taken, as are reasonably necessary to accomplish the foregoing; and

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

RESOLUTIONS

RESOLVED, that the Authority, in its own capacity and as Managing Member of the Company is authorized, empowered and directed to take such steps and execute such documents as may be necessary or desirable to acquire the Investor Member Interests and to negotiate, execute, and deliver such documents as may be reasonably required by the Investor Member to effectuate such transfer, including, without limitation, any loan assumption documents, investor member transfer agreements, amendments to the operating agreement, indemnities, and guaranties;

RESOLVED, that the Authority, in its own capacity and as Managing Member of the Company, is authorized, empowered and directed to take such steps and execute such documents as may be necessary or desirable for the Authority to terminate the Lease;

RESOLVED, that the Authority, in its own capacity and as Managing Member of the Company, is authorized, empowered and directed to take such steps and execute such documents as may be necessary to terminate and dissolve the Company, to distribute and transfer the Project to the Authority, and to assume all of the Company's obligations with respect to the Debt;

RESOLVED, that the Authority, in its own capacity and as Managing Member of the Company, is authorized, empowered and directed to take such steps and execute such documents as may be necessary to assume the obligations of the Company with respect to ownership and operation of the Project;

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

RESOLVED, that the Authority, in its own capacity and as Managing Member of the Company, is authorized, empowered and directed to take such steps and execute such documents as may be necessary or desirable to obtain the consent of the Commission to the transfer of the Project to the Authority;

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

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

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

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

CERTIFICATE

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

1. That the foregoing Resolution No. 5618 (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____________________, 2019, and duly recorded in the minute books of the Authority.

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

DATED: _______________________2019.

____
Stephen J. Norman,
Executive Director of the Authority

THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5619

(Egis Housing Project – Transfer Resolution)

A RESOLUTION of the Housing Authority of the County of King (the "Authority") authorizing (i) the acquisition by the Authority of the limited partner interest in the Egis Housing Limited Partnership, a Washington limited partnership (the "Partnership"), which is the owner of the Egis Housing Project (the "Project"); (ii) the termination of the lease (iii) the dissolution of the Partnership and the distribution and transfer of the Project to the Authority; (iv) the assumption of the other obligations and liabilities of the Partnership with respect to the Project, (v) the submission to the Washington State Housing Finance Commission for consent to transfer the Project; (vi) the submission to the Department of Housing and Urban Development ("HUD") for consent to transfer the Project; and (vii) the Executive Director to approve, execute and deliver any and all such documents necessary to effectuate the foregoing.

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

WHEREAS, RCW 35.82.070(2) provides that a housing authority may, among other things, "prepare, carry out, acquire, lease and operate housing projects; . . . ." and

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

WHEREAS, RCW 35.82.070(5) provides that a housing authority may, among other things, and if certain conditions are met, "own, hold, and improve real or personal property;" and "sell, lease, exchange, transfer, assign, pledge, or dispose of any real or personal property or any interest therein;" and

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

WHEREAS, 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, public funds have been provided to the Authority in accordance with the Public Housing Capital Fund Allocation Rule and an Annual Contribution Contract ("ACC") between the Authority and the United States Department of Housing and Urban Development ("HUD"); and

WHEREAS, the Authority is the General Partner (the "General Partner") of Egis Housing Limited Partnership, a Washington limited partnership (the "Partnership"), Apollo Housing Manager II, Inc., a Delaware corporation (the "Special Limited Partner") is the special limited partner, and National Affordable Housing Fund 32-Apollo Tax Credit Fund-55, L.L.C., a Delaware limited liability company (the "Investor Limited Partner"), is the investor limited partner, and together with the Special Limited Partner, the "Limited Partner"); and

WHEREAS, the Authority is the fee owner of the real property and the improvements thereon (the "Property") as more fully described below:

Property Name	Address
Brittany Park	18265 1st Avenue South Normandy Park, WA 98148
Casa Madrona	3948 Martin Way Olympia, WA 98501
Gustaves Manor	107 West Main Street Auburn, WA 98001

Mardi Gras	24009 104th Avenue SE Kent, WA 98103
Munro Manor	630 South 152nd Street Burien, WA 98148
Paramount House	1750 NE 145th Street Shoreline, WA 98155
Plaza 17	1001 17th Street SE Auburn, WA 98002
Riverton Terrace (Senior Bldg)	14410 41st Avenue South Tukwila, WA 98168

WHEREAS, the Property is comprised of eight apartment buildings (the "Buildings") containing, in the aggregate, 439-units of low-income housing and all assets related thereto along with the Buildings the "Project"); and

WHEREAS, the Property was leased to the Partnership pursuant to the terms of a Lease Agreement dated May 25, 2007 (the "Lease") for the purpose of rehabilitating the improvements; and

WHEREAS, the acquisition and rehabilitation of the Project was financed in part with low income housing tax credits ("LIHTC") and with the proceeds of a combination of bonds issued by the Authority and loaned to the Partnership (the "Bonds"); and

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

WHEREAS, the Compliance Period for the Project will expire December 31, 2022; and

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

WHEREAS, the Authority desires to acquire the interests of the Limited Partner in the Partnership (the "Limited Partner Interests"); and

WHEREAS, the Authority, in its own capacity and as General Partner of the Partnership, desires to take such steps as are reasonably necessary to terminate the Leases; and

WHEREAS, the Authority, in its own capacity and as General Partner of the Partnership, desires to terminate and dissolve the Partnership and to distribute and transfer the Project to the Authority; and

WHEREAS, the Authority, in its own capacity and as General Partner of the Partnership desires to obtain the approval of the Washington State Housing Finance Commission ("Commission") to the transfer of the Project from the Partnership to the Authority; and

WHEREAS, the Authority, in its own capacity and as General Partner of the Partnership desires to obtain the approval of the United States Department of Housing and Urban Development ("HUD") to the transfer of the Project from the Partnership to the Authority; and

WHEREAS, the Authority, in its own capacity and as General Partner of the Partnership, desires to take such steps as are reasonably necessary to assume the obligations of the Partnership with respect to the ownership and operation of the Project; and

WHEREAS, the Authority, in its own capacity and as General Partner of the Partnership, desires to take such steps, make such reasonable expenditures, including, but not limited to attorney's fees and costs, and to ratify all steps already taken, as are reasonably necessary to accomplish the foregoing; and

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

RESOLUTIONS

RESOLVED, that the Authority, in its own capacity and as General Partner of the Partnership, is authorized, empowered and directed to take such steps and execute such documents as may be necessary or desirable to acquire the Limited Partner Interests and to negotiate, execute, and deliver such documents as may be reasonably required by the Limited Partner to effectuate such transfer, including, without limitation, any loan assumption documents, Partnership interest transfer agreements, amendments to the partnership agreement, indemnities, and guaranties;

RESOLVED, that the Authority, in its own capacity and as General Partner of the Partnership, is authorized, empowered and directed to take such steps and execute such documents as may be necessary or desirable for the Authority to terminate the Lease;

RESOLVED, that the Authority, in its own capacity and as General Partner of the Partnership, is authorized, empowered and directed to take such steps and execute such documents as may be necessary to terminate and dissolve the Partnership and distribute and transfer the Project to the Authority;

RESOLVED, that the Authority, in its own capacity and as General Partner of the Partnership, is authorized, empowered and directed to take such steps and execute such documents as may be necessary to assume the obligations of the Partnership with respect to ownership and operation of the Project;

RESOLVED, that the Authority, in its own capacity and as General Partner of the Partnership, is authorized, empowered and directed to take such steps and execute such documents as may be necessary or desirable to obtain the consent of the Commission to the transfer of the Project to the Authority;

RESOLVED, that the Authority, in its own capacity and as General Partner of the Partnership, is authorized, empowered and directed to take such steps and execute such documents as may be necessary or desirable to obtain the consent of HUD to the transfer of the Project to the Authority;

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

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

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

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

[*CERTIFICATE FOLLOWS ON NEXT PAGE*]

CERTIFICATE

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

1. That the foregoing Resolution No. 5619 (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____________________, 2019, and duly recorded in the minute books of the Authority.

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

DATED: _______________________2019.

____
Stephen J. Norman,
Executive Director of the Authority

TAB NUMBER 3

TO: Board of Commissioners

FROM: Tim Walter

DATE: February 12, 2019

RE: **Resolution 5620 –** Authorizing modification of documents pertaining to the Authority's Pooled Housing Revenue and Refunding Revenue Note, 2013; providing for the issuance of additional notes in connection with the Authority's Pooled Housing Revenue and Refunding Revenue Note, 2013; and determining related matters.

In 2013, KCHA entered into a multi-property pooled financing facility with Key Government Finance ("Lender") in the amount of $83.4 million to refinance a total of 21 different properties (the "Authority's Pooled Housing Revenue and Refunding Revenue Note, 2013"). The loan is structured as a 10 year fixed rate loan amortizing over a 20 term. The interest rate on the loan is 3.57%. Per the terms of the existing loan agreement, at the end of the initial 10 year term, the Lender and the Authority can mutually agree extend the term for an additional 10 years at the then current interest rate for 10 year loans.

Resolution 5620 authorizes the Executive Director to modify the loan agreement to allow for property substitutions into and out of the pool so that KCHA may remove certain properties from the pool and in exchange move other properties in. This will allow the Authority to both remove properties in order to convert them to tax credit developments or pursue other alternative financing opportunities as well as create capacity within the pool to provide long-term financing for existing properties that are currently financed on short-term lines of credit. The modifications to the loan agreement will not change the current interest rate or outstanding principal balance of the loan but simply allow KCHA to have the flexibility of moving properties into and out of the pool.

Staff recommends passage of Resolution No. 5620.

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5620

A RESOLUTION of the Housing Authority of the County of King authorizing the modification of the certain terms of documents pertaining to the Authority's Pooled Housing Revenue and Refunding Revenue Note, 2013; providing for the issuance of additional notes in connection with the Authority's Pooled Housing Revenue and Refunding Revenue Note, 2013 in a principal amount of not to exceed the outstanding amount of such Note to be prepaid, the proceeds of which will be used to finance and/or refinance the acquisition, construction and rehabilitation of housing and related facilities including, without limitation, the refunding of outstanding bonds and notes and the payment of costs of issuing the such additional note(s); 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 February 19, 2019

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. 5620

A RESOLUTION of the Housing Authority of the County of King authorizing the modification of the certain terms of documents pertaining to the Authority's Pooled Housing Revenue and Refunding Revenue Note, 2013; providing for the issuance of additional notes in connection with the Authority's Pooled Housing Revenue and Refunding Revenue Note, 2013 in a principal amount of not to exceed the outstanding amount of such Note to be prepaid, the proceeds of which will be used to finance and/or refinance the acquisition, construction and rehabilitation of housing and related facilities including, without limitation, the refunding of outstanding bonds and notes and the payment of costs of issuing the such additional note(s); 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 operate housing projects; and

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

WHEREAS, the Board of Commissioners (the "Board") of the Authority previously adopted Resolution No. 5444, providing for the issuance of the Authority's Pooled Housing Revenue and Refunding Revenue Note, 2013 (the "Note"), Resolution No. 5449, amending the prepayment provisions and sources of security for the Note, and Resolution No. 5457 authorizing extensions to the period during which draws on the Note are permitted, and modifying the prepayment premium applicable to the Note (Resolution No. 5444, as amended by Resolution No. 5449 and Resolution No. 5457, the "Original Note Resolution"); and

WHEREAS, the Loan Agreement pertaining to the Note, as previously amended by a First Amendment to Loan Agreement (as so amended, the "Original Loan Agreement"), each between the Authority and Key Government Finance, Inc. (the "Lender"), currently provides for Project Substitutions and Project Releases (each as defined in the Original Loan Agreement), and the Authority and the Lender wish to provide for modifications of the Original Loan Agreement and related documents to enable the Authority to utilize these provisions in broader circumstances; and

WHEREAS, the contemplated modifications to the Original Loan Agreement provide that, in connection with a Project Substitution, if so requested by the Authority, a portion of the Note shall be prepaid with funds available to the Authority, and a new obligation (each, an "Additional Note") will be issued by the Authority in a principal amount not in excess of the amount of the Note to be prepaid and otherwise with the same terms as the Note; and

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

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

Section 1. Authorization of Amendment to Original Loan Agreement and Other Instruments. The Executive Director and any Deputy Executive Director of the Authority (each, an "Authorized Officer" and together, the "Authorized Officers"), and each of them acting alone, are authorized on behalf of the Authority to negotiate, execute, deliver and file (to the extent required), and to cause the Authority to perform duties under, a Second Amendment to Loan Agreement, an Amendment and Partial Release of Memorandum of Negative Pledge, and all other instruments that any Authorized Officer, in his or her discretion, deems necessary, desirable or appropriate in order to provide for the utilization of the Project Substitution and Project Release provisions of the Original Loan Agreement, as amended by the Second Amendment to Loan Agreement, and the issuance, sale and delivery of any Additional Note(s). An Authorized Officer's execution of any such instrument will constitute conclusive evidence of his or her approval of terms set forth therein and the approval by the Authority of such terms.

Section 2. Authorization and Description of Additional Notes. The Authority is authorized to issue, from time to time, Additional Notes for the purpose of providing financing for the Project (as defined in the Original Note Resolution) and paying certain costs of issuing the Additional Note(s). Each Additional Note shall be issued in a principal amount not in excess of the amount of the Note (or previously-issued Additional Note) that is being redeemed; shall be in fully registered form; shall be dated its date of issue; shall be numbered R-2 and upward; and shall otherwise have the same terms as the Note, as authorized by the Original Note Resolution. Each such Additional 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 Additional Note(s) for the purpose set forth in this resolution.

Section 3. Note Registrar; Registration and Transfer of the Additional Notes. The Executive Director of the Authority shall serve as Note Registrar for the Additional Note(s). The Note Registrar shall keep, or cause to be kept, at his or her office in Tukwila, Washington, sufficient books for the registration of each Additional Note (the "Note Register"), which shall contain the name and mailing address of the registered owner of each Additional Note. The Note Registrar is authorized, on behalf of the Authority, to authenticate and deliver the Additional Note in accordance with the provisions of the Note, this resolution, and the Original Note

Resolution, and to serve as the Authority's paying agent for the Additional Note and to carry out all of the Note Registrar's powers and duties under this resolution and the Original Note Resolution.

The Additional Note(s) shall be issued only in registered form as to both principal and interest and recorded on the Note Register. The Additional Note(s) may not be transferred by the Lender without the prior written consent of the Authority (which consent shall not be unreasonably withheld), except that the Lender may (a) sell participating interests in any Additional Note to other financial institutions that are "qualified institutional buyers" or "accredited investors" as defined in the Securities Act of 1933 and the regulations thereunder, and (b) assign or transfer the Note, together with all Additional Note(s), in whole, to a successor to the business and assets of the Lender, to an affiliate of the Lender, or, in accordance with the Loan Agreement, to another financial institution that is a "qualified institutional buyer" or an "accredited investor" as defined in the Securities Act of 1933 and the regulations thereunder, in any such case upon completion and delivery to the Authority of the assignment form and certificate of transferee attached to the Additional Note(s). Any transfer shall be without cost to the Registered Owner or transferee, except for governmental charges imposed on any such transfer or exchange. The Note Registrar shall not be obligated to exchange or transfer any Additional Note during the five days preceding any interest payment date, prepayment date, or the maturity date.

<u>Section 4</u>. <u>References to Note in Original Note Resolution</u>. References to the "Note" in the Original Note Resolution shall, unless the context otherwise clearly requires, be read to include the Housing Authority of the County of King Pooled Housing Revenue and Refunding

Revenue Note, 2013, together with any Additional Note that may be issued by the Authority and outstanding.

Section 5. 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 Loan Agreement, the Note, the Additional Note(s) and this resolution and the consummation by the Authority of all other transactions contemplated by this resolution and the Original Note Resolution. 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 Additional Note(s) and to ensure the proper use and application of the proceeds of the Additional Note(s).

The Additional Note(s) 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 such Additional Note.

Section 6. 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 7. Execution of Duties and Obligations. The Board of Commissioners of the Authority authorizes and directs the Authorized Officers, and each of them acting alone, to cause the Authority to fulfill the Authority's duties and obligations under the various instruments and agreements authorized by this resolution. In the furtherance of the foregoing, the Authority is authorized to expend such funds as are necessary to pay for all fees and other costs relating to the actions authorized by this resolution.

Section 8. 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 9. Severability. If any provision in this resolution is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provision of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Note.

Section 10. 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 19th day of February, 2019.

HOUSING AUTHORITY OF THE
COUNTY OF KING

By: ______________________________
Chair, Board of Commissioners

ATTEST:

____
Executive Director

CERTIFICATE

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

1. That the attached Resolution No. 5620 (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 February 19, 2019, 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 19th day of February, 2019.

____

Executive Director of the Authority

TAB NUMBER 4

TO: Board of Commissioners

FROM: Tim Baker, Senior Management Analyst

DATE: January 4, 2019

RE: **Fourth Quarter CY 2018 Procurement Report**

In order to update the Board concerning KCHA's procurement activities, staff is presenting the attached Quarterly Procurement Report. This report covers all procurement activities from October through December 2018 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 second quarter, there were 15 contracts awarded and valued at more than $100,000, representing 99% of the contracts executed in the quarter. The largest contract executed for construction work was for $10,023,849 awarded to Allied Construction for the Highland Village new construction project (a contract has been executed for the renovation work at the same site to the same contract0r). The largest contract for non-construction work was executed by the Administrative Services department and awarded to Image Source to provide apparel for KCHA staff primarily our maintenance employees over the next six years for $220,000. The annual cost is slightly higher than our 2018 apparel expense of approximately $35,000.

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 were 9 conditional change orders executed in the quarter. The three most significant change orders were issued to Allied Construction for the Highland Village renovation project for a total of $1,058,688. In addition, the architect for the project, Innova, was issued 2 change orders for revised drawings for a total of $124,970.

The changes in the construction scope of work for Highland Village were necessitated by a general lack of maintenance over the years that led to substantial structural deterioration in every building that became visible as work proceeded. Deficiencies were also uncovered in electrical and plumbing systems leading to extensive repairs. Architectural and engineering work was expanded as result of the added repairs and the removal of two buildings to make way for a new 36 unit building which wasn’t part of the original scope of work. Construction contingencies and increased tax credit basis has offset the additional costs so that KCHA’s contribution to the project is largely unchanged.

There were 4 anticipated change orders involving the extension of the contract as allowed in the original contract. Two were issued by Resident Services for their educational programs and 2 issued by Housing Management-Maintenance in connection with the contracts for bed bug mitigation and street sweeping services.

KING COUNTY HOUSING AUTHORITY
QUARTERLY PROCUREMENT REPORT
October-December 2018 (Fourth Quarter)

Awarded Contracts Over $100,000

Issuing Department	Contract type	Contract Awarded to	Estimate/Budget Amount	Initial Contract Amount	NTE with extensions	Procurement Process	# of bids	Notes
Administrative Services	apparel for KCHA staff	Image Source	$225,000	$220,000	$220,000	RFP	3	New vendor for KCHA
Asset Management	Villages at South Station fireplaces & fans	Henden Electric	$145,789	$164,252	$164,252	sealed bid	1	Contractor has performed several successful jobs for KCHA
Asset Management	Highland Village new construction	Allied Construction	$11,524,125	$10,023,849	$10,023,849	sole source	n/a	IRS rules prevents KCHA from issuing a change order on the existing contract for Highland Village renovation
Capital Construction	Parkway doors & windows	Buchanan	$503,979	$403,192	$403,192	sealed bid	3	Contractor has performed several successful jobs for KCHA
Capital Construction	Elevator replacement, non-tax sites	ELTEC	$1,485,320	$1,564,338	$1,564,388	cooperative	n/a	Contractor has performed several successful jobs for KCHA
Capital Construction	College Place envelope & roof replacement	Cadence Construction	$2,244,271	$2,049,687	$2,049,687	sealed bid	4	Contractor has performed several successful jobs for KCHA
Capital Construction	Elevator replacement, taxable sites	ELTEC	$1,931,597	$2,168,186	$2,168,186	cooperative	n/a	Contractor has performed several successful jobs for KCHA
Development	feasibility study for Redmond property	Spectrum	$100,000	$147,752	$147,752	RFP	3	$75,000 of the contract cost will be reimbursed by King County
HOPE VI	Greenbridge construction management	KPFF	$199,805	$199,805	$199,805	RFP	4	Contractor has performed several successful jobs for KCHA
Housing Management-maint	civil site work	Puget Paving	$900,000	$900,000	$900,000	RFP	3	Contractor had the prior civil work job and performed satisfactory
Resident Services	Workforce development programs	Hopelink	$255,000	$156,390	$156,390	RFP	5	YWCA will receive $80k for their portion of the project
Resident Services	data management system for service coordination	Social Solutions	$160,000	$160,000	$200,000	cooperative	n/a	Vendor has worked with several PHAs on similar projects
Weatherization	refrigerator supplier	Albert Lee	$100,000	$100,000	$100,000	RFP	2	Vendor has supplied refrigerators from prior contracts
Weatherization	Paramount House HVAC upgrades	TRS Mechanical	$85,335	$108,627	$108,627	sealed bid	2	Contractor has performed several successful jobs for KCHA
Weatherization	Burien Heights mechanical upgrades	Resicon	$157,387	$117,780	$117,780	sealed bid	4	Contractor has performed several successful jobs for KCHA. Woman owned business.
		Total	**$20,017,608**	**$18,483,858**	**$18,523,908**			

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)
Asset Management	Highland Village renovations	Allied		$8,982,600	$462,934 (4)	$10,333,738	15%	wide variety of modifications needed as the project continues to discover unknown conditions
Asset Management	Highland Village renovations	Allied		$8,982,600	$318,676 (5)	$10,652,414	19%	wide variety of modifications needed as the project continues to discover unknown conditions
Asset Management	Highland Village renovations	Allied		$8,982,600	$277,078 (6)	$10,929,491	22%	wide variety of modifications needed as the project continues to discover unknown conditions
Asset Management	Somerset Gardens renovations	Cadence		$305,195	$38,981 (2)	$373,091	22%	additional exterior doors were added and minor repairs to some units done
Asset Management	Somerset Gardens flooring replacement	American West		$146,026	$46,887 (1)	$192,913	32%	poor condition of flooring in several units dictated replacement instead of renovation
Asset Management	Highland Village weatherization	Superior		$154,986	$32,416 (4)	$259,029	67%	attic air sealing and insulation added to the project
Asset Management	Highland Village A&E services	Innova		$404,000	$71,388 (4)	$1,154,201	186%	additional services needed due to ongoing project revisions
Asset Management	Highland Village A&E services	Innova		$404,000	$53,582 (5)	$1,207,784	199%	additional services needed due to ongoing project revisions
Housing Management-maint	Ballinger fire restoration architecture plans	Pacific Engineering Technologies		$8,750	$8,250 (1)	$17,000	94%	Shoreline required KCHA to change the use of the renovated space, so all new drawings had to be produced
			Total	**$28,370,757**		**$35,119,661**		

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)
Resident Services	absentee reduction programs	Kent Public Schools		$18,000	$3,000 (1)	$6,000	33%	first extension to the contract as originally planned
Resident Services	absentee reduction programs	Highline Public Schools		$49,600	$9,000 (1)	$13,600	27%	first extension to the contract as originally planned
Housing Management-maint	street sweeping & vactor services	Best Parking Lot		$500,000	$250,000 (1)	$500,000	100%	three year extension as allowed in the contract
Housing Management-maint	bedbug treatment sevices	Custom Bedbugs		$1,000,000	$500,000 (2)	$1,000,000	100%	three year extension as allowed in the contract
			Total	**$1,567,600**		**$1,519,600**		

***NTE = Not To Exceed**

TAB NUMBER 5

TO: Board of Commissioners

FROM: Linda Riley, Controller

DATE: January 31, 2019

RE: **4th Quarter 2018 Summary Write-Offs**

During the fourth quarter of 2018, tenant accounts totaling $50,946 were deemed uncollectable and written off. This represents a 26% increase from the previous quarter. Of the 22 accounts written off, six accounted for 66% of the total amount written off. Rent owed to KCHA accounted for $24,385 of the total and cleaning/damage charges accounted for $23,078 of the total. Seven of the accounts were physical evictions that owed both unpaid rent as well as damages. Security deposits were retained to offset 4.8% of the total charges. Per policy, all accounts with a balance owed of $100 or more will be forwarded to KCHA's contracted collection agency. $831 was recovered by the collection agency during the fourth quarter.

	Total WRITE-OFFS	YTD WRITE-OFFS
Rent Balance Forward to Vacate Month	$ 24,385.30	$ 93,803.09
Retro Rent Write-offs	$ -	$ 6,906.23
VACATE CHARGES:		
Rent Delinquent in Vacate Month	4,694.07	19,148.73
Cleaning & Damages	23,077.95	110,996.94
Paper Service & Court Costs	4,649.57	12,898.17
Miscellaneous Charges	242.53	4,430.28
Total Charges	32,664.12	147,474.12
Total All Charges	57,049.42	248,183.44
CREDITS:		
Security Deposits	(2,775.00)	(15,577.00)
Miscellaneous Payments & Credits	(3,328.53)	(16,440.64)
Total Credits	(6,103.53)	(32,017.64)
Total Net Write-offs	**$ 50,945.89**	**$ 216,165.80**
Net Write-offs by Portfolio		
KCHA	33,644.88	171,138.20
Green River	-	3,949.90
Green River II	-	215.89
Egis	12,179.21	24,279.58
Soosette Creek	4,955.11	7,623.45
Zephyr	-	-
Fairwind	166.69	6,739.95
Vantage Point	-	2.83
Spiritwood Manor	-	2,216.00
	$ 50,945.89	**$ 216,165.80**

Write-off and Collection Summary
2016 - 2018

NET WRITE-OFFS

	2018	2017	2016
January to March	13,801.87	29,410.02	23,434.99
April to June	110,847.95	28,988.40	23,594.38
July to September	40,570.09	35,216.21	39,776.14
October to December	50,945.89	10,606.63	38,819.29
TOTAL	216,165.80	104,221.26	125,624.80

NET COLLECTIONS

	2018	2017	2016
January to March	745.08	3,757.85	6,130.40
April to June	1,064.10	4,104.25	4,798.56
July to September	553.34	588.53	2,098.53
October to December	830.82	4,470.21	1,996.72
TOTAL	3,193.34	12,920.84	15,024.21

******Detail by tenant is available by request.**

TAB NUMBER 6

To: Board of Commissioners

From: Craig Violante, Director of Finance

Date: January 31, 2019

Re: **2018 Investment Recap**

Executive Summary

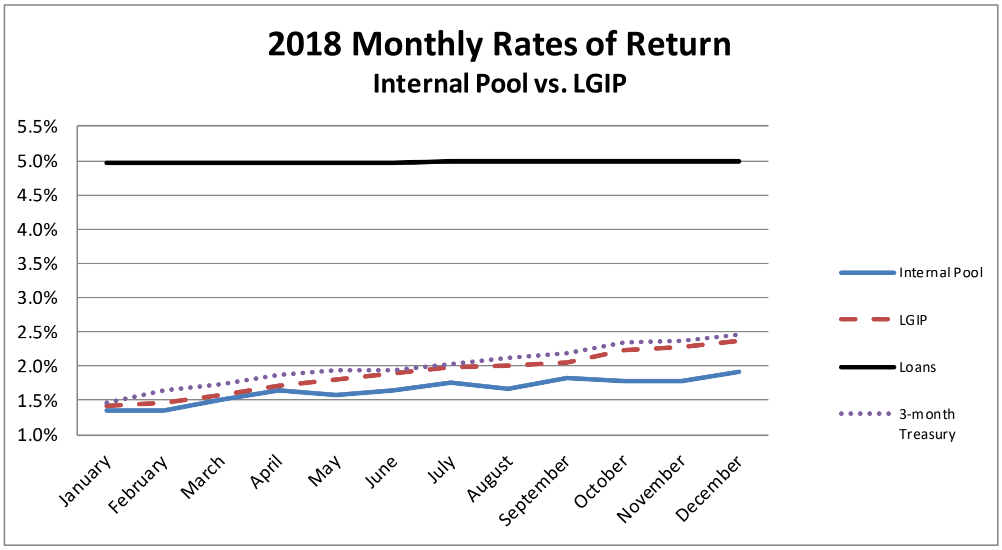
As of December 31, 2018, KCHA had $201.6 million of investable assets, split between (1) the KCHA Internal Pool (the Internal Pool), (2) the Washington State Local Government Investment Pool (LGIP), (3) cash held by trustees and cash in traditional checking and savings accounts and (4) loans to housing partners and to the Energy Performance Contract (EPC) project. Total combined yield for all four categories for all of 2018 was 1.87%, but at 12/31/2018 the portfolio yield had risen to 2.16%. Total 2018 earnings on KCHA's investments was approximately $3.9 million.

Portfolio at 12/31/2018:

	Amounts	YTD Results		Yield @ 12/31/2018	
Cash Invested in Internal KCHA Pool	$65,013,574	1.66%		1.85%	
Cash Held in the LGIP	88,753,205	1.88%		2.38%	
Cash Held by KCHA & Outside Trustees	25,877,892	0.20%	(1)	0.20%	(1)
Cash loaned for low income housing purposes and to EPC project	21,998,443	4.98%		4.98%	
	$201,643,114	1.93%		2.21%	

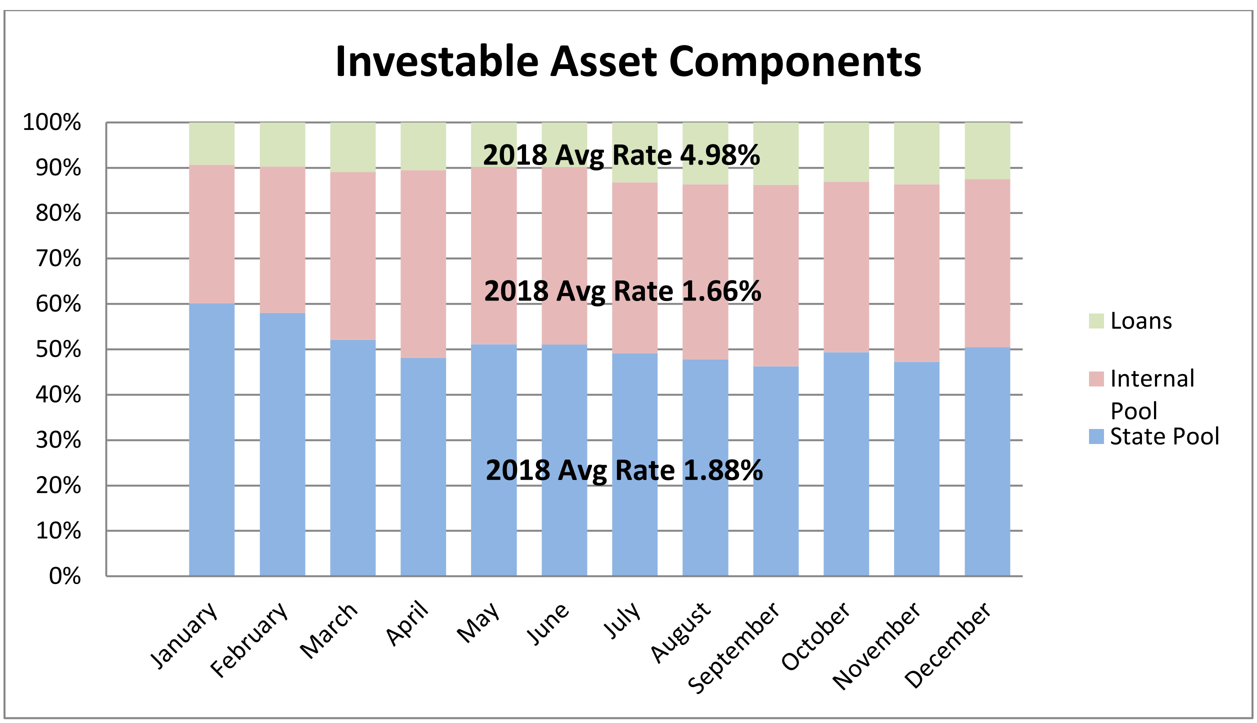
1) Estimate

The following chart compares the benchmark 3-year Treasury rate to the yields from three main KCHA investment vehicles: the LGIP, the Internal Pool, and loans made for low income housing and EPC purposes.



Throughtout 2018, both the LGIP and the Internal Pool lagged the 3-month Treasury rate. This is normal during a period of rising interest rates. Based on the LGIP investment policy, the weighted average maturity of the pool cannot exceed 60 days, meaning that only very-short term investments are purchased. While this means that the LGIP can respond quickly to rising interest rates, it also means it will not achieve the higher yields that investing in the one year market will accomplish. In contrast, the KCHA Internal Pool has a weighted average maturity of 18 months. This allows for higher yields than the LGIP can achieve, but also results in slower response time when interest rates rise.

The next chart shows how the percentage of cash invested in each major investment vehicle changed througout 2018:



The amounts invested in loans increased in 2018 when an additional $6.4 million was loaned to the Energy Performance Contract. The percentage of total assets invested in the LGIP went from 60% in January 2018 down to 50% by the end of the year. In April 2018, $6 million was transferred from the LGIP and put into the KCHA internal pool. At the time, the LGIP was paying 1.6% and the weighted average of the investments purchased was 2.29%.

Out of the total investable asset portfolio of $201.6 million, $140.6 million is considered "investable". The remainder is in the form of loans; is held by trustees or management agents; or will be spent within the next 12 months. Although the Board has authorized an allocation of up to 60% of investable cash in the Internal Pool, short-term liquidity and forecasted cash needs, and an assessment of future interest rates, influence how much is actually invested in the Pool. As a result, 46.2% of investable cash was in the Internal Pool at the end of 2018.

Historical Context

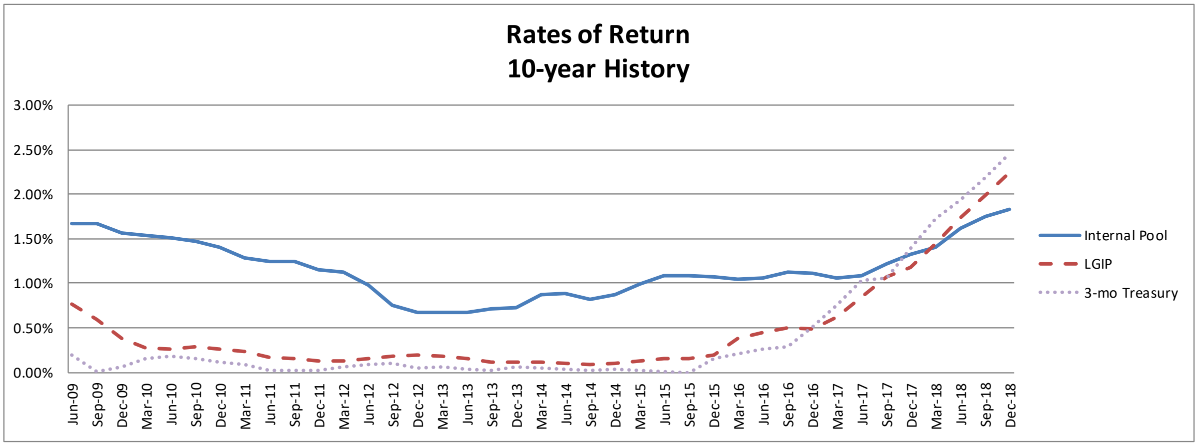
The Board of Commissioners adopted an Investment Policy in 2005 and several updates have since been adopted. According to the policy the primary objectives, in priority order, of the Authority's investment activities are:

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

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

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

From inception through the end of 2017, the Internal Pool performed exceptionally well, beating the LGIP and the 3-month Treasury benchmark each quarter. Although the Internal Pool yield began to lag the LGIP in early 2018, the long-term investment strategy that was implemented in 2009 has resulted in over $2.541 million of additional investment income compared to what would have been earned had the funds been in the LGIP.



Portfolio Management

KCHA's internal pool currently purchases three main types of investment structures, and participates in a program that offers a fourth:

- Investments that can be redeemed at pre-determined times at the option of the issuer. These investments are called "callables". The bond issuer typically must offer slightly higher rates of return for the option of calling the bonds.

- Investments that increase interest payments at pre-set amounts and at pre-set times. These bonds, called "steps", almost always carry call features in addition to the step features.

- Investments that cannot be called, either because they were issued that way, or because the call options were not exercised by the issuer. These investments are known as "bullets".

- KCHA invests in the Regional Equitable Development Initiative (REDI fund). Such investments typically carry a term of four years and yield around 3.0 %.

While bullets are the preferred bonds for Total Rate of Return investing, they are not the only type of investment that should be included in a well-balanced portfolio. Although bullets offer purchasers more certainty, they carry slightly lower rates than comparable callable bonds (generally 5-10 basis points), and when rates rise, they will lose value more quickly than steps. KCHA's internal investment portfolio at the end of December 2018 contained a mix of all three investment types:

2018 Investment Recap
February 19, 2019 Board Meeting

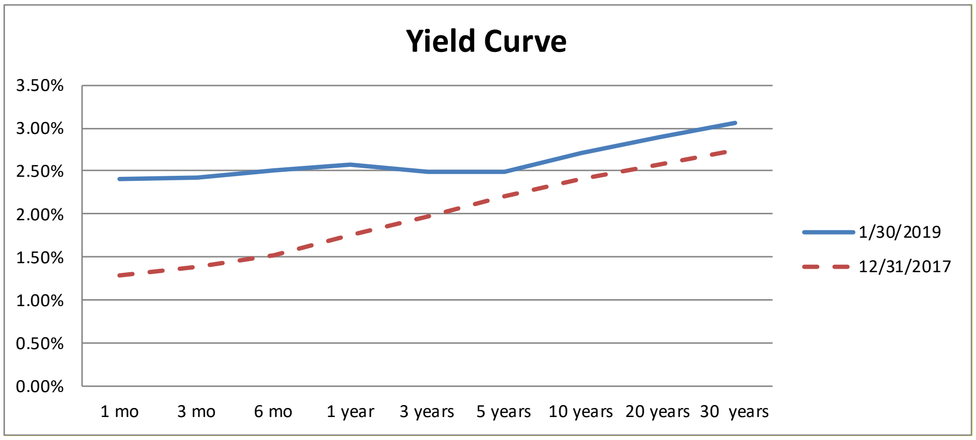
	Amt Invested	% of Portfolio	Average Yield
Callable	$35,972,047	55.3%	1.88%
Step*	$8,995,383	13.8%	2.12%
Bullet	$18,984,857	29.2%	1.77%
Redi	$1,061,287	1.6%	3.00%
	$65,013,574	100.0%	1.85%

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

Starting in December 2015, the Federal Open Market Committee (FOMC, the "Fed"), began raising the target federal funds rate. Subsequently, the Fed raised rates one time in 2016, three times in 2017, and four times in 2018, with the most recent increase on December 19, 2018. The rate currently stands at 2.25%. There is no clear consensus on the direction of rates in 2019. Commenting on the most recent Fed announcement on January 29th, Ian Shepherdson, chief economist at Pantheon Macroeconomics Ltd. responded "Short of announcing that a rate cut is in the cards, this is about as dovish a statement as possible. Policy makers appear to be going all-in on the slowdown story". Goldman Sachs Group economists now see just a 25% probability of a rate increase during the second quarter of 2019, down from 55% previously predicted.

Strategy for 2019

Given that further significant rate hikes in 2019 are unlikely, the coming year could present an opportunity to reposition the internal pool. A major barrier, however, is the current shape of the yield curve.



A typical yield curve existed at the end of 2017 and is shown above. This line depicts what is normal when investing in debt instruments-the longer an investor is willing to tie up their money, the higher the interest rate.

The challenge facing investors today can be seen by looking at the shape of the yield curve at 1/30/2019. Investments with maturities ranging from 1 month to 5 years all hover around 2.5%. There is currently no incentive for an investor to invest in anything with a maturity beyond six months, unless the investor believes that rates will be falling.

From this point, one of two scenarios is likely. Short-term rates could either remain stable or decline a bit. The result of either scenario should result in a more normal yield curve.

The 2019 investment strategy assumes stable short-term interest rates, with increases and/or decreases not exceeding 25 basis points. The amounts invested in the Internal Pool will be directly affected by the steepness of the yield curve. In the short-term any investment that matures will either be left in the LGIP or will be invested with a term of one year or less. If the yield curve steepens, appropriate investments will be sold and replaced with higher-yielding instruments. While overall yields will be depressed during the time when the repositioning is occurring (as actual losses are being recognized), the pool will end up re-positioned to once again outperform the LGIP.

The 2019 budget projects investment earnings of $3.9 million.

TAB NUMBER 7

King County Housing Authority

TO: Board of Commissioners

FROM: Dan Watson, Deputy Executive Director

DATE: February 13, 2019

RE: **2018 Year End Capital Expenditure Report & 2019 Budget**

This report provides a detailed summary of construction related capital expenditures in 2018, as well as information about budgeted activity for 2019.

The total amount budgeted in 2018, for capital construction projects planned and managed by various KCHA departments, was $53,474,146. The actual construction related capital expenditures totaled $47,321,732 or 89% of the budgeted amounts. A summary of expenditure by the various categories of projects in 2018 is as follows:

Dept.	Project Category	No. of projects	2018 Budget	2018 Year End Expenditures*	% Expended
Construction	Public Housing	11	$10,568,387	$11,739,292	111%
Construction	509 Properties	4	$3,575,529	$2,696,035	75%
Construction	Other	9	$530,568	$2,179,788	411%
	Subtotal	**24**	**$14,674,484**	**$16,606,115**	**113%**
HOPE VI	Greenbridge land dev.	-	$2,165,400	$2,033,902	94%
	Subtotal	-	**$2,165,400**	**$2,033,902**	**94%**
Highland Village	Tax credit rehab	1	$8,880,076	$10,664,666	120%
Highland Village	Tax credit New const.	1	$9,497,500	$0	0%
Somerset Gardens	Tax credit rehab	1	$6,565,000	$5,616,258	86%
	Subtotal	**3**	**$24,882,576**	**$16,280,924**	**65%**
Asset Mgmt.	Bond Properties	38	$3,530,000	$2,291,502	65%
Asset. Mgmt.	Nike/Vantage Glen	4	$282,000	$91,529	32%
Asset Mgmt.	Other unbudgeted	9	-	$2,762,392	-
	Subtotal	**51**	**$3,812,000**	**$5,145,423**	**135%**
Housing Mgmt.	Unit Upgrades	115	$3,290,082	$3,375,600	103%
Housing Mgmt.	Small Repairs	68	$1,872,132	$1,529,221	82%
Housing Mgmt.	Energy Perf. Contract	n/a	$2,777,472	$2,350,546	82%
	Subtotal	**183**	**$7,939,686**	**$7,255,367**	**91%**
All Construction	**Total**	**261**	**$53,474,146**	**$47,321,731**	**89%**

* Construction dept. includes $1,674,126 in expenditures using unbudgeted weatherization funds that supplanted other KCHA capital sources

.

Capital Construction – Completed Projects

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

Projects completed in 2018 include:

Project	Project Cost
700 Building Office Space	$649,624
Ballinger Homes Water Line	$619,517
Boulevard Manor Roof	$262,695
Electric Panel Replacement at Boulevard Manor & Yardley Arms	$194,086
Burien Vets House Roof Replacement & Site Drainage Improvements	$110,138
Elevator Upgrades	$2,679,915
Greenleaf Envelope Upgrades & Deck Replacement	$1,108,488
Juanita Court Site Improvements	$307,764
Juanita Trace Envelope Upgrades	$883,937
Kirkland Place Stabilization	$316,327
Lake House Site Improvements Phase 2	$169,663
Northridge Envelope Upgrades	$749,617
Paramount House Envelope Upgrades	$1,747,118
Parkway Windows & Doors	$385,982
Valli Kee Site Improvement (Phase 3)	$2,061,782

Projected vs. Planned Expenditures in 2018

The Capital Construction and Weatherization Department's overall 2018 construction related expenditures on KCHA owned or controlled buildings of $16,615,115 are 113% of the budget primarily due to the addition of $1,674,126 of unbudgeted energy conservation improvements financed by the weatherization program.

Capital Construction – 2019 Projects

In 2019, Capital Construction is budgeting design or construction work for 15 projects totaling $16,544,857. Included in the 2019 Capital Construction budget are funds for the replacement of jacks and cab upgrades for 15 elevators. In addition, 2019 projects include work to upgrade water, sewer, and electrical systems at multiple sites.

Major new projects planned for 2019 are as follows:

Project	Project Cost
Elevators	$6,472,212
Forest Glen Site Improvements	$1,840,000
Casa Juanita Roof Replacement	$544,998
Houghton Decks, Roof, Waste/Water Lines	$614,756
Lake House Roof Replacement	$544,998
Northlake House Decks, Windows, Exterior Paint	$568,560
Northwood Square Envelope & Electrical	$1,066,050
Wayland Arms Common Area Ventilation, Waste/Water Lines, Electrical & Roof	$1,541,883
Southridge House Electrical & Waste/Water Lines	$596,998
Youngs Lake Electrical & Waste/Water Lines	$516,442

In 2019, Capital Construction will also implement office improvement project in the 600 building to increase office space for Administrative Services and Human Resources.

Greenbridge - 2018 Activities

In 2018, Greenbridge staff focused on:

- Completion of the sale of the Wind Rose property.
- Submission of land development permits for Parcels 9, 10, 11.
- Completion of the right of way use permits for the 4th Ave. SW Street Improvements.
- Fulfillment of WSDOT and Commerce grant requirements for the 4th Ave. SW Street Improvements.
- Turnover of the Nia retail tenant improvements to iCare Vision Center.
- Monitoring and facilitation of homebuilding activity.

Wind Rose. In April, KCHA sold the Greenbridge Wind Rose property for $4,805,000 to Conner Homes. Construction of site infrastructure by Conner Homes is currently under way to support 31 single family market rate homes and 3 parks. Conner Homes anticipates plat recording in the 1st quarter of 2019 with home sales beginning in the 3rd quarter. The "Notch Property" at the northwest corner of the Windrose site will be released back to KCHA with completed grading, drainage and utility infrastructure in the 2nd quarter of 2019. The Notch Property is a future development parcel entitled for up to 80-units of mixed income multifamily housing.

Parcels 9, 10, and 11. Significant progress has been made with land development permits for Parcels 9, 10 and 11 including completion of water permits, fire hydrant permits and sewer permits. These parcels are being planned for the development of 107 single family homes and 6 parks. Completion of the permitting process for Parcels 9, 10, 11 is anticipated in the 2nd quarter of 2019. A key strategic decision will be determining whether to put this unimproved parcel on the market for sale to the builder community late in 2019. Due to the size of the combined 9, 10, and 11 parcel, a single home builder's investment in land and infrastructure could be nearly $20 million before building any homes. Market conditions in the region, recent sales experience at Greenbridge and completion of the 4th Ave SW street improvements will impact both the timing of the sale and homebuilders' appetite to take down the land and build out the infrastructure as a single project.

4th Ave Street Improvements. Design and engineering have been completed and all development right of way use permits have been secured for the 4th Avenue SW Improvements. The planned street improvements feature traffic calming design, a pedestrian oriented streetscape and water quality rain gardens. KCHA received a road closure approval for 5-weeks from KCDOT to reduce construction duration and cost. Requirements included in both Commerce and WSDOT grant contracts have been met by KCHA which allows for the bidding process to begin. Bids are anticipated to be received in mid-February with construction anticipated to start in the early May of 2019. Estimated construction costs have increased by $1.2 million due to an expanded scope, WSDOT construction standards and construction cost escalation in the region. Although KCHA has received $1.8 million in state funds, KCHA is currently requesting an additional $650,000 from the state legislature to mitigate some of the cost increase.

Nia Retail Space. Construction of Nia retail space tenant improvements was completed and turned over to the optometrist clinic, iCare Vision Center. The clinic serves approximately 70 residents living in rental housing at Greenbridge. The 2nd space to the north was also completed and a lease is being drafted to provide office and meeting space for new Greenbridge Association employees.

Home Sales: The Greenbridge Team monitored the construction and sale of 14 BDR homes in 2018 that resulted in profit participation revenue to KCHA of $946,215. Design review has been completed for homes proposed for sale at both the Materra (Parcel 5b) and the Wind Rose properties based on the requirements included in the Greenbridge Design Guidelines.

Greenbridge – 2019 Budget and Activities

The Greenbridge budget for 2019 is $4,742,493.00, which is a 119% increase from last year primarily due to inclusion of the construction of the 4th Ave SW Street Improvement project in the budget.

Additional capital expenditures at Greenbridge are for the permits and platting of Property 9, 10, 11. Conner Homes will begin home construction for Windrose in the second quarter of 2019 with park construction to follow. A series of construction projects will be actively monitored in 2019: infrastructure and homebuilding at BDR's Property 7 site, completion of homebuilding at BDR's property 5a, and homebuilding and park construction by Conner Homes at property 5b.

Asset Management– 2018 Projects

The Asset Management Department has a five person construction program that oversees large LIHTC development projects and capital improvement work within the Asset Management Department portfolios, such as roof replacement, building envelope upgrades, deck repairs, exterior painting, asphalt/concrete, plumbing system replacements, etc. In 2018, Asset Management managed the Somerset Gardens rehabilitation, the Highland Village rehabilitation, and the 36 unit Highland Village new construction building. Additionally, 38 smaller repair and improvement projects were completed along with fire restorations at four properties.

In 2018, Asset Management expended $21,426,347 or 75% of its capital budget. These expenditures also included over $16 million in construction at Somerset Gardens and Highland Village. As reported earlier in the year, $9,497,500 budgeted for the 36 unit new construction building at Highland Village was deferred to 2019 due to permitting delays with the City of Bellevue. The 2018 expenditures also include unbudgeted projects such as the 4 fire restoration projects and immediate repairs at several properties. Plumbing replacements at two properties were not undertaken due to a lack of responsive bids significantly reducing the Bond Properties completion percentage. Work at the Nike property was deferred due to an anticipated 2019 grant award from the WA Department of Commerce.

Completed projects included:

Project	2018 Expenditure
Abbey Ridge Asphalt	$ 76,239
Abbey Ridge Roofing	$ 52,645
Abbey Ridge HVAC	$ 79,690
Abbey Ridge Sitework	$ 10,000
Abbey Ridge Electrical Panels	$ 32,033
Aspen Ridge Asphalt	$ 34,815
Auburn Square Exterior Stairs	$ 72,000
Auburn Square Roofing	$ 90,005
Bellepark East Roofing	$ 38,800
Carriage House Asphalt	$ 40,583
Cascadian Asphalt	$ 128,473
Cove East Skylights	$ 80,000
Fairwood Asphalt	$ 129,477

Project	2018 Expenditure
Gilman Square Asphalt	$ 56,814
Gilman Square Roofing	$ 101,385
Gilman Square HVAC	$ 72,811
Heritage Park Roofing	$ 82,060
Landmark Pool	$ 46,200
Landmark Roofing	$ 42,222
Meadows on Lea Hill Asphalt	$ 84,361
Meadows on Lea Hill Roofing	$ 29,800
Newporter Asphalt	$ 48,955
Parkwood Asphalt	$ 44,038
Parkwood Windows	$ 78,000
Southwood Square Asphalt	$ 66,685
Timberwood Pool Resurfacing	$ 9,500
Villages at South Station Roofing	$ 87,596
Villages at South Station HVAC	$ 164,252
Windsor Heights Asphalt	$ 123,045
Windsor Heights Roofing	$ 28,980
Woodridge Park Ext. Walkway Repairs	$ 128,000
Woodridge Park Aphalt	$ 47,095
Woodside East Asphalt	$ 42,943
Woodside East Pool Deck	$ 42,000
Vantage Glen Cold Water Submetering	$ 91,529
Highland Village Rehab	$ 10,333,738
Highland Village New Construction	$ 10,037,266
Somerset Gardens Rehab	$ 5,616,258
A&E Design Contract	$ 1,558,202
2017 Vantage Glen Storm Drain Extension	$ 116,000
2017 Abbey Ridge Storm Drain	$ 87,997
Nike Manor Fire Restoration - Insurance Proceeds	$ 120,246
Carriage House Fire Restoration - Insurance Proceeds	$ 1,476,444
Woodside East Fire Restoration - Insurance Proceeds	$ 521,870
Friendly Village Cold Water Submetering	$ 79,332
Southwood Square Fire Restoration - Insurance Proceeds	$ 279,791
Abbey Ridge Roofing	$ 56,900
Friendly Village Fence	$ 98,522

Asset Management – 2019 Budget

In 2019, Asset Management is budgeting $20,122,552 for LIHTC development projects and capital improvement work within the Asset Management Department portfolios, which is approximately the same as the previous year. The work will include Highland Village new construction, planning for future LIHTC developments, smaller capital improvement projects and PSE funded solar PV installations at three properties. Projects include:

Project	2019 Budget
Aspen Ridge Asphalt	$ 50,000
Aspen Ridge Toilets	$ 35,200
Auburn Square Roofing	$ 100,000
Auburn Square Stairways	$ 100,000
Ballinger Commons Roofing	$ 80,000
Ballinger Commons HVAC	$ 100,000
Ballinger Commons Toilets	$ 258,000
Bellepark East Roofing	$ 80,000
Carriage House Asphalt	$ 50,000
Cascadian Decks	$ 50,000
Cascadian Plumbing	$ 350,000
Cottonwood HVAC	$ 50,000

Cove East Pool	$ 35,000
Cove East HVAC	$ 100,000
Fairwood Asphalt	$ 150,000
Gilman Square Pool	$ 50,000
Gilman Square Roofing	$ 100,000
Gilman Square HVAC	$ 60,000
Gilman Square Compactor	$ 50,000
Heritage Park Asphalt	$ 50,000
Heritage Park Roofing	$ 100,000
Heritage Park Toilets	$ 30,800
Laurelwood Asphalt	$ 75,000
Laurelwood Toilets	$ 40,000
Laurelwood Site Drainage	$ 75,000
Meadowbrook HVAC	$ 100,000
Meadows on Lea Hill Asphalt	$ 50,000
Meadows on Lea Hill Roofing	$ 33,000
Meadows on Lea Hill Toilets	$ 36,000
Newporter Plumbing	$ 600,000
Parkwood Asphalt	$ 50,000
Parkwood Toilets	$ 62,000
Parkwood Windows	$ 80,000
Rainier View I Asphalt	$ 50,000
Rainier View I Toilets	$ 19,200
Rainier View II Asphalt	$ 75,000
Rainier View II Toilets	$ 14,400
Si View Toilets	$ 8,000
Southwood Square Asphalt	$ 50,000
Southwood Square Toilets	$ 41,600
Timberwood Asphalt	$ 50,000
Timberwood Roofing	$ 75,000
Vashon Terrace Toilets	$ 6,400
Villages Roofing	$ 100,000
Villages HVAC	$ 100,000
Walnut Park Siding	$ 100,000
Walnut Park Toilets	$ 110,000
Windsor Heights Asphalt	$ 150,000
Woodland North Rockery	$ 160,000
Woodridge Park Asphalt	$ 150,000
Woodridge Park Pool	$ 35,000
Woodside East Pool	$ 50,000
Friendly Village Aspalt	$ 50,000
Friendly Village Pool	$ 50,000
Nike Manor Roofing	$ 415,534
Nike Manor Siding	$ 173,167
Rainier View Site Improvements	$ 1,000,000
Tall Cedars Asphalt	$ 54,000
Vantage Glen Asphalt	$ 65,000
Vantage Glen Rockeries	$ 200,000
Highland Village New Construction	$ 10,771,979
Abbey Ridge A&E	$ 1,068,144
Bellevue Manor A&E	$ 298,860
Woodland North A&E	$ 401,268
Patricia Harris Manor A&E	$ 1,000,000
Meadows at Lea Hill Solar PV	$ 81,910
Overlake Solar PV	$ 82,295
Windsor Heights Solar PV	$ 82,058

Asset Management – 2019 Budget: Highland Village new construction

$10.7 million is budgeted for the construction of 36 units in a single building that replaces two six-unit buildings that maximizes site use via an affordable housing density bonus. The building will have two and three bedroom units for large families, a management office, and a laundry room.

It should be noted that construction of the new building started in December 2018 and is scheduled to be completed in October 2019. The entire budget will be expended in 2019.

Asset Management – 2019 Budget: LIHTC Future Projects

$2.8 million has been allocated for A&E design work for substantial rehabilitation work at Abbey Ridge and Bellevue Manor in 2020, and Woodland North in 2021. A&E work for initial design and engineering relating to the potential redevelopment of Patricia Harris Manor is also included in the 2019 budget.

Housing Management– 2018 Projects

The unit upgrade budget was fully expended with the upgrade crew completing interior upgrades in 115 units of the budgeted goal of 120 units. The reduced number of completions was the result of upgrading larger units with more extensive upgrade needs. The upgrade crew also completed the transformation of twenty-four one bedroom units into twelve three bedroom units at Somerset Gardens. In addition, housing management has also completed 68 of the originally planned 79 small projects. 47 other smaller, unbudgeted projects have also been completed. Examples of small projects completed or underway include:

- Catch basin cleaning at multiple sites
- Patio deck replacements
- Window replacements
- Exterior siding painting
- Security camera installations at 15 communities
- Update emergency lighting at multiple mid-rise communities
- New/repair several playground installations
- Multiple parking lot repairs/resurfacing
- Improved mailboxes/shelter at several communities
- ADA access improvements for a community office
- Smoking shelters for residents at multiple sites
- Tree trimming/landscape improvements
- Signage installs
- Site drainage improvements
- Replace a Keyscan/intercom system at a senior building

Housing management spent approximately 92% of its total $5,162,214 budget for unit upgrades and small projects. The unit upgrade program ended the year slightly above its budget due to increased abatement activities at sites with asbestos containing materials. However, significant savings were realized in the small projects budget due to a combination of effective procurement and several projects being deferred to 2019.

In 2018, KCHA completed a majority of the work funded through the Energy Performance Contract (EPC). KCHA partnered with Johnson Controls Incorporated (JCI) to provide packaged conservation measures at 5 sites (209 Units). This package included: ductless heat pumps, energy recovery ventilators, exhaust fans, LED lighting, and water conservation measures. Ductless heat pumps were also installed in 9 community rooms, and 7 senior/disabled housing properties received common area LED lighting. 100% of the $2,777,472 budgeted for the JCI related EPC work has was expended by year end and all scheduled projects were completed.

$2,759,915 in EPC funding was included in the Capital Construction budget for elevator renovation which is being overseen directly by Capital Construction and was fully expended by year end.

Housing Management- 2019 Budget

For 2019, the Department has budgeted for the completion of 150 unit upgrades, which represents an investment of $4,337,640. In addition, there are 98 small projects included in the budget for 2019, equating to $1,475,950. Examples of these projects include the following:

- Security camera installations at 6 communities
- Catch basin cleaning at multiple sites
- Exterior siding painting
- Update exterior lighting at several communities
- Repair several playground installations
- Multiple parking lot repairs/resurfacing
- Smoking shelters for residents at multiple sites
- Tree trimming/landscape improvements
- Site drainage improvements
- Repair Keyscan/intercom systems at several buildings
- Build/repair p-patch garden boxes at several properties
- Replacement of electrical panels and meter packs at several senior buildings
- New common area furniture and carpet replacements for several senior buildings

TAB NUMBER 8

King County Housing Authority

To: Board of Commissioners

From: Craig Violante, Director of Finance

Date: December 1, 2018

Re: **New Bank Accounts**

Since the last Board meeting KCHA opened 7 new bank accounts.

Bank: Key Bank

- Zephyr Apartments LLLP Supplemental Reserve
- Fairwind Apartments LLLP Supplemental Reserve

Purpose: The new Supplemental Reserve accounts are to provide for future operating or replacement needs without requesting further financial assistance from KCHA. The Supplemental Reserve will receive transfers from the Operating Accounts and hold these funds until needed.

Bank: Bank of America

- Housing Authority of the County of King—Golden Sunset Depository Account
- Housing Authority of the County of King—Juanita View Depository Account
- Housing Authority of the County of King—Kirkland Heights Depository Account
- Housing Authority of the County of King—Martin Luther King Apts. Depository Account
- Housing Authority of the County of King—Weller Apts.

Purpose: These new depository accounts will receive and hold all tenant revenue from these properties. The account will issue wires to the operating account out of which expenses are paid. The operating accounts are not yet opened.

To: Board of Commissioners

From: Craig Violante, Director of Finance

Date: February 1, 2019

Re: **New Bank Accounts**

Since the last Board meeting KCHA opened 8 new bank accounts.

Bank: Bank of America

- Housing Authority of the County of King Tall Cedars Depository Account
- Housing Authority of the County of King Riverstone Depository Account

Purpose: These new depository accounts will receive all payments from tenants. The account will issue wires to the operating account out of which property operating expenses are paid.

Bank: Heritage Bank

- Commonwealth Real Estate Services King County Housing Authority- Tall Cedars Operating Account

Purpose: This new operating account will receive funds from the depository account to issue checks for operating expenses of the property.

Bank: BNY Mellon

- KCHA Somerset 19 Bond Fund
- KCHA Somerset 19 Rebate Fund
- KCHA Somerset 19 Bond Proceeds
- KCHA Somerset 19 Cost of Issue
- KCHA Somerset 19 Refunding Fund

Purpose: These trustee accounts are used to facilitate the $15M issuance of Somerset Garden Tax Exempt Bonds

TAB NUMBER 9

King County Housing Authority

KCHA Executive Dashboard

2018 Q4

October - December 2018

Households Served

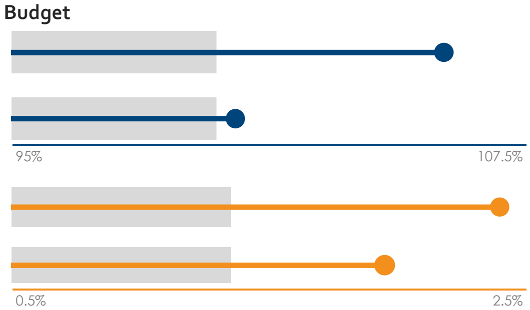
point in time as of December 1, 2018[1]

20,203

Finance

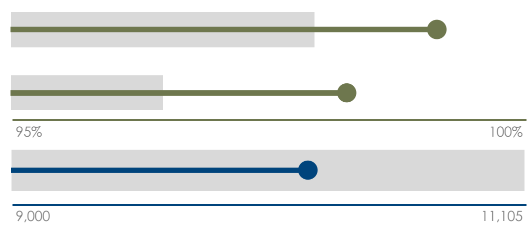
	Budgeted	Actual	Actual to Budget
Revenue year-to-date *	$362,299,229	$382,400,263	**105.5%**
Expenditure year-to-date *	$307,482,977	$308,893,499	**100.5%**
LGIP Rate Investments	1.07%	2.38%	**+1.31%**
Non-LGIP Investments	1.07%	1.82%	**+0.75%**

* Preliminary year-end numbers, subject to non-material adjustments



Housing Management

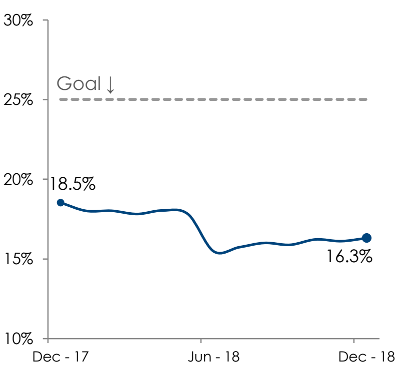
	Scope	Target	Dec '18
Public Housing Occupancy[2]	3,730 units	98.0%	**99.2%**
Local Programs Occupancy	6,485 units	96.5%	**98.3%**
Total Units Online[3]	10,215 units	11,105	**10,215**



Housing Choice Voucher Program Operations

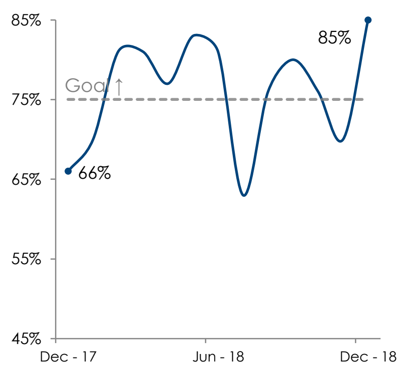
Shelter Burden

Households paying more than 40% of income for rent and utilities.



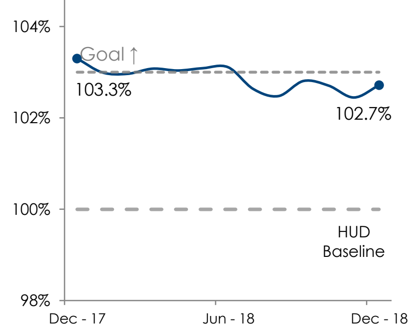
Shopping Success[4]

Lease-up within 240 days after voucher issuance, by cohort.



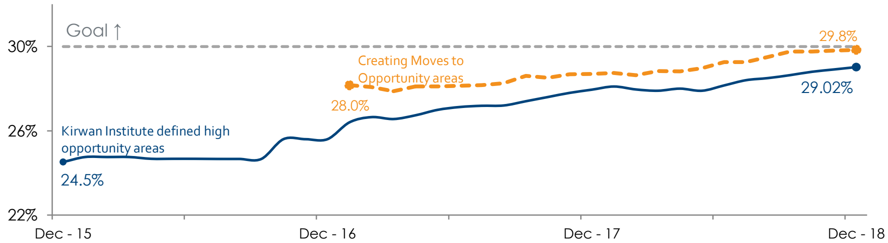
Utilization Rate[5]

Percentage of HUD ACC leased by month.



Increasing Access to Opportunity Areas

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



Notes

1) Includes households in both federally subsidized, workforce housing, and local programs. **2)** Excludes 49 units in portfolio where turnover is not tracked monthly. **3)** 11,105 represents the agency's acquisition stretch goal by the end of 2020.
4) Represents success of latest cohort to reach 240 days after voucher issuance. **5)** Adjusted for 12-month incremental lease-up of new vouchers.

King County Housing Authority

KCHA Executive Dashboard

2018 Q3

July - September 2018

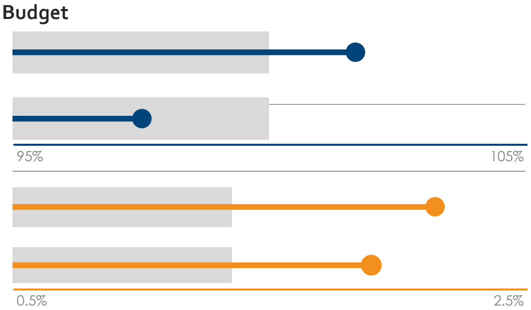
Households Served

point in time as of September 1, 2018[1]

20,016

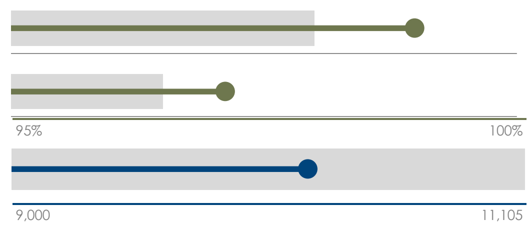
Finance

	Budgeted	Actual	Actual to Budget
Revenue year-to-date	$277,894,601	$282,593,011	**101.7%**
Expenditure year-to-date	$249,723,709	$243,543,590	**97.5%**
LGIP Rate Investments	1.07%	2.06%	**+0.99%**
Non-LGIP Investments	1.07%	1.75%	**+0.68%**



Housing Management

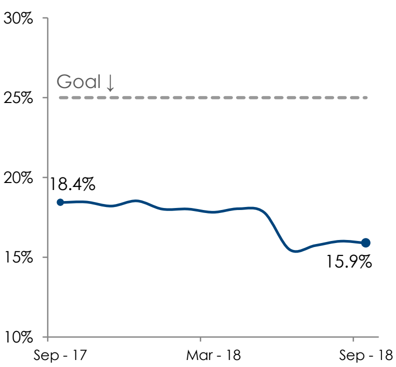
	Scope	Target	Sept '18
Public Housing Occupancy[2]	3,730 units	98.0%	**99.0%**
Local Programs Occupancy	6,485 units	96.5%	**97.1%**
Total Units Online[3]	10,215 units	11,105	**10,215**



Housing Choice Voucher Program Operations

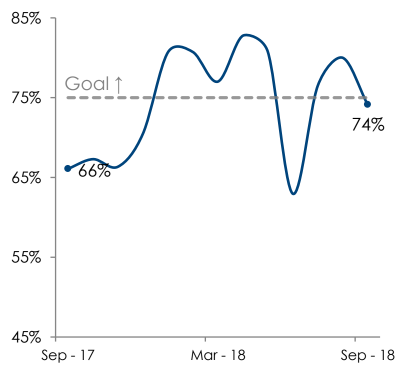
Shelter Burden

Households paying more than 40% of income for rent and utilities.



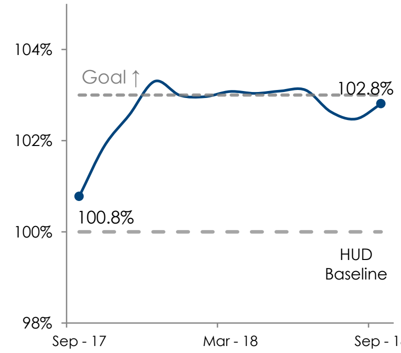
Shopping Success[4]

Lease-up within 240 days after voucher issuance, by cohort.



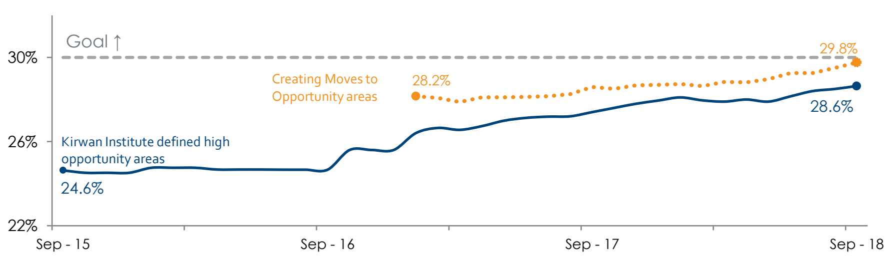
Utilization Rate[5]

Percentage of HUD ACC leased by month.



Increasing Access to Opportunity Areas

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



Notes

1) Includes households in both federally subsidized, workforce housing, and local programs. **2)** Excludes 49 units in portfolio where turnover is not tracked monthly. **3)** 11,105 represents the agency's acquisition stretch goal by the end of 2020. **4)** Represents success of latest cohort to reach 240 days after voucher issuance. **5)** Adjusted for 12-month incremental lease-up of new vouchers.

TAB NUMBER 10

King County Housing Authority

To: Board of Commissioners

From: Jenny Le, Research Project Manager
Sandeep Rayner, Senior Housing Program Manager

Date: February 11, 2019

Re: Study Session on the Creating Moves to Opportunity Initiative

Summary

In 2012 the KCHA Board of Commissioners directed staff to incorporate the broadening of geographic choices for our residents into the Housing Authority's core mission objectives. Since then KCHA has undertaken numerous policy and program initiatives to implement this directive. Most recently this has included the Creating Moves to Opportunity (CMTO) program.

Creating Moves to Opportunity (CMTO) is a multi-year, applied research collaboration between an interdisciplinary academic team from Harvard, Johns Hopkins, and other universities and a group of leading public housing authorities; the overarching goal of this effort is to develop and test effective strategies that expand access for families with young children to "high opportunity" neighborhoods[1]. CMTO expands on seminal research by Raj Chetty and colleagues that has used longitudinal tax record and census data to demonstrate the pronounced effects of neighborhood quality on children's long-term educational, economic, and other life outcomes.[2] Working with PHAs across the country, CMTO is testing locally-tailored strategies as proof points that will inform the evidence on effective and scalable strategies to broaden geographic choice within different housing markets and regional contexts throughout the country.[3]

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[1] "Opportunity neighborhoods" as used here are those areas in the country that based on the latest data and modeling techniques, are shown to have a pronounced positive effect on children's long-term education and economic outcomes.

[2] Chetty, Raj and Nathaniel Hendren. "The Impacts of Neighborhoods on Intergenerational Mobility I: Childhood Exposure Effects." *Quarterly Journal of Economics*, 133(3): 1107-1162, 2018. https://opportunityinsights.org/wp-content/uploads/2018/03/movers_paper1.pdf;
Chetty, Raj and Nathanial Hendren. 2018. "The Effects of Neighborhoods on Intergenerational Mobility II: County Level Estimates. *Quarterly Journal of Economics*, 133(3): 1163-1228, 2018." https://opportunityinsights.org/wp-content/uploads/2018/03/movers_paper2.pdf.

[3] Additional information on the broader CMTO project can be found in the attached CMTO overview document published by JPAL.

The Seattle-King County CMTO initiative is the first of these local proof points, and is a collaboration between KCHA, the Seattle Housing Authority, the academic team, and MDRC (a national implementation research firm). Funded by a $3 million grant from the Bill and Melinda Gates Foundation[4], the Seattle-King County CMTO study is a randomized control trial that is testing the efficacy of both family- and landlord-facing mobility strategies in Seattle and King County housing markets. This effort began in January 2017 with planning, design, and piloting activities. The project is now nine months into Phase I of the randomized control trial, testing the effects of implementing a suite of mobility strategies and the preliminary results are promising: intervention families are moving to opportunity areas at a significantly higher rate than control families. By summer 2019, full results from Phase I will be available and the Seattle-King County CMTO initiative will move to a second randomized phase in which individual intervention elements are tested. By the end of this study, KCHA will have rigorous evidence on the efficacy of a variety of mobility strategies when used individually and in combination; this information will be critical toward supporting efficient and scalable programs toward KCHA's geographic choice goals and will help inform national discussions regarding mobility strategies.

Additional information about the Seattle-King County CMTO initiative is provided below and will be discussed in greater detail at the February Board Meeting Study Session.

Initiative Goals and Approach

CMTO is a mobility program and a research project with dual goals:

1. Support families who receive a Housing Choice Voucher and have children under age 15 to access high opportunity areas in order to support intergenerational life outcomes.
2. Develop and test which strategies and services are most effective and cost efficient to support opportunity moves.

KCHA decided to participate in CMTO because the project aligns closely with agency strategies pertaining to geographic choice, advancement of operational excellence, and supporting residents' educational and life outcomes. CMTO is a collaborative initiative been KCHA's Housing Choice Voucher and Policy & Research Departments. Through this work, we will participate in the latest science in opportunity area classification as well as on testing mobility strategy efficacy; the CMTO initiative is also committed to maintaining a strong practical focus, ensuring that any strategies tested are operationally feasible and if effective, ultimately scalable. Additionally, CMTO involves ongoing process monitoring and formative evaluation. This ensures fidelity and continuous improvement to the intervention model as well as provides real-time insights into possible improvement areas in our HCV practices that could be expanded over the long-term.

The Seattle-King County CMTO initiative is broken into three phases:

[4] In addition to the BMGF, the Surgo Foundation along with other philanthropies have provided support for the research and analytic work conducted by the academic team and MDRC.

- **Baseline Phase** (January 2017 – March 2018) - planning, intervention design, and pilot testing.
- **Phase I** (April 2018 – June 2019) - randomized trial of bundled intervention strategies.
- **Phase II** (July 2019 – October 2020) – randomized trial of isolated intervention strategies.

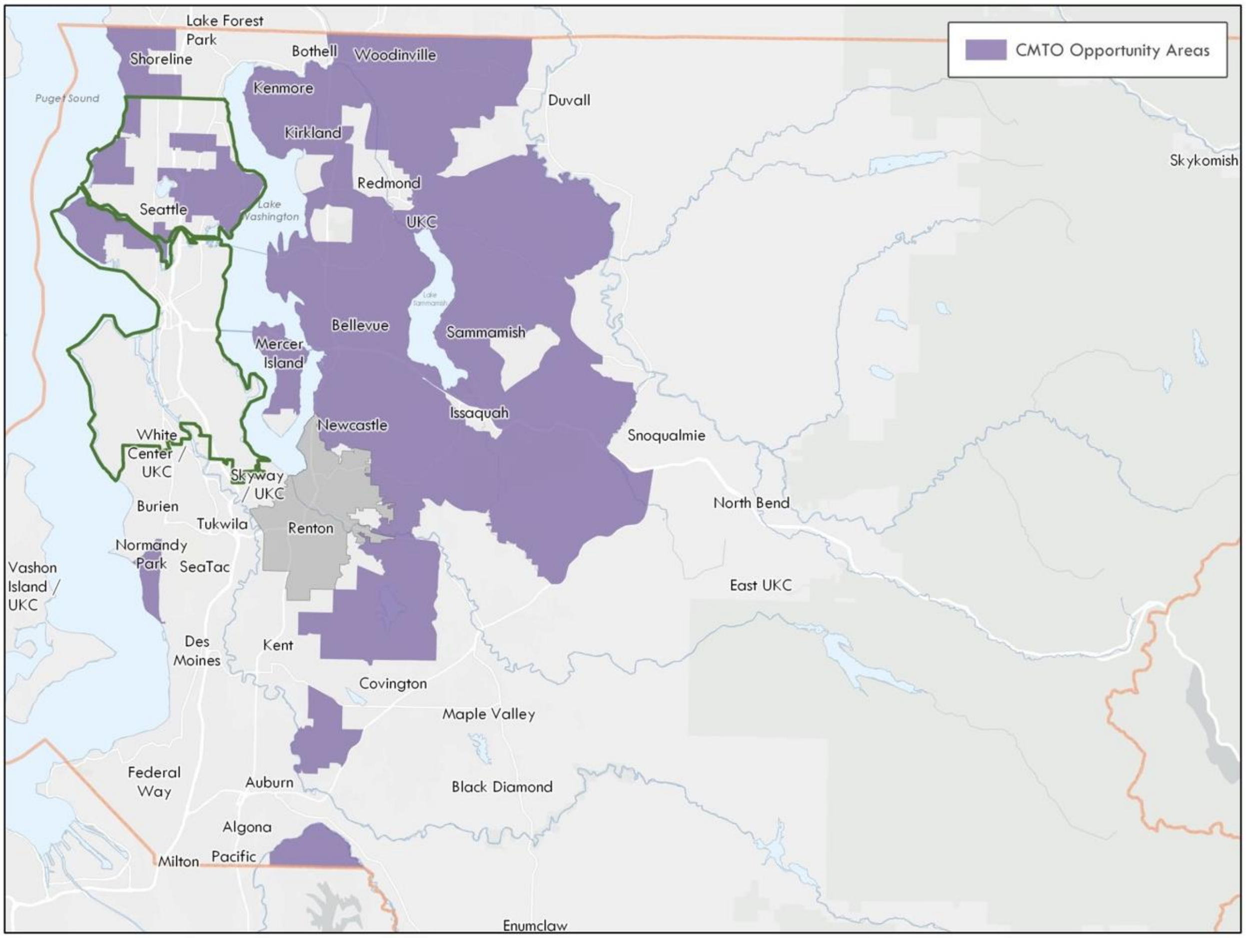
The February study session will focus on progress and preliminary results from the Baseline Phase and Phase I.

CMTO Opportunity Area Identification

One of the key milestones from the Baseline Phase was the identification of opportunity areas in Seattle and King County. Though prior KCHA policies have used the broader Kirwan opportunity metric, KCHA's involvement in CMTO provided an opportunity to work with the academic team on advanced models using linked census and IRS data to identify high opportunity areas for low-income children; this CMTO opportunity metric defines opportunity areas as neighborhoods within King County where children from low-income families are likely to have increased earnings as adults. In addition to earnings outcomes, the final model also includes a number of contemporaneous variables (e.g., poverty rate, 4th grade test scores) in order to better account for neighborhood transitions.

KCHA, SHA, and the academic team spent nearly a year identifying and refining the opportunity maps. This involved not only analyses of big administrative data, but also conversations with front-line staff and site visits by the academic team to see these neighborhoods first-hand and to understand the perspectives of people currently living and working in these communities. The final maps reflect a blend of results from the academic models combined with on-the-ground expertise.

As illustrated in the map below, CMTO opportunity areas are spread across a broad swath of King County, including some census tracts not previously captured in the Kirwan opportunity metric.



Intervention Design and Service Model

Other key elements of the planning and design Baseline Phase included developing the intervention strategies and identifying a third-party vendor to implement these services. After a lengthy search process, InterIm Community Development Association was selected as the service vendor for CMTO in both Seattle and King County. Additionally, MDRC interviewed local stakeholders including current and incoming HCV families, landlords, front-line staff and program managers to explore and identify mobility strategies that best addressed key barriers to opportunity area access in King County and to ensure that proposed intervention elements resonated with these groups. This design work was also informed by results from KCHA's earlier mobility-focused efforts including the Community Choice Pilot (CCP) which was in effect from 2014-2017.

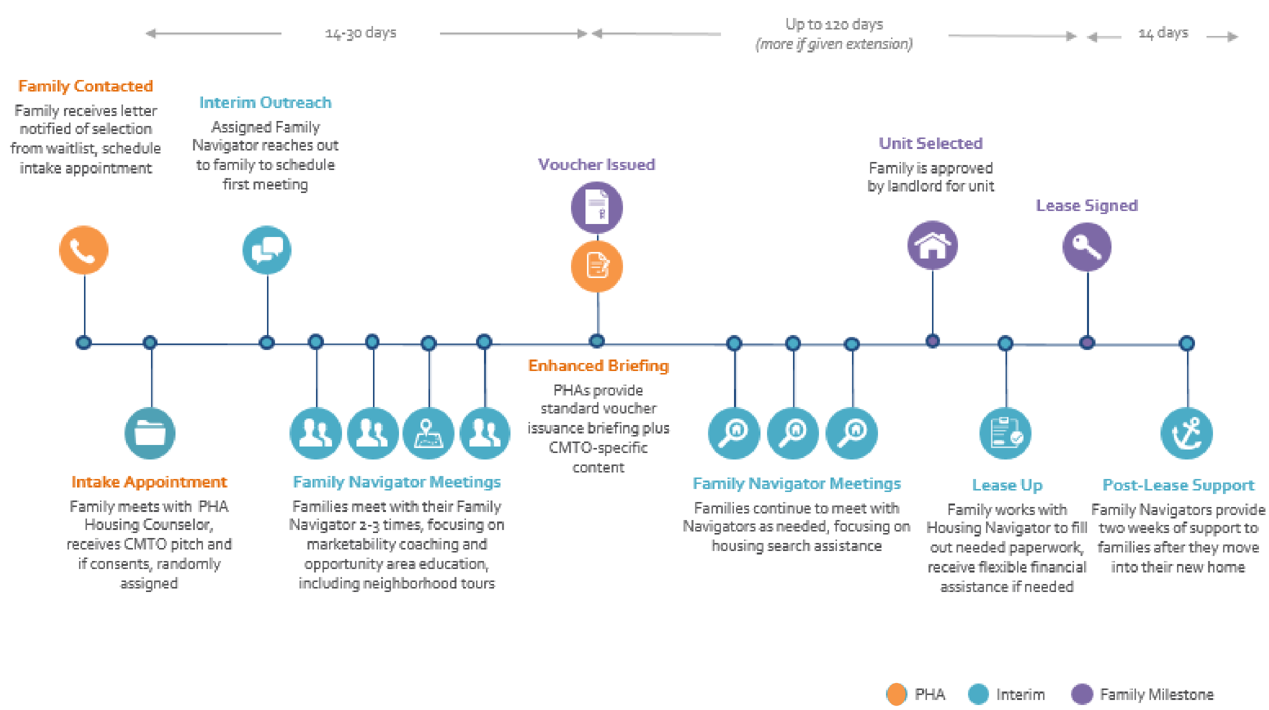
Ultimately, the intervention model includes five key focus areas:

- **Opportunity Area Education** to increase families' knowledge and interest in opportunity areas by introducing them to these communities and providing information on services and amenities in these neighborhoods.
- **Marketability Coaching** to increase families' competitiveness for private market rental units by helping families identify and overcome barriers to renting

(e.g., poor credit, criminal record, limited or negative housing history), provide budgeting support, and assist in preparing rental application materials.

- **Housing Search Assistance** to expand and improve families' housing search process and leasing success by helping with unit identification (including direct referrals to units), coaching on housing search practices, and direct accompaniment to unit viewings.
- **Flexible Financial Assistance** to defray moving expenses such as application fees, moving costs, and security deposits.
- **Landlord Engagement** to cultivate relationships with property owners and landlords in opportunity areas as well as expediting lease-up processes by fast-tracking paperwork, housing inspections, and other activities.

In Phase I, all of these service strategies are being tested simultaneously. The graphic below illustrates this service experience for families assigned to the treatment group. Control group families in Phase I receive all standard HCV services.



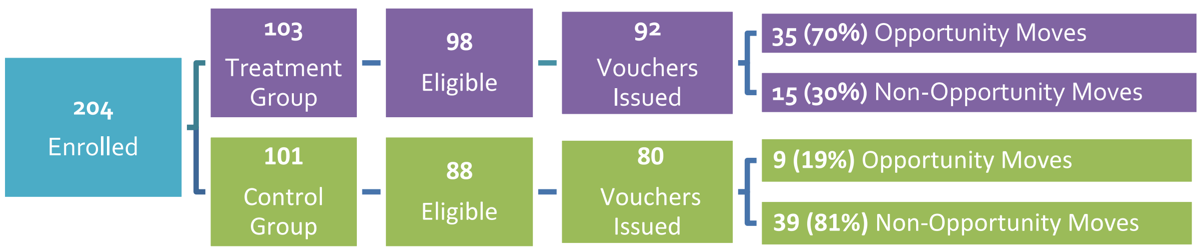
Results to Date

The Baseline Phase of CMTO concluded at the end of March 2018 following a 4-month pilot. The pilot was designed as a trial-run to test and make adjustments to the services offered by the PHAs and InterIm prior to adding randomization in Phase I. In May 2018, KCHA launched Phase I of the CMTO study and anticipates continuing Phase I enrollment through February 2019 (with Phase I services ending in June 2019).

This work to date has provided preliminary results on study participation and locational outcomes as well as on operational adjustments that were elevated through KCHA's involvement with CMTO.

Enrollment and Voucher Outcomes

As of January 2019, 204 KCHA households have enrolled in CMTO, of which 172 (84%) have been issued a voucher[5]. Enrolled families have been randomly assigned to either the treatment or control groups. As noted in the diagram below, preliminary treatment effects appear promising, with 70% of families in the treatment group having moved to opportunity areas as compared to 19% in the control group. While these results are encouraging, it is important to note that they are still preliminary as many families – especially more recent participants – are still searching and do not yet have a lease-up outcome.



Service Participation and Landlord Outreach

To date, families' participation and engagement in CMTO services has been high. Ninety-five percent of families enrolled in the program have had an initial meeting with InterIm staff. In the initial meeting, families are offered opportunity area education and marketability counseling. In addition, staff assisted 72% of the families pull their credit reports and helped 95% of families create a housing search plan.

Additionally, landlord outreach and engagement has been gaining traction. Over a hundred landlords in opportunity areas in Seattle and King County have been contacted by the InterIm staff. A significant proportion of these landlords have agreed to participate in the CMTO program and to proactively send unit availability to the InterIm staff.

Operational Enhancements

As noted above, a secondary goal of CMTO is to provide insights into processes that may strengthen the HCV program generally. Through the pilot and Phase I efforts, a number of process improvements within the HCV program have been identified and implemented, including:

1. Increasingly coordinated and proactive outreach strategies to increase response rates after mailing intake packets.
2. Revisions to briefing materials in order to enhance the content and delivery of information on voucher issuance as well as to incorporate CMTO elements into the briefing session.
3. Formalizing the expedited leasing process to guarantee a 2-3 day processing time from paperwork submission to issuing the Housing Assistance Payment

[5] Final enrollment into the CMTO study is conditional on voucher receipt.

(HAP).

4. Coordinating landlord outreach and education between KCHA owner liaisons and the InterIm staff.

Though the operational shifts noted above were highlighted through the CMTO experience, they could all be potentially expanded to standard practices across the HCV department for all voucher recipients.

Next Steps

Phase I enrollment is scheduled to conclude by the end of February 2019 and the CMTO team is currently in the midst of Phase II planning and design. We anticipate that Phase II enrollment will begin in Q3 2019 following a brief pause period during which we will finalize all elements of the Phase II intervention and train staff on these revised study and service protocols.

Open questions at this time include the degree to which effective interventions identified through this initiative can be incorporated more generally into the Housing Choice Voucher program, and the challenge of continuing support to assist households in successfully integrating into new neighborhoods.

We look forward to continuing to brief the Board on the continued evolution and outcomes from this the Seattle-King County CMTO initiative as this effort progresses and as new information is available.

CREATING MOVES TO OPPORTUNITY

PRESENTERS SHARE IDEAS ON INTERVENTIONS AT DECEMBER 2015 CMTO CONFERENCE IN CAMBRIDGE, MA. | PHOTO: J-PAL

The Creating Moves to Opportunity (CMTO) project is an ongoing collaboration between academic researchers and public housing authorities (PHAs), with guidance, advice, and support provided by J-PAL North America, MDRC, non-profit housing practitioners, housing advocates, foundations, and government partners. This brief summarizes the motivation and aims of the project as well as preliminary ideas for introducing and evaluating interventions to "create moves to opportunity."

MOTIVATION

Among advanced nations, the United States has one of the lowest rates of upward income mobility, which is driven by extremely low rates of upward mobility in our most economically and racially segregated cities. A wave of emerging research provides new evidence that growing up in a high-poverty neighborhood has a negative effect on a number of important life outcomes, including earnings, education, and health, and prevents children who grow up in these neighborhoods from advancing economically. Conversely, helping families move to lower-poverty neighborhoods improves long-term outcomes for their children, thereby promoting upward mobility.

Studying more than five million families who move across counties in the U.S., Chetty and Hendren (2017a) find that every year a child spends growing up in a better neighborhood improves their outcomes in adulthood, including earnings and college attendance.

Similarly, long-term analysis of the Moving to Opportunity (MTO) experiment by Chetty, Hendren, and Katz (2016) finds that young children (under age 13) whose families were randomly provided vouchers to move from high-poverty housing projects to lower-poverty neighborhoods earned substantially more in adulthood, were more likely to attend college, attended higher-quality colleges on average, and were less likely to become single parents.

AIM OF THE CREATING MOVES TO OPPORTUNITY PROJECT

The importance of place for upward economic mobility suggests at least two types of policy approaches: 1) improve low-opportunity neighborhoods, and 2) help families with young children move to high-opportunity neighborhoods.

The researchers and PHAs involved in the project recognize the importance of improving America's most disadvantaged neighborhoods and undertaking place-based approaches to improve economic mobility. In related work, Chetty and Hendren (2017b) aim to characterize the common features of high-opportunity neighborhoods. Their existing research finds that within a given commuting zone, counties that have higher rates of upward mobility tend to have the following five characteristics: less segregation by income and race, lower levels of income inequality, larger share of two-parent households, lower rates of violent crime, and better school quality. They are working to extend their analysis of place effects to the census tract and zip code level, and plan to partner with sociologists to conduct mixed-methods research to shed light on the key mechanisms driving upward mobility at the local level. The PHAs involved in the study share this commitment to place-based policy approaches.

To learn more about the CMTO project, please contact CMTO project manager Kristen Watkins at kwatkins@mit.edu

J-PAL
ABDUL LATIF JAMEEL POVERTY ACTION LAB
NORTH AMERICA

mdrc
BUILDING KNOWLEDGE TO IMPROVE SOCIAL POLICY

OPPORTUNITY INSIGHTS

The aim of the CMTO project, in contrast, is to focus on the second approach, by developing and evaluating potential interventions to facilitate long-lasting moves to opportunity through the Housing Choice Voucher program, particularly for families with younger children. Although the U.S. spends $20 billion annually on the Housing Choice Voucher program, 80 percent of vouchers are used in moderate- or high-poverty neighborhoods. If approaches can be developed to improve how families interact with the Housing Choice Voucher program, there is serious potential to help young children living in poverty move to better neighborhoods and improve their long-run educational and labor market outcomes.

CMTO aims to develop and evaluate potential interventions to facilitate long-lasting moves to opportunity through the Housing Choice Voucher program, particularly for families with younger children.

NEW YORK CITY APARTMENT BUILDING. | PHOTO: SHUTTERSTOCK.COM

POTENTIAL INTERVENTIONS

A central aspect of the CMTO project is the collaborative development of interventions between academic researchers and PHA representatives. At the first CMTO conference in December 2015, participants identified four broad categories of potential interventions: improved information quality in the housing search process, comprehensive mobility services, removing barriers and providing incentives for landlords and tenants, and project-based vouchers in high-opportunity neighborhoods Below are preliminary summaries of potential interventions in each category.

1) Improving Information Quality in the Housing Search Process

Voucher recipients may not move to high-opportunity neighborhoods because they are unable to access reliable information about housing in these neighborhoods. For example, the two largest providers of housing listings for voucher recipients, *GoSection8* and *SocialServe*, overwhelmingly do not show any neighborhood characteristics or information on school quality. Ideas for an information intervention include adding neighborhood quality information onto housing listings, defaulting search results to sort by neighborhood quality, and using text message alerts to notify families when listings in opportunity neighborhoods become available. For informational approaches to be effective, there must be an adequate supply of listings in high-opportunity neighborhoods.

2) Providing Comprehensive Mobility Services

Comprehensive mobility services, such as intensive pre-move counseling, can help families navigate the complexities of moving to an opportunity neighborhood. At the March 2016 working group meeting, presenters from three non-profit agencies discussed the services they provide to help families move to opportunity areas. This category focuses on ways for PHAs, on their own or in partnership with non-profits, to provide similar programs. Programs might include intensive pre-move counseling and search assistance, post-move counseling, or connections to other service providers.

3) Removing Barriers and Providing Incentives to Landlords and Tenants

Financial incentives could encourage tenants to move to better neighborhoods without overly restricting choice. Short-term incentives, such as security deposit assistance, can help overcome upfront barriers. Long-term incentives, such as subsidies for opportunity neighborhoods, could substantially change where families choose to locate.

Incentives and barrier removals for landlords could also make them more likely to accept housing choice vouchers. Financial incentives, such as property damage insurance, could help increase the appeal of renting to voucher-holders. Landlords may also be more willing to participate in the voucher program if bureaucratic hassles, such as inspections requirements, could be eased.

4) Removing Apartment Search Frictions through Project-Based Vouchers

Increasing the stock of project-based units in opportunity areas can facilitate moves to opportunity by creating guaranteed access to those neighborhoods, eliminating landlord screening challenges and ensuring the long-term existence of affordable housing in high opportunity areas. However, allocating vouchers in this way eliminates families' choice around both neighborhood and unit, and the impacts of this constraint, particularly on persistence in an opportunity area, should be explored. Research in this category will aim to better understand households' preferences when offered a choice of project-based vouchers or tenant-based vouchers, and study the persistence of moves to project-based units in opportunity areas.

CURRENT RESEARCH

Seattle-King County CMTO Demonstration Project

The Seattle Housing Authority and King County Housing Authority are taking part in the Seattle-King County CMTO demonstration project to test several of the intervention ideas from the initial CMTO conference. The first phase of research will involve providing multiple incentives to both voucher recipients and landlords. Housing choice voucher recipients will be offered rental broker assistance, marketability counseling, and flexible financial assistance to help cover moving expenses if the family elects to conduct their housing search in a high-opportunity neighborhood. Participating landlords will be offered incentives to lease to voucher holders, which may include an insurance fund for damages or an expedited lease-up and inspection process. A second phase of research will further refine which aspects of mobility support have the greatest potential for helping families move. Through this research, the team also plans to explore the impact of historical place-based policies to better identify potential place-based interventions.

Informing and Nudging Families to Opportunity

In partnership with *GoSection8*, the largest rental listing website for housing units available to voucher holders, this research will test several interventions, including piloting and evaluating systematic outreach to landlords to increase the number of listed units, testing how introducing information on neighborhood quality impacts demand for listings on the web and mobile sites, and creating a text message alert system to notify families when listings in opportunity areas become available. This research is focused on the first category of interventions, and will be conducted by randomly selecting users of the GoSection8 platform and partnering with several PHAs to do outreach to landlords.

PARTICIPANTS ENGAGE IN CONVERSATION AT MARCH 2016 WORKING GROUP MEETING AT THE STANFORD INSTITUTE FOR ECONOMIC POLICY RESEARCH (SIEPR), STANFORD, CA. PHOTO: J-PAL

OUTCOMES AND MEASURING SUCCESS

Researchers and PHAs will continue to collaborate to identify additional opportunities to design and implement interventions, and study them through randomized evaluations. For all interventions, the goal is the same: help families, particularly those with younger children, move to and persist in opportunity neighborhoods.

MTO studied the short-, medium-, and long-term impacts of being offered a housing voucher and moving to a better neighborhood. The primary purpose of this project is not to repeat MTO, but to understand how to facilitate moves to better neighborhoods. As such, the two primary outcomes of interest to the research team are 1) the number of moves to opportunity neighborhoods made by families, particularly those with younger children, and 2) how long families persist in those neighborhoods.

To measure these outcomes, it is important to clearly define opportunity neighborhoods. For this project, de-identified tax data will be used to develop outcome-based measures of opportunity neighborhoods. Opportunity neighborhoods are those that produce good outcomes for children, as measured by increases in lifetime earnings. The research team has demarcated opportunity areas at the county level and is working to zoom in to the zip code and census tract level. By identifying neighborhood characteristics that are associated with long-term earnings increases, they will be able to generate forecasts of opportunity measures using existing data. These forecasts will be used to define opportunity neighborhoods in the interventions and can also be used to conduct formal cost-benefit analyses after the evaluation, by comparing the cost of the intervention to the predicted increase in adult earnings as the result of a move.

Through the research conducted as part of CMTO, there will be the potential to track additional outcomes as well. There may be interest in seeing whether positive results from MTO replicate in a new experiment, including reductions in obesity and diabetes, improvements in mental health, and changes in happiness and perceived safety. The eventual impacts on child outcomes and family economic well-being are also of interest. The study and consent process will be designed to allow for tracking of other outcomes.

FIGURE 1. PREDICTED EXPOSURE EFFECTS ON CHILD'S INCOME RANK AT AGE 26 BY COMMUTING ZONE FOR CHILDREN WITH PARENTS AT 25TH PERCENTILE OF INCOME DISTRIBUTION

This map shows predicted neighborhood exposure effects at the commuting zone (CZ) level for children born between 1980–86 who grew up in the 1980's and 1990's. As part of the CMTO project, researchers will zoom in to the zip code and census tract level and generate forecasts of neighborhood exposure effects for children growing up today.

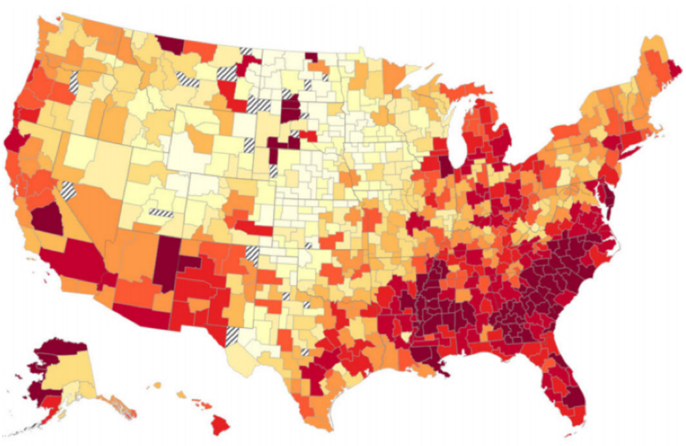


FIGURE: CHETTY AND HENDREN (2017B)

Percentage impact on earnings

- > 23.8%
- 16.3 – 23.8
- 10.6 – 16.3
- 6.9 – 10.6
- 4.1 – 6.9
- 1.9 – 4.1
- -1.5 – 1.9
- -4.9 – -1.5
- -9.4 – -4.9
- < -9.4%
- Insufficient Data

Note: Estimates represent change in rank from spending one more year of childhood in CZ.

ABOUT J-PAL NORTH AMERICA

The Abdul Latif Jameel Poverty Action Lab (J-PAL) is a network of more than 140 affiliated professors from over forty universities. Our mission is to reduce poverty by ensuring that policy is informed by scientific evidence. We engage with hundreds of partners around the world to conduct rigorous research, build capacity, share policy lessons, and scale up effective programs. J-PAL was launched at the Massachusetts Institute of Technology (MIT), and now has regional offices in Africa, Europe, Latin America and the Caribbean, North America, South Asia, and Southeast Asia.

ABOUT MDRC

MDRC is committed to finding solutions to some of the most difficult problems facing the nation — from reducing poverty and bolstering economic self-sufficiency to improving public education and college graduation rates. We design promising new interventions, evaluate existing programs using the highest research standards, and provide technical assistance to build better programs and deliver effective interventions at scale.

ABOUT SIEPR

The Stanford Institute for Economic Policy Research (SIEPR) supports research that informs economic policymaking while engaging future leaders and scholars. SIEPR shares knowledge and builds relationships among academics, government officials, the business community and the public.

PHA WORKING GROUP MEMBERS

As of July 2017, the following PHAs have signed a letter of intent to indicate the agency's commitment to the effort:

- Atlanta Housing Authority
- Cambridge Housing Authority
- Charlotte Housing Authority
- Housing Authority of Cook County
- Dallas Housing Authority
- District of Columbia Housing Authority
- Fresno Housing Authority
- Houston Housing Authority
- Keene Housing
- King County Housing Authority
- Louisville Metro Housing Authority
- Minneapolis Public Housing Authority
- New York City Housing Preservation & Development
- HomeForward (Portland, OR)
- Housing Authority of the County of San Bernardino
- San Diego Housing Commission
- Seattle Housing Authority
- Tacoma Housing Authority

RESEARCHERS

Peter Bergman, Assistant Professor of Economics and Education, Teachers College, Columbia University

Raj Chetty, William A. Ackman Professor of Public Economics, Harvard University; J-PAL

Stefanie DeLuca, Associate Professor in the Department of Sociology, Johns Hopkins University

Nathaniel Hendren, Professor of Economics, Harvard University

Lawrence Katz, Elisabeth Allison Professor of Economics, Harvard University; J-PAL North America Co-Scientific Director

Christopher Palmer, Assistant Professor of Finance, Sloan School of Management, MIT

[1] Chetty, Raj and Nathaniel Hendren. 2017a. "The Impacts of Neighborhoods on Intergenerational Mobility I: Childhood Exposure Effects." NBER Working Paper No. 23001. Available online: http://www.equality-of-opportunity.org/assets/documents/movers_paper1.pdf

[2] Chetty, Raj and Nathaniel Hendren. 2017b. "The Impacts of Neighborhoods on Intergenerational Mobility II: County-Level Estimates." NBER Working Paper No. 23002. Available online: http://www.equality-of-opportunity.org/assets/documents/movers_paper2.pdf

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King County Housing Authority

T0: Board of Commissioners

From: Stephen Norman, Executive Director

Date February 7, 2019

Re: **KCHA Workforce Housing Acquisition Strategy**

Affordable rental housing for the region's workforce is disappearing rapidly. Not only is very little new housing being constructed for this segment of the market, but King County is actually losing this critical resource at the rate of approximately 3,600 units each year due to demolition and rising rents. Loss of this housing is forcing employees to live further and further from their place of work, dislocating existing neighborhood residents, shrinking the labor pool, increasing commute times and exacerbating already congested regional traffic patterns. It poses both an immediate and long term threat to the region's quality of life, economic prosperity and environmental sustainability.

The Seattle region's corporate community is beginning to focus on the question of housing supply for households earning between 60% and 120% of area median income. No government funded programs target this market. As you are aware, the Microsoft Corporation recently announced a $500 million initiative to begin addressing the region's affordable housing problem. Challenge Seattle, an industry roundtable consisting of the CEOs of 17 of the region's largest employers and chaired by former Governor Christine Gregoire, has also just announced a commitment to seeking solutions to this issue.

KCHA has been working with both Microsoft and Challenge Seattle to expand their initial focus on new construction to include preservation of existing workforce housing. This is an approach that KCHA has significant experience with. It is quicker, cheaper, prevents dislocation of existing community residents, and can be scaled more effectively than new construction. We will brief the Board on Tuesday regarding KCHA's discussions with the corporate sector about potential partnership approaches that would increase the inventory of workforce housing that is preserved as affordable over the long term.

TAB NUMBER 12

KCHA IN THE NEWS

February 19, 2019

The New York Times

Microsoft Pledges $500 Million for Affordable Housing in Seattle Area

A government report in December found that the Seattle region needs 156,000 more affordable housing units, and will need 88,000 more by 2040 if the region's growth continues. Credit Ruth Fremson/The New York Times

By Karen Weise

- Jan. 16, 2019

  SEATTLE — The Seattle area, home to both Microsoft and Amazon, is a potent symbol of the affordable housing crisis that has followed the explosive growth of tech hubs. Now Microsoft, arguing that the industry has an interest and responsibility to help people left behind in communities transformed by the boom, is putting up $500 million to help address the problem.

  Microsoft's money represents the most ambitious effort by a tech company to directly address the inequality that has spread in areas where the industry is concentrated, particularly on the West Coast. It will fund construction for homes affordable not only to the company's own non-tech workers, but also for teachers, firefighters and other middle- and low-income residents.

  Microsoft's move comes less than a year after Amazon successfully pushed to block a new tax in Seattle that would have made large businesses pay a per-employee tax to fund homeless services and the construction of affordable housing. The company said the tax created a disincentive to create jobs. Microsoft, which is based in nearby Redmond, Wash., and has few employees who work in the city, did not take a position on the tax.

The debate about the rapid growth of the tech industry and the inequality that often follows has spilled across the country, particularly as Amazon, with billions of taxpayer subsidies, announced plans to build major campuses in Long Island City, Queens, and Arlington, Va., that would employ a total of at least 50,000 people. In New York, elected officials and residents have raised concerns that Amazon has not made commitments to support affordable housing.

Microsoft has been at the vanguard of warning about the potential negative effects of technology, like privacy or the unintended consequences of artificial intelligence. Executives hope the housing efforts will spur other companies to follow its lead.

“We believe everybody has a role to play, and everybody needs to play their role,” said Brad Smith, Microsoft’s president and chief legal officer.

The company’s strong finances, a sign of its resurgence under Satya Nadella as chief executive, have given it resources to deploy, Mr. Smith said. In October, the company reported net income of $8.8 billion in its most recent quarter, up 34 percent, and it had almost $136 billion in cash and short-term investments on its balance sheet. The company’s stock has risen steadily under Mr. Nadella, and Microsoft is now valued at over $800 billion.

A number of other tech businesses have tried to address the homeless crisis. Amazon’s chief executive, Jeff Bezos, has supported homeless service providers through his personal foundation, and the Salesforce chief executive, Marc Benioff, helped fund a proposition in San Francisco to tax businesses to pay for homeless services. Voters approved the tax in November, rejecting opposition from some tech leaders, including Twitter’s chief executive, Jack Dorsey.

Others plan to build housing for their own employees. Such housing may help with demand, but it has also reinforced the impression that the companies are focused too closely on their own backyards.

“This is long-range thinking by a company that has been around for a long time, and plans to be around for a long time,” said Margaret O’Mara, a professor at the University of Washington who studies the history of tech companies.

Microsoft began researching the region’s housing last summer, after the nasty tax fight in Seattle and around a peak of the housing market. The company analyzed data and hired a consultant to decide how to focus its work. The area’s home prices have almost doubled in the past eight years, and Mr. Smith said he learned that “the region has counterintuitively done less to build middle-income housing than low-income housing, especially in the suburbs.”

The availability of affordable housing in the Seattle area has not kept pace with growth fueled by tech giants like Microsoft. Credit Ruth Fremson/The New York Times

That squeeze hits a range of workers. “Of course, we have lots of software engineers, but the reality is that a lot of people work for Microsoft. Cafeteria workers, shuttle drivers,” Mr. Nadella said this week at a meeting with editors at the company’s headquarters. “It is a supply problem, a market failure.”

Microsoft plans to lend $225 million at subsidized rates to preserve and build middle-income housing in six cities near its Redmond headquarters. It will put an additional $250 million into low-income housing across the region. Some of those loans may be made through the federal programs that provide tax breaks for low-income housing.

The company plans to invest the money within three years, and expects most of it to go to Seattle’s suburbs.

The loans could go to private or nonprofit developers, or to governmental groups like the King County Housing Authority. As the loans are repaid, Mr. Smith said, Microsoft plans to lend the money out again to support additional projects.

The remaining $25 million will be grants to local organizations that work with the homeless, including legal aid for people fighting eviction. The Seattle Times reported Wednesday that if the $500 million were put into one project, it would create only about 1,000 units, so instead Microsoft will most likely put smaller amounts in many projects to help build “tens of thousands of units.”

The initial reaction to the company’s announcement was positive.

“There is almost no level of housing that isn’t direly needed,” said Claudia Balducci, a member of the King County Council who helps lead the Regional Affordable Housing Task Force.

A report in December by the task force said that the region needs 156,000 more affordable housing units, and will need 88,000 more units by 2040 to accommodate future growth.

A growing body of research has tied the lack of affordable housing to increasing homelessness. A December study from the real estate website Zillow said that was particularly true when households pay more than a third of their income in rent. The New York, Boston, Los Angeles, San Francisco and Seattle regions — the country’s largest tech hubs — have all already crossed that threshold.

“The idea that you can live in your bubble and put your fingers in your ears just doesn’t work anymore,” said Steve Schwartz, head of public affairs at Tableau Software, which is based in Seattle.

Amazon in recent years has worked closely with Mary’s Place, a homeless shelter for women and children in Seattle, and is integrating a shelter for about 65 families into one of its new buildings. Amazon has paid tens of millions of dollars to the city’s affordable housing trust fund as fees to build in the core of Seattle.

Amazon declined to comment.

Google supported the City of Mountain View’s plan to add 10,000 housing units in an area it’s developing, with 20 percent designated for lower-income residents. And Facebook has planned to build 1,500 apartments near its Menlo Park headquarters, with 15 percent to be affordable.

Microsoft has begun a major overhaul of its main campus in Redmond, committing billions of dollars in renovations and connecting it to a light rail station under construction. The company helped finance a successful campaign for voters to approve more property taxes to pay for transportation. This new investment in housing takes its commitments a step further.

“This is where Microsoft is going to be, and the region needs to work,” Ms. Balducci said. “I don’t think this is wholly altruism.”

Follow Karen Weise on Twitter: @kyweise.

The Wall Street Journal

https://www.wsj.com/articles/microsofts-answer-to-seattle-areas-housing-problem-500-million-11547701071

TECH

Microsoft's Answer to Seattle Area's Housing Problem: $500 Million

Puget Sound region, home to the tech giant and Amazon, has been among the nation's hottest real-estate markets

Microsoft is based in the Seattle area and employs some 50,000 people. PHOTO: CHRIS HELGREN/REUTERS

By Jay Greene

Jan. 16, 2019 11:57 p.m. ET

Microsoft Corp. MSFT pledged $500 million to support affordable housing in the Seattle area, an effort to address concern that technology companies' financial success has pushed less wealthy people out of their communities.

Microsoft's pledge is the largest financial commitment it has made on a single community issue, a spokesman said. The company, which announced the plans late Wednesday, has earmarked $475 million to fund construction loans for affordable housing in the area over the next three years. The other $25 million will fund grants to address homelessness.

In general, Mr. Smith said, the tech sector needs to do more to address its impact on society. “Increasingly we have to ask ourselves not just how we benefit from the communities in which we work, but how we help these communities grapple with all these changes,” he said.

Write to Jay Greene at Jay.Greene@wsj.com

Microsoft pledges $500 million to tackle housing crisis in Seattle, Eastside

Originally published January 16, 2019 at 6:00 pm Updated January 24, 2019 at 2:37 pm

1 of 2

Microsoft President Brad Smith speaks Thursday at a news conference in Bellevue to announce a $500 million pledge by the company to develop affordable housing and also to address homelessness in the greater... (Ted S. Warren / The Associated Press) ***More***

The pledge is the largest in the company's 44-year history, and comes as Microsoft and other tech giants that have driven the region's economic boom face increasing pressure to help mitigate affordable-housing shortages.

By Vernal Coleman and Mike Rosenberg

Seattle Times staff reporters

Blessed with a balance sheet that allows for sweeping gestures, Redmond tech giant Microsoft is responding to the region's widening affordability gap with a $500 million pledge to address homelessness and develop affordable housing across the Puget Sound region.

Most of the money will be aimed at increasing housing options for low- and middle-income workers — workers who "teach our kids in schools, and put out the fires in our houses and keep us alive in the hospital," said Microsoft President Brad Smith — at a time when they’re being priced out of Seattle and parts of the Eastside, and when the vast majority of new buildings target wealthier renters.

Microsoft officials say it’s too early to say exactly how much affordable housing will ultimately result from the $500 million. Smith, also Microsoft’s chief legal officer, said the company hopes to leverage the fund to help create “tens of thousands of units,” although to accomplish that it would likely have a small role in many projects.

The pledge is the largest in the company’s 44-year history, and, according to the company, is one of the heftiest contributions by a private corporation to housing. In comparison, it dwarfs the $100 million in annual funding for the state’s Housing Trust Fund.

The initiative comes as Microsoft and other tech giants that have driven the region’s economic boom face increasing pressure to help mitigate affordable-housing shortages. Microsoft is coupling its contributions with a call for other companies to step up, and for Eastside cities to facilitate more housing.

At a news conference in Bellevue on Thursday morning, Smith was joined by King County Executive Dow Constantine, Seattle Mayor Jenny Durkan and other regional mayors.

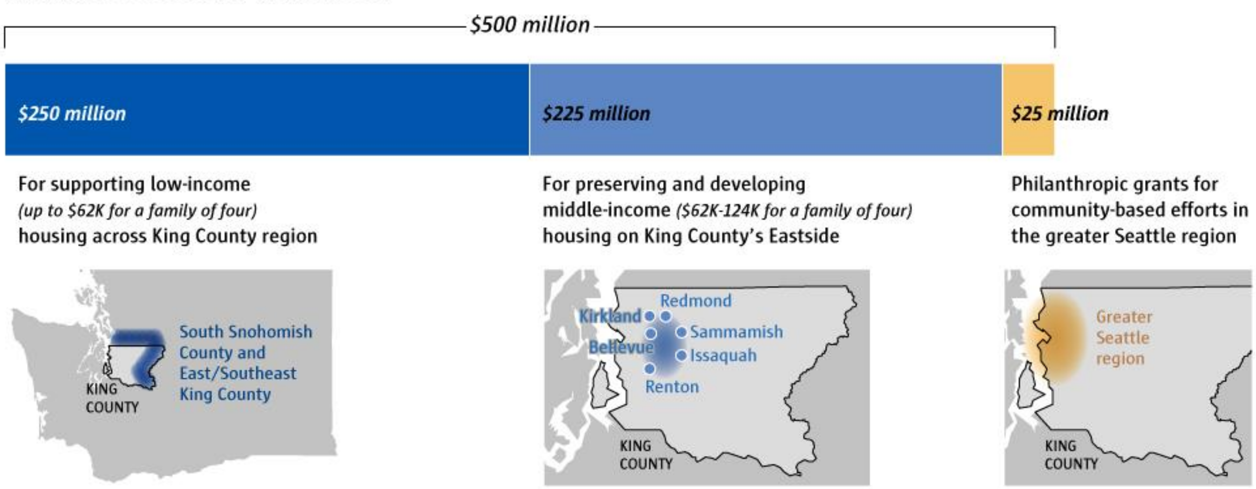
“Our success has been fueled by the support of this region,” Smith said. “We want our success to support the region in return.”

The company will split the funds three ways:

Microsoft will loan $225 million at below-market interest rates to help developers facing high land and construction costs build and preserve “workforce housing” on the Eastside, where the company has 50,000 workers and is planning for more. The developments will be aimed at households making between $62,000 and $124,000 per year.

Microsoft commits $500 million to address area housing and homelessness

Microsoft will spend $475 million on loans to spur affordable-housing construction, and the remaining $25 million on philanthropic services for the homeless.



Source: Microsoft

EMILY M. ENG / THE SEATTLE TIMES

Another $250 million will go toward market-rate loans for construction of affordable housing across the Puget Sound region for people making up to 60 percent of the local median income ($48,150 for a two-person household). Microsoft plans to dole out the $475 million in capital investment over three years.

The remaining $25 million will be donated to services for the region's low-income and homeless residents. Out of that amount, the company will give $5 million to an effort backed by the Seattle Mariners to beef up staffing at a King County Bar Association legal clinic for tenants facing eviction, and another $5 million to support Seattle and King County's push to consolidate their homelessness services.

Microsoft's push into housing finance follows its announcement of a massive expansion of its Redmond headquarters. The company, which is sitting on $135 billion in cash reserves and short-term investments, is adding about 2.5 million square feet in new construction and plans to renovate another 6.7 million square feet. When it's done, Microsoft will have room for another 8,000 employees.

The fund also marks Microsoft's first significant foray into the politics of housing affordability, where debate over the role of big tech in addressing the widening affordability gap still simmers.

Smith said he views the fund as an acknowledgment of the economic realities faced by low-salary workers at the company and elsewhere in King County.

"At some level we as a region are going to need to either say there are certain areas where we're comfortable having more people live, or we just want permanently to force the people who are going to teach our kids in schools, and put out the fires in our houses and keep us alive in the hospital, to spend four hours every day getting to and from work," he said. "That is not, in our view, the best outcome for the community."

The plan

Microsoft leaders began work on the fund last summer, following discussions with Challenge Seattle, a business-led group that seeks to address regional issues.

In the wake of Seattle's ultimately failed effort to impose a so-called head tax on big businesses to fund affordable housing and homeless services, the group discussed solutions for addressing the region's affordability gap. Smith says the idea for the fund grew out of those conversations, with Microsoft CEO Satya Nadella giving the green light for the massive commitment.

The specifics of the plan are still being sketched out. Microsoft hasn't identified any specific projects or developers yet and has no firm timeline for doling out the cash. The company expects to turn only a small profit off the loans, which officials say will be reinvested in the fund.

The loans are intended to help developers kick-start development and preservation projects by giving them bridge and longer-term loans they can use to borrow additional funds.

Building the number of units the company envisions won't be easy because housing development remains expensive. Based on the typical costs, if the full half-billion dollars were plowed directly into one project, it would only produce about 1,000 housing units.

Moreover, financial returns on housing investments aimed at middle-income renters are low. Developers, by and large, have no problem securing financing for high-end projects, because the pricey rents lead to healthy profits. By comparison, rents for middle-class workers average $1,780, reducing returns for capital investors.

As a result, luxury units have made up 85 percent of the 62,000 market-rate units opened in King County since 2010, according to RealPage. Just 9,000 new units aimed at middle-income earners have been built in King County so far this decade.

Microsoft is partially modeling its venture after Housing Trust Silicon Valley, which operates a similar housing-loan program in the Bay Area. Julie Mahowald, acting CEO for the Silicon Valley fund, said financing middle-income projects is the housing community's "hardest nut to crack."

The organization says it has invested $183 million to help create about 17,000 affordable-housing "opportunities" since 2000, largely by spreading the funds around in small amounts to several projects, such as loaning money to purchase land and then leaving the development costs to builders.

It's hard to know exactly how many new units Microsoft's fund can create, said M.A. Leonard, vice president at Enterprise Community Partners, a national nonprofit affordable-housing developer.

"It depends on so many factors, like land acquisition, who owns the buildings and how they leverage the loans, but it's certain to free some capital up," she said.

Even if Microsoft does influence the construction of tens of thousands of units, it won't be enough. Using housing and labor data from King County's largest cities, Microsoft estimates that the county currently needs about 305,000 affordable-housing units to fill the region's affordable-housing gap.

That's 61,000 more units than a recent estimate from the King County Regional Affordable Housing Task Force, whose December report states that to keep up with population growth, the county will need an additional 244,000 affordable-housing units by 2040. Another analysis in 2018, by consulting group McKinsey & Company, estimated that about 14,000 affordable units are required to address the region's homelessness crisis.

Eastside cities

Smith concedes that Microsoft’s funds alone are “nowhere close to what’s needed to solve this problem,” and that the biggest impact would come about only if the various public policies the company is advocating are passed.

Policies Microsoft is advocating for

At Microsoft’s urging, mayors from Auburn, Kirkland, Bellevue, Redmond, Federal Way, Renton, Issaquah, Sammamish and Kent agreed to consider several housing-related policies, including:

- Make under-utilized publicly-owned properties available to housing developers at no charge or at deeply discounted prices
- Update zoning and land use regulations to increase density near public transit
- Reduce or waive parking requirements in transit corridors
- Reduce or waive impact and other development-related fees
- Streamline the permitting process for low- and middle-income housing
- Provide tax exemptions and credits for low and middle-income housing projects
- Update building codes to promote low-cost housing growth

Microsoft is asking Washington state legislature to:

- Double the $100 million Housing Trust Fund
- Reform state regulations to make it harder for condo owners to sue developers, which could stimulate condo development
- Allow cities to extend the Multifamily Tax Exemption (MFTE) beyond its existing 12-year limit
- Provide incentives for cities to streamline land use polices and reduce zoning and permitting hurdles to expand affordable housing, particularly around transit hubs

As part of the initiative, the company has urged the mayors of several Eastside cities to address the policy barriers that often impede affordable-housing development.

At the company’s urging, Mayor John Marchione of Redmond, Mayor Penny Sweet of Kirkland and several other Eastside mayors signed a letter committing to “do our part” to address outdated land-use regulations, slow permitting processes and several other policy issues that impede housing development.

Marchione said Microsoft’s request highlights trends that have become increasingly apparent on the Eastside — that housing prices are outpacing salaries for middle-income residents.

“The fact that Microsoft recognizes that there is an issue for their employees and are willing to be part of the solution is progressive,” he said.

Redmond has already taken steps to address six out of the seven challenges highlighted by Microsoft, he said. But Marchione said he’s still on the fence about waiving or reducing impact fees to fund affordable-housing development.

Microsoft will also ask state legislators to double the state housing trust fund, taking it from $100 million for affordable-housing development to $200 million.

For Microsoft, the fund is also a call to action. The company wants philanthropies and businesses to step up with aid, Smith said.

Smith said he's open to others contributing to Microsoft's fund and has had talks with executives at other companies. But few have the same amount of cash on hand, he said. He noted Boeing has much of its money tied up in aircraft construction. Smith said he's talked with leaders from Amazon, but declined to disclose details.

Convincing the private sector to jump on board might be hard. In Silicon Valley, companies such as Cisco and Microsoft's LinkedIn have donated $52 million toward a similar housing-loan program, but companies like Google and Facebook have instead chosen to build or advocate for housing near their Silicon Valley headquarters.

A local effort may prove instructive. A year and a half ago, Seattle companies Spectrum Development and Laird Norton Properties teamed up on a $500 million fund to build middle-income housing, hoping others would follow suit.

Gabriel Grant, one of Spectrum's partners, said while they've found some success finding their own projects — they have one in Pioneer Square and expect to break ground on two or three others in the next year — they haven't seen a single other major developer go after the middle-income projects commonly known as workforce housing.

"I don't see a time anytime in the near future where the large institutional developers shift toward workforce housing," Grant said. "I think you have to be creative to make this work. Every single property that we work on has some unique element that makes it possible," like a civic-minded landowner.

Former Gov. Christine Gregoire, who leads Challenge Seattle, the organization that convened the discussion that kick-started Microsoft's effort, said she hasn't asked leaders from the other businesses represented in the group, such as Boeing, Amazon and Alaska Airlines, directly about contributing, but its members have pledged to continue talking about how to address the region's affordability challenge. Save for Microsoft, none has made a commitment.

"Clearly this is not about Challenge Seattle, this is about amassing the support from the entire business community," she said.

Claudia Balducci, Metropolitan King County Council member and co-chair of its regional affordable-housing task force, said she hopes other business leaders follow Microsoft's example.

"I would hope others have seen the benefit," she said. "They need workers, or they can't be competitive as an employer."

DAILY JOURNAL OF COMMERCE

Helping Business do Business Since 1893

January 18, 2019

Microsoft: $500M pledge will help create 'tens of thousands of units'

- *The company will offer below-market and market-rate loans to developers, as well as services to low income people.*

By The ASSOCIATED PRESS

Microsoft pledged $500 million to address homelessness and develop affordable housing in response to the Seattle region's widening affordability gap.

Most of the money will be aimed at increasing housing options in the Puget Sound region for low- and middle-income workers at a time when they're being priced out of Seattle and some of its suburbs, and when the vast majority of new buildings target wealthier renters, said Microsoft President Brad Smith.

The pledge is the largest in the company's 44-year history, and, according to the company, is one of the heftiest contributions by a private corporation to housing, The Seattle Times reported. It dwarfs the $100 million in annual funding for Washington state's Housing Trust Fund.

It's too early to say exactly how much affordable housing will ultimately result from the $500 million, Microsoft officials said. Smith said the company hopes to leverage the fund to help create "tens of thousands of units."

The initiative comes as Microsoft and other tech giants that have driven the region's economic boom face increasing pressure to help mitigate affordable-housing shortages. Microsoft is coupling its contributions with a call for other companies to step up, and for Seattle's Eastside suburbs to facilitate more housing.

The company will split the funds three ways.

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Another $250 million will go toward market-rate loans for construction of affordable housing across the Puget Sound region for people making up to 60 percent of the local median income ($48,150 for a two-person household). The remaining $25 million will be donated to services for the region's low-income and homeless residents.

Smith said he views the fund as an acknowledgment of the economic realities faced by low-salary workers at the company and elsewhere in King County. "At some level we as a region are going to need to either say there are certain areas where we're comfortable having more people live, or we just want permanently to force the people who are going to teach our kids in schools, and put out the fires in our houses and keep us alive in the hospital, to spend four hours every day getting to and from work," he said. "That is not, in our view, the best outcome for the community."

POLITICS (/POLITICS)

Government shutdown: a ‘potential catastrophe’ for Seattle’s low-income renters

Neither landlords nor tenants are panicking. Yet.

by David Kroman (/author/david-kroman) / January 8, 2019

Broadway Crossing, a Capitol Hill Housing building near Broadway and East Pine Street on Capitol Hill in Seattle, has some tenants who use federal housing vouchers. (Photo by Matt M. McKnight/Crosscut)

William Shadbolt is a King County landlord with 12 units in Seattle, Renton and unincorporated King County. A few of his properties — two duplexes in Seattle and a single-family home in unincorporated King County — are home to tenants who pay with Section 8 housing vouchers, which are subsidies funded through the U.S. Department of Housing and Urban Development (HUD).

If the shutdown of the federal government lasts, it could spell hard times for those tenants, who could see their rent money evaporate. But Shadbolt isn't panicking yet.

HUD is one of nine federal departments that have seen their budgets get waylaid in a political fight, as the partial government shutdown drags on into its third week. Most of the department's operations have ceased, but the functions that keep people housed — including via its voucher program — have a softer landing.

A letter sent by HUD to landlords last Friday, published by the Washington Post (http://apps.washingtonpost.com/g/documents/national/huds-jan-4-letter-to-multi-family-housing-program-landlords/3371/) over the weekend, said Section 8 payments would continue during the first 30 days of the shutdown. On the same day, the National Association of Housing and Redevelopment Officials notified local housing authorities that administer vouchers that HUD had enough funding to keep the payments flowing through February.

If the government does not reopen by March, however, the money will run out. The question then becomes: Is the specter of millions of possible evictions enough to spur a deal to reopen the government?
Shadbolt is counting on it. "Overall, not really panicked at this point," he said, adding, "At some point the adults have got to get into the room and figure out how to reopen the government."

Locally, vouchers are administered by the Seattle and King County housing authorities. Seattle serves about 34,000 low-income tenants; King County, about 55,000. In 2017, Seattle and King County both received about $150 million from HUD.

Rhonda Rosenberg of the King County Housing Authority shares Shadbolt's view that the situation is not urgent yet.

“Obviously we are watching things with great concern,” said Rosenberg, adding, “We make an absolute commitment that landlords will get their payments on time. We’ll just do whatever we have to make sure rent payments aren’t interrupted.”

If the shutdown did stretch into March, it would be the longest in history, by far. Unlikely as that might seem, President Donald Trump has reportedly threatened to maintain the shutdown — borne out of his insistence on funding for a border wall — for “months or even years.” His press secretary, Sarah Sanders, doubled down on that possibility Sunday on Fox News (https://www.realclearpolitics.com/video/2019/01/06/sanders_president_trump_mea

If February comes and goes without a deal, housing authorities enter into the abyss. “We don’t know beyond that what would happen,” said Kerry Coughlin, communications director of the Seattle Housing Authority.

Coughlin said she believed the SHA could tap into some of its own reserves to maintain payments at least through March. But that’s very much a last-resort step. “Getting into the reserves puts us really on the edge,” Coughlin said.

Seattle and King County are two of 39 housing authorities across the country that are allowed greater flexibility in how they spend funds. Coughlin said that means each could potentially shift money from other projects to cover the housing payments. “We’d be scrambling around and putting together a plan to maximize the number of people to put on our [voucher] program,” Coughlin said.

The scrambling makes sense considering the hyperbolic-sounding effect of losing funding for housing vouchers. Literally millions of Americans use them for housing, both on the private market or in developments specifically meant for vouchers. In many cases, such funding keeps people from becoming homeless.

“The effects of not being able to pay for these programs are potentially catastrophic,” Rosenberg said.

The effect would be most acutely felt among voucher holders who live in privately owned rental units. If the voucher is void, landlords could legally begin evictions.

If it came to that point, Shadbolt said he would not evict a tenant because of the federal shutdown. “I think as long as the housing authorities indicate that they'd work to resolve the issues after the government’s funded … I definitely would think that most landlords would [not evict Section 8 tenants],” said Shadbolt, who also is the board president of the Rental Housing Association of Washington. “This is not a tenant’s issue. By law you could, but why would you?”

The state of Washington also recently signed off on a landlord mitigation fund of up to $5,000 per tenant to cover some potential problems, Shadbolt pointed out. The move is part of the state’s new law forbidding source-of-income discrimination. Shadbolt said landlords could potentially lean on that money as a buffer.

Other local tenants and landlords aren’t sounding the alarm bells yet, either. Violet Lavatai, executive director of the Tenant’s Union, a local tenant advocacy organization, said her office has not seen an uptick in calls. Similarly, Sean Martin, a Rental Housing Authority of Washington spokesperson, said he hasn’t heard much concern from landlords and hasn’t thought about it himself. “Now that I’m thinking of it,” he added, “maybe I should.”

Although landlords, tenants and housing assistance providers may not be in a state of panic yet, resolving the shutdown would nevertheless lift an enormous weight.

“I just want it to be back open,” Shadbolt said.

TOPICS:

- homelessness (/homelessness),
- seattle & king county (/seattle-king-county)

Government shutdown could affect subsidized housing if it continues

POSTED 10:28 PM, JANUARY 19, 2019, BY AJANAVELQ13

Government shutdown could affect subsidized housing if it contin...

If the government shut down continues into March, it could mean people living in subsidized housing will have to find another way to pay for their homes.

"I wish I can work, for better life, for quality life, right now this is how we live," said Seguad Gebremicael.

Gebremicael lives in subsidized housing through the King County Housing Authority.

He says he used to drive a taxi, but now stays at home to watch his two sons. Gebremicael says the cost for child care is far too much.

Right now, the family of four lives off the income of his wife, who works at a local market, Gabremicael says.

He says the family is able to get by with assistance from the King County Housing Authority, but that could change in a few weeks.

"I heard about the government shutdown, everybody talks about it," said Gebremicael.

If the government shut down continues, housing authorities may not have the money to give to families like Gebremicaels

Officials with the Seattle Housing Authority, King County Housing Authority, and Housing Authority of Snohomish County tell me if the shutdown continues into march, they do not know what they will do.

Tens of thousands of people in Western Washington rely on assistances from these housing authorities.

King County Housing Authority officials say the assist 19k households, with about 55k people.

Seattle Housing Authority officials say they assist 17k households, and 35k people.

Officials with The Housing Authority of Snohomish County say they provide service to about 3,800 households.

If it is myself or my wife, we can sleep outside but since we have kids it's hard to go out.

Gebremicael says he does not believe it will come to this. He has faith the government will get back on track

"They will come up with a solution, that's what I'm hoping," he said.

New townhome collection offered at Greenbridge

Originally published January 24, 2019 at 2:10 pm

The 22 townhomes at Brio at Greenbridge range in size from 1,238 to more than 1,700 square feet on two levels. They include two or three bedrooms.

The townhomes are located directly adjacent to some of the community's most sought-after amenities, including parks, playgrounds, cafés and a brand-new library.

By BDR Urban

SEATTLE — The newly completed Brio at Greenbridge, comprising 22 new, modern townhomes, is one of Seattle's best-kept housing secrets, says Richard Obernesser, president of BDR Urban, Brio at Greenbridge's developer.

"Southwest Seattle has been welcoming new families, trend-setters and cultural creatives who are uncovering its many charms and are now happy to call it home," says Obernesser. "The two-story Brio Townhomes are especially appealing to these new homeowners. Nestled in their own greenbelt-like setting, they feature heated open-air living rooms for entertaining or relaxing outside, as well as flat, grassy fully fenced backyards for added peace of mind for families and homeowners with children and pets."

Brio at Greenbridge

Open 10 a.m.–3 p.m. Thursdays–Sundays and 1–3 p.m. Wednesdays at 9876 Seventh Ave. S.W., Seattle

Prices: From $470,800

Information: 206-504-0091 or Lindsay@BDRHomesLLC.com

The townhomes are located directly adjacent to some of the Greenbridge community's most sought-after amenities, including pocket parks, walking trails, playgrounds, ball fields and its own community hub with cafés, a recreation center and a brand-new library.

"This is the best address in Greenbridge," says Obernesser. "It's right next to the coffee shop, restaurants and community center." Residents can also walk to area schools, and downtown Seattle and Sea-Tac Airport are close-in commutes.

Backyards are fully fenced and include weather-protected, covered outdoor rooms with lighting and built-in heaters.

"Greenbridge is close to the Seattle job centers and provides new homeowners with the neighborhood experience they have been looking for," says Obernesser. "The entertainment choices in the area are within five- to 15-minute drives, while the 'peace and quiet' of a neighborhood with people who care for each other is just beyond your front porch. Many of the most popular Ballard, Capitol Hill and Fremont businesses have been investing in this area, as well, because they recognize the opportunity offered here."

Brio Townhomes feature a sleek urban architectural aesthetic with dramatic angles and pops of brilliant colors for a captivating streetscape.

Interiors are illuminated by natural light thanks to oversize windows that are strategically placed throughout the townhomes. The 22 homes range in size from 1,238 to more than 1,700 square feet and feature two or three bedrooms on the upper level, with an open-concept great room and kitchen on the main living level. To further extend the living space, backyards are fully fenced for added privacy and include weather-protected, covered outdoor rooms with lighting and built-in heaters for year-round comfort, relaxation and entertaining.

Master bedrooms include en suite baths, and select plans have spacious walk-in closets. Laundry spaces are conveniently located on the upper level between the bedrooms.

In the kitchens, wide slab islands with built-in undermount sinks allow for extra prep and dining space, and modern, flat-panel cabinetry is accented by full-height backsplashes and stainless steel appliances.

Designer-selected pendants, tiles and flooring add to the homes' luxurious feel, and built-ins like desks and great room cabinetry are a space-saving touch. As an added convenience, the outdoor rooms include additional storage.

BDR Urban has created a collection of new homes and townhomes within Greenbridge that more than 50 families now call home. The homes are nestled around some of the 12 parks in the community and art walks that connect the neighborhoods.

"If you are looking for a single-family home, we have those available as well, and 24 additional townhomes are coming soon in a neighborhood nearby," says Obernesser. "People seeking attainable luxury for their home choices have discovered this area fulfills their financial needs without compromising their connectivity to the Seattle urbanity and diversity they enjoy."

Kirkland's Sweet, Eastside mayors look at potential projects for Microsoft investment

Microsoft recently dedicated $500 million toward creating and preserving affordable housing.

By Katie Metzger and Kailan Manandic
Wednesday, January 30, 2019 8:30am | NEWS


Kirkland Mayor Penny Sweet. Photo courtesy of city of Kirkland

On Jan. 16, Microsoft announced it would put $500 million toward creating and preserving affordable housing in the Puget Sound region in an attempt to curb the housing crisis.

About $225 million will subsidize middle income housing in Bellevue, Kirkland, Redmond, Issaquah, Renton and Sammamish. Another $250 million will go toward low-income housing across King County, while the remaining amount will go to combat homelessness.

"The dollar figure itself was absolutely stunning," said Bellevue Mayor John Chelminiak. "We need to be willing to take the opportunity that's been offered by Microsoft and we need to do that obviously in conjunction with working with our citizens."

According to the Redmond-based technology company, a gap in available housing has caused housing prices to surge 96 percent in the past eight years, making the greater Seattle area the sixth most expensive region in the United States.

"This is a great effort to come up with some ways to reduce that gap and get units that are more affordable," Chelminiak said.

Many have attributed the housing shortage and homelessness crises to the influx of high-paying tech jobs to the area. Median area income hasn't kept pace with rising housing costs, a problem that has forced low- and middle-income workers to live farther away from their jobs.

"The majority of the people who work downtown, don't live downtown, don't live in Kirkland," said Kirkland Mayor Penny Sweet.

This has added to traffic congestion while delivering a blow to teachers, nurses, first responders and those in service industries. Rising rents have also added to the homelessness crisis.

"I'm happy they're aware of their positive impacts and their more challenging impacts to our community, and are willing to work on both," Redmond Mayor John Marchione said of Microsoft.

Marchione said that though he doesn't know the details of how Microsoft will administer this program, "having more capital money for housing is going to be very helpful in creating more supply."

"Starter homes just don't exist right now in our inventory," said Issaquah Mayor Mary Lou Pauly. "We're missing exactly that type of housing project that Microsoft is talking about."

Many who earn a middle income, including those who work for the cities and school districts, can't afford a home on the Eastside in the current market, though cities are hoping to change that.

"It's our vision that everyone who works in Redmond should have the chance to live in Redmond," Marchione said.

Low-income housing is “generally considered people who make 80 percent of the median income in King County,” Marchione said, and there are a number of programs that target that level. But there are no programs to build housing in the middle range, which is from 80-120 percent of the median income. This “middle income” is a focus of Microsoft’s investment.

There are a number of ways for cities to help increase housing stock, Marchione said, including making surplus land available for subsidized developments, lowering the cost of impact fees for affordable housing projects or processing permits faster, which saves developers time and money.

“It benefits our community in return because it allows people who work as school teachers or graphic artists or firefighters to buy in the community [where] they live,” Marchione said.

Mayors of nine cities — including Bellevue, Kirkland, Redmond, Issaquah, Renton, Sammamish, Auburn, Kent and Federal Way — have pledged to help by changing zoning to increase housing in some areas, providing public land near transit stations, streamlining permitting processes and fees and creating tax incentives for developers to build more housing.

While there are no details of how Microsoft will specifically invest funding into Eastside development, both Bellevue and Kirkland are emphasizing transit-oriented affordable housing projects as potential targets.

Bellevue is currently in the neighborhood planning process for Northwest and Northeast Bellevue. Microsoft’s investment is a large focus in the discussion around the process and Chelminiak said he hopes the city can seize the opportunity to work toward more affordable housing options.

“I don’t know exactly how Microsoft will be making its decision on where to invest,” Chelminiak said. “I think there is [an affordable housing] crisis and I think this is a perfect discussion point to have with people around the availability of housing and how this might be able to be used within those two neighborhood areas to provide more housing.”

The Kirkland City Council has placed an emphasis on housing for 2019, Sweet said, and everyone is looking at different projects that could benefit from this investment.

"The city of Kirkland is really committed to this and I think our citizens know it," Sweet said. "The next part of the story is going to be fascinating to be a part of...We're talking about it every time we sit down."

Pauly said she has a specific project in mind in Issaquah, and that for working with Microsoft, "the timing couldn't be better for us."

The city entered into a partnership with Spectrum Development Group and King County Housing Authority to create a proposed mixed-use, transit-oriented development on a prime opportunity site near downtown. Pauly hopes to have a contract in front of the Issaquah City Council this year.

"This is exactly the kind of project where we're going to need some money to close the gap," she said. "We'll definitely be watching eagerly to see how Microsoft is planning to manage the money and invest in projects, because we think we have one that is shovel ready."

Pauly said that Issaquah, and other Eastside cities that are planning for the opening of Sound Transit's light rail, could use more affordable and what she calls "entry-level" housing.

"Why it's so important to Issaquah to get it is that if we're going to put that much density on the valley floor and we're going to have light rail, we have to reduce car trips, and one of the ways to do that is to have the people who work in town live in town," she said. "Transportation and development are completely integrated and part of the solution to our transportation issues will be to have a housing strategy that marries the two together."

More information on the announcement can be found at https://blogs.microsoft.com/.